



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024



**Arkansas**  
Scholarship Lottery



**Arkansas**  
Scholarship Lottery

---



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

ARKANSAS DEPARTMENT OF  
FINANCE AND ADMINISTRATION

OFFICE OF THE ARKANSAS LOTTERY

AN ENTERPRISE FUND OF  
THE STATE OF ARKANSAS

SARAH HUCKABEE SANDERS  
GOVERNOR, STATE OF ARKANSAS

JIM HUDSON  
CABINET SECRETARY, ARKANSAS DEPARTMENT  
OF FINANCE AND ADMINISTRATION

SHARON STRONG  
EXECUTIVE DIRECTOR, OFFICE OF THE  
ARKANSAS LOTTERY

PREPARED BY FINANCE DIVISION

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
An Enterprise Fund of the State of Arkansas  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2024**

**Table of Contents**

**INTRODUCTORY SECTION**

Letter from the Arkansas Department of Finance and Administration's Secretary .....	I
Letter of Transmittal .....	II
Mission, Vision, Values .....	XI
Organizational Chart .....	XII
Department Overview .....	XIII
Certificate of Achievement for Excellence in Financial Reporting.....	XIV

**FINANCIAL SECTION**

Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Statement of Net Position .....	15
Statement of Revenues, Expenses and Changes in Net Position.....	16
Statement of Cash Flows.....	17
Notes to Financial Statements.....	18
Required Supplementary Information	
Schedule of Employer's Proportionate Share of the Total Pension Liability.....	43
Schedule of Employer Pension Contributions .....	45
Schedule of Changes in Total OPEB Liability.....	47

**STATISTICAL SECTION**

Statistical Section Table of Contents .....	49
Financial Trends	
Principal Revenue Sources .....	50
Revenues, Expenses and Change in Net Position .....	52
Net Position by Component .....	55
Changes in Cash and Cash Equivalents .....	57
Outstanding Debt.....	59



**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
An Enterprise Fund of the State of Arkansas  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2024**

Demographics and Operation Information	
Total Personal and Per Capita Income and Unemployment Rate .....	60
State of Arkansas Principal Employers.....	61
Employees by Department and by Function.....	62
Net Capital Assets by Component.....	63
Other Information	
U.S. Lotteries' Sales .....	64
Demographic Summary .....	66
Unclaimed Lottery Prizes.....	67
Scholarship Shortfall Reserve Trust Account .....	68
Minority-owned and Female-owned Business Participation .....	69
Retail Sales by County .....	70
Debt Set-off Collections .....	72
Retailer Sales.....	73
Analysis of Budgetary Variances .....	74
Arkansas Department of Education – Arkansas Division of Higher Education Reports	
Demographic Report.....	75
Expenditures and Projected Obligations from Scholarship and Grant Funding Sources .....	76
Academic Challenge Scholarship Program County Report.....	77
Fund Balance and Other Information.....	79
Other Reports	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	80



**Arkansas**  
Scholarship Lottery

---



# INTRODUCTORY SECTION

NIKKI  
\$100 INSTANT WINNER

---



**Arkansas**  
Scholarship Lottery

---





STATE OF ARKANSAS  
**Department of Finance  
and Administration**

**OFFICE OF THE SECRETARY**

1509 West 7<sup>th</sup> Street  
Little Rock, Arkansas 72203-3238  
Phone: (501) 683-2000  
Fax: (501) 683-1878  
<http://www.dfa.arkansas.gov>

December 16, 2024

To the citizens of the State of Arkansas and the Honorable Members of the Arkansas General Assembly:

The attached report contains a comprehensive overview of the operations of the Office of the Arkansas Lottery (OAL) for the fiscal year ended June 30, 2024 (FY 2024). The report details the lottery's performance, finances and products. It also provides information about the students who benefit from lottery proceeds, as well as the 2,017 independent and chain retail partners who sell our products. In our report, we have elected to provide additional detailed information beyond that required by Generally Accepted Accounting Principles.

More than \$1.4 billion has been raised in proceeds for scholarships for Arkansas students since the inception of the Arkansas Scholarship Lottery in 2009. OAL net proceeds funded more than \$129 million to the Department of Education – Arkansas Division of Higher Education (ADHE) and ADHE distributed \$75.9 million in scholarships to 49,033 deserving students. Three separate scholarships – the Academic Challenge Scholarship, the Workforce Challenge Scholarship, and the Concurrent Challenge Scholarship – helped students attend 53 different Arkansas public and private colleges and universities as well as nursing and technical schools.

The OAL paid more than \$34 million in commissions to state lottery retailers during FY 2024, creating tangible economic impact at the local level by providing business owners with added revenue. OAL has paid more than \$421 million to lottery retailers and provided more than \$177 million in state and federal tax revenue since its inception.

In FY 2024, lottery ticket sales were over \$612 million. More than \$419 million of that amount was returned to the citizens of Arkansas by way of prizes awarded.

The mission of the OAL is to provide funding for higher education opportunities for all citizens of our state. That goal can only be met through open, honest and ethical operations consistent with the high expectations of the General Assembly and the citizens of Arkansas.

This Annual Comprehensive Financial Report represents the efforts of this agency during the past fiscal year to meet those expectations and to help the OAL fulfill its promise.

Respectfully submitted,

Jim Hudson  
Cabinet Secretary



State of Arkansas  
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>

**December 16, 2024**

**The Honorable Sarah Huckabee Sanders, Governor**  
**Members of the Arkansas Legislative Council Lottery Oversight Subcommittee**  
**Secretary Jim Hudson, Arkansas Department of Finance and Administration**  
**Citizens of the State of Arkansas**

We are pleased to submit to you this Annual Comprehensive Financial Report (ACFR) of the Arkansas Department of Finance and Administration Office of the Arkansas Lottery (OAL) for the fiscal year ended June 30, 2024. The ACFR is prepared in accordance with the requirements set forth in Arkansas Code Annotated (A.C.A.) § 23-115-206(a)(8)(C).

This report has been prepared by the OAL in conformance with accounting principles generally accepted in the United States of America (GAAP) for governments as promulgated by the Governmental Accounting Standards Board (GASB). OAL management is responsible for the accuracy of the financial data, as well as the completeness and fairness of the information and disclosures within this report. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position, results of operations and cash flows of the OAL. We have included all disclosures necessary to enable the reader to gain an understanding of the OAL's financial activities.

OAL management is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the OAL are protected from loss, theft or misappropriation. Adequate accounting data is compiled to provide a reasonable basis for asserting that the financial statements are fairly presented and to assure that the OAL is in compliance with applicable laws and regulations. The internal control structure has been designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, the reliability of financial records for preparing financial statements and compliance with applicable laws and regulations. The structure does not provide a guarantee, but rather reasonable assurances, that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that valuation of costs and benefits require estimates and judgments by management. A.C.A § 23-115-206(b)(1)(A) requires Arkansas Legislative Audit to conduct an annual audit of the OAL, and they may conduct other special reports as necessary. The annual audit includes a review of internal controls as they relate to the expression of an opinion on the financial statements. Auditing standards generally accepted in the United States of America were used by the auditors in conducting the engagement. The auditor's unmodified opinion on the fair presentation of the OAL's basic financial statements is included in their report on page 1 in the financial section of this report.

Management's Discussion and Analysis (MD&A), addresses the basic financial statements and provides an analytical overview of the OAL's financial activities. This letter of transmittal complements the MD&A and should be read in conjunction with it. The OAL's MD&A can be found on page 4 in the financial section of this report.

## BACKGROUND

A constitutional amendment, approved by the voters of Arkansas on November 4, 2008, allowed the General Assembly to establish a State of Arkansas lottery with proceeds used to fund college scholarships. With the passage of Acts 605 and 606 of 2009, the General Assembly created the Arkansas Lottery Commission. Subsequently, during the 2015 legislative session, the General Assembly approved a statute which eliminated the Arkansas Lottery Commission and established the lottery as the Office of the Arkansas Lottery within the Arkansas Department of Finance and Administration.

Sales of tickets initially began on September 28, 2009, with the introduction of four instant ticket games. The OAL also added the sales of terminal-generated (online) game tickets in 2009. All OAL net proceeds were initially utilized to fund college scholarships under the Arkansas Academic Challenge Scholarship program administered by the Arkansas Department of Education – Arkansas Division of Higher Education (ADHE).

During the 2017 legislative session, the Arkansas General Assembly passed Act 613 of 2017 to create the Arkansas Workforce Challenge Scholarship Program. This Act provides for the use of lottery proceeds to also fund scholarships for students enrolled in higher education programs that will lead to the students being qualified to work in high-needs occupations.

During the 2019 legislative session, the Arkansas General Assembly passed Act 456 which amended Arkansas Code Title 6, Chapter 85, to add an additional subchapter to create the Arkansas Concurrent Challenge Scholarship Program. This Act provides for the use of lottery proceeds to fund scholarships for students enrolled in an endorsed concurrent enrollment course or certificate program, unless other funding opportunities are provided that lower the tuition and mandatory fees below fifty percent.

## PRODUCTS

The public has the opportunity to participate in a variety of instant and terminal-generated games from over 2,000 OAL licensed retailers across the state.



**INSTANT TICKET GAMES** are played by removing a scratch-off coating from the play area of the ticket. There are various ways to win, including matching certain symbols, adding up to a specified total or otherwise satisfying the requirements listed on the ticket. If the specified condition occurs, the ticket is an instant winner.

These play styles are combined with a variety of game themes and ticket prices. Instant games were the first type of games offered by the OAL. For fiscal year ended June 30, 2024, the OAL released 56 instant ticket games with price points of \$1, \$2, \$3, \$5, \$10, and \$20.

**TERMINAL-GENERATED GAMES** allow players to select the numbers for their wager, or players may utilize computer-generated plays. Players receive a ticket with the numbers selected or automatically generated and await the results of a drawing to determine if they have matched the numbers and won. In fiscal year ended June 30, 2024, the OAL sold 9 different types of terminal-generated games: Powerball®, Mega Millions®, LOTTO, Natural State Jackpot, Cash 3, Cash 4, Fast Play, AR Progressive Jackpot Fast Play and Lucky for Life®.



**POWERBALL®** is a multi-state draw game jointly operated by the 39 member lotteries of the Multi-State Lottery Association and sold in 45 states, Washington D.C., Puerto Rico, and the U.S. Virgin Islands. Players select one set of five numbers from a pool of one to 69 and one additional number designated as the “Powerball®” from a second pool of one to 26. To win the jackpot, all six numbers must be matched. The minimum jackpot amount is \$20 million, which increases for each subsequent draw when the jackpot is not won. Each Powerball® play costs \$2. For an additional \$1, the Power Play® feature allows players to multiply their non-jackpot winnings by 2, 3, 4, 5 or 10 times (the match five prize tier is set at \$2,000,000). A jackpot winner may select either an annuitized prize paid in 30 annual installments or a lump sum payment. Drawings are held every Monday, Wednesday, and Saturday night.



**MEGA MILLIONS®** is a multi-state draw game sold in accordance with a cross-selling agreement between the 10 original Mega Millions® member states and the Multi-State Lottery Association. Mega Millions® is sold in 45 states, Washington D.C. and U.S. Virgin Islands. Players select one set of five numbers from a pool of one to 70 and one additional number from a second pool of one to 25. To win the jackpot, all six numbers must be matched. The minimum jackpot amount is \$20 million, which increases for each subsequent draw when the jackpot is not won. Each Mega Millions® play costs \$2. For an additional \$1, the Megaplier® feature allows players to multiply non-jackpot winnings up to five times. A jackpot winner may select either an annuitized prize paid in one immediate payment followed by 29 annual installments or a lump sum payment. Drawings are held every Tuesday and Friday night.



**LUCKY FOR LIFE®** is a multi-state draw game with drawings every night. Each play is \$2. Five numbered balls are drawn from one to 48 and one Lucky Ball number is drawn from one to 18. If a player’s numbers match those that are chosen, they win the top prize-\$7,000 a week for life. The second-level Lucky for Life® prize is \$25,000 a year for life.





**LOTTO** is an Arkansas-only terminal-generated draw game with drawings Wednesday and Saturday. Seven unique numbers are drawn from one to 40. The player must match the first six numbers drawn in any order to win the jackpot. If other players also match all six numbers, the jackpot is shared. The seventh number drawn is the Bonus Number. The player can match the Bonus Number to any two to five of their six numbers played to win a larger, non-jackpot prize. The LOTTO jackpot starts at \$250,000, and increases for the next drawing based on the sales of the game until the jackpot is won. Each play is \$2.



**NATURAL STATE JACKPOT** is an Arkansas-only terminal-generated draw game with drawings every night. Five numbers are drawn from one to 39; if all numbers match those that are chosen, the jackpot is won. If other players also match all five numbers, the jackpot is shared. The NSJ jackpot starts at \$50,000, and increases by \$5,000 every draw up to \$100,000 - after that, NSJ jackpots increase by \$10,000 every draw until it's won. Each play is \$1.



**CASH 3** is a terminal-generated game in which players select three numbers between zero and nine and can play the numbers straight (numbers in the exact order), box (numbers in any order), straight/box (combine straight and box plays) or combo (equal to a straight play for all combinations of winning numbers). Cash 3 can be played starting at 50 cents. Drawings are conducted twice daily except Sunday, which has one drawing.



**CASH 4** is played similarly to Cash 3, with players selecting four numbers between zero and nine. Players may play the numbers straight, box, straight/box or combo. Cash 4 can be played starting at 50 cents. Drawings are conducted twice daily except Sunday, which has one drawing.



**FAST PLAY** is an instant play-style game that prints from the retail terminals so players can determine instantly whether they have won. There are various ways to win, including matching certain symbols, adding up to a specified total or otherwise satisfying the requirements listed on the ticket. Games are rotated monthly; two games are added and two are removed each month. The games are available at three different price points (\$1, \$2, and \$3). The \$3 price point is not always in market. Prizes vary by game.



The **AR Progressive Jackpot Fast Play** incorporates a progressive jackpot gaming theme along with fixed lower-tier prizes. The game offers a chance to win a prize at different fixed-prize levels, or a portion of the cumulative jackpot, or the entire cumulative jackpot with each play/ticket purchase. The game is available at three different price points (\$1, \$2, and \$5). On the AR Progressive Jackpot Fast Play ticket, a play can win up to five times, \$250 (or 20% of the jackpot) on a single \$1 ticket; up to 10 times, \$500 (or 40% of the jackpot) on a single \$2 ticket; and up to 15 times, \$1,000 (or 100% of the jackpot) on a single \$5 ticket. The AR Progressive Jackpot amount re-sets to \$1,000 if the entire \$5 AR Progressive Jackpot is won. If the \$1 or \$2 AR Progressive Jackpot is won, the jackpot is reduced to the greater of \$1,000, or by that price point's jackpot percentage (\$1=20%, \$2=40%) and continues to grow from that level. The AR Progressive Jackpot amount continuously grows with each ticket sold (10% of each ticket sale is contributed to the AR Progressive Jackpot amount).



### PLAYERS CLUB SERVICES

The Lottery offers a players club at MyArkansasLottery.com called The Club. By registering for a free account, players gain access to Lottery news, winning number emails, the Play It Again<sup>®</sup> and Points for Prizes<sup>®</sup> programs, and special second-chance drawings. There was a total of 31,260 new player registrations (and 27,241,305 tickets) entered into the program in fiscal 2024, bringing the membership total to 348,249. The Lottery also offers a mobile app, AR Lottery + Club, where players can access additional features, such as ticket checking and digital playslips.



The **Play It Again<sup>®</sup>** program allows players to submit eligible, non-winning instant tickets for entry into cash prize drawings. After the last day to redeem tickets for eligible instant games, one entry is drawn to win a monetary prize. The same entry mechanism gives players both their Play It Again<sup>®</sup> entry(s) and Points for Prizes<sup>®</sup> rewards points. There were three Play It Again<sup>®</sup> drawings held during fiscal year 2024.



The **Points for Prizes<sup>®</sup>** program gives players loyalty rewards points for eligible instant and terminal-generated tickets entered into their accounts. A player's points accumulate and may be redeemed for merchandise in the Points for Prizes<sup>®</sup> online store. Merchandise ranges from jewelry and housewares to electronics. There was a total of 302,998,056 points redeemed in the Points for Prizes<sup>®</sup> program during fiscal year 2024. Points may also be used for special drawing prizes; there were 20 Points for Drawings<sup>®</sup> held during fiscal year 2024.

In addition to Points for Prizes<sup>®</sup> and Play It Again<sup>®</sup>, players may also enter for occasional special drawings. During the fiscal year, these special drawing opportunities were available:

Points for Drawings <sup>®</sup>	Entry Period	Drawing Date	# of Winners	# of Entries
Omaha Steaks Bundle	6/21/2023 - 7/18/2023	7/19/2023	3	41,023
Blackstone Griddle Bundle	5/16/2023 - 7/18/2023	7/19/2023	2	53,002
Theragun Elite	7/19/2023 - 8/22/2023	8/23/2023	3	14,018
Apple Tech Package	5/16/2023 - 8/22/2023	8/23/2023	1	70,346
Le Creuset Set	8/23/2023 - 9/19/2023	9/20/2023	3	31,648
Samsung 55" TV	7/19/2023 - 9/19/2023	9/20/2023	2	66,315
Blink Camera System	9/20/2023 - 10/24/2023	10/25/2023	3	52,759
Keurig Coffee Maker	10/25/2023 - 12/5/2023	12/6/2023	3	36,403
iPhone 14 Pro Max	9/20/2023 - 12/5/2023	12/6/2023	2	86,468
Gucci Package	8/23/2023 - 12/5/2023	12/6/2023	1	33,306
Blackstone Pizza Oven	12/6/2023 - 1/9/2024	1/10/2024	3	34,751
Apple iPad with Case	1/10/2024 - 2/6/2024	2/7/2024	3	63,992
Samsung 43" Frame TV	12/6/2023 - 2/6/2024	2/7/2024	2	45,764
Breville Smart Fryer	2/7/2024 - 3/5/2024	3/6/2024	3	20,847
Home Game Room Package	12/6/2023 - 3/5/2024	3/6/2024	1	33,449
Canon Printer	3/6/2024 - 4/7/2024	4/10/2024	3	31,522
Outdoor TV & Lounge Set	2/7/2024 - 4/7/2024	4/10/2024	2	72,530
Tech for Pets Package	4/8/2024 - 5/6/2024	5/8/2024	3	13,930
Black+Decker Lawn Care Package	5/7/2024 - 6/3/2024	6/5/2024	3	51,672
Samsung Galaxy Phone Bundle	4/8/2024 - 6/3/2024	6/5/2024	2	48,188

## ECONOMIC CONDITIONS AND OUTLOOK

For the first ten years of its existence, through the end of calendar year 2019, the OAL experienced a consistent improvement in economic activity, with inflationary adjusted Gross Domestic Product (GDP) and industrial production sharing continued gains. However, due to the global Coronavirus pandemic, the GDP, industrial production, and other economic activity severely declined, and unemployment and business closures significantly increased during the first half of calendar year 2020. For the second half of calendar year 2020 and for calendar year 2021, there was improvement in economic activity as the Coronavirus pandemic lessened. Due to severe inflation during calendar year 2022, economic conditions declined, although consumer spending remained high and unemployment rates remained low. During calendar year 2023 and the first half of 2024, the inflationary and economic conditions improved slightly. The outlook for the second half of calendar year 2024 is for continued economic improvement.

## GROSS DOMESTIC PRODUCT

GDP is the broadest measure of economic activity. The economic output of the national economy, as measured by GDP, expanded each quarter since the third quarter of calendar year 2009, when the OAL first started selling lottery tickets, until the first quarter of calendar year 2020. Due to the Coronavirus pandemic, the GDP declined for the first and second quarters of calendar year 2020 but has since expanded. GDP grew by an average of 3.8% during the third and fourth quarters of calendar year 2023 and grew by an average of 2.3% during the first half of calendar year 2024.

## STATE PERSONAL INCOME

Personal income consists of wages and salaries, dividends, interest, rent, and transfer payments such as Social Security and other retirement incomes. Personal income does not include realized capital gains from the sale of assets. Personal income, measured in current dollars, reached a total of \$180.079 billion in fiscal year 2024. This represented an increase of \$5.729 billion or 3.3% over fiscal year 2023.

## ARKANSAS WAGE AND SALARY DISBURSEMENTS

Measured in current dollars, wage and salary income rose to \$79.416 billion in fiscal year 2024, an increase of \$4.006 billion or 5.3% from fiscal year 2023.

## EMPLOYMENT

In fiscal year 2024, revised payroll employment in Arkansas averaged 1,359,400 jobs. This represented an increase of approximately 16,000 jobs or 1.2% compared to fiscal year 2023.

## HIGHLIGHTS OF THE PAST YEAR

Management's discussion and analysis (MD&A) provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. In addition to financial accomplishments, other noteworthy accomplishments during fiscal year 2024 included:

- Surpassing \$7.4 billion in ticket sales since the lottery's inception.
- Surpassing \$5.0 billion in prizes paid to players since the lottery's inception.
- Transferring over \$1.4 billion to the ADHE for the purpose of funding scholarships since the lottery's inception, including transfers of more than \$129 million for the June 30, 2024 fiscal year.
- ADHE distributed \$75.9 million in scholarships during fiscal year 2024.

## RELEVANT FINANCIAL POLICIES

**Budgetary Controls:** The OAL finance division, through the Arkansas Department of Finance and Administration, prepares an operating budget for the next fiscal year for submission to the Arkansas Legislative Council Lottery Oversight Subcommittee.

**Transfers to ADHE:** In accordance with the Arkansas Scholarship Lottery Act, on or before the fifteenth day of each month, the OAL shall deposit the monthly net proceeds from the lottery's operations into the Lottery Scholarship Trust Account (the Scholarship Trust Account). Upon request from the director of the Arkansas Department of Education – Arkansas Division of Higher Education (ADHE), the OAL shall transfer the funds requested from the Scholarship Trust Account to ADHE.

**Shortfall Reserve:** In accordance with the Arkansas Scholarship Lottery Act, legislation was enacted which required the OAL to establish a Scholarship Shortfall Reserve Trust Account. As of June 30, 2024, the Scholarship Shortfall Reserve Trust Account was fully funded in the amount of \$20 million.



## **INTERNAL CONTROL ENVIRONMENT**

Management of the lottery is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft, or misappropriation. The internal control system is also designed to ensure that the accounting system provides accurate and timely financial information, and that the lottery is in compliance with applicable laws and regulations. The structure does not provide a guarantee, but rather reasonable assurances that these objectives are met. To enhance controls over accounting procedures, the lottery has segregated appropriate functions, where feasible, and added additional administrative reviews of areas not clearly segregated to ensure compliance with established control policies. A.C.A. § 23-115-206(b)(1)(A) requires Arkansas Legislative Audit, to conduct an annual audit of the OAL and may conduct other special reports as may be deemed necessary. The annual audit includes a review of internal controls as they relate to the expression of an opinion on the financial statements.

## **GOVERNMENT FINANCE OFFICERS ASSOCIATION CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the OAL for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the thirteenth consecutive year that the OAL has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate of achievement is valid for a period of one year only. Management believes that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and as required by the requirements of the Arkansas Scholarship Lottery Act, we are submitting it to the GFOA to determine its eligibility for another certificate.

## **OTHER INFORMATION**

Information on rules, gaming and frequently asked questions can be found on the OAL's website at [www.myarkansaslottery.com](http://www.myarkansaslottery.com). Information on gambling disorder treatment and education programs can be found by calling the National Council on Problem Gambling Helpline at 1-800-522-4700 or by visiting [ncpgambling.org](http://ncpgambling.org), or by contacting Gamblers Anonymous at [gamblersanonymous.org](http://gamblersanonymous.org). If you have questions or would like to speak with a representative of the OAL, call (501) 683-2000.

## **ACKNOWLEDGEMENTS**

The preparation of this ACFR reflects our commitment to maintain the highest standards of public accountability. We affirm our commitment to continually improve our financial management and maintain the public's trust by exhibiting the highest ethical standards and uncompromising integrity. Publication of this report could not have been accomplished without the dedicated efforts of our employees. Management would also like to recognize the Arkansas Department of Finance and Administration, and its Secretary, for their support, guidance, and dedication in operating the OAL in a reasonable and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sharon Strong". The signature is written in a cursive, flowing style.

Sharon Strong  
Executive Director

A handwritten signature in black ink that reads "Jerold Fetzer". The signature is written in a cursive, flowing style.

