

2016

Vermont Lottery Commission
1311 U.S. Route 302, Suite 100, Barre, VT 05641
(802) 479-5686 • Fax (802) 479-4294
Email: staff@vtlottery.com



The Vermont Education Fund receives 100% of Lottery profits.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION*

For the Years Ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES		
Ticket sales	\$ 124,261,839	\$ 111,754,881
Agents' license fees and other receipts	<u>2,048</u>	<u>3,836</u>
Total revenues	124,263,887	111,758,717
OPERATING EXPENSES		
Prize expenses	80,140,728	72,710,332
Agents commissions	7,746,050	6,893,939
Lottery tickets	1,683,440	1,591,944
Ticket dispensers	34,097	49,935
Courier system	182,990	192,099
Facilities management fee - instant	3,114,465	2,866,573
Facilities management fee - online	655,874	483,853
Tri-State expenses	1,241,122	968,757
MUSL expenses	44,905	27,557
Personal services	1,397,209	1,418,083
Retirement expense	170,131	151,873
Advertising	549,199	700,601
Other operating expenses	607,074	624,384
Depreciation	1,604	2,005
Department of Health	<u>135,577</u>	<u>150,000</u>
Total operating expenses	<u>97,704,465</u>	<u>88,831,935</u>
OPERATING INCOME	<u>26,559,422</u>	<u>22,926,782</u>
NON-OPERATING INCOME		
Investment income	<u>52,091</u>	<u>6,991</u>
Total non-operating income	<u>52,091</u>	<u>6,991</u>
INCOME BEFORE OPERATING TRANSFERS	26,611,513	22,933,773
NET PROFIT TRANSFERRED TO THE EDUCATION FUND	<u>26,410,147</u>	<u>22,757,957</u>
Change in net position	201,366	175,816
NET POSITION, beginning of year	27,812	688,993
Prior period adjustment of pension liability	<u> </u>	<u>(836,997)</u>
NET POSITION, end of year	<u>\$ 229,178</u>	<u>\$ 27,812</u>

*A copy of the complete financial statements with Independent Auditor's Reports is available upon request.

STATEMENTS OF NET POSITION*

June 30, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,873,782	\$ 4,549,990
Accounts receivable, net	2,316,857	1,983,966
Due from the State Education Fund	5,509	12,067
Inventory	815,521	715,973
	<u>8,011,669</u>	<u>7,261,996</u>
Total current assets		
	<u>15,298</u>	<u>3,133</u>
PROPERTY AND EQUIPMENT, net		
OTHER ASSETS		
Investments	1,220,842	1,312,188
Deferred pension outflows	421,275	107,570
	<u>\$ 9,669,084</u>	<u>\$ 8,684,887</u>
Total assets		
	<u>1,642,117</u>	<u>1,419,758</u>
Total other assets		
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 801,805	\$ 620,792
Accrued payroll and compensated absences	149,156	157,604
Reserve for future and unclaimed prizes	5,738,191	5,357,948
Due to winners, current	166,438	166,505
Deferred revenue	209,311	180,255
	<u>7,064,901</u>	<u>6,483,104</u>
Total current liabilities		
NONCURRENT LIABILITIES		
Due to winners, net of current portion	834,481	947,520
Due to state treasurer	300,000	300,000
Deferred pension inflows	191,321	233,465
Net pension liability	1,049,203	692,986
	<u>2,375,005</u>	<u>2,173,971</u>
Total noncurrent liabilities		
	<u>9,439,906</u>	<u>8,657,075</u>
Total liabilities		
NET POSITION, unrestricted		
	<u>229,178</u>	<u>27,812</u>
Total liabilities and net position	<u>\$9,669,084</u>	<u>\$ 8,684,887</u>

Commissioners



Martha O'Connor
Chair
Brattleboro
Term Expires
02/17



Karen O'Hagan
Winooski
Term Expires
02/17



Ed Flanagan
Tri-State
Commissioner
Montpelier
Term Expires
02/18



Lindsay Kurrle
Montpelier
Term Expires
02/18



Michel Consejo
Sheldon Springs
Term Expires
02/18

History

Public Act No. 82 was enacted by the 1977 General Assembly establishing the Vermont Lottery Commission. The first Lottery ticket, Green Mountain Game, went on sale to the public February 14, 1978. Since the Lottery's inception, all profits generated by the Vermont Lottery were dedicated for use by the state's General Fund. In July 1998, the Vermont Legislature mandated that all profits from the Lottery go to the state's Education Fund. The Vermont Lottery is run by a small, efficient staff of 21 full-time employees and five Commissioners. It is still one of the smallest staffs of any lottery in the United States, yet generated over \$124 million in revenue during FY16.

