

ANNUAL

QUAL

2020

REPORT

REPORT



## LETTER FROM THE EXECUTIVE DIRECTOR

For more than 30 years, the Hoosier Lottery has consistently worked to fulfill its mission to maximize revenue to the State of Indiana, in a socially responsible manner. Even during this unprecedented year, we continued to provide light entertainment for our players and produce important revenue. We closed the books on Fiscal Year 2020 with total sales of more than \$1.38 billion. Our transfer of \$304 million to the State of Indiana for FY20 was the second highest total in our history. To date, the Teachers' Retirement Fund and the pension funds for local police officers and firefighters have been given more than \$1.6 billion and more than \$4.6 billion has been transferred to the Lottery Surplus Fund, all resulting from Lottery sales.

Fiscal Year 2020 marked the first time in Hoosier Lottery history that we surpassed \$1 billion in Scratch-off sales in a year. This would not have been possible without the network of more than 4,400 retailers who sell our products. Many of these essential businesses remained open at a time when life as we knew it was altered.

We continued to focus on revamping and modernizing the Hoosier Lottery's presence at our retailers. The Self-Service network was optimized to better serve the changing landscape. Self-Service equipment grew by 70 units during FY20 and nearly 85% of our retailer base now accept debit for lottery purchases. Reflecting our customers' expectations and purchasing trends, our self-service network and retailer debit acceptance continue to serve our players and retailers well and will continue to provide both convenience and ease in the future.

Our team adapted quickly in March, with no knowledge of what to expect. A pandemic wasn't in the playbook and there was no perfect plan. We had to make strategic pivots weekly, sometimes daily, and be flexible to change. Collectively, the team led our organization with focus on employee, player and retailer safety while maintaining our business continuity. We never stopped paying prizes to our players; we trained retailers remotely; our drawings never stopped; and we accommodated our retailers impacted by the pandemic. Our dedication showed a willingness to stand behind our brand to make life a little better for Hoosiers.

As we wrap up our 30<sup>th</sup> anniversary year, we are reminded of what we have accomplished and can look forward to in the future. All we have learned this year will help drive continued success. We have proven to our team, our players, our retailers and our beneficiaries, and the State of Indiana that together, we can continue to champion Hoosier dreams, big and small.

A handwritten signature in black ink that reads "Sarah M. Taylor". The signature is written in a cursive, flowing style.

Sarah M. Taylor  
Executive Director of the Hoosier Lottery

**THE STATE LOTTERY COMMISSION OF INDIANA**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2020 AND 2019**

	2020	2019
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 30,982,701	\$ 50,451,482
Investments, Current Portion	10,833,393	10,721,772
Accounts Receivable, Net	132,808,689	124,646,471
Prepaid Transfers to the State and Other Prepaid Expenses	1,557,420	1,558,260
Total Current Assets	176,182,203	187,377,985
<b>NONCURRENT ASSETS</b>		
Long-Term Investments, Less Current Portion	95,633,001	94,546,573
Prepaid Transfers to the State, Less Current Portion	9,826,923	11,230,769
Restricted Assets	9,452,179	9,593,596
Capital Assets, Net	219,733	506,246
Total Noncurrent Assets	115,131,836	115,877,184
Total Assets	291,314,039	303,255,169
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	485,901	566,468
<b>CURRENT LIABILITIES</b>		
Accounts Payable:		
State	28,449,664	20,383,555
Trade	4,373,701	19,391,669
Current Portion of Prize Liability	142,833,896	149,144,836
Unearned Revenue	2,174,606	1,999,198
Other Accrued Expenses	922,212	459,037
Total Current Liabilities	178,754,079	191,378,295
<b>LONG-TERM LIABILITIES</b>		
Prize Liability, Less Current Portion	77,651,458	84,263,453
Unearned Revenue	9,826,924	11,230,769
Net Pension Liability	2,111,822	2,139,082
Total Noncurrent Liabilities	89,590,204	97,633,304
Total Liabilities	268,344,283	289,011,599
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	414,217	525,541
<b>NET POSITION</b>		
Unrestricted	22,821,707	13,778,251
Investment in Capital Assets	219,733	506,246
Total Net Position	\$ 23,041,440	\$ 14,284,497

