



# Scott Fitzpatrick

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## Missouri State Auditor

### State Lottery Commission

Report No. 2026-005

January 2026

[auditor.mo.gov](http://auditor.mo.gov)



# CITIZENS SUMMARY

## Findings in the audit of the State Lottery Commission

### Impact of Fluctuations in Advertising Expenditures on Lottery Revenues

For fiscal year 2022 and 2023, Missouri's spending on advertising was the lowest among state-sponsored lotteries. Advertising expenditures were increased for fiscal year 2024, which resulted in an advertising budget of 0.31 percent of sales that ranked 44th out of the 46 states that sponsor a lottery. Despite the fluctuations in advertising expenditures, lottery transfers to education remained relatively consistent in years with reduced advertising expenditures, and even dropped in fiscal year 2024 when advertising appropriations were increased. Additional trend analysis is needed to determine if continued advertising for lottery purposes is effective in driving lottery sales, and ultimately increasing transfers to education.

In the areas audited, the overall performance of this entity was **Good**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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# State Lottery Commission

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**SCOTT FITZPATRICK**  
MISSOURI STATE AUDITOR

Honorable Mike Kehoe, Governor  
and  
State Lottery Commission  
and  
Lester Elder, Executive Director  
State Lottery Commission  
Jefferson City, Missouri

We have audited certain operations of the State Lottery Commission (Lottery) as required by Section 313.315.1, RSMo. The Lottery engaged CliftonLarsonAllen LLP, Certified Public Accountants (CPAs), to audit the Lottery's financial statements for the years ended June 30, 2023, and 2024. To minimize duplication of effort, we reviewed the CPA firm's reports for these years. The scope of our audit included, but was not necessarily limited to, the 2 years ended June 30, 2024. The objectives of our audit were to:


1. Evaluate the Lottery's internal controls over significant management and financial functions.
2. Evaluate the Lottery's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the Lottery; analyzing comparative data obtained from external and internal sources; reviewing contracts that are specific to the Lottery's operations and significant within the context of the audit objectives; and performing sample testing using judgmental selection. The results of our sample testing cannot be projected to the entire populations from which the test items were selected. We obtained an understanding of internal control that is significant to the audit objectives and planned and performed procedures to assess internal control to the extent necessary to address our audit objectives. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the Lottery's management and was not subjected to the procedures applied in our audit of the Lottery.

For the areas audited, we identified (1) no significant deficiencies in internal controls, (2) no significant noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our finding arising from our audit of the State Lottery Commission.

A handwritten signature in black ink, reading "Scott Fitzpatrick". The signature is written in a cursive, flowing style with a large initial "S" and "F".

Scott Fitzpatrick  
State Auditor

# State Lottery Commission

## Management Advisory Report

### State Auditor's Findings

#### Impact of Fluctuations in Advertising Expenditures on Lottery Revenues

Our previous audit of the Lottery Commission included an analysis of the potential impact of significantly reduced advertising budgets on lottery revenues. We performed a continuation of this analysis for the current audit period. For the current audit period the Legislature kept advertising appropriations low in fiscal year 2023, and significantly increased appropriations for the 2024 fiscal year. For fiscal year 2022 and 2023, Missouri's spending on advertising was the lowest among state-sponsored lotteries. The Lottery generally spends 98% or more of its advertising appropriation authority. See Appendix B for a schedule of appropriations and expenditures.

To evaluate the potential impacts of advertising spending on revenues and, ultimately, on the amount of lottery proceeds transferred to education, we evaluated financial data from fiscal years 2020 through 2025. See Table 1. Over that 6-year timeframe, we noted a general decline in revenue since fiscal year 2021 and relatively consistent levels of transfers to education.

Table 1: State Lottery Commission Advertising and Sponsorship Expenditures by Appropriation, and Total Revenue and total Transfers to Education, Fiscal Years 2020 through 2025

Category	2020	2021	2022	2023	2024	2025 <sup>1</sup>
Advertising expenditures \$	4,148,780	1,499,999	400,000	399,973	5,400,000	5,399,944
Responsible gaming messaging expenditures <sup>2</sup>	0	0	0	399,947	399,998	399,998
Lottery expenses and equipment <sup>3</sup>	1,456,735	1,884,993	1,168,035	0	0	0
Total	\$ 5,605,515	3,384,992	1,568,035	799,920	5,799,998	5,799,942
Total revenue	\$ 1,513,000,000	1,812,249,955	1,780,074,039	1,792,595,753	1,743,393,516	1,602,626,027
Transfers to education <sup>4</sup>	\$ 333,000,000	345,032,500	400,260,827	425,038,869	389,788,014	327,504,639

<sup>1</sup> Fiscal Year 2025 amounts are unaudited.

