



**ANNUAL REPORT**

**Fiscal Year 2018** | July 1, 2017 - June 30, 2018



## LETTER FROM THE CEO

We are very excited to announce yet another successful year at The Wyoming Lottery Corporation with an increase in annual revenue of \$3.4M from 2017 to 2018. We have worked hard to find efficiencies as a company to decrease our operating costs and increase our revenue. This allowed us to transfer record-breaking funds to the state in which we love. Since January 2018, all four quarterly state transfers have been over \$1M, bringing total transfers to the state of Wyoming of more than \$10.8M since April 2016. This is an area of emphasis for Wyoming Lottery.

Along with an increase in revenue and state transfers, we did a major game change for Mega Millions in 2018, resulting in a higher price point, higher jackpots, and increased player engagement. We look to build on game updates and promotions for Mega Millions and all our games to keep the games exciting and engaging.

The efforts of Wyoming Lottery employees, retailers, and partners have helped keep us well positioned going into the coming fiscal year. Everything from game design, execution, retail support, education, and promotions have an impact on lottery sales. We will continue to serve the residents of our great state by providing them with quality entertainment and quarterly transfers. We love being Wyoming's Lottery.



Jon Clontz, CEO





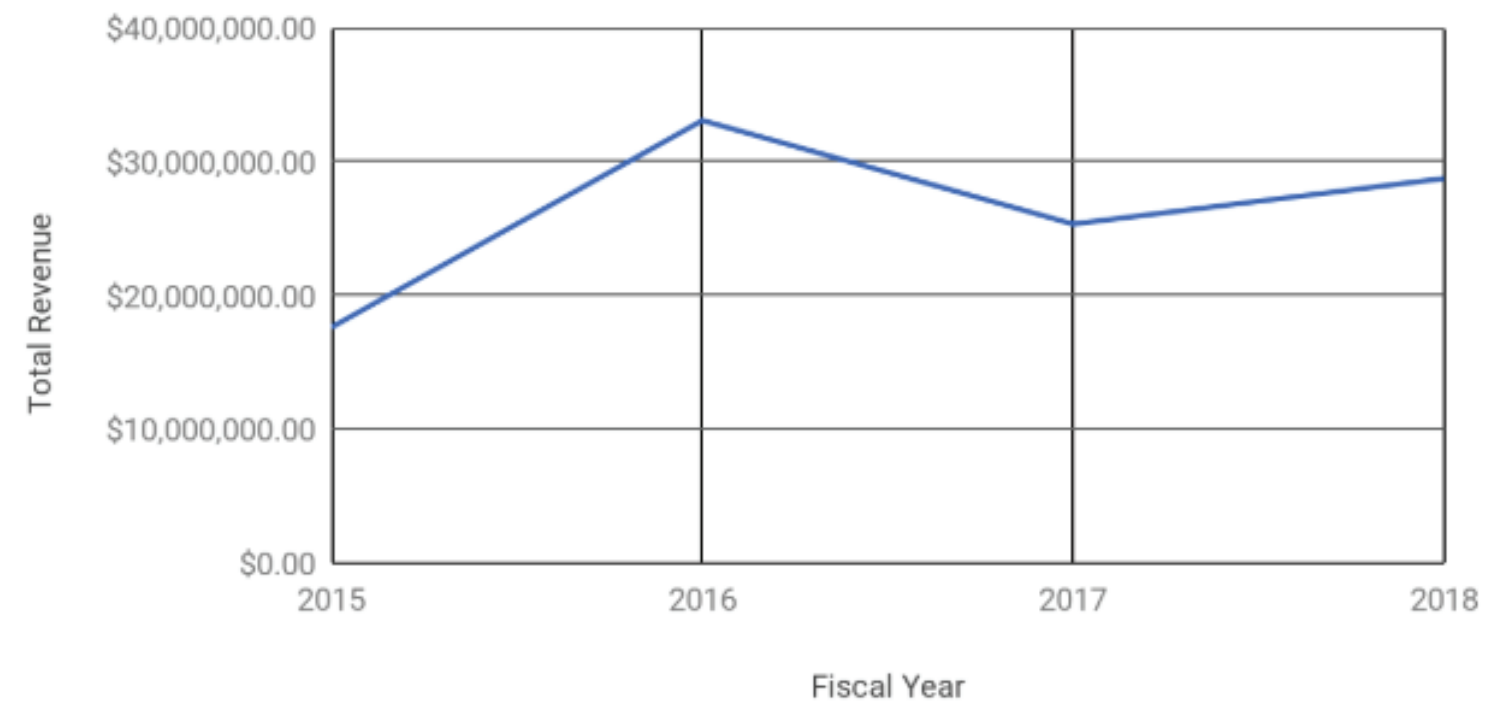
## REVENUE

**WyoLotto annual revenue grows \$3.4M from 2017 to 2018**

**FY2018 Net Sales by Product**

Powerball	\$10,837,764.00
Mega Millions	\$5,322,655.00
Cowboy Draw	\$9,730,835.00
Lucky for Life	\$2,867,448.00

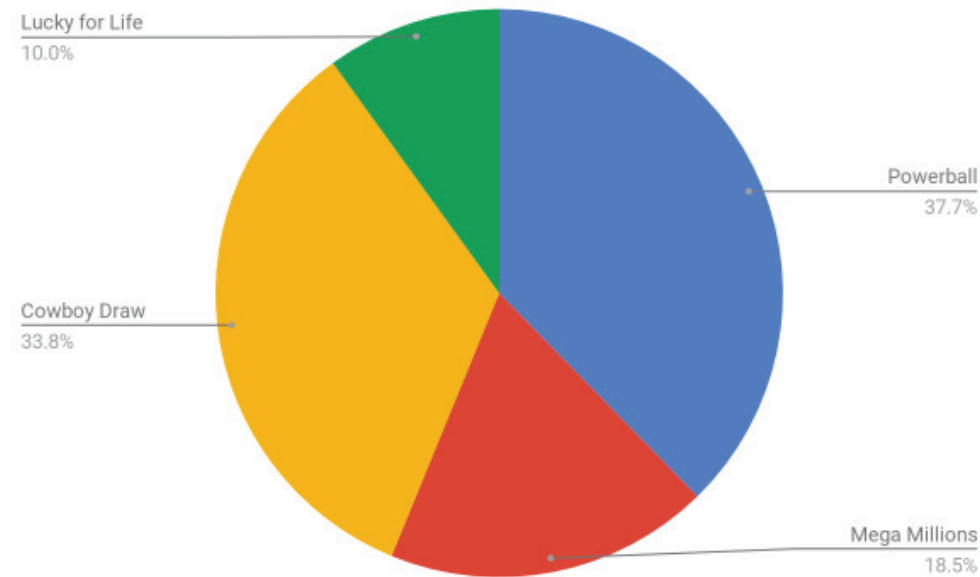
**Total Annual Revenue Comparison 2015 - 2018**



*\*2016 increase in revenue was the result of increased sales with the \$1.6 billion Powerball jackpot in January 2016.*