Jerold Fetzer  
Chief Fiscal Officer

## **MISSION**

“Maximizing Net Proceeds in a responsible manner”

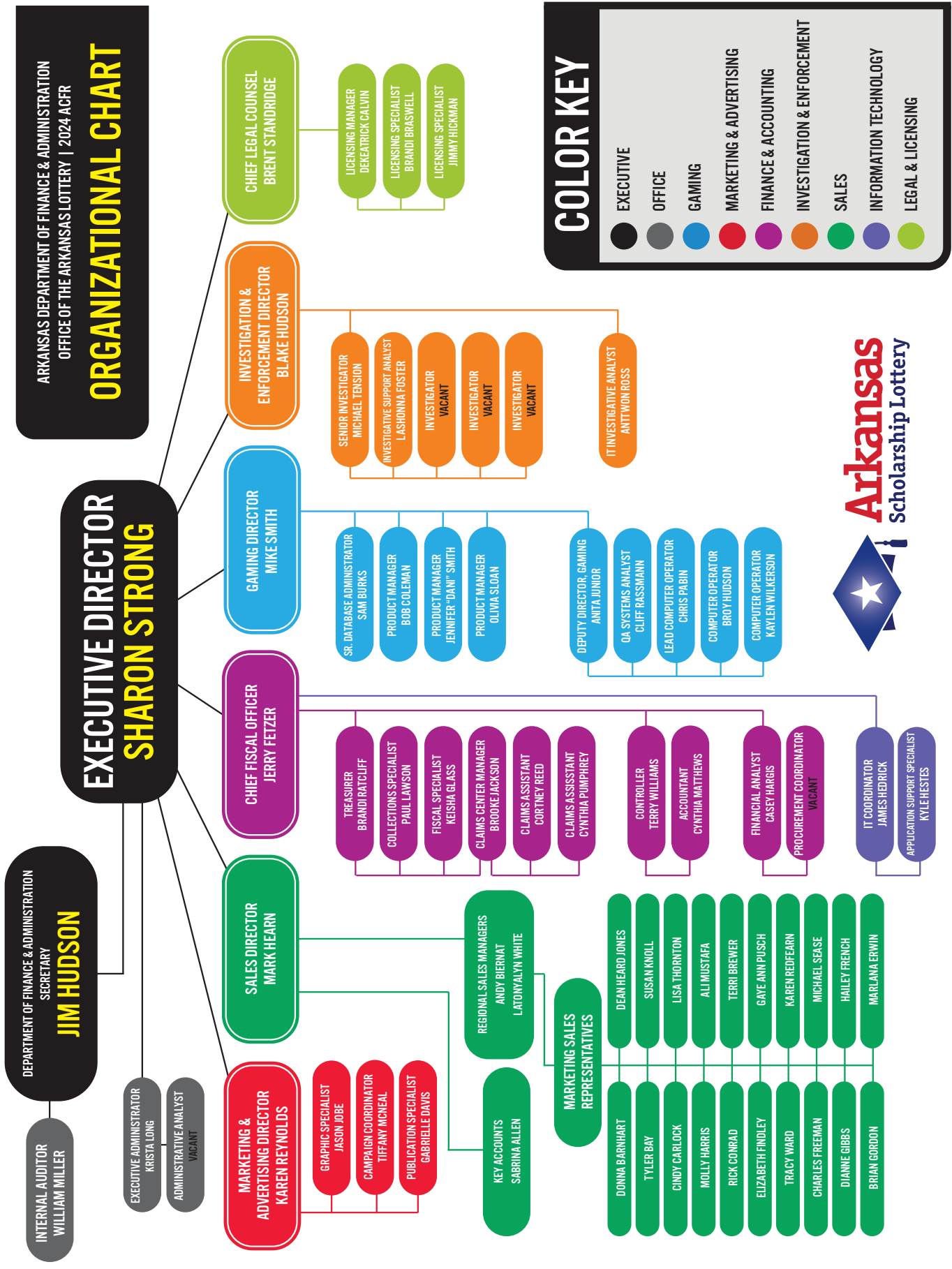
## **VISION**

Every aspect of our operations will function at a level of excellence, with integrity as the keystone principal to our business strategies and decisions.

## **VALUES**

Central to OAL's successful completion of its mission and vision are its values. OAL's primary values include:

- ❖ **Integrity** – We maintain public trust by ensuring the security of our lottery games, systems, drawings, and operational facilities.
- ❖ **Security and Oversight** – We value and require ethical behavior by our employees, retailers, customers, and vendors. To ensure this goal is met, we build in standards and processes at every step to ensure the integrity of the games.
- ❖ **Education** – We are dedicated to an unwavering commitment to maximizing net proceeds in a responsible manner.
- ❖ **Responsible Play** – We strongly support the concept of offering lottery games in a responsible manner and believe that playing responsibly is key component of this tenet.
- ❖ **Treat all stakeholders fairly** – We are committed to creating an environment of mutual respect where open, honest communications are a cornerstone. All employees, retailers, customers, and vendors shall be treated fairly and in a non-discriminatory manner.
- ❖ **Innovative products** – We strive to offer innovative products with a high-level of entertainment value and which are designed to encourage responsible play.
- ❖ **Fiscal responsibility** – We emphasize fiscal accountability by ensuring that all expenditures directly or indirectly generate revenue, enhance security, fulfill regulatory requirements, improve customer service and ensure efficiencies in all processes in order to maximize Net Proceeds.
- ❖ **Non-political** – We will operate free of political influence and will do so with integrity and in a professional manner that is consistent with our mission.

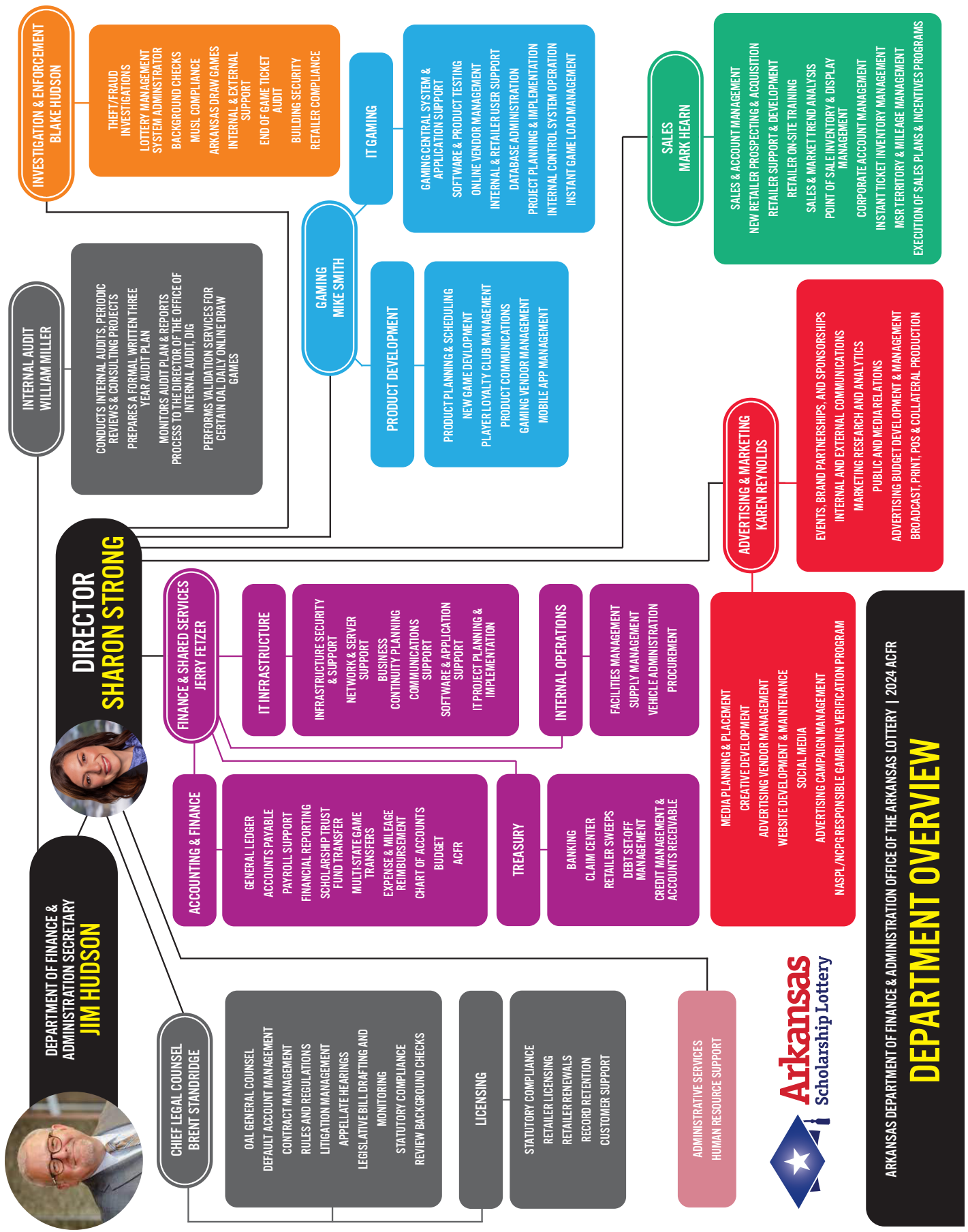


**COLOR KEY**

- EXECUTIVE
- OFFICE
- GAMING
- MARKETING & ADVERTISING
- FINANCE & ACCOUNTING
- INVESTIGATION & ENFORCEMENT
- SALES
- INFORMATION TECHNOLOGY
- LEGAL & LICENSING







ARKANSAS DEPARTMENT OF FINANCE & ADMINISTRATION OFFICE OF THE ARKANSAS LOTTERY | 2024 ACFR

# DEPARTMENT OVERVIEW



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO



# FINANCIAL SECTION

**MICHAEL**  
\$250K INSTANT WINNER

---



**Arkansas**  
Scholarship Lottery

---

# Arkansas



Sen. David Wallace  
Senate Chair  
Sen. John Payton  
Senate Vice Chair

Rep. Jimmy Gazaway  
House Chair  
Rep. Richard Womack  
House Vice Chair

Kevin William White, CPA, JD  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Independent Auditor's Report

Department of Finance and Administration – Office of the Arkansas Lottery  
and Members of the Legislative Joint Auditing Committee

#### **Report on the Audit of the Financial Statements**

##### ***Opinion***

We have audited the financial statements of the major fund of the Department of Finance and Administration (DFA) – Office of Arkansas Lottery, an office of Arkansas state government, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the DFA – Office of Arkansas Lottery's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund of the DFA – Office of Arkansas Lottery as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the office, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### ***Emphasis of Matter***

As indicated above, the financial statements of the DFA – Office of Arkansas Lottery are intended to present the financial position, the changes in financial position, and cash flows of the major fund of the State that is attributable to the transactions of the DFA – Office of Arkansas Lottery. They do not purport to, and do not, present fairly the financial position of the State of Arkansas as of June 30, 2024, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

##### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the office's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the office's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the office's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Management is responsible for the other information included in the report. The other information comprises the introductory and statistical sections but does not include the basic financial statements, required supplementary information, and our auditor's reports thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of the office's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of the testing, and not to provide an opinion on the effectiveness of the office's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the office's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in blue ink, appearing to read "Kevin William White". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
December 16, 2024  
SA1661324



**Arkansas**  
Scholarship Lottery

---



# MANAGEMENT'S DISCUSSION AND ANALYSIS

FAITH  
SCHOLARSHIP TO ARKANSAS STATE UNIVERSITY

---



**Arkansas**  
Scholarship Lottery

---

Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(Unaudited)

As the Management of the Arkansas Department of Finance and Administration (DFA) Office of the Arkansas Lottery (OAL), we offer readers of the OAL's financial statements this narrative overview and analysis of the financial activities of the OAL for the fiscal year ended June 30, 2024. Please read it in conjunction with the OAL's financial statements, which follow this section.

#### **FINANCIAL AND OPERATING HIGHLIGHTS**

- Fiscal year 2024 was a very successful year for the OAL. Only the record sales recorded in fiscal year 2021 were better than those of fiscal year 2024. Operating revenues for fiscal year 2024 were \$613.6 million, which was \$5.4 million, or 0.9%, more than the \$608.2 million recorded in fiscal year 2023. Instant ticket sales for fiscal year 2024 were \$478.4 million, which was an increase of \$1.9 million, or 0.4%, from fiscal year 2023. Online ticket sales for fiscal year 2024 were \$134.5 million which was an increase of \$3.5 million, or 2.7%, from fiscal year 2023. Powerball<sup>®</sup> sales increased by \$5.7 million, or 14.6%, from fiscal year 2023, while sales of Mega Millions<sup>®</sup> decreased by \$-3.9 million, or -12.0%. LOTTO produced sales of \$9.3 million which was an increase of \$1.2 million, or 14.4% from fiscal year 2023. The other online games, Fast Play, Cash 3, Cash 4, Natural State Jackpot, Lucky for Life<sup>®</sup>, had a sales increase for fiscal year 2024 of \$0.5 million, or 1.1%, as compared to fiscal year 2023. For fiscal year 2024, instant ticket sales were \$8.4 million, or 1.8%, better than budget, while online ticket sales were \$37.2 million, or 38.3%, better than budget. Resulting operating revenues for fiscal year 2024 of \$613.6 million were \$45.7 million, or 8.0% better than budget.
- The OAL's operating expenses decreased slightly in fiscal year 2024, as compared to the previous fiscal year, by \$-1.0 million or -0.2%.
- For fiscal year 2024, total transfers of net proceeds to the Lottery Scholarship Trust Account (Scholarship Trust Account) were \$129.4 million, which was \$16.3 million, or 14.4% more than the prior fiscal year transfers of \$113.1 million.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the OAL's basic financial statements. The OAL is accounted for as a proprietary enterprise fund of the State of Arkansas, reporting on all of the activity's assets, liabilities and net position using the accrual basis of accounting, much like a private business entity. The OAL's basic financial statements are comprised of four components: 1) the statement of net position, 2) the statement of revenues, expenses and changes in net position, 3) the statement of cash flows, and 4) notes to the financial statements. This annual comprehensive financial report also contains statistical information in addition to the basic financial statements.

The statement of net position presents information regarding the OAL's assets and deferred outflows of resources, as compared to its liabilities and deferred inflows of resources, with the difference between the two groupings reported as net position. However, in the opinion of management, the increase in net position for fiscal year ended June 30, 2024 does not necessarily reflect the true condition of the OAL's financial position, because, by statute, the OAL is required to transfer all accumulated net proceeds each month, net of unclaimed prizes, to the Scholarship Trust Account, as an account to be used only to fund Academic Challenge, Workforce Challenge or Concurrent Challenge college scholarships. Also, on June 30 of each fiscal year, the OAL is required, by statute, to transfer the accumulated unclaimed prizes reserve, less \$1 million, which is held back, to the Scholarship Trust Account. Also, any refunds of scholarship requests or expenses from Arkansas Department of Education – Arkansas Division of Higher Education (ADHE) during a fiscal year must be placed in the Scholarship Trust Account.



Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(Unaudited)

The statement of revenues, expenses and changes in net position reports the OAL's net position and the summarized revenue and expense activities, which created the changes. As stated above, the OAL is required by statute to transfer all monthly net proceeds, net of unclaimed prizes, to the Scholarship Trust Account. Net proceeds are calculated using a modified cash basis for game revenues and prizes to arrive at the changes in net position. Income before transfers is calculated using the accrual basis of accounting prescribed by Generally Accepted Accounting Principles (GAAP). Therefore, in the opinion of management, the changes in net position will not necessarily reflect the actual results of the OAL's changes from its operating activities.

The statement of cash flows outlines the cash inflows and outflows related to the OAL's primary activities of selling game tickets and redeeming prizes for lottery related products, as well as its other primary operating activities.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The OAL is a self-supporting office within the Arkansas Department of Finance and Administration (DFA). For financial reporting purposes, the OAL is a major proprietary enterprise fund within the Arkansas Department of Finance and Administration and is reported as such in the Annual Comprehensive Financial Report (ACFR) of the State of Arkansas (State).



Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(Unaudited)

**FINANCIAL ANALYSIS**  
**Net Position**

The OAL's total net position at June 30, 2024 and 2023 were as follows:

<u>Condensed Summary of Assets, Liabilities and Net Position</u>		
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Current assets	\$ 343,947,760	\$ 274,830,969
Non-current assets	22,486,943	22,580,890
Capital assets	757,884	1,402,961
Total assets	<u>367,192,587</u>	<u>298,814,820</u>
Deferred outflows of resources	2,306,112	2,520,093
Total assets and deferred outflows	<u>\$ 369,498,699</u>	<u>\$ 301,334,913</u>
Current liabilities	\$ 356,158,906	\$ 284,283,293
Long-term liabilities	8,269,788	8,318,699
Total liabilities	<u>364,428,694</u>	<u>292,601,992</u>
Deferred inflows of resources	1,255,648	1,442,918
Total liabilities and deferred inflows	<u>365,684,342</u>	<u>294,044,910</u>
Net position:		
Net investment in capital assets	144,564	789,641
Restricted	23,486,943	23,580,890
Unrestricted (Deficit)	<u>(19,817,150)</u>	<u>(17,080,528)</u>
Total net position	<u>3,814,357</u>	<u>7,290,003</u>
Total liabilities, deferred inflows and net position	<u>\$ 369,498,699</u>	<u>\$ 301,334,913</u>

Assets consisted primarily of cash and cash equivalents which were \$345.1 million and \$274.0 million as of June 30, 2024 and 2023 respectively. Accounts receivable were \$19.3 million and \$21.2 million as of June 30, 2024 and 2023 respectively. Capital assets, net of depreciation and amortization, were \$0.8 million and \$1.4 million as of June 30, 2024 and 2023 respectively.

As of June 30, 2024 the OAL's liabilities consisted primarily of amounts due to ADHE, accrued prizes payable, other accrued operating expenses, total pension obligations and other post-employment benefits obligations (OPEB). Also, as of June 30, 2024 total liabilities and deferred inflows of resources were \$365.7 million, which was an increase of \$71.6 million or 24.4% from June 30, 2023.

Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(Unaudited)

As of June 30, 2024, the OAL's total assets and deferred outflows of resources exceed its total liabilities and deferred inflows of resources, resulting in total net position of approximately \$3.8 million. This was a decrease in total net position of \$-3.5 million or -47.7% from June 30, 2023. Also, as of June 30, 2024, restricted net position was approximately \$23.5 million, which was a decrease of \$-0.1 million, or -0.4% from June 30, 2023. Unrestricted net position (deficit) at the end of fiscal year 2024 was \$ -19.8 million which was an increase in the deficit of \$-2.7 million, or -16.0%, from the prior fiscal year. This deficit relates primarily to timing differences created from the adjusted cash basis accounting method used to calculate net proceeds for transfer to ADHE and due to the change in liability for the OAL's unfunded portion of its OPEB liability. In the unlikely event that the OAL ever ceases operations, the Arkansas State Legislature may be required to act to resolve this deficit in unrestricted net position.

Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(Unaudited)

**Statement of Revenues, Expenses and Changes in Net Position**

During fiscal year 2024, the OAL's activities resulted in transfers of net proceeds to the Scholarship Trust Account of \$129.4 million, which was \$16.3 million or 14.4% more than for the prior fiscal year. Also, as previously discussed, the total net position of the OAL decreased by \$-3.5 million or -47.7% from the prior fiscal year. This decrease was primarily due to timing differences related to the accounting method used to calculate net proceeds. The key elements of the revenues, expenses and changes in net position for the fiscal year ended June 30, 2024, with comparative information for fiscal year 2023 are shown in the table below.

<u>Summary of Revenues, Expenses and Changes in Net Position</u>		
	<u>2024</u>	<u>2023</u>
Operating revenues		
Instant ticket sales	\$ 478,447,451	\$ 476,578,850
Online ticket sales	134,512,269	130,982,275
Retailer fees	676,745	661,871
Other revenue	(1,061)	6,195
Total operating revenues	<u>613,635,404</u>	<u>608,229,191</u>
Operating expenses		
Instant game prizes	348,571,503	346,188,839
Online game prizes	71,415,879	70,731,337
Commissions and contract costs	64,573,308	66,167,884
General and administrative expenses	13,025,994	15,059,575
Services provided by other agencies	858,598	1,302,240
Depreciation and Amortization	675,581	699,663
Total operating expenses	<u>499,120,863</u>	<u>500,149,538</u>
Operating income	114,514,541	108,079,653
Non-operating revenue		
Interest Income	11,425,790	2,482,459
Interest expense	<u>(11,924)</u>	<u>(16,207)</u>
Income before transfers	125,928,407	110,545,905
Transfers to Trust Account	<u>(129,404,053)</u>	<u>(113,091,392)</u>
Increase (Decrease) in net position	(3,475,646)	(2,545,487)
Beginning net position	7,290,003	9,835,490
Ending net position	<u>\$ 3,814,357</u>	<u>\$ 7,290,003</u>

Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(Unaudited)

**OPERATING REVENUES**

**Games Sales**

The OAL's games revenues are made up of a variety of instant and online lottery products. The OAL is an active member of a joint venture arrangement with the Multi-State Lottery Association (MUSL). Powerball®, Mega Millions® and Lucky for Life® are online games operated under MUSL. The OAL also operates Fast Play, Cash 3, Cash 4, Natural State Jackpot and LOTTO which are all online games. The table below shows the instant ticket sales and sales for online lottery games for the fiscal years ended June 30, 2024 and 2023.

<u>Games Sales for Years Ended June 30, 2024 and 2023</u>				
Game	2024	2023	Change	% Change
Instant ticket sales	\$ 478,447,451	\$ 476,578,850	\$ 1,868,601	0.4%
Powerball®	44,797,764	39,097,190	5,700,574	14.6%
Mega Millions®	28,448,304	32,331,680	(3,883,376)	-12.0%
Fast Play	15,568,203	17,874,449	(2,306,246)	-12.9%
Natural State Jackpot	8,853,010	7,478,765	1,374,245	18.4%
Cash 3	12,344,765	12,330,957	13,808	0.1%
Cash 4	7,086,512	6,655,536	430,976	6.5%
Lucky for Life®	8,118,978	7,052,780	1,066,198	15.1%
LOTTO	9,294,734	8,160,918	1,133,816	13.9%
Total games sales	<u>\$ 612,959,721</u>	<u>\$ 607,561,125</u>	<u>\$ 5,398,596</u>	0.9%

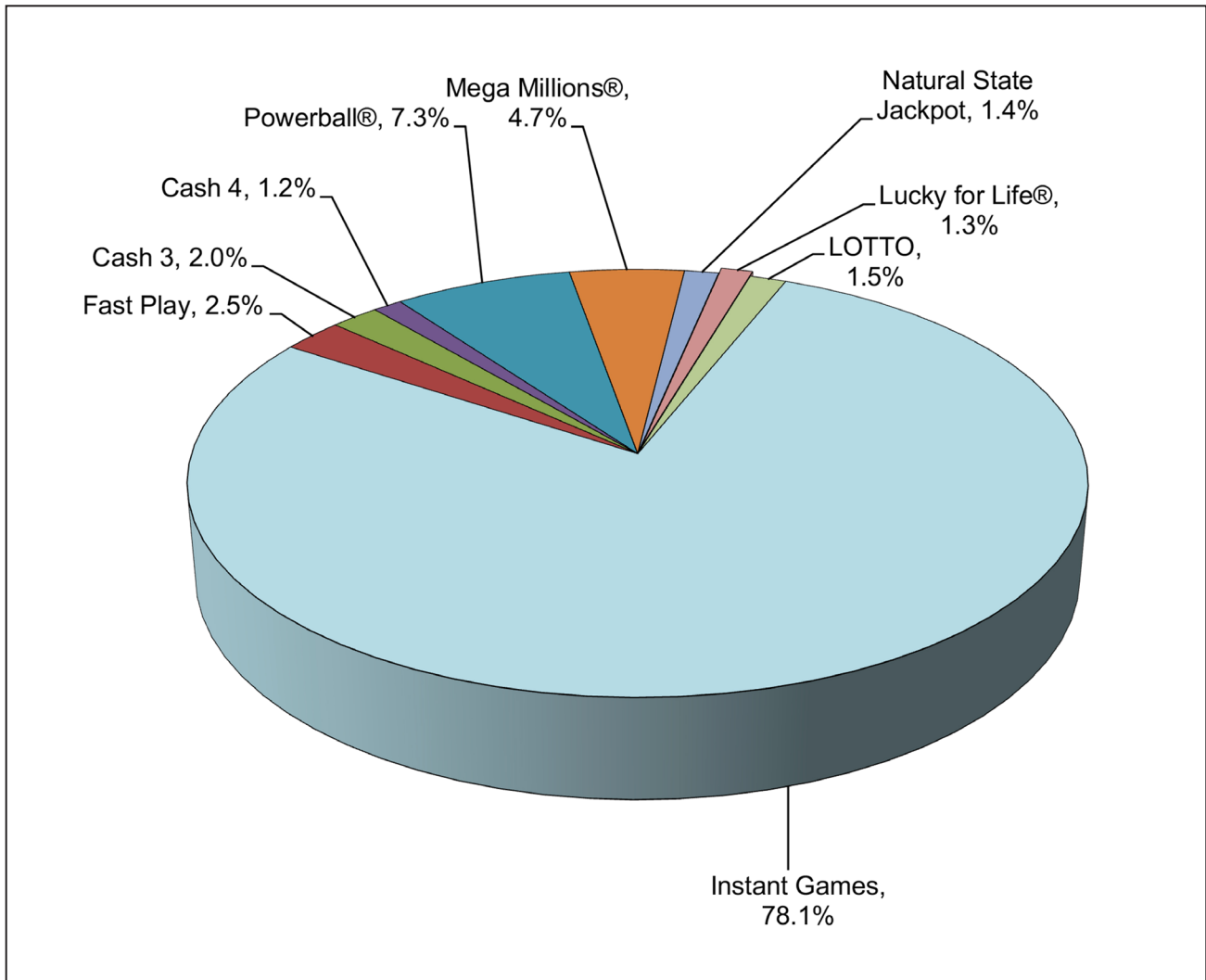
For fiscal year 2024 the OAL had an increase in total game sales of nearly \$5.4 million or 0.9% as compared to fiscal year 2023. The budget for fiscal year 2024 reflected sales of \$567.3 million. However, the actual total game sales of \$613.0 million in fiscal year 2024, was \$45.7 million, or 8.1% better than budget.

