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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  
Lottery Division, Iowa Department of Revenue**

**Date: December 2023**

### **Introduction**

The Iowa Lottery achieved record results in fiscal year 2023 and continues to build upon that strong performance in FY 2024.

The initial five-month period of the current fiscal year has achieved year-over-year increases in Lottery sales, proceeds, prizes to players and retailer compensation. The results are led by increased sales of tickets in instant-scratch games as well as Powerball® and Mega Millions®.

It is gratifying to see the results achieved by the Iowa Lottery team and its retail and vendor partners, who are responsibly delivering an entertainment option statewide while producing significant results for the Iowa causes that rely upon Lottery proceeds for funding.

The Iowa Lottery will continue to monitor larger economic factors that can impact Lottery performance as they do Iowa household budgets and businesses. At the same time, the Lottery's staff and partners will continue to concentrate on game development, prize innovations and operational integrity to ensure that the Lottery can continue to meet the expectations of Iowa decision-makers and consumers into the future.

This bi-annual Report on Operations details the Lottery's latest work and financial results.

### **FY 2023 Final Results**

The Iowa Lottery established new high-water marks in multiple categories in FY 2023, finishing the year with records for \$481.5 million in sales, \$305.3 million in prizes to players, \$108.4 million in proceeds to state causes, and \$31.3 million in commissions to retailers from the sale of traditional Lottery products.

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

The time period of FY 2021-2023 is now the most successful three years in Iowa Lottery history. They are the only years in which total annual Iowa Lottery sales exceeded \$430 million while the Lottery surpassed \$97 million in annual proceeds for the State of Iowa.

The Iowa Lottery is in strong position and extends sincere thanks to its staff, retailers, customers and policymakers for their continued support of Lottery entertainment in Iowa.

Iowa Lottery sales in FY 2023 increased 11.3 percent from the previous year's total of \$432.7 million. Lottery proceeds to state causes in FY 2023 increased 10.7 percent from the previous year's total, and prizes to players increased 11.3 percent from the previous year's record. Lottery sales commissions to Iowa businesses increased 10.8 percent from the previous year.

The Lottery's FY 2023 results were positively impacted by many factors, including a rebound in sales of scratch games and significant jackpots in national lotto games.

The jackpots in Mega Millions® and Powerball® simultaneously topped the \$400 million mark in October 2022, with the Powerball prize continuing to grow to a world-record \$2.04 billion for that game's drawing on November 7, 2022.



The simultaneous huge jackpots generated a corresponding surge in sales in both games.

Lotto America, a smaller multi-state lotto game, also saw a sales surge for the year. Its jackpot reached \$40.04 million, a record for that game, in its drawing on April 1, 2023. A Dubuque man won the jackpot that night.

Sales of scratch games, which have always been the Iowa Lottery's leading product, rebounded in FY 2023 after falling the previous year amid surging fuel prices and inflationary pressures. Increased fuel costs historically have had the most direct impact on the sale of scratch games among the Lottery's products.

As fuel prices and other economic pressures eased in FY 2023 and new games were introduced, scratch-ticket sales gradually rebounded in Iowa. The product category finished the year up slightly, with scratch-ticket sales representing about 61 percent of total Iowa Lottery annual sales.

Sales of InstaPlay games also experienced record levels with total sales of \$31.8 million, a 35.8 percent increase over fiscal year 2022.

A highlight for FY 2023 was the \$2.5 million the Lottery raised for the Iowa Veterans Trust Fund to benefit the state's veterans and their families. Through FY 2023, the Lottery had raised nearly \$37.4 million for the Veterans Trust Fund since it began providing proceeds to that cause in 2008.

