

State Lottery Commission of Indiana
THANK YOU FOR JOINING
OUR MEETING IS SCHEDULED TO BEGIN AT 9:30am



November 20, 2024 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 Luke Bosso	☐	☐
Commissioner Norman Gurwitz	☐	☐
Commissioner Andrew Mallon	☐	☐
Commissioner Roger Utzinger	☐	☐



November 20, 2024

Commission Vote to Approve Minutes

	Yea	Nay
Chairman William Zielke	☐	☐
Commissioner Luke Bosso	☐	☐
Commissioner Norman Gurwitz	☐	☐
Commissioner Andrew Mallon	☐	☐
Commissioner Roger Utzinger	☐	☐



DRAFT



Director's Report

Sarah M. Taylor

Executive Director

November 20, 2024

35th Anniversary Year



HOOSIER  LOTTERY



November 20, 2024

30-plus Year Anniversary Employee Recognition



Eric Forche
Kim Williams
Steve Lock
Anna Rodriguez
Melody Crabtree
Terry Dyson
Patty Lindsey
Nancy Hawkins
Terri Dunn



November 20, 2024

Sharing the HL story around the state

- 3 TV interviews celebrating our 35th anniversary
- Grant County Retired Teachers' Association Meeting



November 20, 2024

35th Anniversary Year



November 20, 2024



NASPL Annual Meeting

“Batchy” Award- Best Out of Home experiential installation with our JAWS mobile billboard.



November 20, 2024



WLA Executive Committee



November 20, 2024



Retailer Bonus Presentation

- Lasso Brothers Oil- Fort Wayne
- Sold a \$4 Million Mega Millions Ticket in July



November 20, 2024





FY24 Internal Audit Results

Carrie Stroud

Chief of Staff

November 20, 2024

FY24 Internal Audits

Summary of Findings

	FY 2024	Completed	In-Process
High Risk	0	0	0
Medium Risk	0	0	0
Low Risk	0	0	0
TOTAL	0	0	0

Internal Audit Areas – FY 2024:

- Annuity Prizes
- Budgets and Financial Reporting
- Contract Compliance
- Prize Payments
- Purchasing Compliance
- Retailer Licensing Compliance





FY25 Internal Audit Plan

Carrie Stroud

Chief of Staff

November 20, 2024

FY25 Internal Audit Plan

Functions for Review under Internal Audit Plan in FY 2025:

- Game Accounting: Revenue Recognition/Prize Expense
- Unclaimed Prizes
- Contract Compliance
- Draw Procedures
- Building Security and Controls
- Stolen Tickets/Fraud/Retailer Investigations

Risk Model used to Identify Functions for Review:

- System Changes
- Prior Audit Findings
- Financial Statement Impact
- Changes to Policies, Procedures, Management
- Employee Turnover
- Complexity

Summary of Audits

Audit	Frequency
Financial Audit	Annually
Forensic Audit	Annually
Internal Audit	Annually
ISO/IEC 27001 Surveillance Audit	Every 2 Years
MUSL Audit	Every 3 Years
Security Audit	Every 2 Years
State Board of Accounts Audit	As determined by SBOA
WLA-SCS:2020 Audit	Annually





FY24 Audited Financial Report

Carrie Stroud

Chief of Staff

November 20, 2024

Financial Report - FY24 Audited Statements

Income Statement

For the Twelve Months ending June 30
(In Thousands)

