

**State Lottery Commission of Indiana
THANK YOU FOR JOINING
OUR MEETING IS SCHEDULED TO BEGIN AT 10:30 a.m.**



December 6, 2022 Meeting

Preliminary Matters

- Call to Order
- Compliance with Open Door Law
- Roll Call
- Approval of Minutes (by Roll Call Vote)
- Director Reports

Commission Roll Call

	Present	Absent
Chairman William Zielke	☐	☐
Commissioner Norman Gurwitz	☐	☐
Commissioner Andrew Mallon	☐	☐
Commissioner Roger Utzinger	☐	☐
Commissioner Robert Wynkoop	☐	☐

Commission Vote to Approve Minutes

	Yea	Nay
Chairman William Zielke	☐	☐
Commissioner Norman Gurwitz	☐	☐
Commissioner Andrew Mallon	☐	☐
Commissioner Roger Utzinger	☐	☐
Commissioner Robert Wynkoop	☐	☐

Sarah Taylor named President of North American State and Provincial Lotteries (NASPL)



December 6, 2022



IMAGINE THAT.

Director's Report

Sarah M. Taylor

Executive Director

December 6, 2022



WORLD LOTTERY SUMMIT 2022 VANCOUVER



December 6, 2022



Fast Play \$20 Golden Jackpot Update

Final Fast Play \$20 Golden Jackpot Ticket Claim Status	
Claims Received	437
Claims Paid	428
Claims Denied*	9
Affidavits Received	36
Affidavits Paid	20
Affidavits Denied	16
*Ticket claims are subject to IC 4-30-11	

The background is a solid teal color. Overlaid on this are numerous numbers in various sizes and shades of teal, creating a layered, abstract effect. Some numbers are large and bold, while others are smaller and more faded. The numbers appear to be floating or radiating from a central point, giving a sense of depth and movement.

Phil Sicuso

Bose McKinney & Evans

December 6, 2022

The Lottery / IGT Indiana relationship is grounded in a spirit of cooperation that is integral to the successful operation of the Integrated Services Agreement.

Matters Subject to Dispute

- Provider's Unrecovered Shortfall -- \$18.25M
- Passage of HEA 1260 – at least \$2.056M/year
- Fast Play Golden Jackpot -- \$3.17M

The settlement ensures that:

- IGT Indiana can no longer pursue a claim for extra incentive payments associated with the Lottery's record net income performance in FY21, or any other year prior to the settlement.
- As of the settlement effective date, IGT Indiana will not be eligible to pursue any incentive payments beyond a 5% annual cap.
- IGT Indiana can no longer pursue a reduction in annual Provider Net Income thresholds based on the passage of HEA 1260.
- The Lottery retains all existing contractual remedies necessary to continue holding IGT Indiana accountable for performing all services at the highest standards.

The parties believe that their interests are adequately addressed by the settlement and have pledged to continue working in good faith to fulfill the Lottery's statutory purposes with a renewed commitment to the Integrated Service Agreement's spirit of cooperation.



IMAGINE THAT.

FY22 Internal Audit Results

Carrie Stroud

Chief of Staff

December 6, 2022

FY22 Internal Audits

Summary of Findings

	FY 2022	Completed	In-Process
High Risk	0	0	0
Medium Risk	1	1	0
Low Risk	3	3	0
TOTAL	4	4	0

Internal Audit Areas – FY 2022:

- Budgets & Financial Reporting
- Access Control
- Unclaimed Prizes
- Retailer Licensing Compliance
- Purchasing Compliance
- Annuity Prizes



IMAGINE THAT.

FY22 Audited Financial Report

Carrie Stroud

Chief of Staff

December 6, 2022

Financial Report - FY22 Audited Statements

Income Statement

For the Twelve Months ending June 30
(In Thousands)

	FY22 Actual	FY22 Budget	Percentage Variance	FY21 Actual	Percentage Variance
Revenues	\$ 1,702,855	\$ 1,595,915	6.7%	\$ 1,737,734	-2.0%
Prize Expense	1,138,515	1,060,075	7.4%	1,143,859	-0.5%
Game and Provider Expenses	196,207	192,840	1.7%	194,021	1.1%
Provider Net Income (PNI)	368,133	343,000	7.3%	399,854	-7.9%
General and Administrative Expenses	7,071	9,278	-23.8%	6,810	3.8%
Operating Profit	361,062	333,722	8.2%	393,044	-8.1%
Other Income	4,155	1,583	162.5%	1,997	108.1%
Provider (Incentive)/Shortfall Payment	(18,406)	(10,000)	84.1%	(19,493)	-5.6%
Surplus Revenue to the State	346,811	325,305	6.6%	375,548	-7.7%
Fair Market Value Adjustment	(10,852)	-	N/A	(7,035)	54.3%
Change in Net Pension Liability	604	-	N/A	351	72.1%
Net Income	\$ 336,563	\$ 325,305	3.5%	\$ 368,864	-8.8%

Summary of Audits – FY 2022

Following is a summary of audits in which the Hoosier Lottery was involved during or related to FY 2022

Audit	Start Date	Report Issued
Security Audit	October 2021	November 2021
Internal Audit	April 2022	July 2022
Financial Audit	August 2022	October 2022
MUSL* Audit	August 2022	October 2022
Forensic Audit	September 2022	November 2022

*Multi-State Lottery Association



IMAGINE THAT.

