

## Iowa Lottery Report On Operations

**To: Members of the House Government Oversight Committee and Senate Government Oversight Committee**

**From: Matthew N. Strawn, CEO**

**Date: December 2019**

**The Iowa Lottery reached a significant milestone in its support for state causes this fall, with total proceeds to the State of Iowa surpassing \$2 billion since 1985.**

Lottery tickets in Iowa made their debut on August 22, 1985. In the 34 years since, lottery players have won nearly \$4.5 billion in prizes while more than \$2 billion in proceeds has been raised for state programs. Lottery sales in Iowa through the years total \$7.9 billion.

Lottery proceeds have helped our state in a variety of ways over time, but today, they have four purposes: support for Iowa's veterans and their families through the Iowa Veterans Trust Fund; support through the Public Safety Survivor Benefits Fund for the family members of Iowa peace officers and fire fighters who die in the line of duty; resources for a variety of significant projects through the state General Fund; and, backing for the Vision Iowa program, which was implemented to create Iowa tourism destinations and community attractions as well as build and repair schools.

To highlight the impact of lottery proceeds in Iowa and to raise awareness of the resources available to veterans in need, the lottery partnered with the Iowa Commission of Veterans Affairs to produce and promote a new video highlighting the Iowa Veterans Trust Fund.

Two Iowa veterans who serve on the commission share their own stories and talk about the unique role of the Iowa Veterans Trust Fund. The 3-minute video along with two shorter versions has been viewed hundreds of thousands of times. It is available on YouTube through this direct link:  
<https://tinyurl.com/yzlp7t98>



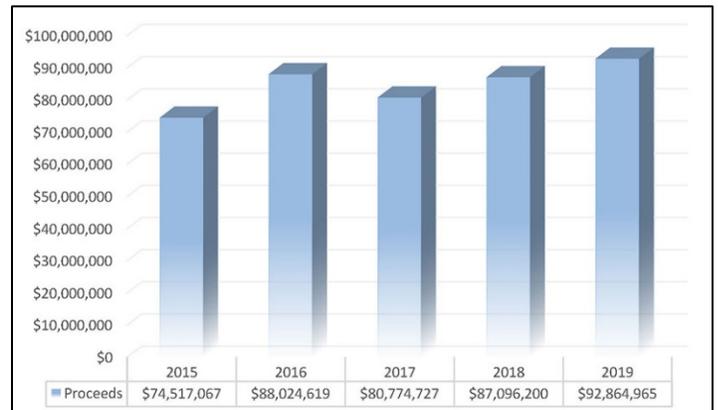
## FY 2019 Final Results

Fiscal year 2019 was a record setter for the Iowa Lottery, with a fifth straight year of record scratch-ticket sales leading the way. Lottery sales, proceeds to state causes, prizes to players, and retail commissions all set records in FY 2019.

The lottery generated a record \$92.9 million in proceeds to state causes for the year. Annual lottery sales in FY 2019 were a record \$390.9 million, while prizes to players totaled a record

\$241.9 million. Lottery sales commissions paid to the local businesses that sell tickets across Iowa totaled \$25.4 million, also a record for selling the lottery's core products.

Historically, lottery sales results fluctuate from year to year, but sales and proceeds have steadily risen during the past few years in Iowa. The Iowa Lottery continues to base its sales and proceeds projections on a five-year rolling average to factor in those fluctuations that are anticipated to occur over time.



Consistent sales and proceeds driven by innovative products, responsible promotions, and efficient operations have positioned the Iowa Lottery to continue to be a meaningful source of proceeds to state causes in Iowa.

Here is a year-to-year comparison of lottery sales by product:

	<b>FY 2019</b>	<b>FY 2018</b>
Instant-scratch games	\$250.6 million	\$244.3 million
InstaPlay games	\$11.9 million	\$9.7 million
Pick 3	\$7.9 million	\$7.7 million
Powerball	\$54.8 million	\$58.5 million
Mega Millions	\$36.3 million	\$21.3 million
Hot Lotto*	-----	\$3.8 million
Pick 4	\$4.3 million	\$4.3 million
Lucky for Life	\$5.4 million	\$5.6 million
Lotto America*	\$8.8 million	\$4.9 million
Pull-tab games	\$10.9 million	\$10.9 million

\*The Hot Lotto game ended in October 2017. The Lotto America game debuted in November 2017.

As always, the Iowa Lottery continuously monitors its sales results and will keep the Government Oversight Committees apprised of significant developments. The lottery also provides regular updates regarding sales and proceeds through the State of Iowa's I-3 accounting system. A five-year comparison of lottery revenues and expenses is included in this report as **Attachment A**. The Iowa Lottery's latest monthly financial statement is included in this report as **Attachment B**.

### **FY 2020 Early Figures**

Continued growth in sale of instant-scratch games has led the way for the Iowa Lottery in the initial months of fiscal year 2020, but results in the lotto-game category have been impacted by lower jackpot amounts.

Lottery sales and proceeds for FY 2020 through November, the latest full month for which results are available, were ahead of budget projections but trail the lottery's record-breaking results for the same time period in FY 2019. The drop-off in lotto game category revenue can be attributed to an absence of high-dollar jackpots in multi-jurisdiction lotto games like Powerball and Mega Millions to start the 2020 fiscal year.

During October 2018, the jackpots in Powerball and Mega Millions simultaneously climbed into the stratosphere as the top prizes in both games exceeded half a billion dollars. The Mega Millions jackpot reached \$1.54 billion before it was won in the October 23, 2018 drawing by a ticket purchased in South Carolina. The Powerball jackpot climbed to \$687.8 million before it was split in the October 27, 2018 drawing by two tickets purchased in Iowa and New York.

By comparison, during the first five months of FY 2020, neither the Powerball nor the Mega Millions jackpot exceeded the \$250 million threshold. The phenomenon of ‘jackpot fatigue’ and increased frequency of lower-level (\$40M-\$100M) jackpot wins has been a challenge to lotteries nationwide to start FY 2020.

Historically, the lottery has counseled state policymakers that sales in multi-jurisdiction lotto games are always subject to the peaks and valleys of jackpot prize amounts. The lotto category performance to begin FY 2020 is illustrative of that fact.

The Iowa Lottery remains confident that it will achieve the organization’s stated goals for the current fiscal year as we continue to budget conservatively, project revenues based on a five-year rolling average, and seek to proactively identify consumer trends that may affect future lottery revenues.

## **FY 2021 Budget Approval**

The Iowa Lottery Board provided initial approval to the organization’s FY 2021 budget at its September 24, 2019 meeting.

The FY 2021 Iowa Lottery budget, prepared in accordance with state budgeting guidelines, includes a \$50,000 increase in one-time professional fees relating to the anticipated conversion of the lottery’s statewide gaming system in July 2021. The budget also includes a \$100,000 increase for outside services and repairs related to sealing and weatherproofing the exterior of the lottery’s headquarters building in Clive.

Copies of the Iowa Lottery’s Overall Budget and Operating Expenses for FY 2021 are included with this report as **Attachment C** and **Attachment D**.



Josh Cook



Sharrae Hanson



Mary Junge



John Quinn



Mary Rathje



Michael Fitzgerald

The members of the Lottery Board are: Josh Cook of Ankeny, president and CEO of the Johnston-based Community Choice Credit Union; Sharrae Hanson of Ankeny, tax manager at a CPA firm in West Des Moines; Mary Junge of Cedar Rapids, a CPA and practicing tax- and estate-planning attorney; John Quinn of Urbandale, who serves as the chief of police in Waukee; Mary Rathje, manager and controller at a construction company in Marion, where she

resides; and State Treasurer Michael Fitzgerald, who serves on the Board as a nonvoting member.

## **FY 2019 Audit Report And Lottery Annual Report**



In late December, the State Auditor's Office released the results of its FY 2019 financial audit of the Iowa Lottery.

In short, it was another "clean report" for the lottery. In its December 13 announcement, the Auditor's Office noted that the financial statements of the lottery for FY 2019 "present fairly, in all material respects, the financial position of the Iowa Lottery Authority as of June 30, 2019, and the respective changes in its financial position and its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles."

The Iowa Lottery is committed to the transparency, accuracy and integrity of its operations and is proud to have received these audit results.

Under state law, the Auditor reviews the lottery's operations annually. That review is in addition to the security standards the lottery uses throughout its operations to ensure the integrity of its product offerings.

A direct link to the report from the office of State Auditor Rob Sand is available here:

<https://www.auditor.iowa.gov/reports/file/59214/embed>

The lottery's annual report for FY 2019 also is now available. A link to it is here:

<https://www.pageturnpro.com/Iowa-Lottery/93204-FY-2019-Annual-Report/sindex.html#1>

## **First Lottery Transfer To New Fund**

In late October, the Iowa Lottery made its first annual proceeds transfer to a new state initiative that became law in May 2019.

A portion of annual lottery proceeds now is used to help the surviving family members of Iowa peace officers and fire fighters who have died in the line of duty. Each year, the lottery will provide \$100,000 in proceeds to the new Public Safety Survivor Benefits Fund within the state treasury.



**PUBLIC  
SAFETY  
SURVIVOR  
FUND**

*Benefits the Families of Fallen Heroes*

The Iowa Department of Public Safety (DPS) will distribute the money in the fund each year to nonprofit organizations that provide grants to help the families of eligible peace officers and firefighters killed in the line of duty pay for accident or medical insurance coverage. Half the money in the fund will be awarded to organizations that assist families of eligible peace officers, while the other half will support organizations that help the families of eligible fire fighters.

## **Responsible Gaming**



The Iowa Lottery continued its focus on responsible play with a holiday reminder about appropriate gift giving.

In its December messages, the lottery urged consumers to give age-appropriate gifts in general, and when gifting lottery tickets, to be mindful of the recipient's age to minimize the risks associated with underage gambling. The lottery noted that in Iowa, consumers must be at least 21 years old to buy its tickets.

The Iowa Lottery's responsible-gifting campaign at the holidays is in addition to its efforts to highlight National Problem Gambling Awareness Month each March and the information it provides to the public each day about 1-800-BETSOFF (1-800-238-7633), the helpline of the Iowa Gambling Treatment Program within the Iowa Department of Public Health.

The Iowa Lottery includes messages about the helpline on the millions of lottery tickets, brochures, point-of-sale materials and other publications that are available across the state.

## **Legal Closure on Long-Running Jackpot Investigation**

The nearly decade long investigation and legal issues regarding a former national lottery vendor employee who fraudulently manipulated a number of multi-jurisdiction lottery games has concluded.

Settlements were reached in two lottery-industry lawsuits related to the long-running lottery jackpot investigation that began in Iowa.

The Iowa Lottery was not a party to either settlement agreement nor were any State of Iowa or Iowa Lottery funds utilized to satisfy either legal settlement.



The long-running jackpot investigation began in 2011 after Iowa Lottery officials noticed something was amiss when representatives of a New York investment trust attempted to claim a multi-million-dollar Hot Lotto jackpot. The lottery's security questions went unanswered by those involved and the lottery refused to pay the prize when it was unable to determine that the jackpot-winning ticket had been legally purchased, legally possessed and legally presented.

A central-Iowa man who worked at a lottery vendor organization pleaded guilty in 2017 to three felony charges and admitted he conspired with friends and family to claim lottery prizes in Colorado, Kansas, Oklahoma and Wisconsin and attempt to claim the jackpot in Iowa. He confessed to using malicious computer code to manipulate a number of lottery drawings.

Two lawsuits were filed by lottery players in connection with the manipulated games. The lawsuits were: Culler et al vs. the Multi-State Lottery Association; and Dawson vs. the Multi-State Lottery Association and the Iowa Lottery Authority. A court granted Culler's request to seek damages on behalf of other lottery players in a class-action lawsuit.

A \$4.3 million settlement was reached in the Culler case. In September, a website and toll-free telephone number were established for U.S. lottery players to submit claims in the Culler case. The settlement will allow refunds for the cost of tickets purchased in a small set of lottery drawings held from November 2005 to May 2013 in certain games, including Hot Lotto.

Players can only make a claim by going to [www.LotteryGameSettlement.com](http://www.LotteryGameSettlement.com) or calling 1-877-872-3816. The claim form that players will need to file is available on the settlement website and can be completed online or downloaded. Players who download the form will need to fill it out and follow instructions to send it to a company that will review the claims.

The Culler claims process runs through January 7, 2020. Affected players must submit their claim forms by that deadline to be eligible for a share of the settlement.

