

\$3 BILLION WIN FOR MN

FY19 ANNUAL REPORT



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MISSION

The Minnesota State Lottery exists to raise money for programs that positively impact the lives of Minnesotans.

VISION

The Minnesota State Lottery benefits all Minnesotans by offering fun, secure, innovative entertainment while generating income for the State that is used to preserve, restore, and protect Minnesota's environment.

Fall 2019

Greetings,

In 1988 Minnesotans from across the state went to the polls and voted to create the Minnesota Lottery. The following year, the legislature approved our charter and the Lottery began selling scratch tickets and lotto games in April 1990. Twenty-nine years later more than \$3 billion has been raised to support projects in every county of the great state of Minnesota.

Governor Walz appointed me the Executive Director of the Minnesota Lottery on April 10, 2019. It is a great honor to serve Minnesotans in this capacity and to lead the dedicated and talented team at the Lottery. The state lottery staff manages the Lottery with integrity and intelligence while continuing to deliver record-breaking numbers year after year. Fiscal year 2019 was no exception as we saw sales hit an all-time high of \$636.8 million!

When you break down the Lottery numbers for the year there are many winners:

- \$ 394.4 million in cash prizes returned to players
- \$ 41.8 million in commissions to our retail partners
- \$ 81.6 million to the Minnesota General Fund allocated to support state initiatives
- \$ 39.8 million to the Environment and Natural Resources Trust Fund
- \$ 30.0 million to other programs supporting Minnesota's environment
- \$1.8 million for responsible gambling initiatives

In 2017 we created the slogan I'MN and Minnesotans are definitely in when it comes to supporting their lottery. Thank you, Minnesota Lottery players and stakeholders; your support is appreciated and makes a difference every day for Minnesotans from Ada to Zumbrota!

The team at the Lottery is excited about the future. We remain collectively committed to delivering on our mission – to generate proceeds to support critical projects made stronger because Minnesotans created a state lottery almost thirty years ago.

Sincerely,



Adam Prock

Executive Director



WHEN EVERYONE PLAYS WE ALL WIN

The Minnesota Lottery announced in April 2019 that proceeds from ticket sales have surpassed \$3 billion for critical state programs, including education, public safety, health and human services, and environmental protection.

The announcement was part of a campaign to educate Minnesotans about where Lottery money goes. The campaign included extensive social media, a green carpet premiere event, and a proclamation from Governor Tim Walz declaring April 15th to be "Minnesota Lottery Playing Our Part Day".





THE BILLION DOLLAR COMMERCIAL

4.15.19


 STATE of MINNESOTA
Proclamation

WHEREAS: The Minnesota Lottery has generated over three billion dollars to help improve the quality of life for all Minnesotans; and

WHEREAS: Of the over three billion dollars in total revenue from the lottery, more than 1.1 billion dollars has been used to preserve, restore and protect Minnesota's environment; and

WHEREAS: 1.7 billion dollars in lottery revenue has helped fund vital state programs including education, public safety, and health and human services through the State general fund; and

WHEREAS: The Minnesota Lottery is the primary contributor to the Minnesota Environment and Natural Resources Trust Fund which has helped fund projects in each of Minnesota's 37 counties; and

WHEREAS: In fiscal year 2018, the lottery contributed more than 143.3 million dollars to state programs, including 39.2 million dollars to the Minnesota Environment and Natural Resources Trust Fund.

NOW, THEREFORE, I, TIM WALZ, Governor of Minnesota, do hereby proclaim Monday, April 15, 2019, as

**MINNESOTA LOTTERY PLAYING
OUR PART DAY**

In the State of Minnesota,


Steve Dinnon
 SECRETARY OF STATE

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Minnesota to be affixed at the State Capitol this 15th day of March.

 GOVERNOR

\$3+ BILLION RAISED FOR MN

WHEN EVERYONE PLAYS, WE ALL WIN.



GENERAL FUND: \$1.753 BILLION



**ENVIRONMENT AND
NATURAL RESOURCES
TRUST FUND: \$836.4 MILLION**



**GAME AND FISH FUND:
\$224.3 MILLION**



**NATURAL RESOURCES FUND:
\$224.3 MILLION**



**PROBLEM GAMBLING
PREVENTION & TREATMENT:
\$46.5 MILLION**



**OTHER STATE PROGRAMS:
\$36.8 MILLION**

RESPONSIBLE GAMBLING

The Minnesota Lottery is committed to actively supporting responsible gambling and the prevention of problem gambling. A percentage of every lottery purchase is earmarked for problem gambling treatment and prevention, administered by the Minnesota Department of Human Services in partnership with other government agencies and nonprofits. In addition, problem gambling treatment and awareness materials are distributed to every lottery retailer in Minnesota and are available at every lottery marketing event.

To help with visibility for services available to Minnesota residents, the Lottery has partnered with the Northstar Problem Gambling Alliance in recent years, notably around the holidays when the two organizations ran ads reminding shoppers not to give lottery tickets as holiday gifts to anyone under the age of 18. During the 2019 NCAA Final Four in Minneapolis, a half-page ad was placed in the official program for the tournament, highlighting warning signs of problem gambling and contact information to request help if needed.

IS YOUR GAMBLING GETTING OUT OF CONTROL?

You might have a gambling problem if:

- You borrow from your children's college funds—with every intent to pay it back
- You spend so much time placing bets on your phone that you miss your daughter scoring the winning basket
- Your spouse spots a stack of W-2Gs at tax time and you can't explain where all the money went

Four to six million Americans struggle with gambling addiction. The good news is that help is available—and at no cost in Minnesota.