<sup>2</sup> Prior to fiscal year 2023, the Lottery did not have specific appropriations for responsible gaming messaging. Instead, these expenditures were paid from the general advertising expenditures appropriation.

<sup>3</sup> Prior to fiscal year 2023, the Lottery did not have specific appropriations for sponsorships. Instead, sponsorship expenditures were paid out of expense and equipment appropriations. Since 2023 there have been no expenditures for sponsorships.

<sup>4</sup> Number represents the amount transferred from the Lottery to the Lottery Proceeds Fund held by the State Treasurer.

Source: SAO analysis of Legislative budget bills and Lottery financial statements.

Historically, the Lottery has made payments for sponsorships out of the expense and equipment appropriation; however, in the 2023 budget year the Legislature created a separate appropriation for advertising for responsible gaming for approximately \$400,000, but also created a separate appropriation for sponsorships and set that appropriation at \$1, effectively eliminating the agency's ability to fund sponsorships, which continued through the 2025 fiscal year.



State Lottery Commission  
Management Advisory Report - State Auditor's Findings

Missouri Lottery ranks 44 out of 46 in advertisement spending

According to national lottery data,<sup>1</sup> Missouri's fiscal year 2024 advertising budget of 0.31 percent of sales ranks 44th out of the 46 states that sponsor a lottery.<sup>2</sup> The 2 states that are lower than Missouri have advertising budgets of 0.12 percent of sales (Texas) and 0.08 percent of sales (Massachusetts). The national average advertising budget is 1.04 percent, and the 8 states contiguous to Missouri average 1.24 percent of sales.

Lottery officials indicated the changes in advertising expenditures are not the only factor that affects lottery sales, and multiple other factors can play a substantial role in lottery sales. According to Lottery officials, the size of the national jackpots are a significant factor for lottery sales, with jackpots greater than \$500 million drawing more media attention and generating more revenue. We analyzed the potential correlation between jackpot sizes to total revenue for 2024.

Table 2 shows the total grand prize payouts for the drawings for each of the national lottery games<sup>3</sup> that are available for Missouri lottery players for fiscal years 2023 and 2024.

Table 2: National Lottery Jackpot Sizes for Fiscal Years (FY) 2023 to 2024

	FY23	FY24	Change	% Change
Powerball	\$ 3,509,700,000	5,589,800,000	2,080,100,000	59%
Mega Millions	3,759,000,000	4,061,000,000	302,000,000	8%
Total Jackpots	\$ 7,268,700,000	9,650,800,000	2,382,100,000	33%

The total lottery jackpots for the national jackpot games in which Missouri participates increased by 33% in fiscal year 2024 compared to fiscal year 2023. However, draw game ticket sales and overall lottery revenues stayed essentially the same, decreasing slightly in fiscal year 2024. Therefore, larger jackpot prizes did not drive lottery revenues up for fiscal year 2024.

## Conclusion

Lottery transfers to education remained relatively consistent in years with reduced advertising expenditures, and even dropped in fiscal year 2024 when advertising appropriations were partially restored. Additional trend analysis is needed to determine if continued advertising for lottery purposes is effective in driving lottery sales, and ultimately increasing transfers to education. The Lottery's advertising appropriations are established by the Legislature each year as part of the annual budget process. Lottery officials work with the various legislative committees and members as part of that

<sup>1</sup> *La Fleur's World Lottery Almanac, 2024*, <<https://www.lafleurs.com>>, data provided by the Lottery.

<sup>2</sup> Forty-five states plus the District of Columbia operate a lottery. Alabama, Alaska, Hawaii, Nevada, and Utah do not operate a state-sponsored lottery.

<sup>3</sup> The jackpot sizes were obtained from the State Lottery Commission.



State Lottery Commission  
Management Advisory Report - State Auditor's Findings

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process to discuss the Lottery's needs and advocate for funding for its priorities. However, the appropriation of funds is ultimately the responsibility of the Legislature and Governor, and is outside the Lottery's control.

