



October 29, 2021

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

Re: September 2021 Lottery Results

Dear Governor Northam:

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

September sales totaled \$317.6 million, up \$89.6 million (39.3%) compared to the same month last year. September profits of \$64.7 million were \$16.9 million (35.4%) higher than September 2020. Higher profits are the direct result of significant sales increases in our scratch and jackpot games sold at 5,200 retail locations as well as the continued popularity of our online iLottery platform, which launched last year.

Through the end of September, the Lottery made debt setoff collection payments to the Department of Taxation totaling almost \$1.4 million, and unclaimed prizes totaling more than \$2.7 million were transferred to the Literary Fund.

Currently, we are actively participating in the Administration's budget development and revenue forecast process. Recommended forecasts of sales and profits were discussed with the Virginia Lottery Board for approval this week, and their recommendations were forwarded to you and members of your administration.

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

Sincerely yours,

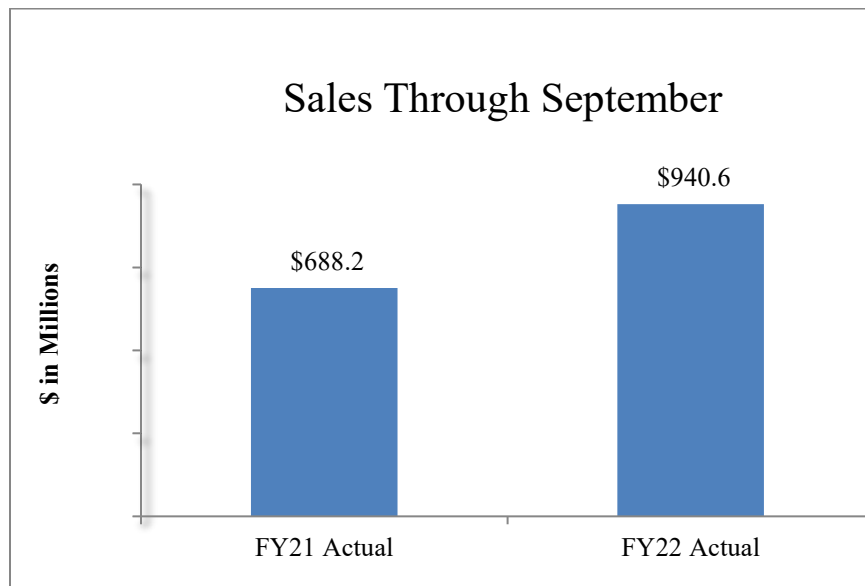
Kevin Hall

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 F. Joseph Flores, 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 September 30, 2021

Sales

Lottery sales for the fiscal year totaled \$940.6 million through September. This represents an increase of \$252.4 million (36.7%) compared to the prior year. Scratcher sales of \$359.2 million were \$57.1 million (18.9%) higher than last year. Sales of daily games (Pick 3, Pick 4, and Cash 5) totaled \$197.8 million, a decrease of \$1.6 million (-0.8%) from last year. Sales in the jackpot games category (Mega Millions, Powerball, Cash for Life and Bank a Million) totaled \$70.5 million, an increase of \$22.8 million (47.8%) compared to last year. Sales of Print n' Play, KENO and iLottery Instants games totaled \$581.4 million.



Expenses

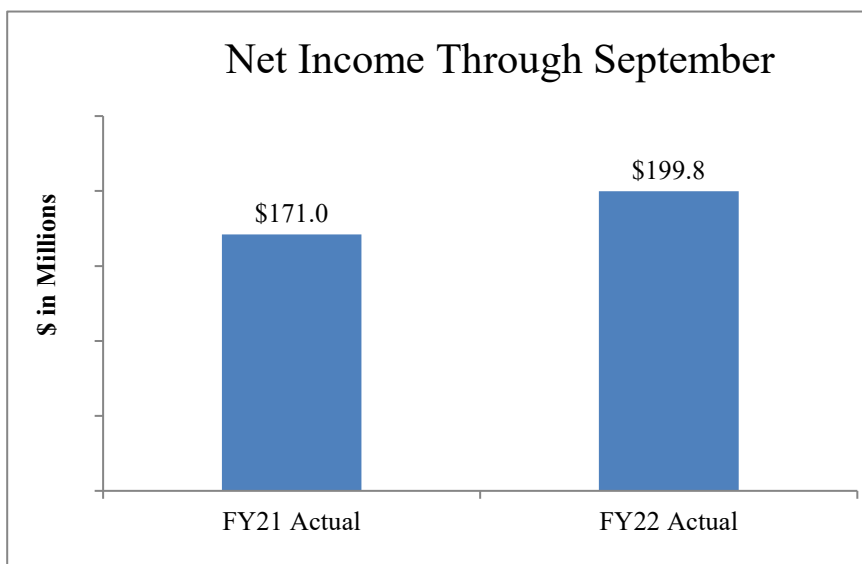
The overall prize expense rate (prizes as a percent of sales) for the year to date was 70.8%, higher than last year's rate of 66.3%. The increase in the rate is attributable to the higher percentage of total sales from iLottery games with higher payout rates, and because of higher daily games prize payouts compared to last year. The scratcher prize rate of 71.2% also was higher than last year's rate of 70.2%, as players continue to choose higher price tickets with higher payout rates. The daily games prize rate of 51.7% was higher than last year's rate of 49.9%. 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 \$5.5 million more in commissions and incentives than last year, for a total \$37.1 million in earnings. Overall, retailers earned 5.7% of Lottery retail sales in commissions and incentives through September.

Administrative operating costs, including gaming, ticket printing and distribution expenses, were 4.1% of sales, slightly lower than last year's 4.3% rate.

Net Income

Strong sales in both retail products and iLottery Instants led to first quarter profits of \$199.8 million, an increase of \$28.7 million (16.8%) compared to last year.



CONTRIBUTIONS TO DEBT SETOFF & LITERARY FUND

Through the end of September, the Lottery made debt setoff collection payments to the Department of Taxation totaling \$1,394,127. Also, unclaimed prizes totaling \$2,755,137 were transferred to the Literary Fund through September this year.

MEETINGS

The Lottery Board held its regular business meeting on October 27, 2021. The next meeting of the Board will be on January 12, 2022.