## FY 2018 Net Sales by Product

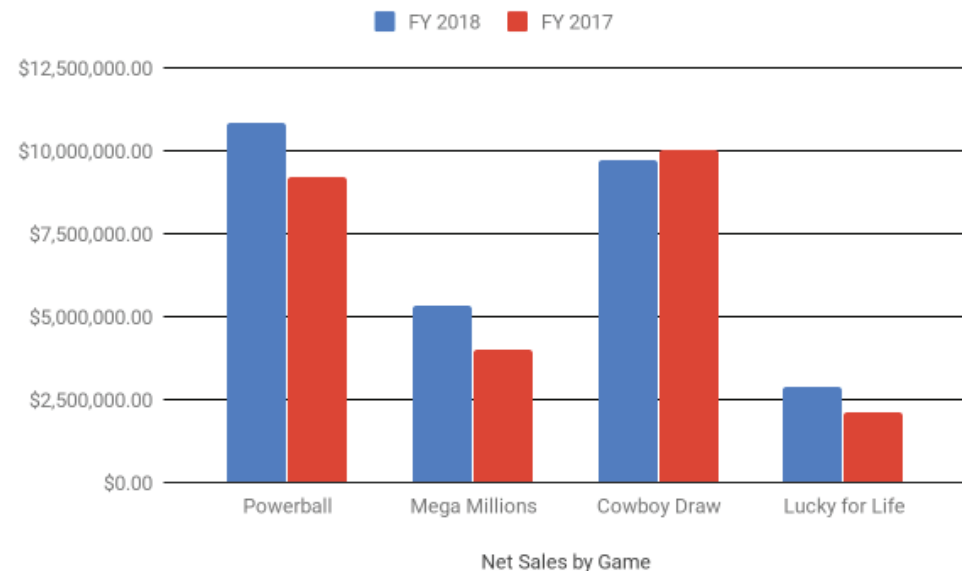


## REVENUE

### Takeaways:

- Revenue has grown significantly since launching WyoLotto in 2014. Since 2014, WyoLotto's total revenue is \$104,803,982. All revenue has come from ticket purchases through a variety of statewide retail outlets.
- Since last year, WyoLotto saw an increase in annual revenue of \$3.4M. Significant contributions to this growth are likely due to the Mega Millions game change.
- Three out of four games saw an increase in sales year over year. Cowboy Draw was the only game that saw a slight decrease in sales in FY 2018.
- Powerball and Cowboy Draw are the most popular games in WyoLotto's portfolio, making up more than 70% of ticket sales.

## Revenue by Product, 2017 - 2018 Comparison





## TOTAL EXPENSES

Prizes, commissions, and quarterly transfers to the state are our biggest annual expenses. And we couldn't be more proud of that.

### Expenses FY 2018 - FY 2019

	2018 Expenses		2019 Projected Expenses	
	Total	% of Total	Total	% of Total
Prize Pool	\$14,971,342.00	52.35%	\$15,681,084.00	66.00%
Operating Budget*	\$3,699,969.00	12.94%	\$3,209,837.00	14.00%
Gaming Vendor	\$3,417,911.00	11.95%	\$3,122,316.00	13.00%
Retailer Commission & Validations	\$1,764,166.00	6.17%	\$1,617,612.00	7.00%
Transfer to WY**	\$4,744,066.00	16.59%	\$0.00	0.00%
<b>TOTAL</b>	<b>\$28,597,454.00</b>		<b>\$23,630,849.00</b>	

\*Does not include WY State Pension

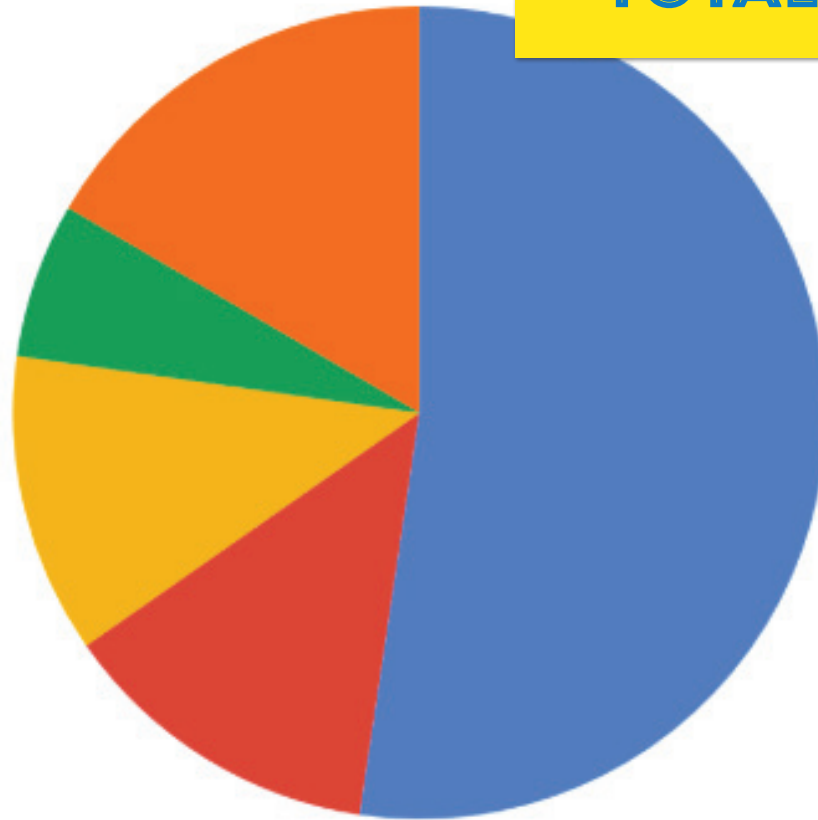
\*\*State transfers are not forecasted as a projected expense due to variables resulting from jackpot fluctuations



