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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 2020

Introduction

During the final six months of calendar year 2020, the Iowa Lottery continued to navigate the challenges of the COVID-19 public health emergency and deliver on its promise to responsibly raise revenue for important state causes. This was a time period marked by continuous evolution in how the Iowa Lottery managed its workforce, collaborated with other state agencies, serviced its licensed retailer network, conducted security oversight, promoted its products, and paid winning prize claims. All the changes were designed to mitigate public health risks to Iowa Lottery personnel, players, retailers and the public while maintaining the integrity of Iowa Lottery products and operations.

This report details a number of those modifications and demonstrates that the Iowa Lottery continues to meet its statutory mandate of responsibly generating revenue for important state causes. Through the first five months of fiscal year 2021, the Iowa Lottery is on pace to meet and exceed its budgeted projections for both sales and proceeds to state causes, while operational expenses remain below budgeted projections.

The Lottery anticipates that its mitigation protocols will continue for the foreseeable future. These include modified retail service schedules for its district sales representatives, face covering and social-distancing policies in all lottery facilities, protective shields and sanitizing stations in public entryways for players who need to validate prize claims, and keeping a significant number of personnel on telework status.

FY 2020 Final Results

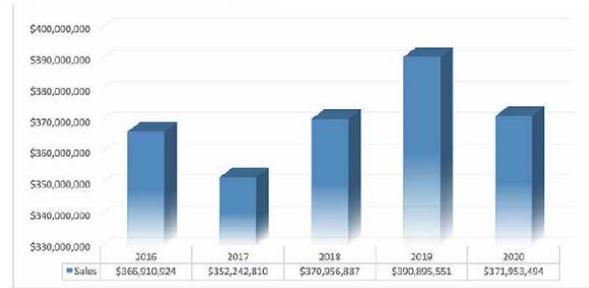
The Iowa Lottery's sales, proceeds to state causes and prizes paid to players all met budget targets in fiscal year 2020 even amidst the COVID-19 public health emergency. The Lottery's operating expenses also remained well below budget in FY 2020.

The Lottery generated \$81.5 million in proceeds to state causes for the fiscal year. Annual lottery sales in FY 2020 were \$372 million, while prizes to players totaled \$236.3 million. Lottery sales commissions to the local retail locations that sell lottery tickets totaled \$24.3 million.

The Lottery also worked in conjunction with other state entities during the fiscal year to support broader projects for the benefit of Iowa, including statewide messages that the Lottery provided encouraging participation in the U.S. Census, highlighting National Problem Gambling Awareness Month, and support for public health initiatives to mitigate the spread of COVID-19.

Iowa Lottery sales in FY 2020 decreased 4.8 percent from the previous year's record total of \$390.9 million, while lottery proceeds to state causes decreased 12.3 percent from the previous year, and prizes to players decreased 2.3 percent from the previous year's total. The Lottery's FY 2020 results were significantly impacted by two main factors: the COVID-19 pandemic and a relative lack of big jackpots in national lotto games.

5-Year Fiscal Year Sales



The jackpots in Mega Millions® and Powerball® both repeatedly climbed into the stratosphere in fiscal year 2019, with the Mega Millions grand prize in particular reaching more than \$1.5 billion in October 2018, the largest jackpot in the history of that game. But in FY 2020, both games' jackpots were repeatedly won with increased frequency at comparatively lower levels (\$40 million to \$100 million). That in turn meant lower overall sales in both games, and the COVID-19 emergency further impacted the lotto category, with lotto sales nationwide falling during the pandemic. Thus, both games only accounted for 15.20 percent of all lottery sales in FY 2020, compared to 23.30 percent of all lottery sales in FY 2019. This was a trend witnessed nationwide among all jurisdictions offering these games.

Conversely, scratch-game sales in Iowa had another strong year. Scratch games sold well throughout FY 2020, including during the pandemic. Iowans with suddenly large amounts of time at home made scratch tickets part of their hard-copy entertainment options.

Scratch-ticket sales in Iowa, which have set annual records each year since FY 2015, did so again in FY 2020, totaling \$262.4 million. That was an increase of \$11.8 million from the previous year's total for that product.

