



September 15, 2022

The Honorable Michael W. Frerichs  
Illinois State Treasurer  
James R. Thompson Center  
100 W. Randolph St, Suite 15-600  
Chicago, IL 60601

**Re: July 2022 - Monthly Report of Revenues, Prize Disbursements and Other Expenses by the Illinois Department of the Lottery**

Dear Mr. Frerichs:

In accordance with the requirements of the Illinois Lottery Law, 20 ILCS 1605/9, attached, please find the Report of Revenues, Prize Disbursements and Other Expenses for the Illinois Department of the Lottery (Department) for the Month Ending July 31, 2022. Also, included is an explanation of Lottery transfers. This report will be updated and distributed to you after each month end. If you have any questions, please contact Carol Radwine, CFO of the Lottery, at (217) 558-4817.

Sincerely,

Harold Mays  
Director, Illinois Lottery

cc: The Honorable Don Harmon  
The Honorable Emanuel C. Welch  
The Honorable Dan McConchie  
The Honorable Jim Durkin  
Members of the Illinois Lottery Control Board

**J.B. Pritzker**  
Governor

**Harold Mays**  
Director

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## Explanation of Transfers by the Department of the Lottery

### Transfers to the Common School Fund

**Effective for FY23 and thereafter.** In accordance with 20 ILCS 1605/9.3, the Illinois Department of the Lottery (Department) is statutorily mandated to transfer estimated net proceeds to the Common School Fund (CSF) on a monthly basis. The transfer shall be made on the last day of each month or shortly thereafter. The estimated proceeds transferred monthly are to be reconciled to actual proceeds upon completion of the applicable annual fiscal year audit. If actual net proceeds are more than estimated net proceeds, the remaining amount shall be deposited in the CSF. If actual net proceeds are less than estimated net proceeds, the excess amount shall offset estimated net lottery proceeds the following fiscal year. The net lottery proceeds shall be determined after deducting prizes, retailer bonuses, costs incurred in the operation and administration of the Lottery, and transfers to specialty causes. Additionally, they shall be determined in accordance with Generally Accepted Accounting Principles (GAAP) for governmental entities.

**Exclusive to FY23.** Office of the Auditor General (OAG) Fiscal Year 2021 Financial Audit found that the Department made cash transfers to the CSF in excess of the actual net proceeds generated in years prior to 2010 and again in 2018 that totaled **\$133.966 million**. The excess transfers resulted in a corresponding cash deficit in the State Lottery Fund. This deficit will be reconciled during Fiscal Year 2023 in accordance with 20 ILCS 1605/9.2. The reconciliation will consist of monthly cash offsets of CSF cash transfers during July 2022 thru March 2023, thus eliminating the State Lottery Fund deficit. The Department was unable to reconcile the excess transfers prior to FY23 as the CSF does not have the legal authority to transfer to the State Lottery Fund.

The CSF estimated net proceed transfers made in July 2022 totaled **\$65.0 million** and were made on July 13<sup>th</sup> and July 27<sup>th</sup>. They were offset by **\$15.0 million**, (11%) of the State Lottery Fund cash deficit, resulting in an actual CSF cash transfer of **\$50.0 million**.

### Transfers to Specialty Causes

Per the Illinois Lottery Law (20 ILCS 1605/21.5 thru 21.13), the Illinois Department of the Lottery shall offer a special instant scratch-off game for eight various causes as outlined in the Law in Fiscal Year 2023. The Department transfers the net proceeds from these causes to the specified funds within the State of Illinois on a monthly basis. The net proceeds are transferred one month in arrears of the revenues being generated and upon final reconciliation of instant sales, less prize expense, and operating expenses of the specific ticket. During July, the special causes the Department supports earned net proceeds of **\$902 thousand**. This amount was cash transferred in August.