	FY24 Actual	FY24 Budget	Percentage Variance	FY23 Actual	Percentage Variance
Revenues	\$ 1,744,212	\$ 1,696,633	2.8%	\$ 1,746,297	-0.1%
Prize Expense	1,141,692	1,132,551	0.8%	1,146,133	-0.4%
Game and Provider Expenses	205,363	208,615	-1.6%	204,656	0.3%
Provider Net Income (PNI)	397,157	355,467	11.7%	395,508	0.4%
General and Administrative Expenses	8,578	10,448	-17.9%	7,601	12.9%
Operating Profit	388,579	345,019	12.6%	387,907	0.2%
Other Income	4,358	989	340.6%	2,115	106.1%
Provider (Incentive)/Shortfall Payment	(19,858)	(9,733)	104.0%	(19,775)	0.4%
Net Income Prior to Distributions	373,079	336,275	10.9%	370,247	0.8%
Fair Market Value Adjustment	(977)	-	100.0%	(5,017)	-80.5%
Net Pension Obligation Adjustment	626	-	0.0%	515	21.6%
Net Income	\$ 372,728	\$ 336,275	10.8%	\$ 365,745	1.9%



Contract Requirements Checklist

Frequency	Deliverable	Reference	Due Date
Monthly	Costs/Expenses from Operations of Provider	O.S. 3.1.1	June 30, 2024
Quarterly	Patch Management Requirements and Needs	Security Plan, Section 13	July 1, 2024
Quarterly	MBE/WBE Plan Update	O.S. 6.1.2	July 1, 2024
Annually	SOC 1	O.S. 3.2.1	August 1, 2024
Annually	Records Retention Schedule	O.S. 4.1.2(d)	July 1, 2024
Annually	Annual Forecast of Operating & Financial Performances	O.S. 2.2.6(c)	June 30, 2024
Annually	Analysis of Compliance with Financial Stability Requirements	O.S. 2.2.6(c)	June 30, 2024
Annually	Annual Business Plan	O.S. 2.3.2	March 31, 2024
Annually	Security Plan & Internal Control	O.S. 3.2.2	June 30, 2024
Annually	Marketing Code of Conduct	O.S. 5.1.3	July 1, 2024



