

# State of Maine



Department of Administrative and Financial Services

Bureau of Alcoholic Beverages and Lottery Operations

Financial Statements  
Fiscal Year Ending June 30, 2019



JANET T. MILLS  
GOVERNOR

STATE OF MAINE  
DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES  
**DIVISION OF FINANCIAL AND PERSONNEL SERVICES**  
74 STATE HOUSE STATION, AUGUSTA, MAINE 04333

KIRSTEN LC FIGUEROA  
COMMISSIONER

September 6, 2019

Gregory R. Mineo, Director  
Timothy R. Poulin, Deputy Director  
Michael Boardman, Deputy Director  
Bureau of Alcoholic Beverages and Lottery Operations  
8 State House Station  
Augusta, Maine 04333-0008

Dear Mr. Mineo, Mr. Poulin and Mr. Boardman:

Submitted herein is the annual report for the Bureau of Alcoholic Beverages and Lottery Operations for the fiscal year ended June 30, 2019. This report presents the financial position of lottery and spirits operations. The report does not reflect sales or operating expenses of the lottery retail agents.

If you have any suggestions or comments about these schedules, please contact us at your earliest convenience. Please advise if there are other schedules you wish included in the next annual report.

Sincerely,

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Janre Mullins  
Director,  
General Government Service Center



The Bureau is proud of its commitment to providing the citizens of Maine with fun and exciting entertainment through the responsible sale of lottery games.

The Bureau is committed to generating important revenue for the citizens of Maine in a fiscally and socially responsible manner. We are proud to take a leadership role in promoting responsible gaming in Maine and across the nation. In addition to promoting responsible play on lottery games, sales materials and our website, the Bureau partners with the Maine CDC, Maine's Gambling Control Board, the National Council on Problem Gambling, and the National Association of State and Provincial Lottery's Responsible Gaming Committee to promote responsible gaming and provide resources to those in need.

As part of its fiscal responsibility, since 1974, the Maine Lottery has generated more than \$6.1 billion in sales revenues, \$3.7 billion in prize money and \$417 million in commissions and bonuses to our network of lottery retail agents. Over \$1.48 billion has been transferred to the State's General Fund to support programs and services across Maine. In FY19, for the fifth consecutive year, the Maine Lottery achieved a record transfer to the General Fund. Additionally, the Maine Lottery achieved records in total sales, commissions to lottery retail agents and prize money for winners. In FY19, the transfer to Maine's Outdoor Heritage Fund exceeded \$520,000. Since the Heritage Fund's inception in 1996, the Lottery has transferred more than \$21.1 million to the fund that supports important wildlife conservation programs in Maine.

The Bureau is pleased that the Maine Lottery business has a positive impact for our citizens and supports our local economy in a responsible manner.

[www.MaineLottery.com](http://www.MaineLottery.com)



Maine Spirits is a partnership between the Bureau and its vendor, Pine State Spirits, a subsidiary of Pine State Trading Co. created as a result of a competitive bidding process in FY14. Prior to this new contractual fee for services partnership, Maine created a 10 year lease arrangement with Maine Beverage Company. During the 10 year lease arrangement, the State realized approximately \$189 million in profit for the General Fund. This amount included \$125 million in up-front money paid in FY03 and FY04 and profit sharing when the spirits business generated profits over a guaranteed amount to Maine Beverage Company.

For the fourth consecutive year in FY19, Maine's spirits business achieved record sales exceeding \$199.5 million, a 5.8% growth rate, which delivered an operating profit of \$56.4 million. Operating profit grew nearly 7% compared to FY18, while spirits case sales grew 3.18% on top of growth of 3.26% in FY18.

The Bureau through its partnerships with suppliers, suppliers' representatives and our agency liquor store network, continues to responsibly grow the business. Maine consumers receive more value in their spirits purchases than ever before due to the Bureau's progressive pricing model.

In addition to its fiscal obligation, the Bureau has a social commitment to the citizens of Maine to promote the sale of spirits in a responsible manner.

For the last 3 years, the Bureau in partnership with Pine State Spirits and a grant from the National Alcoholic Beverage Control Association (NABCA) continued to create unique social responsibility messaging programs.

The Bureau is confident that the Maine spirits business has a positive impact and supports our local economy in an orderly and responsible path to market while satisfying the Bureau's legislative mandate.

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**Department of Administrative and Financial Services  
Bureau of Alcoholic Beverages and Lottery Operations  
Historical Gross Sales as Compared to Total Transfers**

For Fiscal Years 2005 - 2019

<b>Fiscal Year</b>	<b>Liquor Sales</b>	<b>Lottery Sales</b>	<b>Heritage Sales</b>	<b>Total Sales</b>
2019	\$ 201,783,015	\$ 297,598,818	\$ 1,852,878	\$ 501,234,711
2018	\$ 187,115,708	\$ 291,591,666	\$ 2,542,027	\$ 481,249,401
2017	\$ 178,914,574	\$ 264,405,447	\$ 1,542,308	\$ 444,862,329
2016	\$ 165,366,535	\$ 270,047,651	\$ 2,291,833	\$ 437,706,018
2015	\$ 156,136,691	\$ 250,671,431	\$ 2,400,612	\$ 408,585,278
2014	\$ 143,966,700	\$ 227,935,315	\$ 2,021,379	\$ 373,923,394
2013	\$ 138,357,900	\$ 225,640,604	\$ 2,083,042	\$ 366,081,546
2012	\$ 132,497,500	\$ 226,387,260	\$ 1,966,301	\$ 357,899,879
2011	\$ 126,149,900	\$ 214,100,761	\$ 2,325,493	\$ 342,576,154
2010	\$ 122,610,900	\$ 214,746,496	\$ 2,286,077	\$ 339,643,473
2009	\$ 119,050,100	\$ 208,026,397	\$ 2,643,774	\$ 329,720,271
2008	\$ 114,169,100	\$ 225,500,155	\$ 3,018,616	\$ 342,687,871
2007	\$ 109,502,600	\$ 227,184,778	\$ 2,839,097	\$ 339,526,475
2006	\$ 104,114,000	\$ 226,231,509	\$ 3,472,515	\$ 333,818,024
2005	\$ 97,042,500	\$ 206,168,485	\$ 3,130,645	\$ 306,341,630

<b>Fiscal Year</b>	<b>Liquor Transfer</b>	<b>Lottery Transfer</b>	<b>Heritage Transfer</b>	<b>Total Transfers</b>
2019	\$ - *	\$ 62,675,109	\$ 520,809	\$ 63,195,918
2018	\$ - *	\$ 62,307,123	\$ 722,863	\$ 63,029,985
2017	\$ 9,817,000 *	\$ 58,219,690	\$ 441,357	\$ 68,478,047
2016	\$ 9,639,000 *	\$ 56,972,851	\$ 603,833	\$ 67,215,684
2015	\$ 9,714,884 *	\$ 54,002,444	\$ 647,458	\$ 64,364,786
2014	\$ 12,298,432 **	\$ 51,845,477	\$ 574,142	\$ 64,718,051
2013	\$ 10,979,738 **	\$ 52,908,602	\$ 593,629	\$ 64,481,969
2012	\$ 10,254,968 **	\$ 53,785,567	\$ 530,622	\$ 64,571,157
2011	\$ 9,405,382 **	\$ 49,547,800	\$ 645,824	\$ 59,599,007
2010	\$ 8,823,077 **	\$ 52,201,531	\$ 669,789	\$ 61,694,397
2009	\$ 8,217,940 **	\$ 49,839,434	\$ 734,120	\$ 58,791,494
2008	\$ 7,513,763 **	\$ 49,491,086	\$ 811,844	\$ 57,816,693
2007	\$ 6,356,499 **	\$ 50,624,742	\$ 810,598	\$ 57,791,839
2006	\$ 4,443,800 **	\$ 50,879,647	\$ 908,065	\$ 56,231,512
2005	\$ 51,536,907 ***	\$ 49,328,103	\$ 800,309	\$ 101,665,319

\*This amount is only the transfer back from the MMBB designated for the General Fund, which ended in FY2017.

\*\*These amounts include listing fees, premium tax and the profit sharing amount received from Maine Beverage Company; and the Liquor Sales, are calculated on a calendar year basis.

\*\*\*In May of 2004, the State signed a ten year lease with Maine Beverage Company for the warehousing and distribution of spirits subject to pricing regulation by the state. Maine Beverage paid the state \$75 million in FY '04 and \$50 million in FY '05 for this privilege.