Instant ticket sales continued to be the OAL's most popular product contributing 78.1% and 78.4% of total fiscal year sales for 2024 and 2023 respectively. For fiscal year 2024, instant ticket sales increased slightly by \$1.9 million, or 0.4%, while online games sales increased by \$3.5 million, or 2.7%. For fiscal year 2024, Powerball® had an \$5.7 million, or 14.6%, increase in sales from the prior fiscal year, while Mega Millions® had a \$-3.9 million, or -12.0%, decrease in sales from the prior fiscal year. Also, for fiscal year 2024, Fast Play had a \$-2.3 million, or -12.9%, decrease in sales; Cash 3 sales increased negligibly, Cash 4 sales increased by \$0.4 million, or 6.5%, Natural State Jackpot sales increased by \$1.4 million, or 18.4%, Lucky for Life® sales increased by \$1.1 million, or 15.1%, and LOTTO sales increased by \$1.1 million, or 13.9%.

Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(Unaudited)

The graph below summarizes the fiscal year 2024 sales as a percent of total ticket revenues:

**Fiscal Year 2024 Lottery Game Revenues as a Percent of Sales**



Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(Unaudited)

**OPERATING EXPENSES**

**Prizes Expense**

Prizes are the largest operating expense the OAL incurs. Instant games prizes expense for fiscal year 2024 was \$348.6 million, which was an increase of \$2.4 million, or 0.7%, while online games prizes expense was \$71.4 million which was an increase of \$0.7 million, or 1%. Total prizes expense for fiscal year 2024 was \$420 million, which was an increase of \$3.1 million, or 0.7%, from the prior fiscal year total prizes expense of \$416.9 million.

The \$348.6 million in instant game prizes expense for fiscal year 2024 was \$8.3 million, or 2.4%, more than budget, while online game prizes expense for fiscal year 2024 of \$71.4 million were \$17.9 million, or 33.5%, more than budget. So, consistent with sales, total game prizes expense for fiscal year 2024 of \$420.0 million was \$26.2 million, or 6.7%, more than budget.

The following table shows prizes expense by lottery game for the years ended June 30, 2024 and 2023 respectively.

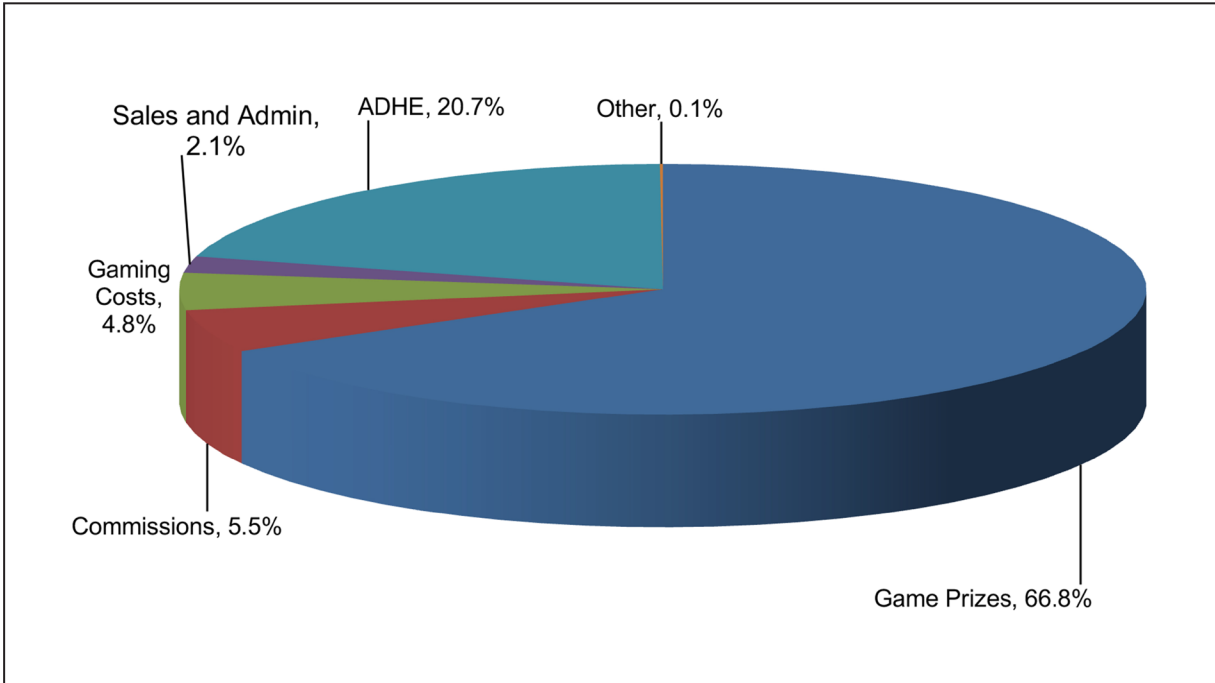
Game	Game Prizes Expense		Change	% Change
	2024	2023		
Instant Games	\$ 348,571,504	\$ 346,188,839	\$ 2,382,665	0.7%
Powerball®	21,299,643	18,604,593	2,695,050	14.5%
Mega Millions®	13,540,805	15,618,602	(2,077,797)	-13.3%
Natural State Jackpot	5,052,130	4,333,586	718,544	16.6%
Lucky for Life®	4,660,221	4,095,033	565,188	13.8%
Fast Play	12,205,913	14,039,121	(1,833,208)	-13.1%
Cash 3	5,934,967	5,902,730	32,237	0.5%
Cash 4	3,317,400	3,433,600	(116,200)	-3.4%
LOTTO	5,404,800	4,704,072	700,728	14.9%
Total game prizes expense	<u>\$ 419,987,383</u>	<u>\$ 416,920,176</u>	<u>\$ 3,067,207</u>	0.7%



Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(Unaudited)

Distribution of the fiscal year 2024 revenues were as follows:

**Fiscal Year 2024 Revenue Distribution**



The following table shows sales profit margin for instant and online games by for the fiscal years ended June 30, 2024 and 2023.

Gross Profit Margin				
	<u>Instant Tickets</u>		<u>Online Games</u>	
	2024	2023	2024	2023
Game revenues	\$ 478,447,451	\$ 476,578,850	\$ 134,512,269	\$ 130,982,275
Prizes expense	348,571,503	346,188,839	71,415,879	70,731,337
Gross profit	<u>\$ 129,875,948</u>	<u>\$ 130,390,011</u>	<u>\$ 63,096,390</u>	<u>\$ 60,250,938</u>
Gross profit margin percentage	27.1%	27.4%	46.9%	46.0%

Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(Unaudited)

As the table on the previous page shows, the gross profit margin is considerably less for instant tickets versus for online games. High jackpots normally drive sales for online games, whereas the denominations and types of instant tickets that are being distributed, as well as the amounts of prizes already cashed, are primary drivers for instant ticket sales.

The table below shows the operating profit margin, which is the OAL's total operating revenues less its total operating expenses, for the years ended June 30, 2024 and 2023 respectively.

<u>Operating Profit Margin</u>				
	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percent Change</u>
Operating revenues	\$ 613,635,404	\$ 608,229,191	\$ 5,406,213	0.9%
Operating expenses	499,120,863	500,149,538	(1,028,675)	-0.2%
Operating Income	<u>\$ 114,514,541</u>	<u>\$ 108,079,653</u>	<u>\$ 6,434,888</u>	6.0%
Profit margin	18.7%	17.8%		

### Other Operating Expenses

In addition to prizes expense, the other significant operating expenses include retailer commissions and gaming contract costs. Retailer commissions for fiscal year 2024 were \$34.5 million, which was an increase of \$0.2 million, or 0.7%, from fiscal year 2023. Gaming contract costs for fiscal year 2024 were \$30.0 million which was a decrease of \$-1.8 million, or -5.8%, from fiscal year 2023.

Additional other operating expenses include advertising and marketing costs, compensation costs, general administrative costs and depreciation and amortization. These other operating expenses for fiscal year 2024 totaled \$14.6 million, which was a decrease of \$-2.5 million, or -14.7% from fiscal year 2023.

### NON-OPERATING REVENUES AND TRANSFERS

Non-operating revenues were for interest income on deposited funds of \$11.4 million and \$2.5 million for the years ended June 30, 2024 and 2023 respectively. Also, there was imputed interest expense related to right to use assets, which were capitalized as a result of the implementation of GASB 87 on Leases, in the amount of \$0.012 million for fiscal year 2024 and \$0.016 million for fiscal year 2023 respectively.

Net proceeds of \$129.4 million were transferred into the Lottery Scholarship Trust Account in fiscal year 2024, compared to transfers of \$113.1 million in fiscal year 2023. Transfers to ADHE for the Academic Challenge scholarships for fiscal year 2024 were the same as fiscal year 2023 in the amount of \$60.0 million. There were \$0.8 million of transfers to ADHE for the Workforce Challenge scholarships for fiscal year 2023, compared to no transfers in fiscal year 2024. Also, there were \$5.0 million of transfers to ADHE for the Concurrent Challenge scholarships for fiscal year 2024, compared to \$2.4 million in fiscal year 2023.

Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2024  
(Unaudited)

**CAPITAL ASSETS**

At June 30, 2024 the OAL had \$0.8 million in net capital assets as compared to \$1.4 million in net capital assets at the end of the prior fiscal year. Capital assets are primarily composed of equipment, leasehold improvements and right to use assets. The equipment and leasehold improvements are depreciated over their estimated useful lives of 5 to 10 years, while the right to use assets are amortized over a period of 5 years. A summary of the changes in the major capital asset groups is provided in the table below and more detailed information on capital assets may be found in Note 10 of the notes to the financial statements.

	<u>Capital Assets</u>		Total % Change
	<u>2024</u>	<u>2023</u>	
Equipment	\$ 2,880,128	\$ 2,849,623	1.1%
Leasehold improvements	492,796	492,796	0.0%
Right to Use Assets	1,359,159	1,359,159	0.0%
Total Capital Assets	4,732,083	4,701,578	0.6%
Less: Accum. Deprec. & Amort.	(3,974,199)	(3,298,618)	20.5%
Net Capital Assets	<u>\$ 757,884</u>	<u>\$ 1,402,960</u>	-46.0%

**CONTACT INFORMATION**

This financial report is designed to provide a general overview of the OAL's finances and to demonstrate the OAL's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the OAL's Finance Division at P.O. Box 3238, Little Rock, Arkansas 72203-3238 or call (501) 683-1898.



**Arkansas**  
Scholarship Lottery



# BASIC FINANCIAL STATEMENTS

ELISE  
SCHOLARSHIP TO ARKANSAS STATE UNIVERSITY

---



**Arkansas**  
Scholarship Lottery

---



**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Statement of Net Position**  
**June 30, 2024**

**ASSETS**

<b>Current assets:</b>	
Cash and cash equivalents	\$ 10,734,582
Restricted assets:	
Cash and cash equivalents	313,815,018
Accounts receivable	14,530,124
Inter-Agency Receivables	4,753,294
Prepaid items	114,742
Total current assets	<u>343,947,760</u>
<b>Non-current assets:</b>	
Restricted assets:	
Cash and cash equivalents	20,500,000
Deposits with Multi-State Lottery Association	1,986,943
Net capital assets	757,884
Total non-current assets	<u>23,244,827</u>
Total assets	<u>367,192,587</u>
<b>Deferred outflows of resources:</b>	
Related to pension	1,874,416
Related to other post employment benefits	431,696
Total deferred outflows of resources	<u>2,306,112</u>
Total assets and deferred outflows of resources	<u>\$ 369,498,699</u>

**LIABILITIES**

<b>Current liabilities:</b>	
Accounts payable	\$ 136,677
Prizes payable	30,759,802
Accrued and other liabilities	6,208,582
Due to other funds of the State	766,374
Due to Lottery Scholarship Trust Account	317,568,312
Lease obligation	276,515
Compensated absences	60,264
Other post employment benefits	101,349
Unearned revenue	281,031
Total current liabilities	<u>356,158,906</u>
<b>Long-Term liabilities:</b>	
Other post employment benefits	2,231,120
Total pension liability	5,324,162
Compensated absences	377,701
Lease obligation	336,805
Total long-term liabilities	<u>8,269,788</u>
Total liabilities	<u>364,428,694</u>
<b>Deferred inflows of resources:</b>	
Related to pension	139,020
Related to other post employment benefits	1,116,628
Total deferred inflows of resources	<u>1,255,648</u>
Total liabilities and deferred inflows of resources	<u>365,684,342</u>

**NET POSITION**

<b>Net position:</b>	
Net investment in capital assets	144,564
Restricted for:	
Scholarship shortfall reserve	20,000,000
Retailer bond reserve	500,000
Deposits with Multi-State Lottery Association	1,986,943
Unclaimed prizes reserve	1,000,000
Unrestricted (deficit)	<u>(19,817,150)</u>
Total net position	<u>3,814,357</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 369,498,699</u>

The notes to the financial statements are an integral part of this statement.

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Statement of Revenues, Expenses and Change in Net Position**  
**For the Year Ended June 30, 2024**

<b>Operating revenues:</b>	
Instant ticket sales	\$ 478,447,451
Online ticket sales	134,512,269
Retailer application, fidelity, bond and service fees	676,745
Other revenue	(1,061)
	613,635,404
<b>Operating expenses:</b>	
Instant game prizes	348,571,503
Online game prizes	71,415,879
Retailer commissions	34,544,207
Gaming contract costs	30,029,101
Compensation and benefits	5,770,242
Marketing, advertising and promotions	6,154,520
General and administrative expenses	1,101,232
Services provided by Arkansas Department of Education - Division of Higher Education	693,048
Services provided by Arkansas Legislative Audit	165,550
Amortization	271,832
Depreciation	403,749
	499,120,863
Total operating expenses	499,120,863
Operating income	114,514,541
<b>Non-operating revenue (expense):</b>	
Interest income	11,425,790
Interest expense	(11,924)
	125,928,407
Income before transfers	125,928,407
<b>Transfers to:</b>	
Lottery Scholarship Trust Account	(129,404,053)
	(129,404,053)
Change in net position	(3,475,646)
Total net position - beginning	7,290,003
Total net position - ending	\$ 3,814,357

The notes to the financial statements are an integral part of this statement.

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Statement of Cash Flows  
For the Year Ended June 30, 2024**

**Cash flows from operating activities:**

Cash received from retailers and others	\$ 614,469,754
Cash paid for prizes	(415,932,262)
Cash paid for gaming vendors	(29,741,865)
Cash paid for retailer commissions	(34,544,207)
Cash paid for marketing and advertising	(6,310,613)
Cash paid for employee services	(5,521,249)
Cash paid for other expenses	(2,758,245)
Net cash provided by operating activities	119,661,313

**Cash flows from non-capital financing activities:**

Transfers to Arkansas Department of Education - Division of Higher Education	(65,750,000)
Transfers from Arkansas Department of Education - Division of Higher Education	5,775,854
Net cash used by non-capital financing activities	(59,974,146)

**Cash flows from capital and related financing activities:**

Purchases of capital assets	(30,505)
-----------------------------	----------

**Cash flows from investing activities:**

Interest received	11,425,790
-------------------	------------

Net increase in cash and cash equivalents	71,082,452
---	------------

Cash and cash equivalents, beginning	273,967,148
Cash and cash equivalents, ending	\$ 345,049,600

**Reconciliation of operating income to net cash provided**

**by operating activities:**

Operating income	\$ 114,514,541
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	403,749
Amortization	271,832
Pension expense	254,389
Other post employment benefits expense	(25,509)
Lease Expense	(283,054)

**Net changes in assets and liabilities:**

(Increase) decrease in:

Accounts receivable	895,758
Prepaid items	47,343
Deposits with Multi-State Lottery Association	93,947

Increase (decrease) in:

Accounts payable	129,198
Prizes payable	3,961,173
Accrued and other liabilities	(120,854)
Due to other funds of the State	(450,331)
Compensated absences	30,539
Unearned revenue	(61,408)

Net cash provided by operating activities	\$ 119,661,313
---	----------------

The notes to the financial statements are an integral part of this statement.

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Reporting Entity**

The Arkansas Department of Finance and Administration Office of the Arkansas Lottery (OAL) was initially created as the Arkansas Lottery Commission (ALC) by Acts 605 and 606 of 2009 (the Act) for the purpose of establishing, operating, and regulating lotteries for the State of Arkansas (State) as authorized by the Arkansas Constitution. The primary purpose of the Act is to supplement higher education scholarships with net proceeds from State lottery operations. During the 2015 Legislative session, the Arkansas Legislature enacted Act 218 of 2015, which eliminated the ALC and established the lottery as the Office of the Arkansas Lottery within the Arkansas Department of Finance and Administration (DFA), as part of the Management Services Division.

The OAL is a self-supporting, revenue-raising office within DFA. The OAL commenced sales of instant scratch-off tickets on September 28, 2009; Powerball<sup>®</sup> ticket sales commenced on October 31, 2009; Cash 3 sales commenced on December 14, 2009; Mega Millions<sup>®</sup> sales commenced on January 31, 2010; Cash 4 sales commenced on July 12, 2010; Fast Play sales commenced on October 25, 2010; Natural State Jackpot sales commenced on August 27, 2012; Lucky for Life<sup>®</sup> sales commenced on January 27, 2015; and LOTTO sales commenced on September 18, 2022. Powerball<sup>®</sup>, Mega Millions<sup>®</sup>, Lucky for Life<sup>®</sup> are offered through the Multi-State Lottery Association (MUSL).

For financial reporting purposes, the OAL is a major enterprise fund of the primary government of the State and is reported as such in the Annual Comprehensive Financial Report (ACFR) of the State. These financial statements for the OAL are separate and apart from those of the State and do not present the financial position of the State nor changes in the State's financial position and cash flows.

**b. Basis of Presentation**

The OAL is accounted for as a proprietary type enterprise fund. Enterprise funds operate more like a commercial business such as: (1) where the costs of providing goods and services to the general public on a continuing basis are to be financed through user charges; or (2) where the periodic determination of net income is considered appropriate.

**c. Basis of Accounting**

Basis of accounting refers to the timing of recognition of revenue and expenses in the accounts and reporting in the financial statements. The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

As a proprietary type enterprise fund of a governmental unit, the OAL must also follow the standards issued by the Governmental Accounting Standards Board (GASB). New GASB Statements and Interpretations are adopted in the years they become effective.

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Notes to Financial Statements**  
**June 30, 2024**

As a proprietary type enterprise fund, the OAL is accounted for using the economic resources measurement focus. All assets and liabilities related to its operations are included on its statement of net position, and all revenues and expenses and the change in net position are included in its Statement of Revenues, Expenses and Change in Net Position. Operating revenues and expenses generally relate to the OAL's primary ongoing operations of selling lottery tickets and redeeming prizes. Any revenues or expenses not meeting this definition are reported as non-operating. The principal operating revenues of the OAL are from charges to retailers for their sales of lottery products. The significant operating expenses include the cost of prizes, retailer commissions, gaming contract costs, other vendor charges, personnel, marketing/advertising, other administrative expenses, inter-agency services and depreciation and amortization.

**d. Cash and Cash Equivalents**

Cash and cash equivalents include demand accounts, imprest accounts, cash on hand, all certificates of deposit with maturities at purchase of 90 days or less, and all short-term instruments with maturities at purchase of 90 days or less.

**e. Accounts Receivable**

Accounts receivable represents amounts due from retailers for activated instant ticket packs and sales of online games less the value of prizes paid by the retailer and retailer commissions. Retailer bank accounts are set up in trust for settlements with the OAL and electronic funds transfers are used to collect receivables weekly from such accounts. Accounts receivable also represents amounts due from other agencies to the OAL.

**f. Capital Assets**

Capital assets are stated at cost less accumulated depreciation. The OAL follows the policy of the Arkansas Department of Finance and Administration and uses a capitalization threshold of five thousand dollars (\$5,000) and useful life extending beyond one year. Depreciation/Amortization on capital assets is computed using the straight-line method over the following estimated useful lives:

Equipment	5 - 7 years
Right to use assets	5 years
Signage	10 years
Leasehold improvements	Over the remaining term of the lease

When capital assets are retired, or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the Statement of Revenues, Expenses, and Change in Net Position, in the period of retirement/disposition.

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Notes to Financial Statements**  
**June 30, 2024**

**g. Net Position**

Net position includes categories for net investments in capital assets and for restricted net position for several items including the scholarship shortfall reserve, retailer bond reserve, Multi-State Lottery Association (MUSL) deposits and the unclaimed prizes reserve. The net investment in capital assets category represents the purchases of capital assets recorded at cost, less accumulated depreciation and right to use assets, less amortization, less any debt related to the capital assets. The restricted net position for the scholarship shortfall reserve represents monies set aside to fund scholarship payment requests to the Arkansas Department of Education – Division of Higher Education (ADHE), if needed, due to a shortage of funds in the lottery scholarship trust account (Scholarship trust account). The retailer bond reserve may be used to cover losses due to any retailer nonfeasance, malfeasance, or misfeasance or for the recovery of any other potential losses from retailers. This reserve mitigates for retailers having to purchase their own surety bond coverage. The MUSL deposits represent funds set aside to fund Powerball® and Mega Millions® prizes reserves which can be used in the event of multiple grand prize winners in succession. The amounts restricted for the unclaimed prizes reserve are, by statute, only to be used to supplement future prizes, to maintain online game reserves at adequate levels or for special prize promotions. At June 30 of each fiscal year, the amount of the unclaimed prizes reserve, less \$1 million, are deposited to the Scholarship trust account, as net proceeds.

See note 12 for additional information regarding the unrestricted net position (deficit). It is the practice of the OAL to use restricted resources first, then unrestricted resources when both restricted and unrestricted resources are available.

**h. Leases**

The OAL is a lessee for noncancellable leases for which it recognizes a lease liability and an intangible right-to-use lease asset. The OAL recognizes lease liabilities with an initial individual value of \$5,000, or more. At commencement of a lease, the OAL initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. Subsequently, the lease asset is amortized on a straight-line basis over the remaining term of the lease.

Key estimates and judgments related to leases include how the OAL determines (1) lease discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of monthly payments that vary over the remaining term of the lease.

The OAL monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability, if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with short and long-term liabilities on the statement of net position.



**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Notes to Financial Statements**  
**June 30, 2024**

***i. Revenue Recognition***

Lottery games are sold to the public by licensed retailers. Revenue is recognized when online tickets are sold to players and when packs of instant scratch-off tickets are activated for sale by the retailer.

***j. Unearned Revenue***

Funds collected from retailers for online game tickets sold in advance, and are for game drawings which will occur after the end of the monthly accounting period, are recorded as unearned revenue, and are subsequently recognized as revenue in the period in which the related drawing for which they were purchased occurs.

Retailer licenses are issued for a two-year period. Fee amounts for the periods beyond June 30 of the current fiscal year are recorded as unearned revenue and recognized as revenue in subsequent fiscal year(s).

***k. Retailer Commissions***

Retailers receive a commission of five percent on all instant tickets settled and online tickets sold. In addition, retailers receive a cashing commission of one percent of each dollar redeemed up to a cashing limit of \$500 per ticket, as tickets for prizes over \$500 must be redeemed at the OAL claim center. Retailers also receive an additional selling commission of one percent of each prize amount of \$10,000 or more for any such prizes validated and paid, which were purchased from their retail store. The maximum selling commission for any prize of \$10,000 or more is \$50,000.

***l. Prizes and Unclaimed Prizes***

For instant ticket (scratch-off) games, prizes expense is accrued based on the end of production prize structure percentage provided by the ticket vendor for each game and recorded based on value of packs activated for sale by retailers. Prize expense is also recognized for Play it Again (PIA) amounts from instant games that have ended and where the PIA drawing will occur in the future. Prizes expense for any merchandise prize is recognized when invoiced by the ticket vendor. Any instant game prizes that remain unclaimed 90 days after an instant game ending date are considered unclaimed.