Another highlight of the Lottery's FY 2020 results was the \$2.5 million it transferred to the Iowa Veterans Trust Fund, bringing the total it has raised to benefit Iowa veterans and their families through that fund to nearly \$30 million.

In general, the type of lottery product that sells best in a given year has a big impact on overall lottery results. In a year like FY 2020 when scratch tickets sold particularly well, lottery profits overall will likely be a smaller percentage of total sales simply because scratch games have a smaller profit margin. Sales in lotto games are largely jackpot driven and therefore often fluctuate greatly from year to year, while sales of scratch games, pull-tab games and InstaPlay games are more consistent over time.

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

Product	FY 2020 Sales	FY 2019 Sales
Scratch games	\$262.4 million	\$250.6 million
InstaPlay games	\$16.3 million	\$11.9 million
Pick 3	\$8.5 million	\$7.9 million
Powerball	\$36.4 million	\$54.8 million
Mega Millions	\$20.4 million	\$36.3 million
Pick 4	\$5 million	\$4.3 million
Lucky for Life	\$5.3 million	\$5.4 million
Lotto America	\$6.8 million	\$8.8 million
Pull-tab games	\$10.8 million	\$10.9 million

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**.

FY 2021 Early Results

Lottery sales and proceeds through November, the latest full month for which results are available, were both well ahead of budget projections and the lottery's five-year average. Additionally, through the first five months of FY 2021, the Iowa Lottery's operational expenses remain below budgeted projections. The Iowa Lottery's November financial statement is included in this report as **Attachment B**.

Continued growth in the sale of instant-scratch games has led the way for the Iowa Lottery in the initial months of fiscal year 2021, with the lotto-game category also seeing a slight lift as the jackpots in Powerball and Mega Millions both topped the \$300 million mark in December. The jackpots in both games were at their highest levels in several months and continued to climb.

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 date in FY 2021 is illustrative of that fact.

The Iowa Lottery remains confident that it will achieve the organization's stated goals for the current fiscal year. It continues to budget conservatively and project revenues based on a five-year rolling average while seeking to proactively identify consumer trends that may affect future lottery revenues.

FY 2022 And FY 2023 Budget Approval

At its September 29 meeting, the Iowa Lottery Board provided initial approval of the organization's budgets for FY 2022 and FY 2023.

The FY 2022 Iowa Lottery budget, prepared in accordance with state budgeting guidelines, projects an approximate 1 percent increase in proceeds to state causes. The Lottery budget for FY 2023 is similar to that of the previous year, but without some one-time expenses that result in a slight increase in proceeds over FY 2022.

Copies of the Iowa Lottery's Overall Budget and Operating Expenses for both years 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; Sherrae 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 2020 Audit Report And Lottery Annual Report



In late December, the State Auditor's Office released the results of its FY 2020 financial audit of the Iowa Lottery.

It was another clean report for the Lottery. In its December 21 announcement, the Auditor's Office noted that the financial statements of the Lottery for FY 2020 "present fairly, in all material respects, the financial position of the Iowa Lottery Authority as of June 30, 2020, 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 and financial 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/63468/embed>

The Lottery's annual report for FY 2020 also is now available. A link to it is here:

<https://ialottery.com/Pages/AboutUs/AnnualReport.aspx>

Continued Focus On Doing Business With Safety First

The Iowa Lottery continued to adjust its operations during the second half of calendar year 2020 to safeguard public health amidst the COVID-19 emergency. The Lottery has continued to serve Iowans throughout the months of pandemic, but with safety paramount, has followed guidelines set by public health officials in limiting numerous types of personal interactions, some of which currently remain in place.

Consistent with public health recommendations to employ social distancing, the Iowa Lottery modified a number of workplace practices. These include modified service schedules for its district sales representatives who traditionally visit the Lottery's nearly 2,400 retail locations during weekly, in-person store visits. They also include remote work schedules and staggered workplace hours for many lottery headquarters personnel; face covering and social-distancing policies for all personnel; prize claims by appointment in all lottery facilities; glass or plastic protective shields in validation offices; and, sanitizing stations in public entryways for any visitors to lottery facilities.

The Lottery produced a video in house that explains its current process for prize claims by appointment. A link to the video is here: <https://youtu.be/YxWyaUDET28>

Iowa Lottery players also have the option of mailing or shipping their winning tickets to the Lottery or using a secure drop-box at lottery headquarters in Clive. During this COVID-19 public health emergency, some people prefer a prize-claim process with no direct human interaction. The Lottery understands this is an uncertain time for Iowans and has created a variety of safe prize-claim options.

Since the March public health emergency declaration, the Iowa Lottery has worked to balance public health protocols with meeting the needs of Iowans who seek access to Iowa Lottery services. The Lottery anticipates that its COVID-19 mitigation efforts will continue for the foreseeable future.

Sharing Public Health Messages With Iowans



Throughout the COVID-19 emergency, the Iowa Lottery has utilized its statewide marketing and communications assets on multiple occasions as part of a broader State of Iowa effort designed to mitigate the spread of the virus.

The Lottery is proud to have partnered with the State Emergency Operations Center and the Iowa Department of Public Health in these efforts to provide information statewide. The Lottery has provided COVID-19 messaging on the outdoor billboard space it had reserved across the state, on its website, on social media channels, and on its point-of-sale display screens in the nearly 2,400 Iowa retail locations that sell lottery tickets.

Focus On Play Smart, Be Informed

The Iowa Lottery also turned its attention during the past several months to taking a fresh approach to the information it provides about its products and operations. This includes helping Iowans understand how the state benefits from the sale of lottery products and encouraging those Iowans who purchase lottery products to make informed decisions. Several new features have been developed as part of the Lottery's effort.

The first is the “Lottery Gives Back” page on the lottery website: <https://ialottery.com/Pages/Pressroom/IALotteryGivesBack.aspx>

The page provides a detailed breakdown of how each \$1 spent on lottery products makes a difference in Iowa, based upon the Lottery’s financials for its latest complete fiscal year. The website page also provides details about the current use of lottery proceeds to state causes as well as past programs that once received a portion of lottery proceeds.



The Lottery believes that the detailed graphics and information on the page, an update of previous information concerning lottery proceeds in Iowa, provides a clear view of the Lottery’s impact in Iowa.

Two other initiatives went live in October and were designed to emphasize responsible play and informed decision-making, as well as the help available for gambling addiction.

A new “Play Responsibly” icon was added in October to the display screens of all Iowa Lottery terminals and self-service kiosks in Iowa businesses where lottery products are sold.



The Lottery recognizes that it can be difficult to have a conversation about problem gambling. So, by using the icon on a lottery terminal or self-service kiosk, a customer or retail employee can print out a message that describes the help available in Iowa for problem gambling. The message states:

“If you worry that you’re playing beyond your means or just have questions about problem gambling, help is available 24/7 here in Iowa through live chat, text, email or phone. Visit yourlifeiowa.org or call 1-800-BETS OFF. At the Iowa Lottery, we mean it: Playing

smart is a lot more fun.”

Understanding that concerns may arise regarding monitoring of the icon’s use, the Lottery specifically programmed the new tool so that it cannot be tracked. The Lottery will not know the frequency of utilization or the locations where it was deployed. The goal with that decision is to remove potential impediments to getting problem gambling information to someone who may need it.

The other tool that debuted in October is a new section on the Iowa Lottery website. The eight-page section called “Play Smart, Be Informed” is a player’s guide to help everyone better understand lottery games, the odds of winning, how to play within your means, and what to expect if you win a large prize.

There also is an interactive quiz that anyone can take to measure their understanding of lottery details.



The section concludes with a page that focuses on what players can do if they think their lottery play has gotten beyond their control. The page includes this central statement: “If you’re worried that you’re spending too much on lottery tickets, or feel like playing the lottery is causing you stress or making you unhappy, don’t do it.”

A direct link to the new section is in the grey footer area at the bottom of all pages on the Iowa Lottery website.

https://ialottery.com/Pages/PlaySmartBeInformed/PlaySmartBeInformed_main.aspx

Holiday Message: Appropriate Gifting

In December, the Iowa Lottery conducted its annual informational campaign to highlight appropriate gifting. While the images and materials involved focus on lottery products, the message applies to other types of gifts that people may give at the holidays.

In its campaign, the Lottery reminds customers that while its tickets are popular as presents and stocking stuffers, they should not be a gift for those underage. The same holds true for a wider range of products, too. Some video games and movies may not be appropriate for all ages due to their content. Alcohol and tobacco-related products have their own age restrictions. Even toys have age-recommendation guidelines.



The Lottery’s information includes these reminders:

- In Iowa, customers have to be at least 21 years old to buy lottery tickets, and the Lottery has always considered its products something reserved for adults. Remember, you are gambling when you play the lottery.
- Be sure to give youngsters age-appropriate gifts.
- When you give lottery tickets as presents, please keep the person's age in mind.

The lottery’s Gift Responsibly messages were featured on outdoor billboards across Iowa, the Iowa Lottery’s website, social media channels, and lottery display screens at the point of sale in retail locations statewide.

Iowa Lottery Legislative Proposal For 2021 Session

The Iowa Lottery’s efforts to focus on the security and integrity of its operations will continue during the 2021 legislative session, as the Lottery has filed a proposal for security-related legislation. Some of the details in the departmental bill are designed to state lottery security provisions in plain language and come in part at the suggestion of local prosecutors and law enforcement who believe that greater clarity in Iowa Code could assist their work. Other changes in the bill are in prudent reaction to Iowa Lottery experiences and lottery industry trends.

The bill would clarify outdated language in Iowa Code Chapter 99G defining a lottery retailer to make it clear that retail locations selling Iowa Lottery tickets receive a license from the lottery.

The bill would add a new subsection in Code to state in plain language the security requirements for the cashing of a winning lottery ticket in Iowa. The new subsection states that

the Iowa Lottery will pay prizes only for tickets that have been legally purchased, legally possessed, and legally presented. This is not a new requirement; the Lottery has used this threshold since its start in 1985. However, the language involved in achieving that threshold is currently spread across several different sections within the lottery Code chapter. Some prosecutors and local law enforcement who have worked on criminal cases involving lottery tickets have said it would be helpful if the Code language were more clear and concise, and the Iowa Lottery believes this new subsection achieves that goal.

The proposal also would add new definitions to the Code section that addresses forgery and fraud related to lottery tickets in Iowa and provides penalties. These new definitions, which put emphasis on the intent of those in crimes involving lottery tickets, were developed after study of lottery-industry trends and the Iowa Lottery's own experiences with those who have attempted to circumvent the law, particularly as it applies to the state's Income Offset Program for those who owe debts to government entities. The definitions would apply both to those who passed a ticket to someone else to circumvent the state's income-offset and prohibited player provisions, as well as those who accepted a ticket and claimed a prize under those circumstances.

Likewise, the bill amends Iowa Code to clarify that it is illegal for someone to lie in the process of claiming a lottery prize. This is in addition to the existing language in Iowa Code that it is illegal to lie in the process of applying for a lottery license. The existing language, which remains unchanged, also puts emphasis on the intent of those in crimes involving lottery tickets.

The Lottery's departmental proposal is available on the legislative website as pre-filed bill 1345DP: <https://www.legis.iowa.gov/docs/publications/BP/1207967.pdf>