## Recommendation

The Lottery work with the Legislature to evaluate the impact of advertisement on Lottery sales.

## Auditee's Response

*The Lottery's written response indicates it disagrees with our decision to include this issue as an audit finding, but does not dispute any of the facts presented in the finding. The Lottery's full response is included in Appendix A.*



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# State Lottery Commission

## Organization and Statistical Information

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Pursuant to Sections 313.200 to 313.351, RSMo, the State Lottery Commission (Lottery) was created in June 1985. That action followed voter approval of a lottery amendment to the Missouri Constitution at the November 1984 general election. The Lottery began selling instant game tickets on January 20, 1986. From 1986 to 1993, lottery proceeds less prizes and expenses were transferred to the General Revenue Fund for appropriation by the General Assembly. Effective July 1, 1993, pursuant to a voter approved lottery amendment to Article III, Section 39(b), Missouri Constitution, lottery proceeds are transferred to the Lottery Proceeds Fund for appropriation by the General Assembly for educational purposes.

Section 313.321 RSMo, provides that money received from the sale of lottery tickets shall be allocated as follows: a minimum of 45 percent shall be awarded as prizes; administration, advertising, promotion, and retailer compensation costs shall be paid as appropriated by the General Assembly; and the remainder shall be transferred to the Lottery Proceeds Fund to be appropriated solely for public institutions of elementary, secondary, and higher education.

Traditionally, the Lottery has paid out more than the minimum 45 percent of sales as prizes. The pay-out percentage has averaged 64.79 percent from 1986 to 2024. The prize percentage fluctuates each year based on factors such as the type of scratcher tickets sold (each game has a different prize structure) and the timing of payouts related to draw game sales such as the Powerball and Mega Millions games. Lottery officials believe more people will play if there are more prizes to receive. Lottery retailers are authorized to redeem prizes up to \$600, or players may claim any prizes in person at any of the Lottery offices.

### Estimated Transfers of Profits

Article III, Section 39(b), of the Missouri Constitution requires transfer of Lottery profits to the Lottery Proceeds Fund to be appropriated solely for public institutions of elementary, secondary, and higher education. In September each year, as part of the state budget process, the Lottery develops estimates of the transfer for the subsequent fiscal year in its budget request submitted to the Office of Administration and Governor. For example, the estimate for fiscal year 2025 (which began July 1, 2024) was developed by the Lottery in September 2023. The Lottery's estimates provide a basis from which the Governor recommends an amount of Lottery Proceeds Fund revenue for schools. The Governor's budget is then submitted to the General Assembly. The General Assembly produces the final budget, which is then subject to Governor approval or veto.



## State Lottery Commission Organization and Statistical Information

Estimated and actual transfers for the last 4 fiscal years were as follows:

### Estimated and actual transfers to the Lottery Proceeds Fund

	Year Ended June 30,			
	2021	2022	2023	2024
Lottery estimate	309,132,386	317,158,471	330,827,655	366,844,359
Actual cash transfer	345,032,500	400,260,827	425,038,869	389,788,014
Actual over (under) estimate	35,900,114	83,102,356	94,211,214	22,943,655
Variance from estimate	11.6%	26.2%	28.5%	6.3%

The Lottery estimates transfers using the average of the total actual transfers for the preceding 5 fiscal years plus 1 percent rather than assuming continued growth of a larger amount. The Lottery's estimated transfers were \$380.7 million and \$393.6 million for the fiscal year 2025 and 2026 budgets, respectively.

## Commission

A five-member Lottery commission is appointed by the Governor with the advice and consent of the Senate. The commission must meet at least quarterly. The commission has the authority to promulgate rules as it deems necessary and desirable to fully implement the Lottery as mandated by the people in Article III, Missouri Constitution. The commission appoints an executive director to act as secretary of the commission and keep all books and records of the commission. The executive director oversees the commission's operation and administration. May Scheve Reardon served as Executive Director until July 29, 2022. Chief Financial Officer Judy Martin served as Interim Executive Director until Lester Elder was hired effective November 7, 2022. As of June 30, 2024, members of the commission were:

Commissioner	Term Expiration (1)
Lance Mayfield, Chairman	September 2025
Robert Gattermeir, Vice Chairman	September 2022
Nicholas Gerth	September 2024
John Clark Hemeyer	September 2026
Vacant	

(1) Section 313.215, RSMo, requires appointments to be made within 30 days of the expiration of a term. However, the current practice is for the expired member to serve until reappointed or a new member is appointed.