## FY 2018 Expenses

## TOTAL EXPENSES

- Prize Pool 52.35%
- Operating Budget 12.94%
- Gaming Vendor 11.95%
- Retailer Commission & Validations 6.17%
- Transfer to WY 16.59%



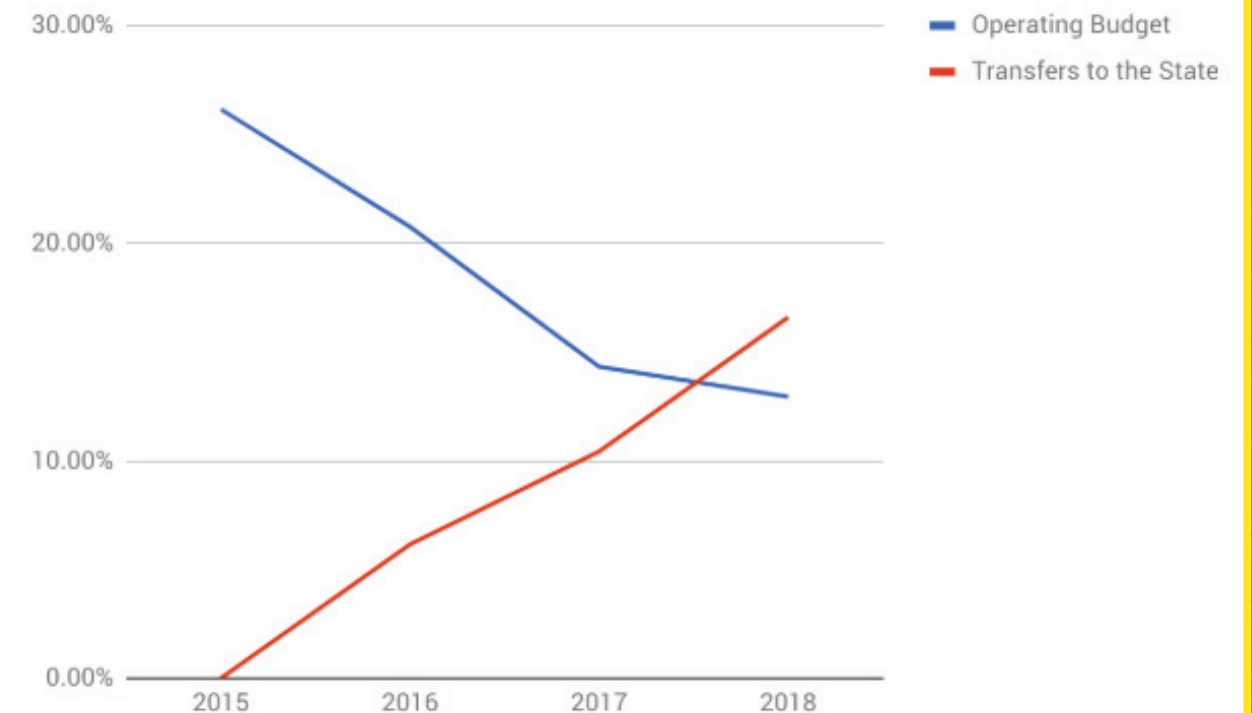
### Takeaways:

- Annual expenses have decreased every year since launch, with FY 2018 being the lowest to date.
- Our transfers to Wyoming have increased every year since launch by at least 4% every year, and they were up 6% between 2017 and 2018.