Prizes expense for online games is recorded for each game drawing at an established prize payout estimate percentage of the revenue recognized. Any online game prizes that remain unclaimed at the end of a 180-day period following a game drawing are considered unclaimed.

Act 1180, enacted April 6, 2011, provided that unclaimed prizes are to be accumulated during the fiscal year, with the OAL being allowed to spend up to \$2,500,000 for future lottery prizes, to maintain online reserves or for prizes promotion. At the end of each fiscal year the amount of unclaimed prizes money, less \$1 million, is to be deposited into the Scholarship trust account as net proceeds. For financial statement purposes, unclaimed prizes are a reduction to the overall prizes expense recognized.

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

***m. Compensated Absences***

Employees earn the right to be compensated during absences for vacation, illness, overtime worked for non-exempt employees, and for legal holidays. Compensated absences for annual leave and legal holidays banked are recorded as a liability when the benefits are earned. Compensated absences for sick leave are calculated based on the vesting method for employees that are eligible for retirement benefits and are also recorded as a liability. Within the limits established by law or rule, unused leave benefits are paid to employees upon separation from State service for vacation, banked holidays, and upon retirement only, eligible sick leave. The compensated absences amounts are based on current year-end salary rates and include employer Social Security contributions at the then current rates.

***n. Retirement Plan***

For purposes of measuring the total pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension fund and the additions to and deductions from their fiduciary net position have been determined on the same basis as they are reported by the State pension system. See note 15 for additional information regarding the retirement plan.

***o. Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows of resources, deferred inflows of resources, restricted and unrestricted net position, revenues, expenses and disclosures of contingent assets or liabilities. Actual results could differ from those estimates.

***p. Bad Debt Expense***

Bad debt expense is normally recognized when uncollected net revenue from an OAL retailer is significantly past due and is in excess of amounts deemed to be collectible. The amount of expense is based on the retailer's outstanding aged accounts receivable balance. The OAL did not record any bad debt expense for the fiscal year ended June 30, 2024. For net proceeds calculations, bad debt expense amounts are recovered from the Retailer bond reserve, which is maintained to offset such potential losses.

**2. DEPOSITS**

Arkansas Code Annotated (ACA) requires that agencies holding monies not deposited in the State Treasury (cash fund agencies), other than institutions of higher learning, abide by the recommendations of the State Board of Finance as to the best investment decisions for any idle cash balances. The State Board of Finance promulgated certain cash management and investments standards and procedures, effective July 1, 2023, which replaced the prior standards and procedures established on October 2, 2017. Such standards are referenced by the Arkansas Department of Finance and Administration within the Financial Management Guide for use by all State agencies.

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Notes to Financial Statements**  
**June 30, 2024**

The stated primary goal of state cash management is the protection of principal, while maximizing investments and minimizing non-interest-bearing balances. Collateral pledged to secure deposits is to be held within the borders of the State of Arkansas and placed with any Federal Reserve Bank; any Federal Home Loan Bank; a banker's bank; or the trust department, or similar safekeeping function of a commercial bank or trust company primarily located in Arkansas that is unaffiliated with the bank or financial institution in which the funds are deposited. State financial policy also states that funds may be maintained in demand deposit accounts for the purposes of meeting day-to-day operating expenditures. It is suggested that service charges associated with this type of account can generally be avoided by maintaining required minimum balances or compensating balances in other accounts. Funds in excess of immediate expenditure requirements (excluding minimum balances) should not remain in non-interest-bearing accounts.

Effective September 2, 2021 the OAL and Bank OZK executed an Agreement for Contractual Services for Comprehensive Banking Services. The term of this agreement was two years from the effective date, with the option of mutually agreeing to up to three one-year extensions. During the 2024 fiscal year the first one-year extension of the contract was executed with an effective date of September 2, 2023. Interest earned on all balances, prior to September 2, 2023, was paid at the Federal Funds Target Rate minus 0.09% (or 9 basis point) with a floor of 0.15% APY (or 15 basis points) and a ceiling of 1.00% APY (or 100 basis points). Interest paid after September 2, 2023 was at the Federal Funds Target Rate minus 1.25% (or 125 basis points) with a floor of 0.37% APY (or 37 basis points), and no ceiling. Treasury management service fees were waived. All of the OAL's cash and equivalents at June 30, 2024 were held in accounts at Bank OZK. As agreed to in their contract, Bank OZK has agreed to pledge collateral on all accounts of the OAL in an amount to exceed the State requirement of 105 percent of deposits. As of June 30, 2024, the total collateral pledged to the OAL was in the form of one irrevocable standby letter of credit. The letter of credit was issued in the OAL's name by the Federal Home Loan Bank of Dallas for any sum or sums not to exceed \$368,000,000. At June 30, 2024 the OAL's total bank balances were \$345,137,652, so the total pledged collateral exceeded 105% of the OAL's deposits.

***Custodial Credit Risk***

Custodial credit risk for deposits is the risk that in the event of the failure of a depository institution, the OAL will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The OAL has adopted the State Board of Finance Policy requiring the use of depository insurance and collateralization procedures to manage the risk that deposits may not be returned. It is the opinion of management that none of the OAL's bank balances of \$345,137,652 were exposed to custodial credit risk as of June 30, 2024.

**3. ACCOUNTS RECEIVABLE**

Management believes that an allowance for uncollectable accounts is not necessary at June 30, 2024 as the Retailer bond reserve amount of \$500,000 is sufficient to cover any past due accounts. Amounts due from retailers and others at June 30, 2024 are summarized as follows:

Amount due for activated instant tickets, not settled	\$ 10,670,598
Amount due for partial weeks sales through June 30, 2024	3,778,533
Past due accounts and other receivables	<u>80,993</u>
Total accounts receivable	<u>\$ 14,530,124</u>

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

***Receivable from Other Funds of the State***

The amount listed below as a receivable from the Arkansas Department of Education – Division of Higher Education is a refund of excess Lottery Scholarship Trust funds requested over scholarships issued.

Arkansas Department of Education – Division of Higher Education	<u>\$4,753,294</u>
---	--------------------

**4. TRUST ACCOUNTS for NET PROCEEDS**

Per the Act, on or before the 15th day of each month, the OAL is required to deposit the previous month’s net proceeds, which, per the Act are to be determined by the OAL as a percentage of lottery proceeds less operating expenses, in such a manner as to maximize net proceeds. Such net proceeds are to be deposited into a trust account at one or more financial institutions. Based on the calculation requirement, it was determined that the net proceeds calculated each month for transfer to the trust accounts were to be computed using the modified cash basis of accounting for revenues and expenses based on the actual monies received from retailers for instant ticket game sales and for the prize payments made on instant tickets redeemed.

To meet the above deposit requirement, an Education trust account was established with Bank OZK, and as required by GAAP accrual-based accounting principles, Due to education trust account reflected the corresponding liability on the statement of net position. The Education trust account was restricted for transfers to and from the Arkansas Department of Education – Division of Higher Education (ADHE), and funds were only transferred based on requests from ADHE to meet the scholarship needs of the Arkansas Academic Challenge Scholarship Program.

Act 636 of 2021 required the OAL to “establish the Lottery scholarship trust account to fund the Arkansas Academic Challenge Scholarship Program, the Arkansas Workforce Challenge Scholarship Program (see note 5), the Arkansas Concurrent Challenge Scholarship Program (see note 5), and any other scholarship funded with net proceeds from the lottery, at a financial institution into which the OAL shall transfer funds.” The balances of the Education trust account and the Workforce challenge trust account were transferred into the Lottery Scholarship Trust Account in fiscal year 2022.

For financial statement purposes, the total amount reflected for the Due to Lottery Scholarship Trust Account as current restricted cash, cash equivalents and as interagency receivables on the statement of net position at June 30, 2024 was \$317,568,312. Total net proceeds for the fiscal year ended June 30, 2024 were \$129,404,053. During fiscal year 2024 a total of \$65,750,000 was transferred to ADHE for scholarships from the Lottery Scholarship Trust Account.

Activity in the Lottery Scholarship Trust Account for the fiscal year ended June 30, 2024 consisted of the following activities:

Scholarship trust account balance at 7/01/23	\$ 249,160,965
Net Proceeds	129,404,053
Returns from ADHE for overfunding of scholarships	4,753,294
Payments to ADHE for scholarships	<u>(65,750,000)</u>
Scholarship trust account balance at 6/30/24	<u>\$ 317,568,312</u>

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

**5. ARKANSAS WORKFORCE CHALLENGE SCHOLARSHIP AND ARKANSAS CONCURRENT CHALLENGE SCHOLARSHIP PROGRAMS**

During the 2017 legislative session, the Arkansas General Assembly passed Act 613 of 2017 to create the Arkansas Workforce Challenge Scholarship Program (“Workforce Challenge”). Act 613 of 2017 provided for the use of excess lottery proceeds to be deposited to a trust account to fund scholarships for students enrolled in higher education programs that will lead to the students being qualified to work in high-needs occupations. To meet the deposit requirement, a Workforce Challenge trust account was established with Bank OZK, and as required by GAAP accrual-based accounting principles, a Due to Workforce Challenge trust account reflected the corresponding liability on the statement of net position. The Workforce Challenge trust account was restricted for transfers to and from ADHE, and funds were only transferred based on requests. During the 2019 Arkansas General Assembly session, Act 456 amended Arkansas Code Title 6, Chapter 85 to add an additional subchapter to create the Arkansas Concurrent Challenge Scholarship Program (“Concurrent Challenge”). Act 456 provides for the use of lottery proceeds, after the allocation of sufficient funding to the “Workforce Challenge”, to fund scholarships for students enrolled in an endorsed concurrent enrollment course or certificate program, unless other opportunities are provided that lower the tuition and mandatory fees below fifty percent. Per Act 636 of 2021 the balance of the Workforce Challenge trust account was transferred into the Lottery Scholarship Trust Account in fiscal year 2022.

**6. UNCLAIMED PRIZES RESERVE**

Act 1180 of the 2011 Regular Session, enacted by the General Assembly of Arkansas on April 6, 2011, amended the Act to allow the OAL to spend, during a fiscal year, up to \$2,500,000 of unclaimed prizes money for one or more of the following: A) Increasing the pool from which future lottery prizes are awarded; B) Maintaining online game reserves at a fiscally sound level; or for C) Prize promotion. Act 1180 also required that unclaimed prizes be accumulated during the fiscal year and on the last day of each fiscal year the amount of the remaining unclaimed lottery prizes reserve, less \$1,000,000, be deposited in the trust account as net proceeds.

During fiscal year 2024, in addition to the \$1,000,000 beginning balance the unclaimed prizes totaled \$11,131,261 with none of the unclaimed prize’s money being used for the three specified purposes allowed by Act 1180. So, the unclaimed prizes balance remaining at June 30, 2024, less \$1,000,000, resulted in a deposit of \$11,131,261 to the Scholarship trust account as net proceeds. At June 30, 2024, the balance of the unclaimed prizes reserve was \$1,000,000 and is reflected in the Statement of Net Position as restricted net position, while the corresponding monies related to this reserve are shown as current restricted cash and cash equivalents.

Activity in the Unclaimed prizes reserve for the fiscal year ended June 30, 2024 consisted of the following activities:

Unclaimed prizes reserve at 7/01/23	\$ 1,000,000
Unclaimed prizes for fiscal year ended 6/30/24	11,131,261
Transferred to the Scholarship trust account at 6/30/24	<u>(11,131,261)</u>
Unclaimed prizes reserve at 6/30/24	<u>\$ 1,000,000</u>

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

**7. SCHOLARSHIP SHORTFALL RESERVE**

The Scholarship shortfall reserve account represents monies set aside, by the Act, to fund scholarship payment requests to ADHE, if needed, in case of a shortage of funds in the Scholarship trust account. The balance of the Scholarship shortfall reserve at June 30, 2024 was \$20,000,000 and is reflected as restricted net position on the statement of net position, while the corresponding monies related to the reserve are reflected as non-current restricted cash and cash equivalents.

**8. RETAILER BOND RESERVE**

Act 1076 of the 2015 Arkansas General Assembly changed Arkansas Code Annotated § 23-115-603 (c) (1) to allow the OAL to amend the previous requirement that retailers post a bond obtained through a commercial insurance company. Per Act 1076, “the office shall require retailers to post an appropriate bond, as determined by the office.” Effective with the amendment of the OAL’s Retailer Rules (Rules), a “self-bond” or self-insurance program for retailers was established, whereby all retail locations must remit \$50 annually to the OAL to cover any potential losses and fulfill the bonding requirement required by law. Further, the Rules establish that any retailer failure to remit amounts owed to the OAL in the ordinary course of business are considered a default and the amounts owed be deducted from the pool of self-bond fees in order to ensure funds ordinarily available for deposit to the Scholarship trust account are made whole. Finally, the amended Rules establish that, at the discretion of the OAL Director, funds from the pool of self-bond fees, in excess of \$500,000, may be released and considered revenues at the end of each fiscal year. For the fiscal year ended June 30, 2024 the amount released as revenues was \$129,284.

The retailer self-bond fees collected are recorded as a Retailer bond reserve, which is reflected as restricted net position on the statement of net position. At June 30, 2024 the balance of the Retailer bond reserve was \$500,000. The retailer self-bond fees collected are deposited in the OAL operating account. At the end of each month, retailer self-bond fees are transferred to the Bond Account and are classified as non-current restricted cash and cash equivalents. The OAL did not sustain any losses that were charged to the Retailer Bond Reserve during the fiscal year ended June 30, 2024.

**9. JOINT VENTURES**

GASB Statement No.14, *The Financial Reporting Entity*, as amended, defines a joint venture as a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain 1) an ongoing financial interest or 2) an ongoing financial responsibility. During the fiscal year ended June 30, 2024 the OAL was an active participant in several joint venture arrangements with the Multi-State Lottery Association.

***Multi-State Lottery Association***

In July 2009, the OAL joined the Multi-State Lottery Association (MUSL), which is comprised of a group of U.S. lotteries that combine jointly to sell online Powerball® and Mega Millions® lottery tickets. On January 27, 2015 MUSL added the Lucky for Life® online game to be available to the member lotteries for the joint sales of that game, in which the OAL elected to participate. The chief executive officer of each member lottery serves on the MUSL board of directors. MUSL is audited annually by a separate independent audit firm.



**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Notes to Financial Statements**  
**June 30, 2024**

As a member of MUSL, the OAL is required to contribute to various prize reserve funds for Powerball® and Mega Millions® which are maintained by MUSL. The MUSL prize reserve funds serve as a contingency reserve to protect MUSL, and its member state lotteries, from unforeseen prize payment liabilities. MUSL periodically reallocates the prize reserve funds among the member state lotteries based on relative Powerball® and Mega Millions® sales levels. All remaining funds remitted, and the related interest earnings (net of administrative costs), less any portion of unanticipated prize claims that may have been paid from the fund, would be returned to the OAL if it were to ever leave MUSL. As of June 30, 2024, the OAL had reserve fund deposits with MUSL of \$1,986,943. MUSL does not maintain prize reserve funds for Lucky for Life®.

A copy of the MUSL financial statements may be obtained by submitting a written request to MUSL, Attn: Bret Toyne, Executive Director or Shannon Underwood, Director of Finance, 8101 Birchwood Court, Suite R, Johnston, Iowa 50131.

The OAL's portion of the MUSL's games for the fiscal year ended June 30, 2024 is summarized in the table below:

	<u>Operating Revenues</u>	<u>Prizes</u>
Powerball®	\$44,797,764	\$21,299,643
Mega Millions®	28,448,304	13,540,805
Lucky for Life®	8,118,978	4,660,221

**10. NET CAPITAL ASSETS**

The activity for capital assets for the fiscal year ended June 30, 2024, was as follows:

<u>Capital Assets</u>	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>
Equipment	\$ 2,849,623	\$ 30,505	\$ -	\$ 2,880,128
Leasehold improvements	492,796	-	-	492,796
Right to use assets	1,359,159	-	-	1,359,159
Total capital assets	<u>4,701,578</u>	<u>30,505</u>	<u>-</u>	<u>4,732,083</u>
Less accumulated deprec. and amort.				
Equipment - depreciation	(2,307,463)	(403,749)		(2,711,212)
Leasehold improvements-depreciation	(492,796)	-	-	(492,796)
Right to use assets - amortization	(498,359)	(271,832)	-	(770,191)
Total accumulated deprec. and amort.	<u>(3,298,618)</u>	<u>(675,581)</u>	<u>-</u>	<u>(3,974,199)</u>
Capital assets, net	<u>\$ 1,402,960</u>	<u>\$ (645,076)</u>	<u>\$ -</u>	<u>\$ 757,884</u>

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

**11. LIABILITIES**

**a. Prizes Payable**

Prizes payable at June 30, 2024 consisted of instant and online game prizes payable and any related state and federal withholdings. Instant ticket prizes payable are estimated based on the production prize structure provided by Scientific Games Inc. Estimated prizes payable by category are listed below:

Instant tickets	\$ 24,179,225
Powerball®	731,230
Mega Millions®	461,158
Natural State Jackpot	616,398
Lucky for Life®	375,368
Fast Play	163,654
Cash 3	55,640
Cash 4	58,900
LOTTO	4,085,564
Income tax and other withholding	<u>32,665</u>
Total	<u>\$ 30,759,802</u>

**b. Payable to Other Funds of the State**

The Act requires that ADHE be reimbursed by the OAL for the costs associated with the administration of scholarships funded with lottery proceeds. Act 218 of 2015 modified the requirement to only allow direct costs incurred by ADHE for the administration of scholarships to be included in the reimbursement request by ADHE. The amount recorded as administrative cost due is listed for ADHE in the table below.

The amounts listed below are for withholdings owed or for services performed for the OAL by these agencies within the normal course of business.

Arkansas Department of Education - Division of Higher Education	\$ 693,048
Arkansas Department of Finance and Administration - Statewide Services	60,453
Arkansas Department of Transformation and Shared Services - Division of Information Systems	<u>12,873</u>
Total	<u>\$ 766,374</u>

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

**c. Accounts Payable, Accrued Liabilities and Compensated Absences**

Accounts payable consists of amounts due to vendors for operating costs of the lottery. Accrued liabilities consist of amounts due to gaming vendors for gaming costs of the lottery, accrued payroll earned and related health insurance withholdings as of June 30, 2024.

As a proprietary type enterprise fund, for financial reporting purposes, the OAL recognizes and accrues liabilities for compensated absences as services are performed and the benefits accrue to employees. The compensated absences payable to OAL employees for annual, sick, and compensatory leave at June 30, 2024 totaled \$437,965. The OAL has adopted the State of Arkansas methodology for the computation of the current vs. long-term portion of this liability. This computation is based upon the State average of current vs. long-term portion of this liability for all state employees. For the fiscal year ended June 30, 2024 the current portion of the compensated absences liability increased by \$3,265 to a balance of \$60,264 and the long-term portion increased by \$27,274 to a balance of \$377,701.

Current Portion Compensated Absences	Beginning Balances	Increases	Decreases	Ending Balances
Annual	\$ 49,110	\$ 75,529	\$ (74,464)	\$ 50,175
Sick	7,889	3,943	(1,743)	10,089
Total	<u>\$ 56,999</u>	<u>\$ 79,472</u>	<u>\$ (76,207)</u>	<u>\$ 60,264</u>

Long Term Compensated Absences	Beginning Balances	Increases	Decreases	Ending Balances
Annual	\$ 301,924	\$ 473,373	\$ (460,828)	\$ 314,469
Sick	48,503	25,652	(10,923)	63,232
Total	<u>\$ 350,427</u>	<u>\$ 499,025</u>	<u>\$ (471,751)</u>	<u>\$ 377,701</u>

**d. Unearned Revenue**

Funds collected from retailers for online game tickets sold in advance of the game drawings and for game drawings which will occur after the year end are recorded as unearned revenue and subsequently recognized as revenue once the related drawings occur.

Unearned revenue from online game tickets at June 30, 2024 is summarized as follows:

Powerball®	\$ 81,361
Mega Millions®	83,745
Natural State Jackpot	19,157
Lucky for Life®	10,664
Cash 3	5,047
Cash 4	4,474
LOTTO	33,756
Total	<u>\$ 238,204</u>

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Notes to Financial Statements**  
**June 30, 2024**

Additionally, retailer licensing renewal fee collected cover a two-year period. The portion of these fees which pertain to periods beyond the current fiscal year end, are also recognized as unearned revenue. At June 30, 2024 the amount of unearned revenue which related to retailer licensing and renewal fees was \$42,827.

**12. UNRESTRICTED NET POSITION (DEFICIT)**

Act 606 of 2009 (Scholarship Lottery Act) section ACA 23-115-801 (a) (3) requires "The percentage of lottery proceeds determined by the OAL to be net proceeds shall equal an amount determined by the OAL to maximize net proceeds for scholarships." Section ACA 23-115-103 (21) defines net proceeds to be lottery proceeds less operating expenses; the amount of bond fee revenue that exceeds \$500,000; the un-depreciated amount of capital assets; and any accruals that will not result in cash outflow. Per section ACA 23-115-103 (14) "Lottery Proceeds" means all revenue derived from the sale of tickets or shares and all moneys derived from or in connection with the operation of a lottery, including without limitation fees, offsets, reimbursements, insurance proceeds, damages and liquidated damages collected or imposed by the OAL under this chapter.

Also, ACA 23-115-801 Section (b) (1) requires "On or before the fifteenth day of each month, the OAL shall deposit the net proceeds from the lottery into one (1) or more trust accounts at one (1) or more financial institutions."

To meet these requirements, in October 2009, the OAL developed an accounting method for calculating net proceeds each month. Such method adjusts certain non-cash transactions for instant ticket revenue and for instant ticket prize expense to determine lottery proceeds on a modified cash basis. This method was accepted by the OAL for use in the calculation of net proceeds prescribed by section (a) (3) of the Scholarship Lottery Act and such method has been consistently applied for the calculation of net proceeds and the transfers of net proceeds, since the OAL's inception.

However, the calculation method utilized results in modified cash basis net proceeds each month which vary from GAAP net income before transfers. Since the net proceeds for each month are transferred to a trust account by the 15th day of the next month, such transfer creates a timing difference for the recognition of game prizes expense, which results in a debit balance (deficit) in Unrestricted Net Position. At June 30, 2024 the cumulative variance due to the modified cash basis method was a debit balance (deficit) in Unrestricted Net Position of \$(16,799,749).

In addition, the OAL's total OPEB liability at June 30, 2024 (see note 16) of \$2,332,469, which consists of a current liability of \$101,349 and a long-term liability of \$2,231,120, and also including deferred outflows of \$(431,696), and deferred inflows of \$1,116,628, which have not been funded to date. They will be funded on a pay-as-you-go basis as the benefits related to this liability are due and payable. This creates an additional debit balance (deficit) in Unrestricted Net Position at June 30, 2024 of \$(3,017,401). The total debit balance (deficit) in Unrestricted Net Position at June 30, 2024 was \$(19,817,150).

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

**13. ONLINE GAME REVENUES**

Online game tickets are produced through terminals at lottery retailer locations based on player instructions for number selection. Drawings are conducted to determine winning number combinations. Online game sales for the fiscal year ended June 30, 2024 consisted of the following:

Powerball®	\$	44,797,764
Mega Millions®		28,448,304
Fast Play		15,568,203
Natural State Jackpot		8,853,010
Cash 3		12,344,764
Cash 4		7,086,512
Lucky for Life®		8,118,978
LOTTO		9,294,734
Total	\$	<u>134,512,269</u>

**14. LEASES**

During the fiscal year ended June 30, 2022, OAL renewed its lease of office space and parking spaces for its headquarters. The noncancellable lease was extended for an additional five-year term starting September 1, 2021 continuing through August 31, 2026. With this contract, the OAL recognizes a lease liability and an intangible right-to-use lease asset. The building lease entered into includes both a lease component (such as a right-to-use asset building) and a non-lease component (such as maintenance and utilities). At the commencement of the lease, the OAL used the lease component to measure the lease liability at the present value of payments expected to be made during the lease term using the State incremental borrowing rate of 1.615%. The lease asset was then measured as equal to the initial amount of the lease liability. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. The annual office rental expense for the fiscal year ended June 30, 2024 was \$454,238. The lease payments remaining in the contract are as follows:

7/1/24 to 8/31/24	\$ 76,066
9/1/24 to 8/31/25	\$456,398
9/1/25 to 8/31/26	\$469,859

The building lease component that was capitalized is listed below.

Lease Description	Role	Lease Type	Gross Asset Balance	Accumulated Amortization	Net Asset Balance
Union Plaza Building- 25,773 square feet 124 West Capitol Ave Little Rock, AR 72201	Lessee	Operating	\$ 1,224,847	\$ 694,080	\$ 530,767
Union Plaza Building- Parking Deck Spaces 124 West Capitol Ave Little Rock, AR 72201	Lessee	Operating	134,312	76,110	58,202
Total			<u>\$ 1,359,159</u>	<u>\$ 770,190</u>	<u>\$ 588,969</u>

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

At year end June 30, 2024, the balance of the liability was split between short-term liability of \$276,515 and long-term liability of \$336,805. Below is the maturity analysis of the lease liability.

