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Iowa Lottery Report On Operations

To: Members of the House Government Oversight Committee and Senate Government Oversight Committee, Iowa General Assembly

From: Matthew N. Strawn, CEO

Date: December 2022

Introduction

The initial months of fiscal year 2023 saw the Iowa Lottery continue to build upon the strong results of its previous two years, which were the most successful period of sales and proceeds in its history.

Led by an extremely strong Powerball® performance, the Lottery's annual sales and proceeds were at a record-setting pace through November 2022 while operating expenses remained under budget. Iowa Lottery sales achieved a 14.3 percent year-over-year increase through the first five months of FY 2023 while proceeds to state causes increased 16.5 percent. Operating expenses for the first five months of the year were 9.6 percent under budget.

Powerball sales led the way during the time period, with that product seeing a 67 percent increase in year-over-year sales, boosted by a \$2.04 billion world-record jackpot for the November 7 drawing.

However, larger economic inflationary price pressures on consumers and increased competition for the discretionary entertainment dollar in Iowa have continued to affect the Iowa Lottery's performance in some key product categories. Scratch-ticket sales in Iowa through November were down about 6.2 percent from the previous year.

The Iowa Lottery anticipates that FY 2023 will remain a strong year that exceeds projections for the period as a whole.

FY 2022 Final Results

The Iowa Lottery's annual sales, proceeds to state causes, prizes to players, and commissions paid to Iowa businesses in FY 2022 all finished near the previous year's record highs despite strong inflationary pressures in the economy as the year progressed.

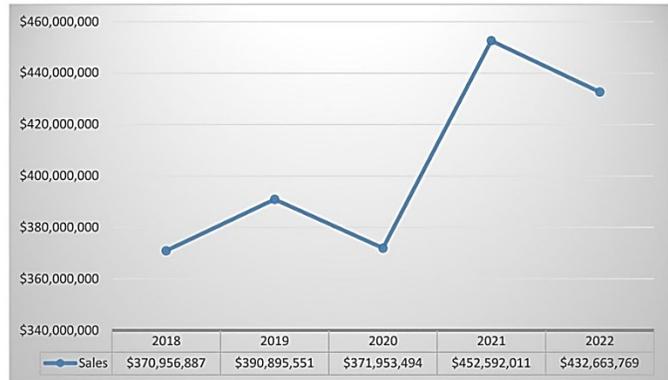
Fiscal year 2022 ultimately yielded the Lottery's second-highest results in its 37-year history, completing the organization's most successful two-year period of sales, proceeds and prizes.

The Lottery generated nearly \$98 million in proceeds to state causes for the year. Annual Lottery sales in FY 2022 were \$432.7 million, while prizes to players totaled \$274.2 million. Lottery sales commissions paid to the Iowa retail locations that sell its tickets totaled nearly \$28.3 million for the year.

FY 2022 is just the second time that annual Iowa Lottery sales topped \$400 million and its total proceeds to state causes exceeded \$95 million.

In addition, the Lottery's operating expenses remained well below budget for the year.

Iowa Lottery sales in FY 2022 decreased 4.4 percent from the previous year's record total of \$452.6 million. Lottery proceeds to state causes in FY 2022 decreased 3.7 percent from the previous year's record total, and prizes to players were down 5.1 percent from the previous year's record.



With FY 2021 as an outlier due to the many unusual circumstances of that year, a comparison of the lottery's FY 2022 results with its FY 2020 figures shows that its totals were significantly up in all categories when measured against that earlier period and historical trends.

Increased fuel costs, which historically have had the most direct impact on the sale of scratch games, did so again in FY 2022. Fuel prices in Iowa began to climb in the spring of 2022 and by mid-May, the Iowa average retail diesel price was above \$5 per gallon while the Iowa average price for retail unleaded gasoline was above \$4 per gallon.

Scratch-game sales in May were down 17.5 percent compared to the same month in 2021. That trend continued into June, with the Iowa average price for retail unleaded gasoline topping \$4.50 per gallon, and scratch-game sales down 14.7 percent for the month compared to the same time period the previous year.

Scratch-game sales were down 7.5 percent in Iowa for the year, with the product category representing about 68 percent of total Iowa Lottery sales.

Conversely, the lotto category benefitted from the Powerball and Lucky for Life® game groups' decisions to increase the number of weekly drawings in those games. The changes were designed to decrease the wait time between drawings and achieve larger, faster-growing jackpots with more prize winners.

In July 2021, Lucky for Life moved from two drawings per week to daily drawings. The following month, Powerball moved to three drawings per week with the addition of Monday drawings. Both games saw marked sales increases in FY 2022, with Lucky for Life sales increasing 45.3 percent and Powerball sales increasing 22.2 percent.

The Iowa Lottery believes that increased competition for consumer discretionary spending was also a factor in its FY 2022 results. Any form of entertainment is a non-essential purchase that comes from consumers' discretionary dollars, and the Lottery recognizes that as household budgets are stretched thinner, Iowa consumers have more options for their entertainment dollar – especially in forms of gaming options.

A highlight for FY 2022 was the \$2.5 million the Lottery raised for the Iowa Veterans Trust Fund to benefit our state's veterans and their families. The Lottery now has raised more than \$34.8 million for the Veterans Trust Fund since it began providing proceeds to that cause in 2008. In FY 2022, the Lottery also provided proceeds to both the Public Safety Survivor Benefits Fund

and Department of Corrections Survivor Benefits Fund, which help with insurance costs for the families of Iowa peace officers, fire fighters and corrections employees who die in the line of duty.

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

<u>Product</u>	<u>FY 2022 Sales</u>	<u>FY 2021 Sales</u>
Scratch games	\$293.1 million	\$316.9 million
InstaPlay games	\$23.4 million	\$23.5 million
Pick 3	\$9.3 million	\$9.5 million
Powerball	\$53.1 million	\$43.4 million
Mega Millions	\$20.4 million	\$29.0 million
Pick 4	\$5.6 million	\$5.5 million
Lucky for Life	\$8.1 million	\$5.6 million
Lotto America	\$7.0 million	\$6.4 million
Pull-tab games	\$12.7 million	\$12.8 million

As always, the Iowa Lottery 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 2023 Lottery Sales



Annual Lottery sales and proceeds through November, the latest full month for which results are available, are at a record-setting pace.

Additionally, through the first five months of FY 2023, the Iowa Lottery's operational expenses remained below budgeted projections. The Iowa Lottery's November financial statement is included in this report as **Attachment B**.

Instant-scratch games were the Lottery's largest sales category in the initial months of FY 2023, accounting for 55.5 percent of all sales through November. However, scratch-ticket sales as a whole are down 6.2 percent from the previous year, as larger economic factors including fluctuating fuel prices continue to impact their performance.

The lotto category accounted for 36.6 percent of total FY 2023 sales through November. Sales of those games were bolstered by strong results from Powerball, Mega Millions® and Lotto America®. Historically, the Lottery has emphasized to state policymakers that sales in multi-jurisdiction lotto games are subject to the peaks and valleys of jackpot prize amounts.

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 proactively identifying consumer trends that may affect future Lottery revenues.

FY 2024 Budget Approval

The Iowa Lottery's FY 2024 budget received approval from the Iowa Lottery Board at its September 27 meeting.

The budget reflects a 0.5 percent increase in revenues, expenses and proceeds based upon the latest actuals for Lottery products.

Expenses for tickets, prizes, retailer compensation, advertising, gaming system operation and Lottery terminal communications are directly related to sales, and as sales projections increase, those expense items will increase as well.

The FY 2024 figures reflect a new contract rate for pull-tab vending machine maintenance, while the Lottery's workplace rental expenses for its locations in Ankeny, Cedar Rapids, Mason City and Storm Lake were moved to the amortization expense line item under updated governmental accounting standards.

Copies of the Iowa Lottery's overall Budget and Operating Expenses for FY 2024 are included with this report as **Attachment C** and **Attachment D**.



Josh Cook



Mary Junge



Katie New



Mary Rathje



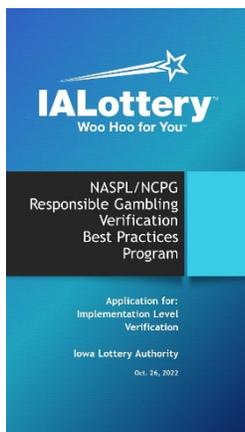
Dana Wingert



Michael Fitzgerald

The members of the Lottery Board are: Josh Cook of Ankeny, president and CEO of the Johnston-based Community Choice Credit Union; Mary Junge of Cedar Rapids, a CPA and practicing tax- and estate-planning attorney; Katie New of Urbandale, senior tax manager at BerganKDV in Urbandale; Mary Rathje, manager and controller at Rathje Construction Co. in Marion, where she resides; Dana Wingert, chief of police in Des Moines, where he resides; and State Treasurer Michael Fitzgerald, who serves as an ex-officio member of the Board.

Responsible Gambling



In the fall of 2022, the Iowa Lottery undertook the largest responsible-gambling effort in the history of the organization. The Lottery applied for Responsible Gambling Verification from the National Council on Problem Gambling and the North American Association of State and Provincial Lotteries.

Through the verification process, an outside team of expert assessors reviews the Iowa Lottery's efforts to address the issue of problem gambling. The assessors consider best-practices standards to determine whether the Lottery's efforts meet standards designed to protect the wellbeing of Iowa citizens.

The Iowa Lottery submitted hundreds of pages of documentation and examples of its efforts to educate and motivate the public to play responsibly and seek help for concerns about problem gambling.

Among the documents is the Iowa Lottery's Responsible Gambling Plan, which is available here: https://www.ialottery.com/PDF/IowaLottery_ResponsibleGamblingOverviewPlan.pdf

The Iowa Lottery will receive a Verification Report from the National Council on Problem Gambling in early 2023.

In addition to the verification initiative, in December 2022, the Iowa Lottery participated in an annual national holiday effort designed to minimize the risks associated with youth gambling.



Like the verification program, the Gift Responsibly campaign is in conjunction with the National Council on Problem Gambling and the National Association of State and Provincial Lotteries.

The "Gift Responsibly" image shown here was part of the Iowa Lottery's 2022 messaging. In the campaign, the Lottery reminded consumers that its tickets may not be something they want to give to those underage.

To provide additional perspective, the Lottery's messaging referenced that the same concept applies to other products. For example, some video games and movies are not appropriate for all ages due to their content. Alcohol and

tobacco-related products have their own age restrictions. Even toys come with age-recommendation guidelines.

The Lottery reminded consumers that in Iowa, players must be at least 21 years old to buy Lottery tickets, and the Lottery has always identified its products as something for adults.

The Lottery's messaging in the campaign has been displayed during the month of December throughout the state in many different locations including outdoor billboards, point-of-sale screens in Lottery retail locations, the Lottery's website, and multiple social media platforms.

Additional Prize Payment Options

In calendar year 2023, the Iowa Lottery plans to implement additional prize payment options designed to serve player and retailer convenience. The initiative is the outcome of months of research and due diligence by a working group representing all departments within the Lottery.

The group focused on modernizing prize payment options; increasing convenience for players and retailers; meeting consumer expectations; and maintaining robust security standards.



The group was cognizant that:

- Workplace safety is paramount in retail businesses, with locations limiting cash kept on hand.
- Less cash is involved in retail transactions today, with more card payments being made and use of electronic wallets.
- Lottery players want convenience in prize claims and funds available quickly.

- Some prize winners do not have accounts at traditional financial institutions, and do not want a check.

Currently, Iowa Lottery retailers can pay prizes up to and including \$600 in the form of cash, money order, or retailer check. Lottery regional offices in Cedar Rapids, Mason City and Storm Lake pay prizes via check up to and including \$250,000. Lottery headquarters also pays prizes via check, with the exception of jackpot prizes paid by wire transfer.

In calendar year 2023, the Lottery plans to implement a pilot project allowing the option of Lottery prize payments on non-reloadable prepaid debit cards. The debit-card payments will be available for prizes from \$20 to \$600 at participating retail locations. After updates to the prize-payment procedures at Iowa Lottery offices, the option will be available there for prizes from \$20 to \$5,000 by the end of fiscal year 2023.

At its offices only, the Lottery also plans to allow the option of prize payments by ACH transfer directly to winner accounts. Implementation of ACH payments is planned by the end of calendar year 2023 for prizes of up to and including \$5 million, the current maximum non-jackpot prize level in an Iowa Lottery game.

The Lottery working group will continue to monitor emerging payment options that may be of interest. The goal will remain to provide convenience while maintaining robust security standards.

Change In Prize-Claim Period For Four Lotto Games



At its December 6 meeting, the Iowa Lottery Board voted to change the prize-claim period for prizes won in Iowa in these four multi-jurisdictional games: Powerball, Mega Millions, Lotto America, and Lucky for Life.

The Board voted to change the games' rules to require that Iowa prizes be claimed within 180 days of the drawing for which the winning tickets were eligible. The current Iowa prize-claim period in those games is 365 days, the longest in the United States and outside the norm for the U.S. Lottery industry.

The effort is designed to align Iowa Lottery procedures with current industry standards and encourage players to claim prizes in an expeditious manner.

Iowa is one of only 14 states that allows 365 days for a player to claim a prize in a multi-jurisdictional lotto game. By contrast, 33 jurisdictions (including the three most populous U.S. states) require those prizes to be claimed within 180 days or six months (182 days).

The Iowa Lottery Board's decision follows nearly a year of due diligence and research by Iowa Lottery departmental management.

The Iowa Lottery wants all winners to claim prizes legitimately won. The Lottery routinely goes to great lengths to highlight large unclaimed prizes. Its efforts have included paid advertising, signage in stores, social media posts, news conferences and news releases to raise public awareness about unclaimed prizes.

A review of Iowa prize-claim data also highlights that the current 365-day claim period could inadvertently lead some prizes to go unclaimed. The Iowa Lottery reviewed claims from a sampling of recent lotto drawings and found that the vast majority of prize claims occurred within six months of the drawing date. In fact, less than 3 percent of prizes from those drawings were claimed after 180 days.

Iowa Code section 99G.31(3)(d) requires the Lottery to use unclaimed prizes (prizes not claimed within the prize claim period) for future prizes or special prize promotions. The 180-day claim period allows the Iowa Lottery to utilize unclaimed prize funds more quickly to enhance promotions and offer unique player prize experiences through its VIP Club.

With the change, the money from unclaimed prizes will more quickly be returned to Lottery players while new promotions can generate revenue for important state causes.

Additionally, time is an important consideration from a security perspective. As time passes, it becomes more difficult for those involved to accurately recall the details of a ticket purchase and provide that information to the Iowa Lottery for verification purposes.

For comparison purposes, these are the prize-claim periods for other Iowa Lottery products:

- Tickets in Iowa-specific lotto games (Pick 3 and Pick 4) are valid for 90 days from the date of the drawing.
- Tickets in scratch games are valid for 90 days after the announced end of the game.
- Tickets in pull-tab games are valid for 90 days after the announced end of the game.
- Tickets in InstaPlay games are valid for 90 days from the date of purchase.

Staff research of jurisdictions with current 180-day claim periods indicates that players have ample time to seek advice from an attorney or a tax professional before coming forward to claim their prize.

Following the Lottery Board's approval of the game rules update, Lottery staff are preparing a comprehensive public awareness campaign to ensure that Iowa Lottery players and retailers are aware of this change prior to it taking effect on or about March 1, 2023.

Product Portfolio Analysis

The Iowa Lottery is undertaking a comprehensive product portfolio optimization study with a goal of ensuring alignment with market and stakeholder expectations.

After conducting an internal analysis of product category performance, the Iowa Lottery issued a request for information in late calendar year 2022 to determine an outside vendor to conduct the optimization study.

The Lottery's goal is to complete the study by approximately March 31, 2023.

Lottery Security Compliance



Each year, the Iowa Lottery conducts unannounced retailer security checks to ensure winning tickets are handled appropriately by retail licensees and that the placement of Lottery equipment complies 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 approximately 2,500 licensed retail locations. In fiscal year 2022, the Lottery conducted compliance checks at 21 percent of its retail locations and responded to 100 percent of requests for assistance from retailers.

In addition, Lottery Security responded to 100 percent of requests received from law enforcement agencies and county attorney offices, and conducted compliance checks at all retail locations about which it had received a complaint.

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.

\$1 Million Prize Unclaimed In Ames

A \$1 million Mega Millions prize remains unclaimed in Ames after three months, and the Iowa Lottery reminds its players to double-check their tickets.

The \$1 million-winning Mega Millions ticket was purchased at Gateway Express, 2400 University Blvd. in Ames, for the game's drawing on September 6. It was the only ticket in the country that night to match the five white balls but miss the yellow Mega Ball to win at the game's second prize level.



The winner or winners of the \$1 million prize have until the close of business on September 6, 2023, to claim it at Iowa Lottery headquarters in Clive.

Gateway Express received a \$1,000 bonus from the Iowa Lottery for selling the \$1 million-winning ticket.

Iowa's Finalist For \$1 Million New Year's Powerball Prize

A Lottery winner from a tiny central Iowa community will spend New Year's Eve in New York and have a chance to win a \$1 million prize in a special Powerball drawing.

Chris Manuel of Swan is among 29 nationwide finalists for the Powerball First Millionaire of the Year[®] drawing.

The \$1 million winner will be announced live on air just after midnight EST during ABC's broadcast of "Dick Clark's New Year's Rockin' Eve with Ryan Seacrest 2023" from New York's Times Square.

Chris, who is 60 and a locksmith, has had a trying yet successful year, undergoing cancer surgery and radiation treatments. She said she hopes that in February, she will find out she is cancer free. She said that winning the \$1 million prize would mean she could retire early and enjoy time with her husband.



This is the fourth consecutive year for the Powerball First Millionaire of the Year promotion, and it is the first time since the inaugural edition in 2019 that finalists get to travel to New York City for the event.

Chris said she's heard from nearly everyone in her Marion County community of 76 about her sure-to-be-memorable New Year's plans. She said there will be a lot of people watching the drawing that night!

Each of this year's finalists won an exclusive trip for two to New York valued at more than \$28,000. It includes round-trip airfare; a three-night hotel stay in Times Square; two tickets to a theater performance and other iconic NYC excursions; all meals while in New York; \$1,000 spending cash; and New Year's Eve festivities including a Times Square party and viewing of the iconic ball-drop.

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS 2018 THROUGH 2022
FINAL

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
OPERATING REVENUES					
Instant-scratch ticket sales	293,126,549	316,934,651	262,447,704	250,642,094	244,260,964
Instaplay sales	23,436,815	23,478,424	16,279,705	11,876,560	9,733,769
Pick 3 sales	9,265,786	9,540,165	8,502,502	7,871,469	7,705,163
Powerball sales	53,076,000	43,419,695	36,428,043	54,833,068	58,471,047
Mega Millions sales	20,375,167	28,980,779	20,433,854	36,322,749	21,293,740
Hot Lotto sales	-	-	-	-	3,761,425
Pick 4 sales	5,602,823	5,470,758	4,950,001	4,292,190	4,341,103
Lucky for Life sales	8,071,004	5,555,026	5,335,530	5,427,678	5,600,490
Lotto America sales	7,011,217	6,441,090	6,751,811	8,753,137	4,872,494
Pull-tab sales	12,698,408	12,771,423	10,824,344	10,876,605	10,916,692
Application fees	5,300	4,700	3,750	3,775	3,725
Other revenue	21,083	6,317	7,436	55,516	8,135
Total operating revenues	432,690,152	452,603,028	371,964,680	390,954,841	370,968,747
OPERATING EXPENSES					
Scratch ticket prize expense	195,258,147	211,664,732	174,595,972	166,890,489	160,144,268
Instaplay prize expense	17,081,836	17,225,460	11,659,100	8,255,638	6,351,026
Pick 3 prize expense	5,559,472	5,766,802	5,101,502	4,670,681	4,567,778
Powerball prize expense	26,546,085	21,710,608	18,219,035	25,500,971	28,512,041
Mega Millions prize expense	10,185,739	14,490,389	10,216,927	18,473,201	10,764,359
Hot Lotto prize expense	-	-	-	(46,872)	1,782,452
Pick 4 prize expense	3,361,694	3,282,455	3,237,775	2,553,524	2,519,312
All or Nothing prize expense	-	-	-	(89)	(31,061)
Lucky for Life prize expense	4,793,210	3,535,075	3,147,141	3,111,848	3,305,691
Lotto America prize expense	3,505,608	3,220,545	3,375,906	4,300,353	2,436,247
Pull-tab prize expense	7,922,317	7,981,163	6,763,647	6,805,266	6,826,208
VIP Club prize expense	-	-	-	1,315,880	197,001
Promotional prize expense	-	-	-	109,753	115,750
Advertising/Publicity	8,393,217	7,421,985	6,780,551	7,276,923	7,162,018
Retailer compensation expense	28,255,266	29,694,891	24,314,334	25,447,739	24,213,812
Ticket expense	3,276,221	3,564,730	3,242,459	3,284,663	3,170,682
Vendor compensation expense	5,271,948	6,237,018	6,058,063	6,356,385	8,227,403
Salary and benefits	9,518,539	11,190,015	10,861,223	10,459,454	10,936,612
Travel	278,982	196,657	231,957	261,529	256,766
Supplies	118,521	103,778	94,247	106,009	157,977
Printing	4,571	3,076	1,402	3,767	10,088
Postage	10,130	7,380	7,097	5,458	5,561
Communications	187,447	173,362	188,930	202,355	170,146
Rentals	106,831	304,104	318,204	310,280	305,225
Utilities	94,376	91,331	92,719	95,043	95,756
Professional fees	99,832	119,268	169,265	162,023	157,930
Vending machine maintenance	271,152	261,166	257,040	253,416	294,907
Outside services & repairs	1,397,712	918,261	870,282	828,180	827,274
Data processing	129,246	128,506	125,918	109,069	94,977
Equipment	481,480	509,009	392,535	512,247	610,777
Reimbursement to other					
state agencies	514,973	460,093	479,618	457,598	440,449
Depreciation	527,833	457,136	481,223	541,020	546,260
Amortization	429,366	-	-	-	-
Other	73,539	53,094	56,126	63,061	57,647
MUSL administrative expense	31,581	9,116	33,596	71,544	8,056
Total operating expenses	333,686,871	350,781,205	291,373,794	298,748,406	285,241,395
Operating income (loss)	99,003,281	101,821,823	80,590,886	92,206,435	85,727,352

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS 2018 THROUGH 2022
FINAL

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Non-operating revenues (expenses)					
Proceeds to state causes**	(97,951,422)	(101,747,494)	(81,529,332)	-	-
State General Fund	-	-	-	(90,364,965)	(84,596,200)
Veterans Trust Fund	-	-	-	(2,500,000)	(2,500,000)
Interest income	87,823	59,467	383,498	495,974	313,694
Interest expense	(19,546)	-	-	-	-
Gain (Loss) on disposal of capital assets	46,657	18,400	1,647	15,017	(139,572)
Net non-operating revenues(expenses)	(97,836,488)	(101,669,627)	(81,144,187)	(92,353,974)	(86,922,078)
Change in net position	1,166,793	152,196	(553,301)	(147,539)	(1,194,726)
Net position, beginning of period, as restated*	4,401,550	4,249,354	4,802,655	4,950,194	6,144,920
Net position, end of period	5,568,343	4,401,550	4,249,354	4,802,655	4,950,194

* 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 Wednesday, November 30, 2022

	Month ended 11/30/2022	Month ended 11/30/2021	Year-to-date 11/30/2022	Year-to-date 11/30/2021
Operating revenues:				
Instant-scratch ticket sales	\$24,262,802.00	\$23,762,826.00	\$113,156,036.00	\$120,591,313.00
InstaPlay sales	2,385,101.00	1,730,944.00	10,801,112.00	8,534,860.00
Pick 3 sales	717,074.00	751,599.00	3,774,675.50	3,857,510.00
Powerball sales	17,969,908.00	3,664,010.50	38,920,697.00	23,367,331.00
Mega Millions Sales	2,611,862.00	1,271,116.00	21,363,653.00	9,007,861.00
Pick 4 sales	481,670.50	461,026.00	2,438,271.00	2,270,410.00
Lucky for Life sales	707,746.00	676,270.00	3,546,276.00	3,234,578.00
Lotto America sales	1,100,973.00	477,452.00	4,688,126.00	2,516,942.00
Pull-tab sales	1,194,815.71	998,448.99	5,349,076.67	5,121,329.50
Application fees	300.00	225.00	2,250.00	2,925.00
Other	475.38	308.72	2,849.41	3,308.10
Total operating revenues	51,432,727.59	33,794,226.21	204,043,022.58	178,508,367.60
Operating expenses:				
Scratch ticket prizes	16,025,139.83	15,157,937.00	76,927,284.84	79,878,969.67
InstaPlay prizes	1,809,596.75	1,300,268.15	8,005,014.25	6,073,031.46
Pick 3 prizes	430,244.40	450,959.40	2,264,805.30	2,314,506.00
Powerball prizes	8,985,210.50	1,832,642.50	19,403,303.89	11,684,816.50
Mega Millions prizes	1,332,267.22	635,558.00	10,726,990.10	4,503,930.50
Pick 4 prizes	341,650.00	276,615.60	1,753,100.10	1,362,246.00
Lucky for Life prizes	420,638.20	401,930.89	2,107,675.96	1,918,752.36
Lotto America prizes	550,486.50	238,726.00	2,344,063.00	1,258,471.00
Pull-tab prizes	743,440.89	626,277.15	3,351,434.38	3,196,690.02
Advertising/publicity	765,198.89	694,249.05	4,389,134.08	3,472,128.57
Retailer compensation expense	3,305,166.67	2,210,069.71	13,203,720.91	11,666,606.90
Ticket expense	496,382.59	256,912.73	1,532,808.56	1,310,498.91
Vendor compensation expense	851,105.36	520,095.96	3,219,658.41	2,727,218.29
Salary and benefits	867,912.87	887,172.05	4,439,968.44	4,465,272.13
Travel	26,343.16	23,737.17	151,858.17	111,945.25
Supplies	9,987.75	3,430.59	49,362.36	54,443.53
Printing	80.00	-	406.08	-
Postage	360.38	297.03	1,950.53	1,503.35
Communications	14,286.08	14,809.18	74,580.92	70,474.75
Rentals	9,099.48	18,226.45	48,749.07	88,447.97
Utilities	9,081.14	7,183.68	41,269.23	35,921.21
Professional fees	24,349.00	9,122.85	55,443.58	46,492.88
Vending machine maintenance	27,552.00	23,856.00	118,944.00	111,216.00
Outside services and repairs	96,970.81	85,476.92	601,031.78	503,227.21
Data processing	12,511.85	10,737.47	62,561.00	53,563.79
Equipment	19,860.96	33,291.79	139,181.03	108,393.54
Reimbursement to other state agencies	80,714.03	68,316.29	223,137.84	210,981.96
Depreciation	42,485.27	42,518.83	234,304.80	202,556.36
Amortization	45,884.70	-	226,992.66	-
Other	20,976.54	4,187.24	78,361.85	23,325.88
MUSL/Lotto administrative expense	8,833.83	3,284.90	44,169.15	13,948.35
Total operating expenses	37,373,817.65	25,837,890.58	155,821,266.27	137,469,580.34
Operating income	14,058,909.94	7,956,335.63	48,221,756.31	41,038,787.26
Non-operating revenue (expenses):				
Proceeds to state causes	(14,041,170.41)	(7,867,371.44)	(47,927,397.46)	(41,123,483.13)
Interest income	26,282.45	7,074.71	114,664.27	39,571.94
Interest expense	(2,919.00)	-	(14,444.26)	-
Gain (Loss) on disposal of capital assets	-	-	-	35,593.00
Net non-operating revenues (expenses)	(14,017,806.96)	(7,860,296.73)	(47,827,177.45)	(41,048,318.19)
Change in net position	41,102.98	96,038.90	394,578.86	(9,530.93)
Net position beginning of period	5,921,818.00	4,295,979.72	5,568,342.12	4,401,549.55
Net position end of period	5,962,920.98	4,392,018.62	5,962,920.98	4,392,018.62