### Payments to the Capital Projects Fund

**Effective for FY23 and thereafter.** In accordance with 20 ILCS 1605/9.1(o), the remaining net proceeds of Fiscal Year 2022 due to the Capital Projects Fund (CPF) will be deposited by September 30, 2022. Beginning in Fiscal Year 2023, in accordance with 20 ILCS 1605/9.3, all actual net proceeds of the Department are to be deposited into the CSF.

**Exclusive to FY23.** In accordance with 20 ILCS 1605/9.2, the Department will complete the reconciliation of all amounts due to the CPF from prior years as a result of the cash deficit in the State Lottery Fund as described above, by June 30, 2023. The amounts due total **\$89.045 million**.

**Illinois Department of the Lottery**  
**Report of Revenues, Expenses, and Operating Income**  
**For the Month Ending July 31, 2022**

In July, the Department generated sales of **\$328.7 million** and related prize expense of **\$207.9 million**. Per the Illinois Lottery Law (20 ILCS 1605/10.3), the Department is required to collect proceeds from the sale of Lottery tickets net of prizes paid and commissions earned from authorized retailers. The proceeds resulted in cash collections of **\$120.6 million** from the weekly net sweeps of Lottery retailer's accounts and net deposits from the iLottery platform. The funds collected were deposited in the State Lottery Fund (Fund 711).

We have summarized the unaudited sales and expense activity on the accrual basis of the Department below:

	<b>July 2022</b>
<b>Operating Revenue</b>	
<b>Ticket Sales</b>	
Instant Tickets	176,769,307
Mega Millions	57,838,659
Powerball	10,416,485
Lotto	8,873,054
Lucky Day Lotto	9,810,953
Pick 3	23,559,467
Pick 4	23,648,728
Fast Play	17,625,922
Scan N Play	198,926
Sales Allowance	48,091
<b>Total Ticket Sales</b>	328,789,592
<b>Other</b>	417,983
<b>Total Operating Revenue</b>	329,207,575
<b>Operating Expenses</b>	
<b>Cost of Sales and Services</b>	16,451,838
<b>Prizes and Claims Expense</b>	
Instant Tickets	130,762,440
Mega Millions	27,589,152
Powerball	4,389,197
Lotto	3,227,165
Lucky Day Lotto	5,827,440
Pick 3	12,728,275
Pick 4	9,695,220
Fast Play	13,501,983
Scan N Play	136,977
<b>Total Prizes and Claims Expense</b>	207,857,849
<b>General and Administrative</b>	17,755,493
<b>Total Operating Expenses</b>	242,065,180
<b>Operating Income</b>	87,142,395

**Illinois Department of the Lottery**  
**Report of Cash Receipts, Disbursements, and Transfers**  
**For the Month Ending July 31, 2022**

We have summarized the cash activity of the State Lottery Fund (Fund 711) below:

Cash Balance Carried Forward from Last Month	\$ 50.6M
Total Receipts into the Fund for this Month	124.2M
Expenditures/Transfers from the Fund for this Month*	<u>&lt;90.2M&gt;</u>
Cash Balance at the End of the Month	<u>\$ 84.6M</u>

\*Cash Expenditures/Transfers this Month included:

Vouchers Paid	\$ 2.6M
Prize Payments	\$ 37.5M
Transfers to Common School Fund	\$ 50.0M
Transfers to Other Funds (OAG Audit Expense)	\$ 0.1M

The Department will be carrying forward a jackpot reserve balance of **\$43.4 million** into the following month for the Lotto (**\$8.3 million**), Mega Millions (**\$20 million**), and Powerball (**\$187 million**) jackpots. Additionally, the jackpot reserve includes the outstanding liabilities for the **\$12.5 million** Lotto winner draw date April 23<sup>rd</sup>, 2022, and Illinois' share of the **\$1.337 billion** Mega Millions Illinois winner from draw date July 29<sup>th</sup>, 2022. Illinois is to receive the other participating states' share of this jackpot liability on August 12<sup>th</sup>, 2022, totaling \$753.7 million.