Fiscal Year Ending June 30,	Principal	Interest	Total
2022 (10 months)	\$ 215,204	\$ 16,691	\$ 231,895
2023	259,870	16,207	276,077
2024	270,765	11,924	282,689
2025	276,515	7,492	284,007
2026	288,098	2,935	291,033
2027 (2 months)	48,707	33	48,740
	\$ 1,359,159	\$ 55,282	\$ 1,414,441

**15. RETIREMENT PLAN**

**a. Plan Description**

The OAL provides pension benefits for its employees through the Arkansas Public Employees Retirement System (APERS), a cost-sharing multiple-employer defined benefit pension plan.

The APERS provides pension benefits to all state employees not covered by another authorized plan, all county employees, municipal employees whose municipalities have elected coverage under this system, college and university employees, and certain non-teaching school employees.

Benefits are also provided for governors, General Assembly members, state and county constitutional officers and quasi-judicial members. The APERS is administered by the Arkansas Public Employees Retirement System board of trustees.

Benefit provisions are established and amended by Arkansas Code Title 24.

The APERS issues a financial report, which may be obtained as follows:

Arkansas Public Employees Retirement System  
124 W. Capitol, Suite 400  
Little Rock, AR 72201-3704  
(501) 682-7800  
<http://www.apers.org/publications>

**b. Benefits Provided**

Members are eligible for full retirement benefits (1) at any age with 28 years of credited service; (2) at age 65 with five years of actual service, except for members of the General Assembly who must have 10 years of actual service if the member only has service as a member of the General Assembly; or (3) at age 55 with 35 years of credited service as an elected official or public safety member. Members are eligible for reduced benefits (1) at any age with at least 25 years but less than 28 years of actual service; or (2) at age 55 with five years of actual service. Members who are defined as a public safety member are eligible for a reduced benefit with five years of actual service if the member is within 10 years of normal retirement age. The normal retirement benefit, paid monthly, is determined based on (1) the member's final average compensation (an average of the highest 36 months' earnings) and (2) the number of years of credited service.



**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

**c. Contributions**

Arkansas Code Title 24 establishes the contribution requirements of active members and participating employers. Contribution provisions applicable to the participating employers are established by the APERS' Board of Trustees and should be based on an independent actuary's determination of the rate required to fund the plan. The General Assembly and certain agencies employing individuals in public safety positions must also remit additional amounts. For the fiscal year ended June 30, 2024, the employer contribution rates as a percentage of active member payroll ranged from 4.00% to 67.13%. Contributory plan members are required to contribute 5.5% of their annual covered salary. The OAL is required to contribute for all covered state employees at a rate of 15.32% of annual covered payroll. The contribution requirements of plan members are established and may be amended by the Arkansas General Assembly. The contribution requirements of the OAL are established and may be amended by the APERS Board of Trustees. The OAL's contributions to APERS for the years ended June 30, 2024, 2023, and 2022 were \$623,766, \$620,360 and \$595,752, respectively, which were equal to the required contributions for each year. During a member's participation in the APERS deferred retirement option plan (DROP), the employer continues to make contributions and the employee ceases to make contributions.

**d. Total Pension Liability**

At June 30, 2024, the OAL reported a net pension liability of \$5,324,162. The net pension liability was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

The OAL's proportion of the total pension liability was based on actual contributions in the 2023 fiscal year of all participating employers. At June 30, 2024, the OAL's proportion was 0.1827%.

**Actuarial assumptions**

The total pension liability in the actuarial valuation (as of the date noted above) was determined using the actuarial assumptions below, applied to all periods included in the measurement.

Actuarial valuation date:	June 30, 2023
Inflation rate:	3.25% wages, 2.50% prices
Salary increases (Includes assumed inflation):	3.95% to 11.00%
Investment rate of return (Includes assumed inflation):	7.00%
Mortality rates:	The healthy retirement mortality tables, for post-retirement mortality, used in evaluating allowances to be paid were 114% and 132% of the PubG-2010 Amount-Weighted Below-Median Income Retiree Mortality tables for males and females, respectively. The disabled retirement mortality tables, for post-retirement disabled mortality, used in evaluating allowances to be paid were 114% and 132% of the PubNS-2010 Amount-Weighted Disabled Retiree Mortality tables for males and females, respectively. Mortality rates for particular calendar year are determined by applying the MP-2021 mortality improvement scale to the above described tables. These assumptions

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

were first used for the June 30, 2023 valuation.

Actuarial experience study dates:

July 1, 2017 through June 30, 2022

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the 10-year period from 2023 to 2032 were based upon capital market assumptions provided by the system's investment consultants. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2023, these best estimates are summarized in the table below.

<b>Asset Class</b>	<b>Current Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Broad Domestic Equity	37%	6.19%
International Equity	24%	6.77%
Real Assets	16%	3.34%
Absolute Return	5%	3.36%
Domestic Fixed	18%	1.79%
Total	100%	
Total Real Rate of Return		4.94%
Plus: Price Inflation-Actuary's Assumption		2.50%
Less: Investment Expenses (Passive)		<u>0.00%</u>
Net Expected Return		7.44%

**Discount Rate**

A single discount rate of 7.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the total pension liability to changes in the discount rate**

The following presents the OAL's proportionate share of the total pension liability for the pension plan calculated using the discount rate stated, as well as what the OAL's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

	1% lower than current discount rate	Current discount rate	1% higher than current discount rate
Rate	6.00%	7.00%	8.00%
Net pension liability	\$8,486,233	\$5,324,162	\$2,718,912

**e. Pension Plan Fiduciary Net Position**

Detailed information about the fiduciary net position of the pension plan (APERS) is available in its separately issued financial report.

**f. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2024, the OAL recognized pension expense of \$878,155. For the year ended June 30, 2024, the OAL reported deferred outflows of resources and deferred inflows of resources related to pensions as shown below.

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 250,301	\$ 0
Differences between expected and actual experience	300,538	29,249
Net difference between projected and actual investment earnings on pension plan investments	662,667	0
Changes in proportion and differences between employer contributions and share of contributions	39,540	109,771
Contributions subsequent to the measurement date	621,370	0
Total	\$ 1,874,416	\$ 139,020

The deferred outflows of resources related to pensions resulting from OAL contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Total
2024	\$ 266,897
2025	\$ 94,474
2026	\$ 797,381
2027	\$ (44,726)

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

**16. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which became effective for fiscal years beginning after June 15, 2017. The Statement establishes standards for the measurement, recognition, and display of other Postemployment Benefits (OPEB) under government accounting standards.

**a. Plan Description**

The OAL is an agency of the State. Post-retirement medical and prescription drugs benefits are provided to OAL employees through the Arkansas State Employee Health Insurance Plan (ASE), a single-employer defined benefit healthcare plan, sponsored by the State and administered by Arkansas Department of Transformation and Shared Services - Employee Benefits Division. A copy of the plan and most recent report can be obtained by writing to Arkansas Department of Transformation and Shared Services - Employee Benefits Division, 501 Woodlane, Suite 201, Little Rock, AR 72201. For purposes of the plan the State is considered the employer and the OAL is an agency of the State. The plan provides medical and prescription drugs benefits to eligible State employees as established by State law. The contribution requirements of plan members and the State are established and may be amended by the Legislature. The required contribution is based on projected pay-as-you-go financing requirements.

**b. General Information**

The State contributes to the following single employer defined benefit healthcare plan for eligible state employees:

- Arkansas State Employee Health Plan (ASE) (administered by Arkansas Department of Transformation and Shared Services – Employee Benefits Division)

State law grants the authority to establish and amend benefit terms and financing requirements for the plan as listed below.

- Arkansas State Employee Health Plan (ASE)
  - State and Public School Life and Health Insurance Board
  - Arkansas Code § 21-5-401 to § 21-5-414

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Benefits Provided**

The plan provides medical and prescription drug benefits to plan members and beneficiaries.

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

**ASE**

ASE covers state employees that are members of the Arkansas Public Employees Retirement System, Arkansas Teachers Retirement System, Arkansas State Highway Employees Retirement System, Arkansas Judicial Retirement System, or alternate retirement plan of a qualifying institution and are eligible to be in ASE on their last day of employment, and their dependents. Retirees and their spouse are eligible to continue participation in ASE until the death of each covered individual. Retirees must contribute the required annual premium as determined by pay-as-you-go financing requirements. Retirees that are Medicare eligible will have their benefits coordinated with Medicare Part A and B with ASE being the secondary payer.

***Employees Covered by Benefit Terms***

At June 30, 2024, the following state employees were covered by the plan:

Inactive employees or beneficiaries currently receiving benefits	16,412
Inactive employees entitled to but not yet receiving benefits	8,654
Active employees	<u>29,628</u>
Total	<u>54,694</u>

Specific information for OAL employees was not utilized in the actuarial study.

**c. Total OPEB Liability**

At June 30, 2024, the state reported the following liabilities for ASE as determined as of the date listed.

	<u>Measurement Date</u>	<u>Total OPEB Liability</u>
ASE	June 30, 2024	\$ 1,163,135,892
OAL	June 30, 2024	\$ 2,332,469

***Actuarial Assumptions and Other Inputs***

The total OPEB liabilities listed were determined based on an actuarial valuation dated on or before the measurement date. If the actuarial valuation is dated before the measurement date, update procedures were used to roll forward the actuarial valuation to the measurement date. The actuarial valuations used the assumptions below, applied to all periods included in the measurement:

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

Actuarial valuation date	June 30, 2024
Inflation rate	2.30%
Discount rate (1)	3.93%
Salary increases	Based on age, in 5 year groupings, starting at 11.00% at age 20 and decreasing to 3.45% at age 65+.
Healthcare cost trend rates	Pre-Medicare: 6.6% initial, 3.70% ultimate; Post-Medicare: 14.5% initial, 3.70% ultimate
Mortality rate	For Healthy Pre-Retirement: PubG-2010 Amount-Weighted Below-Median Income General Employee Mortality Tables for males and females. Mortality rates are multiplied by 75% for males and 75% for females and are adjusted for fully generational mortality improvements using Scale MP-2021. For Healthy Post-Retirement: PubG-2010 Amount-Weighted Below-Median Income General Retiree Mortality Tables for males and females. Mortality rates are multiplied by 114% for males and 132% for females and are adjusted for fully generational mortality improvements using Scale MP-2021.
Retirees' share of benefit-related costs	Varies by age and Medicare versus non-Medicare retirees.
Actuarial experience study dates (2)	July 1, 2017 through June 30, 2022

- (1) The discount rate is based on the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. GASB 75 requires the discount rate used to measure the total OPEB liability to be a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The actuaries based the rate on the Bond Buyer General Obligation 20-bond municipal bond index for bonds that mature in 20 years.
- (2) The actuarial experience study used was the study performed for the APERS plan.

**d. Changes in the Total OPEB Liability**

The following table provides the changes in the total OPEB liability for each plan:

	ASE	OAL
Balance as of June 30, 2023	<u>\$1,239,319,650</u>	<u>\$2,464,450</u>
Changes for the year:		
Service cost	49,611,228	99,487
Interest on OPEB liability	46,140,912	92,528
Effect of plan changes	0	0
Effect of economic/demographic (gains) or losses	66,625,928	133,607
Changes in assumptions or inputs	(188,520,728)	(378,046)
Change in proportion	N/A	20,792
Benefit payments	<u>(50,041,098)</u>	<u>(100,349)</u>
Net changes	<u>(76,183,758)</u>	<u>(131,981)</u>
Balance as of June 30, 2024	<u>\$1,163,135,892</u>	<u>\$2,332,469</u>



**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following table presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate for each plan:

	<u>1% Decrease</u>		<u>Current Discount Rate</u>		<u>1% Increase</u>	
	Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
ASE	2.93%	\$1,322,789,380	3.93%	\$1,163,135,892	4.93%	\$1,031,132,365
OAL	2.93%	\$ 2,652,627	3.93%	\$ 2,332,469	4.93%	\$ 2,067,759

***Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following table presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare costs trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates for each plan:

	<u>1% Decrease</u>		<u>Current Discount Rate</u>		<u>1% Increase</u>	
	Rate	Total OPEB Liability	Rate	Total OPEB Liability	Rate	Total OPEB Liability
ASE	N/A	\$1,007,926,335	N/A	\$1,163,135,892	N/A	\$1,356,431,424
OAL	N/A	\$ 2,021,223	N/A	\$ 2,332,469	N/A	\$ 2,720,090

**e. *OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2023, the State recognized total OPEB expense as follows.

	<u>Total OPEB Expense</u>
ASE	\$ (55,442,332)
OAL	\$ (25,509)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are recognized in OPEB expense as follows:

	<u>ASE</u>		<u>OAL</u>	
	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Effect of Liability gains or losses	\$ (85,843,852)	\$ 70,162,337	\$ (172,145)	\$ 140,698
Effect of assumption changes or inputs	(464,311,126)	0	(931,096)	0
Changes in proportion	N/A	N/A	(13,387)	290,998
Total	<u>\$(550,154,978)</u>	<u>\$ 70,162,337</u>	<u>\$(1,116,628)</u>	<u>\$ 431,696</u>

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	ASE	OAL
2025	\$(213,751,652)	\$(428,642)
2026	(193,931,903)	(388,897)
2027	( 36,154,543)	( 72,502)
2028	( 36,154,543)	( 72,502)
2029	0	0
Thereafter	0	0

**Total OPEB Expense**

	ASE	OAL
Service cost	\$ 49,611,228	\$ 99,487
Interest	46,140,912	92,528
Effect of plan changes	0	0
Recognition of deferred inflows/outflows of resources:		
Recognition of economic/demographic gains or losses	(37,550,879)	(75,302)
Recognition of assumption changes or inputs	(63,602,495)	(127,544)
OPEB expense	(5,401,234)	(10,831)
Benefit payments	(50,041,098)	(100,349)
	(55,442,332)	(111,180)
Due to change in proportion	0	85,671
Total OPEB expense	\$ (55,442,332)	\$ (25,509)

**17. CONTRACTUAL ARRANGEMENTS AND OTHER COMMITMENTS**

The OAL has contracted with two vendors, INTRALOT Corporation (INTRALOT) for its online lottery game services and gaming system and Scientific Games, Inc. (SGI) for its instant ticket lottery games services.

INTRALOT operates the gaming network that consists of approximately 2,316 instant and online retailer ticket terminals and associated software. In accordance with its contract, INTRALOT receives the negotiated fee on the selling price of online tickets sold and on instant ticket settlements. The OAL had an initial seven-year contract with INTRALOT ending in 2016, which included an option for up to three additional renewals in one-year increments, or a portion thereof. During the fiscal year ended June 30, 2015 the OAL exercised the option to extend the INTRALOT contract for a period of three years. During the fiscal year ended June 30, 2017 the OAL amended its contract with INTRALOT. The amendment had an effective date of August 23, 2017 and granted a seven (7) year extension to the contract commencing on the expiration of the then current contract date of August 14, 2019. The current contract extension will expire on August 14, 2026. During the fiscal year ended June 30, 2024, INTRALOT was compensated at the rate of 2.11% on all instant and online sales. Total fees paid to INTRALOT and others for all gaming network and related services for the fiscal year ended June 30, 2024 were \$12,932,151.

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Notes to Financial Statements**  
**June 30, 2024**

SGI prints, warehouses, and distributes the instant game tickets to retailers. In accordance with its contract with the OAL, SGI receives the fee, set per the contract, on the selling price of all instant ticket settlements. During the fiscal year ended June 30, 2016 the OAL and SGI executed a third amendment to the contract for an additional seven-year period ending with an expiration date of August 18, 2026. The amended contract sets the SGI fees at 1.30% of instant ticket net sales up to \$360 million during a contract year. The contract year is from August 18, 2023 through August 17, 2024. Should the total net sales of instant tickets exceed \$360 million in a contract year, SGI will receive a bonus payment in an amount equivalent to 4.5% of all incremental sales exceeding \$360 million. Instant ticket sales during the fiscal year ended June 30, 2024 did exceed \$360 million during the contract year. During the fiscal year ended June 30, 2024, SGI was compensated \$11,591,309, which represents a rate of 2.42% of instant ticket sales for these services. SGI also maintains the OAL's Points for Prizes program. This program provides merchandise prizes and other awards to participating players based upon tickets registered by the players. In addition, SGI provides other products and services for which the OAL pays various contracted fees. During the fiscal year ended June 30, 2024 these other SGI fees totaled \$5,479,607, or 1.15 % of instant ticket sales. Total fees paid to SGI for all services for the fiscal year ended June 30, 2024 were \$17,070,916.

Cranford Johnson Robinson Woods (CJRW) provides the OAL with services for advertising, marketing, and public relations. The initial term of the agreement between the OAL and CJRW is for a period of three (3) years, from July 1, 2023 through June 30, 2026, with the option of renewal up to two (2) additional one (1) year increments or a portion thereof. Total fees paid to CJRW for all services for the fiscal year ended June 30, 2024 were \$5,890,800.

**18. CONTINGENCIES**

At June 30, 2024 there were no pending lawsuits or claims to which the OAL is a party.

**19. RISK MANAGEMENT**

The OAL is exposed to various types of risk related to its operations. These risks can result in losses incurred from property damage or destruction, business interruption such as inability to operate gaming activities and worker compensation claims. The OAL manages these risks by participating in the various self-insurance programs established by the State for property and casualty losses and employee health insurance. Coverages include property, general liability, automobile liability, workers' compensation, state unemployment, court-awarded attorney fees, and Federal civil rights actions. Property is self-insured for actual cash value to an aggregate of \$2.1 million per loss event for all perils. Losses from earthquake and flood are also subject to an annual aggregate loss for the State of up to \$200 million. Workers' compensation is provided in compliance with the applicable law. The employee health and dental insurance program provides for payment of medical claims of employees and covered dependents.

The OAL also has an annual crime policy. The effective date of coverage for the 2023-2024 plan year is September 18, 2023 through September 18, 2024. Coverages include employee theft, forgery or alteration, computer fraud, and funds transfer fraud and has a limit of liability of \$2,000,000.

Claims and settlements incurred for fiscal years ended June 30, 2024, 2023, and 2022 did not exceed the OAL's insurance coverage.

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Notes to Financial Statements  
June 30, 2024**

**20. SUBSEQUENT EVENTS**

In accordance with GASB 56, the OAL's Management has evaluated subsequent events that occurred after June 30, 2024, but prior to December 16, 2024, the date the financial statements were available to be issued. Such evaluation subsequently identified the following transactions:

On July 26, 2024, a payment of \$1,000,000 was made from the Lottery Scholarship Trust Account to ADHE for Workforce Challenge Scholarship funding for the 2024-2025 academic year.

Also on July 26, 2024, a payment of \$4,000,000 was made from the Lottery Scholarship Trust Account to ADHE for Concurrent Challenge Scholarship funding for the 2024-2025 academic year.

On August 14, 2024, ADHE refunded \$4,753,294 to the OAL for the fiscal year ended June 30, 2024. This amount was due to a refund of excess requested Lottery scholarship trust funds over scholarships issued.

On October 10, 2024, a payment of \$30,000,000 was made from the Lottery Scholarship Trust Account to ADHE for the Academic Challenge Scholarship funding for the fall 2024 semester.

On October 24, 2024, the OAL made a payment of \$5,355,035 to Scientific Games Inc. (SGI), its exclusive ticket vendor, for the annual bonus payment for sales exceeding \$360,000,000 during the contract year period from August 18, 2023 through August 17, 2024. Of this payment, \$4,647,410 had been accrued at June 30, 2024, based on sales from August 18, 2023 to June 30, 2024. Per the amended contract with SGI, for the period from August 18, 2023 through the end of the contract year on August 17, 2024, instant game sales totaled \$479,000,773. Accordingly, the sales exceeded the bonus calculation base by \$119,000,773, resulting in the bonus amount of \$5,355,035.

On November 14, 2024, a payment of \$10,000,000 was made from the Lottery Scholarship Trust Account to ADHE for additional Academic Challenge Scholarship funding for the fall 2024 semester.





# REQUIRED SUPPLEMENTARY INFORMATION

TEVIN  
\$20K INSTANT WINNER

---

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Arkansas Public Employees Retirement System**  
**Schedule of Employer's Proportionate Share of the Total Pension Liability**  
**Last Ten Fiscal Years (1)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
OAL proportion of the total pension liability (asset)	0.18%	0.19%	0.19%
OAL proportionate share of the total pension liability (asset)	\$ 5,324,162	\$ 4,990,011	\$ 1,476,746
OAL covered payroll (2)	\$ 4,063,642	\$ 3,888,718	\$ 3,708,982
OAL proportionate share of the total pension liability (asset) as a percentage of its covered payroll	131.03%	131.26%	40.30%
Plan fiduciary net position as a percentage of the total pension liability	77.94%	78.31%	93.57%

Note -1) The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

Note - 2) Since the pension asset and liability are based on last year's actuarial study, the OAL covered payroll is using last year's amount

Source: State of Arkansas ACFR and OAL Finance Division



**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Arkansas Public Employees Retirement System  
Schedule of Employer's Proportionate Share of the Total Pension Liability  
Last Ten Fiscal Years (1)**

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.19%	0.19%	0.19%	0.20%	0.20%	0.23%	0.24%
\$ 5,317,319	\$ 4,646,795	\$ 4,301,376	\$ 5,110,275	\$ 4,732,352	\$ 4,415,000	\$ 3,408,000
\$ 3,660,163	\$ 3,678,231	\$ 3,651,448	\$ 3,564,158	\$ 3,649,566	\$ 3,992,710	4,244,368
148.42%	124.61%	119.29%	144.52%	133.21%	104.82%	81.16%
75.38%	78.55%	79.59%	76.65%	75.50%	80.39%	84.15%

Note -1) The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

Note - 2) Since the pension asset and liability are based on last year's actuarial study, the OAL covered payroll is using last year's amount

Source: State of Arkansas ACFR and OAL Finance Division

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Arkansas Public Employees Retirement System  
Schedule of Employer Contributions  
Last Ten Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Statutorily determined contribution	\$ 623,766	\$ 620,360	\$ 595,752
Contributions in relation to the statutorily determined contribution	<u>623,766</u>	<u>620,360</u>	<u>595,752</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,071,580	\$ 4,049,347	\$ 3,888,718
Contributions as a percentage of covered payroll	15.32%	15.32%	15.32%

Source: State of Arkansas ACFR and OAL Finance Division

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Arkansas Public Employees Retirement System  
Schedule of Employer Contributions  
Last Ten Fiscal Years**

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 568,216	\$ 560,737	\$ 563,505	\$ 538,589	\$ 516,803	\$ 529,187	\$ 589,324
568,216	560,737	563,505	538,589	516,803	529,187	589,324
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,708,982	\$ 3,660,163	\$ 3,678,231	\$ 3,651,448	\$ 3,564,158	\$ 3,649,566	\$ 3,992,710
15.32%	15.32%	15.32%	14.75%	14.50%	14.50%	14.76%

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Other Post Employment Benefits  
Schedule of Changes in Total OPEB Liability  
Last Ten Fiscal Years (1)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service cost	\$ 99,487	\$ 106,141	\$ 229,449	\$ 220,097
Interest	92,528	90,959	101,704	99,690
Changes of benefit terms	-	-	(1,167,287)	-
Difference between expected and actual experience	133,607	45,894	(378,912)	13,126
Changes in assumptions or other inputs	(378,046)	(186,393)	(1,013,937)	(189,458)
Changes in proportion	20,792	282,311	(35,728)	30,438
Benefit payments	(100,349)	(110,018)	(116,482)	(98,807)
Net Change in Total OPEB Liability	<u>\$ (131,981)</u>	<u>\$ 228,894</u>	<u>\$ (2,381,193)</u>	<u>\$ 75,086</u>
Total OPEB liability beginning	\$ 2,464,450	\$ 2,235,556	\$ 4,616,749	\$ 4,541,662
Total OPEB liability ending	\$ 2,332,469	\$ 2,464,450	\$ 2,235,556	\$ 4,616,749
Covered-employee payroll	\$ 3,193,450	\$ 3,328,765	\$ 2,717,703	\$ 2,410,720
Total as a percentage of covered payroll	73.04%	74.03%	82.26%	191.51%

Notes 1) There are no assets accumulated in a trust to pay related benefits for the OPEB plan.

2) The State implemented GASB Statement 75 in fiscal year 2018. Information for the schedule was not available prior to this fiscal year.