PROBLEM GAMBLING
AWARENESS MONTH



Call 1-800-333-HOPE or
visit MNGamblingHelp.com #MNProbGambling

If you are concerned about your gambling, maybe it's time to start the conversation. Call 1-800-333-HOPE, text HOPE to 61222, or go to getgamblinghelp.com. It's free and confidential.

WHERE THE MONEY GOES



WHERE THE MONEY GOES:

62.1% PRIZES

4.6% ADMINISTRATION

2.8% TICKET & LOTTO GAME
VENDOR EXPENSES

6.5% RETAILER COMMISSIONS

24.0% STATE PROGRAMS

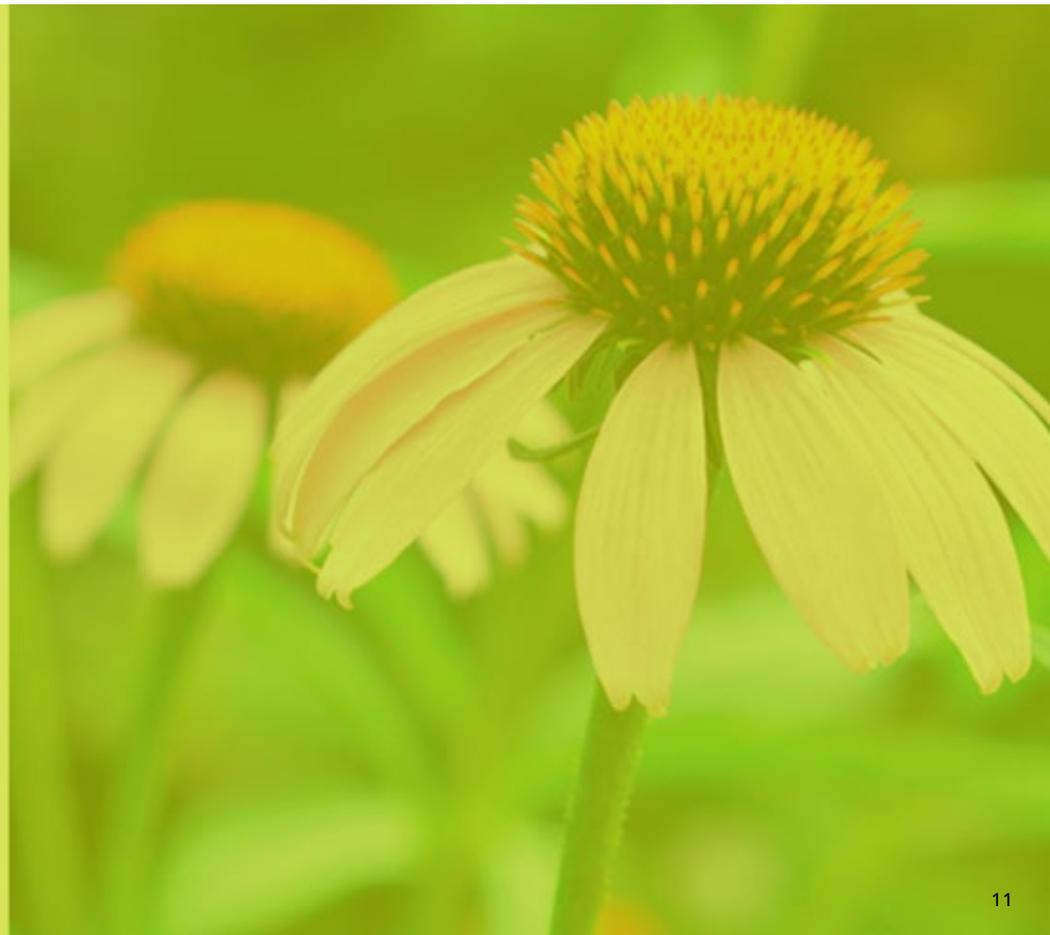
- General Fund – 13.1%
(Includes Problem Gambling Treatment & Prevention)
- Environment & Natural Resources Trust Fund – 6.2%
- Other Programs Supporting Minnesota's Environment – 4.7%

FOR EVERY DOLLAR SPENT ON LOTTERY TICKETS IN FISCAL YEAR 2019:

- 62.1 cents went toward paying player prizes
- 7.4 cents went toward paying ticket, lotto, vendor and administrative costs
- 6.5 cents went toward paying retailers in the form of commissions and incentives

THE REMAINING MONEY WENT TO THE STATE IN THE FOLLOWING WAYS:

- 13.1 cents went to the state General Fund to support services such as K-12 education, health care, aid to local governments and public safety. Of this amount, \$1.8 million was set aside to help fund resources related to problem gambling prevention and treatment.
- 6.2 cents went to the Environment and Natural Resources Trust Fund to finance projects that preserve, restore and enhance our state's natural resources. The Trust Fund financed 82 projects in the fiscal year 2019 legislative session totaling \$64.5 million.
- 4.7 cents went to other programs supporting Minnesota's environment. This money provides nearly \$29 million to fish and game, parks, trails and zoos through the Game and Fish Fund and the Natural Resources Fund each year.





PLAYING OUR PART

The Lottery takes playing our part in service to Minnesota seriously. More Minnesotans are saying I'MN to the Minnesota Lottery than ever before. Lottery sales had another record-setting year in fiscal year 2019, reaching \$636.8 million, driven by record sales of both scratch (\$435.3 million) and lotto (\$201.5 million) games.