The Lottery also provided proceeds during the fiscal year to the Public Safety Survivor Benefits Fund and Department of Corrections Survivor Benefits Fund, which help with ongoing 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 2023 Sales</u>	<u>FY 2022 Sales</u>
Scratch games	\$293.6 million	\$293.1 million
InstaPlay games	\$31.8 million	\$23.4 million
Pick 3	\$9.1 million	\$9.3 million
Powerball	\$65.6 million	\$53.1 million
Mega Millions	\$43.8 million	\$20.4 million
Pick 4	\$5.8 million	\$5.6 million
Lucky for Life	\$8.4 million	\$8.1 million
Lotto America	\$10.4 million	\$7.0 million
Pull-tab games	\$13.0 million	\$12.7 million

A five-year comparison of Lottery revenues and expenses is included in this report as **Attachment A**.

### FY 2024 Initial Results



Annual Lottery sales and proceeds through November, the latest full month for which results are available, are running ahead of FY 2023's record pace.

Additionally, through the first five months of FY 2024, the Iowa Lottery's operational expenses remained below budgeted projections. The Lottery's November financial statement is included in this report as **Attachment B**.

Scratch games were the Lottery's largest sales category in the initial months of FY 2024, accounting for 57.8 percent of all sales through November. With larger economic pressures overall continuing to ease, scratch-ticket sales as a whole were up 9.5 percent through November.

The lotto category accounted for 34.7 percent of total FY 2024 sales through November. Sales of those games were bolstered by strong results in Powerball and Mega Millions, which both saw large jackpots early in the fiscal year. Through the years, the Lottery has emphasized to state policymakers that sales in multi-jurisdictional lotto games are subject to peaks and valleys that correspond with the games' jackpot prize amounts.

Lottery proceeds for the first five months of FY 2024 totaled \$49.4 million, a 3.1 percent year-over-year increase.

The Iowa Lottery remains confident that it will achieve the organization's stated goals for the current fiscal year. It continues to budget conservatively while proactively seeking to identify issues and trends that may affect future Lottery revenues.

### **FY 2024 Budget Details**

With the passage of the 2023 government alignment legislation, the Iowa Lottery on July 1 became a division of the Iowa Department of Revenue. The Iowa Lottery's budget is now reported to the director of the Department of Revenue and included in the Department's overall budget for the year.

The Iowa Lottery projects a 6.9 percent increase in revenues, expenses and proceeds for FY 2024 from its FY 2023 budget. 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 increase as well.

The Lottery's FY 2024 budget reflects an anticipated increase in projected sales due to new product offerings, additional self-service kiosk machines and an improved economic environment for consumers. The Lottery's FY 2024 figures also reflect a new contract rate for pull-tab vending machine maintenance.

Also of note, 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**.

### **Appropriate Gifting at the Holidays**



As it has done for the past several years, the Iowa Lottery in December 2023 participated in an national holiday effort designed to minimize the risks associated with youth gambling.

The annual Gift Responsibly campaign is organized by 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 2023 messaging.

In the campaign, the Lottery noted that problem gambling can begin in adolescence when impulse and attention control are still developing. The Lottery emphasized that it wants its products to go to those who are mature enough to enjoy that entertainment.

To provide a larger perspective, the Lottery notes that age restrictions apply to many different products. The content of some video games and movies is not appropriate for all ages. Alcohol and tobacco-related products have age restrictions. Even toys have age-recommendation guidelines.

In Iowa, consumers must be at least 21 years old to buy Lottery tickets, and the Iowa Lottery has always considered its products something for adults. The Lottery's holiday message includes the reminder that people are gambling when they play the Lottery.

### **Review of Lottery Drawing Processes**

The Iowa Lottery is conducting a review of its drawing procedures after a human reporting error caused the winning numbers for the Powerball drawing on November 27 to be reported incorrectly in Iowa. This led to a delay in the drawing results in the state for several hours.

The Powerball drawing involved was conducted correctly as scheduled with official results produced, but redundant reporting procedures failed after the drawing. The mistake impacted only the Iowa Lottery's reporting of the official results for that drawing. All other Lottery tickets could be purchased, checked and cashed as usual at Lottery terminals across the state and the results for all other Lottery drawings were recorded correctly.