The Lottery staff is organized into 5 divisions: Executive, Sales, Marketing, Operations, and Information Technology. Each division is headed by a director who coordinates activities to meet the commission's objectives. At June 30, 2024, the State Lottery Commission employed 156 individuals.

## Financial Activity

A summary of the Lottery's operating financial activity is presented in Appendixes B through G.



Appendix A  
State Lottery Commission  
The Lottery's Response to Audit Recommendation



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**Missouri Lottery**

December 22, 2025

Honorable Scott Fitzpatrick  
Missouri State Auditor  
Jefferson City, Missouri

We have reviewed the finding from your office's audit of the Missouri State Lottery Commission. Below you will find our response to the audit finding.

**1 The Lottery work with the Legislature to evaluate the impact of advertising on Lottery sales.**

*Lottery's Response: Consistent with our response from your office's last audit report from November 2023, we understand the importance of the recommendation; however, we do not agree that this recommendation should be characterized as an audit finding. Rather, we consider it an acknowledgement that we are already doing as the report recommends and will continue to do so.*

*The Missouri Lottery's goal is to responsibly maximize the transfer to Missouri education. The Lottery acknowledges that there are many factors in achieving that goal, and one of those factors is the ability to advertise Missouri Lottery's brand and family of products. Advertising and marketing are a best practice for any business, organization or even non-profit. This is especially true when considering the highly competitive retail environment with Lottery offered alongside thousands of other consumer goods. Most competing brands spend 10-13% of total sales on advertising.*

*Lottery advertising plays a key role in maintaining the current customer base and helping to attract new customers, just as any billion-dollar business would do. It helps keep lottery games relevant in a marketplace climate of rising prices and increasing gaming/entertainment options, particularly with sports betting going live in Missouri earlier this month and the amount of money sports betting companies are spending on advertising. To achieve its revenue transfer goal, maintaining the Lottery's current player base is not enough; it must expand the number of players and engage a new generation of players. Today's media landscape grows more and more fractured every day, making it more challenging to reach new players. Using an Omni-channel strategy, an optimal ad budget would allow the Missouri Lottery to touch multiple platforms in order to reach new players. In addition to using traditional advertising media (print, broadcast TV and radio and billboards), adding non-traditional platforms will reach the next generation of players in more effective and efficient ways (digital advertising, streaming audio and video, event participation and guerilla marketing).*

*The Lottery's "Play It Forward" for education advertising campaign has had a positive impact on Lottery brand relevance, changing perceptions and reaching younger generational audiences. This means those aware of the Lottery's ads are more likely to feel that the Lottery matters in terms of making a difference for Missouri schools. The Lottery tracks brand relevance and frequently scores as being more "relevant" to consumers than brands like McDonald's, the NFL and Starbucks.*



Appendix A  
State Lottery Commission  
The Lottery's Response to Audit Recommendation

Missouri Lottery is required by state statute, (313.230, RSMo) to:

*"Carry on a continuous study and investigation of the lottery throughout the state and to make a continuous study and investigation of the operation and the administration of similar laws which may be in effect in other states or countries, any literature on the subject which from time to time may be published or available, any federal laws which may affect the operation of the lottery, and the reaction of Missouri citizens to existing and potential features of the lottery with a view to recommending or effecting changes that will tend to serve the purposes of sections 313.200 to 313.350."*

*In compliance with this statute, Missouri Lottery, through a joint procurement with Missouri Division of Tourism and Missouri Department of Agriculture, contracts with an independent research group to conduct ongoing studies. The independent research group is Strategic Marketing & Research Insights, LLC ("SMARI").*

*The 2024 SMARI annual report for Missouri Lottery shows the partial restoration of our advertising budget to \$5.4 million has had a positive effect. Below are some of the findings:*

- Advertising awareness is 55%, up from 35% in FY23 when the advertising budget was \$400,000. Advertising awareness is at its highest since FY19.*
- Advertising helps to grow approval of the Missouri Lottery. Approval improved from 64% in FY23 when the advertising budget was \$400,000 to 66% in FY24 when the advertising budget was \$5.4 million.*
- The perceptions that the state of Missouri should continue offering lottery games, that Lottery is a good way to raise money for education, and that Missouri Lottery proceeds help support public education increased from FY 23 to FY 24 with the increase in the advertising budget.*