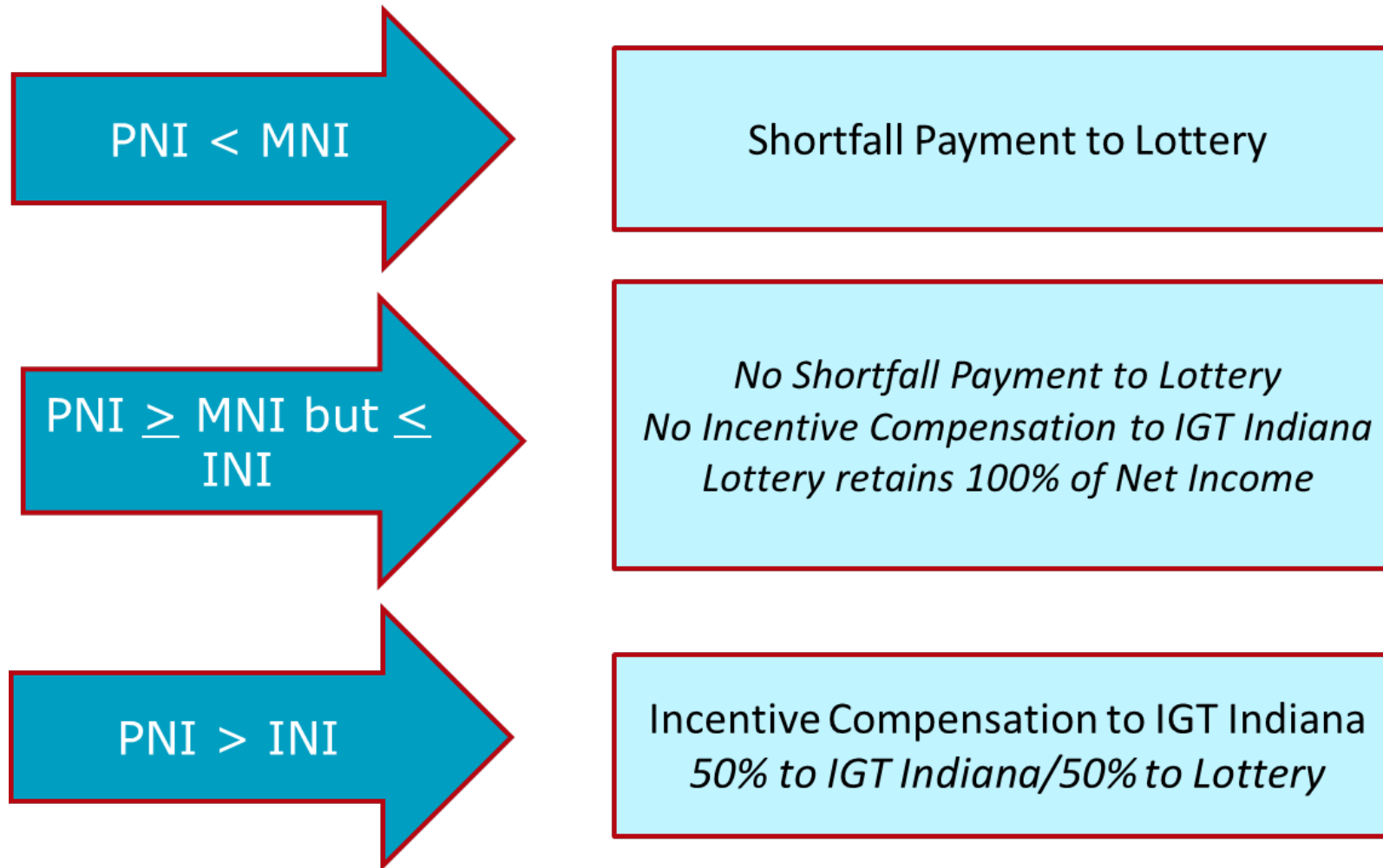
FY23 Financial Report

Carrie Stroud

Chief of Staff

December 6, 2022

FY23 Net Income Thresholds



PNI = Provider Net Income
MNI = Minimum Net Income (\$311M – FY 23)
INI = Incentive Net Income (\$329M – FY 23)

Financial Report - FY23 YTD

Income Statement

For the Four Months ending October 31

(In Thousands)

PRELIMINARY & UNAUDITED

	FY23 Actual	FY23 Budget	Percentage Variance	FY22 Actual	Percentage Variance
Revenues	\$ 570,571	\$ 565,009	1.0%	\$ 565,812	0.8%
Prize Expense	375,524	378,566	-0.8%	374,780	0.2%
Game and Provider Expenses	66,926	68,566	-2.4%	66,133	1.2%
Provider Net Income (PNI)	128,121	117,877	8.7%	124,899	2.6%
General and Administrative Expenses	2,380	3,203	-25.7%	2,133	11.6%
Operating Profit	125,741	114,674	9.7%	122,766	2.4%
Other Income	477	557	-14.4%	566	-15.7%
Provider (Incentive)/Shortfall Payment	(4,833)	(3,667)	31.8%	(3,333)	45.0%
Surplus Revenue to the State	121,385	111,564	8.8%	119,999	1.2%
Fair Market Value Adjustment	-	-	0.0%	-	0.0%
Net Income	\$ 121,385	\$ 111,564	8.8%	\$ 119,999	1.2%

Notes:

1) Revenues are \$4.7M (0.8%) greater than prior year and \$5.5M (1.0%) greater than Budget

2) Prize Expense is 65.8% of Revenues, compared to 66.2% in prior year and 67.0% budgeted

3) Game and Provider Expenses are in-line with Budget and prior year as a percentage of Revenues (11.6%-12.1%)

4) General & Administrative Expenses are \$247k (11.6%) greater than prior year and \$823k (25.7%) less than Budget

5) Surplus Revenue to the State is \$1.4M (1.2%) greater than prior year and \$9.8M (8.8%) greater than Budget

Financial Report - FY23 YTD

Revenue Breakdown

For the Four Months ending October 31

(In Thousands)

PRELIMINARY & UNAUDITED

	FY23 Actual	FY23 Budget	FY22 Actual
Revenues			
Instant Tickets			
Scratch	\$ 421,080	\$ 454,339	\$ 442,206
Total Instant Tickets	421,080	454,339	442,206
Big Jackpot Draw Games			
Powerball (w/Double Play)	40,231	28,109	36,384
Hoosier Lotto (w/+PLUS)	14,773	13,585	13,789
Mega Millions	35,907	14,215	14,988
Total Big Jackpot Draw Games	90,911	55,909	65,161
Non-Jackpot Draw Games			
Daily 3	16,294	15,068	16,569
Daily 4	15,793	14,260	15,373
Quick Draw (w/Bullseye)	6,217	5,870	6,635
Cash 5	4,461	5,477	4,545
EZ Match	1,083	935	1,060
SUPERBALL	2,375	1,958	2,253
Cash4Life	2,299	2,137	2,371
Fast Play	10,058	9,056	9,639
Total Non-Jackpot Draw Games	58,580	54,761	58,445
Total Revenues	<u>\$ 570,571</u>	<u>\$ 565,009</u>	<u>\$ 565,812</u>

Notes:

1) Scratch Revenue is \$21.1M (4.8%) less than prior year and \$33.2M (7.3%) less than Budget

2) Powerball Revenue is \$3.8M (10.5%) greater than prior year and \$12.1M (43.1%) greater than Budget

3) Hoosier Lotto Revenue is \$1.0M (7.1%) greater than prior year and \$1.2M (8.7%) greater than Budget

4) Mega Millions Revenue is \$20.9M (139.6%) greater than prior year and \$21.7M (152.6%) greater than Budget

5) Non-Jackpot Draw Games are \$135k (0.2%) greater than prior year and \$3.8M (7.0%) greater than Budget

Financial Report - FY23 Forecast

DRAFT

Income Statement

For the Twelve Month Period ending June 30

(In Thousands)

	FY23 Forecast	FY23 Budget	Percentage Variance	FY22 Actual	Percentage Variance
Revenues	\$ 1,666,592	\$ 1,686,647	-1.2%	\$ 1,702,856	-2.1%
Prize Expense	1,108,922	1,130,820	-1.9%	1,138,516	-2.6%
Game and Provider Expenses	199,670	204,827	-2.5%	196,207	1.8%
Provider Net Income (PNI)	358,000	351,000	2.0%	368,133	-2.8%
General and Administrative Expenses	9,183	9,955	-7.8%	7,071	29.9%
Operating Profit	348,817	341,045	2.3%	361,062	-3.4%
Other Income	958	1,651	-42.0%	4,156	-76.9%
Provider (Incentive)/Shortfall Payment	(14,500)	(11,000)	31.8%	(18,407)	-21.2%
Surplus Revenue to the State	335,275	331,696	1.1%	346,811	-3.3%
Fair Market Value Adjustment	-	-	0.0%	(10,852)	0.0%
Net Pension Obligation Adjustment	-	-	0.0%	604	-100.0%
Net Income	<u>\$ 335,275</u>	<u>\$ 331,696</u>	<u>1.1%</u>	<u>\$ 336,563</u>	<u>-0.4%</u>



IMAGINE THAT.