The mistake initially caused the Iowa Lottery to report incorrect results from the drawing on its statewide gaming system, website, mobile app and winning numbers telephone line. The incorrect results went live about 12:30 a.m. November 28 and remained available until 7:07 a.m. that day. Lottery staffers at that time noticed the error, removed the incorrect results from the central gaming system, website and other reporting locations. The results for the Powerball drawing also were suspended on Iowa Lottery terminals, knowing that correcting the information on the statewide gaming system would take longer.

The Lottery went live with corrected official results about 3:30 p.m. November 28 and resumed cashing Powerball tickets at that time.

During the early-morning hours that the incorrect numbers were available on the Lottery system, a total of six tickets with the incorrect Powerball numbers were paid a prize. The total amount paid on those tickets was \$69.

There also were five tickets presented at retail locations during that time that had the correct winning numbers and were unable to accurately be paid their winnings. The Iowa Lottery has since paid the largest of the prizes from those tickets for \$200. Four other tickets winning \$100 or less did not receive accurate prize payments that morning. The Lottery is ready to assist those players, should they reach out.

While the number of people potentially impacted by the situation is small, the Iowa Lottery wants to hear from any players who have questions or concerns about the drawing. They are welcome to contact an Iowa Lottery Security staffer by calling 515-725-7900 or emailing to [wmaster@ialottery.com](mailto:wmaster@ialottery.com).

In addition, Iowa Lottery CEO Matt Strawn has directed Iowa Lottery staff to work with its gaming systems partner, Scientific Games, to jointly conduct an independent, third-party review of both entities' respective reporting processes for the Powerball drawing on November 27.

A bedrock principle for delivering on the Lottery's promise to Iowans centers on operational integrity. The Lottery demonstrated its commitment to that principle by being transparent in identifying, fixing and publicly communicating about the mistake.

That work will continue in the third-party review. It will include a survey of reporting processes utilized in other Lottery jurisdictions, and provide any recommendations about how drawing processes may be improved to prevent the type of human error that occurred on November 27.

This is an important step in ensuring the operational integrity of all Iowa Lottery draw games going forward.

### **Lottery Security Compliance**

An important component of the Lottery's security and integrity efforts throughout any year are the unannounced security checks conducted at retail locations by the Lottery's Security Department.



During the compliance checks, undercover Iowa Lottery investigators visit retail locations and pose as customers presenting Lottery tickets for validation and payment. The investigators also ensure that the placement of Lottery equipment is in compliance with requirements.

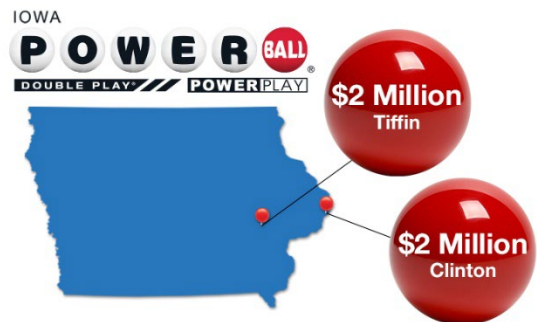
In FY 2023, the Lottery's investigators exceeded the annual performance target of conducting compliance checks in at least 20 percent of the Lottery's approximately 2,500 licensed retail locations.

### **Two Prizes of \$2 Million Unclaimed In Iowa**

This is a first: There now are two unclaimed prizes of \$2 million each in Iowa, both in the Powerball game.

Many will remember that in September, a \$1 million Mega Millions prize won in Ames expired without being claimed.

The money from Lottery prizes that expire in Iowa without being claimed goes into the Lottery's prize pools for future games and promotions. So in the instance of the Ames prize, the money went into the Lottery's Million Dollar Holiday holiday promotion that is currently underway and will be given away in that promotion's drawings.



Both of the \$2 million unclaimed prizes have been available for some time. The first was won in Tiffin in the Powerball drawing on October 7, and the second was won in Clinton in the Powerball drawing on November 25.

There is still plenty of time for these prizes to be claimed. But the Iowa Lottery is reminding players to double-check their tickets. It will continue to send out updates about the prizes if they remain unclaimed.

The first of the \$2 million prizes will expire April 4 if it isn't claimed in time and the other will expire May 23.



**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEARS 2019 THROUGH 2023**  
**FINAL**

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019
<b>OPERATING REVENUES</b>					
Scratch ticket sales	293,580,116	293,126,549	316,934,651	262,447,704	250,642,094
Instaplay sales	31,817,614	23,436,815	23,478,424	16,279,705	11,876,560
Pick 3 sales	9,128,652	9,265,786	9,540,165	8,502,502	7,871,469
Powerball sales	65,632,085	53,076,000	43,419,695	36,428,043	54,833,068
Mega Millions sales	43,758,227	20,375,167	28,980,779	20,433,854	36,322,749
Hot Lotto sales	-	-	-	-	-
Pick 4 sales	5,798,109	5,602,823	5,470,758	4,950,001	4,292,190
Lucky for Life sales	8,419,258	8,071,004	5,555,026	5,335,530	5,427,678
Lotto America sales	10,387,460	7,011,217	6,441,090	6,751,811	8,753,137
Pull-tab sales	13,011,623	12,698,408	12,771,423	10,824,344	10,876,605
Application fees	5,750	5,300	4,700	3,750	3,775
Other revenue	23,299	21,083	6,317	7,436	55,516
<b>Total operating revenues</b>	<b>481,562,193</b>	<b>432,690,152</b>	<b>452,603,028</b>	<b>371,964,680</b>	<b>390,954,841</b>
<b>OPERATING EXPENSES</b>					
Scratch ticket prize expense	199,208,532	195,258,147	211,664,732	174,595,972	166,890,489
Instaplay prize expense	23,769,641	17,081,836	17,225,460	11,659,100	8,255,638
Pick 3 prize expense	5,477,191	5,559,472	5,766,802	5,101,502	4,670,681
Powerball prize expense	32,734,985	26,546,085	21,710,608	18,219,035	25,500,971
Mega Millions prize expense	21,963,857	10,185,739	14,490,389	10,216,927	18,473,201
Hot Lotto prize expense	-	-	-	-	(46,872)
Pick 4 prize expense	3,769,003	3,361,694	3,282,455	3,237,775	2,553,524
All or Nothing prize expense	-	-	-	-	(89)
Lucky for Life prize expense	5,003,860	4,793,210	3,535,075	3,147,141	3,111,848
Lotto America prize expense	5,193,730	3,505,608	3,220,545	3,375,906	4,300,353
Pull-tab prize expense	8,133,393	7,922,317	7,981,163	6,763,647	6,805,266
VIP Club prize expense	-	-	-	-	1,315,880
Promotional prize expense	-	-	-	-	109,753
Advertising/Publicity	9,235,256	8,393,217	7,421,985	6,780,551	7,276,923
Retailer compensation expense	31,307,795	28,255,266	29,694,891	24,314,334	25,447,739
Ticket expense	3,471,083	3,276,221	3,564,730	3,242,459	3,284,663
Vendor compensation expense	7,801,337	5,271,948	6,237,018	6,058,063	6,356,385
Salary and benefits	9,764,281	9,518,539	11,190,015	10,861,223	10,459,454
Travel	323,184	278,982	196,657	231,957	261,529
Supplies	180,749	118,521	103,778	94,247	106,009
Printing	3,173	4,571	3,076	1,402	3,767
Postage	7,582	10,130	7,380	7,097	5,458
Communications	193,849	187,447	173,362	188,930	202,355
Rentals	112,216	106,831	304,104	318,204	310,280
Utilities	106,350	94,376	91,331	92,719	95,043
Professional fees	258,286	99,832	119,268	169,265	162,023
Vending machine maintenance	295,377	271,152	261,166	257,040	253,416
Outside services & repairs	1,572,327	1,397,712	918,261	870,282	828,180
Data processing	153,058	129,246	128,506	125,918	109,069
Equipment	525,333	481,480	509,009	392,535	512,247
Reimbursement to other state agencies	504,191	514,973	460,093	479,618	457,598
Depreciation	482,770	527,833	457,136	481,223	541,020
Amortization	548,185	429,366	-	-	-
MUSL administrative expense	196,780	31,581	9,116	33,596	71,544
Debit card fees***	161,459	-	-	-	-
Other***	63,350	73,539	53,094	56,126	63,061
<b>Total operating expenses</b>	<b>372,522,163</b>	<b>333,686,871</b>	<b>350,781,205</b>	<b>291,373,794</b>	<b>298,748,406</b>
<b>Operating income (loss)</b>	<b>109,040,030</b>	<b>99,003,281</b>	<b>101,821,823</b>	<b>80,590,886</b>	<b>92,206,435</b>



**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEARS 2019 THROUGH 2023**  
**FINAL**

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>
<b>Non-operating revenues (expenses)</b>					
Proceeds to state causes**	(108,418,373)	(97,951,422)	(101,747,494)	(81,529,332)	-
State General Fund	-	-	-	-	(90,364,965)
Veterans Trust Fund	-	-	-	-	(2,500,000)
Interest income	757,312	87,823	59,467	383,498	495,974
Interest expense	(33,724)	(19,546)	-	-	-
Gain (Loss) on disposal of capital assets	(4,754)	46,657	18,400	1,647	15,017
<b>Net non-operating revenues(expenses)</b>	<u>(107,699,539)</u>	<u>(97,836,488)</u>	<u>(101,669,627)</u>	<u>(81,144,187)</u>	<u>(92,353,974)</u>
<b>Change in net position</b>	<b>1,340,491</b>	<b>1,166,793</b>	<b>152,196</b>	<b>(553,301)</b>	<b>(147,539)</b>
Net position, beginning of period	<u>5,568,343</u>	<u>4,401,550</u>	<u>4,249,354</u>	<u>4,802,655</u>	<u>4,950,194</u>
<b>Net position, end of period</b>	<b><u>6,908,834</u></b>	<b><u>5,568,343</u></b>	<b><u>4,401,550</u></b>	<b><u>4,249,354</u></b>	<b><u>4,802,655</u></b>

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

\*\*\* beginning in FY23, debit card fees are shown individually. Previously reported as "Other".

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Five Months Ending Thursday, November 30, 2023**