*SMARI reports are shared with the House Budget and Senate Appropriations Committees, and Lottery's Executive Director personally visits every member of both committees to discuss Lottery advertising. The Lottery is committed to keeping the lines of communication open with members of the Legislature and will continue to keep members abreast of the impact of advertising on Lottery sales and proceeds to education.*

Sincerely,

Lester Elder  
Executive Director

## Appendix B

### State Lottery Commission Comparative Statement of Appropriations and Expenditures

	Year Ended June 30,					
	2023			2024		
	Appropriation Authority	Expenditures	Lapsed Balances	Appropriation Authority	Expenditures	Lapsed Balances
LOTTERY ENTERPRISE FUND						
Promotions	\$ 1	0	1	1	0	1
Responsible gaming	400,000	399,947	53	400,000	399,998	2
Pull tab vendor payments	9,194,385	5,206,553	3,987,832	9,194,385	5,126,652	4,067,733
Mileage reimbursement	747	0	747	0	0	0
Advertising expenses	400,000	399,973	27	5,400,000	5,400,000	0
Vendor payment for games	36,364,178	36,288,395	75,783	36,878,069	36,338,949	539,120
Personal services	8,076,065	7,920,438	155,627	8,778,679	8,292,745	485,934
Expense and equipment	6,963,803	6,963,763	40	6,964,405	6,859,662	104,743
Department of Revenue personal services	292,759	0	292,759	0	0	0
Total Lottery Enterprise Fund	61,691,938	57,179,069	4,512,869	67,615,539	62,418,006	5,197,533
STATE LOTTERY FUND						
Lottery prizes	222,097,794	199,846,981	22,250,813	200,277,993	192,085,641	8,192,352
Total State Lottery Fund	222,097,794	199,846,981	22,250,813	200,277,993	192,085,641	8,192,352
Total All Funds	\$ 283,789,732	257,026,050	26,763,682	267,893,532	254,503,647	13,389,885

# Appendix C

## State Lottery Commission Comparative Statement of Expenditures (From Appropriations)

	Year Ended June 30,				
	2020	2021	2022	2023	2024
Salaries and wages	\$ 7,119,329	7,171,246	7,436,211	7,920,438	8,292,745
Travel, in-state	94,853	18,790	60,936	64,107	63,997
Travel, out-of-state	50,952	3,719	40,808	71,029	71,071
Fuel and utilities	126,305	114,399	122,034	82,476	81,389
Supplies	754,190	897,898	1,023,482	629,988	687,140
Professional development	125,027	168,409	202,056	106,263	171,576
Communication services and supplies	313,306	338,415	319,229	339,960	339,476
Services:					
Printing and binding	10,953,765	11,542,147	12,036,751	10,681,364	10,769,871
Advertising	3,721,914	1,186,632	330,357	332,811	4,621,999
Other business	20,976,613	26,664,456	29,191,243	31,543,360	31,420,372
Accounting and auditing	216,441	224,616	227,505	228,006	245,997
Public relations	1,456,735	1,884,993	1,168,035	341,714	385,404
Other professional	1,618,563	1,679,671	1,615,404	1,557,087	2,166,338
Housekeeping and janitorial	64,500	75,207	87,498	58,936	64,311
Maintenance and repair	1,250,009	997,190	1,695,233	953,234	1,436,365
Equipment:					
Computer	335,273	327,674	237,711	316,521	127,812
Motorized	307,622	211,128	0	820,920	526,116
Office	26,604	9,553	11,663	20,448	3,384
Other	689,748	363,072	299,216	99,139	80,501
Property and improvements	232,174	1,207,757	78,282	401,032	230,563
Building lease payments	375,398	457,237	408,245	89,426	86,787
Equipment rental and leases	1,053,991	437,283	174,547	158,385	142,652
Lottery prizes	146,161,560	176,403,624	199,130,416	198,544,801	190,554,739
Lottery prizes-merchandise	1,249,556	1,175,344	1,151,927	1,307,030	1,531,401
Lottery retailer incentives	66,803	60,931	66,328	58,179	81,838
Lottery retailer incentives-merchandise	67,504	67,033	101,788	97,202	103,135
Agency provided food	21,843	9,744	20,520	21,457	19,227
Miscellaneous expenses	42,705	68,361	212,255	172,788	182,846
Refunds	22,594	11,847	43,664	7,949	14,595
Total Expenditures	\$ 199,495,877	233,778,376	257,493,344	257,026,050	254,503,647