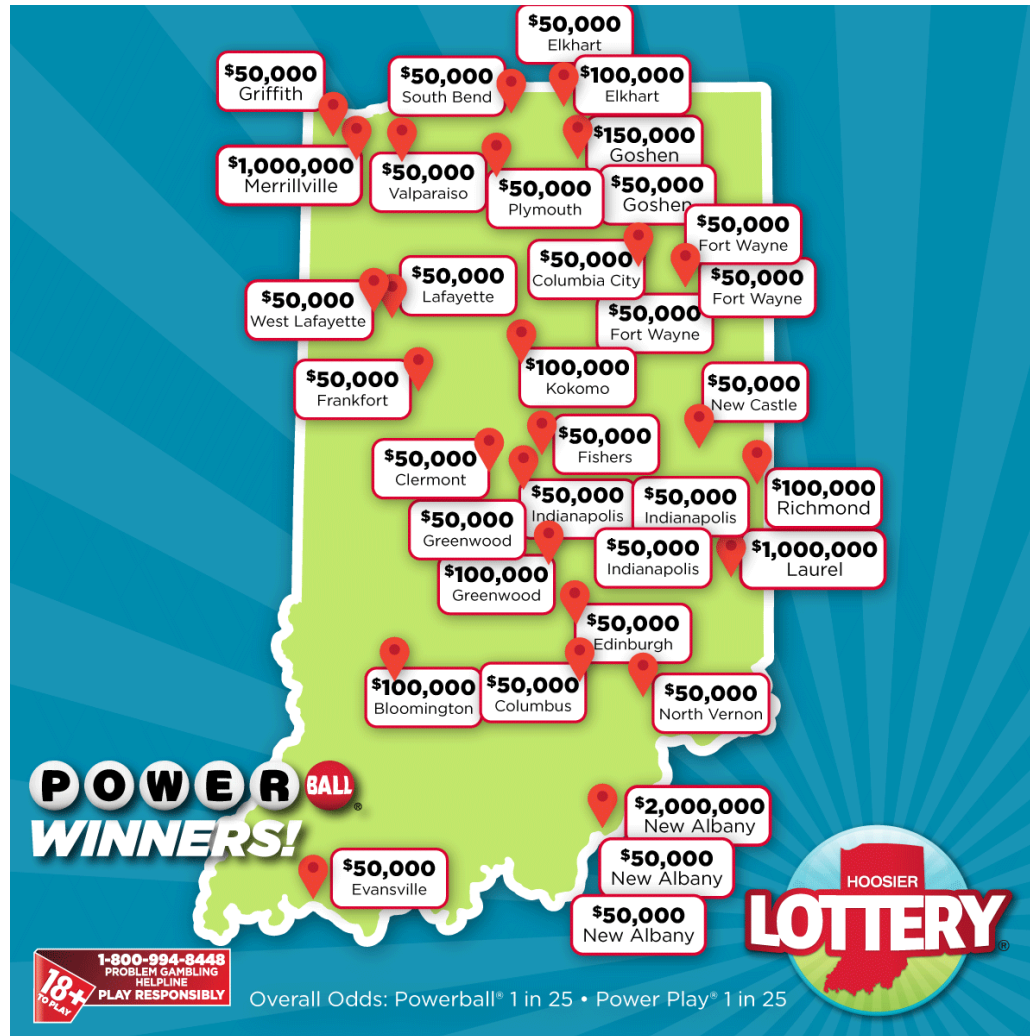
FY23 Business Plan Review

Chuck Taylor

Director of Legal Affairs & Compliance

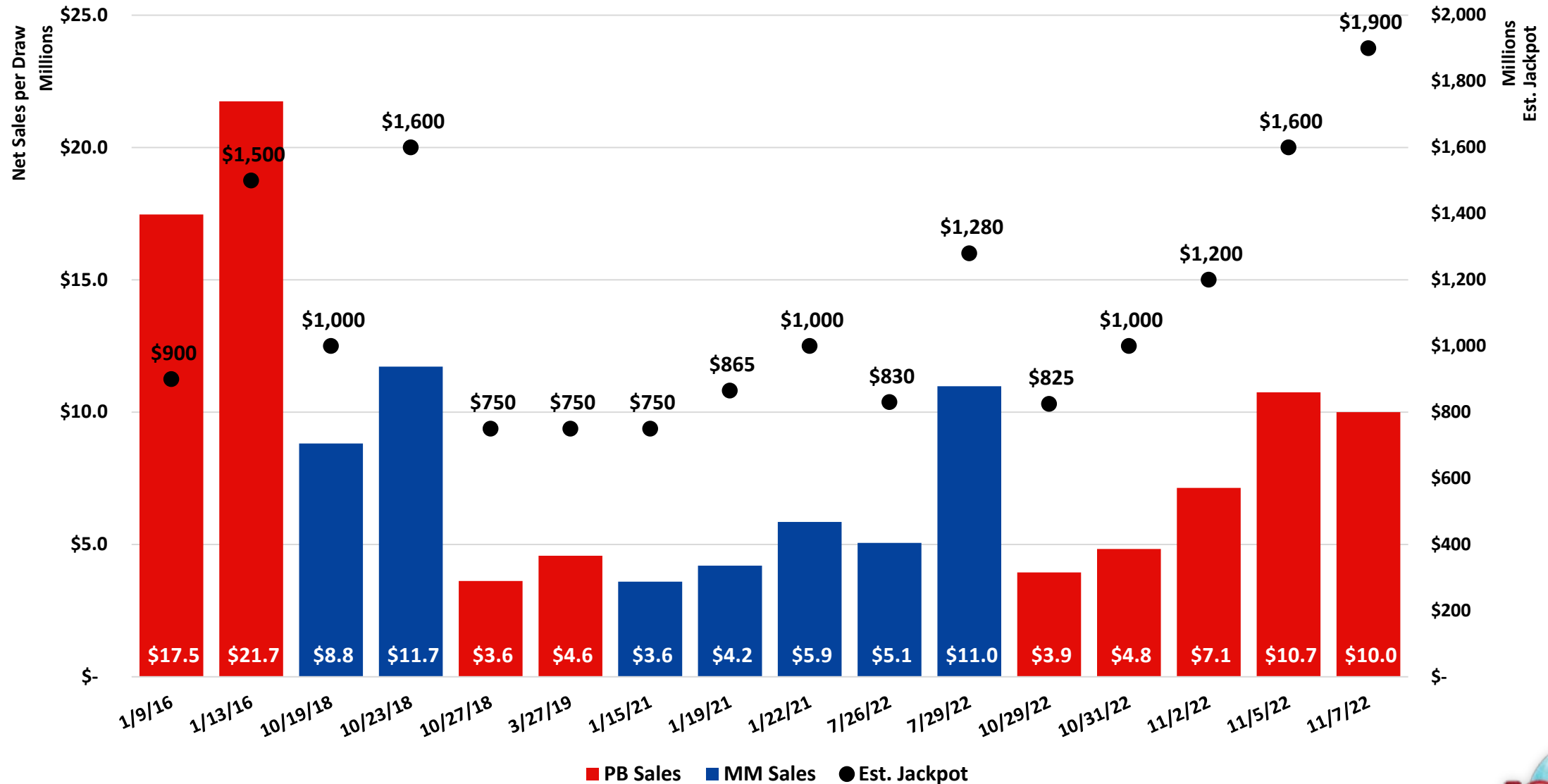
December 6, 2022

\$2.04B Powerball® Jackpot Run



- Approximately \$58M in sales in Indiana
- Over \$14M in prizes won in Indiana
- 35 Hoosier Lottery Powerball Winners of \$50,000+
- Retailers were paid approximately \$3.5M in commissions and jackpot bonuses
- Approximately \$19.1M in surplus revenue for the State to support the Lottery's good causes