Record sales mean the Minnesota Lottery delivered its biggest win yet for Minnesota, again returning a record amount to the state of \$153.2 million that will support the General Fund, create and invigorate environmental programs, and fund important work to prevent and treat problem gambling.

ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

The Environment and Natural Resources Trust Fund (ENRTF) is a permanent fund in the state treasury that was established in the Minnesota Constitution (Art. XI, Sec. 14) through voter approval. It holds assets that can be appropriated by law "for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources."

The Legislative-Citizen Commission on Minnesota Resources (LCCMR) selected 68 projects totaling \$53.7 million to recommend to the 2019 Minnesota Legislature for funding from the ENRTF. The recommendations were the result of the LCCMR's 2019 Request for Proposal (RFP) process, in which 273 proposals were received and considered through a competitive, multi-stage evaluation process.





ENRTF PROJECTS

Funding provided by the ENRTF contributes to the well-being of Minnesota's natural resources in a variety of ways all over the state. Projects include research into the containment and eradication of aquatic invasive species (AIS) that harm Minnesota waterways, grants to combat Emerald Ash Borers (EAB) that are impacting trees throughout the state, and diagnostic testing for Chronic Wasting Disease (CWD), a major cause for concern regarding Minnesota's deer population.

MINNESOTA STATE PARKS

Our state park system permanently protects some of Minnesota's most unique and beautiful features, including pristine wilderness, beaches, waterfalls, underground mines, fishing piers, water access, caves, and more. The Minnesota State Parks system includes 75 state parks and recreation areas and 13 state trails. More than half have benefited from Lottery proceeds.

Record sales means the Minnesota Lottery delivered its biggest win yet for Minnesota, again returning a record amount to the state of \$153.2 million.



LOTTERY WINNERS

After nearly 30 years in operation and over \$3 billion invested back into Minnesota, we'll never forget the players and winners from all corners of the state and all walks of life that make the Lottery's success possible. During FY19 approximately 92,000 winning tickets were redeemed each day, from up on the Iron Range to small communities in southern Minnesota and everywhere in between.



Kodjo Ayewonou of Coon Rapids

\$1 million, Mega Millions

A Lyft driver from Coon Rapids won \$1 million playing Mega Millions! When asked what he is going to do with the money, Kodjo's off-the-cuff response was, "Buy a Jeep!" However, the immigrant from Togo, West Africa has even bigger plans for his winnings—help a non-profit organization that he started, the Ebenezer Charity Foundation in Coon Rapids, which provides sustainable access to clean water for people living in Africa.



Anthony Lopez of Emmons

\$100,000, \$100,000 Crossword

Anthony Lopez of Emmons certainly had a case of beginner's luck when he won \$100,000 on the very first lottery ticket he ever purchased! Anthony, who is pictured with his dad, plans to pay off his dad's car and buy a new car for himself.



Brandon Stevenson of St. Paul

\$1 million, Powerball

A college student at Concordia University in St. Paul won \$1 million by playing Powerball.



Christina Smith of Coon Rapids

\$10,000 2nd chance

Christina Smith was in it to win it and that's exactly what happened when she won the \$10,000 grand prize in the I'MN to Win 2nd chance!



Christopher Van Straten of Plymouth

\$153,253, Northstar Cash

"I always believed I would win someday," said Christopher who is pictured with his wife Alexandra. That "someday" was May 24, 2019 when his Northstar Cash ticket matched all five winning numbers to win a \$153,253 jackpot. The Plymouth couple said they plan to pay off student loans.



Deb Meyer of Prior Lake

\$1 million, Raffle

When Deb Meyer's husband goes deer hunting every year, he always brings her back a Minnesota Millionaire Raffle ticket. While Mr. Meyer didn't come home with a buck in the traditional sense, the Prior Lake couple later found out that the ticket he purchased during his hunting trip was worth 1 million bucks in the New Year's Day drawing.