	Month ended 11/30/2023	Month ended 11/30/2022	Year-to-date 11/30/2023	Year-to-date 11/30/2022
Operating revenues:				
Instant-scratch ticket sales	\$25,528,475.00	\$24,262,802.00	\$123,892,749.00	\$113,156,036.00
InstaPlay sales	1,974,483.00	2,385,101.00	10,874,902.00	10,801,112.00
Pick 3 sales	746,164.00	717,074.00	3,757,761.00	3,774,675.50
Powerball sales	3,982,341.50	17,969,908.00	40,088,151.50	38,920,697.00
Mega Millions Sales	1,743,516.00	2,611,862.00	21,469,951.00	21,363,653.00
Pick 4 sales	499,859.00	481,670.50	2,433,437.00	2,438,271.00
Lucky for Life sales	704,084.00	707,746.00	3,662,440.00	3,546,276.00
Lotto America sales	521,718.00	1,100,973.00	3,115,919.00	4,688,126.00
Pull-tab sales	1,000,036.96	1,194,815.71	5,232,487.80	5,349,076.67
Application fees	475.00	300.00	2,250.00	2,250.00
Other	375.63	475.38	2,894.75	2,849.41
Total operating revenues	<u>36,701,528.09</u>	<u>51,432,727.59</u>	<u>214,532,943.05</u>	<u>204,043,022.58</u>
Operating expenses:				
Scratch ticket prizes	16,218,955.33	16,025,139.83	86,426,058.90	76,927,284.84
InstaPlay prizes	1,318,959.69	1,809,596.75	7,676,883.84	8,005,014.25
Pick 3 prizes	447,698.40	430,244.40	2,254,656.60	2,264,805.30
Powerball prizes	1,972,287.17	8,985,210.50	20,012,411.32	19,403,303.89
Mega Millions prizes	871,758.00	1,332,267.22	10,734,975.50	10,726,990.10
Pick 4 prizes	299,915.40	341,650.00	1,460,062.20	1,753,100.10
Lucky for Life prizes	418,461.74	420,638.20	2,176,716.31	2,107,675.96
Lotto America prizes	260,859.00	550,486.50	1,557,959.50	2,344,063.00
Pull-tab prizes	633,076.22	743,440.89	3,276,321.13	3,351,434.38
Advertising/publicity	802,660.73	765,198.89	5,201,718.62	4,389,134.08
Retailer compensation expense	2,401,556.34	3,305,166.67	13,957,095.20	13,203,720.91
Ticket expense	231,928.87	496,382.59	1,244,164.57	1,532,808.56
Vendor compensation expense	591,368.43	851,105.36	3,452,672.89	3,219,658.41
Salary and benefits	872,152.01	867,912.87	4,388,530.41	4,439,968.44
Travel	25,335.29	26,343.16	117,381.78	151,858.17
Supplies	2,675.79	9,987.75	24,695.09	49,362.36
Printing	200.00	80.00	240.00	406.08
Postage	351.27	360.38	1,627.70	1,950.53
Communications	21,906.39	14,286.08	94,024.74	74,580.92
Rentals	8,564.67	9,099.48	44,477.70	48,749.07
Utilities	9,123.94	9,081.14	38,869.61	41,269.23
Professional fees	7,066.25	24,349.00	40,446.75	55,443.58
Vending machine maintenance	25,170.00	27,552.00	127,149.98	118,944.00
Outside services and repairs	89,098.86	96,970.81	579,540.42	601,031.78
Data processing	11,631.55	12,511.85	58,051.58	62,561.00
Equipment	32,365.94	19,860.96	98,762.50	139,181.03
Reimbursement to other state agencies	31,105.82	80,714.03	174,762.69	223,137.84
Depreciation	40,738.85	42,485.27	204,681.90	234,304.80
Amortization	45,884.70	45,884.70	229,423.50	226,992.66
MUSL/Lotto administrative expense	11,086.84	8,833.83	54,308.29	44,169.15
Debit card fees	17,493.36	16,317.13	105,389.97	52,975.38
Other	4,837.02	4,659.41	24,402.40	25,386.47
Total operating expenses	<u>27,726,273.87</u>	<u>37,373,817.65</u>	<u>165,838,463.59</u>	<u>155,821,266.27</u>
Operating income	<u>8,975,254.22</u>	<u>14,058,909.94</u>	<u>48,694,479.46</u>	<u>48,221,756.31</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(9,222,201.90)	(14,041,170.41)	(49,416,943.31)	(47,927,397.46)
Interest income	176,346.25	26,282.45	559,186.74	114,664.27
Interest expense	(2,406.07)	(2,919.00)	(13,121.42)	(14,444.26)
Gain (Loss) on disposal of capital assets	-	-	30,735.00	-
Net non-operating revenues (expenses)	<u>(9,048,261.72)</u>	<u>(14,017,806.96)</u>	<u>(48,840,142.99)</u>	<u>(47,827,177.45)</u>
Change in net position	<u>(73,007.50)</u>	<u>41,102.98</u>	<u>(145,663.53)</u>	<u>394,578.86</u>
Net position beginning of period	6,836,178.42	5,921,818.00	6,908,834.45	5,568,342.12
Net position end of period	<u>6,763,170.92</u>	<u>5,962,920.98</u>	<u>6,763,170.92</u>	<u>5,962,920.98</u>

