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Terry Rich · Chief Executive Officer

Iowa Lottery Report On Operations

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

From: Terry Rich, CEO

Date: December 2016



The Iowa Lottery finished fiscal year 2016 with record results, another clean audit and the announcement that another state had filed charges in the long-running investigation that began with a lottery jackpot that was won in Iowa, but never paid.

The lottery has seen a continued strong performance in the early months of FY 2017, but understands that lottery results can and do fluctuate over time.

Strong sales of instant-scratch tickets throughout the year combined with sales from the world-record Powerball® jackpot in January 2016 produced record results for lotteries across the country, including the Iowa Lottery. Here in Iowa, the lottery ultimately set records for sales, proceeds to state causes, prizes to players and retailer commissions in FY 2016.

Because of the enormous impact from the world-record Powerball drawing for a jackpot of nearly \$1.6 billion in January 2016, we anticipate that there will be a noticeable difference in annual lottery results in fiscal years 2016 and 2017. That is why we at the Iowa Lottery continue to budget conservatively and base our sales and proceeds projections on a five-year rolling average. We do our best to factor in the natural fluctuations in lottery results that will occur and should be expected.

In general, the particular type of lottery product that sells best in a given time period has a big impact on overall lottery results. For example, instant-scratch games have a smaller profit margin than lotto games like Powerball. But sales in lotto games are largely jackpot driven and can fluctuate greatly from week to week, month to month and year to year. Scratch-game sales and pull-tab sales are more consistent over time. So in a year when scratch tickets sell particularly well, lottery profits may be a smaller percentage of total sales simply because scratch games have a smaller profit margin overall. In a year when lotto tickets sell particularly well, lottery profit margins will likely be higher.

Everything from game design, to the top prize available, the color of the ticket, the artwork on the ticket, the jackpot on the line, and the particular time of year all have an impact on lottery sales. We at the Iowa Lottery do our best to be cognizant of those factors and keep a good mix of games in the field to appeal to different customers.

Lottery sales in FY 2016 totaled a record \$366.9 million. Proceeds to state causes for the year totaled \$88 million, the highest amount for the lottery since its start in 1985.

Prizes to lottery players totaled \$221.8 million in FY 2016, also the highest total in the lottery's history; and local Iowa businesses received a record \$24.6 million in commissions from the lottery for selling its products throughout the year.

Here is a year-to-year comparison of lottery product sales in the last two fiscal years:

	<u>FY 2016</u>	<u>FY 2015</u>
Instant-scratch games	\$233.7 million	\$212 million
Pick 3	\$7.4 million	\$7 million
Powerball	\$74.9 million	\$52.2 million
Mega Millions	\$16.4 million	\$18 million
Hot Lotto	\$8.8 million	\$11.1 million
Pick 4	\$3.6 million	\$3.2 million
All or Nothing	\$4 million	\$4.5 million
Monopoly Millionaires' Club*	\$ -----	\$0.6 million
Lucky for Life**	\$3.2 million	\$ -----
Pull-tab games	\$15.1 million	\$16 million

*The Monopoly Millionaires' Club game was sold from October-December 2014.

**The Lucky for Life lotto game debuted in Iowa in January 2016.

As always, we are closely tracking lottery results and will keep your committees apprised of significant developments. We also provide regular updates about sales and proceeds through the state's I-3 accounting system for review. The lottery's latest financial performance figures (through November 2016) are included in this report as **Attachment A**. And a five-year overview of the lottery's annual performance is included as **Attachment B**.

FY 2016 Audit Report of Lottery & Our Annual Report



In late December, the State Auditor's Office released the results of its FY 2016 audit of the Iowa Lottery.

In short, it was another clean report for the lottery. In its Dec. 27 announcement, the Auditor's Office noted that the financial statements of the lottery for FY 2016 "present fairly, in all material respects, the financial position of the Iowa Lottery Authority as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles."

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

A direct link to the report from the office of State Auditor Mary Mosiman is available here: https://auditor.iowa.gov/sites/default/files/audit_reports/1760-6270-B000.pdf.

The lottery's annual report for FY 2016 also is now available. A link to it is here: <http://www.ialottery.com/Pages/AboutUs/AnnualReport.aspx>.

FY 2018 & FY 2019 Budgets For Lottery

During its meeting in September, the Iowa Lottery Board approved the lottery's preliminary budgets for FY 2018 and FY 2019 in accordance with state budgeting guidelines.