Dora Jones of Roseville

\$100,000, Bold North

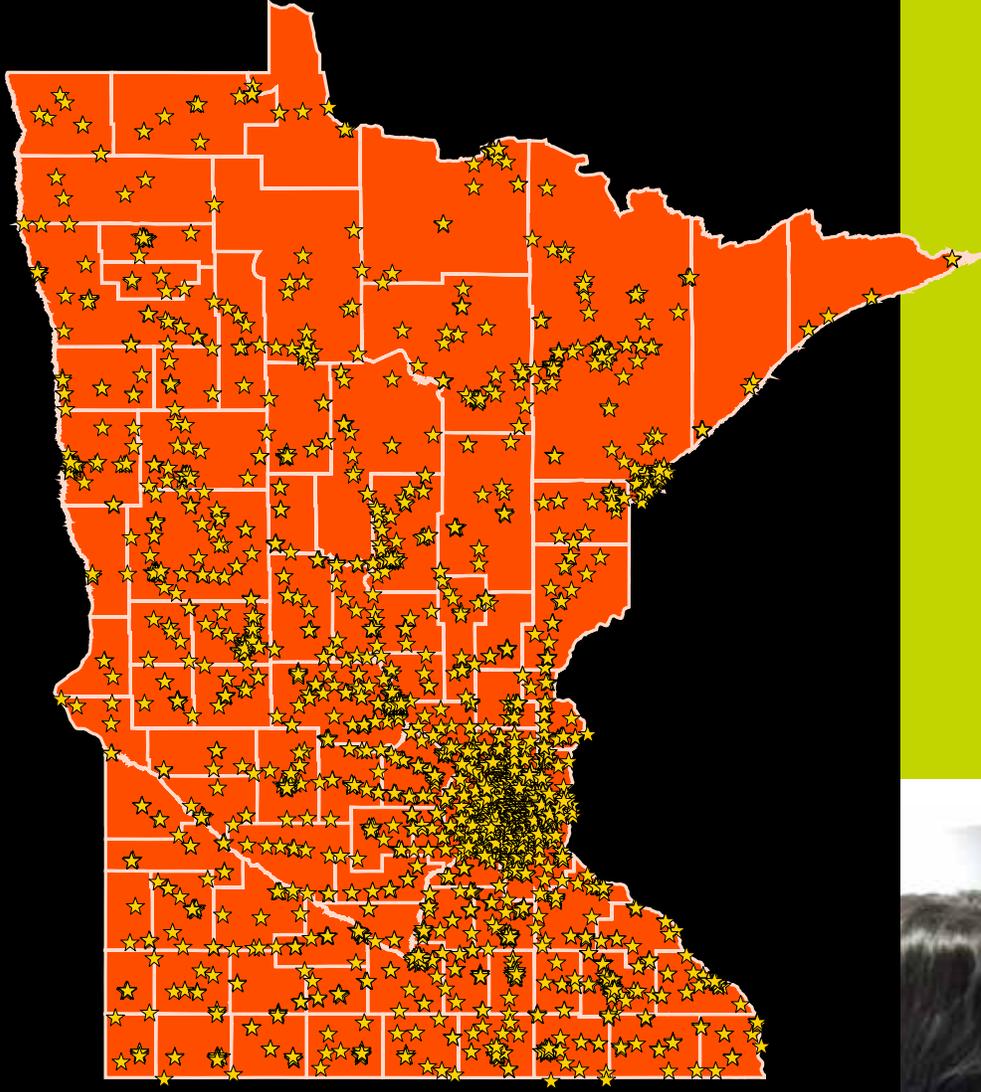
Winning \$100,000 is cause for celebration and that's exactly what Dora Jones did with her family!



Stephen Braun of Buffalo

\$1.8 million, Gopher 5

Stephen has been playing Gopher 5 since it began. On October 25, 2018, he was thrilled to finally claim a jackpot. "I'm still waiting to wake up."



UP FOR

I'

RETAIL PARTNER SPOTLIGHT

The Minnesota Lottery is proud to work with over 3,000 retail partners around the state to build awareness, educate potential players, and provide great customer service that drives sales from Warroad to Rochester.



R FUN?

MN.



RETAILER TOWN HALL

Building a winning partnership takes commitment, hard work, and effective communication. In FY19, the Lottery hosted five retailer town halls around the state with retail partners, Lottery staff, and elected officials to discuss the state of the Lottery in Minnesota and work together to brainstorm improvements that would enhance lottery services with retail partners as well as players. Due to the success of these events, the Lottery will host additional town halls across the state each year, beginning with three more in FY20.

LOTTERY AROUND MINNESOTA

Thanks to the tireless work of the Lottery's marketing team and other dedicated staff (with an assist from the stalwart Lottery marketing truck, known as the Scratch Utility Vehicle or SUV), the Lottery has a presence at a wide variety of recreational, cultural, and sporting events all over Minnesota throughout all four seasons.

By partnering with organizations, institutions, and high-profile events, the Lottery can support a variety of important causes, demonstrate commitment to Minnesota communities, and amplify brand visibility and customer outreach. Each of these individually is important to the Minnesota Lottery. All of these collectively are what has made it possible for the Minnesota Lottery to have record-breaking sales in recent years.





PARTNERS & NOTABLE EVENTS

- All Pints North Festival
- Anoka Food Truck Festival
- Canterbury Park
- Governor's Fishing Opener
- Governor's Pheasant Opener
- Minnesota Lynx
- Minnesota State Fair
- Minnesota Timberwolves
- Minnesota Twins
- Minnesota United FC
- Minnesota Vikings
- Minnesota Wild
- Minnesota Zoo Adult Night Out and Bestly Bash
- Pride Dabblor
- Rochesterfest
- The Loppet Foundation
- T-Wolves Gaming
- WE Fest
- Winter Beer Dabblor



MANAGEMENT & DISCUSSION ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis includes an overview of financial activities regarding the financial performance of the Minnesota State Lottery for the fiscal year ended June 30, 2019 and comparisons for the two previous fiscal years ended June 30, 2018 and June 30, 2017. The management discussion and analysis should be read in conjunction with the transmittal letter and supplementary information included in this report. This report consists of three parts: management's discussion and analysis, the basic financial statements and the notes to the financial statements. Included below and on the following pages are the financial highlights, summary of contributions to the State, summary results of operations and a condensed statement of net position for the years ended June 30, 2019, 2018 and 2017.