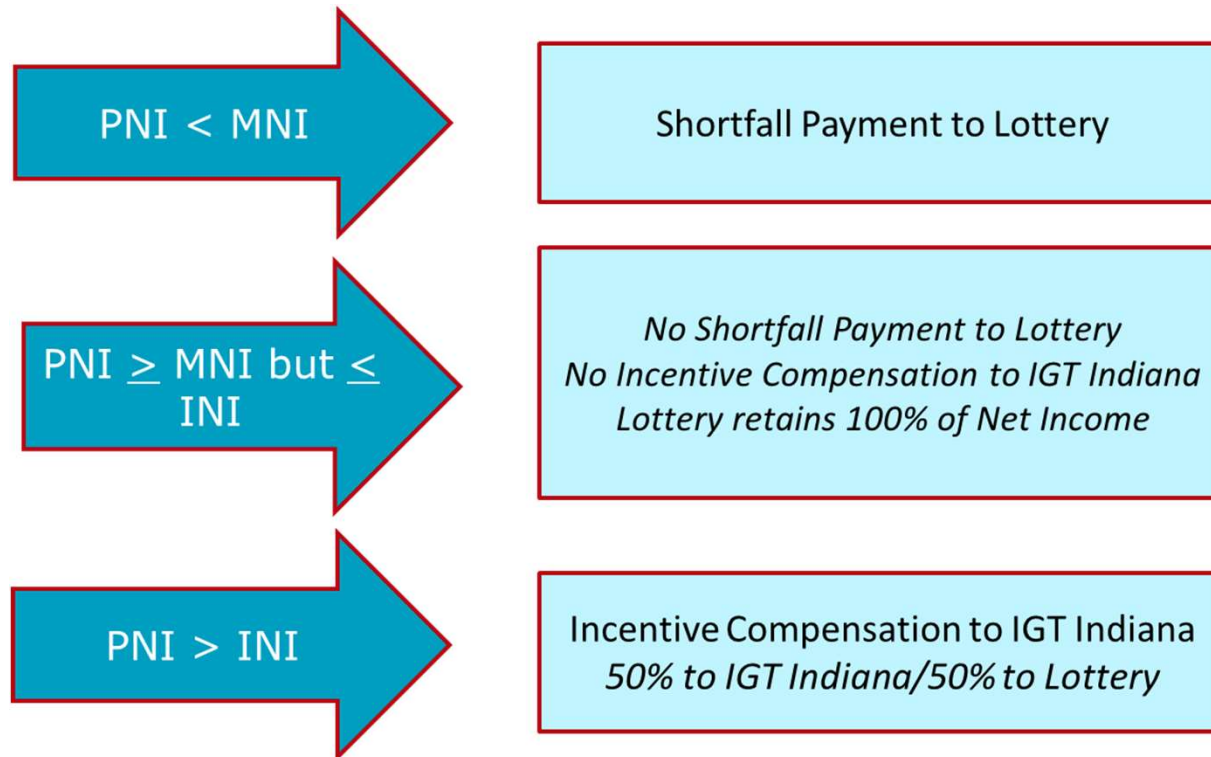
FY25 Financial Report

Carrie Stroud

Chief of Staff

November 20, 2024

FY25 Net Income Thresholds



PNI = Provider Net Income
MNI = Minimum Net Income (\$322M – FY 25)
INI = Incentive Net Income (\$342M – FY 25)

November 20, 2024



Financial Report - FY25 YTD

Income Statement

For the Four Months ending October 31
(In Thousands)
PRELIMINARY & UNAUDITED

	FY25 Actual	FY25 Budget	Percentage Variance	FY24 Actual	Percentage Variance
Revenues	\$ 525,303	\$ 544,863	-3.6%	\$ 602,808	-12.9%
Prize Expense	339,649	361,431	-6.0%	392,303	-13.4%
Game and Provider Expenses	63,382	67,311	-5.8%	70,337	-9.9%
Provider Net Income (PNI)	122,272	116,121	5.3%	140,168	-12.8%
General and Administrative Expenses	2,794	3,568	-21.7%	2,718	2.8%
Operating Profit	119,478	112,553	6.2%	137,450	-13.1%
Other Income	1,102	771	42.9%	1,297	-15.0%
Provider (Incentive)/Shortfall Payment	(2,433)	(2,433)	0.0%	(5,333)	-54.4%
Surplus Revenue to the State	118,147	110,891	6.5%	133,414	-11.4%
Fair Market Value Adjustment	-	-	0.0%	-	0.0%
Net Income	\$ 118,147	\$ 110,891	6.5%	\$ 133,414	-11.4%

Notes:

- 1) Revenues are \$19.5M (3.6%) less than Budget and \$77.5M (12.9%) less than prior year
- 2) Prize Expense is 64.6% of Revenues, compared to 66.3% budgeted and 65.1% in prior year
- 3) Game and Provider Expenses are in-line with Budget and prior year as a percentage of Revenues (11.6%-12.3%)
- 4) General & Administrative Expenses are \$774k (21.7%) less than Budget and \$76k (2.8%) greater than prior year
- 5) Surplus Revenue to the State is \$7.2M (6.5%) greater than Budget and \$15.2M (11.4%) less than prior year

November 20, 2024



Financial Report - FY25 YTD

Revenue Breakdown

For the Four Months ending October 31
(In Thousands)

PRELIMINARY & UNAUDITED

	FY25 Actual	FY25 Budget	FY24 Actual
Revenues			
Instant Tickets			
Scratch	\$ 399,924	\$ 416,979	\$ 414,679
Total Instant Tickets	399,924	416,979	414,679
Big Jackpot Draw Games			
Powerball (w/Double Play)	24,945	35,172	67,489
Hoosier Lotto (w/+PLUS)	17,086	13,164	22,587
Mega Millions	18,807	17,277	35,380
Total Big Jackpot Draw Games	60,838	65,613	125,456
Non-Jackpot Draw Games			
Daily 3	15,901	15,934	16,097
Daily 4	15,461	15,489	15,568
Quick Draw (w/Bullseye)	5,607	5,656	5,814
Cash 5	5,431	4,886	5,568
EZ Match	1,195	1,100	1,217
SUPERBALL	2,516	2,055	2,355
Cash4Life	2,412	2,401	2,415
Cash POP	4,383	3,895	3,638
Fast Play	11,635	10,855	10,001
Total Non-Jackpot Draw Games	64,541	62,271	62,673
Total Revenues	<u>\$ 525,303</u>	<u>\$ 544,863</u>	<u>\$ 602,808</u>