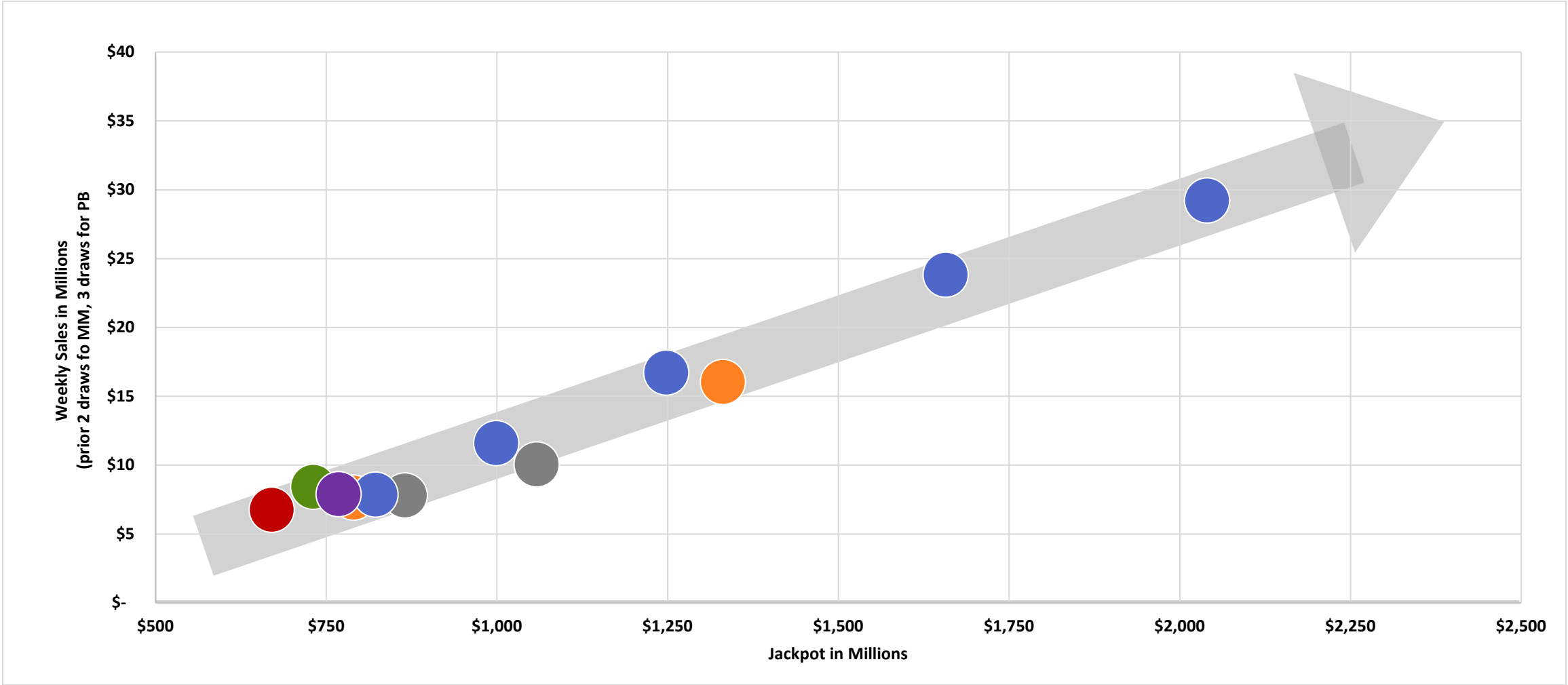
Powerball & Mega Millions Draws with Jackpots \$750M+



December 6, 2022



Weekly Sales vs Jackpot Powerball & Mega Millions



● PB - October-2021 ● PB - January 2021 ● PB - March 2019 ● MM - January 2021 ● MM - July 2022 ● PB - Oct/November 2022

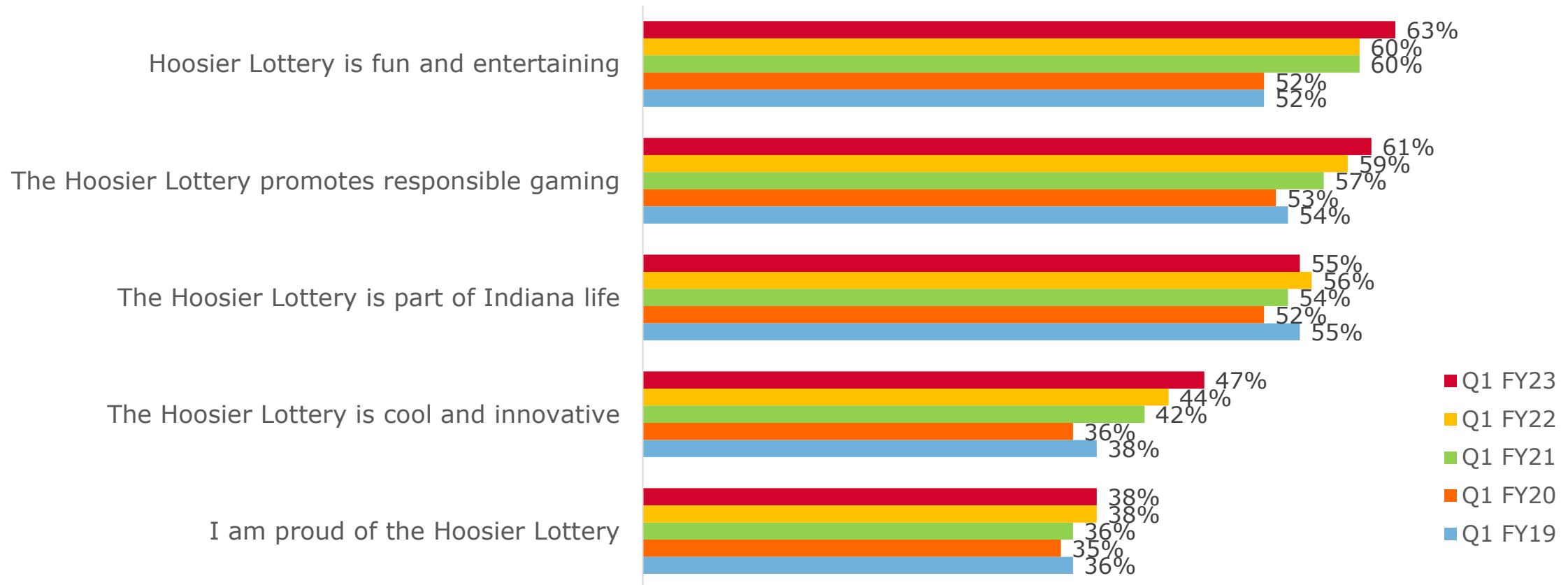
Note: Weekly Sales including add-on games