Source: State of Arkansas ACFR and FY2024 Actuarial Valuation Report

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Other Post Employment Benefits  
Schedule of Changes in Total OPEB Liability  
Last Ten Fiscal Years (1)**

<u>2020</u>	<u>2019</u>	<u>2018 (2)</u>	<u>2017-2015</u>
\$ 124,540	\$ 115,489	\$ 122,032	N/A
121,545	135,469	127,429	
-	-	-	
(117,328)	22,506	(23,182)	
1,182,650	(357,709)	(160,833)	
-	-	-	
(94,599)	(104,567)	(100,606)	
<u>\$ 1,216,808</u>	<u>\$ (188,812)</u>	<u>\$ (35,160)</u>	
\$ 3,324,854	\$ 3,513,666	\$ 3,548,826	
\$ 4,541,662	\$ 3,324,854	\$ 3,513,666	
\$ 2,155,335	\$ 1,906,339	\$ 1,741,853	
210.72%	174.41%	201.72%	



**Arkansas**  
Scholarship Lottery





# STATISTICAL SECTION

NEAL  
\$5K INSTANT WINNER



**Arkansas**  
Scholarship Lottery

---

**STATISTICAL SECTION TABLE OF CONTENTS  
(Unaudited)**

The Arkansas Department of Finance and Administration Office of the Arkansas Lottery Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the Lottery's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	50
<p>These schedules contain trend information to help the reader understand how the OAL's financial performance and well-being have changed over time.</p>	
<b>Demographics and Operation Information</b>	60
<p>These schedules offer demographic and operation indicators to help the reader understand the environment within which the OAL's financial activities take place.</p>	
<b>Other Information</b>	64
<p>These schedules provide the reader with an understanding of lottery sales across the United States by state and other player demographics.</p>	

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Principal Revenue Sources (Unaudited)**  
**Last Ten Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Operating revenues:</b>				
Instant ticket sales:				
Instant games sales	\$ 478,447,451	\$ 476,578,850	\$ 480,101,229	\$ 529,369,617
Online ticket sales:				
Powerball®	44,797,764	39,097,190	31,021,045	26,748,835
Mega Millions®	28,448,304	32,331,680	15,488,984	23,809,304
Fast Play	15,568,203	17,874,449	18,681,356	19,717,873
Natural State Jackpot	8,853,010	7,478,765	9,262,233	10,332,159
Cash 3	12,344,764	12,330,957	12,294,808	12,016,776
Cash 4	7,086,512	6,655,536	6,474,253	6,548,725
Decades of Dollars	-	-	-	-
Arkansas 50/50 Raffle	-	-	-	-
Lucky for Life®	8,118,978	7,052,780	6,240,794	3,391,638
LOTTO	9,294,734	8,160,918	-	-
Monopoly™ Millionaires' Club	-	-	-	-
Total online ticket sales	<u>134,512,269</u>	<u>130,982,275</u>	<u>99,463,473</u>	<u>102,565,310</u>
Retailer application, fidelity, bond & service fees	676,745	661,871	669,288	643,517
Other revenue	<u>(1,061)</u>	<u>6,195</u>	<u>1,788</u>	<u>1,450</u>
Total operating revenues	<u>613,635,404</u>	<u>608,229,191</u>	<u>580,235,778</u>	<u>632,579,894</u>
<b>Non-operating revenue:</b>				
Interest income	11,425,790	2,482,459	726,328	835,596
Other non-operating income	<u>(11,924)</u>	<u>(16,207)</u>	<u>(16,691)</u>	<u>-</u>
Total non-operating revenue	<u>11,413,866</u>	<u>2,466,252</u>	<u>709,637</u>	<u>835,596</u>
Total revenues	<u>\$ 625,049,270</u>	<u>\$ 610,695,443</u>	<u>\$ 580,945,415</u>	<u>\$ 633,415,490</u>

Source: OAL Annual Comprehensive Financial Report for fiscal years 2024, 2023, 2022, 2021  
OAL Comprehensive Annual Financial Report for fiscal years 2020, 2019, 2018, 2017, 2016, 2015

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Principal Revenue Sources (Unaudited)  
Last Ten Fiscal Years**

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 452,281,204	\$ 407,825,514	\$ 407,604,791	\$ 368,454,561	\$ 360,007,743	\$ 335,000,613
20,530,932	34,162,016	36,745,344	32,755,119	48,073,339	27,099,705
16,863,474	33,552,661	19,598,073	14,313,090	14,632,244	15,158,385
16,662,501	15,329,643	12,731,621	12,313,567	10,993,360	10,770,484
8,027,906	9,303,843	7,918,644	7,047,543	7,567,005	7,035,843
9,060,396	7,677,432	7,736,793	7,128,685	7,184,616	6,712,769
5,045,304	4,430,762	4,516,508	4,238,553	3,823,987	3,832,385
-	-	-	-	-	612,932
-	-	-	-	-	38,210
2,971,144	3,211,636	2,856,202	2,889,910	3,317,108	2,013,064
-	-	-	-	-	-
-	-	-	-	-	388,990
<u>79,161,657</u>	<u>107,667,993</u>	<u>92,103,185</u>	<u>80,686,467</u>	<u>95,591,659</u>	<u>73,662,767</u>
489,153	728,897	776,503	769,959	717,150	550,952
69,221	14,439	5,849	5,749	9,259	20,346
<u>532,001,235</u>	<u>516,236,843</u>	<u>500,490,328</u>	<u>449,916,736</u>	<u>456,325,811</u>	<u>409,234,678</u>
2,123,634	2,569,816	1,269,083	489,046	232,275	224,546
-	-	-	-	1,875	-
<u>2,123,634</u>	<u>2,569,816</u>	<u>1,269,083</u>	<u>489,046</u>	<u>234,150</u>	<u>224,546</u>
<u>\$ 534,124,869</u>	<u>\$ 518,806,659</u>	<u>\$ 501,759,411</u>	<u>\$ 450,405,782</u>	<u>\$ 456,559,961</u>	<u>\$ 409,459,224</u>

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Revenues, Expenses and Change in Net Position (Unaudited)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Operating revenues:</b>				
Instant ticket sales	\$ 478,447,451	\$ 476,578,850	\$ 480,101,229	\$ 529,369,617
Online ticket sales	134,512,269	130,982,275	99,463,473	102,565,310
Retailer application, fidelity, bond & service fees	676,745	661,871	669,288	643,517
Other revenue	(1,061)	6,195	1,788	1,450
Total operating revenues	<u>613,635,404</u>	<u>608,229,191</u>	<u>580,235,778</u>	<u>632,579,894</u>
<b>Operating expenses:</b>				
Instant game prizes	348,571,503	346,188,839	347,682,702	383,337,055
Online game prizes	71,415,879	70,731,337	54,723,364	56,809,420
Retailer commissions	34,544,207	34,300,134	32,801,115	35,732,276
Gaming contract costs	30,029,101	31,867,750	29,745,565	34,080,392
Compensation and benefits	5,770,242	5,150,818	3,276,934	5,525,220
Marketing, advertising and promotions	6,154,520	7,146,036	6,542,802	7,229,142
General and administrative expenses	1,101,232	2,762,721	2,612,894	5,874,746
Services provided by other agencies:				
Arkansas Department of Education -				
Division of Higher Education	693,048	1,143,690	1,723,995	530,853
Arkansas Legislative Audit	165,550	158,550	163,850	155,070
Amortization	271,832	271,832	226,527	-
Depreciation	403,749	427,831	430,784	448,620
Total operating expenses	<u>499,120,863</u>	<u>500,149,538</u>	<u>479,930,532</u>	<u>529,722,794</u>
Operating income	114,514,541	108,079,653	100,305,246	102,857,100
<b>Non-operating revenue:</b>				
Interest income	11,425,790	2,482,459	726,328	835,596
Interest expense	(11,924)	(16,207)	(16,691)	-
Other non-operating income	-	-	-	-
Total non-operating revenue	<u>11,413,866</u>	<u>2,466,252</u>	<u>709,637</u>	<u>835,596</u>
Income before transfers	125,928,407	110,545,905	101,014,883	103,692,696
<b>Transfers to:</b>				
Education Trust Account	-	-	-	(68,000,000)
Workforce Challenge Trust Account	-	-	-	(38,417,224)
Lottery Scholarship Trust Account	(129,404,053)	(113,091,392)	(99,386,657)	-
Arkansas Department of Human Services	-	-	-	-
Total transfers	<u>(129,404,053)</u>	<u>(113,091,392)</u>	<u>(99,386,657)</u>	<u>(106,417,224)</u>
Change in net position	<u>\$ (3,475,646)</u>	<u>\$ (2,545,487)</u>	<u>\$ 1,628,226</u>	<u>\$ (2,724,528)</u>

Note: 1) During the 90th General Assembly, Act 218 of 2015 was enacted which eliminated the ALC and established the lottery as the Office of the Arkansas Lottery (OAL) within the Arkansas Department of Finance and Administration.

2) During the 91st General Assembly, Act 613 of 2017 was enacted which created the Arkansas Workforce Challenge Scholarship which provides for the use of excess Lottery Proceeds to fund students enrolled in Higher Education Programs that will lead to the Students being qualified to work in High-Needs Occupations.

3) During the 93rd General Assembly, Act 636 of 2021 established the Lottery Scholarship Trust Account to fund the Arkansas Academic Challenge Scholarship Program, the Arkansas Workforce Challenge Scholarship Program and any other scholarship funded with net proceeds from the state lottery.

4) Per Arkansas Code Annotated A.C.A §23-115-206(8)(D)(v) a statement of revenues, expenses, and changes in net assets for each fiscal year since inception of the Arkansas Scholarship Lottery is required.

Source: OAL Annual Comprehensive Financial Report for fiscal years 2024, 2023, 2022, 2021

OAL Comprehensive Annual Financial Report for fiscal years 2020, 2019, 2018, 2017, 2016, 2015

ALC Comprehensive Annual Financial Report for fiscal years 2014, 2013, 2012, 2011

ALC Annual Financial Report for fiscal 2010



**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Revenues, Expenses and Change in Net Position (Unaudited)**

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 452,281,204	\$ 407,825,514	\$ 407,604,791	\$ 368,454,561	\$ 360,007,743	\$ 335,000,613
79,161,657	107,667,993	92,103,185	80,686,467	95,591,659	73,662,767
489,153	728,897	776,503	769,959	717,150	550,952
69,221	14,439	5,849	5,749	9,259	20,346
<u>532,001,235</u>	<u>516,236,843</u>	<u>500,490,328</u>	<u>449,916,736</u>	<u>456,325,811</u>	<u>409,234,678</u>
325,816,713	293,635,992	292,489,286	263,190,873	258,461,952	241,758,220
43,791,459	56,240,230	49,406,134	43,238,515	50,485,363	38,708,574
30,108,024	29,062,835	28,196,969	25,315,020	25,704,177	23,253,196
26,360,780	23,691,567	21,967,841	19,090,227	19,384,187	20,622,707
5,400,746	4,829,725	5,092,375	5,024,854	5,232,605	5,382,544
7,801,436	7,251,773	6,477,277	5,861,130	4,798,502	5,032,317
3,847,612	5,622,715	4,949,440	3,801,799	3,383,068	1,286,531
500,335	427,384	454,932	441,317	396,995	538,487
128,160	131,880	144,000	139,760	143,360	129,960
-	-	-	-	-	-
409,285	123,426	104,011	96,917	95,063	158,363
<u>444,164,550</u>	<u>421,017,527</u>	<u>409,282,265</u>	<u>366,200,412</u>	<u>368,085,272</u>	<u>336,870,899</u>
87,836,685	95,219,316	91,208,063	83,716,324	88,240,539	72,363,779
2,123,634	2,569,816	1,269,083	489,046	232,275	224,546
-	-	-	-	-	-
-	-	-	-	1,875	-
<u>2,123,634</u>	<u>2,569,816</u>	<u>1,269,083</u>	<u>489,046</u>	<u>234,150</u>	<u>224,546</u>
89,960,319	97,789,132	92,477,146	84,205,370	88,474,689	72,588,325
(73,000,000)	(75,000,000)	(83,500,000)	(71,000,000)	(85,274,927)	(72,619,369)
(16,265,394)	(23,639,040)	(8,344,929)	(14,157,060)	-	-
-	-	-	-	-	-
-	-	-	-	-	(200,000)
<u>(89,265,394)</u>	<u>(98,639,040)</u>	<u>(91,844,929)</u>	<u>(85,157,060)</u>	<u>(85,274,927)</u>	<u>(72,819,369)</u>
<u>\$ 694,925</u>	<u>\$ (849,908)</u>	<u>\$ 632,217</u>	<u>\$ (951,690)</u>	<u>\$ 3,199,762</u>	<u>\$ (231,044)</u>

*Continued on the next page*

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Revenues, Expenses and Change in Net Position (Unaudited)**

*Continued from the previous page*

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Operating revenues:</b>					
Instant ticket sales	\$ 322,415,276	\$ 355,061,785	\$ 391,290,225	\$ 387,478,608	\$ 335,487,156
Online ticket sales	87,657,850	84,486,209	81,795,382	76,540,743	48,211,299
Retailer application, fidelity, bond & service fees	554,292	556,792	538,584	1,055,538	867,023
Other revenue	10,550	4,490	15,038	5,450	5,650
Total operating revenues	<u>410,637,968</u>	<u>440,109,276</u>	<u>473,639,229</u>	<u>465,080,339</u>	<u>384,571,128</u>
<b>Operating expenses:</b>					
Instant game prizes	229,462,196	250,246,337	274,203,122	269,898,596	224,341,940
Online game prizes	45,487,903	41,877,845	41,115,706	37,556,109	23,381,100
Retailer commissions	23,046,410	24,986,551	26,526,329	26,217,851	21,578,603
Gaming contract costs	20,511,439	22,116,163	24,308,153	24,111,720	20,448,694
Compensation and benefits	5,990,541	6,049,048	5,954,138	6,226,266	6,118,300
Marketing, advertising and promotions	4,472,456	4,414,655	4,466,054	4,631,388	4,352,303
General and administrative expenses	1,421,328	1,253,719	1,377,698	1,442,713	1,865,522
Services provided by other agencies:					
Arkansas Department of Education -					
Division of Higher Education	751,556	794,016	846,109	1,170,710	216,849
Arkansas Legislative Audit	139,080	142,720	159,440	280,728	153,180
Amortization	-	-	-	-	-
Depreciation	188,270	182,158	182,159	179,750	122,643
Total operating expenses	<u>331,471,179</u>	<u>352,063,212</u>	<u>379,138,908</u>	<u>371,715,831</u>	<u>302,579,134</u>
Operating income (loss)	79,166,789	88,046,064	94,500,321	93,364,508	81,991,994
<b>Non-operating revenue:</b>					
Interest income	252,614	322,722	352,431	464,252	181,807
Interest expense	-	-	-	-	-
Other non-operating income	461,047	-	2,000,000	-	-
Total non-operating revenue	<u>713,661</u>	<u>322,722</u>	<u>2,352,431</u>	<u>464,252</u>	<u>181,807</u>
Income (loss) before transfers	79,880,450	88,368,786	96,852,752	93,828,760	82,173,801
<b>Transfers to:</b>					
Education Trust Account	(81,488,844)	(90,257,161)	(97,510,280)	(74,229,349)	(82,799,809)
Workforce Challenge Trust Account	-	-	-	-	-
Lottery Scholarship Trust Account	-	-	-	-	-
Arkansas Department of Human Services	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Total transfers	<u>(81,688,844)</u>	<u>(90,457,161)</u>	<u>(97,710,280)</u>	<u>(74,429,349)</u>	<u>(82,999,809)</u>
Change in net position	<u>\$ (1,808,394)</u>	<u>\$ (2,088,375)</u>	<u>\$ (857,528)</u>	<u>\$ 19,399,411</u>	<u>\$ (826,008)</u>

Note: 1) During the 90th General Assembly, Act 218 of 2015 was enacted which eliminated the ALC and established the lottery as the Office of the Arkansas Lottery (OAL) within the Arkansas Department of Finance and Administration.

2) During the 91st General Assembly, Act 613 of 2017 was enacted which created the Arkansas Workforce Challenge Scholarship which provides for the use of excess Lottery Proceeds to fund students enrolled in Higher Education Programs that will lead to the Students being qualified to work in High-Needs Occupations.

3) During the 93rd General Assembly, Act 636 of 2021 established the Lottery Scholarship Trust Account to fund the Arkansas Academic Challenge Scholarship Program, the Arkansas Workforce Challenge Scholarship Program and any other scholarship funded with net proceeds from the state lottery.

4) Per Arkansas Code Annotated A.C.A. §23-115-206(8)(D)(v) a statement of revenues, expenses, and changes in net assets for each fiscal year since inception of the Arkansas Scholarship Lottery is required.

Source: OAL Annual Comprehensive Financial Report for fiscal years 2024, 2023, 2022, 2021  
OAL Comprehensive Annual Financial Report for fiscal years 2020, 2019, 2018, 2017, 2016, 2015  
ALC Comprehensive Annual Financial Report for fiscal years 2014, 2013, 2012, 2011  
ALC Annual Financial Report for fiscal 2010



**Arkansas**  
Scholarship Lottery

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Net Position by Component (Unaudited)  
Last Ten Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Net position:</b>				
Net investment in capital assets	\$ 144,564	\$ 518,876	\$ 952,581	\$ 1,394,688
Restricted for:				
Scholarship shortfall reserve	20,000,000	20,000,000	20,000,000	20,000,000
Retailer fidelity reserve		-	-	-
Retailer bond reserve	500,000	500,000	500,000	500,000
Deposits with Multi-State Lottery Association	1,986,943	2,080,890	2,034,648	2,130,976
Unclaimed prizes reserve	1,000,000	1,000,000	1,000,000	1,000,000
Unrestricted (deficit)	<u>(19,817,150)</u>	<u>(16,809,763)</u>	<u>(14,651,739)</u>	<u>(16,818,400)</u>
 Total net position (deficit)	 <u>\$ 3,814,357</u>	 <u>\$ 7,290,003</u>	 <u>\$ 9,835,490</u>	 <u>\$ 8,207,264</u>

Note:1) For fiscal year 2017, Unrestricted (deficit) was restated for OPEB per GASB Statement 75.

2) During the 92nd General Assembly, Act 683 of 2019 was enacted which established a separate account for Bond Fees and repealed the establishment of a separate Fidelity Fund. Effective for fiscal year 2020, Fidelity Funds were transferred into the Bond Fund.

Source: OAL Annual Comprehensive Financial Report for fiscal years 2024, 2023, 2022, 2021

OAL Comprehensive Annual Financial Report for fiscal years 2020, 2019, 2018, 2017, 2016, 2015

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Net Position by Component (Unaudited)  
Last Ten Fiscal Years**

<u>2020 (2)</u>	<u>2019</u>	<u>2018</u>	<u>2017 (1)</u>	<u>2016</u>	<u>2015</u>
\$ 1,782,439	\$ 1,249,343	\$ 345,095	\$ 384,288	\$ 376,417	\$ 223,178
20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
-	207,608	182,514	158,355	136,900	113,582
500,000	709,671	583,166	373,312	163,872	-
2,515,353	2,579,250	2,165,572	1,948,071	1,847,611	1,762,386
1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<u>(14,866,000)</u>	<u>(15,509,005)</u>	<u>(13,189,572)</u>	<u>(13,409,468)</u>	<u>(10,752,564)</u>	<u>(13,526,672)</u>
<u>\$ 10,931,792</u>	<u>\$ 10,236,867</u>	<u>\$ 11,086,775</u>	<u>\$ 10,454,558</u>	<u>\$ 12,772,236</u>	<u>\$ 9,572,474</u>

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Changes in Cash and Cash Equivalents (Unaudited)**  
**Last Ten Fiscal Years**

	2024	2023	2022	2021
<b>Cash flows from operating activities:</b>				
Cash received from retailers and others	\$ 614,469,754	\$ 607,194,823	\$ 584,515,863	\$ 631,663,508
Cash paid for prizes	(415,932,262)	(413,150,674)	(404,312,420)	(437,271,456)
Cash paid for gaming vendors	(29,741,865)	(29,643,203)	(31,958,022)	(31,520,711)
Cash paid for retailer commissions	(34,544,207)	(34,300,134)	(32,801,115)	(35,732,276)
Cash paid for marketing and advertising	(6,310,613)	(7,188,838)	(6,492,380)	(7,528,145)
Cash paid for employee services	(5,521,249)	(5,644,455)	(5,104,227)	(4,798,539)
Cash paid for other expenses	(2,758,245)	(4,861,496)	(4,471,029)	(6,628,343)
Cash received from other non-operating income	-	-	-	-
Net cash provided (used) by operating activities	<u>119,661,313</u>	<u>112,406,023</u>	<u>99,376,670</u>	<u>108,184,038</u>
<b>Cash flows from non-capital financing activities:</b>				
Transfers to Arkansas Department of Education - Division of Higher Education	(65,750,000)	(62,400,000)	(74,750,000)	(70,900,000)
Transfers from Arkansas Department of Education - Division of Higher Education	5,775,854	15,927,228	-	4,466,023
Transfers to Arkansas Department of Human Services	-	-	-	-
Net cash provided (used) by non-capital financing activities	<u>(59,974,146)</u>	<u>(46,472,772)</u>	<u>(74,750,000)</u>	<u>(66,433,977)</u>
<b>Cash flows from capital and related financing activities:</b>				
Purchases of capital assets	(30,505)	(6,053)	-	(60,869)
Loss on disposal of capital assets	-	-	-	-
Net cash flows from capital and related financing activities	<u>(30,505)</u>	<u>(6,053)</u>	<u>-</u>	<u>(60,869)</u>
<b>Cash flows from investing activities:</b>				
Interest received	11,425,790	2,482,459	726,329	835,596
<b>Net increase in cash and cash equivalents</b>	<u>71,082,452</u>	<u>68,409,657</u>	<u>25,352,999</u>	<u>42,524,788</u>
<b>Cash and cash equivalents, beginning</b>	<u>273,967,148</u>	<u>205,557,491</u>	<u>180,204,492</u>	<u>137,679,704</u>
<b>Cash and cash equivalents, ending</b>	<u>\$ 345,049,600</u>	<u>\$ 273,967,148</u>	<u>\$ 205,557,491</u>	<u>\$ 180,204,492</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 114,514,541	\$ 108,079,653	\$ 100,305,246	\$ 102,857,100
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	403,749	427,831	430,784	448,620
Amortization	271,832	271,832	226,526	-
Pension Earnings	254,389	(191,571)	(764,253)	236,441
Other post employment benefits expense	(25,509)	(62,237)	(1,158,914)	300,428
Lease expense	(283,054)	(276,427)	(230,355)	-
Other non-operating income	-	-	-	-
Net changes in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	895,758	(1,068,860)	4,189,932	(855,829)
Receivable from other Funds of the State	-	944	(869)	-
Prepaid items	47,343	(3,464)	(33,933)	(83,728)
Deposits with Mult-State Lottery Association	93,948	(46,242)	96,328	384,377
Increase (decrease) in liabilities:				
Accounts payable	129,198	(12,787)	15,140	(914,625)
Prizes payable	3,961,173	3,815,745	(2,002,682)	2,490,641
Accrued and other liabilities	(120,856)	2,043,724	(3,020,760)	3,370,119
Due to other funds of the State	(450,331)	(568,985)	1,194,891	32,952
Compensated absences	30,540	(36,681)	38,568	(21,903)
Unearned revenue	(61,408)	33,548	91,021	(60,555)
Net other post employment benefits	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 119,661,313</u>	<u>\$ 112,406,023</u>	<u>\$ 99,376,670</u>	<u>\$ 108,184,038</u>

Source: OAL Annual Comprehensive Financial Report for fiscal years 2024, 2023, 2022, 2021  
OAL Comprehensive Annual Financial Report for fiscal years 2020, 2019, 2018, 2017, 2016, 2015



**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Changes in Cash and Cash Equivalents (Unaudited)**  
**Last Ten Fiscal Years**