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS 2016 THROUGH 2020
FINAL

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
OPERATING REVENUES					
Instant-scratch ticket sales	262,447,704	250,642,094	244,260,964	237,617,703	233,681,884
Instaplay sales	16,279,705	11,876,560	9,733,769	5,820,274	-
Pick 3 sales	8,502,502	7,871,469	7,705,163	7,318,686	7,376,766
Powerball sales	36,428,043	54,833,068	58,471,047	54,292,902	74,851,133
Mega Millions sales	20,433,854	36,322,749	21,293,740	14,957,109	16,401,018
Hot Lotto sales	-	-	3,761,425	8,210,714	8,827,600
Pick 4 sales	4,950,001	4,292,190	4,341,103	3,946,273	3,554,719
All or Nothing sales	-	-	-	3,186,443	3,989,479
Lucky for Life sales	5,335,530	5,427,678	5,600,490	5,599,966	3,154,994
Lotto America sales	6,751,811	8,753,137	4,872,494	-	-
Pull-tab sales	10,824,344	10,876,605	10,916,692	11,292,740	15,073,332
Application fees	3,750	3,775	3,725	3,600	4,175
Other revenue	7,436	55,516	8,135	18,841	33,065
Total operating revenues	371,964,680	390,954,841	370,968,747	352,265,251	366,948,164
OPERATING EXPENSES					
Scratch ticket prize expense	174,595,972	166,890,489	160,144,268	155,043,947	151,760,771
Instaplay prize expense	11,659,100	8,255,638	6,351,026	3,781,706	-
Pick 3 prize expense	5,101,502	4,670,681	4,567,778	4,261,970	4,369,699
Powerball prize expense	18,219,035	25,500,971	28,512,041	25,876,220	36,729,336
Mega Millions prize expense	10,216,927	18,473,201	10,764,359	7,351,575	7,975,529
Hot Lotto prize expense	-	(46,872)	1,782,452	4,000,053	4,223,018
Pick 4 prize expense	3,237,775	2,553,524	2,519,312	2,367,036	2,082,846
All or Nothing prize expense	-	(89)	(31,061)	1,882,220	2,363,459
Monopoly Millionaires' Club prize expense	-	-	-	-	(21,052)
Lucky for Life prize expense	3,147,141	3,111,848	3,305,691	3,521,940	2,525,899
Lotto America prize expense	3,375,906	4,300,353	2,436,247	-	-
Pull-tab prize expense	6,763,647	6,805,266	6,826,208	7,056,494	9,422,428
VIP Club prize expense	-	1,315,880	197,001	252,465	168,607
Promotional prize expense	-	109,753	115,750	224,943	166,862
Advertising/Publicity	6,780,551	7,276,923	7,162,018	6,592,552	6,822,152
Retailer compensation expense	24,314,334	25,447,739	24,213,812	22,914,755	24,560,885
Ticket expense	3,242,459	3,284,663	3,170,682	3,264,975	3,242,036
Vendor compensation expense	6,058,063	6,356,385	8,227,403	7,183,035	7,597,516
Salary and benefits	10,861,223	10,459,454	10,936,612	10,714,712	9,977,828
Travel	231,957	261,529	256,766	278,279	281,549
Supplies	94,247	106,009	157,977	109,650	133,164
Printing	1,402	3,767	10,088	3,202	8,390
Postage	7,097	5,458	5,561	5,817	6,636
Communications	188,930	202,355	170,146	253,908	263,414
Rentals	318,204	310,280	305,225	304,714	309,412
Utilities	92,719	95,043	95,756	90,824	87,942
Professional fees	169,265	162,023	157,930	191,334	183,403
Vending machine maintenance	257,040	253,416	294,907	526,285	598,962
Outside services & repairs	870,282	828,180	827,274	791,219	825,169
Data processing	125,918	109,069	94,977	117,021	122,421
Equipment	392,535	512,247	610,777	1,071,249	655,521
Reimbursement to other state agencies	479,618	457,598	440,449	427,884	430,088
Depreciation	481,223	541,020	546,260	460,967	333,223
Other	56,126	63,061	57,647	68,936	56,016
MUSL administrative expense	33,596	71,544	8,056	154,543	127,705
Total operating expenses	291,373,794	298,748,406	285,241,395	271,146,430	278,390,834
Operating income (loss)	80,590,886	92,206,435	85,727,352	81,118,821	88,557,330

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS 2016 THROUGH 2020
FINAL

	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016
Non-operating revenues (expenses)					
Proceeds to state causes**	(81,529,332)	-	-	-	-
State General Fund	-	(90,364,965)	(84,596,200)	(78,274,727)	(85,524,619)
Veterans Trust Fund	-	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Interest income	383,498	495,974	313,694	182,107	194,873
Gain (Loss) on disposal of capital assets	1,647	15,017	(139,572)	(722,748)	28,156
Net non-operating revenues(expenses)	(81,144,187)	(92,353,974)	(86,922,078)	(81,315,368)	(87,801,590)
Change in net position	(553,301)	(147,539)	(1,194,726)	(196,547)	755,740
Net position, beginning of period, as restated*	4,802,655	4,950,194	6,144,920	6,554,077	5,798,338
Net position, end of period	4,249,354	4,802,655	4,950,194	6,357,530	6,554,077

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

** beginning in FY20, proceeds are reported as one total

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Five Months Ending Monday, November 30, 2020