FINANCIAL HIGHLIGHTS

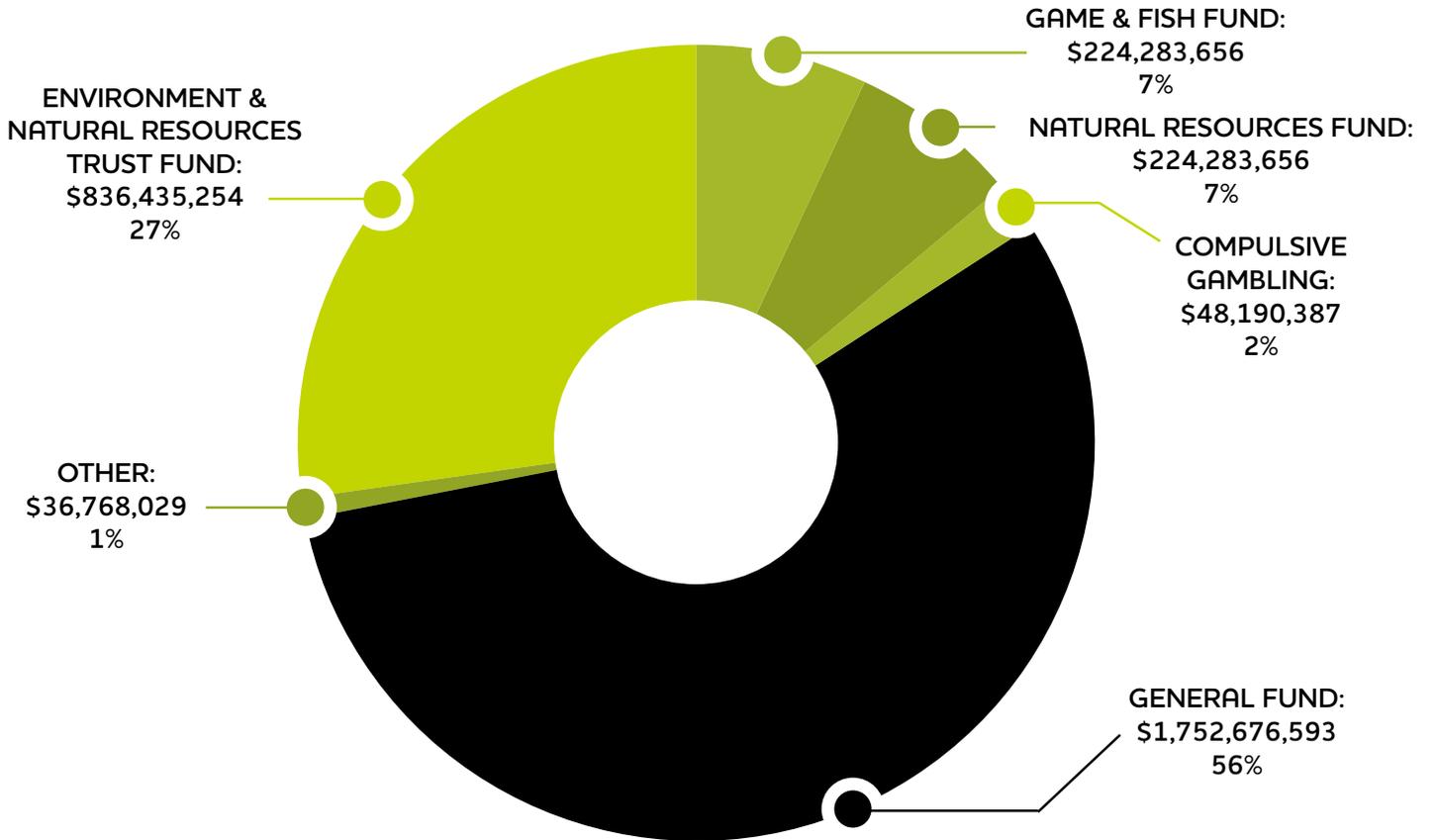
The Minnesota State Lottery had operating revenues of \$636.8 million in fiscal year 2019 and contributed \$153.2 million to the state. Both revenues and contributions to the state were records as the Minnesota State Lottery exceeded fiscal year 2018 levels, which was the previous record year. A record year in scratch sales was also recognized by recording \$435.3 million.

SUMMARY OF CONTRIBUTIONS TO STATE

The Lottery contributed \$153.2 million to the State in fiscal year 2019. This was a \$8.1 million or 5.6% increase from 2018. The following table provides detail on the total amounts transferred to the State as well as the source of the transfers provided to the State.

CONTRIBUTIONS TO THE STATE	2019	2018	2017
Net proceeds to the state	\$99,561,388	\$95,497,426	\$88,315,826
In-lieu-of-sales tax	41,392,666	38,771,042	36,627,696
Compulsive gambling contribution	1,774,544	1,803,623	1,774,794
Unclaimed prizes to the state	10,466,308	9,027,091	12,439,978
<i>Total paid to state</i>	<u>\$153,194,906</u>	<u>\$145,099,182</u>	<u>\$139,158,294</u>

**THE LOTTERY HAS CONTRIBUTED APPROXIMATELY
\$3.1 BILLION TO THE STATE SINCE INCEPTION**



SUMMARY RESULTS OF OPERATIONS	2019	2018	2017
Gross receipts	\$595,435,875	\$557,725,597	\$526,892,077
Prizes, commissions and ticket costs	455,049,114	422,962,491	397,080,288
Gross profit	140,386,761	134,763,106	129,811,789
Operating expenses	22,925,039	32,410,470	32,763,677
<i>Operating income</i>	<u>117,461,722</u>	<u>102,352,636</u>	<u>97,048,112</u>
Non-operating revenues (expense):			
Interest earned on investments	709,518	439,504	390,486
Unused Compulsive Gambling	461,455	426,377	455,206
Payments to State (not including in-lieu-of-sales tax)	(112,263,695)	(106,754,517)	(102,985,804)
Total non-operating revenue (expense)	<u>(111,092,722)</u>	<u>(105,888,636)</u>	<u>(102,140,112)</u>
<i>Change in Net Position</i>	<u>\$6,369,000</u>	<u>(\$3,536,000)</u>	<u>(\$5,092,000)</u>

OPERATING INCOME

Operating Income has increased by \$15.1 million from 2018. Gross receipts increased by \$37.7 million or 6.8% in fiscal year 2019 due to both increased scratch sales and higher lotto ticket sales primarily in Mega Millions. Direct costs which include prizes, commissions and ticket costs as a percent of gross receipts were 76.4% in 2019 as compared to 75.8% in 2018.