The lottery's anticipated results for sales and proceeds during both years are an increase from its budgeted figures for FY 2017.

Copies of the lottery's Overall Budget and Operating Expenses for FY 2018 and FY 2019 are included with this report as **Attachment C** and **Attachment D**.



Mike Klappholz



Connor Flynn



Mary Rathje



Ying Sa



Mary Junge



Michael Fitzgerald

The members of the Lottery Board are: Chairperson Mike Klappholz of Marion, a retired Cedar Rapids police chief; Vice Chair Connor Flynn Jr., chairman of an advertising agency in Des Moines, where he also resides; Mary Rathje, manager and controller at a construction company in Marion, where she resides; Ying Sa, the founder and principal certified public accountant at a CPA firm in Des Moines, where she resides; Mary Junge of Cedar Rapids, a CPA and practicing tax- and estate-planning attorney; and State Treasurer Michael Fitzgerald, who serves on the Board as a nonvoting member.

Successful Debut Of InstaPlay Product



Following Iowa Lottery Board approval for the new product at its June meeting, InstaPlay games made their debut in November in Iowa.

The product combines features from instant-scratch and lotto games and gives players a new option with no numbers to pick, playslips to fill out or wait for a drawing. Iowa became the 14th U.S. lottery to offer the product, which goes by a few different names across the country.

InstaPlay tickets are "scratchless" because they have no security coating that needs to be removed to determine the prize won. InstaPlay tickets are printed on demand from the lottery terminal as in lotto games like Powerball and Mega Millions®. But the play style of InstaPlay tickets is similar to that of scratch tickets, with symbols and numbers that need to match in order to win a prize.

Players can check their InstaPlay tickets on self-checkers and at lottery terminals in retail locations. InstaPlay prizes must be claimed within 90 days of the date the ticket was purchased.

InstaPlay tickets are sold at a variety of price points, depending upon the specifics of the game involved. The Iowa Lottery's initial offerings of the product include three games: Lucky Gems InstaPlay, a \$1 game; Cash Spectacular InstaPlay, a \$5 game; and Cherry Twist Progressive InstaPlay, a \$2 game that offers a progressive jackpot that increases with each ticket sold.



The lottery plans to add more InstaPlay games to the product mix over time.

InstaPlay games debuted Nov. 13 in Iowa and by the end of that month, net sales of the product had already approached \$500,000 statewide, with the product meeting the lottery's initial sales expectations.

\$2 Million Unclaimed Lottery Prize In Iowa



A \$2 million Powerball prize remains unclaimed nearly six months after it was won with a ticket purchased in Cedar Rapids.

The Iowa Lottery has already held a news conference at the store where the winning ticket was sold to remind people to double-check their tickets. It plans to continue to issue reminders during the time period that the prize is eligible to be claimed.

The \$2 million-winning ticket was purchased at the Hawkeye Convenience Store, 2330 Wiley Blvd. SW in Cedar Rapids. The ticket initially matched the first five numbers but missed the Powerball to win a \$1 million prize in the July 16 drawing. But the person who bought the ticket also added the Power Play® option to the purchase, which multiplied the prize to \$2 million. The lottery does not release a ticket's date or time of sale prior to the prize claim for security reasons.

The winning numbers in the July 16 Powerball drawing were: 11-17-40-50-62 and Powerball 26. The Power Play number was 2. No one matched all six numbers to win that night's \$335.5 million jackpot.

Hawkeye Convenience Stores received a \$2,000 bonus from the lottery for selling the \$2 million-winning ticket at one of its stores.

Powerball prizes in Iowa expire a year from the date of the drawing in which a prize is won. So, the \$2 million prize will expire at the close of business on July 17, 2017, if it isn't claimed by then. Prizes of that size must be claimed at Iowa Lottery headquarters in Clive.

Update In Ongoing Lottery Jackpot Investigation



A second state now has filed charges in the long-running lottery jackpot investigation that began here in Iowa. On Dec. 22, the Wisconsin Department of Justice filed six charges against Eddie Tipton, the man already at the center of the case in Iowa, and one of his long-time friends.

(As you may recall, Tipton worked for a vendor organization with the lottery industry and was not an employee of the State of Iowa. The jackpot in question here in Iowa was never paid.)