	Month ended 11/30/2020	Month ended 11/30/2019	Year-to-date 11/30/2020	Year-to-date 11/30/2019
Operating revenues:				
Instant-scratch ticket sales	\$ 24,412,461.00	\$ 20,161,318.00	\$ 120,133,159.00	\$ 97,878,135.00
InstaPlay sales	1,221,266.00	1,083,823.00	10,598,869.00	4,585,780.00
Pick 3 sales	746,500.50	657,273.00	3,857,387.00	3,292,646.50
Powerball sales	2,822,087.00	2,819,535.50	13,962,109.00	14,585,385.50
Mega Millions Sales	1,425,665.00	1,915,570.00	6,795,605.00	7,878,216.00
Pick 4 sales	410,831.00	376,545.00	2,238,250.50	1,900,179.00
Lucky for Life sales	454,544.00	393,664.00	2,290,792.00	2,213,834.00
Lotto America sales	452,837.00	575,578.00	2,597,230.00	2,808,894.00
Pull-tab sales	785,790.03	791,965.51	4,782,007.52	4,544,016.44
Application fees	400.00	475.00	1,650.00	1,675.00
Other	302.87	880.72	1,620.12	2,979.12
Total operating revenues	<u>32,732,684.40</u>	<u>28,776,627.73</u>	<u>167,258,679.14</u>	<u>139,691,740.56</u>
Operating expenses:				
Scratch ticket prizes	15,840,173.00	12,800,230.00	78,988,812.66	64,133,668.87
InstaPlay prizes	848,821.39	760,479.23	7,873,127.87	3,189,908.97
Pick 3 prizes	447,900.30	394,363.80	2,314,432.20	1,975,587.90
Powerball prizes	1,411,067.00	1,410,180.00	6,981,169.00	7,297,594.00
Mega Millions prizes	712,832.50	957,785.00	3,397,802.50	3,939,108.00
Pick 4 prizes	246,498.60	225,927.00	1,342,950.30	1,140,107.40
Lucky for Life prizes	270,152.00	227,009.55	1,361,495.29	1,300,598.31
Lotto America prizes	226,418.50	287,789.00	1,298,615.00	1,404,447.00
Pull-tab prizes	492,936.02	495,578.54	2,986,871.35	2,842,088.00
Advertising/publicity	736,078.85	617,782.58	2,893,997.34	3,070,070.08
Retailer compensation expense	2,169,364.03	1,871,774.02	10,963,118.72	9,105,796.77
Ticket expense	282,852.17	233,993.01	1,314,790.81	1,299,651.91
Vendor compensation expense	458,822.16	455,591.41	2,306,078.18	2,259,329.42
Salary and benefits	862,248.00	833,947.67	4,444,444.27	4,301,965.60
Travel	10,755.11	19,263.69	65,458.19	116,298.38
Supplies	5,858.36	2,240.59	50,779.05	44,412.02
Printing	998.74	358.90	1,085.26	543.70
Postage	209.09	210.81	1,910.49	1,179.76
Communications	14,291.67	15,258.77	68,214.75	75,374.62
Rentals	26,617.13	26,510.22	133,134.55	132,604.90
Utilities	7,608.08	6,769.18	35,536.94	37,843.24
Professional fees	10,251.01	13,126.75	47,173.45	62,804.41
Vending machine maintenance	21,840.00	21,840.00	108,192.00	106,512.00
Outside services and repairs	54,520.37	71,954.58	356,765.32	339,476.02
Data processing	10,751.06	10,187.17	53,624.17	53,934.76
Equipment	16,997.71	42,958.10	108,431.93	146,928.25
Reimbursement to other state agencies	79,354.69	41,288.44	201,214.65	174,274.79
Depreciation	37,800.15	40,724.35	188,642.73	212,271.32
Other	4,056.68	4,921.32	21,953.94	27,797.20
MUSL/Lotto administrative expense	9,920.24	2,837.27	50,145.76	13,883.59
Total operating expenses	<u>25,317,994.61</u>	<u>21,892,880.95</u>	<u>129,959,968.67</u>	<u>108,806,061.19</u>
Operating income	<u>7,414,689.79</u>	<u>6,883,746.78</u>	<u>37,298,710.47</u>	<u>30,885,679.37</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(7,367,664.50)	(6,756,517.03)	(37,495,374.46)	(31,134,513.61)
Interest income	1,970.77	20,375.80	33,874.50	168,052.64
Gain (Loss) on disposal of capital assets	4,275.00	(25.00)	16,600.00	1,725.00
Net non-operating revenues (expenses)	<u>(7,361,418.73)</u>	<u>(6,736,166.23)</u>	<u>(37,444,899.96)</u>	<u>(30,964,735.97)</u>
Change in net position	53,271.06	147,580.55	(146,189.49)	(79,056.60)
Net position beginning of period	4,049,893.56	4,576,018.30	4,249,354.11	4,802,655.45
Net position end of period	<u>4,103,164.62</u>	<u>4,723,598.85</u>	<u>4,103,164.62</u>	<u>4,723,598.85</u>