OPERATING EXPENSES

Operating expenses decreased in fiscal year 2019 by \$9.5 million or 29.3%. This was due to the year-end pension expense adjustment being less than last year due to changes in actuarial assumptions.

GROSS RECEIPTS BY GAME	2019	2018	2017
Scratch ticket sales	\$435,268,778	\$411,165,885	\$398,311,141
Lotto ticket sales:			
Daily 3 [®]	18,444,086	17,686,855	17,401,351
Gopher 5 [®]	20,679,695	18,033,176	15,045,596
Powerball [®]	65,311,853	72,736,847	62,387,312
Powerball [®] Power Play [®]	2,646,918	2,653,052	2,373,937
Mega Millions [®]	47,123,174	24,769,479	15,901,351
Mega Millions [®] Megaplier [®]	1,783,335	1,267,557	1,234,891
Hot Lotto [®]	0	5,678,088	9,938,710
Hot Lotto [®] Sizzler [®]	0	523,087	1,018,693
Northstar Cash [®]	8,857,293	10,338,153	9,249,570
Minnesota Millionaire Raffle	6,998,880	6,998,440	6,998,580
All or Nothing [™]	0	0	3,144,011
Lucky for Life [®]	6,940,632	6,629,815	7,743,223
Lotto America [®]	10,633,684	5,683,847	
Lotto America All Star Bonus [®]	1,126,562	616,120	
Progressive Print-N-Play [®]	10,995,363	11,697,167	12,754,636
Total Lotto Ticket Sales	201,541,475	185,311,683	165,191,861
Operating revenue	\$636,810,253	\$596,477,568	\$563,503,002
Other income	18,288	19,071	16,771
Total operating revenue	636,828,541	596,496,639	563,519,773
Less in-lieu-of-sales tax	41,392,666	38,771,042	36,627,696
Gross Receipts	\$595,435,875	\$557,725,597	\$526,892,077

SCRATCH GAMES

Scratch game sales accounted for 68.4% of operating revenue in 2019, down slightly from 68.9% in 2018. Total scratch sales were up \$24.1 million to \$435.3 million. The increase in scratch sales was due to continued marketing efforts for new players and the addition of new games. Over the past two years survey results show the Lottery has added 220 thousand new scratch players on average.

LOTTO GAMES

Lotto games sales for fiscal year 2019 increased \$16.2 million to \$201.5 million. This was primarily due to the large Mega Millions jackpot in October 2018.

CONDENSED STATEMENTS OF NET POSITION	2019	2018	2017
Assets:			
Cash and cash equivalents	\$25,413,178	\$25,545,377	\$27,315,686
Receivables	6,322,490	5,516,265	5,202,969
Inventory and prepaid expenses	1,734,297	2,216,790	1,707,214
Capital assets	1,256,310	1,393,029	1,376,418
<i>Total assets</i>	<u>\$34,726,275</u>	<u>\$34,671,461</u>	<u>\$35,602,287</u>
Deferred Outflows	\$13,175,000	\$20,097,000	\$27,884,000
Liabilities:			
Due to State and State Agencies	\$16,296,433	\$15,614,269	\$18,595,624
Accounts payable & current accrued expenses	8,288,642	8,893,150	9,037,854
Prize liability	8,932,239	8,969,043	6,699,585
Long-term accrued expenses	6,340,961	25,983,999	41,816,224
<i>Total Liabilities</i>	<u>\$39,858,275</u>	<u>\$59,460,461</u>	<u>\$76,149,287</u>
Deferred Inflows	\$20,780,000	\$14,414,000	\$2,907,000
Net Position:			
Unrestricted net position	(\$13,993,310)	(\$20,499,029)	(\$16,946,418)
Net investment in capital assets	1,256,310	1,393,029	1,376,418
<i>Net Position</i>	<u>(\$12,737,000)</u>	<u>(\$19,106,000)</u>	<u>(\$ 15,570,000)</u>

NET POSITION

Minnesota State Lottery's net position at the end of fiscal year 2019 was \$(12.7) million compared to \$(19.1) million in fiscal year 2018. The negative net position is attributable to the offset of the net pension liability in all three years and recognition of post-employment benefits over the last two years.

CASH AND CASH EQUIVALENTS AND RECEIVABLES

Cash and cash equivalents and receivables increased by \$765 thousand from fiscal year 2018 to 2019. This is a direct result of higher sales compared to the previous fiscal year.

CAPITAL ASSETS AND OTHER ASSETS

Net capital assets decreased by \$137 thousand in fiscal year 2019 versus fiscal year 2018.

Purchases of capital assets totaled approximately \$440 thousand with the significant purchases of computer equipment of \$266 thousand, office equipment of \$153 thousand and warehouse equipment of \$21 thousand offset by accumulated depreciation.

DUE TO STATE AND STATE AGENCIES

Payment due to the State at the end of fiscal year 2019 was \$682 thousand higher than the previous fiscal year. This was due to a \$1.4 million increase in Unclaimed Prizes offset by a decrease in Net Proceeds of \$757 thousand at the end of the fiscal year.

PRIZE LIABILITY

Prize Liability basically remained flat from year to the previous year.