Products

In FY16, the Vermont Lottery offered 11 games for sale: Instant Tickets, Powerball, Mega Millions, Lucky for Life; and the Tri-State games Megabucks, Fast Play, Fast Play Pro, Touch Play, Pick 3, Pick 4 and Gimme 5. A few of these had changes to their prizes, odds and rules implemented this year, and more may have changes planned for next year. We believe that making periodic changes to games causes them to be more appealing to current and potential players. These changes are thoroughly reviewed by mathematicians, lottery game technicians, market research groups and each state lottery that offers the games to ensure integrity and ease of play. The variety of games, prices, prize levels, odds of winning, and themes allows us to provide games that appeal to a broad demographic mix.

Lottery Agents

In FY16, there were approximately 686 Lottery agents in Vermont who sold online games and Instant Tickets. Agents received a commission of 6% of their total Powerball, Mega Millions and Lucky for Life sales and 5.75% of all other Lottery product sales. In addition, agents received a 1% bonus for selling winning tickets of \$500 and up (agent bonus capped at \$30,000). In FY16, the commissions and bonuses paid to agents were \$7.74 million.

Responsible Gaming

The Vermont Lottery partners with the Center for Addiction Recognition Treatment Education & Recovery (CARTER) so we may aid Vermonters who need help managing their focus on gambling. We also provide training to the counselors who offer these services throughout Vermont.

The funding provided by the Lottery pays for staffing the 24-hour helpline, website maintenance, training for counselors, literature and event sponsorships. We also create, produce and air TV and radio advertisements all year long. We continue to print the helpline phone number and website address on over 20 million Lottery tickets sold each year.

We encourage everyone who knows somebody struggling with a gambling problem to have them call 1-800-522-4700 or visit problemgambling.vermont.gov so they can learn what options are available.

Results of Operations

FY16 ended with overall revenue of \$124,315,978. The total profit contributed to the state's Education Fund was \$26.4 million. In addition to the profits to the Education Fund, \$80.1 million was returned to players in the form of prizes, and \$7.74 million was paid to Lottery agents as commissions and bonuses on sales.

Sales

Total FY16 sales equaled \$124,261,839. Sales by games were as follows:

	2016	2015
Instant games	\$ 93,242,178	\$ 85,510,664
Online games:		
Powerball	12,882,472	8,248,673
Mega Millions	3,291,228	3,673,978
Lucky for Life	1,779,688	1,880,839
Megabucks	3,900,898	3,752,681
Pick 3	1,365,836	1,365,420
Pick 4	1,245,646	1,202,858
Gimme 5	762,909	760,929
Fast Play	5,790,984	5,358,839
Total Sales	\$ 124,261,839	\$ 111,754,881

Operating Expenses

Administrative costs for the Lottery were \$2,860,794 a decrease of \$186,152 from FY15. Administrative costs include salaries and benefits, contracted services, equipment, and supplies that were components of the Lottery's annual operating budget appropriation from the Legislature. The budget appropriation came from lottery revenues.

Other operating expenses, dependent on Lottery sales, included Lottery tickets, courier system, agent network expenses and facilities management fees to our gaming vendor (Intralot, Inc.). The total cost of other operations for FY16 was \$8,777,931, an increase of 4% over FY15. This includes the administrative costs of \$2,860,794 mentioned above.

Tri-State Expenses

The Tri-State operating, communications and facilities management costs totaled \$1,241,122, an increase of \$272,365 from FY15.

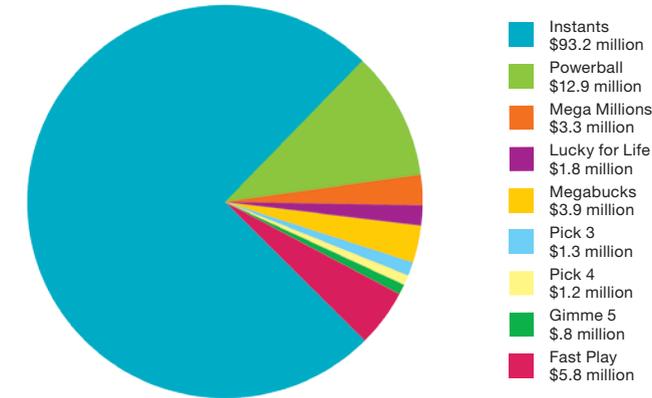
Prizes and Commissions

The total prizes paid to players in FY16 were \$80,140,728 and the total commissions and bonuses paid to agents were \$7,746,050.

Contribution to Vermont Education Fund

Total profits contributed to the Vermont Education Fund were \$26,410,147.

Where the sales were:



Where the money went:

