

# ANNUAL QUAL

2019

# REPORT



## LETTER FROM THE EXECUTIVE DIRECTOR

On October 13, 1989, the Hoosier Lottery sold its first Scratch-off ticket and thirty years later is still providing entertainment for our players and important revenue for the State of Indiana. The Lottery legislation passed by the Indiana General Assembly tasked the Lottery with maximizing revenue to the State of Indiana in a socially responsible manner. Over this past thirty years, the Lottery staff has fulfilled that mission by transferring over \$6 billion of its surplus revenue to the State treasury. These funds were generated by our players purchasing \$23 billion in lottery products.

We are very proud that the Legislature has directed Lottery revenue to support the Indiana State Teachers' Retirement Fund and the pension funds for local police officers and firefighters. Together these pension accounts have received more than \$1.6 billion. Meanwhile, \$4.4 billion has been contributed to the Build Indiana Fund, helping reduce Hoosiers' auto excise taxes by up to 50%.

Hoosier Lottery players have won in various ways, as well - from the free ticket on a Scratch-off game to the \$536 million dollars won on a Mega Millions® ticket sold at one of our retail partners in Wayne County on July 8, 2017. In fact, the Hoosier Lottery has awarded \$13.9 billion in prizes over the years, including 191 winners of \$1 million or more on our iconic "Hoosier Millionaire" television show.

Our Lottery sales are possible due to the network of 4,300 retailers who sell our products. These partners have earned \$1.5 billion in commissions from the Lottery, supporting businesses from Tell City to Granger. Fiscal Year 2019 reflects the results of the strategic planning and hard work of the entire Lottery team. The Lottery Commission staff ensures the security, financial integrity and administration of the business. IGT Indiana, our integrated services provider, develops and markets the products that our players want to purchase. These collaborative efforts generated record annual sales of \$1.3 billion and a record annual transfer of \$312 million to the State of Indiana.

Operating the Lottery in a socially responsible manner is taken very seriously. In all parts of our business, we meet the highest industry standards, including game design, advertising and player assistance. Our financial success this past year was matched by our recertification at the highest designation for Responsible Gaming by the World Lottery Association.

It has been fun and rewarding to look back as we celebrate our 30th anniversary. Our predecessors have left a legacy of success for us to emulate in the years to come. We have a winning team that can build on that success to the benefit of all Hoosiers.



Sarah M. Taylor  
Executive Director  
Hoosier Lottery

**THE STATE LOTTERY COMMISSION OF INDIANA**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 50,451,482	\$ 31,862,415
Investments, Current Portion	10,721,772	10,819,035
Accounts Receivable, Net	124,646,471	115,396,346
Prepaid Transfers to the State and Other Prepaid Expenses	1,558,260	1,552,967
Total Current Assets	<u>187,377,985</u>	<u>159,630,763</u>
<b>NONCURRENT ASSETS</b>		
Long-Term Investments, Less Current Portion	94,546,573	96,893,075
Prepaid Transfers to the State, Less Current Portion	11,230,769	12,634,615
Restricted Assets	9,593,596	8,509,501
Capital Assets, Net	506,246	741,051
Total Noncurrent Assets	<u>115,877,184</u>	<u>118,778,242</u>
Total Assets	303,255,169	278,409,005
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	566,468	1,310,830
<b>CURRENT LIABILITIES</b>		
Accounts Payable:		
State	20,383,555	18,528,667
Trade	19,391,669	16,789,547
Current Portion of Prize Liability	149,144,836	122,566,561
Unearned Revenue	1,999,198	4,471,647
Other Accrued Expenses	459,037	435,541
Total Current Liabilities	<u>191,378,295</u>	<u>162,791,963</u>
<b>LONG-TERM LIABILITIES</b>		
Prize Liability, Less Current Portion	84,263,453	91,272,507
Unearned Revenue	11,230,769	12,634,615
Net Pension Liability	2,139,082	2,763,582
Total Noncurrent Liabilities	<u>97,633,304</u>	<u>106,670,704</u>
Total Liabilities	289,011,599	269,462,667
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	525,541	474,835
<b>NET POSITION</b>		
Unrestricted	13,778,251	9,041,282
Investment in Capital Assets	506,246	741,051
Total Net Position	<u>\$ 14,284,497</u>	<u>\$ 9,782,333</u>