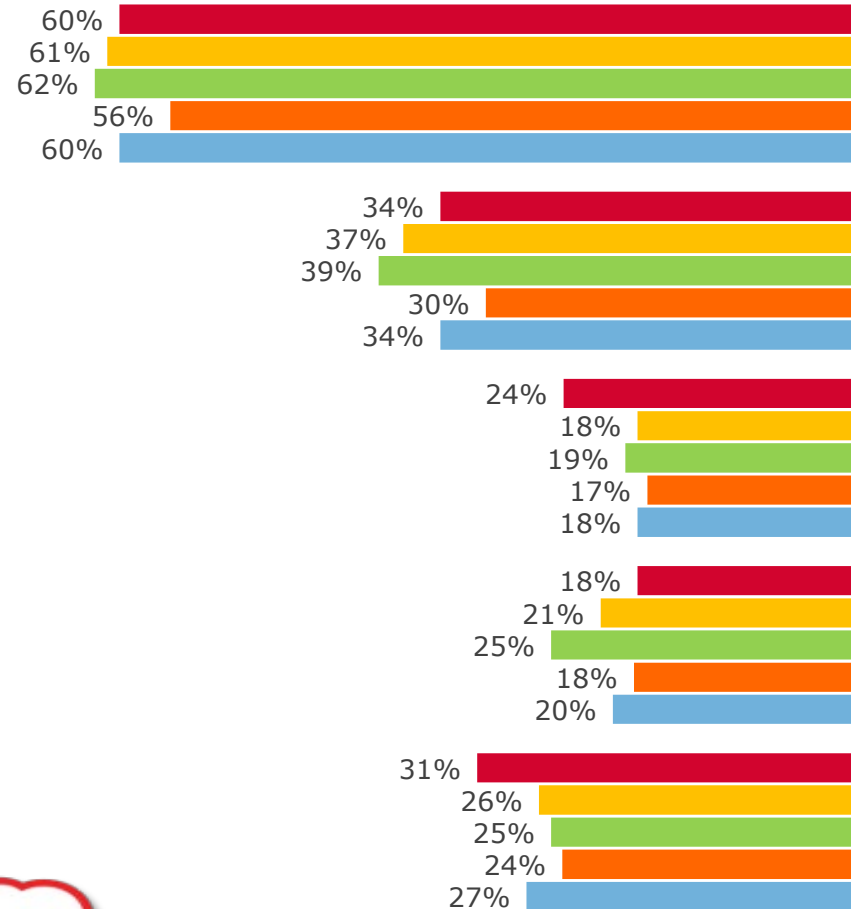
Brand Health Trends

Corporate Image Statements



Unaided Awareness & Past Year Participation

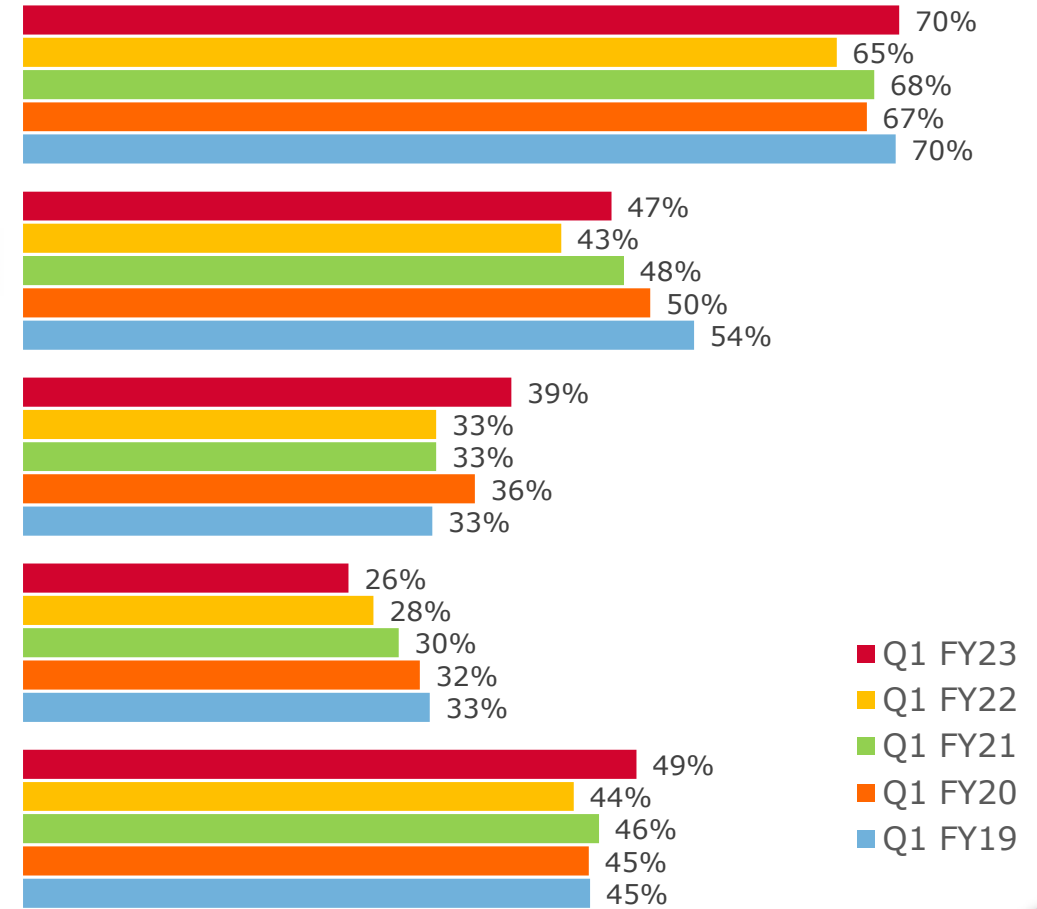
Unaided Awareness



Any Game



Past Year Participation

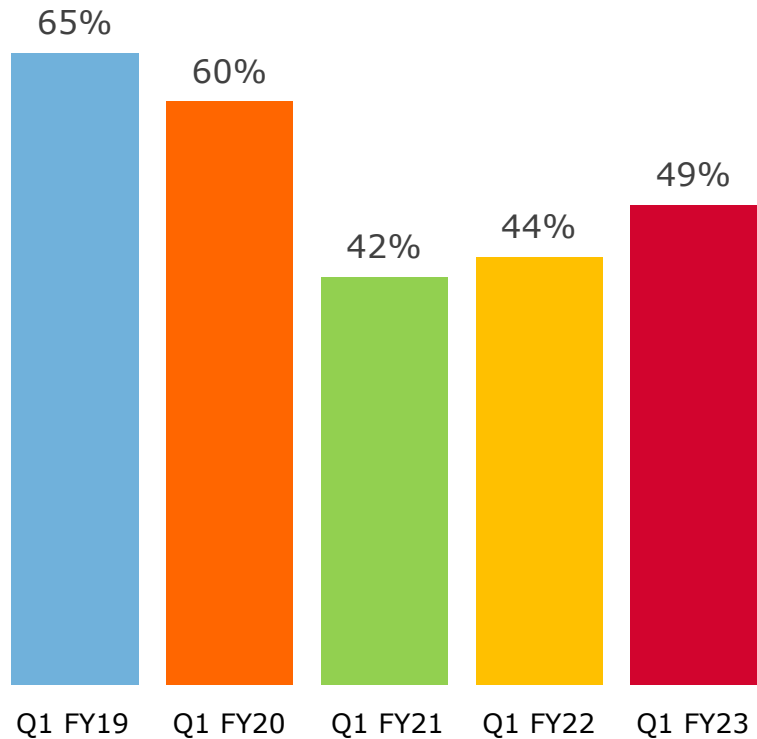


- Q1 FY23
- Q1 FY22
- Q1 FY21
- Q1 FY20
- Q1 FY19

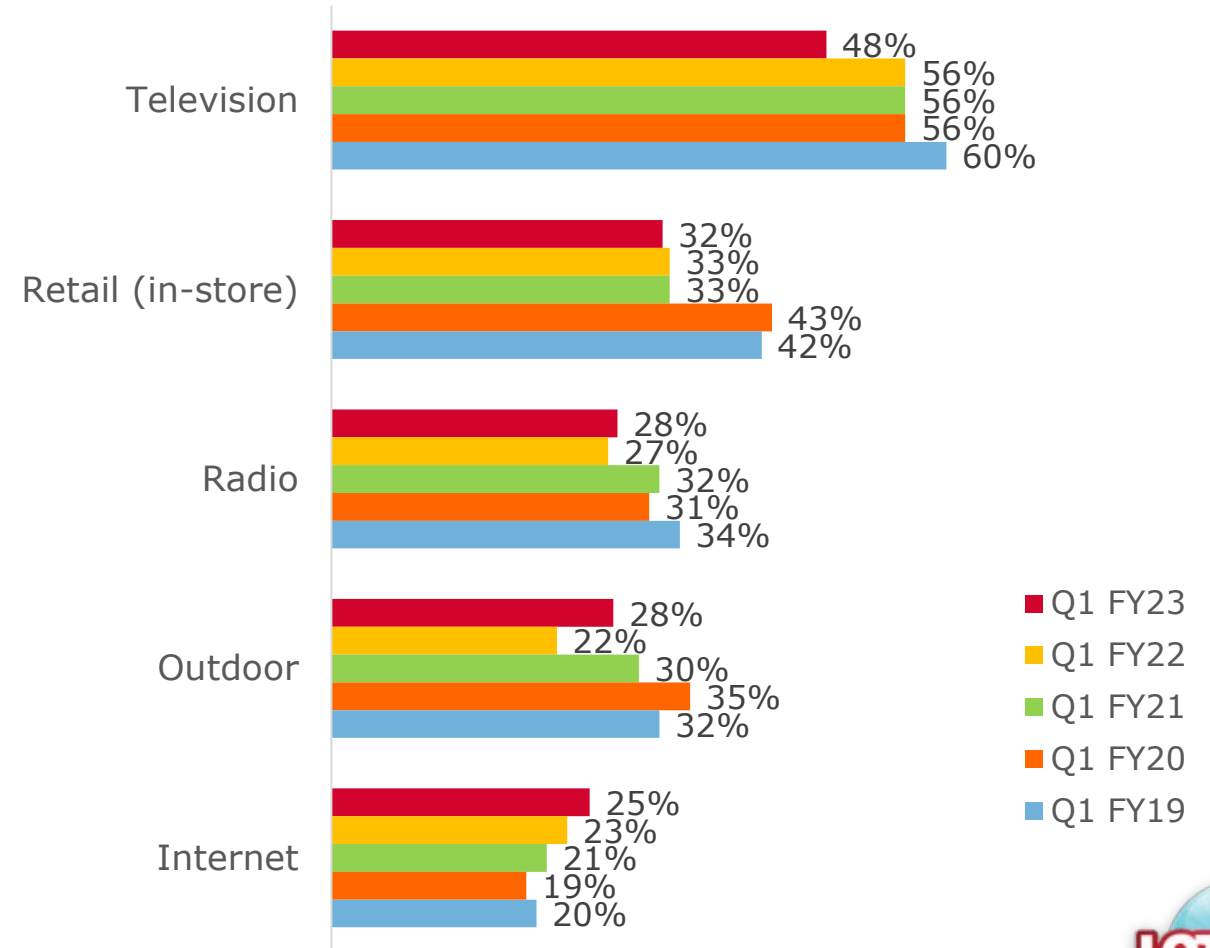


Advertising Awareness

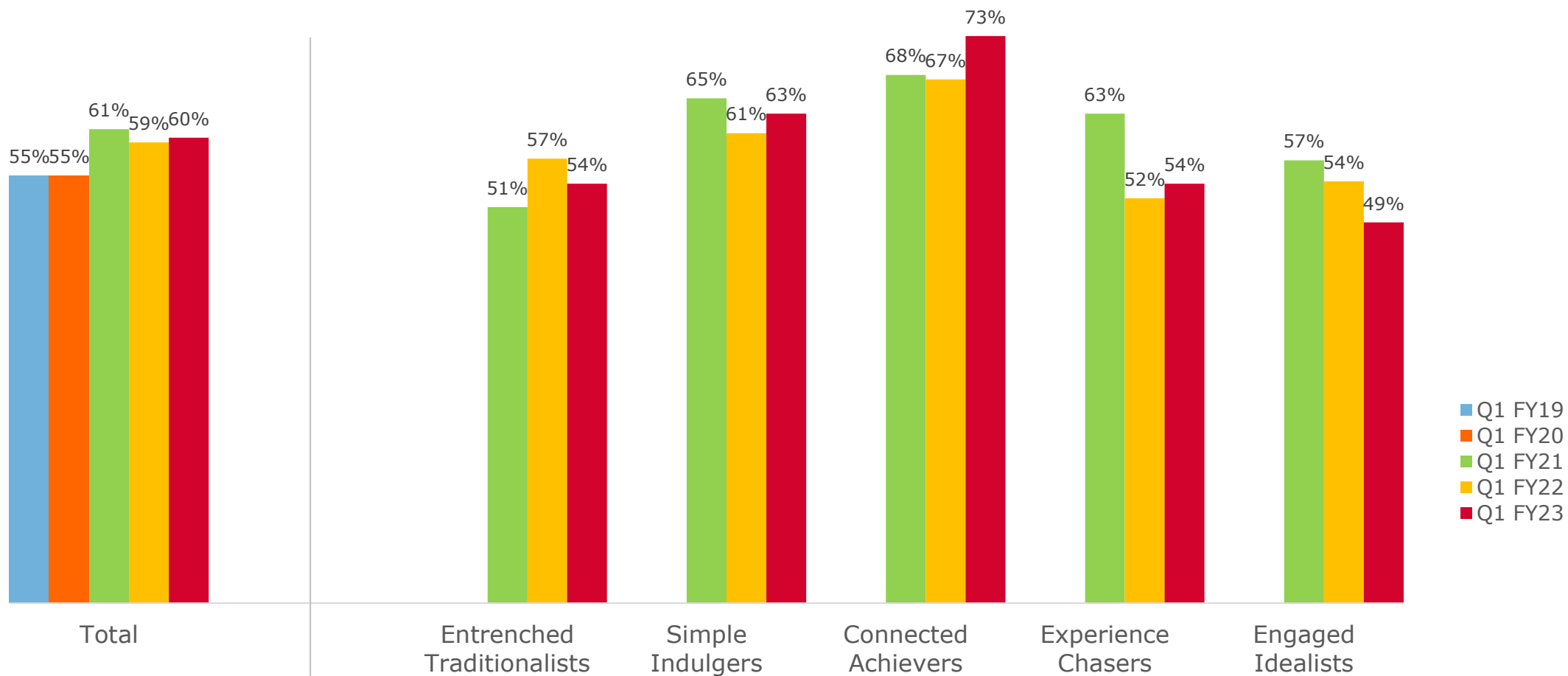
Ad Awareness



Sources of Awareness



Overall Opinion



Summary

- Player participation remains strong, consistent and reflects sales trends
 - Launching CashPOP in April 2023
- Overall Opinion of the Hoosier Lottery is stable and consistent
- Advertising awareness is heading back in the right direction post-pandemic & reflects current spend trends
 - Increases in digital spending and retail presence
- Fun and Entertaining + Responsible Gaming image statements remain at the top, with increases gained over time
 - Demonstrative of our WLA Level IV commitments





IMAGINE THAT.

Sponsorships

Jared Bond

Director of External Affairs

December 6, 2022

Sponsorships

- Current Sponsorships
 - Indy Fuel
 - Evansville Thunderbolts
 - Fort Wayne Komets
 - Indianapolis Colts
 - Indiana Pacers
 - Circle of Lights
 - The Mill Music and Event Center (Terre Haute)



Sponsorships



December 6, 2022



IMAGINE THAT.

Around The Corner

Flora Jones

Director of Operations

December 6, 2022

Launched November 1st



Holiday Digital Activation, myLottery & More



Flurry of Fun!

- 4 winners of \$500 prize pack; 4 winners of \$250 prize pack; 6 winners of \$100 prize pack

Holiday 2nd Chance

- 1 winner of \$15,000; 4 winners of \$5,000; 5 winners of \$1,000

Indiana Pacers myLOTTERY Promotion

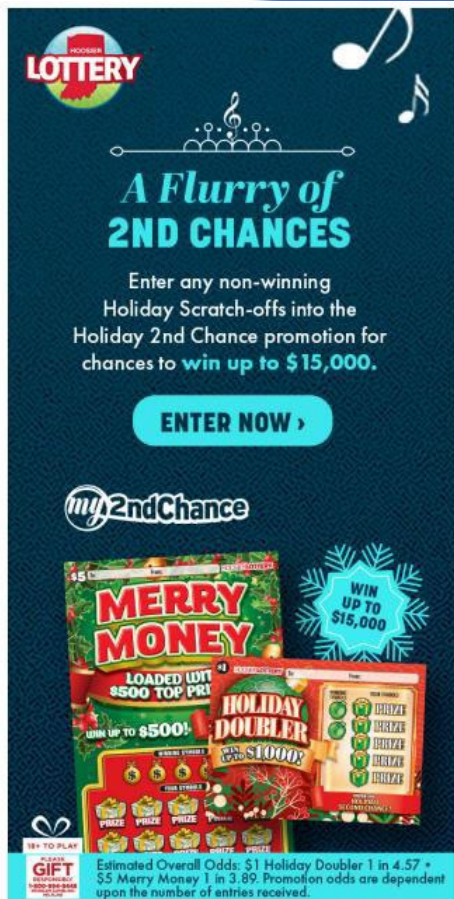
- 1 winner of courtside seats, recognition as Honorary team Captain, and Hoosier Lottery prize pack; 9 winners of tickets to a regular season game

Indianapolis Colts myLOTTERY Promotion

- 1 winner of 2023-2024 season tickets and prize pack; 11 winners of tickets to a regular season game and prize pack

Powerball® First Millionaire of the Year (drawn earlier this year)

- Two NYC VIP trip winners
- One Grand Prize NYC VIP trip and entry into the \$1M drawing



Gift Responsibly Campaign

Social Media/Website/App/ESMM



*** GIVE *
SCRATCH-OFFS
TO ADULTS 18 & OLDER
FROM: ADULTS
TO: ADULTS**

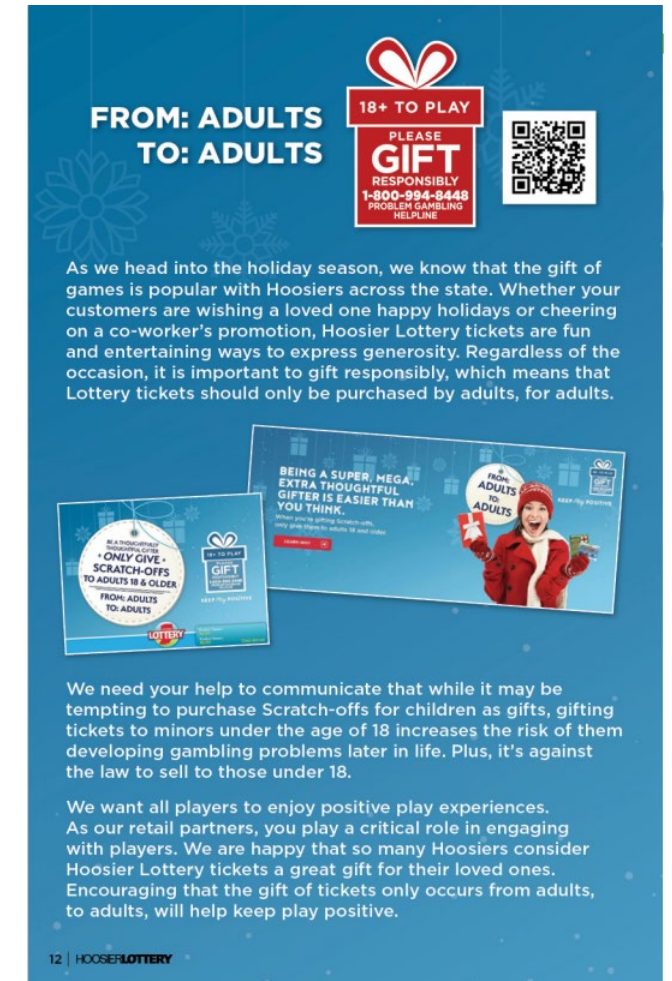
It's fun to gift responsibly.
You know everyone's favorite candle scent because you're thoughtful like that. Just remember that if you give Holiday Scratch-offs, it's only to adults 18 and older.

LEARN WHY

State Employee Tunnel



November Retailer Playbook



**FROM: ADULTS
TO: ADULTS**

18+ TO PLAY
PLEASE
GIFT
RESPONSIBLY
1-800-994-8448
PROBLEM GAMBLING
HELPLINE

As we head into the holiday season, we know that the gift of games is popular with Hoosiers across the state. Whether your customers are wishing a loved one happy holidays or cheering on a co-worker's promotion, Hoosier Lottery tickets are fun and entertaining ways to express generosity. Regardless of the occasion, it is important to gift responsibly, which means that Lottery tickets should only be purchased by adults, for adults.

BEING A SUPER, MEGA, EXTRA THOUGHTFUL GIFTER IS EASIER THAN YOU THINK.
When giving scratch-offs, only give them to adults 18 and older.

12 | HOOSIER LOTTERY

Must be 18 or older to play. Please play responsibly.

\$10 MONEY DOUBLER

PRIZES START AT \$20!

WINNING NUMBERS
2 12 29 38 1 14

YOUR NUMBERS

9	3	17	12
\$20	\$100	\$25	\$500
11	20	7	5
\$50	\$20,000	\$250	\$10,000
10	28	4	13
\$25	\$20	\$250	\$20,000
39	30	16	21
\$25	\$50	\$20	\$250
23	24	27	40
\$25	\$20	\$20,000	\$50
22	18	34	37
\$10,000	\$250	\$100	\$10,000
60	78	44	53
\$250	\$50	\$25	\$20

WIN UP TO \$20,000!

HOW TO WIN
Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win PRIZE shown for that number.
If the matched YOUR NUMBER is in a "0", win DOUBLE the PRIZE shown.

Fast Play Overall Odds: 1 in 4.79
DO NOT MARK BELOW THIS LINE

Must be 18 or older to play. Please play responsibly.

\$3 FROSTY FORTUNE

TOP PRIZE \$5,000!

HOW TO WIN
Match 3 identical numbers in the same row, column or diagonal line, win PRIZE shown for that GAME. Each GAME is played separately.

GAME 1
\$500

GAME 2
\$50

GAME 3
\$1,000

FROZEN BONUS

HOW TO WIN
Match any of YOUR SYMBOLS to any of the SYMBOLS in the PRIZE LEGEND, win PRIZE shown.

PRIZE LEGEND

△	= \$10
☆	= \$15
⬢	= \$20

Fast Play Overall Odds: 1 in 3.57
DO NOT MARK BELOW THIS LINE

Launched November 20th

Must be 18 or older to play. Please play responsibly.

TO: _____
FROM: _____

\$2 peppermint payout

WIN UP TO \$3,000!

WINNING SYMBOLS

🏠	👤	🏠	👤
🏠	👤	🏠	👤

YOUR SYMBOLS

GAME 1	👤	👤	🏠	🏠	\$5
GAME 2	🏠	👤	🏠	👤	\$2
GAME 3	🏠	👤	🏠	👤	\$25
GAME 4	🏠	👤	🏠	👤	\$50
GAME 5	👤	👤	👤	👤	\$3,000
GAME 6	🏠	🏠	🏠	🏠	\$10

HOW TO WIN
Match the YOUR SYMBOLS in each GAME to the WINNING SYMBOLS. Match all three YOUR SYMBOLS in a GAME, win PRIZE shown for that GAME. Each GAME is played separately.

Fast Play Overall Odds: 1 in 3.53
DO NOT MARK BELOW THIS LINE

Must be 18 or older to play. Please play responsibly.

TO: _____
FROM: _____

\$1 JINGLE BUCKS

WIN UP TO \$500

JINGLE NUMBERS

YOUR NUMBERS

GAME 1

3	8	2	6	1
\$10	\$25	\$50	\$500	

GAME 2

27	10	30	15	7
\$50	\$2	\$3	\$25	

GAME 3

19	22	13	9	17
\$500	\$10	\$2	\$50	

HOW TO WIN
Match the JINGLE NUMBER to any of YOUR NUMBERS in a GAME, win the PRIZE shown! Each GAME is played separately.

Fast Play Overall Odds: 1 in 3.71
DO NOT MARK BELOW THIS LINE

December 6, 2022

Fast Play



On Sale: Today



December 6, 2022

Launching January 3rd



Launching January 15th

Relaunch

Must be 18 or older to play. Please play responsibly.

\$20 BLAZING HOT 7s

CURRENT ESTIMATED JACKPOT
\$XXX,XXX

WINNING NUMBERS
2 51 59 56 13
54 15 7 6 38

YOUR NUMBERS
50 52 3
\$40 \$20 JACKPOT
22 24 21
\$5,000 \$100 \$30
11 45 10
\$40 \$75 \$2,000
9 47 19
\$20 \$250 \$200
59 46 1
\$2,000 \$500 \$100
8 32 23
\$100 \$40 \$5,000
4 53 43
\$20 \$50 \$30
34 57 25
\$250 \$75 \$200
48 17 5
\$20 JACKPOT \$5,000

HOW TO WIN
Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win PRIZE shown. When the matching WINNING NUMBER is in a black circle, win 5X the prize shown.

HOT 7s BONUS
55 60 14
\$20 \$50 \$100

HOT 7s BONUS
Match any of the Hot 7s Bonus Numbers to the WINNING NUMBER 15, win PRIZE shown instantly!

Overall Odds: 1 in 3.14
DO NOT MARK BELOW THIS LINE

Must be 18 or older to play. Please play responsibly.

\$5 LOTS OF \$500s

WINNINGS START AT \$10!

WINNING NUMBERS
2 10 29 38 1
33 35 26 31 40

HOW TO WIN
Match all three of the numbers in each of YOUR GAMES to any of the WINNING NUMBERS, win PRIZE shown for that GAME. Each YOUR GAME is played separately.

YOUR GAMES

58 \$10 7	6 \$500 15	53 5 \$75 30
10 \$15 41	60 42 \$50 54	56 \$20 49
3 \$20 4	28 \$100 44	4 \$500 11
19 \$75 45	20 \$200 48	22 \$50 12
23 \$500 37	51 \$20 5	

LOADED WITH \$500 TOP PRIZES!

\$20 BONUS
If a BONUS NUMBER matches a WINNING NUMBER, win \$20 instantly!

BONUS NUMBERS
17 25 52

Overall Odds: 1 in 4.60
DO NOT MARK BELOW THIS LINE

Must be 18 or older to play. Please play responsibly.

\$2 BLACKJACK DOUBLER

WIN UP TO \$2,100

TABLE 1 DEALER'S HAND
HAND A: 5, K (\$2,100)
HAND D: K, 4 (\$40)
HAND B: Q, 4 (\$500)
HAND C: 7, 6 (\$21)

TABLE 2 DEALER'S HAND
HAND A: 8, 8 (\$4)
HAND D: 10, 5 (\$75)
HAND B: 5, 7 (\$21)
HAND C: J, 3 (\$500)

TABLE 3 DEALER'S HAND
HAND A: Q, J (\$100)
HAND D: J, 5 (\$2,100)
HAND B: 9, 6 (\$7)
HAND C: 10, 2 (\$10)

HOW TO PLAY
Add the two cards in each HAND. If any HAND beats the DEALER'S HAND, win PRIZE for that HAND. Each TABLE played separately. If any of your HANDS equal 21, win DOUBLE the PRIZE for that HAND. K, Q, J = 10 A=11

Overall Odds: 1 in 3.64
DO NOT MARK BELOW THIS LINE

\$10 \$\$\$ TRIPLE WIN

WIN UP TO \$20,000!

3 WAYS TO PLAY 3 WAYS TO WIN

WINNING NUMBERS
2 12 29 38 1

YOUR NUMBERS

29 \$80	25 \$100	3 \$20,000	7 \$10
17 \$15	11 \$50	33 \$1,000	35 \$5,000
7 \$5,000	4 \$150	31 \$20	15 \$100
14 \$100	19 \$250	36 \$20	28 \$1,000
27 \$40	16 \$500	7 \$200	30 \$40
40 \$200	20 \$20,000	32 \$500	5 \$150

HOW TO WIN
1 Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win prize shown for that number.
2 Match 3 like PRIZE amounts, win that amount.
3 Match 3 like YOUR NUMBERS, win \$50 instantly!

Overall Odds: 1 in 3.26
DO NOT MARK BELOW THIS LINE

\$1 WINNER WINNER CHICKEN DINNER

WIN UP TO \$500!

YOUR NUMBERS

2 \$500	8 \$25
7 \$75	9 \$50
21 \$10	19 \$5
16 \$100	

WINNING NUMBERS
17 21 4 14 27

HOW TO WIN
Match the WINNING NUMBERS to any of YOUR NUMBERS, win the prize shown.

Overall Odds: 1 in 4.12
DO NOT MARK BELOW THIS LINE





End of Presentation

December 6, 2022

Commission Vote to Adjourn

	Yea	Nay
Chairman William Zielke	☐	☐
Commissioner Norman Gurwitz	☐	☐
Commissioner Andrew Mallon	☐	☐
Commissioner Roger Utzinger	☐	☐
Commissioner Robert Wynkoop	☐	☐

Questions?



All media requests may be forwarded to:

Jared Bond
Director of External Affairs
jbond@hoosierlottery.in.gov

December 6, 2022