The Wisconsin charges against Tipton include racketeering, theft by fraud and computer crime. Robert Rhodes, Tipton's long-time friend from Texas, also was charged in Wisconsin. A state investigator there said Rhodes confessed to a scheme in which he and Tipton conspired to "fix" a lottery drawing by manipulating computer equipment to make the winning numbers predictable.

Tipton was convicted in July 2015 in Iowa on two felony counts of fraud in the attempted claim of a lottery jackpot won in 2010 here in Iowa. The long-running investigation began when the claim for that jackpot was withdrawn.

In October 2015, Iowa officials filed a felony charge of ongoing criminal conduct against Tipton that encompasses lottery jackpot prizes in five different states: the attempted claim here in Iowa; a Colorado jackpot claimed in 2005; another from 2007 in Wisconsin; two Kansas jackpots claimed in 2010; and an Oklahoma jackpot claimed in 2011.

The Iowa criminal complaint against Tipton states that he helped build the random-number generator equipment used in the drawings for all the prizes involved. The complaint states that according to court testimony, Tipton had the technical ability and opportunity to tamper with the drawing equipment that picked the winning lottery numbers in order to make them predictable.

At the time that all the jackpots were won, Tipton worked as an information security consultant at a vendor organization within the lottery industry. He later became the director of information security at that organization, the Multi-State Lottery Association (MUSL), which is based in Urbandale. MUSL handles day-to-day functions such as prize drawings in some lotto games on behalf of U.S. lotteries.

The Iowa and Oklahoma jackpots were both won in the multi-state Hot Lotto game, while the jackpots in Colorado and Wisconsin were won in different games offered only in those states. The Kansas jackpots also were won in a separate game.

This remains an active, ongoing investigation, with officials continuing to gather and review evidence. From the beginning, we here at the Iowa Lottery have asked investigators to follow the evidence wherever it leads to help us get to the bottom of the situation. We continue to offer law-enforcement officials our full support and cooperation.

Focus On Responsible Play

Twice each year – during the holiday season and in March – the Iowa Lottery puts additional emphasis on the issues of responsible play and the social impact of gaming. Those efforts are in addition to the lottery's ongoing efforts to provide information about the Iowa Gambling Treatment Program and its 24-hour hotline, 1-800-BETSOFF.

The Iowa Lottery prints information about 1-800-BETSOFF on all of its tickets and provides information on its website and in its offices about the help that is available statewide for those seeking assistance for problem gaming.

Then during the holiday season, the lottery urges consumers to think about the appropriateness of the gifts they are giving for the person involved; and each March, the lottery works with the Iowa Department of Public Health to highlight National Problem Gambling Awareness Month.

Here is a link to the 2016 television ad that the lottery produced with Public Health, urging people to “have the conversation” about problem gaming:
<https://www.youtube.com/watch?v=LtRPgGLsy2E>. The ad aired in television markets statewide and online in March 2016.

And, below is an example of the appropriate gifting message that the Iowa Lottery provided during the 2016 holiday season.

Something To Consider: Is That Gift The ‘Right One’?

In the spirit of the holidays, we offer this thought bubble to keep in mind as you’re shopping for gifts in the next few weeks.



We know that lottery tickets will be among the items that people buy to give as presents and stuff in stockings. And we’re all for having fun! But here at the Iowa Lottery, we offer this gentle reminder that our tickets – while colorful, entertaining and affordable – may not be something you want to give to those underage.

The same holds true for other products. Some video games and movies may not be appropriate for all ages because of their content. Alcohol and tobacco-related products have their own age restrictions. Even toys have age-recommendation guidelines.

In Iowa, you have to be at least 21 years old to buy lottery tickets, and we’ve always considered our products to be something for adults. Remember, you are gambling when you play the lottery.

The lottery offers these reminders to minimize the risks associated with youth gambling:

- Be sure to give youngsters age-appropriate gifts.
- When you give lottery tickets as presents, please keep the person's age in mind.

And as always, if you or someone you know is being impacted by problem gambling, help is available 24 hours a day, seven days a week by calling 1-800-BETSOFF (1-800-238-7633) or visiting www.1800betsoff.org.