ACCOUNTS PAYABLE AND CURRENT ACCRUED EXPENSES

Accounts payable and current accrued expenses decreased by \$605 thousand during fiscal year 2019. This was primarily due to timing of expenses incurred near year end.

*STATEMENTS OF NET POSITION – JUNE 30, 2019 AND 2018	2019	2018
Assets		
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$25,413,178	\$25,545,377
Accounts Receivable (Note 4)	6,257,024	5,468,723
Interest Receivable	65,466	47,542
Scratch Ticket Inventory	1,243,738	1,636,995
Prepaid Expense	490,559	579,795
<i>Total Current Assets</i>	<u>33,469,965</u>	<u>33,278,432</u>
Capital Assets, Net (Note 5)	1,256,310	1,393,029
<i>Total Assets</i>	<u>34,726,275</u>	<u>34,671,461</u>
Deferred Outflows (Note 13 and 14)	<u>\$13,175,000</u>	<u>\$20,097,000</u>
Liabilities and Net Assets		
Current Liabilities:		
Net Proceeds Due to State (Note 8)	\$5,830,125	6,587,178
Unclaimed Prizes Due to State (Note 6)	10,466,308	9,027,091
Accounts Payable	2,879,939	3,764,816
In-Lieu-of-Sales Tax Payable	3,180,802	3,097,558
Prize Liability	8,932,239	8,969,043
Accrued Salaries and Benefits Payable, Current (Note 7)	1,748,583	1,676,289
Deferred Revenue	479,318	354,487
<i>Total Current Liabilities</i>	<u>33,517,314</u>	<u>33,476,462</u>
Accrued Benefits Payable, Net of Current Portion (Note 7 and 14)	1,619,850	1,563,033
Commitments and Contingencies (Note 9)	411,111	417,966
Net Pension Liability (Note 13)	4,310,000	24,003,000
<i>Total Noncurrent Liabilities</i>	<u>6,340,961</u>	<u>25,983,999</u>
<i>Total Liabilities</i>	<u>39,858,275</u>	<u>59,460,461</u>
Deferred Inflows (Notes 13 and 14)	<u>20,780,000</u>	<u>14,414,000</u>
Net Position:		
Net Assets Invested in Capital Assets (Note 8)	1,256,310	1,393,029
Unrestricted	(13,993,310)	(20,499,029)
<i>Total Net Position (Note 8)</i>	<u>\$(12,737,000)</u>	<u>\$(19,106,000)</u>

For the complete Minnesota State Lottery Comprehensive Annual Financial Report, including referenced Notes, please visit mnlottery.com.

*STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEARS ENDED JUNE 30, 2019 AND 2018	2019	2018
Operating Revenues:		
Scratch Ticket Sales	\$435,268,778	\$411,165,885
Lotto Ticket Sales	201,541,475	185,311,683
Other Income	18,288	19,071
Total Operating Revenues	636,828,541	596,496,639
Less: In-Lieu-of-Sales Tax	41,392,666	38,771,042
Gross Receipts	<u>595,435,875</u>	<u>557,725,597</u>
Direct Costs:		
Scratch Ticket Prizes	292,093,287	276,305,774
Lotto Ticket Prizes	103,498,719	94,318,750
Lotto Vendor Expense	11,584,111	10,367,972
Ticket Costs	6,024,340	6,036,350
Retailer Commissions and Incentives (Note 11)	41,848,657	35,933,645
Total Direct Costs	<u>455,049,114</u>	<u>422,962,491</u>
Gross Profit	<u>140,386,761</u>	<u>134,763,106</u>
Operating Expenses (Note 12):		
Advertising (Note 12)	7,409,067	7,399,208
Salaries and Benefits (Note 13)	7,671,487	16,969,760
Promotion	988,217	1,187,259
Purchased Services	1,783,566	2,006,003
Communication	416,557	427,428
Occupancy Costs (Note 9)	1,743,389	1,704,886
Supplies and Materials	1,307,196	1,172,236
Computer and Omnipoint Maintenance	671,223	530,127
Depreciation	576,392	572,238
Other Expense (Note 12)	357,945	441,325
Total Operating Expenses	<u>22,925,039</u>	<u>32,410,470</u>
Operating Income	<u>117,461,722</u>	<u>102,352,636</u>
Nonoperating Revenue (Expenses):		
Interest Earned on Investments	709,518	439,504
Compulsive Gambling Contribution from Prize Fund (Note 10)	(1,774,544)	(1,803,623)
Unclaimed Prizes to State (Note 6)	(10,466,308)	(9,027,091)
Net Proceeds to State (Note 8)	(99,561,388)	(95,497,426)
Total Nonoperating Revenue (Expenses)	<u>(111,092,722)</u>	<u>(105,888,636)</u>
Change in Net Position	6,369,000	(3,536,000)
Net Position at Beginning of Year (Note 8)	(19,106,000)	(15,570,000)
Net Position at End of Year (Note 8)	<u><u>\$ (12,737,000)</u></u>	<u><u>\$ (19,106,000)</u></u>

