

May 27, 2021

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

Re: April 2021 Lottery Results

Dear Governor Northam:

I am very pleased to provide our report of monthly activities and financial update for the month of April 2021, as required in §58.1-4006 of the *Code of Virginia*.

April sales totaled \$323.6 million, up \$154.8 million (91.7%) compared to the same month last year. April profits of \$69.0 million were \$24.3 million (54.2%) higher than April 2020. Year-over-year comparisons were notably affected by significant economic and retail industry disruptions during the onset of the public health emergency in April 2020. Additionally, the strong sales and profits recorded in April 2021 continue to be supported by Virginia's overall strong economic position and our successful introduction of iLottery online play at the beginning of FY21.

For the fiscal year to date, Lottery sales total \$2.69 billion, an increase of \$943.3 million (54.1%) compared to the same period last year. Profits for FY21 through April total \$638.5 million, or \$153.9 million (31.8%) higher than last year. The Legislature's conference budget increased the expected Lottery transfers for FY21 by \$23.2 million, and profits to date are 9.6% (\$55.8 million) ahead of this anticipated transfer estimate.

Through the end of April, the Lottery made debt setoff collection payments to the Department of Taxation totaling \$3,991,097. In addition, unclaimed prizes totaling \$7,898,899 were transferred to the Literary Fund through April this year.

We are well into the final quarter of what we anticipate will be a record-setting fiscal year for Lottery sales and profits, which are constitutionally obligated to support Virginia's K-12 public schools. Our final transfer of estimated profits to the Lottery Proceeds Fund will occur prior to June 22, 2021, as stipulated in the 2021 Appropriation Act (Chapter 552). In addition to this final transfer, the annual audit of Lottery accounts and transactions by the Auditor of Public Accounts has begun, and APA certification is expected to be completed by the August 15 statutory deadline.

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

Sincerely yours,



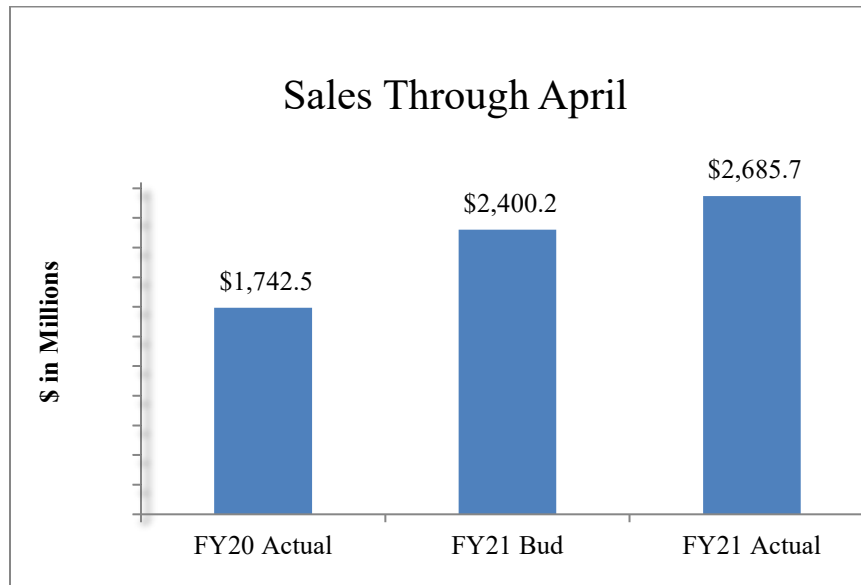
Kevin Hall

- c: The Honorable Janet D. Howell, Chairwoman, Senate Finance & Appropriations Committee
- The Honorable Luke E. Torian, Chairman, House Appropriations Committee
- The Honorable Vivian E. Watts, Chairwoman, 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, Director, Senate Finance & Appropriations Committee
- Anne E. Oman, Staff Director, House Appropriations Committee
- Ferhan Hamid, Chairman, Virginia Lottery Board

