

July 30, 2018

The Honorable Ralph S. Northam  
Governor  
Commonwealth of Virginia  
Patrick Henry Building, 3<sup>rd</sup> floor  
Richmond, VA 23219

**Re: June 2018 Lottery Results**

Dear Governor Northam:

I am pleased to provide our report of monthly activities and financial update for the month of June 2018, as required in §58.1-4006 of the *Code of Virginia*.

June sales totaled \$172.4 million, up \$0.6 million (+0.3%) compared to the same month last year. Lottery sales for the fiscal year ending June 30 totaled \$2,139.8 million, an increase of \$149.9 million (+7.5%) over last year and a new record for total sales. Total annual profits also will set a new record, topping \$600 million for the first time.

As reported last month, the Lottery initiated the final transfer of profits to the Lottery Proceeds Fund, from which the legislature makes appropriations in support of K-12 public education programs, on June 20, 2018. Total transfers of \$608,478,473 representing estimated profits of \$596,659,304 from fiscal year 2018 activities, plus \$11,819,169 in residual fiscal year 2017 profits, have been deposited in the Lottery Proceeds Fund for 2018. Any residual profits from fiscal year 2018 will be transferred to the Fund in 2019, after the Auditor of Public Accounts completes the annual certification on August 15, 2018.

While these results are considered preliminary pending completion of our annual audit in mid-August, I was proud to share this information with the Lottery Board during its July 11<sup>th</sup> quarterly meeting. In FY18, the Lottery set all-time records in sales (\$2.14 billion), prize winnings (\$1.3 billion), overall profits (over \$600 million), and retailer commissions (\$120 million).

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In addition to the transfers into the Lottery Proceeds Fund in support of Virginia's K-12 public education programs, we also collected \$4.7 million in Virginia income tax withholdings, and we collected nearly \$2 million from winners who owed taxes, court fines, or overdue child support during FY18. Additionally, unclaimed Lottery prizes totaling \$14 million were deposited in the Literary Fund, which unlocks low-interest loans to help localities upgrade school facilities and classroom technology.

We are very proud of our agency's FY18 performance, and we especially appreciated Finance Secretary Aubrey Layne's attendance and participation in our July 11<sup>th</sup> meeting of the Lottery Board. We recognize the Virginia Lottery will soon find itself in a more competitive gaming environment, and we will continue to explore ways we can continue to effectively and responsibly engage with adult consumers to provide good fun for a good cause – Virginia's K-12 public schools.

Please let me know if you have any questions or if you would like more information.

Very truly yours,

Kevin Hall

c: The Honorable Thomas K. Norment, Jr., Co-Chairman, Senate Finance Committee  
The Honorable Emmett W. Hanger, Jr., Co-Chairman, Senate Finance Committee  
The Honorable S. Chris Jones, Chairman, House Appropriations Committee  
The Honorable R. Lee Ware, Jr., Chairman, House Finance Committee  
The Honorable Clark Mercer, Chief of Staff, Office of the Governor  
The Honorable Aubrey Layne, Secretary of Finance  
Daniel S. Timberlake, Director, Department of Planning & Budget  
David A. Von Moll, State Comptroller  
April Kees, Interim Co-Director, Senate Finance Committee  
Jason Powell, Interim Co-Director, Senate Finance Committee  
Robert P. Vaughn, Staff Director, House Appropriations Committee  
Ferhan Hamid, Chairman, Virginia Lottery Board