## Appendix D

### State Lottery Commission (An Enterprise Fund of the State of Missouri) Statements of Net Position As of June 30, 2023 and 2024

	2023	2024
<b>Current Assets</b>		
Cash and cash equivalents	\$ 49,801,910	32,871,405
Investments held for grand-prize winners	3,815,028	3,631,973
Accounts receivable, net of allowances for returns	62,809,355	59,623,376
Other assets	549,167	1,338,411
Total current assets	<u>116,975,460</u>	<u>97,465,165</u>
<b>Noncurrent Assets</b>		
Capital assets		
Capital assets not being depreciated	492,696	352,973
Other capital assets	15,607,696	15,345,471
Accumulated depreciation	(11,402,979)	(10,517,346)
Accumulated amortization	(1,335,713)	(1,770,709)
	<u>3,361,700</u>	<u>3,410,389</u>
Investments held for grand-prize winners	24,871,344	24,411,003
Total noncurrent	<u>28,233,044</u>	<u>27,821,392</u>
Total assets	<u>145,208,504</u>	<u>125,286,557</u>
<b>Deferred Outflows</b>		
Deferred Outflows - Pension	4,370,791	5,845,154
Deferred Outflows - OPEB	624,238	617,874
Total Deferred Outflows	<u>4,995,029</u>	<u>6,463,028</u>
<b>Current Liabilities</b>		
Accounts payable	1,436,021	1,050,623
Due to Lottery Proceeds Fund	13,841,269	1,782,408
Accrued prize liabilities	78,789,820	72,047,448
Grand-prize winner liabilities	3,674,000	3,712,000
Lease Liability	439,021	470,265
Subscription Liability	378,178	0
Other accrued liabilities	6,953,371	6,524,513
Total current liabilities	<u>105,511,680</u>	<u>85,587,257</u>
<b>Long-term Liabilities</b>		
Due to Lottery Proceeds Fund	13,069,587	14,036,746
Grand-prize winner liabilities	27,229,487	27,246,075
Net Pension Liability	25,197,813	27,070,547
Net OPEB Liability	5,928,156	6,101,489
Lease Liability	560,785	953,172
Total long-term liabilities	<u>71,985,828</u>	<u>75,408,029</u>
Total liabilities	<u>177,497,508</u>	<u>160,995,286</u>
<b>Deferred Inflows</b>		
Deferred Inflows - Pension	93,530	32,982
Deferred Inflows - OPEB	2,197,888	1,910,414
Total deferred inflows	<u>2,291,418</u>	<u>1,943,396</u>
<b>Net Position</b>		
Investment in capital assets	1,983,716	1,986,952
Unrestricted	(31,569,109)	(33,176,049)
Total net position	<u>\$ (29,585,393)</u>	<u>(31,189,097)</u>

Source: Excerpt from the Missouri State Lottery Commission's audited financial statements.

## Appendix E

State Lottery Commission  
(An Enterprise Fund of the State of Missouri)  
Statements of Revenues, Expenses, and Changes in Net Position  
For The Years Ended June 30, 2023 and 2024