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2017

November 30, 2016

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Gross Sales	Budget FY 2017	23,477,855	24,903,072	23,632,301	25,244,816	26,997,242	27,197,660	31,905,507	29,700,139	30,596,726	27,338,762	28,973,109	24,952,811
	5-year av.	24,456,151	25,940,756	24,617,034	25,486,553	27,312,000	27,520,770	32,424,788	30,127,524	31,061,472	27,667,752	29,370,200	25,182,384
	Actual '17	32,964,786	26,681,566	25,881,328	26,389,149	29,727,840							
Prize Expense	Budget FY 2017	13,956,616	14,803,847	14,048,427	15,007,000	16,048,745	16,167,885	18,966,506	17,655,505	18,188,489	16,251,764	17,223,316	14,833,415
	5-year av.	14,753,208	15,376,630	14,538,122	15,161,469	15,731,423	17,216,882	19,364,442	17,764,470	19,086,348	16,212,399	17,385,913	15,177,272
	Actual '17	19,638,247	16,797,147	15,829,952	16,510,060	17,666,394							
Operating Expenses	Budget FY 2017	1,159,018	1,295,375	1,204,727	1,229,243	1,121,127	1,206,747	1,164,432	1,156,962	1,288,279	1,158,402	1,260,984	1,375,394
	2-year av.	1,076,139	977,545	1,002,983	1,023,962	983,978	1,200,509	1,024,982	995,750	1,063,325	990,392	1,064,393	1,100,706
	Actual '17	1,031,110	1,078,325	997,684	1,035,019	1,103,455							1,115,229
Total Proceeds	Budget FY 2017	4,936,993	5,170,692	4,931,385	5,325,558	5,888,690	5,855,108	7,119,813	6,554,660	6,656,142	5,940,090	6,261,866	5,103,588
	5-year av.	5,834,699	5,970,453	6,453,205	6,275,145	7,241,802	5,686,223	8,334,905	7,835,507	7,106,183	7,030,221	7,298,430	4,960,522
	Actual '17	8,482,628	5,304,496	6,168,146	5,667,010	7,230,014							

YEAR TO DATE

Gross Sales	Budget FY 2017	23,477,855	48,380,927	72,013,228	97,258,044	124,255,286	151,452,946	183,358,453	213,058,592	243,655,318	270,994,080	299,967,189	324,920,000
	5-year av.	24,456,151	50,396,907	75,013,941	100,500,494	127,812,494	155,333,264	187,758,052	217,885,576	248,947,048	276,614,800	305,985,000	331,167,384
	Actual '17	32,964,786	59,646,352	85,527,680	111,916,829	141,644,669							
Prize Expense	Budget FY 2017	13,956,616	28,760,463	42,808,890	57,815,890	73,864,635	90,032,520	108,999,026	126,654,531	144,843,020	161,094,784	178,318,100	193,151,515
	5-year av.	14,753,208	30,129,838	44,667,960	59,829,429	75,560,852	92,777,734	112,142,176	129,906,646	148,992,995	165,205,393	182,591,306	197,768,579
	Actual '17	19,638,247	36,435,394	52,265,346	68,775,406	86,441,800							
Operating Expenses	Budget FY 2017	1,159,018	2,454,393	3,659,120	4,888,363	6,009,490	7,216,237	8,380,669	9,537,631	10,825,910	11,984,312	13,245,296	14,620,690
	2-year av.	1,076,139	2,053,684	3,056,667	4,080,629	5,064,607	6,265,116	7,290,098	8,285,848	9,349,173	10,339,565	11,403,958	12,504,664
	Actual '17	1,031,110	2,109,435	3,107,119	4,142,138	5,245,593							
Total Proceeds	Budget FY 2017	4,936,993	10,107,685	15,039,070	20,364,628	26,253,318	32,108,426	39,228,239	45,782,899	52,439,041	58,379,131	64,640,997	69,744,585
	5-year av.	5,834,699	11,805,152	18,258,357	24,533,502	31,775,304	37,461,527	45,796,432	53,631,939	60,738,122	67,768,343	75,066,773	80,027,295
	Actual '17	8,482,628	13,787,124	19,955,270	25,622,280	32,852,294							

	Current Month	Year to Date
Prize Payout - Budget	59.45%	59.45%
Prize Payout - 5-Year Average	57.60%	59.12%
Prize Payout - Actual	59.43%	61.03%
Sales - Actual increase (decrease) vs. 5-Year Average		10.82%
Proceeds - Actual increase (decrease) vs. 5-Year Average		3.39%
Sales - Actual increase (decrease) vs. Budget		13.99%
Proceeds - Actual increase (decrease) vs. Budget		25.14%

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS 2012 THROUGH 2016
FINAL

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012
OPERATING REVENUES					
Instant-scratch ticket sales	233,681,884	211,986,968	188,754,111	202,299,747	188,814,325
Pick 3 sales	7,376,766	7,046,335	6,948,165	6,804,870	6,743,717
Powerball sales	74,851,133	52,231,108	61,153,876	81,385,271	57,934,104
Mega Millions sales	16,401,018	17,980,367	21,835,102	13,317,888	22,293,152
Hot Lotto sales	8,827,600	11,111,717	10,434,227	11,664,946	10,525,347
Raffle sales	-	-	242,960	-	-
Pick 4 sales	3,554,719	3,231,397	3,224,892	3,085,784	2,788,613
All or Nothing sales	3,989,479	4,542,846	3,196,195	-	-
\$100,000 Cash Game sales	-	-	2,530,984	4,483,605	4,314,098
Monopoly Millionaires' Club sales	-	591,605	-	-	-
Lucky for Life sales	3,154,994	-	-	-	-
Pull-tab sales	15,073,332	16,045,073	15,734,917	16,209,309	17,438,369
Application fees	4,175	3,800	4,375	5,125	4,075
Other revenue	33,065	6,220	99,932	11,706	212,884
Total operating revenues	366,948,164	324,777,436	314,159,736	339,268,251	311,068,684
OPERATING EXPENSES					
Scratch ticket prize expense	151,760,771	137,660,011	121,968,549	128,096,203	116,954,213
Pick 3 prize expense	4,369,699	4,164,551	4,101,291	4,009,581	3,993,780
Powerball prize expense	36,729,336	25,386,810	29,583,455	39,682,727	28,287,777
Mega Millions prize expense	7,975,529	8,593,263	10,946,296	6,538,181	11,307,020
Hot Lotto prize expense	4,223,018	5,351,407	5,042,963	5,652,815	5,118,123
Raffle prize expense	-	-	101,536	-	-
Pick 4 prize expense	2,082,846	1,993,339	1,905,110	1,812,515	1,634,063
All or Nothing prize expense	2,363,459	2,684,292	2,134,024	-	-
\$100,000 Cash Game prize expense	-	-	610,955	2,740,099	2,175,236
Monopoly Millionaires' Club prize expense	(21,052)	626,847	-	-	-
Lucky for Life prize expense	2,525,899	-	-	-	-
Pull-tab prize expense	9,422,428	10,028,418	9,851,090	10,140,042	10,912,790
VIP Club prize expense	168,607	264,651	519,101	1,950,002	1,907,142
Promotional prize expense	166,862	128,699	184,615	179,603	152,303
Advertising/Publicity	6,822,152	6,766,994	6,942,677	6,603,905	6,605,304
Retailer compensation expense	24,560,885	20,977,399	20,131,428	22,116,797	20,125,497
Ticket expense	3,242,036	3,255,589	3,447,828	3,945,970	3,115,487
Vendor compensation expense	7,597,516	6,626,139	6,378,256	6,885,203	6,204,116
Online game expense	-	6,563	-	295,663	-
Salary and benefits	9,977,828	9,565,122	9,419,070	9,375,334	9,120,063
Travel	281,549	417,200	419,444	425,300	451,040
Supplies	133,164	130,723	111,765	100,620	147,091
Printing	8,390	6,291	20,915	13,459	15,031
Postage	6,636	6,118	6,993	6,337	6,238
Communications	263,414	227,509	179,250	155,755	130,366
Rentals	309,412	308,922	307,062	304,452	290,595
Utilities	87,942	126,902	122,461	103,386	97,579
Professional fees	183,403	162,782	126,332	125,004	165,225
Vending machine maintenance	598,962	579,061	567,775	577,841	537,941
Outside services & repairs	825,169	873,809	605,983	326,659	460,445
Data processing	122,421	105,400	89,573	57,072	50,320
Equipment	655,521	506,016	306,901	380,142	719,188
Reimbursement to other state agencies	430,088	418,625	426,958	415,056	433,436
Depreciation	333,223	278,004	287,356	245,805	173,611
Other	56,016	79,976	81,906	67,345	56,009
MUSL administrative expense	127,705	100,803	75,173	37,050	45,106
Total operating expenses	278,390,834	248,408,235	237,004,091	253,365,923	231,392,135
Operating income (loss)	88,557,330	76,369,201	77,155,645	85,902,328	79,676,549

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS 2012 THROUGH 2016
FINAL

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012
Non-operating revenues (expenses)					
State General Fund	(85,524,619)	(72,365,900)	(72,167,680)	(82,764,005)	(76,012,455)
Veterans Trust Fund	(2,500,000)	(2,151,167)	(1,804,434)	(2,126,724)	(2,719,494)
Interest income	194,873	76,038	58,768	110,073	105,755
Interest expense	-	(8,046)	(12,622)	(33,453)	(39,134)
Gain (Loss) on disposal of capital assets	28,156	(364,252)	-	-	-
Net non-operating revenues(expenses)	(87,801,590)	(74,813,328)	(73,925,968)	(84,814,109)	(78,665,328)
Change in net position	755,740	1,555,873	3,229,677	1,088,219	1,011,221
Net position, beginning of period, as restated*	5,798,338	4,242,465	6,284,179	5,195,960	4,184,739
Net position, end of period	6,554,077	5,798,338	9,513,856	6,284,179	5,195,960

* beginning Net Position was restated in FY 2015 due to implementation of GASB 68, Accounting and Financial Reporting for Pensions

Budget for Lottery Fund

	FY 2016 ACTUAL	FY 2017 BOARD APPROVED FINAL BUDGET	FY 2018 BOARD APPROVED BUDGET	FY 2019 BOARD APPROVED BUDGET
<u>Resources</u>				
Lottery sales	366,910,923	324,920,000	333,820,000	333,820,000
Interest income	194,873	500,000	500,000	500,000
Application fees	4,175	5,000	5,000	5,000
Other	33,065	5,000	5,000	5,000
Total Resources	367,143,037	325,430,000	334,330,000	334,330,000
<u>Expenses and Change in Net Assets</u>				
Prizes	221,767,401	193,151,515	199,136,196	200,867,504
Retailer compensation	24,561,634	20,987,254	22,347,472	22,347,472
Advertising production and media purchases	6,821,537	12,996,800	13,352,800	13,352,800
Retailer Lottery system/Terminal Communications	7,942,965	7,593,157	7,851,213	5,716,434
Instant/Pull-tab ticket expense	3,258,644	3,942,000	4,142,000	4,142,000
Vending machines & maintenance/Ticket dispensers	820,542	1,819,000	1,965,800	1,965,800
Courier delivery of instant tickets	563,738	660,000	660,000	660,000
Interest expense	-	-	-	-
Lottery operating expense	12,654,373	14,620,690	14,996,492	14,971,892
Building (purchase and sale)	-	-	-	-
Increase (decrease) in net assets	727,584	(85,000)	(332,700)	(412,100)
Total Expenses and Change in Net Assets	279,118,417	255,685,415	264,119,272	263,611,802
<u>Proceeds</u>				
Proceeds Transfer to General Fund	85,524,619	67,244,585	67,710,728	68,218,198
Proceeds Transfer to Veterans Trust Fund	2,500,000	2,500,000	2,500,000	2,500,000
Total Proceeds Transfers	88,024,619	69,744,585	70,210,728	70,718,198
Total Expenses and Proceeds	367,143,037	325,430,000	334,330,000	334,330,000

Lottery Operations - Budget Detail

	FY 2016 ACTUAL	FY 2017 BOARD APPROVED FINAL BUDGET	FY 2018 BOARD APPROVED BUDGET	FY 2019 BOARD APPROVED BUDGET
Administrative payroll*	9,977,828	11,302,592	11,302,592	11,302,592
Travel	275,272	435,000	435,000	435,000
Supplies	104,490	105,000	105,000	105,000
Printing	4,190	20,000	20,000	20,000
Postage	6,636	7,000	7,000	7,000
Communications	263,414	317,098	186,000	186,000
Rentals	309,412	320,000	320,000	320,000
Utilities	87,942	101,000	101,000	101,000
Professional fees	135,660	220,000	225,000	225,000
Outside services and repair	243,794	315,000	334,000	419,000
Data processing	122,421	125,000	125,000	125,000
Equipment	306,251	436,000	593,200	479,200
Reimbursement to state agencies	430,088	480,000	506,000	506,000
Depreciation	333,223	350,000	650,700	655,100
Other expenses	53,751	87,000	86,000	86,000
Total operating expenses	\$ 12,654,373	\$ 14,620,690	\$ 14,996,492	\$ 14,971,892

* 2018 and 2019 Proposed Budgets for "Administrative Payroll" do not include salary and benefit cost increases