Budget For Lottery Fund

	FY 2022 Actual	FY 2023 Board Approved Budget	FY 2024 Board Approved Budget -Fall
<u>Resources</u>			
Lottery sales	\$ 432,663,770	\$ 372,300,000	\$ 374,200,000
Interest income	87,823	60,000	60,000
Application fees	5,300	5,000	5,000
Other	21,083	5,000	5,000
Total Resources	432,777,976	372,370,000	374,270,000
<u>Expenses and Change in Net Assets</u>			
Prizes	274,214,107	230,501,000	231,698,000
Retailer compensation	28,255,266	24,945,100	25,072,400
Advertising production and media purchases	8,393,217	14,892,000	14,675,815
Retailer Lottery system/Terminal Communications	5,335,129	7,163,530	7,160,657
Instant/Pull-tab ticket expense	3,288,224	4,546,400	4,546,400
Vending machines & maintenance/Ticket dispensers	487,152	539,248	571,120
Courier delivery of instant tickets	1,045,771	1,135,000	1,135,000
Lottery operating expense	12,668,005	15,263,250	15,457,919
Interest Expense	19,546	-	19,546
Increase (decrease) in net assets	1,120,136	(472,600)	(308,200)
Total Expenses and Change in Net Assets	334,826,553	298,512,928	300,028,657
<u>Proceeds</u>			
Proceeds Transfer to Veterans Trust Fund	2,500,000	2,500,000	2,500,000
Proceeds Transfer to Public Safety Survivor Benefit Fund	100,000	100,000	100,000
Proceeds Transfer to Department of Corrections Survivor Benefits Fund	100,000	100,000	100,000
Proceeds Transfer to General Fund	95,251,422	71,157,072	71,541,343
Total Proceeds Transfers	97,951,422	73,857,072	74,241,343
Total Expenses and Proceeds	432,777,975	372,370,000	374,270,000

Lottery Operations -Budget Detail

	FY 2022 Actual	FY 2023 Board Approved Budget	FY 2024 Board Approved Budget -Fall
Administrative payroll	\$ 9,518,539	\$ 11,699,545	\$ 11,699,545
Travel & Transportation	278,982	407,500	407,500
Supplies	79,320	103,000	103,000
Printing	4,571	10,500	10,500
Postage	10,130	7,000	10,000
Communications	187,447	192,400	192,400
Rentals	106,831	299,179	179,617
Utilities	94,376	108,800	120,500
Professional fees	99,832	204,000	204,000
Outside services and repair	374,532	262,957	262,957
Data processing	129,246	150,000	150,000
Equipment	238,502	492,869	527,434
Reimbursement to state agencies	514,973	531,900	531,900
Depreciation	527,833	707,600	543,200
Amortization	429,366	-	429,366
Other expenses	73,525	86,000	86,000
Total operating expenses	12,668,005	15,263,250	15,457,919