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*STATEMENT OF CASH FLOWS – YEARS ENDED JUNE 30, 2019 AND 2018	2019	2018
Cash Flows from Operating Activities:		
Cash Received from Customers	\$636,146,783	\$595,928,587
Cash Received from Other Income	18,288	19,071
Payments to State (In-Lieu-of-Sales Tax)	(41,309,422)	(38,809,258)
Payments to Employees	(13,947,376)	(13,487,826)
Payments to Suppliers	(32,716,701)	(31,697,981)
Payments to Retailers	(41,848,657)	(35,933,645)
Payments to Prize Winners	(395,628,810)	(368,355,066)
<i>Net Cash Provided by Operating Activities</i>	<u>110,714,105</u>	<u>107,663,882</u>
Cash Flows from Non-Capital Financing Activities:		
Net Proceeds Paid to State	(100,318,440)	(95,065,894)
Compulsive Gambling Contribution Transfer	(1,774,544)	(1,803,623)
Unclaimed Prizes Transfer	(9,027,091)	(12,439,978)
<i>Net Cash Used by Non-Capital Financing Activities</i>	<u>(111,120,075)</u>	<u>(109,309,495)</u>
Cash Flows from Capital and Related Financing Activities:		
Purchases of Capital Assets	(439,673)	(619,818)
Proceeds on sale of Capital Assets	21,850	74,843
<i>Net Cash Used by Capital Financing Activities</i>	<u>(417,823)</u>	<u>(544,975)</u>
Cash Flows from Investing Activities:		
Investment Income	691,594	420,279
<i>Net Cash Provided by Investing Activities</i>	<u>691,594</u>	<u>420,279</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(132,199)	(1,770,309)
Beginning of Year Cash and Cash Equivalents	25,545,377	27,315,686
End of Year Cash and Cash Equivalents	<u>\$25,413,178</u>	<u>\$25,545,377</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$117,461,722	\$102,352,636
Adjustments to Reconcile Operating Income to Net Cash provided by Operating Activities:		
Depreciation	576,392	572,237
Gain on the disposal of capital assets	(21,850)	(43,873)
Change in pension activity	(6,369,000)	3,536,000
Net Change in Assets and Liabilities:		
Inventory	393,257	(420,140)
Accounts Receivable	(788,301)	(294,071)
Prepaid Expenses	89,235	(89,436)
Current Liabilities	(590,546)	(218,929)
Prize Awards Payable	(36,804)	2,269,458
<i>Net Cash Provided by Operating Activities</i>	<u>\$110,714,105</u>	<u>\$107,663,882</u>

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SCRATCH GAMES FY19



PRICE	GAME	FY19 SALES	FY19 TICKETS SOLD
\$50	High Roller	\$22,087,850	441,757
\$10	Lucky Lines Jackpot	\$18,409,950	1,840,995
\$20	Cash Extravaganza	\$17,010,520	850,526
\$20	Super Bonus Crossword	\$16,271,060	813,553
\$10	\$16,000,000 Cash Blowout	\$15,847,100	1,584,710
\$20	\$500,000 Ultimate	\$14,390,920	719,546
\$10	\$16,000,000 Cash Blowout	\$13,733,330	1,373,333
\$10	Emerald Green 7s	\$12,207,940	1,220,794
\$5	Full of \$500s	\$11,816,355	2,363,271
\$5	Minnesota Vikings	\$11,509,025	2,301,805
\$5	Power 5s	\$10,666,775	2,133,355
\$5	Special Edition Crossword	\$10,507,865	2,101,573
\$5	Gold Premium Play	\$10,438,585	2,087,717
\$20	\$50,000 Jackpot	\$10,146,640	507,332
\$20	\$50,000 Extreme Cash	\$9,277,860	463,893
\$10	\$200,000 Money Maker	\$8,874,100	887,410
\$5	Double Your Money	\$8,271,065	1,654,213
\$5	Cash Flurries	\$7,952,555	1,590,511
\$3	Silver Slingo	\$7,804,215	2,601,405
\$3	Mystery Prize Crossword	\$7,655,664	2,551,888
\$10	X	\$7,403,370	740,337
\$3	Crazy Crossword	\$7,398,345	2,466,115
\$5	\$100,000 Crossword	\$7,396,285	1,479,257
\$10	Minnesota Treasures	\$6,822,700	682,270
\$3	10X Bingo	\$6,791,166	2,263,722



PRICE	GAME	FY19 SALES	FY19 TICKETS SOLD
\$3	Crossword Party	\$6,402,465	2,134,155
\$5	7 Series	\$6,310,140	1,262,028
\$5	Money Tree	\$6,300,410	1,260,082
\$5	Bold North	\$6,150,005	1,230,001
\$5	Lucky Bucks	\$5,941,220	1,188,244
\$5	Triple Bonus Crossword	\$5,926,385	1,185,277
\$3	Peppermint Cash	\$5,469,756	1,823,252
\$10	Cash Attack	\$5,408,380	540,838
\$3	Chocolate Crossword	\$5,023,002	1,674,334
\$5	I'MN To Win	\$4,849,695	969,939
\$3	Ruby Red Crossword	\$4,502,706	1,500,902
\$3	Lots O' Luck	\$4,239,417	1,413,139
\$2	Skol	\$4,231,158	2,115,579
\$2	Lucky Dog	\$3,996,288	1,998,144
\$3	Summer Blast	\$3,994,278	1,331,426
\$5	The Big \$5 Ticket	\$3,808,375	761,675
\$1	5X the Cash	\$3,597,046	3,597,046
\$2	Double Win	\$3,558,940	1,779,470
\$2	Day of the Dead	\$3,453,754	1,726,877
\$5	I'MN To Summer	\$3,398,495	679,699
\$2	Money Bag Multiplier	\$3,347,448	1,673,724
\$2	Flannel Fever	\$3,258,592	1,629,296
\$1	Grumpy Cat	\$3,252,734	3,252,734
\$2	Frosty Fun	\$3,251,976	1,625,988
\$5	Wheel of Fortune	\$3,012,205	602,441

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