Department of Administrative and Financial Services  
Bureau of Alcoholic Beverages and Lottery Operations  
Lottery Operations  
Enterprise Fund - 067 - State Lottery Fund  
Balance Sheet  
As of June 30,

	2019	% of 2019 Total	2018	% of 2018 Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash	(1) \$ 5,814	0.02%	\$ -	0.00%
Petty Cash - Imprest Fund	750,400	2.29%	750,400	2.29%
Accounts Receivable	31,612,992	96.46%	31,793,629	97.22%
Reserve for Doubtful Accounts	(129,342)	-0.39%	(148,018)	-0.45%
Prepaid Expense	532,598	1.63%	307,598	0.94%
<b>Total Current Assets</b>	<b>\$ 32,772,461</b>	<b>100.00%</b>	<b>\$ 32,703,608</b>	<b>100.00%</b>
<b>Fixed Assets</b>				
Equipment	\$ 44,202		\$ 44,202	
Less: Reserve for Depreciation	(44,202)		(44,202)	
<b>Total Fixed Assets</b>	<b>\$ -</b>		<b>\$ -</b>	
<b>Total Assets</b>	<b>\$ 32,772,461</b>	<b>100.00%</b>	<b>\$ 32,703,608</b>	<b>100.00%</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 1,523,898	13.67%	\$ 1,804,002	16.60%
Accrued Payroll	(2) 68,421	0.61%	(12,453)	-0.11%
Accrued Subscriptions	153,741	1.38%	137,640	1.27%
Accrued Vacation Liability	115,941	1.04%	109,200	1.01%
Due to Other Funds	(3) 9,285,423	83.30%	8,826,778	81.24%
<b>Total Liabilities</b>	<b>\$ 11,147,424</b>	<b>100.00%</b>	<b>\$ 10,865,167</b>	<b>100.00%</b>
<b>Reserves:</b>				
MUSL Prize Reserve	(4) \$ 3,294,120	15.23%	\$ 2,939,717	13.46%
Prize Reserve - Lucky for Life	(5) 1,243,407	5.75%	1,180,868	5.41%
Expired Reserve - Lucky for Life	(6) 101,311	0.47%	124,819	0.57%
Instant Ticket Prize Reserve	(7) 16,798,097	77.68%	17,481,990	80.05%
Vending Machine Voucher Liability	(8) 182,288	0.84%	111,047	0.51%
Unappropriated Surplus	(1) 5,814	0.03%	-	0.00%
<b>Total Reserves</b>	<b>\$ 21,625,037</b>	<b>100.00%</b>	<b>\$ 21,838,441</b>	<b>100.00%</b>
<b>Total Liabilities and Reserves</b>	<b>\$ 32,772,461</b>		<b>\$ 32,703,608</b>	

Department of Administrative and Financial Services  
 Bureau of Alcoholic Beverages and Lottery Operations  
 Lottery Operations  
 Enterprise Fund - 067 - State Lottery Fund  
 Comparative Statements of Income and Expense  
 For Fiscal Years ending: June 30,

	FY 2019	% of Sales	FY 2018	% of Sales	% Change FY 2018 to FY 2019
<b>SALES</b>					
Instant Tickets					
\$1 Instant	\$ 8,184,085	2.73%	\$ 9,641,803	3.28%	(15.12%)
Heritage Fund	1,852,878	0.62%	2,542,027	0.86%	(27.11%)
\$2 Instant	25,202,894	8.42%	29,089,222	9.89%	(13.36%)
\$3 Instant	24,301,032	8.12%	24,578,370	8.36%	(1.13%)
\$5 Instant	67,891,895	22.67%	67,000,650	22.78%	1.33%
\$10 Instant	44,511,030	14.86%	40,834,480	13.88%	9.00%
\$20 Instant	22,516,540	7.52%	21,618,240	7.35%	4.16%
\$25 Instant	30,174,900	10.08%	28,219,725	9.59%	6.93%
<b>Total Instant</b>	<b>\$ 224,635,254</b>	<b>75.02%</b>	<b>\$ 223,524,517</b>	<b>75.99%</b>	<b>0.50%</b>
Draw Games					
Pick 3	\$ 5,394,851	1.80%	\$ 5,731,155	1.95%	(5.87%)
Pick 4	4,337,305	1.45%	4,457,041	1.52%	(2.69%)
Megabucks	11,810,740	3.94%	12,391,506	4.21%	(4.69%)
Powerball	22,350,828	7.46%	24,372,974	8.29%	(8.30%)
Hot Lotto	-	0.00%	941,411	0.32%	(100.00%)
Lucky for Life	3,713,174	1.24%	3,780,748	1.29%	(1.79%)
Lotto America 2018	1,980,196	0.66%	1,305,975	0.44%	51.63%
Gimme 5	1,079,847	0.36%	1,130,725	0.38%	(4.50%)
Mega Millions	16,300,415	5.44%	8,856,271	3.01%	84.06%
World Poker Tour	1,250,226	0.42%	1,567,673	0.53%	(20.25%)
<b>Total Draw</b>	<b>\$ 68,217,582</b>	<b>22.78%</b>	<b>\$ 64,535,479</b>	<b>21.94%</b>	<b>5.71%</b>
Other					
\$1 Fast Play	\$ 761,412	0.25%	\$ 779,765	0.27%	(2.35%)
\$2 Fast Play	1,257,453	0.42%	1,917,872	0.65%	(34.43%)
\$5 Fast Play	4,040,035	1.35%	3,376,060	1.15%	19.67%
\$10 Fast Play	539,960	0.18%	-	N/A	N/A
<b>Total Other</b>	<b>\$ 6,598,860</b>	<b>2.20%</b>	<b>\$ 6,073,697</b>	<b>2.06%</b>	<b>8.65%</b>
<b>Total Ticket Sales</b>	<b>\$ 299,451,696</b>	<b>100.00%</b>	<b>\$ 294,133,693</b>	<b>100.00%</b>	<b>1.81%</b>
<b>OTHER INCOME</b>					
Distribution Expenses paid by IF&W	\$ 46,322	0.02%	\$ 63,551	0.02%	(27.11%)
Expired Instant Prize Reserve	(9) 2,833,816	0.95%	2,304,071	0.77%	22.99%
Expired Instant Prize Reserve - Heritage	(9) 62,828	0.02%	91,336	0.03%	(31.21%)
Interest Income - Tri State	2,432,163	0.81%	1,514,101	0.51%	60.63%
Misc Income	144,557	0.05%	93,926	0.03%	53.90%
<b>Total Other Income</b>	<b>\$ 5,519,687</b>	<b>1.84%</b>	<b>\$ 4,066,985</b>	<b>1.36%</b>	<b>35.72%</b>
<b>Total Receipts</b>	<b>\$ 304,971,383</b>		<b>\$ 298,200,678</b>		<b>2.27%</b>

Department of Administrative and Financial Services  
 Bureau of Alcoholic Beverages and Lottery Operations  
 Lottery Operations  
 Enterprise Fund - 067 - State Lottery Fund  
 Comparative Statements of Income and Expense  
 For Fiscal Years ending: June 30,

	FY 2019	% of Sales	FY 2018	% of Sales	% Change FY 2018 to FY 2019
<b>EXPENSES</b>					
Cost of Goods Sold	\$ 227,519,533	75.98%	\$ 222,305,390	75.58%	2.35%
Maine Operating Expenses	5,361,314	1.79%	3,850,564	1.31%	39.23%
Tri-State/MUSL Operating Expenses	(10) 3,129,916	1.05%	3,648,423	1.24%	(14.21%)
Heritage Game Expenses	1,394,897	0.47%	1,910,500	0.65%	(26.99%)
Contractor Incentive Plan	(11) 1,227,876	0.41%	777,917	0.26%	57.84%
RewardME Lottery Club	3,136,115	1.05%	2,677,897	0.91%	17.11%
<b>Total Expenses</b>	<b>\$ 241,769,650</b>	<b>80.74%</b>	<b>\$ 235,170,692</b>	<b>79.95%</b>	<b>2.81%</b>
Transfer to General Fund	\$ 62,675,109	20.93%	\$ 62,307,123	21.18%	0.59%
Transfer to Fish & Wildlife	520,809	0.17%	722,863	0.25%	(27.95%)
Profit Due to (from) General Fund	(12) 5,814	0.00%	-	0.00%	
<b>Total Transfer</b>	<b>\$ 63,201,732</b>	<b>21.11%</b>	<b>\$ 63,029,986</b>	<b>21.43%</b>	<b>0.27%</b>
<b>Changes from FY 2018 to FY 2019</b>					
Sales		Dollars		Percent	
Instant	\$ 1,110,737			0.50%	
Draw	3,682,103			5.71%	
Other	525,163			N/A	
<b>Total</b>	<b>\$ 5,318,003</b>			<b>1.81%</b>	
Cost of Goods Sold	\$ 6,122,319			2.71%	
Maine Operating Expenses	\$ 1,510,750			39.23%	

