

MISSISSIPPI LOTTERY CORPORATION

CHAPTER 11- FINANCE POLICIES

11.2 CASH MANAGEMENT POLICY

Rule 11.2.01 PURPOSE

The purpose of this policy is to provide guidelines to ensure that Mississippi Lottery Corporation (“MLC”) properly manages cash to ensure optimal interest is earned from the bank and that all accounts are properly collateralized in accordance with the Alyce G. Clarke Mississippi Lottery Law.

Rule 11.2.02 POLICY

- A. It is the MLC’s policy to maintain the following cash accounts:
- MLC Master Operating Account – All accounts will zero balance into this main operating account. This account will include funds received and used in daily business operations including retailer EFT sweeps and miscellaneous deposits. This account is used to fund the Accounts Payable Account, Prize Payment, Payroll, and Deposits accounts. This account will also be used to transfer EFT payments to the Lottery Proceeds Fund at the State Treasurer.
 - MLC Accounts Payable Account – This account will be used to pay all vendor invoices, employee expense reimbursement, retailer payments (other than Accounts Receivable sweeps) and miscellaneous payable. This account will maintain a zero balance daily and will be automatically funded by the MLC Master Operating Account.
 - MLC Prize Payment Account – This account will be used to pay prize winners by check or by EFT. This account will maintain a zero balance daily and will be automatically funded by the MLC Master Operating Account.
 - MLC Payroll Account – This account will be used to pay employee compensation and other related payroll costs including taxes and benefits. This account will maintain a zero balance daily and will be automatically funded by the MLC Master Operating Account.
 - MLC Cash- Retailer Deposits Account – This account will include funds received from EFT sweeps and miscellaneous deposits from retailers. This account will also include cash advance and miscellaneous payments to retailers. This account will maintain a zero balance daily and will be automatically funded by the MLC Master Operating Account.
 - MLC Cash Account for Prizes- This account will be maintained at a local bank in Flowood, MS in order to facilitate cash deposits in relation to cash received from players to purchase lottery tickets and pay prizes in Prize Validation. The balance in this account will have funds transferred from

MLC's Master Operating Account via EFT periodically in order to maintain the minimum account balance required by the local bank.

Amended 11/16/21

- B. If a need for additional cash accounts should arise, the accounts will be identified by the Vice President of Finance and added with the approval of the President.
- C. In accordance with the Alyce G. Clarke Mississippi Lottery Law, all funds must be collateralized in accordance with Miss. Code Ann. Section 27-105-5. The law requires the Bank to place on deposit with State Treasury qualified bonds, notes and liquid securities in an aggregate amount at least equal to 52 and ½% of the average daily balance of funds on deposit in excess of the FDIC insured amount.