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 527,425,949	\$ 515,478,097	\$ 500,126,133	\$ 448,872,673	\$ 457,634,809	\$ 407,714,967
(368,268,399)	(347,546,374)	(342,721,524)	(305,141,493)	(310,865,471)	(279,650,934)
(24,165,209)	(23,731,011)	(21,710,991)	(19,154,160)	(19,540,446)	(20,638,704)
(30,108,024)	(29,062,835)	(28,196,969)	(25,400,020)	(25,742,753)	(23,253,196)
(7,923,598)	(6,593,736)	(6,861,300)	(5,492,302)	(5,413,835)	(4,772,451)
(4,986,502)	(4,859,829)	(4,783,897)	(4,749,058)	(4,834,544)	(5,432,980)
(4,193,322)	(5,939,380)	(5,526,375)	(5,645,415)	(2,412,905)	(2,139,793)
-	-	-	-	1,875	-
<u>87,780,895</u>	<u>97,744,932</u>	<u>90,325,077</u>	<u>83,290,225</u>	<u>88,826,730</u>	<u>71,826,909</u>
(74,000,000)	(76,000,000)	(83,500,000)	(71,000,000)	(77,000,000)	(80,000,000)
3,904,288	11,710,439	4,887,237	542,198	286,177	2,319,469
-	-	-	-	-	(200,000)
<u>(70,095,712)</u>	<u>(64,289,561)</u>	<u>(78,612,763)</u>	<u>(70,457,802)</u>	<u>(76,713,823)</u>	<u>(77,880,531)</u>
(942,381)	(1,056,195)	(36,296)	(104,787)	(248,302)	(138,605)
-	-	-	-	-	3,177
<u>(942,381)</u>	<u>(1,056,195)</u>	<u>(36,296)</u>	<u>(104,787)</u>	<u>(248,302)</u>	<u>(135,428)</u>
2,123,634	2,569,816	1,269,083	489,046	232,275	224,546
18,866,436	34,968,992	12,945,101	13,216,682	12,096,880	(5,964,504)
118,813,268	83,844,276	70,899,175	57,682,493	45,585,613	51,550,117
<u>\$ 137,679,704</u>	<u>\$ 118,813,268</u>	<u>\$ 83,844,276</u>	<u>\$ 70,899,175</u>	<u>\$ 57,682,493</u>	<u>\$ 45,585,613</u>
\$ 87,836,685	\$ 95,219,316	\$ 91,208,063	\$ 83,716,324	\$ 88,240,539	\$ 72,363,779
409,285	123,426	104,011	96,917	95,063	158,363
-	-	-	-	-	-
213,549	(64,654)	186,455	11,108	(90,790)	(201,028)
260,169	42,587	112,052	-	-	-
-	-	-	-	-	-
-	-	-	-	1,875	-
(4,587,967)	(785,562)	(280,305)	(929,311)	1,166,802	(1,493,924)
(55)	97	(117)	3,579	(3,576)	-
(15,468)	201,182	(36,830)	(156,757)	(9,191)	59,650
63,897	(413,677)	(217,501)	(100,460)	(85,225)	31,693
356,091	521,412	(84,155)	118,383	(481,522)	(609,762)
1,275,877	2,743,525	(608,602)	1,388,353	(1,832,930)	784,166
1,824,167	168,340	2,212	(973,880)	1,261,440	864,662
64,388	(46,969)	20,579	(4,626)	(66,992)	(248,295)
67,542	9,189	2,990	33,716	16,613	(38,879)
12,735	26,720	(83,775)	(114,751)	142,196	(25,787)
-	-	-	201,630	472,428	182,271
<u>\$ 87,780,895</u>	<u>\$ 97,744,932</u>	<u>\$ 90,325,077</u>	<u>\$ 83,290,225</u>	<u>\$ 88,826,730</u>	<u>\$ 71,826,909</u>

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Outstanding Debt (Unaudited)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Lease liability	\$ 613,320	\$ 884,085	\$ 1,143,955

Source: OAL Annual Comprehensive Financial Report for fiscal years 2024, 2023, 2022

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Total Personal and Per Capita Income and Unemployment Rate (Unaudited)  
Last Ten Years**

<u>Calendar year</u>	<u>Total population (in thousands)</u>	<u>Total personal income (in millions)</u>	<u>Per capita personal income</u>	<u>Unemployment rate</u>
2024	3,079 *	\$ 180,079	\$ 58,480	3.4%
2023	3,057	\$ 174,350	\$ 57,030	3.1%
2022	3,037	\$ 161,625	\$ 53,214	3.3%
2021	3,021	\$ 151,701	\$ 50,211	5.2%
2020	3,010	\$ 137,284	\$ 45,615	5.0%
2019	3,001	\$ 130,244	\$ 43,398	3.5%
2018	2,994	\$ 126,189	\$ 42,141	3.7%
2017	2,986	\$ 122,719	\$ 40,761	3.8%
2016	2,976	\$ 118,349	\$ 39,770	4.3%
2015	2,966	\$ 115,112	\$ 38,806	5.5%

\* Estimated Amounts

Source: IHS Global Insight Inc.derived from data compiled by the U.S. Bureau of Economic Analysis and Census Bureau

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
State of Arkansas Principal Employers (Unaudited)  
Year 2024 as Compared to 2015**

<b>2024</b>	<b>Employers</b>	<b>Total Employees</b>	<b>% of Total Arkansas Employment</b>
1	Wal-Mart Stores, Inc.	55,660	4.1%
2	University of Arkansas System	31,000	2.3%
3	State of Arkansas	24,979	1.8%
4	Tyson Foods, Inc.	24,000	1.8%
5	U.S. Government	21,900	1.6%
6	Baptist Health	11,309	0.8%
7	University of Arkansas for Medical Sciences	10,894	0.8%
8	Mercy	6,422	0.5%
9	J.B. Hunt	6,100	0.4%
10	Dollar General	5,360	0.4%
		<u>197,624</u>	<u>14.5%</u>

<b>2015</b>	<b>Employers</b>	<b>Total Employees</b>	<b>% of Total Arkansas Employment</b>
1	Arkansas State Government	56,956	4.7%
2	Wal-Mart Stores, Inc.	50,096	4.1%
3	Tyson Foods, Inc.	23,000	1.9%
4	U.S. Government	20,200	1.7%
5	Baptist Health	8,083	0.7%
6	Community Health Systems, Inc.	5,700	0.5%
7	Sisters of Mercy Health System	4,950	0.4%
8	CHI St. Vincent Health System	4,691	0.4%
9	Arkansas Children's Hospital	4,337	0.4%
10	Kroger Co.	4,102	0.3%
		<u>182,115</u>	<u>15.1%</u>

Note: Effective for fiscal year 2020, Arkansas State Government does not include educational employees.  
Source: Arkansas Business Publishing Group and Arkansas Dept. of Economic Development.

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Employees by Department and by Function (Unaudited)  
Last Ten Fiscal Years**

<b>Function</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Executive	-	1	1	1	1	1	1	1	1	1
Human Resources	1	1	1	1	1	-	-	-	-	-
Legal Counsel	1	1	1	1	1	2	2	2	1	2
Internal Audit	1	1	1	1	3	3	3	2	3	3
Sales	22	23	23	21	23	23	24	24	23	22
Marketing	4	4	4	4	4	3	3	4	4	4
Security	5	6	6	5	4	5	4	4	6	6
Draw Managers	-	-	-	1	2	2	2	2	2	2
Licensing	4	4	4	3	4	4	4	4	4	3
Gaming	1	1	1	1	1	1	1	1	1	1
IT-Gaming	6	6	6	6	6	6	6	6	6	6
Product Development	3	3	3	3	3	3	3	3	3	3
Finance	1	1	1	1	1	1	1	1	1	1
Treasurer	3	3	3	3	3	2	3	3	3	3
Claims Center	3	3	3	3	3	3	3	3	3	3
Controller	2	2	2	2	2	2	2	2	2	2
Procurement	2	2	2	2	1	1	1	1	1	1
IT-Admin	2	2	2	2	1	1	2	2	1	2
Financial Analyst	1	1	1	1	1	1	1	1	-	-
<b>Total Employees</b>	<b>62</b>	<b>65</b>	<b>65</b>	<b>62</b>	<b>65</b>	<b>64</b>	<b>66</b>	<b>66</b>	<b>65</b>	<b>65</b>
<b>Gender:</b>										
Female	33	33	34	30	31	30	30	30	30	28
Male	29	32	31	32	34	34	36	36	35	37
<b>Race:</b>										
Black/Non-Hispanic	16	21	21	15	16	17	14	16	16	15
Caucasian	43	41	41	43	46	44	49	45	43	43
Hispanic	-	-	-	-	-	-	-	2	2	2
Other	3	3	3	4	3	3	3	3	4	5
<b>Age:</b>										
Under 40	15	17	17	17	18	14	20	19	20	21
40+	47	48	48	45	47	50	46	47	45	44

Source: OAL Human Resources

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Net Capital Assets by Component (Unaudited)  
June 30, 2024**

<b>Description</b>	<b>Gross Capital Assets</b>	<b>Accumulated Drepreciation &amp; Amortization</b>	<b>Net Capital Assets</b>
Vehicles	\$ 73,830	\$ 73,830	\$ -
Ticket Vending Machines	2,131,061	2,073,665	57,396
Computer and Printer Equipment	267,014	194,003	73,011
Signage	64,037	37,368	26,669
Security System	256,526	256,526	-
Furniture and fictures	87,660	75,821	11,839
Leasehold Improvements	492,796	492,796	-
Right to Use Asset - Building Lease	<u>1,359,159</u>	<u>770,190</u>	<u>588,969</u>
	<u><u>\$ 4,658,253</u></u>	<u><u>\$ 3,900,369</u></u>	<u><u>\$ 757,884</u></u>

Source - OAL equipment ledger

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**U.S. Lotteries' Sales (Unaudited)**  
**Fiscal year 2024 (1)**

<b>Lottery Jurisdiction</b>	<b>2023 Population (in millions)</b>	<b>Sales (in millions)</b>	<b>Sales Per Capita</b>	<b>Instant Sales (in millions)</b>	<b>Instant Sales Per Capita</b>
Arizona	7.4	\$ 1,528.2	\$ 206	\$ 1,033.1	\$ 139
<b>Arkansas</b>	<b>3.1</b>	<b>613.0</b>	<b>200</b>	<b>478.4</b>	<b>156</b>
California	39.0	9,284.4	238	6,570.5	169
Colorado	5.9	900.8	153	588.6	100
Connecticut	3.6	1,414.6	391	744.0	206
District of Columbia (1)	0.7	196.1	289	45.8	68
Delaware	1.0	251.4	244	111.3	108
Florida	22.6	9,417.5	417	6,618.1	293
Georgia	11.0	5,355.3	486	3,454.2	313
Idaho	2.0	421.6	215	229.4	117
Illinois	12.5	3,857.7	307	2,142.7	171
Indiana	6.9	1,744.2	254	1,279.5	186
Iowa	3.2	490.0	153	302.2	94
Kansas	2.9	350.1	119	213.5	73
Kentucky	4.5	1,463.0	323	940.8	208
Louisiana	4.6	639.6	140	311.7	68
Maine	1.4	430.2	308	326.4	234
Maryland	6.2	2,715.7	439	1,061.4	172
Massachusetts	7.0	6,129.8	876	4,013.0	573
Michigan (1)	10.0	4,630.0	461	2,314.0	231
Minnesota	5.7	775.7	135	524.9	91
Mississippi	2.9	477.6	162	307.5	105
Missouri	6.2	1,605.9	259	1,127.2	182
Montana	1.1	92.5	82	29.3	26
Nebraska	2.0	220.6	112	110.1	56
New Hampshire	1.4	520.9	372	314.7	224
New Jersey	9.3	3,818.0	411	2,059.7	222
New Mexico	2.1	170.2	81	89.6	42
New York (1)	19.6	8,197.9	419	4,373.5	223
North Carolina	10.8	4,241.3	391	2,922.3	270
North Dakota (2)	0.8	40.1	51	-	-
Ohio	11.8	4,543.9	386	2,383.6	202
Oklahoma	4.1	354.7	87	224.9	55
Oregon	4.2	460.6	109	159.8	38
Pennsylvania	13.0	4,861.0	375	3,102.5	239
Rhode Island	1.1	321.0	293	134.4	123
South Carolina	5.4	2,384.7	444	1,607.2	299
South Dakota	0.9	86.7	94	48.7	53
Texas (1)	30.5	8,389.8	275	6,644.6	218
Vermont	0.6	168.6	261	117.3	181
Virginia	8.7	2,617.7	300	1,314.1	151
Washington	7.8	1,029.0	132	664.3	85
West Virginia	1.8	258.0	146	164.6	93
Wisconsin	5.9	954.8	162	611.7	103
Wyoming (2)	0.6	41.1	70	-	-
<b>Total</b>	<b>313.8</b>	<b>\$ 98,465.5</b>	<b>\$ 314</b>	<b>\$ 61,815.1</b>	<b>\$ 197</b>

Note: 1) Fiscal years end June 30 except New York (March 31), Texas (August 31) and District of Columbia and Michigan September 30).

2) North Dakota and Wyoming do not have instant ticket sales.

Source: *La Fluer's* Magazine - September/October 2024



**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**U.S. Lotteries' Sales (Unaudited)**  
**Fiscal year 2023 (1)**

<b>Lottery Jurisdiction</b>	<b>2022 Population (in millions)</b>	<b>Sales (in millions)</b>	<b>Sales Per Capita</b>	<b>Instant Sales (in millions)</b>	<b>Instant Sales Per Capita</b>
Arizona	7.4	\$ 1,516.7	\$ 206	\$ 1,063.0	\$ 144
<b>Arkansas</b>	<b>3.0</b>	<b>607.6</b>	<b>200</b>	<b>476.6</b>	<b>159</b>
California	39.0	9,250.4	237	6,585.5	169
Colorado	5.8	889.8	152	596.7	103
Connecticut	3.6	1,451.2	400	754.9	210
District of Columbia (1)	0.7	197.3	294	42.1	60
Delaware	1.0	254.7	250	117.2	117
Florida	22.2	9,801.8	441	7,043.9	317
Georgia	10.9	6,136.9	562	3,694.1	339
Idaho	1.9	422.6	218	239.8	126
Illinois	12.6	3,609.6	287	2,042.5	162
Indiana	6.8	1,746.3	256	1,306.7	192
Iowa	3.2	481.5	150	293.6	92
Kansas	2.9	351.3	120	216.9	75
Kentucky	4.5	1,499.8	332	943.5	210
Louisiana	4.6	652.4	142	319.3	69
Maine	1.4	410.3	296	317.9	227
Maryland	6.2	2,764.4	448	1,063.1	171
Massachusetts	7.0	6,111.5	875	4,043.6	578
Michigan (1)	10.0	4,864.0	485	2,324.4	232
Minnesota	5.7	787.2	138	545.7	96
Mississippi	2.9	467.7	159	311.5	107
Missouri	6.2	1,644.5	266	1,159.7	187
Montana	1.1	87.6	78	26.6	24
Nebraska	2.0	220.2	112	116.6	58
New Hampshire	1.4	548.0	393	320.2	229
New Jersey	9.3	3,899.0	421	2,169.9	233
New Mexico	2.1	168.5	80	88.0	42
New York (1)	19.7	8,292.3	421	4,406.3	224
North Carolina	10.7	4,342.7	406	2,979.9	278
North Dakota (2)	0.8	39.3	50	-	-
Ohio	11.8	4,463.7	380	2,338.9	198
Oklahoma	4.0	379.8	95	248.9	62
Oregon	4.2	440.6	104	158.0	38
Pennsylvania	13.0	5,136.0	396	3,348.6	258
Rhode Island	1.1	316.3	289	124.3	113
South Carolina	5.3	2,402.7	455	1,628.6	307
South Dakota	0.9	85.2	94	48.2	54
Texas (1)	30.0	8,725.7	291	6,729.3	224
Vermont	0.6	161.5	250	116.1	194
Virginia	8.7	2,774.1	319	1,281.7	147
Washington	7.8	1,003.5	129	669.0	86
West Virginia	1.8	265.2	149	171.9	96
Wisconsin	5.9	981.7	167	653.0	111
Wyoming (2)	0.6	44.3	76	-	-
<b>Total</b>	<b>312.3</b>	<b>\$ 100,697.4</b>	<b>\$ 322</b>	<b>\$ 63,126.2</b>	<b>\$ 202</b>

Note: 1) Fiscal years end June 30 except New York (March 31), Texas (August 31) and District of Columbia and Michigan (September 30).

2) North Dakota and Wyoming do not have instant ticket sales.

Source: *La Fluer's* Magazine - September/October 2023

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Demographic Summary (Unaudited)  
Fiscal Year Ended June 30, 2024**

	Census	All Respondents
Number of respondents =	3.0 Million	602
Male	49%	48%
Female	51%	52%
18-34	29%	29%
35-64	48%	49%
65 or older	23%	22%
Caucasian	70%	81%
African American	15%	16%
Hispanic	9%	5%
Other (includes multi-racial)	6%	2%
Some high school		6%
High school graduate or equivalency		29%
Some college		22%
Associate's degree or technical school certification		13%
Bachelor's degree		17%
Graduate or professional degree		13%
Employed part-time		14%
Employed full-time		37%
Retired		24%
Temporarily unemployed		8%
Disabled		9%
Full-time student		2%
Homemaker		6%
Less than \$35,000		34%
\$35,000 to just under \$50,000		14%
\$50,000 to just under \$75,000		19%
\$75,000 and over		26%
Prefer Not Answer		7%
Presently married		48%
Widowed		9%
Divorced		16%
Separated		4%
Never Married		23%

Source: OAL Demographic Research Study April - June 2021, Consumer Insights Group and U.S. Census Bureau

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Unclaimed Lottery Prizes (Unaudited)  
Fiscal Year Ended June 30, 2024**

<u>Month</u>	<u>Unclaimed lottery prizes</u>	<u>Expenditures from unclaimed lottery prizes</u>	<u>Increase (decrease) in unclaimed prize reserve</u>	<u>Deposits to net lottery proceeds from unclaimed lottery prizes</u>
July	\$ 390,174	\$ -	\$ 390,174	\$ -
August	3,052,204	-	3,052,204	-
September	106,942	-	106,942	-
October	1,397,223	-	1,397,223	-
November	115,051	-	115,051	-
December	275,498	-	275,498	-
January	1,505,810	-	1,505,810	-
February	1,394,095	-	1,394,095	-
March	206,735	-	206,735	-
April	452,041	-	452,041	-
May	1,272,252	-	1,272,252	-
June	963,236	-	(10,168,025)	11,131,261
<b>Total</b>	<b>\$ 11,131,261</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,131,261</b>

Source - OAL general ledger

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Scholarship Shortfall Reserve Trust Account (Unaudited)**  
**Fiscal Year Ended June 30, 2024**

	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Beginning Balance	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
Deposits	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Ending Balance	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
Beginning Balance	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000	\$ 20,000,000
Deposits	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Ending Balance	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>

Source - OAL general ledger and corresponding bank statements

**Arkansas Department Finance and Administration  
Office of the Arkansas Lottery  
Minority and Female-owned Business Participation (Unaudited)  
Fiscal Year Ended June 30, 2024**

**Office of the Arkansas Lottery Minority and Female Owned Diversity Compliance Report**

<u><b>VENDORS</b></u>	<u><b>Amount Paid</b></u>	<u><b>Good or Service</b></u>	<u><b>Classification</b></u>
A-Absolute Moving & Hauling	\$ 775	Moving/Hauling	Certified Minority Business Enterprise
Burris, Inc	9,478	Promotional Items	Certified Women Owned Business
Government Supply Services	3,134	Office Products	Certified Minority Business Enterprise
Reynolds Rubber Stamp Co., Inc	23	Office Products	Women Business Enterprise
Total	\$ 13,410		

**Intralot Minority and Female Owned Diversity Compliance Report**

<u><b>VENDORS</b></u>	<u><b>Amount Paid</b></u>	<u><b>Good or Service</b></u>	<u><b>Classification</b></u>
J Kelly Referrals and Information Svcs, Inc	\$ 401,481	Call Center/Information Svcs	Certified Minority Business Enterprise
Total	\$ 401,481		

**Scientific Games Minority and Female Owned Diversity Compliance Report**

<u><b>VENDORS</b></u>	<u><b>Amount Paid</b></u>	<u><b>Good or Service</b></u>	<u><b>Classification</b></u>
Pure Cleaning Services	\$ 16,483	Janitorial Svcs	Minority Business Enterprise
Ingage, LLC	1,131,789	Fulfillment Services and Prizes	Women Business Enterprise
Expedited Transportation Svcs	42,086	Transportation Svcs	Disadvantage Business Enterprise
Total	\$ 1,190,358		

Source - OAL accounts payable, Scientific Games and Intralot records

**Arkansas Department of Finance and Administration**

**Office of the Arkansas Lottery**

**Retail Sales by County (Unaudited)**

**Fiscal Year Ended June 30, 2024**

County	Instant*	Powerball @ *	Mega Millions @ *	Fast Play*	Natural State Jackpot*	Cash 3*	Cash 4*	LOTTO	Lucky for Life @ *	Total
ARKANSAS	5,943,562.00	280,887.00	185,492.00	177,888.00	47,092.00	188,712.50	131,908.50	62,078.00	46,426.00	\$ 7,064,046
ASHLEY	2,499,290.00	188,787.00	101,297.00	84,797.00	24,403.00	167,126.00	214,535.00	27,558.00	28,318.00	3,336,111
BAXTER	6,096,131.00	621,382.00	401,812.00	177,859.00	129,901.00	53,606.00	27,075.00	96,060.00	97,360.00	7,701,186
BENTON	18,775,619.00	3,139,260.00	1,960,270.00	281,007.00	359,686.00	104,948.00	50,996.00	474,428.00	304,158.00	25,450,372
BOONE	4,904,073.00	436,814.00	275,807.00	229,150.00	57,117.00	14,126.00	13,231.50	52,520.00	32,166.00	6,015,005
BRADLEY	2,174,893.00	93,884.00	61,638.00	31,708.00	15,086.00	29,790.00	54,495.50	20,888.00	14,072.00	2,496,455
CALHOUN	603,040.00	31,355.00	17,126.00	25,547.00	8,263.00	33,357.00	6,841.50	6,916.00	7,078.00	739,524
CARROLL	3,092,988.00	292,034.00	186,697.00	163,048.00	47,733.00	9,727.00	7,784.50	41,680.00	32,030.00	3,873,722
CHICOT	2,439,748.00	218,982.00	137,487.00	73,316.00	28,401.00	94,904.00	34,704.00	31,406.00	36,324.00	3,095,272
CLARK	4,905,769.00	277,383.00	185,594.00	223,583.00	49,874.00	50,763.50	17,488.50	65,094.00	40,562.00	5,816,111
CLAY	1,766,637.00	95,121.00	55,303.00	71,851.00	19,450.00	8,969.00	456.50	16,678.00	19,340.00	2,053,806
CLEBURNE	3,761,193.00	415,457.00	257,837.00	251,269.00	95,638.00	19,098.50	21,010.50	103,950.00	63,576.00	4,989,029
CLEVELAND	602,083.00	39,848.00	24,391.00	21,969.00	5,973.00	7,845.50	2,709.50	7,712.00	16,656.00	729,187
COLUMBIA	4,780,844.00	215,905.00	119,806.00	164,225.00	32,671.00	194,688.50	100,024.50	37,356.00	39,736.00	5,685,256
CONWAY	5,801,801.00	336,606.00	210,791.00	169,912.00	90,543.00	126,084.00	33,962.00	102,510.00	53,248.00	6,925,457
CRAIGHEAD	21,634,279.00	1,268,959.00	773,633.00	452,550.00	179,611.00	179,183.00	150,598.50	215,518.00	165,550.00	25,019,882
CRAWFORD	4,987,363.00	613,688.00	385,539.00	186,392.00	109,843.00	36,807.00	14,522.00	127,522.00	77,860.00	6,539,536
CRITTENDEN	9,915,346.00	1,009,228.00	578,919.00	202,081.00	125,418.00	528,050.00	313,578.50	82,184.00	128,318.00	12,883,123
CROSS	3,955,272.00	192,352.00	109,738.00	89,955.00	23,715.00	68,823.50	43,564.00	28,404.00	21,402.00	4,533,226
DALLAS	2,459,361.00	97,651.00	59,146.00	54,238.00	14,009.00	43,739.50	15,838.00	23,780.00	10,380.00	2,778,143
DESHA	2,778,174.00	162,484.00	103,952.00	38,885.00	27,480.00	40,483.50	26,791.00	28,844.00	14,742.00	3,221,836
DREW	4,546,368.00	222,653.00	143,017.00	124,752.00	42,108.00	51,014.50	35,990.00	45,094.00	38,982.00	5,249,979
FAULKNER	17,060,085.00	1,428,922.00	904,913.00	493,489.00	290,840.00	159,696.00	74,035.00	356,290.00	208,072.00	20,976,342
FRANKLIN	2,302,659.00	224,242.00	138,404.00	95,739.00	37,057.00	7,663.00	903.50	51,432.00	18,102.00	2,876,202
FULTON	615,082.00	65,562.00	36,404.00	52,185.00	9,465.00	1,954.00	7,645.00	9,840.00	9,566.00	807,703
GARLAND	15,700,758.00	1,784,009.00	1,148,330.00	438,383.00	481,222.00	166,293.00	73,087.50	396,666.00	229,070.00	20,417,819
GRANT	2,438,461.00	200,384.00	129,871.00	79,002.00	38,884.00	16,221.50	13,552.50	51,354.00	36,576.00	3,004,306
GREENE	8,360,068.00	506,889.00	294,319.00	248,785.00	76,322.00	11,124.00	7,731.00	76,382.00	49,300.00	9,630,920
HEMPSTEAD	4,813,797.00	218,322.00	137,562.00	111,199.00	30,678.00	853,199.00	311,619.00	33,192.00	45,748.00	6,555,316
HOT SPRING	4,793,255.00	321,808.00	205,999.00	166,493.00	61,016.00	32,030.50	9,874.00	82,144.00	63,126.00	5,735,746
HOWARD	2,868,492.00	138,916.00	89,389.00	92,986.00	24,627.00	698,399.50	187,647.00	21,942.00	30,500.00	4,152,899
INDEPENDENCE	7,752,982.00	413,411.00	267,237.00	528,319.00	65,208.00	44,712.00	25,496.00	78,618.00	46,442.00	9,222,425
IZARD	1,236,260.00	107,799.00	70,388.00	115,260.00	27,713.00	1,232.50	582.00	18,734.00	9,506.00	1,587,475
JACKSON	3,959,946.00	179,546.00	109,732.00	171,004.00	39,997.00	242,037.50	130,621.00	39,184.00	18,628.00	4,890,696
JEFFERSON	17,924,135.00	1,141,228.00	705,424.00	479,726.00	260,779.00	736,191.00	581,215.50	284,628.00	265,400.00	22,378,727
JOHNSON	3,377,619.00	265,228.00	164,175.00	46,029.00	46,476.00	8,416.50	18,608.50	50,990.00	32,752.00	4,010,294
LAFAYETTE	1,028,558.00	64,512.00	39,625.00	22,421.00	8,597.00	139,644.00	75,726.00	6,834.00	10,356.00	1,396,273
LAWRENCE	3,386,004.00	186,099.00	111,932.00	163,316.00	31,108.00	10,217.50	1,626.50	27,810.00	26,118.00	3,944,231
LEE	926,710.00	64,175.00	40,562.00	31,180.00	5,164.00	38,271.50	161,816.50	5,562.00	25,546.00	1,298,987
LINCOLN	1,215,379.00	82,446.00	51,275.00	34,546.00	20,781.00	8,993.50	4,535.50	21,650.00	22,402.00	1,462,008
LITTLE RIVER	1,792,196.00	130,989.00	83,960.00	76,337.00	14,362.00	88,985.00	50,151.00	14,284.00	14,750.00	2,266,014
LOGAN	3,067,860.00	222,652.00	127,344.00	176,539.00	41,191.00	5,541.50	577.00	50,208.00	23,640.00	3,715,553
LONOKE	14,257,091.00	1,064,067.00	682,905.00	475,958.00	231,582.00	177,258.50	124,121.00	268,248.00	131,974.00	17,413,205
MADISON	1,213,404.00	157,057.00	101,901.00	32,298.00	15,867.00	951.50	430.00	29,086.00	20,340.00	1,571,335
MARION	2,917,031.00	209,700.00	138,801.00	144,136.00	59,185.00	46,674.00	26,972.50	38,094.00	33,722.00	3,614,316
MILLER	6,845,006.00	439,767.00	291,855.00	185,327.00	71,496.00	461,876.00	185,949.50	71,074.00	85,882.00	8,638,233
MISSISSIPPI	9,748,750.00	445,299.00	274,895.00	167,696.00	44,793.00	668,182.00	335,268.50	43,210.00	42,304.00	11,770,398
MONROE	2,359,249.00	173,791.00	109,689.00	192,481.00	22,961.00	195,727.00	112,821.50	27,582.00	20,342.00	3,214,644
MONTGOMERY	468,209.00	62,997.00	41,984.00	35,610.00	9,180.00	476.50	254.50	14,120.00	4,648.00	637,479
NEVADA	2,032,440.00	89,494.00	59,578.00	21,323.00	12,965.00	53,315.50	32,017.50	13,744.00	13,686.00	2,328,563
NEWTON	661,335.00	50,262.00	32,261.00	27,056.00	12,175.00	3,183.00	1,177.50	7,828.00	6,256.00	801,534
OUACHITA	7,963,879.00	291,467.00	176,834.00	206,968.00	53,747.00	204,555.00	125,742.50	70,722.00	56,718.00	9,150,633
PERRY	1,406,908.00	117,775.00	77,729.00	41,851.00	24,220.00	9,856.50	10,821.50	30,514.00	16,348.00	1,736,023