**Department of Administrative and Financial Services  
Bureau of Alcoholic Beverages and Lottery Operations  
Lottery Operations  
Enterprise Fund - 067 - State Lottery Fund  
Heritage Game Income Statement  
For Fiscal Years ending: June 30,**

	FY 2019	% of Sales	FY 2018	% of Sales	% Change FY 2018 to FY 2019
<b>SALES</b>					
Game 308 - Maine-Ah Money	\$ (8)	0.00%	\$ 216,264	8.51%	N/A
Game 346 - Stinkin' Rich	-	0.00%	53,980	2.12%	N/A
Game 347 - Big Bucks	(1,292)	-0.07%	1,306,140	51.38%	N/A
Game 394 - Lucky Catch	170,843	9.22%	965,643	37.99%	-82.31%
Game 395 - Moose Money	1,032,982	55.75%	-	N/A	N/A
Game 433 - Lobster Loot	650,353	35.10%	-	N/A	N/A
<b>Total Sales (13)</b>	<b>\$ 1,852,878</b>	<b>100.00%</b>	<b>\$ 2,542,027</b>	<b>100.00%</b>	<b>-27.11%</b>
<b>OTHER INCOME</b>					
Expired Prize Reserve	\$ 62,828		\$ 91,336		-31.21%
<b>Total Other Income</b>	<b>\$ 62,828</b>		<b>\$ 91,336</b>		<b>-31.21%</b>
<b>Total Income</b>	<b>\$ 1,915,706</b>		<b>\$ 2,633,363</b>		<b>-27.25%</b>
<b>EXPENSES</b>					
Game 308 - Maine-Ah Money	\$ (5)	0.00%	\$ 132,051	5.19%	N/A
Game 346 - Stinkin' Rich	-	0.00%	32,950	1.30%	N/A
Game 347 - Big Bucks	(790)	-0.04%	798,836	31.43%	N/A
Game 394 - Lucky Catch	104,300	5.63%	589,525	23.19%	-82.31%
Game 395 - Moose Money	633,425	34.19%	-	0.00%	N/A
Game 433 - Lobster Loot	397,756	21.47%	-	0.00%	N/A
Adjustment	20	0.00%	-	0.00%	N/A
Vendor Fees	65,240	3.52%	89,505	3.52%	-27.11%
Agent Commission	148,230	8.00%	203,362	8.00%	-27.11%
Agent Bonus	400	0.02%	720	0.03%	-44.44%
Advertising	-	0.00%	-	0.00%	N/A
StaCap	-	0.00%	-	0.00%	N/A
Distribution Expenses	46,322	2.50%	63,551	2.50%	-27.11%
<b>Total Expenses</b>	<b>\$ 1,394,897</b>	<b>75.28%</b>	<b>\$ 1,910,500</b>	<b>75.16%</b>	<b>-26.99%</b>
<b>Inland Fish &amp; Wildlife Profit</b>	<b>\$ 520,809</b>	<b>28.11%</b>	<b>\$ 722,863</b>	<b>28.44%</b>	<b>-27.95%</b>

Agent Commissions (currently 8%) are the difference between the retail-selling price of tickets and the agent's cost.

Agent Bonus reflects the 1% bonus given to agents who sell winning prizes of \$1,000 or more, excluding the Megabucks game.

Vendor Fees are the contractual payments made to Scientific Games for instant ticket games and draw games that utilize computer systems and technology. Fees are 3.521% of sales.

Distribution Expenses are the overhead costs incurred by Lottery for distribution of Heritage Game instant tickets. This includes mail, vending machine rental and personnel costs.

**Department of Administrative and Financial Services**  
**Bureau of Alcoholic Beverages and Lottery Operations**  
**Lottery Operations**  
**Enterprise Fund - 067 - State Lottery Fund**  
**Maine Operating Expense Schedule**  
**For Fiscal Years ending: June 30,**

	FY 2019	FY 2018	% Change FY 2018 to FY 2019
<b>Lottery Administration</b>			
Personal Services	(14) \$ 1,843,400	\$ 1,657,542	11.21%
State Services	320,651	292,867	9.49%
Non-State Services	234	189	23.88%
Travel Expenses	2,573	3,435	(25.08%)
Rents	106,905	103,262	3.53%
Office Supplies	12,425	19,254	(35.47%)
Misc Administrative Expense	(15) 1,186,705	207,078	473.07%
Portion paid by IFW	(30,006)	(37,690)	(20.39%)
<i>Total Administrative</i>	<b>\$ 3,442,887</b>	<b>\$ 2,245,937</b>	<b>53.29%</b>
<b>Lottery Operations</b>			
General Operations	\$ 119,931	\$ 124,689	(3.82%)
Other Instant Expense	371,898	307,546	20.92%
Other Draw Expense	10,746	49,455	(78.27%)
Lucky for Life Operating Expense	5,720	5,553	3.02%
Customer Service	32,184	32,500	(0.97%)
Portion paid by IFW	(4,670)	(8,578)	(45.56%)
<i>Total Operational</i>	<b>\$ 535,810</b>	<b>\$ 511,165</b>	<b>4.82%</b>
<b>Advertising Charges</b>			
Ad Agency Fees	\$ 294,853	\$ 294,841	0.00%
TV/Radio Production	526,862	10,910	4,729.05%
TV/Radio Media	438,792	644,123	(31.88%)
Promotional Material	34,979	66,304	(47.24%)
Advertising Notices	13,500	-	N/A
StaCap	38,955	31,016	25.60%
Portion paid by IFW	(11,646)	(17,283)	(32.61%)
<i>Total Advertising</i>	<b>\$ 1,336,295</b>	<b>\$ 1,029,911</b>	<b>29.75%</b>
Subtotal	\$ 5,314,992	\$ 3,787,013	40.35%
Plus: IF&W Reimbursement	46,322	63,551	(27.11%)
<b>Total Maine Operating Expenses</b>	<b>\$ 5,361,314</b>	<b>\$ 3,850,564</b>	<b>39.23%</b>
<b>Total Sales Including Heritage</b>	\$ 299,451,696	\$ 294,133,693	1.81%
<b>Total Operating Expense as % of Sales</b>	1.79%	1.31%	

Department of Administrative and Financial Services  
 Bureau of Alcoholic Beverages and Lottery Operations  
 Lottery Operations  
 Enterprise Fund - 067 - State Lottery Fund  
 Cost of Goods Sold Schedule (excluding Heritage)  
 For Fiscal Years ending: June 30,

	FY 2019	% of Sales	FY 2018	% of Sales	% Change FY 2018 to FY 2019
<b>Prize Expense</b>					
\$1 Instant	\$ 5,025,982	61.41%	\$ 5,930,701	61.51%	(15.25%)
\$2 Instant	16,655,443	66.09%	19,221,499	66.08%	(13.35%)
\$3 Instant	16,098,691	66.25%	16,284,972	66.26%	(1.14%)
\$5 Instant	46,751,162	68.86%	46,548,357	69.47%	0.44%
\$10 Instant	32,476,733	72.96%	29,879,271	73.17%	8.69%
\$20 Instant	16,816,099	74.68%	16,144,079	74.68%	4.16%
\$25 Instant	23,306,867	77.24%	21,664,283	76.77%	7.58%
Pick 3	2,698,992	50.03%	2,864,445	49.98%	(5.78%)
Pick 4	2,175,962	50.17%	2,209,195	49.57%	(1.50%)
Megabucks	5,932,716	50.23%	6,075,080	49.03%	(2.34%)
Powerball	11,194,437	50.09%	12,169,104	49.93%	(8.01%)
Hot Lotto	-	N/A	471,720	50.11%	N/A
Lucky for Life	2,208,569	59.48%	2,247,027	59.43%	(1.71%)
Lotto America 2018	989,649	49.98%	651,679	49.90%	51.86%
Gimme 5	572,329	53.00%	599,319	53.00%	(4.50%)
Mega Millions	8,615,907	52.86%	4,605,483	52.00%	87.08%
World Poker Tour	784,846	62.78%	891,584	56.87%	(11.97%)
\$1 Fast Play	465,181	61.09%	473,282	60.70%	(1.71%)
\$2 Fast Play	854,615	67.96%	1,269,888	66.21%	(32.70%)
\$5 Fast Play	2,774,884	68.68%	2,334,570	69.15%	18.86%
\$10 Fast Play	398,158	73.74%	-	N/A	N/A
<b>Total Prize Expense</b>	<b>\$ 196,797,222</b>	<b>66.13%</b>	<b>\$ 192,535,536</b>	<b>66.03%</b>	<b>2.21%</b>
<b>Vendor Fees</b>					
\$1 Instant	\$ 288,162	3.52%	\$ 340,049	3.53%	(15.26%)
\$2 Instant	887,394	3.52%	1,024,232	3.52%	(13.36%)
\$3 Instant	855,639	3.52%	865,404	3.52%	(1.13%)
\$5 Instant	2,390,474	3.52%	2,359,093	3.52%	1.33%
\$10 Instant	1,567,233	3.52%	1,437,782	3.52%	9.00%
\$20 Instant	792,807	3.52%	761,178	3.52%	4.16%
\$25 Instant	1,062,458	3.52%	993,617	3.52%	6.93%
Pick 3	189,969	3.52%	201,808	3.52%	(5.87%)
Pick 4	152,730	3.52%	156,944	3.52%	(2.69%)
Megabucks	415,871	3.52%	436,306	3.52%	(4.68%)
Powerball	786,973	3.52%	858,172	3.52%	(8.30%)
Hot Lotto	-	N/A	33,147	3.52%	N/A
Lucky for Life	130,741	3.52%	133,120	3.52%	(1.79%)
Lotto America 2018	69,723	3.52%	45,983	3.52%	51.63%
Gimme 5	38,022	3.52%	39,815	3.52%	(4.50%)
Mega Millions	573,938	3.52%	311,829	3.52%	84.06%
World Poker Tour	44,020	3.52%	55,198	3.52%	(20.25%)
\$1 Fast Play	26,810	3.52%	27,457	3.52%	(2.36%)
\$2 Fast Play	44,280	3.52%	67,534	3.52%	(34.43%)
\$5 Fast Play	142,259	3.52%	118,881	3.52%	19.66%
\$10 Fast Play	19,016	3.52%	-	N/A	N/A
<b>Total Vendor Fees</b>	<b>\$ 10,478,518</b>	<b>3.52%</b>	<b>\$ 10,267,551</b>	<b>3.52%</b>	<b>2.05%</b>

Department of Administrative and Financial Services  
 Bureau of Alcoholic Beverages and Lottery Operations  
 Lottery Operations  
 Enterprise Fund - 067 - State Lottery Fund  
 Cost of Goods Sold Schedule (excluding Heritage)  
 For Fiscal Years ending: June 30,

	FY 2019	% of Sales	FY 2018	% of Sales	% Change FY 2018 to FY 2019
<b>Agent Commissions and Bonuses</b>					
\$1 Instant	\$ 575,606	7.03%	\$ 677,939	7.03%	(15.09%)
\$2 Instant	1,779,297	7.06%	2,057,780	7.07%	(13.53%)
\$3 Instant	1,714,927	7.06%	1,734,863	7.06%	(1.15%)
\$5 Instant	4,827,620	7.11%	4,762,513	7.11%	1.37%
\$10 Instant	3,167,162	7.12%	2,898,624	7.10%	9.26%
\$20 Instant	1,626,808	7.22%	1,556,337	7.20%	4.53%
\$25 Instant	2,147,683	7.12%	2,001,631	7.09%	7.30%
Pick 3	270,070	5.01%	286,935	5.01%	(5.88%)
Pick 4	227,984	5.26%	234,443	5.26%	(2.75%)
Megabucks	580,841	4.92%	609,621	4.92%	(4.72%)
Powerball	1,108,517	4.96%	1,229,564	5.04%	(9.84%)
Hot Lotto	-	N/A	46,946	4.99%	N/A
Lucky for Life	182,778	4.92%	199,069	5.27%	(8.18%)
Lotto America 2018	99,001	5.00%	65,295	5.00%	51.62%
Gimme 5	53,986	5.00%	56,532	5.00%	(4.50%)
Mega Millions	812,389	4.98%	441,511	4.99%	84.00%
World Poker Tour	63,878	5.11%	79,502	5.07%	(19.65%)
\$1 Fast Play	38,054	5.00%	38,971	5.00%	(2.35%)
\$2 Fast Play	63,739	5.07%	96,913	5.05%	(34.23%)
\$5 Fast Play	202,596	5.01%	173,007	5.12%	17.10%
\$10 Fast Play	27,841	5.16%	-	N/A	N/A
<b>Total Commissions and Bonuses</b>	<b>\$ 19,570,778</b>	<b>6.58%</b>	<b>\$ 19,247,995</b>	<b>6.60%</b>	<b>1.68%</b>
<b>Other Expenses</b>					
Royalty Fees	\$ 644,030	0.22%	\$ 244,230	0.08%	163.70%
Contractor Incentive Plan	1,227,876	0.41%	777,917	0.26%	57.84%
RewardME Lottery Club	3,136,115	1.05%	2,677,897	0.90%	17.11%
Postage	7,795	0.00%	10,078	0.00%	(22.65%)
Rental of Equipment	21,190	0.01%	-	0.00%	N/A
<b>Total Other Expenses</b>	<b>\$ 5,037,006</b>	<b>1.69%</b>	<b>\$ 3,710,123</b>	<b>1.25%</b>	<b>35.76%</b>
<b>Total Cost of Goods Sold</b>	<b>\$ 231,883,524</b>	<b>77.92%</b>	<b>\$ 225,761,205</b>	<b>77.42%</b>	<b>2.71%</b>
<b>Total Sales (excluding Heritage)</b>	<b>\$ 297,598,818</b>		<b>\$ 291,591,666</b>		
Cost of Goods Sold as % of Sales (excluding Heritage)	77.92%		77.42%		

Department of Administrative and Financial Services  
 Bureau of Alcoholic Beverages and Lottery Operations  
 Lottery Operations  
 Enterprise Fund - 067 - State Lottery Fund  
 Cost of Goods Sold - Draw Games  
 For Fiscal Years ending: June 30,

**FY 2019**

	Megabucks	Pick 3	Pick 4	Powerball	Hot Lotto	Lucky for Life	Lotto America 2018	Gimme 5	World Poker Tour	Mega Millions	Total Draw
<b>Sales</b>	\$ 11,810,740	\$ 5,394,851	\$ 4,337,305	\$ 22,350,828	\$ -	\$ 3,713,174	\$ 1,980,196	\$ 1,079,847	\$ 1,250,226	\$ 16,300,415	\$ 68,217,582
Prize Expense	\$ 5,932,716	\$ 2,698,992	\$ 2,175,962	\$ 11,194,437	\$ -	\$ 2,208,569	\$ 989,649	\$ 572,329	\$ 784,846	\$ 8,615,907	\$ 35,173,407
Vendor Fees	415,871	189,969	152,730	786,973	-	130,741	69,723	38,022	44,020	573,938	2,401,987
Agent Commission	580,841	270,070	227,984	1,108,517	-	182,778	99,001	53,986	63,878	812,389	3,399,445
<b>Total COGS</b>	<b>\$ 6,929,428</b>	<b>\$ 3,159,031</b>	<b>\$ 2,556,676</b>	<b>\$ 13,089,927</b>	<b>\$ -</b>	<b>\$ 2,522,088</b>	<b>\$ 1,158,372</b>	<b>\$ 664,337</b>	<b>\$ 892,745</b>	<b>\$ 10,002,234</b>	<b>\$ 40,974,838</b>
<b>Gross Profit on Sales</b>	<b>\$ 4,881,312</b>	<b>\$ 2,235,820</b>	<b>\$ 1,780,629</b>	<b>\$ 9,260,901</b>	<b>\$ -</b>	<b>\$ 1,191,086</b>	<b>\$ 821,824</b>	<b>\$ 415,510</b>	<b>\$ 357,481</b>	<b>\$ 6,298,181</b>	<b>\$ 27,242,744</b>
Gross Profit as a % of Sales	41.33%	41.44%	41.05%	41.43%	N/A	32.08%	41.50%	38.48%	28.59%	38.64%	39.94%

**FY 2018**

	Megabucks	Pick 3	Pick 4	Powerball	Hot Lotto	Lucky for Life	Lotto America 2018	Gimme 5	World Poker Tour	Mega Millions	Total Draw
<b>Sales</b>	\$ 12,391,506	\$ 5,731,155	\$ 4,457,041	\$ 24,372,974	\$ 941,411	\$ 3,780,748	\$ 1,305,975	\$ 1,130,725	\$ 1,567,673	\$ 8,856,271	\$ 64,535,479
Prize Expense	\$ 6,075,080	\$ 2,864,445	\$ 2,209,195	\$ 12,169,104	\$ 471,720	\$ 2,247,027	\$ 651,679	\$ 599,319	\$ 891,584	\$ 4,605,483	\$ 32,784,634
Vendor Fees	436,306	201,808	156,944	858,172	33,147	133,120	45,983	39,815	55,198	311,829	2,272,324
Agent Commission	609,621	286,935	234,443	1,229,564	46,946	199,069	65,295	56,532	79,502	441,511	3,249,418
<b>Total COGS</b>	<b>\$ 7,121,007</b>	<b>\$ 3,353,188</b>	<b>\$ 2,600,581</b>	<b>\$ 14,256,840</b>	<b>\$ 551,813</b>	<b>\$ 2,579,216</b>	<b>\$ 762,957</b>	<b>\$ 695,667</b>	<b>\$ 1,026,284</b>	<b>\$ 5,358,823</b>	<b>\$ 38,306,376</b>
<b>Gross Profit on Sales</b>	<b>\$ 5,270,499</b>	<b>\$ 2,377,967</b>	<b>\$ 1,856,460</b>	<b>\$ 10,116,134</b>	<b>\$ 389,598</b>	<b>\$ 1,201,532</b>	<b>\$ 543,018</b>	<b>\$ 435,058</b>	<b>\$ 541,389</b>	<b>\$ 3,497,448</b>	<b>\$ 26,229,103</b>
Gross Profit as a % of Sales	42.53%	41.49%	41.65%	41.51%	41.38%	31.78%	41.58%	38.48%	34.53%	39.49%	40.64%

**Percentage Change FY 2018 to FY 2019**

	Megabucks	Pick 3	Pick 4	Powerball	Hot Lotto	Lucky for Life	Lotto America 2018	Gimme 5	World Poker Tour	Mega Millions	Total Draw
Sales	(4.69%)	(5.87%)	(2.69%)	(8.30%)	N/A	(1.79%)	51.63%	(4.50%)	(20.25%)	84.06%	5.71%
COGS	(2.69%)	(5.79%)	(1.69%)	(8.18%)	N/A	(2.21%)	51.83%	(4.50%)	(13.01%)	86.65%	6.97%
Gross Profit	(7.38%)	(5.98%)	(4.08%)	(8.45%)	N/A	(0.87%)	51.34%	(4.49%)	(33.97%)	80.08%	3.86%

Department of Administrative and Financial Services  
 Bureau of Alcoholic Beverages and Lottery Operations  
 Lottery Operations  
 Enterprise Fund - 067 - State Lottery Fund  
 Cost of Goods Sold - Instant Tickets (excluding Heritage)  
 For Fiscal Years ending: June 30,

<b>FY 2019</b>									
	<b>\$1 Instant</b>	<b>\$2 Instant</b>	<b>\$3 Instant</b>	<b>\$5 Instant</b>	<b>\$10 Instant</b>	<b>\$20 Instant</b>	<b>\$25 Instant</b>	<b>Total Instant</b>	
<b>Sales</b>	\$ 8,184,085	\$ 25,202,894	\$ 24,301,032	\$ 67,891,895	\$ 44,511,030	\$ 22,516,540	\$ 30,174,900	\$ 222,782,376	
Prize Expense	\$ 5,025,982	\$ 16,655,443	\$ 16,098,691	\$ 46,751,162	\$ 32,476,733	\$ 16,816,099	\$ 23,306,867	\$ 157,130,976	
Vendor Fees	288,162	887,394	855,639	2,390,474	1,567,233	792,807	1,062,458	7,844,167	
Agent Commission	575,606	1,779,297	1,714,927	4,827,620	3,167,162	1,626,808	2,147,683	15,839,103	
Royalty Fees/StaCap	-	24,534	-	472,289	147,207	-	-	644,030	
Postage/Rental of Equipment	1,065	3,279	3,162	8,833	5,791	2,929	3,926	28,985	
<b>Total COGS</b>	<b>\$ 5,890,814</b>	<b>\$ 19,349,946</b>	<b>\$ 18,672,419</b>	<b>\$ 54,450,378</b>	<b>\$ 37,364,126</b>	<b>\$ 19,238,643</b>	<b>\$ 26,520,934</b>	<b>\$ 181,487,262</b>	
<b>Gross Profit on Sales</b>	<b>\$ 2,293,271</b>	<b>\$ 5,852,948</b>	<b>\$ 5,628,613</b>	<b>\$ 13,441,517</b>	<b>\$ 7,146,904</b>	<b>\$ 3,277,897</b>	<b>\$ 3,653,966</b>	<b>\$ 41,295,114</b>	
Gross Profit as a % of Sales	28.02%	23.22%	23.16%	19.80%	16.06%	14.56%	12.11%	18.54%	

<b>FY 2018</b>									
	<b>\$1 Instant</b>	<b>\$2 Instant</b>	<b>\$3 Instant</b>	<b>\$5 Instant</b>	<b>\$10 Instant</b>	<b>\$20 Instant</b>	<b>\$25 Instant</b>	<b>Total Instant</b>	
<b>Sales</b>	\$ 9,641,803	\$ 29,089,222	\$ 24,578,370	\$ 67,000,650	\$ 40,834,480	\$ 21,618,240	\$ 28,219,725	\$ 220,982,490	
Prize Expense	\$ 5,930,701	\$ 19,221,499	\$ 16,284,972	\$ 46,548,357	\$ 29,879,271	\$ 16,144,079	\$ 21,664,283	\$ 155,673,161	
Vendor Fees	340,049	1,024,232	865,404	2,359,093	1,437,782	761,178	993,617	7,781,354	
Agent Commission	677,939	2,057,780	1,734,863	4,762,513	2,898,624	1,556,337	2,001,631	15,689,686	
Royalty Fees/StaCap	-	25,015	-	219,215	-	-	-	244,230	
Postage/Rental of Equipment	440	1,327	1,121	3,055	1,862	986	1,287	10,078	
<b>Total COGS</b>	<b>\$ 6,949,129</b>	<b>\$ 22,329,853</b>	<b>\$ 18,886,360</b>	<b>\$ 53,892,233</b>	<b>\$ 34,217,538</b>	<b>\$ 18,462,580</b>	<b>\$ 24,660,817</b>	<b>\$ 179,398,510</b>	
<b>Gross Profit on Sales</b>	<b>\$ 2,692,674</b>	<b>\$ 6,759,369</b>	<b>\$ 5,692,010</b>	<b>\$ 13,108,417</b>	<b>\$ 6,616,942</b>	<b>\$ 3,155,660</b>	<b>\$ 3,558,908</b>	<b>\$ 41,583,980</b>	
Gross Profit as a % of Sales	27.93%	23.24%	23.16%	19.56%	16.20%	14.60%	12.61%	18.82%	

<b>Percentage Change FY 2018 to FY 2019</b>									
	<b>\$1 Instant</b>	<b>\$2 Instant</b>	<b>\$3 Instant</b>	<b>\$5 Instant</b>	<b>\$10 Instant</b>	<b>\$20 Instant</b>	<b>\$25 Instant</b>	<b>Total Instant</b>	
Sales	(15.12%)	(13.36%)	(1.13%)	1.33%	9.00%	4.16%	6.93%	0.81%	
COGS	(15.23%)	(13.34%)	(1.13%)	1.04%	9.20%	4.20%	7.54%	1.16%	
Gross Profit	(14.83%)	(13.41%)	(1.11%)	2.54%	8.01%	3.87%	2.67%	(0.69%)	

Department of Administrative and Financial Services  
 Bureau of Alcoholic Beverages and Lottery Operations  
 Lottery Operations  
 Enterprise Fund - 067 - State Lottery Fund  
 Cost of Goods Sold - Fast Play Games  
 For Fiscal Years ending: June 30,

**FY 2019**

	\$1 Fast Play	\$2 Fast Play	\$5 Fast Play	\$10 Fast Play	Total Fast Play
Sales	\$ 761,412	\$ 1,257,453	\$ 4,040,035	\$ 539,960	\$ 6,598,860
Prize Expense	\$ 465,181	\$ 854,615	\$ 2,774,884	\$ 398,158	\$ 4,492,839
Vendor Fees	26,810	44,280	142,259	19,016	232,364
Agent Commission	38,054	63,739	202,596	27,841	332,230
<b>Total COGS</b>	<b>\$ 530,046</b>	<b>\$ 962,634</b>	<b>\$ 3,119,739</b>	<b>\$ 445,015</b>	<b>\$ 5,057,433</b>
<b>Gross Profit on Sales</b>	<b>\$ 231,366</b>	<b>\$ 294,819</b>	<b>\$ 920,296</b>	<b>\$ 94,945</b>	<b>\$ 1,541,427</b>
Gross Profit as a % of Sales	30.39%	23.45%	22.78%	17.58%	23.36%

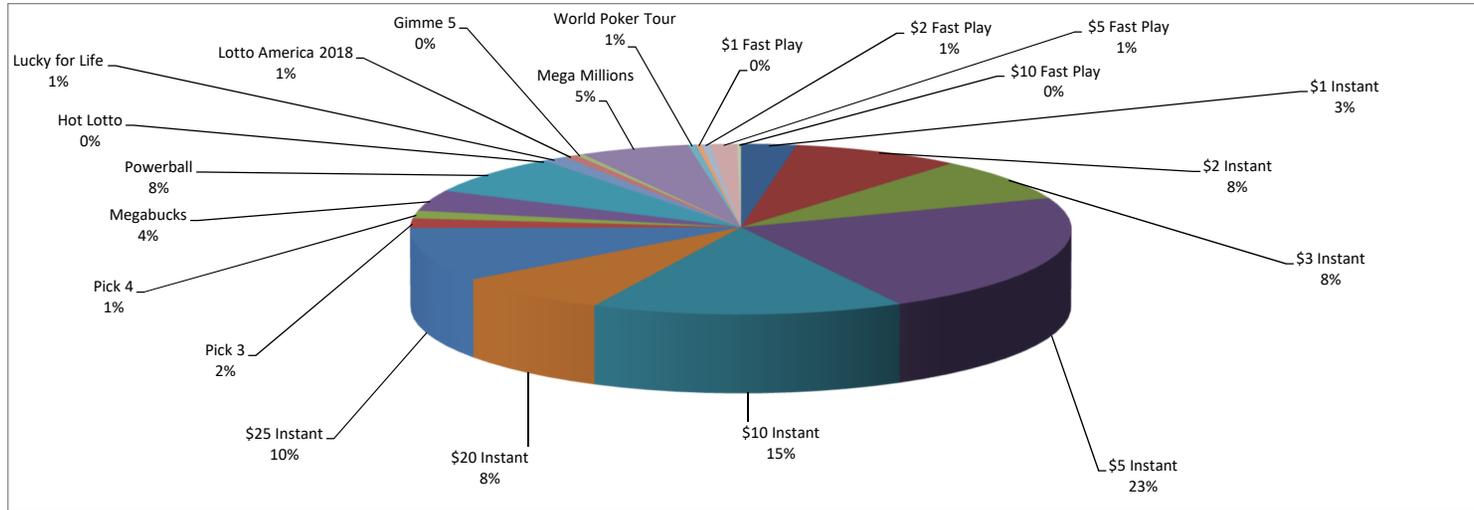
**FY 2018**

	\$1 Fast Play	\$2 Fast Play	\$5 Fast Play	\$10 Fast Play	Total Fast Play
<b>Sales</b>	\$ 779,765	\$ 1,917,872	\$ 3,376,060	-	\$ 6,073,697
Prize Expense	\$ 473,282	\$ 1,269,888	\$ 2,334,570	-	\$ 4,077,740
Vendor Fees	27,457	67,534	118,881	-	213,873
Agent Commission	38,971	96,913	173,007	-	308,891
<b>Total COGS</b>	<b>\$ 539,711</b>	<b>\$ 1,434,336</b>	<b>\$ 2,626,458</b>	<b>-</b>	<b>\$ 4,600,504</b>
<b>Gross Profit on Sales</b>	<b>\$ 240,054</b>	<b>\$ 483,536</b>	<b>\$ 749,602</b>	<b>-</b>	<b>\$ 1,473,193</b>
Gross Profit as a % of Sales	30.79%	25.21%	22.20%	N/A	24.26%

**Percentage Change FY 2018 to FY 2019**

	\$1 Fast Play	\$2 Fast Play	\$5 Fast Play	\$10 Fast Play	Total Fast Play
Sales	(2.35%)	(34.43%)	19.67%	N/A	8.65%
COGS	(1.79%)	(32.89%)	18.78%	N/A	9.93%
Gross Profit	(3.62%)	(39.03%)	22.77%	N/A	4.63%

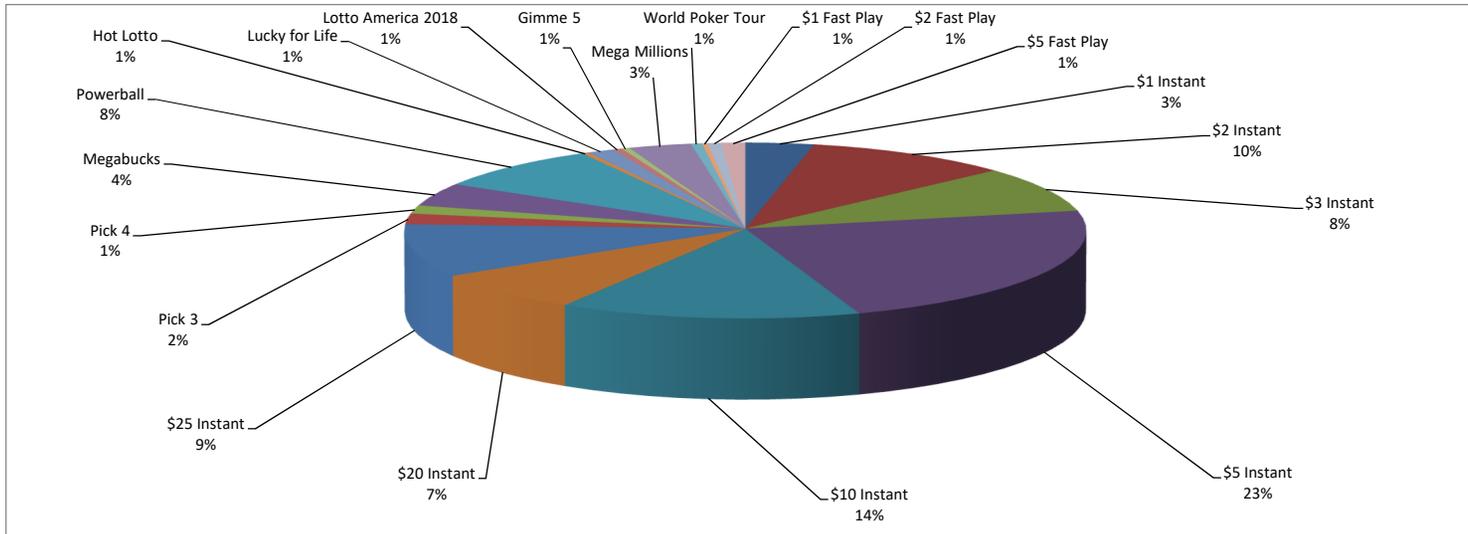
**Department of Administrative and Financial Services  
Bureau of Alcoholic Beverages and Lottery Operations  
Lottery Operations  
Enterprise Fund - 067 - State Lottery Fund  
Comparative Sales Analysis  
For FY 2019 and FY 2018**



**FY 2019**

\$1 Instant	\$ 8,184,085
\$2 Instant	25,202,894
\$3 Instant	24,301,032
\$5 Instant	67,891,895
\$10 Instant	44,511,030
\$20 Instant	22,516,540
\$25 Instant	30,174,900
Pick 3	5,394,851
Pick 4	4,337,305
Megabucks	11,810,740
Powerball	22,350,828
Hot Lotto	-
Lucky for Life	3,713,174
Lotto America 2018	1,980,196
Gimme 5	1,079,847
Mega Millions	16,300,415
World Poker Tour	1,250,226
\$1 Fast Play	761,412
\$2 Fast Play	1,257,453
\$5 Fast Play	4,040,035
\$10 Fast Play	539,960
	<u>\$ 297,598,818</u>

**Department of Administrative and Financial Services  
Bureau of Alcoholic Beverages and Lottery Operations  
Lottery Operations  
Enterprise Fund - 067 - State Lottery Fund  
Comparative Sales Analysis**