**Budget For Lottery Fund**

	FY 2022 Actual	FY 2023 Board Approved Budget	FY 2024 Board Approved Budget - Fall	FY 2024 Board Approved - Final
<u>Resources</u>				
Lottery sales	\$ 432,663,770	\$ 372,300,000	\$ 374,200,000	\$ 397,685,000
Interest income	87,823	60,000	60,000	500,000
Application fees	5,300	5,000	5,000	5,000
Other	21,083	5,000	5,000	5,000
<b>Total Resources</b>	<b>432,777,976</b>	<b>372,370,000</b>	<b>374,270,000</b>	<b>398,195,000</b>
<u>Expenses and Change in Net Assets</u>				
Prizes	274,214,107	230,501,000	231,698,000	247,597,000
Retailer compensation	28,255,266	24,945,100	25,072,400	26,645,900
Advertising production and media purchases	8,393,217	14,892,000	14,675,815	15,907,400
Retailer Lottery system/Terminal Communications	5,335,129	7,163,530	7,160,657	8,334,867
Instant/Pull-tab ticket expense	3,288,224	4,546,400	4,546,400	4,734,400
Vending machines & maintenance/Ticket dispensers	487,152	539,248	571,120	571,120
Courier delivery of instant tickets	1,045,771	1,135,000	1,135,000	1,335,000
Lottery operating expense	12,668,005	15,263,250	15,457,919	15,815,149
Interest Expense	19,546	-	19,546	35,000
Increase (decrease) in net assets	1,120,136	(472,600)	(308,200)	2,360,680
<b>Total Expenses and Change in Net Assets</b>	<b>334,826,553</b>	<b>298,512,928</b>	<b>300,028,657</b>	<b>323,336,516</b>
<u>Proceeds</u>				
Proceeds Transfer to Veterans Trust Fund	2,500,000	2,500,000	2,500,000	2,500,000
Proceeds Transfer to Public Safety Survivor Benefit Fund	100,000	100,000	100,000	100,000
Proceeds Transfer to Department of Corrections Survivor Benefits Fund	100,000	100,000	100,000	100,000
Proceeds Transfer to General Fund	95,251,422	71,157,072	71,541,343	72,158,484
<b>Total Proceeds Transfers</b>	<b>97,951,422</b>	<b>73,857,072</b>	<b>74,241,343</b>	<b>74,858,484</b>
<b>Total Expenses and Proceeds</b>	<b>432,777,975</b>	<b>372,370,000</b>	<b>374,270,000</b>	<b>398,195,000</b>

**Lottery Operations - Budget Detail**

	FY 2022 Actual	FY 2023 Board Approved Budget	FY 2024 Board Approved Budget - Fall	FY 2024 Board Approved - Final
Administrative payroll	\$ 9,518,539	\$ 11,699,545	\$ 11,699,545	\$ 11,532,905
Travel & Transportation	278,982	407,500	407,500	407,500
Supplies	79,320	103,000	103,000	103,000
Printing	4,571	10,500	10,500	10,500
Postage	10,130	7,000	10,000	10,000
Communications	187,447	192,400	192,400	192,400
Rentals	106,831	299,179	179,617	179,617
Utilities	94,376	108,800	120,500	120,500
Professional fees	99,832	204,000	204,000	204,000
Outside services and repair	374,532	262,957	262,957	262,957
Data processing	129,246	150,000	150,000	150,000
Equipment	238,502	492,869	527,434	651,184
Reimbursement to state agencies	514,973	531,900	531,900	531,900
Depreciation	527,833	707,600	543,200	723,320
Amortization	429,366	-	429,366	489,366
Other expenses	73,525	86,000	86,000	246,000
<b>Total operating expenses</b>	<b>12,668,005</b>	<b>15,263,250</b>	<b>15,457,919</b>	<b>15,815,149</b>

FY 2024 Proposed Budget for "Administrative payroll" includes salary and benefit cost adjustments per DOM projections