Budget For Lottery Fund

	FY 2020 Actual	FY 2021 Board Approved Budget	FY 2022 Board Approved Budget	FY 2023 Board Approved Budget
Resources				
Lottery sales	371,953,494	355,853,000	368,500,000	368,500,000
Interest income	383,498	500,000	500,000	500,000
Application fees	3,750	5,000	5,000	5,000
Other	7,436	5,000	5,000	5,000
Total Resources	372,348,178	356,363,000	369,010,000	369,010,000
Expenses and Change in Net Assets				
Prizes	236,317,005	216,000,723	228,087,000	228,087,000
Retailer compensation	24,314,334	23,843,151	24,690,500	24,690,500
Advertising production and media purchases	6,780,551	14,234,120	14,740,000	14,740,000
Retailer Lottery system/Terminal Communications	6,125,443	9,191,012	7,589,214	7,464,214
Instant/Pull-tab ticket expense	3,251,770	4,284,428	4,484,750	4,484,750
Vending machines & maintenance/Ticket dispensers	420,413	535,216	539,248	539,248
Courier delivery of instant tickets	660,809	660,000	660,000	660,000
Interest expense	0	0	0	0
Lottery operating expense	13,503,470	15,376,419	15,146,419	15,146,419
Increase (decrease) in net assets	-1,647	-462,600	-418,600	-532,600
Total Expenses and Change in Net Assets	291,372,148	283,662,469	295,518,531	295,279,531
Proceeds				
Proceeds Transfer to Veterans Trust Fund	2,500,000	2,500,000	2,500,000	2,500,000
Public Safety Survivor Benefit Fund	100,000	100,000	100,000	100,000
Proceeds Transfer to General Fund	78,929,332	70,100,531	70,891,469	71,130,469
Total Proceeds Transfers	81,529,332	72,700,531	73,491,469	73,730,469
Total Expenses and Proceeds	372,901,480	356,363,000	369,010,000	369,010,000

Lottery Operations -Budget Detail

	FY 2021 Board Approved Budget	FY 2022 Board Approved Budget	FY 2023 Board Approved Budget
	FY 2020 Actual		
Administrative payroll*	\$ 10,861,223	\$11,624,950	\$11,624,950
Travel & Transportation	\$ 229,288	\$ 417,500	\$ 417,500
Supplies	\$ 71,026	\$ 103,000	\$ 103,000
Printing	\$ 1,402	\$ 20,000	\$ 10,500
Postage	\$ 7,097	\$ 7,000	\$ 7,000
Communications	\$ 186,746	\$ 192,400	\$ 192,400
Rentals	\$ 318,204	\$ 301,689	\$ 285,689
Utilities	\$ 92,719	\$ 98,800	\$ 98,800
Professional fees	\$ 169,265	\$ 308,500	\$ 204,000
Outside services and repair	\$ 217,847	\$ 374,211	\$ 274,211
Data processing	\$ 125,918	\$ 150,000	\$ 150,000
Equipment	\$ 206,844	\$ 452,869	\$ 452,869
Reimbursement to state agencies	\$ 479,618	\$ 531,900	\$ 531,900
Depreciation	\$ 481,223	\$ 707,600	\$ 707,600
Other expenses	\$ 55,050	\$ 86,000	\$ 86,000
Total operating expenses	\$ 13,503,470	\$15,376,419	\$15,146,419

* FY 2022 and FY 2023 Board Approved Budgets for "Administrative Payroll" do not include salary and benefit cost increases