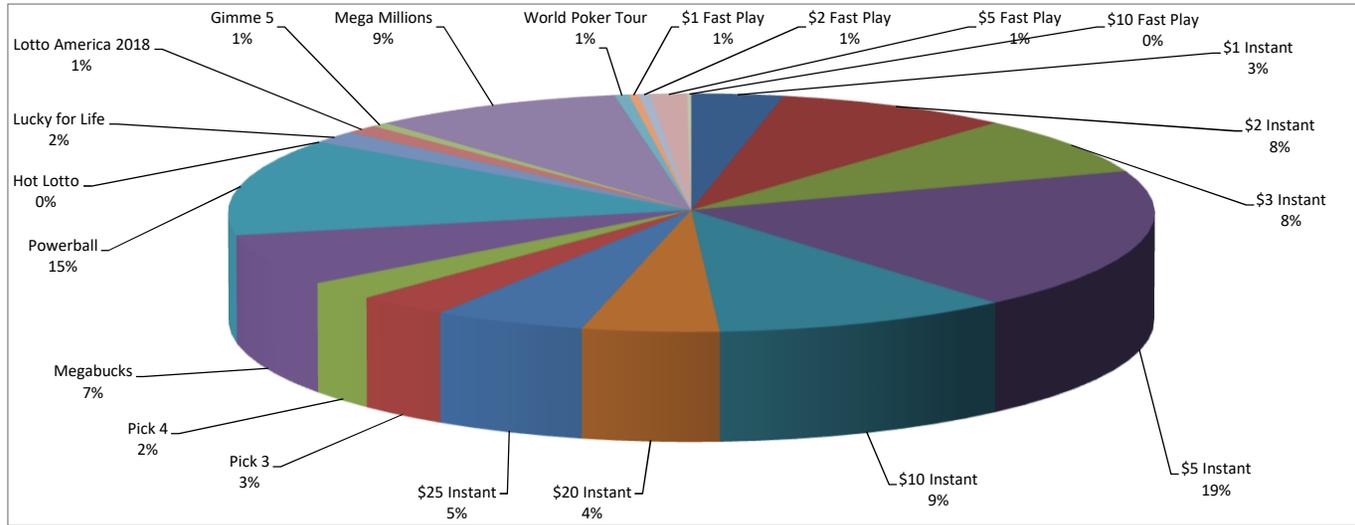


**FY 2018**

\$1 Instant	\$	9,641,803
\$2 Instant		29,089,222
\$3 Instant		24,578,370
\$5 Instant		67,000,650
\$10 Instant		40,834,480
\$20 Instant		21,618,240
\$25 Instant		28,219,725
Pick 3		5,731,155
Pick 4		4,457,041
Megabucks		12,391,506
Powerball		24,372,974
Hot Lotto		941,411
Lucky for Life		3,780,748
Lotto America 2018		1,305,975
Gimme 5		1,130,725
Mega Millions		8,856,271
World Poker Tour		1,567,673
\$1 Fast Play		779,765
\$2 Fast Play		1,917,872
\$5 Fast Play		3,376,060
\$10 Fast Play		-
	<b>\$</b>	<b>291,591,666</b>

\*Excludes the Outdoor Heritage Game and Promotional Sales

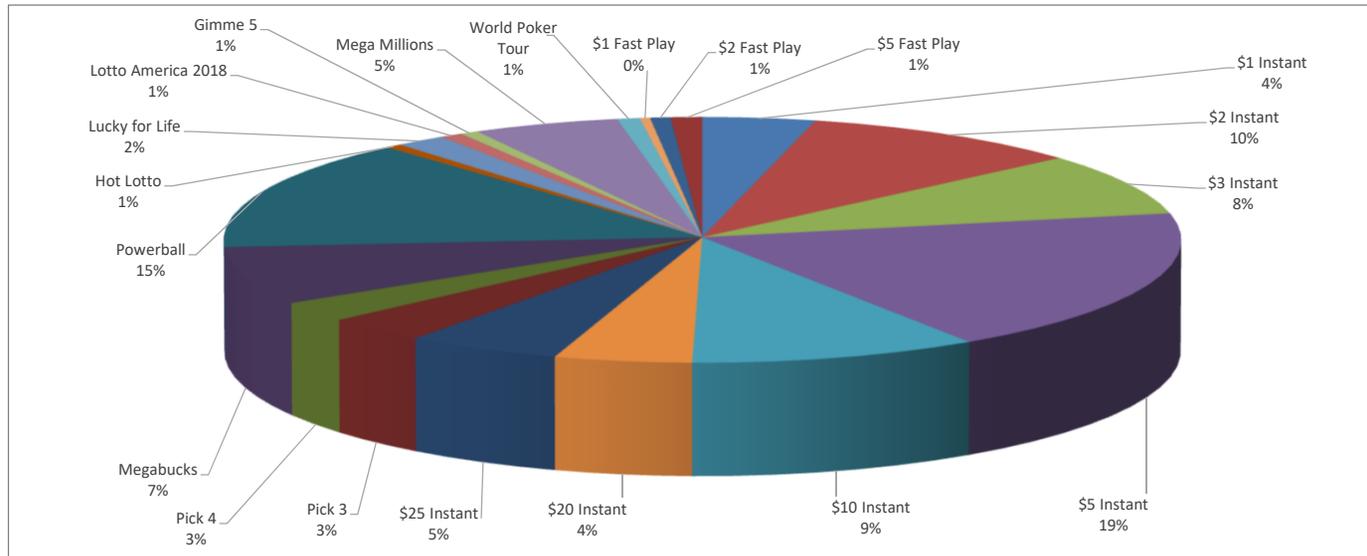
**Department of Administrative and Financial Services**  
**Bureau of Alcoholic Beverages and Lottery Operations**  
**Lottery Operations**  
**Enterprise Fund - 067 - State Lottery Fund**  
**Gross Profit Comparison**  
**For FY 2019 and FY 2018**



**FY 2019**

\$1 Instant	\$ 2,293,271
\$2 Instant	5,852,948
\$3 Instant	5,628,613
\$5 Instant	13,441,517
\$10 Instant	7,146,904
\$20 Instant	3,277,897
\$25 Instant	3,653,966
Pick 3	2,235,820
Pick 4	1,780,629
Megabucks	4,881,312
Powerball	9,260,901
Hot Lotto	-
Lucky for Life	1,191,086
Lotto America 2018	821,824
Gimme 5	415,510
Mega Millions	6,298,181
World Poker Tour	357,481
\$1 Fast Play	231,366
\$2 Fast Play	294,819
\$5 Fast Play	920,296
\$10 Fast Play	94,945
	<b><u>\$ 70,079,285</u></b>

**Department of Administrative and Financial Services  
Bureau of Alcoholic Beverages and Lottery Operations  
Lottery Operations  
Enterprise Fund - 067 - State Lottery Fund  
Gross Profit Comparison**



**FY 2018**

\$1 Instant	\$ 2,692,674
\$2 Instant	6,759,369
\$3 Instant	5,692,010
\$5 Instant	13,108,417
\$10 Instant	6,616,942
\$20 Instant	3,155,660
\$25 Instant	3,558,908
Pick 3	2,377,967
Pick 4	1,856,460
Megabucks	5,270,499
Powerball	10,116,134
Hot Lotto	389,598
Lucky for Life	1,201,532
Lotto America 2018	543,018
Gimme 5	435,058
Mega Millions	3,497,448
World Poker Tour	541,389
\$1 Fast Play	240,054
\$2 Fast Play	483,536
\$5 Fast Play	749,602
	<b><u>\$ 69,286,276</u></b>

\*Excludes the Outdoor Heritage Game and Promotional Sales

## Lottery Operations Notes

### **Balance Sheet:**

- (1) A Cash Pool Distribution from the State Treasury posted after the Lottery General Fund transfer occurred, but still posted for FY19. The amount reflects in the cash and unappropriated surplus accounts for carryover and will be included in the July 2019 General Fund transfer in Fiscal Year 2020.
- (2) Accrued Payroll is necessary to accurately reflect total salary expense for Fiscal Year 2019 and represents ten days for June 2019.
- (3) Due to Other Funds reflects the amount of Lottery profit owed to the General Fund. This balance fluctuates depending on the timing of cash flow from the Lottery's accounts receivable bank sweeps through Treasury.
- (4) MUSL Prize Reserve represents the potential liability of prize winning Powerball, Hot Lotto and Mega Million tickets sold but not yet redeemed.
- (5) Lucky for Life Prize Reserve represents the potential liability of prize winning Lucky for Life tickets sold but not yet redeemed.
- (6) Lucky for Life Expired Prize Reserve represents liability of prize winning Lucky for Life tickets sold but not yet redeemed and will be awarded as other prizes.
- (7) The Instant Ticket Prize Reserve represents the potential liability of prize winning instant tickets sold but not yet redeemed.
- (8) The Vending Machine Voucher Liability represents the amount of unliquidated vouchers remaining from vending machine ticket purchases.