	2023	2024
Operating Revenues		
Scratchers ticket sales	\$ 1,159,257,494	1,125,674,318
Draw Game ticket sales	484,704,909	479,040,521
Pull-Tab ticket sales	148,253,356	138,076,943
Total sales	<u>1,792,215,759</u>	<u>1,742,791,782</u>
Other	<u>379,994</u>	<u>601,734</u>
Total operating revenues	<u>1,792,595,753</u>	<u>1,743,393,516</u>
Operating Expenses		
Scratchers prizes	848,478,171	830,104,055
Draw Game prizes	271,645,081	264,140,077
Pull-Tab prizes	133,439,103	124,253,770
Scratchers retailer commissions and incentives	74,353,006	72,237,521
Draw Game retailer commissions and incentives	27,485,598	27,012,881
Pull-Tab retailer commissions and incentives	2,962,678	2,764,630
Cost of tickets sold	34,679,829	34,814,843
Depreciation	1,513,024	1,658,463
Advertising	399,973	5,400,000
Wages and benefits	13,753,536	13,727,932
Other general and administrative	8,765,747	7,899,033
Total operating expenses	<u>1,417,475,746</u>	<u>1,384,013,205</u>
Operating income	<u>375,120,007</u>	<u>359,380,311</u>
Nonoperating Revenues (Expenses)		
Interest income	1,070,950	1,534,758
Unclaimed prizes	19,687,962	16,763,770
Gain (Loss) on sale of capital assets	53,292	106,704
Gain (Loss) on lease modification	0	5,049
Net increase (decrease) in the fair value of investments held for grand-prize winners	(364,776)	270,029
Amortization of grand-prize winner liability	(999,338)	(968,013)
Transfers to State of Missouri Lottery Proceeds Fund	<u>(396,865,395)</u>	<u>(378,696,312)</u>
Total nonoperating revenues (expenses)	<u>(377,417,305)</u>	<u>(360,984,015)</u>
Changes in net position	(2,297,298)	(1,603,704)
Total Net Position, Beginning of Year	<u>(27,288,095)</u>	<u>(29,585,393) (1)</u>
Total Net Position, End of Year	<u>\$ (29,585,393)</u>	<u>(31,189,097)</u>

(1) The beginning balance for fiscal year 2023 was restated by the Lottery's financial auditors.  
The original beginning balance was (\$27,436,455).

Source: Excerpt from the Missouri State Lottery Commission's audited financial statements.



## Appendix F

### State Lottery Commission (An Enterprise Fund of the State of Missouri) Statements of Cash Flows For The Years Ended June 30, 2023 and 2024

	2023	2024
Cash Flows From Operating Activities		
Cash received from retailers and others	\$ 1,791,196,787	1,745,442,214
Cash paid for prizes	(1,244,131,221)	(1,212,150,504)
Cash paid for retailer commissions	(105,090,749)	(102,106,570)
Cash paid for employee services	(12,863,747)	(13,486,008)
Cash paid for other expenses	(43,939,621)	(48,500,436)
Net cash provided by operating activities	<u>385,171,449</u>	<u>369,198,696</u>
Cash Flows From Noncapital Financing Activities		
Transfers to State of Missouri	<u>(425,038,869)</u>	<u>(389,788,014)</u>
Cash Flows From Capital and Related Financing Activities		
Purchases of capital assets	(1,285,650)	(838,006)
Proceeds from sale of capital assets	53,292	106,704
Lease related cash outflows	(435,364)	(440,466)
Subscription related cash outflows	<u>(354,975)</u>	<u>(378,177)</u>
Net cash used for capital and related financing activities	<u>(2,022,697)</u>	<u>(1,549,945)</u>
Cash Flows From Investing Activities		
Proceeds from maturity of investments	4,102,000	3,674,000
Interest received	<u>1,070,950</u>	<u>1,534,758</u>
Net cash provided by investing activities	<u>5,172,950</u>	<u>5,208,758</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(36,717,167)	(16,930,505)
Cash and Cash Equivalents, Beginning of Year	<u>86,519,077</u>	<u>49,801,910</u>
Cash and Cash Equivalents, End of Year	<u><u>49,801,910</u></u>	<u><u>32,871,405</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	375,120,007	359,380,311
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,513,024	1,658,463
Noncash pension and OPEB adjustments	905,719	230,046
Unclaimed prizes	19,687,962	16,763,770
Payments to grand-prize winners	(4,102,000)	(3,674,000)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable, net	(2,369,105)	3,185,978
(Increase) decrease in other receivables	840,120	(789,243)
Increase (decrease) in accounts payable and other accrued liabilities	(269,449)	(814,256)
Increase (decrease) in accrued prize liabilities	<u>(6,154,829)</u>	<u>(6,742,373)</u>
Net cash provided by operating activities	<u><u>385,171,449</u></u>	<u><u>369,198,696</u></u>
Noncash Activities		
Net increase (decrease) in the fair value of investments held for grand-prize winners	(364,776)	270,029
Amortization of grand-prize winner liability	\$ 999,338	968,013

Source: Excerpt from the Missouri State Lottery Commission's audited financial statements.

## Appendix G

### Missouri State Lottery Commission Revenues and Expenditures by Fiscal Year 10 Fiscal Years ended June 30, 2024