Notes:

1) Scratch Revenue is \$17.0M (4.1%) less than Budget and \$14.7M (3.6%) less than prior year

2) Powerball Revenue is \$10.2M (29.1%) less than Budget and \$42.5M (63.0%) less than prior year

3) Hoosier Lotto Revenue is \$3.9M (29.8%) greater than Budget and \$5.5M (24.4%) less than prior year

4) Mega Millions Revenue is \$1.5M (8.9%) greater than Budget and \$16.5M (46.8%) less than prior year

5) Non-Jackpot Draw Games are \$2.2M (3.6%) greater than Budget and \$1.8M (3.0%) greater than prior year



November 20, 2024

Financial Report - FY25 Forecast

Income Statement

For the Twelve Month Period ending June 30

(In Thousands)

PRELIMINARY & UNAUDITED

	FY25 Forecast	FY25 Budget	Percentage Variance	FY24 Actual	Percentage Variance
Revenues	\$ 1,681,089	\$ 1,692,089	-0.7%	\$ 1,744,212	-3.6%
Prize Expense	1,120,526	1,127,862	-0.7%	1,141,692	-1.9%
Game and Provider Expenses	203,963	207,627	-1.8%	205,363	-0.7%
Provider Net Income (PNI)	356,600	356,600	0.0%	397,157	-10.2%
General and Administrative Expenses	10,629	11,574	-8.2%	8,578	23.9%
Operating Profit	345,971	345,026	0.3%	388,579	-11.0%
Other Income	2,625	2,295	14.4%	4,359	-39.8%
Provider (Incentive)/Shortfall Payment	(7,300)	(7,300)	0.0%	(19,858)	-63.2%
Net Income Prior to Distributions	341,296	340,021	0.4%	373,080	-8.5%
Fair Market Value Adjustment	-	-	0.0%	-	0.0%
Net Pension Obligation Adjustment	-	-	0.0%	-	0.0%
Net Income	<u>\$ 341,296</u>	<u>\$ 340,021</u>	<u>0.4%</u>	<u>\$ 373,080</u>	<u>-8.5%</u>

November 20, 2024





Resolution 25-01 Consideration

Chuck Taylor

Director of Legal Affairs & Compliance

November 20, 2024

Consideration of Resolution 25-01

- 65 IAC 8-2-4 outlines a process for a person who, although unable to produce a winning ticket, is able to produce evidence sufficient to establish the validity of that player's prize claim;
- Mr. Johnson has presented sufficient evidence to show that he was the rightful owner of a winning draw ticket identified by the Lottery's terminal system as a \$20,000 winner;
- Mr. Johnson's claim and evidence has been fully investigated by the Security Division of the Hoosier Lottery resulting in a recommendation that Mr. Johnson be paid the \$20,000 prize he won
- The Director of the Hoosier Lottery has reviewed Mr. Johnson's claim, is satisfied that the validity of the claim has been established, and the Lottery's Security Director has prepared a written recommendation that payment of the prize claim be authorized by the Commission.