### **Year to Date Comparative Statements of Income and Expenses:**

- (9) Expired Instant Prize Reserve represents the income received from winning expired instant tickets never redeemed.
- (10) Tri-State/MUSL Operating Expense is listed as a separate line item to accurately reflect the Cost of Goods Sold.
- (11) Contractor Incentive Plan reflects a substantial increase in Fiscal Year 2019 due to a consistent increase in annual sales over the three-year benchmark used in the calculation.
- (12) See Note (1)

## Lottery Operations Notes (continued)

### **Heritage Game Income Statement:**

(13) Heritage Game instant tickets are sold through the Maine State Lottery to generate revenues that directly benefit conservation projects through the following grant categories:

- Category 1     Fisheries and wildlife habitat conservation projects
- Category 2     Acquisition and management of public lands, parks, wildlife conservation areas and public access, and outdoor recreation sites and facilities
- Category 3     Endangered and threatened species conservation projects
- Category 4     Natural resources law enforcement

### **Maine Operating Expense Schedule:**

(14) Included in Personal Services for June 2019 is a ten day payroll accrual. The accrual is necessary to help more accurately reflect total salary expense for Fiscal Year 2019.

(15) The substantial increase in Misc Administrative Expense represents a major investment in new agent ticket dispensers and ticket vending machines to enable expansion of lottery sales into new areas.

Department of Administrative and Financial Services  
 Bureau of Alcoholic Beverages and Lottery Operations  
 Spirits Operations  
 Enterprise Fund - 060 - Alcoholic Beverage Fund  
 Balance Sheet  
 As of June 30,

**ASSETS:**

	2019	% of 2019 Total	2018	% of 2018 Total
<b>Current Assets</b>				
Cash	\$ 10,457,490	10.19%	\$ 10,021,998	14.02%
Cash with Fiduciary	88,367,544	86.12%	59,004,041	82.57%
Accounts Receivable	3,786,990	3.69%	2,435,675	3.41%
Total Current Assets	<b>\$ 102,612,025</b>	<b>100.00%</b>	<b>\$ 71,461,713</b>	<b>100.00%</b>
<b>TOTAL ASSETS</b>	<b>\$ 102,612,025</b>	<b>100.00%</b>	<b>\$ 71,461,713</b>	<b>100.00%</b>

**LIABILITIES:**

Accounts Payable	(16) \$ 5,369,238	4.13%	\$ 6,592,621	4.40%
Compensated Absences	40,060	0.03%	35,115	0.02%
Due to Other Funds	(17) 118,930,000	91.45%	140,225,000	93.62%
Interest Matured Payable	5,693,596	4.38%	2,921,375	1.95%
Accrued payroll	(18) 11,385	0.01%	-	0.00%
<b>TOTAL LIABILITIES</b>	<b>\$ 130,044,279</b>	<b>100.00%</b>	<b>\$ 149,774,112</b>	<b>100.00%</b>

**RESERVES:**

Retained Earnings	\$ (105,744,652)		\$ (121,735,106)	
Unappropriated Surplus	78,312,398		43,422,708	
<b>TOTAL RESERVES</b>	<b>\$ (27,432,254)</b>		<b>\$ (78,312,398)</b>	

<b>TOTAL LIABILITIES &amp; RESERVES</b>	<b>\$ 102,612,025</b>		<b>\$ 71,461,713</b>	
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Department of Administrative and Financial Services  
 Bureau of Alcoholic Beverages and Lottery Operations  
 Spirits Operations  
 Enterprise Fund - 060 - Alcoholic Beverage Fund  
 Comparative Statements of Income and Expense  
 For Fiscal Years ending June 30,

		FY 2019	% of Sales	FY 2018	% of Sales	% Change FY 2018 to FY 2019
<b>Sales</b>						
Spirit Sales	(19)	\$ 201,783,015	100.00%	\$ 187,115,708	100.00%	7.84%
<i>Total Spirit Sales</i>		<u>\$ 201,783,015</u>	<b>100.00%</b>	<u>\$ 187,115,708</u>	<b>100.00%</b>	
<b>Other Revenue</b>						
Interest earned		\$ 78,320		\$ 435,968		
Prior year adjustment	(20)	2,321,276		(158)		
<i>Total Other Revenue</i>		<u>\$ 2,399,596</u>		<u>\$ 435,810</u>		
<b>Total Revenue</b>		<b>\$ 204,182,610</b>		<b>\$ 187,551,519</b>		<b>8.87%</b>
<b>Spirit Expenses</b>						
Product cost		\$ 128,008,395	63.44%	\$ 119,721,862	63.98%	6.92%
Bottle deposit		2,171,866	1.08%	1,575,990	0.84%	37.81%
Warehousing & Distribution		9,063,306	4.49%	8,867,159	4.74%	2.21%
Trade Marketing		4,267,889	2.12%	3,942,903	2.11%	8.24%
Personnel		308,809	0.15%	237,511	0.13%	30.02%
Advertising		568,749	0.28%	1,082,361	0.58%	(47.45%)
Technology		6,936	0.00%	7,117	0.00%	(2.54%)
Misc operating expenses		981,336	0.49%	111,906	0.06%	776.93%
Stacap		41,539	0.02%	60,847	0.03%	(31.73%)
<i>Total Spirit Expenses</i>		<u>\$ 145,418,824</u>	<b>72.07%</b>	<u>\$ 135,607,656</u>	<b>72.47%</b>	<b>7.23%</b>
<b>Other Expenses</b>						
Bond bank quarterly fees		\$ -	N/A	\$ 81,930	0.04%	N/A
Interest payments due on bonds		5,544,442	2.75%	6,145,424	3.28%	(9.78%)
<i>Total Other Expenses</i>		<u>\$ 5,544,442</u>	<b>2.75%</b>	<u>\$ 6,227,355</u>	<b>3.33%</b>	<b>(10.97%)</b>
<b>Total Expenses</b>		<b>\$ 150,963,266</b>	<b>74.81%</b>	<b>\$ 141,835,010</b>	<b>75.80%</b>	<b>6.44%</b>
<b>General Fund Transfers</b>						
Product listing fee transfer to General Fund		\$ 54,750	0.03%	\$ 48,600	0.03%	12.65%
Premium tax transfer to General Fund		2,799,422	1.39%	2,675,290	1.43%	4.64%
Transfer to General Fund from MMBB	(21)	-	0.00%	-	0.00%	N/A
<i>Total GF Transfers</i>		<u>\$ 2,854,172</u>	<b>1.41%</b>	<u>\$ 2,723,890</u>	<b>1.46%</b>	<b>4.78%</b>
<b>Profit</b>		<b>\$ 50,365,173</b>	<b>24.96%</b>	<b>\$ 42,992,619</b>	<b>22.98%</b>	<b>17.15%</b>
<b>Other Transfers</b>						
Transfer from MMBB	(22)	\$ 7,000,000	3.47%	\$ 7,000,000	3.74%	0.00%
<b>Total Other Transfers</b>		<u>\$ 7,000,000</u>	<b>3.47%</b>	<u>\$ 7,000,000</u>	<b>3.74%</b>	<b>0.00%</b>

## Spirit Operations Notes

### **Balance Sheet:**

- (16) Accounts Payable represents invoices that have been processed and for which payment is due, that will not be disbursed until July.
- (17) Due to Other Funds reflects the amount outstanding for the Bonds with Maine Municipal Bond Bank.
- (18) Accrued Payroll is necessary to help more accurately reflect total salary expense for Fiscal Year 2019 and represents ten days for June 2019.

### **Income Statement:**

- (19) Spirit Sales include the revenue from sales to agency stores, plus bottle deposit, bailment from suppliers for warehouse activity and suppliers' share of dollar discounts for monthly special pricing. The bottle deposit is subsequently booked as an expense in the Spirits Expenses section.
- (20) Prior Year Adjustment included a large (\$2.3 million) adjustment to record the actual cost associated with instate distillers for product cost for fiscal years 2015 to 2018.
- (21) Amount transferred from the Maine Municipal Bond Bank to the General Fund. Per the Maine Municipal Bond Bank, Liquor Operation Revenue Bonds document, General Fund transfers ended after Fiscal Year 2017, when the final transfer of \$9,817,000 occurred.
- (22) This reflects the amount transferred back from Maine Municipal Bond Bank to the Safe Drinking Water Fund, the Clean Water Fund and the Maine Department of Transportation. For Fiscal Year 2019, amounts and details are:

<b>Program</b>	<b>Amount</b>	<b>Notes</b>
Safe Drinking Water	\$ 2,200,800	Transferred to Department of Health and Human Services in FY20
Clean Water	2,460,000	Transferred to Department of Environmental Protection in FY20
Highways & Bridges	<u>2,339,200</u>	Transferred to Department of Transportation in FY19
<b>Total</b>	<b><u>\$ 7,000,000</u></b>	