**THE STATE LOTTERY COMMISSION OF INDIANA**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>OPERATING REVENUES</b>		
Scratch-Off Ticket Sales, Net	\$ 1,093,015,280	\$ 974,884,849
On-Line Ticket Sales	291,052,960	372,870,808
Total Operating Revenues	1,384,068,240	1,347,755,657
<b>OPERATING EXPENSES</b>		
Direct Game Expenses:		
Scratch-Off Games Prizes	764,594,944	671,678,121
On-Line Games Prizes	149,569,647	188,319,594
Total Direct Game Expenses	914,164,591	859,997,715
Indirect Game Expenses:		
Retailer Commissions	94,664,414	91,618,898
Lottery Expenses:		
Central Gaming System Expenses	24,943,663	24,388,365
Advertising and Promotion	14,762,159	17,924,629
Ticket Printing Costs	13,367,572	12,575,123
Miscellaneous Lottery Expenses	1,361,236	2,244,422
Management Fees	10,877,527	11,129,313
Other Game Expenses	652,333	640,905
Total Indirect Game Expenses	160,628,904	160,521,655
Total Operating Expenses	1,074,793,495	1,020,519,370
<b>PROVIDER NET INCOME</b>	309,274,745	327,236,287
<b>OTHER OPERATING EXPENSES</b>		
Salaries, Wages, and Benefits	4,242,191	3,981,744
General and Administrative	2,295,211	2,317,874
Total Other Operating Expenses	6,537,402	6,299,618
<b>OPERATING INCOME</b>	302,737,343	320,936,669
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest Income	697,655	917,443
Net Increase (Decrease) in Fair Value of Investments	8,698,926	4,672,734
Increase in Net Pension Liability	58,017	(170,570)
Provider Incentive	-	(11,239,981)
Other Income, Net	1,159,803	1,609,179
Total Nonoperating Revenues (Expenses), Net	10,614,401	(4,211,195)
<b>NET INCOME PRIOR TO DISTRIBUTIONS</b>	313,351,744	316,725,474
<b>DISTRIBUTIONS</b>		
Distributions to the State	(276,145,136)	(291,839,754)
Distributions to be Paid to the State	(28,449,664)	(20,383,555)
Total Distributions	(304,594,800)	(312,223,309)
<b>CHANGE IN NET POSITION</b>	8,756,943	4,502,164
Net Position - Beginning of year	14,284,497	9,782,333
<b>NET POSITION - END OF YEAR</b>	\$ 23,041,440	\$ 14,284,497

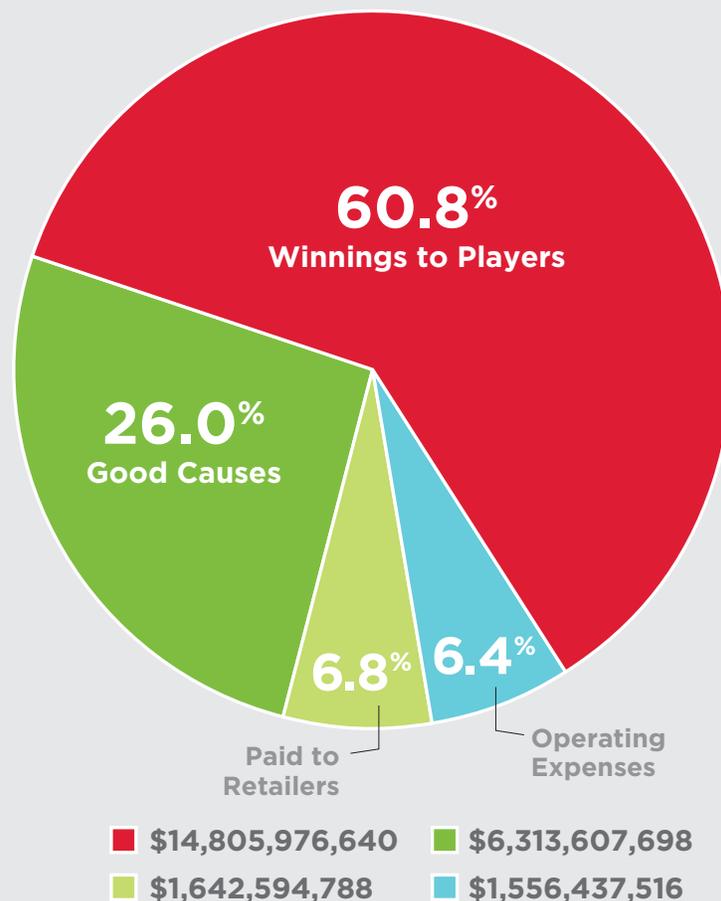
All financial figures based on Fiscal Year 2020. The above financial information is derived from our June 30, 2020 financial statements, which were audited by CliftonLarsonAllen LLP.

# WHERE THE MONEY GOES

For 30 years, the Hoosier Lottery has paid more than **\$14.8 billion** to winning players and has contributed more than **\$6.3 billion** to good causes across the state, including local police & firefighters' pensions, the Teachers' Retirement Fund, and the Lottery Surplus Fund. Approximately **\$1.6 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 2020. The above financial information is derived from our June 30, 2020 financial statements, which were audited by CliftonLarsonAllen LLP.

# WHERE THE MONEY GOES



## The Lottery Surplus Fund

is used primarily to reduce the motor vehicle excise tax. Monies are transferred monthly from the Lottery Surplus Fund to the State General Fund motor vehicle tax replacement account by the Auditor of State. At the end of each year, any monies left in the Lottery Surplus Fund are transferred to the State General Fund.



## STRONGER. SAFER. SMARTER.

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



### Lottery Surplus Fund

\$235,124,847



### 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](https://www.hoosierlottery.com/givingback).

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Financial figures listed above reflect cash transfers to the State of Indiana in Fiscal Year 2020.

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