\*Estimates - Cash Sales, not on accrual basis

(Continued)

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Retail Sales by County (Unaudited)**  
**Fiscal Year Ended June 30, 2024**

County	Instant*	Powerball @*	Mega Millions @*	Fast Play*	Natural State		Cash 3*	Cash 4*	LOTTO	Lucky for Life @*	Total
					Jackpot*						
PHILLIPS	2,297,108.00	215,202.00	127,197.00	50,184.00	35,525.00		211,660.00	84,770.00	20,812.00	26,798.00	3,069,256
PIKE	1,587,829.00	118,821.00	81,218.00	51,934.00	28,339.00		3,022.50	1,838.50	36,524.00	18,426.00	1,927,952
POINSETT	6,207,424.00	288,501.00	165,867.00	230,873.00	33,533.00		51,498.00	16,939.50	40,654.00	22,044.00	7,057,334
POLK	2,139,957.00	221,118.00	144,896.00	161,181.00	48,179.00		19,701.00	1,703.50	43,858.00	31,076.00	2,811,670
POPE	10,766,075.00	838,260.00	542,598.00	321,147.00	161,622.00		48,562.50	17,157.50	187,872.00	125,470.00	13,008,764
PRAIRIE	1,589,923.00	101,125.00	62,124.00	51,781.00	11,421.00		17,036.00	5,757.00	17,406.00	10,636.00	1,867,209
PULASKI	87,724,137.00	12,796,630.00	8,589,255.00	2,920,603.00	3,236,042.00		2,351,790.50	1,907,834.00	3,181,166.00	3,791,036.00	126,498,494
RANDOLPH	2,441,906.00	190,131.00	122,081.00	89,304.00	26,227.00		4,808.00	1,209.00	32,864.00	29,050.00	2,937,580
SAINT FRANCIS	4,130,484.00	318,754.00	177,457.00	91,467.00	44,305.00		374,069.50	140,666.50	35,118.00	35,780.00	5,348,101
SALINE	15,302,631.00	1,399,733.00	898,270.00	675,639.00	325,176.00		373,373.00	105,898.50	361,708.00	227,386.00	19,669,815
SCOTT	1,248,619.00	124,172.00	82,175.00	26,213.00	13,993.00		1,668.00	1,015.50	21,242.00	11,358.00	1,530,456
SEARCY	1,355,194.00	88,631.00	57,374.00	68,172.00	12,826.00		415.00	1,560.50	15,924.00	6,232.00	1,606,329
SEBASTIAN	11,163,016.00	1,744,593.00	1,052,569.00	345,200.00	312,727.00		165,864.50	51,200.00	297,806.00	214,070.00	15,347,046
SEVIER	2,421,357.00	150,616.00	101,277.00	22,302.00	21,131.00		76,438.50	6,109.00	24,522.00	12,032.00	2,835,785
SHARP	4,275,014.00	335,606.00	206,205.00	196,775.00	66,068.00		14,769.50	4,706.50	53,008.00	44,924.00	5,197,076
STONE	1,366,232.00	118,478.00	74,723.00	69,350.00	33,501.00		8,760.50	2,645.00	31,682.00	17,068.00	1,722,440
UNION	10,448,726.00	495,204.00	293,465.00	400,362.00	84,797.00		979,919.50	510,044.00	74,184.00	88,374.00	13,375,076
VAN BUREN	2,979,925.00	254,592.00	163,611.00	111,246.00	57,463.00		13,365.50	12,282.50	59,198.00	30,432.00	3,682,115
WASHINGTON	20,731,268.00	2,653,387.00	1,654,749.00	408,084.00	371,271.00		286,878.50	113,810.50	500,690.00	331,012.00	27,051,150
WHITE	12,519,395.00	849,909.00	534,419.00	720,748.00	169,680.00		170,400.50	69,900.50	197,220.00	104,598.00	15,336,270
WOODRUFF	1,715,829.00	92,342.00	56,470.00	46,773.00	13,637.00		21,713.00	15,421.50	17,132.00	11,022.00	1,990,340
YELL	3,128,843.00	197,054.00	123,747.00	59,241.00	44,755.00		3,925.50	2,817.50	47,652.00	23,448.00	3,631,483
Grand Total	\$ 480,458,334	\$ 44,692,394	\$ 28,492,316	\$ 15,568,203	\$ 8,855,891		\$ 12,344,365	\$ 7,086,019	\$ 9,288,388	\$ 8,118,376	\$ 614,904,285



**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Debt Set-off Collections (Unaudited)  
Fiscal Year Ended June 30, 2024**

Department of Finance and Administration:	
Taxes due to the State	\$ 164,525
Delinquent Child Support	<u>33,242</u>
Total	<u>\$ 197,767</u> (1)

Note: 1) In accordance with regulation 23-115-403 of the Arkansas Scholarship Lottery Act, the OAL must set-off against any prize greater than \$500, the sum of any debt in excess of \$100 owed to the State of Arkansas or to persons on whose behalf the State and its claiming agencies act.

Source: OAL Finance Division

**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Retailer Sales (Unaudited)  
Fiscal Year Ended June 30, 2024**

<b>Retail Type</b>	<b>Number of retailers*</b>	<b>Instant Sales*</b>	<b>Online Sales*</b>	<b>Total Sales*</b>
Grocery/Food stores	184	\$ 14,682,007	\$ 5,337,091	\$ 20,019,098
C-stores	523	86,721,722	21,467,763	108,189,485
C-store with gas	1,103	309,230,711	71,977,768	381,208,479
Restaurant	2	66,355	18,773	85,128
Travel Plaza/Truck Stop	35	4,248,010	1,235,642	5,483,652
Liquor (ABC)	100	9,109,644	3,317,459	12,427,103
Bar/Taven	6	384,118	428,141	812,259
Merchandise store	6	364,253	123,170	487,423
Discount/Variety	3	47,449	25,031	72,480
Drug/Pharmacy	2	282,128	107,151	389,279
News/Smoke	150	39,380,763	9,913,371	49,294,134
Kiosk	81	15,057,100	20,281,206	35,338,306
Miscellaneous/other	9	884,074	213,385	1,097,459
<b>Total</b>	<b>2,204</b>	<b>\$ 480,458,334</b>	<b>\$ 134,445,951</b>	<b>\$ 614,904,285</b>

Note: 1) Includes all retailers with sales during year even though some retailers may have had a change of ownership.  
\*Estimates - Cash Sales, not on accrual basis  
Source - OAL Gaming Division

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Analysis of Budgetary Variations (Unaudited)**  
**Fiscal Year Ended June 30, 2024**

	<u>Original Budget</u> <u>FY 2024 (1)</u>	<u>Actual Results</u> <u>FY 2024</u>	<u>Variation</u>
<b>Operating revenues:</b>			
Instant ticket sales	\$ 470,000,000	\$ 478,447,451	\$ 8,447,451
Online ticket sales	97,280,000	134,512,269	37,232,269
Retailer fees and other revenues	642,000	675,684	33,684
Total operating revenues	<u>567,922,000</u>	<u>613,635,404</u>	<u>45,713,404</u>
<b>Operating expenses:</b>			
Instant game prizes	340,280,000	348,571,503	8,291,503
Online game prizes	53,504,000	71,415,879	17,911,879
Retailer commissions	32,088,000	34,544,207	2,456,207
Gaming contract costs	28,396,000	30,029,101	1,633,101
Compensation and benefits	6,000,000	5,770,242	(229,758)
Marketing, advertising and promotions	6,500,000	6,154,520	(345,480)
General and administrative expenses	2,715,000	1,959,830	(755,170)
Depreciation and amortization	700,000	675,581	(24,419)
Total operating expenses	<u>470,183,000</u>	<u>499,120,863</u>	<u>28,937,863</u>
Operating income	97,739,000	114,514,541	16,775,541
Non-operating revenue (expense):			
Interest income	3,000,000	11,425,790	8,425,790
Interest expense	<u>(16,000)</u>	<u>(11,924)</u>	<u>4,076</u>
Income before transfers	100,723,000	125,928,407	25,205,407
Transfers to Lottery Scholarship Trust Account	<u>(100,700,000)</u>	<u>(129,404,053)</u>	<u>(28,704,053)</u>
Change in net position	<u>\$ 23,000</u>	<u>\$ (3,475,646)</u>	<u>\$ (3,498,646)</u>

Note 1) No amended budget was prepared for Fiscal Year 2024  
Source: OAL Finance Division

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Demographic Report from the Arkansas Department of Education - Arkansas Division of Higher Education (Unaudited)**  
**Fiscal Year Ended June 30, 2024**

Institution	Scholarship	Fall	Spring	Summer	Total
	Awards				
Arkansas Baptist College	18	10,750	9,125	-	19,875
Arkansas Colleges of Health Education	1		2,500	-	2,500
Arkansas Northeastern College	66	28,000	23,750	-	51,750
Arkansas State University Beebe	593	287,625	240,375	3,000	531,000
Arkansas State University Jonesboro	5,196	4,406,250	4,058,250	40,000	8,504,500
Arkansas State University Mid South	34	24,125	15,125	-	39,250
Arkansas State University Mountain Home	257	127,875	83,875	-	211,750
Arkansas State University Newport	217	113,250	83,750	-	197,000
Arkansas State University Three Rivers	102	45,875	32,875	-	78,750
Arkansas Tech University	4,114	3,547,066	3,170,055	16,625	6,733,746
Arkansas Tech University Ozark Campus	227	112,125	72,875	2,250	187,250
Baptist Health College Little Rock	23	17,625	8,625	-	26,250
Black River Technical College	194	101,000	73,750	-	174,750
Central Baptist College	243	204,250	193,703	-	397,953
Champion Christian College	23	23,500	20,250	-	43,750
Cossatot Community College UA	174	93,500	48,625	1,125	143,250
Crowley's Ridge College	83	74,000	61,375	-	135,375
East Arkansas Community College	82	36,875	33,250	-	70,125
Ecclesia College	45	40,000	36,875	-	76,875
Harding University	1,234	1,038,500	988,875	16,250	2,043,625
Henderson State University	826	828,000	713,000	1,250	1,542,250
Hendrix College	858	771,875	739,625	-	1,511,500
Jefferson School of Nursing	7	7,375	-	-	7,375
John Brown University	562	455,750	421,750	2,875	880,375
Lyon College	439	360,000	326,500	1,250	687,750
National Park College	353	177,125	124,250	-	301,375
North Arkansas College	313	169,750	120,875	-	290,625
Northwest Arkansas Community College	608	292,250	209,000	3,000	504,250
Ouachita Baptist University	1,593	1,330,750	1,290,875	-	2,621,625
Ozarka College	109	55,500	27,625	-	83,125
Philander Smith College	58	47,625	42,250	-	89,875
Phillips Community College UA	65	33,875	27,500	-	61,375
Shorter College	4	2,250	3,000	-	5,250
South Arkansas Community College	90	49,625	39,375	750	89,750
Southeast Arkansas College	67	29,125	29,250	1,500	59,875
Southern Arkansas University	2,058	1,799,250	1,600,250	6,000	3,405,500
Southern Arkansas University Tech	189	100,500	80,250	3,000	183,750
University of Arkansas at Monticello College of Technology - Crossett	28	15,125	17,000	750	32,875
University of Arkansas at Monticello College of Technology - McGehee	11	6,625	4,625	-	11,250
University of Arkansas Community College Batesville	265	129,375	85,875	-	215,250
University of Arkansas Community College Hope	81	41,000	26,875	-	67,875
University of Arkansas Community College Morrilton	462	230,750	169,000	-	399,750
University of Arkansas Community College Rich Mountain	209	83,250	71,125	-	154,375
University of Arkansas Fayetteville	13,321	10,952,548	10,124,976	30,625	21,108,149
University of Arkansas Medical Sciences	250	275,750	255,750	15,000	546,500
University of Arkansas Fort Smith	2,284	1,908,000	1,677,625	5,000	3,590,625
University of Arkansas Little Rock	1,755	1,579,349	1,380,224	20,875	2,980,449
University of Arkansas Monticello	862	699,625	647,625	7,250	1,354,500
University of Arkansas Pine Bluff	376	340,086	301,893	2,750	644,729
University of Arkansas Pulaski Technical College	450	240,750	181,375	6,750	428,875
University of Central Arkansas	6,938	5,925,949	5,384,204	21,875	11,332,028
University of the Ozarks	296	250,875	239,625	1,250	491,750

Totals include Traditional, Nontraditional, Current Achiever and Original Challenge Recipients.  
Source: Arkansas Department of Education - Arkansas Division of Higher Education

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**Expenditures and Projected Obligations from Scholarship and Grant Funding Sources**  
**from Arkansas Department of Education - Arkansas Division of Higher Education (Unaudited)**  
**Fiscal Year Ended June 30, 2024**

<b>Program</b>	<b>FY 24 Expenditures</b>	<b>FY 25 Budget</b>
Academic Challenge Scholarships	\$ 20,000,000	\$ 20,000,000
AR Geographical Critical Needs	29,625	150,000
Arkansas Future Grant	4,582,214	5,000,000
Law Enforcement Dependents	605,207	400,000
Governor's Scholars Program	17,248,011	22,000,000
Osteopathic Rural Medical Scholarship	-	400,000
Military Dependents	3,233,875	1,500,000
National Guard Tuition Assistance	2,288,287	1,400,000
Single Parent Scholarship	175,000	175,000
SREB Minority Doctoral Scholars	175,000	175,000
State Teacher Education Program	1,681,154	4,000,000
SURF Program	149,467	150,000
Teacher Opportunity Program	1,612,935	2,500,000
Tuition Adjustment	350,000	350,000
Transition Scholarships	280,000	2,000,000
Washington Center Scholarships	138,735	150,000
Arkansas Health Education Grants:		
Dental Aid	2,751,954	2,950,000
Dental Loans	984,150	987,370
Optometry Grants	533,952	650,000
Optometry Loans	105,000	140,000
Veterinary Aid	1,399,398	1,750,000
Veterinary Loan Forgiveness	34,505	250,000
Chiropractic	76,653	260,000
Podiatry	5,000	80,000
<b>Total</b>	<b>\$ 58,440,122</b>	<b>\$ 67,417,370</b>

Source: Arkansas Department of Education - Arkansas Division of Higher Education

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**County Report (Unaudited)**  
**from Arkansas Department of Education - Arkansas Division of Higher Education**  
**Fiscal Year Ended June 30, 2024**

<b>County</b>	<b><u>2023 Population</u></b> <b><u>Estimate</u></b>	<b><u>% State</u></b> <b><u>Population</u></b>	<b><u>Awards</u></b>	<b><u>Amount</u></b>
Arkansas	16,307	0.53%	2,966	\$ 2,985,523
Ashley	18,262	0.60%	306	479,878
Baxter	42,875	1.40%	580	873,000
Benton	311,013	10.14%	3,904	6,078,197
Boone	38,530	1.26%	555	789,726
Bradley	10,104	0.33%	199	304,750
Calhoun	4,641	0.15%	48	65,625
Carroll	28,814	0.94%	247	348,625
Chicot	9,538	0.31%	73	111,875
Clark	21,274	0.69%	423	664,500
Clay	14,201	0.46%	153	212,000
Cleburne	25,445	0.83%	365	564,250
Cleveland	7,378	0.24%	164	273,250
Columbia	22,150	0.72%	394	641,000
Conway	21,077	0.69%	325	520,750
Craighead	113,993	3.72%	1,697	2,704,000
Crawford	61,891	2.02%	1,109	1,691,344
Crittenden	47,139	1.54%	394	642,421
Cross	16,420	0.54%	297	423,875
Dallas	6,185	0.20%	142	222,375
Desha	10,479	0.34%	173	277,000
Drew	16,945	0.55%	305	480,375
Faulkner	129,951	4.24%	2,829	4,423,378
Franklin	17,468	0.57%	345	516,250
Fulton	12,421	0.40%	135	232,750
Garland	99,784	3.25%	1,232	1,979,666
Grant	18,383	0.60%	329	531,461
Greene	46,743	1.52%	679	1,069,225
Hempstead	19,343	0.63%	185	301,625
Hot Spring	33,258	1.08%	486	784,875
Howard	12,533	0.41%	267	403,625
Independence	38,320	1.25%	657	987,250
Izard	14,169	0.46%	188	284,375
Jackson	16,784	0.55%	198	251,625
Jefferson	63,661	2.08%	675	1,115,618
Johnson	26,129	0.85%	493	796,360
Lafayette	6,095	0.20%	81	136,375
Lawrence	16,318	0.53%	267	395,247
Lee	8,201	0.27%	51	82,000
Lincoln	12,898	0.42%	151	244,875
Little River	11,805	0.38%	143	205,875
Logan	21,400	0.70%	387	547,250
Lonoke	75,944	2.48%	1,653	2,593,300
Madison	17,775	0.58%	181	297,875
Marion	17,514	0.57%	146	196,750
Miller	42,415	1.38%	414	693,875
Mississippi	38,663	1.26%	384	595,500

(continued)

**Arkansas Department of Finance and Administration**  
**Office of the Arkansas Lottery**  
**County Report (Unaudited)**  
**from Arkansas Department of Education - Arkansas Division of Higher Education**  
**Fiscal Year Ended June 30, 2024**

<b>County</b>	<b><u>2023 Population</u></b> <b><u>Estimate</u></b>	<b><u>% State</u></b> <b><u>Population</u></b>	<b><u>Awards</u></b>	<b><u>Amount</u></b>
Monroe	6,512	0.21%	75	120,750
Montgomery	8,620	0.28%	116	176,375
Nevada	8,120	0.26%	106	163,250
Newton	7,071	0.23%	74	106,625
Ouachita	21,793	0.71%	333	475,459
Perry	10,184	0.33%	209	352,875
Phillips	14,961	0.49%	131	185,128
Pike	10,208	0.33%	170	293,625
Poinsett	22,397	0.73%	255	391,299
Polk	19,436	0.63%	323	465,000
Pope	64,593	2.11%	1,250	1,985,701
Prairie	8,036	0.26%	107	176,500
Pulaski	400,009	13.04%	5,682	9,569,198
Randolph	18,907	0.62%	238	364,125
St. Francis	22,101	0.72%	140	235,250
Saline	129,574	4.22%	5,375	4,211,327
Scott	9,851	0.32%	171	237,000
Searcy	7,806	0.25%	74	115,617
Sebastian	129,098	4.21%	2,166	3,595,402
Sevier	15,632	0.51%	284	425,712
Sharp	17,968	0.59%	286	412,411
Stone	12,671	0.41%	145	224,828
Union	37,397	1.22%	589	930,861
Van Buren	16,142	0.53%	276	393,125
Washington	261,549	8.53%	3,750	5,914,815
White	78,452	2.56%	1,433	2,252,875
Woodruff	5,964	0.19%	69	99,500
Yell	20,044	0.65%	367	587,327
Not Reported			228	441,625
<b>Total</b>	<b><u>3,067,732</u></b>	<b><u>100%</u></b>	<b><u>51,797</u></b>	<b><u>\$ 75,924,929</u></b>



**Arkansas Department of Finance and Administration  
Office of the Arkansas Lottery  
Fund Balance and Other Information  
from Arkansas Department of Education - Arkansas Division of Higher Education (Unaudited)  
Fiscal Year Ended June 30, 2024**

**Fund Balances**

Higher Education Grants Fund	\$ 20,436,346
Lottery Net Proceeds Trust Account (1)	\$ 4,753,294

**Arkansas Challenge Scholarship Trust Account**

Deposits	\$ 80,225,471
Disbursements	75,472,177
June 30, 2024 Balance	<u>\$ 4,753,294</u>

**Evaluation of Net Proceeds**

The Arkansas Department of Education - Arkansas Division of Higher Education has determined that the net proceeds from the State lottery program supplements and does not supplant non-lottery State resources.

**Recommendations by the Arkansas Department of Education - Arkansas Division of Higher Education for changes to the program:**

None

Note: 1) Trust accounts maintained by the director of Arkansas Department of Education - Arkansas Division of Higher Education to hold transfers from the Lottery Scholarship Trust Account.  
Source: Arkansas Department of Education - Arkansas Division of Higher Education



# OTHER REPORTS

**CALEB**  
SCHOLARSHIP TO UNIVERSITY OF ARKANSAS

---

# Arkansas

Sen. David Wallace  
Senate Chair  
Sen. John Payton  
Senate Vice Chair



Rep. Jimmy Gazaway  
House Chair  
Rep. Richard Womack  
House Vice Chair

Kevin William White, CPA, JD  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

#### INDEPENDENT AUDITOR'S REPORT

Department of Finance and Administration – Office of the Arkansas Lottery  
and Members of the Legislative Joint Auditing Committee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund of the Department of Finance and Administration (DFA) – Office of the Arkansas Lottery (the "Agency"), an office of Arkansas state government, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the DFA – Office of the Arkansas Lottery's basic financial statements, and have issued our report thereon dated December 16, 2024.

#### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

#### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT

A handwritten signature in black ink that reads "Tom Bullington". The signature is written in a cursive, flowing style.

Tom Bullington, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
December 16, 2024