VIRGINIA LOTTERY
Report to the Governor and
Selected Members of
the General Assembly
As of April 30, 2021

Sales

Lottery sales for the fiscal year totaled \$2.69 billion through April. This represents an increase of \$943.3 million (54.1%) compared to the prior year. Scratcher sales of \$1,080.5 million were \$132.6 million (14.0%) higher than last year. Sales of daily games (Pick 3, Pick 4, and Cash 5) totaled \$672.6 million, an increase of \$119.0 million (21.5%) from last year. Sales in the jackpot games category (Mega Millions, Powerball, Cash for Life and Bank a Million) totaled \$234.0 million, an increase of \$64.6 million (38.1%) compared to last year. Sales of Print n' Play, KENO and iLottery Instants games totaled \$688.6 million, with nearly \$600 million from the new iLottery offerings this year.



Expenses

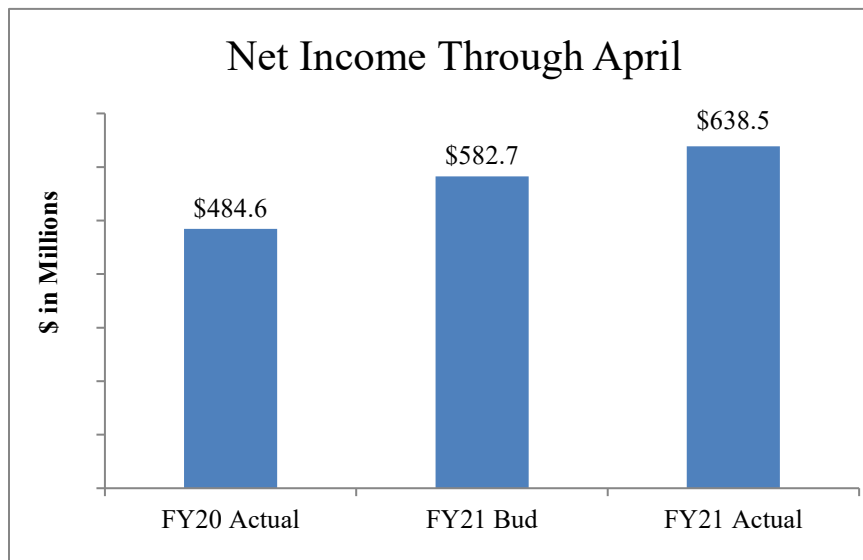
The overall prize expense rate (prizes as a percent of sales) for the year to date was 67.5%, higher than last year's rate of 61.1% because of higher payout percentages built into the iLottery offerings that are significant new additions to the product mix. The scratcher prize rate of 71.0% was higher than last year's rate of 70.2%, as players choose higher price tickets with higher payout rates. The daily games prize rate of 49.5% was higher than last year's rate of 47.9%; this year's rate is more in line with the statistically expected 50%. It is important to note that significant fluctuations in prize expense rates occur during the short term, especially for games that have fixed prizes; however, overall long-term prize rates reflect outcomes more in line with statistical expectations.

With higher sales, and key incentive programs in place to support retailer sales and earnings, retailers earned \$18.4 million more in commissions and incentives than last year, for a total \$116.2 million in earnings. Overall, retailers earned 5.7% of Lottery retail sales in commissions and incentives in the month of April.

Administrative operating costs, including gaming, ticket printing and distribution expenses, were 4.5% of sales, lower than last year's rate of 5.6%.

Net Income

Strong sales in both retail products and iLottery Instant games led to profits of \$638.5 million, an increase of \$153.9 million (31.8%) compared to last year.



CONTRIBUTIONS TO DEBT SETOFF & LITERARY FUND

Through the end of April, the Lottery made debt setoff collection payments to the Department of Taxation totaling \$3,991,097. Also, unclaimed prizes totaling \$7,898,899 were transferred to the Literary Fund through April this year.

MEETINGS

The Lottery Board will hold its next regular business meeting on July 21, 2021.