Commission Vote to Approve Resolution 25-01

	Yea	Nay
Chairman William Zielke	☐	☐
Commissioner Luke Bosso	☐	☐
Commissioner Norman Gurwitz	☐	☐
Commissioner Andrew Mallon	☐	☐
Commissioner Roger Utzinger	☐	☐

November 20, 2024





FY25 Business Plan and LSA Rule Update

Chuck Taylor

Director of Legal Affairs & Compliance

November 20, 2024



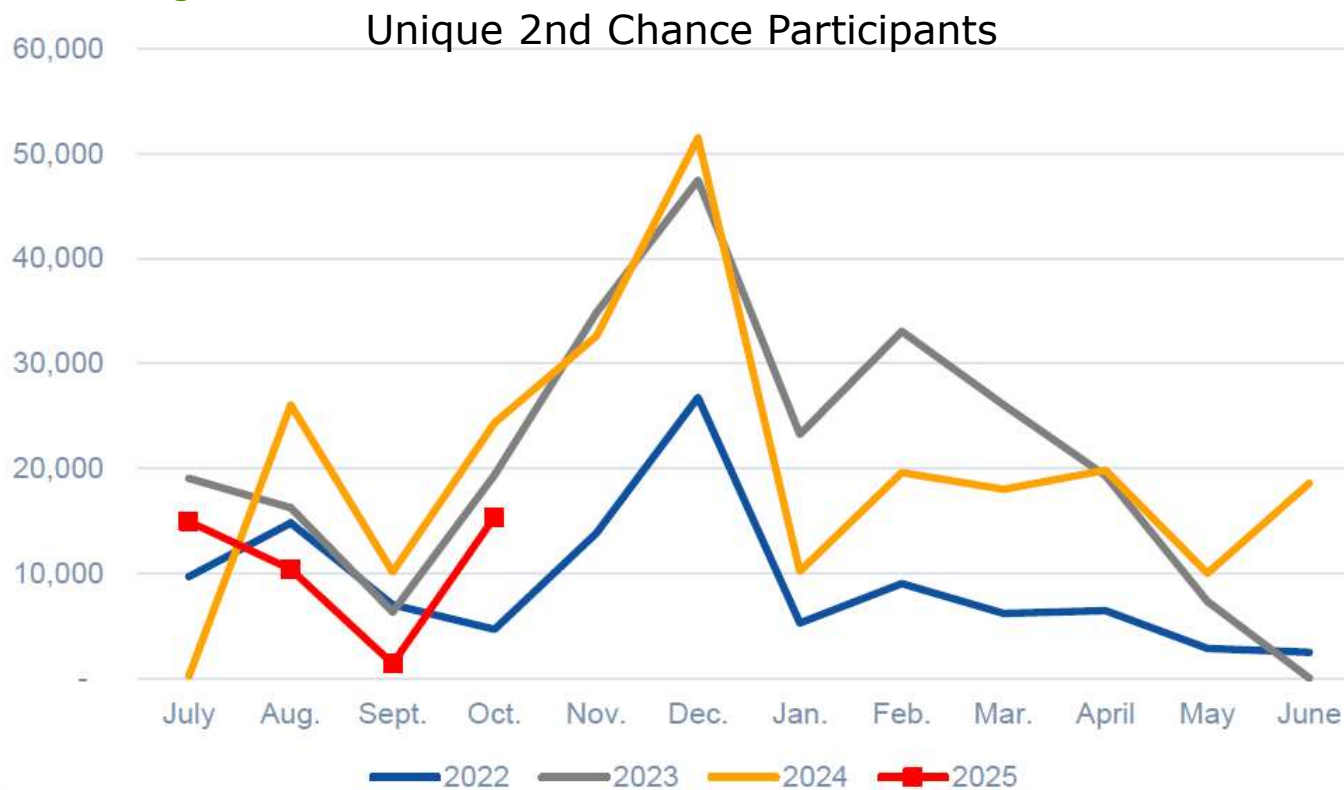
FY25 Key Performance Indicator

Business Plan Goal

FY25 Goal: 225,000 Unique Participants

FY25 Total Unique Participants: 42,013

19% to goal



November 20, 2024



Rule Adoption Update

- The State Lottery Commission (commission) is soliciting public comment on adding rules at 65 IAC 1-1-18.1 concerning fees collected by the commission director. The commission seeks comment on the affected citations listed and any other provisions of Title 65 that may be affected by this rulemaking.
- Virtual Public Hearing will be held on December 12, 2024 at 10:00. The public may join by phone or by Teams. Information is on file with the Indiana Register and will be listed on our website.



Sponsorship Update

Jared Bond

Director of External Affairs

November 20, 2024

Community Engagement

Current Sponsorships for FY25

- Fort Wayne Komets
- Live Nation (Ruoff Music Center and Everwise Amphitheater)
- Gary Railcats
- Indiana Fever
- Indiana Pacers
- Indianapolis Indians
- The Mill (Terre Haute)
- Indianapolis Colts
- Indy Fuel
- Salem Speedway
- South Bend Cubs
- Evansville Thunderbolts



November 20, 2024

Recent Sponsorships



November 20, 2024

Mega Millions Enhancements



- Enhancements beginning April 2025
- Ticket price increase to \$5
- Larger Starting Jackpots
- Bigger prizes at every level
- A better value with built-in multipliers



Around The Corner

Tara Williamson

Director of Operations

November 20, 2024

On Sale Now:



November 20, 2024

Holiday Commercial



November 20, 2024



Gift Responsibly Campaign

Gifting Hoosier Lottery Scratch-offs is a great way for our players to celebrate the holiday season. Each year, in addition to promoting our variety of holiday scratch-offs, we also promote responsible gifting **“From Adults, to Adults”**.

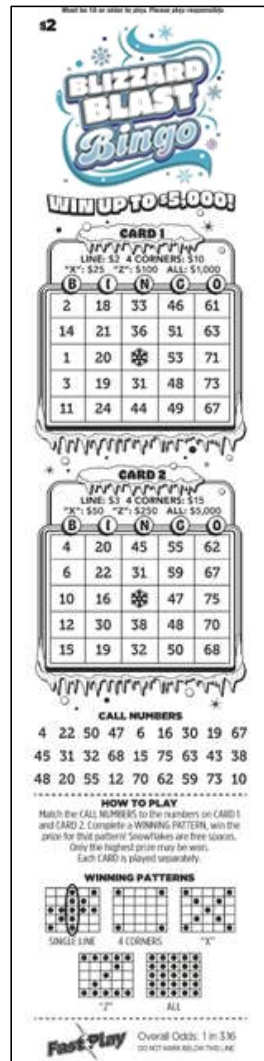
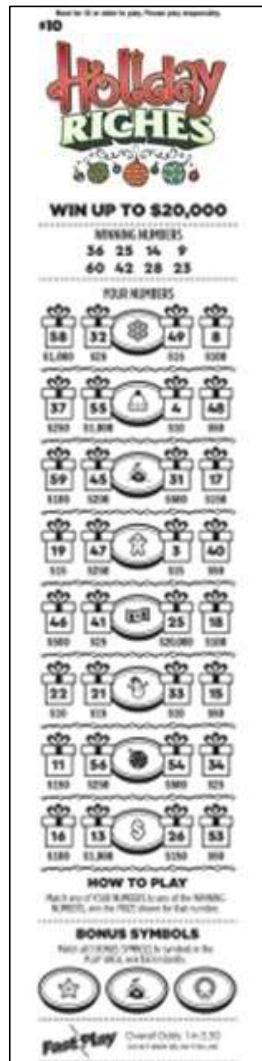


Message Promoted through a variety of channels:

- Social Media
- At Retailers

Our goal is simply to make sure that folks purchase tickets for those 18 and over.

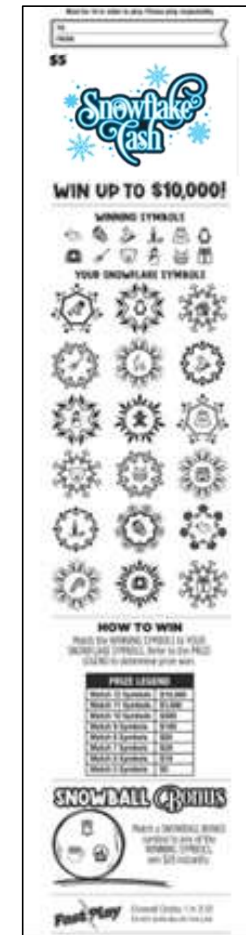




On Sale: Now



Relaunch



November 20, 2024



Launching December 3rd



November 20, 2024

Launching January 7th



November 20, 2024

Relaunch

#2 Must be 18 or older to play.

BIG MONEY BINGO

WIN UP TO \$5,000!

CARD 1

LINE: \$2 4 CORNERS: \$10
"X": \$25 "Z": \$100 ALL: \$1,000

	B	I	N	G	O
	2	18	33	46	61
14	21	36	51	63	
	3	20		53	71
3	29	42	48	73	
11	24	44	49	64	

CARD 2

LINE: \$1 4 CORNERS: \$15
"X": \$50 "Z": \$250 ALL: \$500

	B	I	N	G	O
	4	20	45	55	62
6	22	31	59	67	
14	16		47	75	
15	29	38	43	70	
12	19	32	50	68	

CALL NUMBERS

5 22 14 24 34 51 74 19 29 29
 5 22 14 32 42 52 53 63 64 56
 48 58 41 60 70 62 72 73 74

HOW TO WIN

Match the CALL NUMBERS to the numbers on your CARDS. Consider a **WINNING PATTERN** with the center for that pattern (Bingo is the center square). Only the highest prize may be won. Each CARD is played separately.

WINNING PATTERNS



5x5 BINGO



4 CORNERS



"X"



"Z"



ALL

Prize Wheel

Overall Odds: 1 in 100
DO NOT WIN MORE THAN \$5,000

myLottery Promotions



Colts

July 24– November 24
Enter to win 2025 season tickets and chance to win up to \$250,000 during on field promotion. + Social Promotion



Holiday2ndChance

October 1-January 13, 2025
One Grand Prize (\$10,000), Four Secondary Prizes (\$5,000), Twenty Third Prizes (\$500)
+ Digital Activation (Nov. 5– Dec. 30)
+ Social Promotion (Dec. 3 – 6)



35th Social Promotions

October 13 - Sept. 30, 2025
Monthly social media promotions launching on the 13th of every month.



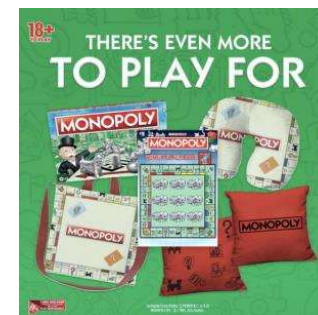
Pacers

October 23– December 8
Grand Prize: win up to \$250,000 during on-court experience
Six(6) Secondary Prizes (\$598 value).
+ Social Promotion



myLOTTERY Promotion

Jan. 8 - 23, 2025
Football themed prize pack (\$200 value) featuring tailgate party items from local store and Scratch-offs for the Big Game



MONOPOLY Social Promotion

January 2025
Comment for a chance to win MONOPOLY themed prize packs on Facebook and Instagram



November 20, 2024



End of Presentation

November 20, 2024

Commission Vote to Adjourn

DRAFT

Yea

Nay

Chairman William Zielke

☐☐

Commissioner Luke Bosso

☐☐

Commissioner Norman Gurwitz

☐☐

Commissioner Andrew Mallon

☐☐

Commissioner Roger Utzinger

☐☐

November 20, 2024

Questions?

DRAFT



All media requests may be forwarded to:

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

November 20, 2024



Thank You Chairman Zielke



November 20, 2024