**THE STATE LOTTERY COMMISSION OF INDIANA**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>OPERATING REVENUES</b>		
Scratch-Off Ticket Sales, Net	\$ 974,884,849	\$ 934,984,749
On-Line Ticket Sales	372,870,808	335,080,894
Total Operating Revenues	1,347,755,657	1,270,065,643
<b>OPERATING EXPENSES</b>		
Direct Game Expenses:		
Scratch-Off Games Prizes	671,678,121	632,906,443
On-Line Games Prizes	188,319,594	164,364,802
Total Direct Game Expenses	859,997,715	797,271,245
Indirect Game Expenses:		
Retailer Commissions	91,618,898	86,646,361
Lottery Expenses:		
Central Gaming System Expenses	24,388,365	23,397,500
Advertising and Promotion	17,924,629	18,077,442
Ticket Printing Costs	12,575,123	11,920,820
Miscellaneous Lottery Expenses	2,244,422	1,922,661
Management Fees	11,129,313	11,984,749
Other Game Expenses	640,905	461,998
Total Indirect Game Expenses	160,521,655	154,411,531
Total Operating Expenses	1,020,519,370	951,682,776
<b>PROVIDER NET INCOME</b>	327,236,287	318,382,867
<b>OTHER OPERATING EXPENSES</b>		
Salaries, Wages, and Benefits	3,981,744	3,794,213
General and Administrative	2,317,874	2,399,790
Total Other Operating Expenses	6,299,618	6,194,003
<b>OPERATING INCOME</b>	320,936,669	312,188,864
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	917,443	428,442
Net Increase (Decrease) in Fair Value of Investments	4,672,734	(4,580,898)
Increase in Net Pension Liability	(170,570)	(347,317)
Provider Incentive	(11,239,981)	(9,191,433)
Other Income, Net	1,609,179	2,652,698
Total Nonoperating Revenues (Expenses), Net	(4,211,195)	(11,038,508)
<b>NET INCOME PRIOR TO DISTRIBUTIONS</b>	316,725,474	301,150,356
<b>DISTRIBUTIONS</b>		
Distributions to the State	(291,839,754)	(287,549,904)
Distributions to be Paid to the State	(20,383,555)	(18,528,667)
Total Distributions	(312,223,309)	(306,078,571)
<b>CHANGES IN NET POSITION</b>	4,502,164	(4,928,215)
Net Position - Beginning of year	9,782,333	14,710,548
<b>NET POSITION - END OF YEAR</b>	\$ 14,284,497	\$ 9,782,333

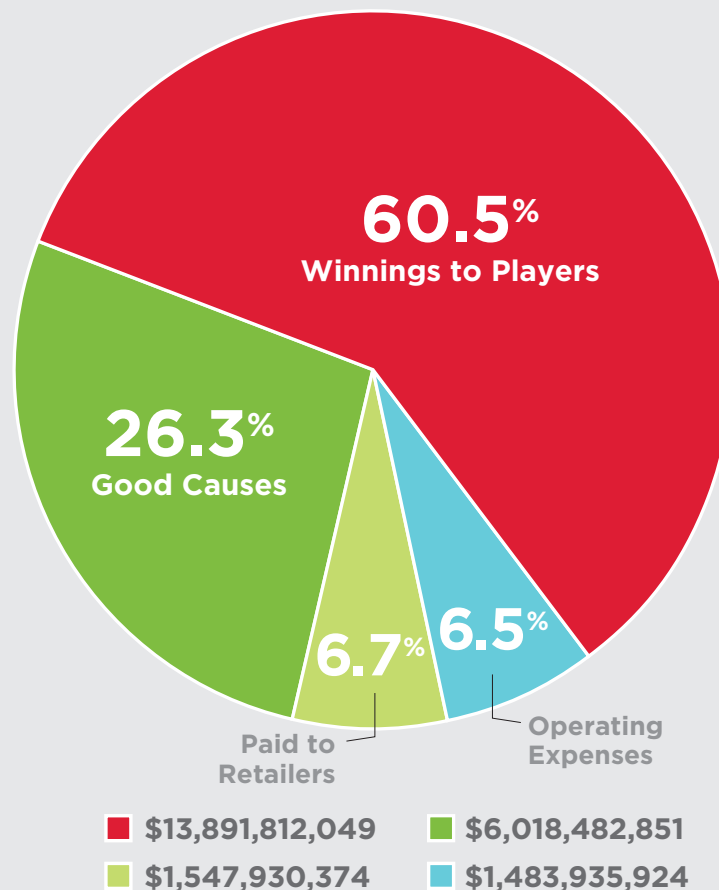
All financial figures based on Fiscal Year 2019. The above financial information is derived from our June 30, 2019 financial statements, which were audited by CliftonLarsonAllen LLP.

# WHERE THE MONEY GOES

Since its inception on October 13, 1989, the Hoosier Lottery has paid more than **\$13.9 billion** to winning players and has contributed more than **\$6 billion** to good causes across the state, including local police & firefighters' pensions, the Teachers' Retirement Fund, and the Build Indiana Fund. Approximately **\$1.5 billion** has been paid to Lottery retailers.

## FINANCIAL DISTRIBUTIONS

### STATEWIDE PAYMENTS SINCE INCEPTION



Must be 18 or older to play. Please play responsibly. Problem Gambling Helpline: 1-800-994-8448. All financial figures based on Fiscal Year 2019. The above financial information is derived from our June 30, 2019 financial statements, which were audited by CliftonLarsonAllen LLP.

# WHERE THE MONEY GOES



## The Build Indiana Fund

is used, in part, to reduce the motor vehicle excise tax and help fund technology at schools and libraries, improving the lives of our fellow Hoosiers.



## STRONGER. SAFER. SMARTER.

Lottery players help support local police and firefighters' pensions and the Teachers' Retirement Fund across Indiana.



### Build Indiana Fund

\$248,964,576



### Police & Firefighters' Pensions

\$30,000,000



### Teachers' Retirement Fund

\$30,000,000



Go online to find out how we're giving back to Indiana counties. Visit [hoosierlottery.com/givingback](http://hoosierlottery.com/givingback).

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Financial figures listed above reflect cash transfers to the State of Indiana in Fiscal Year 2019.

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[hoosierlottery.com](http://hoosierlottery.com)