A \$1.5 million settlement was reached in November between the Multi-State Lottery Association and Dawson. Concurrent with the settlement, all claims against the Iowa Lottery were dismissed by Dawson.

The integrity and fairness of all Iowa Lottery products, including multi-jurisdiction lotto games, is the foundation upon which rests the Lottery's mission to responsibly raise revenue for important state causes.

These two settlements now close a chapter in lottery history that tested that foundation of trust. The actions of State of Iowa officials over the years to investigate, uncover and successfully prosecute this fraud against the public serve as a reminder that Iowa passed this test.

## **Lottery Security-Compliance Reviews At Retail**



Each year, the Iowa Lottery conducts unannounced security checks at retail locations across the state to ensure winning tickets are being handled appropriately by retail licensees and that the placement of lottery equipment is in compliance with requirements.

During the compliance checks, undercover Iowa Lottery investigators visit retail locations and pose as customers presenting lottery tickets for validation and payment. The lottery's annual performance target is for its security investigators to conduct compliance checks in at least 20 percent of its 2,400 licensed retail locations.

In FY 2019, the lottery conducted compliance checks at 29 percent of its retail locations. Through mid-December, the Iowa Lottery had already conducted compliance checks at more than 10 percent of its retail locations for FY 2020.

The Iowa Lottery is committed to conducting its games with fairness and integrity and invites anyone with a question or concern about the lottery or its products to contact Iowa Lottery Security directly at 515-725-7900 or [wmaster@ialottery.com](mailto:wmaster@ialottery.com).

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEARS 2015 THROUGH 2019**  
**FINAL**

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
<b>OPERATING REVENUES</b>					
Instant-scratch ticket sales	250,642,094	244,260,964	237,617,703	233,681,884	211,986,968
Instaplay sales	11,876,560	9,733,769	5,820,274	-	-
Pick 3 sales	7,871,469	7,705,163	7,318,686	7,376,766	7,046,335
Powerball sales	54,833,068	58,471,047	54,292,902	74,851,133	52,231,108
Mega Millions sales	36,322,749	21,293,740	14,957,109	16,401,018	17,980,367
Hot Lotto sales	-	3,761,425	8,210,714	8,827,600	11,111,717
Pick 4 sales	4,292,190	4,341,103	3,946,273	3,554,719	3,231,397
All or Nothing sales	-	-	3,186,443	3,989,479	4,542,846
Monopoly Millionaires' Club sales	-	-	-	-	591,605
Lucky for Life sales	5,427,678	5,600,490	5,599,966	3,154,994	-
Lotto America sales	8,753,137	4,872,494	-	-	-
Pull-tab sales	10,876,605	10,916,692	11,292,740	15,073,332	16,045,073
Application fees	3,775	3,725	3,600	4,175	3,800
Other revenue	55,516	8,135	18,841	33,065	6,220
<b>Total operating revenues</b>	<b>390,954,841</b>	<b>370,968,747</b>	<b>352,265,251</b>	<b>366,948,164</b>	<b>324,777,436</b>
<b>OPERATING EXPENSES</b>					
Scratch ticket prize expense	166,890,489	160,144,268	155,043,947	151,760,771	137,660,011
Instaplay prize expense	8,255,638	6,351,026	3,781,706	-	-
Pick 3 prize expense	4,670,681	4,567,778	4,261,970	4,369,699	4,164,551
Powerball prize expense	25,500,971	28,512,041	25,876,220	36,729,336	25,386,810
Mega Millions prize expense	18,473,201	10,764,359	7,351,575	7,975,529	8,593,263
Hot Lotto prize expense	(46,872)	1,782,452	4,000,053	4,223,018	5,351,407
Pick 4 prize expense	2,553,524	2,519,312	2,367,036	2,082,846	1,993,339
All or Nothing prize expense	(89)	(31,061)	1,882,220	2,363,459	2,684,292
Monopoly Millionaires' Club prize expense	-	-	-	(21,052)	626,847
Lucky for Life prize expense	3,111,848	3,305,691	3,521,940	2,525,899	-
Loto America prize expense	4,300,353	2,436,247	-	-	-
Pull-tab prize expense	6,805,266	6,826,208	7,056,494	9,422,428	10,028,418
VIP Club prize expense	1,315,880	197,001	252,465	168,607	264,651
Promotional prize expense	109,753	115,750	224,943	166,862	128,699
Advertising/Publicity	7,276,923	7,162,018	6,592,552	6,822,152	6,766,994
Retailer compensation expense	25,447,739	24,213,812	22,914,755	24,560,885	20,977,399
Ticket expense	3,284,663	3,170,682	3,264,975	3,242,036	3,255,589
Vendor compensation expense	6,356,385	8,227,403	7,183,035	7,597,516	6,626,139
Online game expense	-	-	-	-	6,563
Salary and benefits	10,459,454	10,936,612	10,714,712	9,977,828	9,565,122
Travel	261,529	256,766	278,279	281,549	417,200
Supplies	106,009	157,977	109,650	133,164	130,723
Printing	3,767	10,088	3,202	8,390	6,291
Postage	5,458	5,561	5,817	6,636	6,118
Communications	202,355	170,146	253,908	263,414	227,509
Rentals	310,280	305,225	304,714	309,412	308,922
Utilities	95,043	95,756	90,824	87,942	126,902
Professional fees	162,023	157,930	191,334	183,403	162,782
Vending machine maintenance	253,416	294,907	526,285	598,962	579,061
Outside services & repairs	828,180	827,274	791,219	825,169	873,809
Data processing	109,069	94,977	117,021	122,421	105,400
Equipment	512,247	610,777	1,071,249	655,521	506,016
Reimbursement to other					
state agencies	457,598	440,449	427,884	430,088	418,625
Depreciation	541,020	546,260	460,967	333,223	278,004
Other	63,061	57,647	68,936	56,016	79,976
MUSL administrative expense	71,544	8,056	154,543	127,705	100,803
<b>Total operating expenses</b>	<b>298,748,406</b>	<b>285,241,395</b>	<b>271,146,430</b>	<b>278,390,834</b>	<b>248,408,235</b>
<b>Operating income (loss)</b>	<b>92,206,435</b>	<b>85,727,352</b>	<b>81,118,821</b>	<b>88,557,330</b>	<b>76,369,201</b>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEARS 2015 THROUGH 2019**  
**FINAL**

