



2012  
Annual Report

**The Hoosier Lottery was established in 1989 with a primary objective to maximize revenue for the state in a socially-responsible manner. The Lottery engages in selling products in two categories. The first is the instant category which includes scratch-off games and pull-tab games. The second is the on-line category which includes Hoosier Lotto™, Powerball® with Power Play®, Mega Millions® with Megaplier®, Daily 3™, Daily 4™, Lucky 5™, Mix & Match™, Quick Draw and Tag 6™.**

**The Hoosier Lottery is organized with the following divisions:**

- **Accounting** (13 employees) – Performs all financial and accounting functions
- **Security** (10 employees) – Safeguards the Lottery’s integrity, supervises draws and investigates concerns with retailers and customers
- **Administration** (22 employees) – Manages human resources, procurement, licensing, customer service and prize payment
- **Information Technology** (15 employees) – Oversees information systems, programming, and technical support
- **Internal Controls** (3 employees) – Reviews and evaluates internal controls and performs internal audits
- **Sales** (90 employees) – Directs all sales operations
- **Marketing** (20 employees) – Responsible for the marketing, advertising and public relations

In fiscal year 2012, the Hoosier Lottery had total sales of \$855 million, which is the largest amount in its 23-year history. This was an increase in revenues of \$64 million over the prior year.

Instant ticket sales set a new record at \$558M, which was an increase of \$38 million or 7 percent in fiscal year 2012. This increase in instant ticket sales was primarily a reflection of continued improvement in product, communication and distribution strategies.

The Hoosier Lottery also had a great year with on-line game sales. Mega Millions had a record jackpot of \$646 million in fiscal year 2012. Powerball and Hoosier Lotto both had larger than average jackpots during fiscal year 2012. The large jackpots led to a \$26 million or a 9 percent increase in on-line sales over the prior year.

Throughout fiscal year 2012 the Hoosier Lottery enjoyed great achievements including a record- breaking year in revenues. The Hoosier Lottery looks forward to continued success in fiscal year 2013.



**THE STATE LOTTERY COMMISSION OF INDIANA**  
**STATEMENTS OF NET ASSETS**  
**AS OF JUNE 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 41,774,779	\$ 47,896,357
Investments — current portion	11,815,565	12,024,544
Securities lending collateral	76,034,555	-
Accounts receivable — net	32,481,773	22,112,127
Prepaid expenses	2,693,408	3,768,748
Accrued interest receivable	446	103
Ticket inventory	<u>263,750</u>	<u>401,773</u>
Total current assets	<u>165,064,276</u>	<u>86,203,652</u>
NONCURRENT ASSETS:		
Long-term investments — less current portion	144,697,963	126,761,064
Restricted assets	8,757,087	8,397,985
Capital assets — net	<u>2,399,077</u>	<u>2,354,611</u>
Total noncurrent assets	<u>155,854,127</u>	<u>137,513,660</u>
<b>TOTAL</b>	<u><b>\$ 320,918,403</b></u>	<u><b>\$ 223,717,312</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable:		
State	\$ 8,321,238	\$ 10,659,871
Trade	12,713,345	19,919,057
Securities lending transactions	76,034,555	-
Current portion of prize liability	70,407,568	62,813,388
Deferred revenue	528,295	870,240
Other accrued expenses	<u>1,536,432</u>	<u>1,611,507</u>
Total current liabilities	169,541,433	95,874,063
LONG-TERM LIABILITIES — Prize liability less current portion	<u>124,241,317</u>	<u>122,843,249</u>
Total liabilities	<u>293,782,750</u>	<u>218,717,312</u>
NET ASSETS:		
Unrestricted	24,736,576	2,645,389
Invested in capital assets	<u>2,399,077</u>	<u>2,354,611</u>
Total net assets	<u>27,135,653</u>	<u>5,000,000</u>
<b>TOTAL</b>	<u><b>\$ 320,918,403</b></u>	<u><b>\$ 223,717,312</b></u>



**THE STATE LOTTERY COMMISSION OF INDIANA**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012	2011
OPERATING REVENUES:		
Instant ticket sales — net	\$ 557,784,919	\$ 519,307,182
On-line ticket sales	<u>297,799,838</u>	<u>272,139,361</u>
Total operating revenues	<u>855,584,757</u>	<u>791,446,543</u>
OPERATING EXPENSES:		
Direct game expenses:		
Instant game prizes	377,488,962	354,353,552
On-line games prizes	<u>155,472,805</u>	<u>140,162,169</u>
	<u>532,961,767</u>	<u>494,515,721</u>
Indirect game expenses:		
Retailer commissions	60,036,174	56,241,137
Ticket printing costs	9,862,337	9,484,181
Advertising and promotion	11,725,343	11,635,171
On-line professional services	8,691,678	7,581,656
ITVM lease and courier services	<u>2,652,168</u>	<u>2,651,596</u>
	<u>92,967,700</u>	<u>87,593,741</u>
Total game expenses	<u>625,929,467</u>	<u>582,109,462</u>
OTHER OPERATING EXPENSES:		
Salaries, wages, and benefits	13,786,376	13,343,070
General and administrative	<u>5,252,783</u>	<u>4,505,750</u>
Total other operating expenses	<u>19,039,159</u>	<u>17,848,820</u>
Total operating expenses	<u>644,968,626</u>	<u>599,958,282</u>
OPERATING INCOME	<u>210,616,131</u>	<u>191,488,261</u>
NON-OPERATING REVENUES:		
Interest income	65,433	135,975
Net increase (decrease) in fair value of investments	16,549,412	(3,499,418)
Other income - net	<u>156,030</u>	<u>105,551</u>
Total non-operating revenues (expenses) -net	<u>16,770,875</u>	<u>(3,257,892)</u>
NET INCOME PRIOR TO DISTRIBUTIONS	<u>227,387,006</u>	<u>188,230,369</u>
DISTRIBUTIONS:		
Distributions to the State	(196,930,115)	(177,570,498)
Distributions to be paid to the State	<u>(8,321,238)</u>	<u>(10,659,871)</u>
Total distributions	<u>(205,251,353)</u>	<u>(188,230,369)</u>
CHANGES IN NET ASSETS	22,135,653	-
NET ASSETS — Beginning of year	<u>5,000,000</u>	<u>5,000,000</u>
NET ASSETS — Ending of year	<u>\$ 27,135,653</u>	<u>\$ 5,000,000</u>