	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2018</b>	<b>Fiscal Year 2017</b>	<b>Fiscal Year 2016</b>	<b>Fiscal Year 2015</b>
<b>Non-operating revenues (expenses)</b>					
State General Fund	(90,364,965)	(84,596,200)	(78,274,727)	(85,524,619)	(72,365,900)
Veterans Trust Fund	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,151,167)
Interest income	495,974	313,694	182,107	194,873	76,038
Interest expense	-	-	-	-	(8,046)
Gain (Loss) on disposal of capital assets	15,017	(139,572)	(722,748)	28,156	(364,252)
<b>Net non-operating revenues(expenses)</b>	<b>(92,353,974)</b>	<b>(86,922,078)</b>	<b>(81,315,368)</b>	<b>(87,801,590)</b>	<b>(74,813,328)</b>
<b>Change in net position</b>	<b>(147,539)</b>	<b>(1,194,726)</b>	<b>(196,547)</b>	<b>755,740</b>	<b>1,555,873</b>
Net position, beginning of period, as restated*	4,950,194	6,144,920	6,554,077	5,798,338	4,242,465
<b>Net position, end of period</b>	<b>4,802,655</b>	<b>4,950,194</b>	<b>6,357,530</b>	<b>6,554,077</b>	<b>5,798,338</b>

\* beginning Net Position was restated in FY 2015 due to implementation of GASB 68, Accounting and Financial Reporting for Pensions;  
beginning Net Position was restated in FY 2018 due to implementation of GASB 75, Accounting and Financial Reporting for Postemployment  
Benefits Other Than Pensions

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Five Months Ending Saturday, November 30, 2019**

	Month ended 11/30/2019	Month ended 11/30/2018	Year-to-date 11/30/2019	Year-to-date 11/30/2018
Operating revenues:				
Instant-scratch ticket sales	\$ 20,161,318.00	\$ 20,777,972.00	\$ 97,878,135.00	\$ 97,412,779.00
InstaPlay sales	1,083,823.00	860,823.00	4,585,780.00	5,356,536.00
Pick 3 sales	657,273.00	611,055.50	3,292,646.50	3,149,825.50
Powerball sales	2,819,535.50	2,877,381.50	14,585,385.50	22,219,400.00
Mega Millions Sales	1,915,570.00	1,706,740.00	7,878,216.00	22,181,121.00
Pick 4 sales	376,545.00	335,566.00	1,900,179.00	1,691,213.50
Lucky for Life sales	393,664.00	465,112.00	2,213,834.00	2,315,434.00
Lotto America sales	575,578.00	670,322.00	2,808,894.00	3,310,604.00
Pull-tab sales	791,965.51	909,567.29	4,544,016.44	4,542,642.79
Application fees	475.00	675.00	1,675.00	2,100.00
Other	880.72	49,278.95	2,979.12	50,789.33
Total operating revenues	<u>28,776,627.73</u>	<u>29,264,493.24</u>	<u>139,691,740.56</u>	<u>162,232,445.12</u>
Operating expenses:				
Scratch ticket prizes	12,800,230.00	13,511,311.14	64,133,668.87	65,412,958.92
InstaPlay prizes	760,479.23	620,931.23	3,189,908.97	3,741,599.49
Pick 3 prizes	394,363.80	363,313.30	1,975,587.90	1,864,705.30
Powerball prizes	1,410,180.00	1,402,736.00	7,297,594.00	10,650,843.69
Mega Millions prizes	957,785.00	877,632.96	3,939,108.00	11,441,424.56
Hot Lotto prizes	-	-	-	(46,872.00)
Pick 4 prizes	225,927.00	196,594.60	1,140,107.40	1,002,613.10
All or Nothing prizes	-	-	-	(354,534.99)
Lucky for Life prizes	227,009.55	266,030.19	1,300,598.31	1,335,858.89
Lotto America prizes	287,789.00	330,190.00	1,404,447.00	1,650,331.00
Pull-tab prizes	495,578.54	570,152.98	2,842,088.00	2,843,633.29
VIP Club prize expense	-	27,000.00	-	178,045.77
Promotional prize expense	-	12,977.45	-	53,954.04
Advertising/publicity	617,782.58	581,966.71	3,070,070.08	2,895,051.98
Retailer compensation expense	1,871,774.02	1,916,932.12	9,105,796.77	10,535,659.41
Ticket expense	233,993.01	298,757.87	1,299,651.91	1,296,385.33
Vendor compensation expense	455,591.41	479,562.89	2,259,329.42	2,653,898.93
Salary and benefits	833,947.67	891,319.15	4,301,965.60	4,337,974.69
Travel	19,263.69	23,188.89	116,298.38	120,775.56
Supplies	2,240.59	7,067.62	44,412.02	40,496.32
Printing	358.90	253.00	543.70	1,391.65
Postage	210.81	268.92	1,179.76	1,242.61
Communications	15,258.77	14,877.32	75,374.62	72,612.48
Rentals	26,510.22	25,618.04	132,604.90	127,705.06
Utilities	6,769.18	7,939.63	37,843.24	38,689.05
Professional fees	13,126.75	11,636.25	62,804.41	68,373.05
Vending machine maintenance	21,840.00	21,231.00	106,512.00	104,987.77
Outside services and repairs	71,954.58	79,945.71	339,476.02	338,917.02
Data processing	10,187.17	7,566.05	53,934.76	37,564.54
Equipment	42,958.10	36,963.08	146,928.25	185,886.34
Reimbursement to other state agencies	41,288.44	71,156.85	174,274.79	202,045.37
Depreciation	40,724.35	45,678.56	212,271.32	228,714.38
Other	4,921.32	4,286.06	27,797.20	25,789.30
MUSL/Lotto administrative expense	2,837.27	4,722.17	13,883.59	26,532.02
Total operating expenses	<u>21,892,880.95</u>	<u>22,709,807.74</u>	<u>108,806,061.19</u>	<u>123,115,253.92</u>
Operating income	<u>6,883,746.78</u>	<u>6,554,685.50</u>	<u>30,885,679.37</u>	<u>39,117,191.20</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(6,756,517.03)	(6,543,458.86)	(31,134,513.61)	(39,124,689.73)
Interest income	20,375.80	25,440.74	168,052.64	122,975.96
Gain (Loss) on disposal of capital assets	(25.00)	1,825.00	1,725.00	4,350.00
Net non-operating revenues (expenses)	<u>(6,736,166.23)</u>	<u>(6,516,193.12)</u>	<u>(30,964,735.97)</u>	<u>(38,997,363.77)</u>
Change in net position	147,580.55	38,492.38	(79,056.60)	119,827.43
Net position beginning of period	4,576,018.30	5,031,528.75	4,802,655.45	4,950,193.70
Net position end of period	<u>4,723,598.85</u>	<u>5,070,021.13</u>	<u>4,723,598.85</u>	<u>5,070,021.13</u>

## Budget for Lottery Fund

	FY 2018 ACTUAL	FY 2019 BOARD APPROVED FINAL BUDGET	FY 2020 BOARD APPROVED FINAL BUDGET	FY 2021 BOARD APPROVED FINAL BUDGET
<b>Resources</b>				
Lottery sales	370,956,887	338,300,000	346,500,000	354,650,000
Interest income	313,694	500,000	500,000	500,000
Application fees	3,725	5,000	5,000	5,000
Other	8,135	5,000	5,000	5,000
<b>Total Resources</b>	<b>371,282,441</b>	<b>338,810,000</b>	<b>347,010,000</b>	<b>355,160,000</b>
<b>Expenses and Change in Net Assets</b>				
Prizes	227,491,072	204,672,000	209,944,600	215,185,050
Retailer compensation	24,213,812	22,667,100	23,216,500	23,762,550
Advertising production and media purchases	7,162,018	13,532,000	13,860,000	14,186,000
Retailer Lottery system/Terminal Communications	8,290,135	6,521,491	7,800,085	9,131,645
Instant/Pull-tab ticket expense	3,198,940	3,977,250	4,120,750	4,263,375
Vending machines & maintenance/Ticket dispensers	525,394	531,928	531,928	531,928
Courier delivery of instant tickets	612,121	660,000	660,000	660,000
Interest expense	-	-	-	-
Lottery operating expense	13,747,904	15,367,308	15,351,608	15,251,608
Increase (decrease) in net assets	(262,764)	(237,100)	(482,600)	(512,600)
<b>Total Expenses and Change in Net Assets</b>	<b>284,978,631</b>	<b>267,691,977</b>	<b>275,002,871</b>	<b>282,459,556</b>
<b>Proceeds</b>				
Proceeds Transfer to General Fund	84,596,200	68,618,023	69,507,129	70,200,444
Proceeds Transfer to Veterans Trust Fund	2,500,000	2,500,000	2,500,000	2,500,000
<b>Total Proceeds Transfers</b>	<b>87,096,200</b>	<b>71,118,023</b>	<b>72,007,129</b>	<b>72,700,444</b>
<b>Total Expenses and Proceeds</b>	<b>372,074,831</b>	<b>338,810,000</b>	<b>347,010,000</b>	<b>355,160,000</b>

### Lottery Operations - Budget Detail

	FY 2018 ACTUAL	FY 2019 BOARD APPROVED FINAL BUDGET	FY 2020 BOARD APPROVED FINAL BUDGET	FY 2021 BOARD APPROVED FINAL BUDGET
Administrative payroll*	10,936,612	11,637,508	11,637,508	11,637,508
Travel	252,945	410,000	417,800	417,800
Supplies	122,963	105,000	105,000	105,000
Printing	5,288	20,000	20,000	20,000
Postage	5,561	7,000	7,000	7,000
Communications	147,069	186,000	186,000	186,000
Rentals	305,225	320,000	320,000	320,000
Utilities	95,757	101,000	101,000	101,000
Professional fees	150,430	259,500	259,500	259,500
Outside services and repair	224,823	419,000	379,000	279,000
Data processing	94,977	125,000	125,000	125,000
Equipment	364,117	494,200	494,200	494,200
Reimbursement to state agencies	440,449	506,000	506,000	506,000
Depreciation	546,260	691,100	707,600	707,600
Other expenses	55,428	86,000	86,000	86,000
<b>Total operating expenses</b>	<b>\$ 13,747,904</b>	<b>\$ 15,367,308</b>	<b>\$ 15,351,608</b>	<b>\$ 15,251,608</b>

\* 2020 and 2021 Proposed Budgets for "Administrative Payroll" do not include salary and benefit cost increases