### Annual Expenses (as % of Total) 2015 - 2018

	2018	2017	2016	2015
Prize Pool	52.35%	57.23%	55.08%	55.60%
Operating Budget	12.94%	14.32%	20.75%	26.15%
Gaming Vendor	11.95%	11.89%	11.89%	11.89%
Retailer Commission & Validations	6.17%	6.14%	6.12%	6.36%
Transfer to WY	16.59%	10.42%	6.16%	0%

### Operating Budget vs Transfers to the State Comparison 2015 - 2018





## OPERATING EXPENSES

We emphasize fiscal accountability by ensuring that all expenditures directly or indirectly generate revenue, enhance security, fulfill regulatory requirements, improve customer service, and boost productivity.

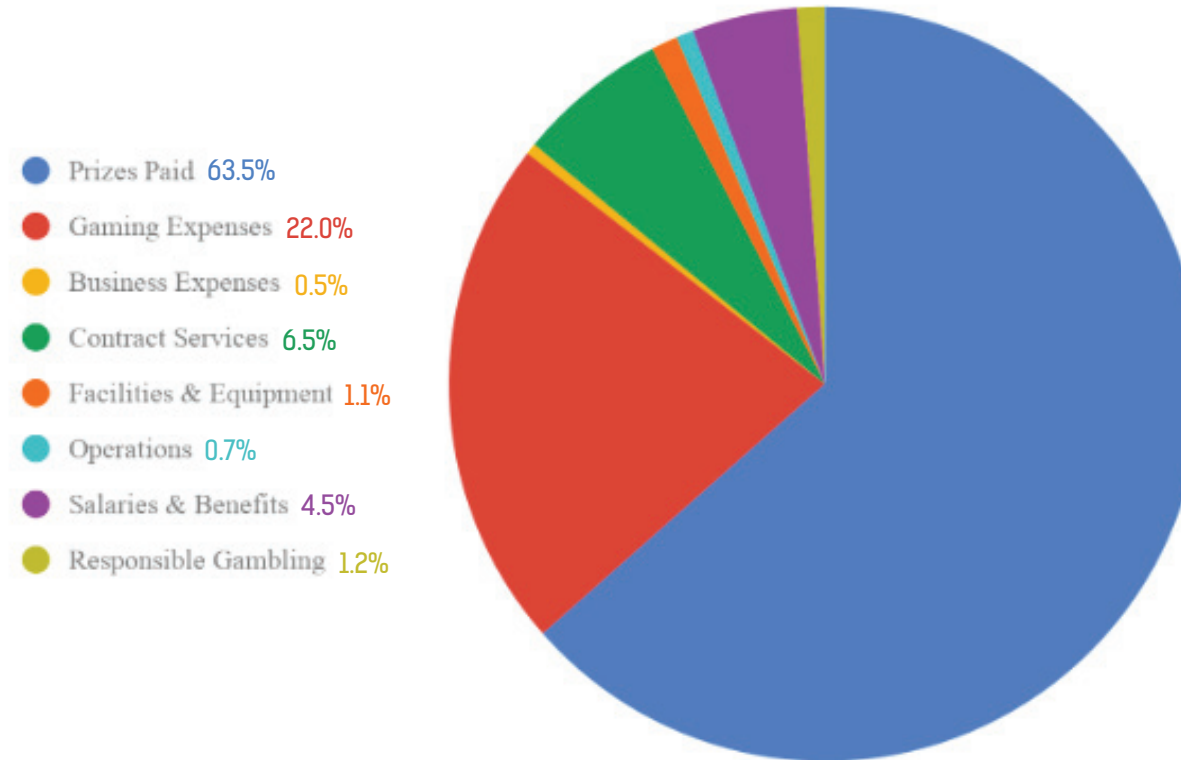
### FY 2018 Annual Operating Expenses

	Expenses	% of Total Expenses	Year over Year Change
Prizes Paid	\$14,971,342	64%	3%
Gaming Expenses	\$5,182,078	22%	12%
Business Expenses	\$112,401	0%	9%
Contract Services	\$1,521,880	7%	-39%
Facilities & Equipment	\$267,464	1%	10%
Operations	\$176,504	1%	22%
Salaries & Benefits	\$1,063,317	5%	-25%
Responsible Gambling	\$282,654	1%	71%
<b>Total</b>	<b>\$23,294,986</b>		



# OPERATING EXPENSES

**FY 2018 Annual Operating Expenses**



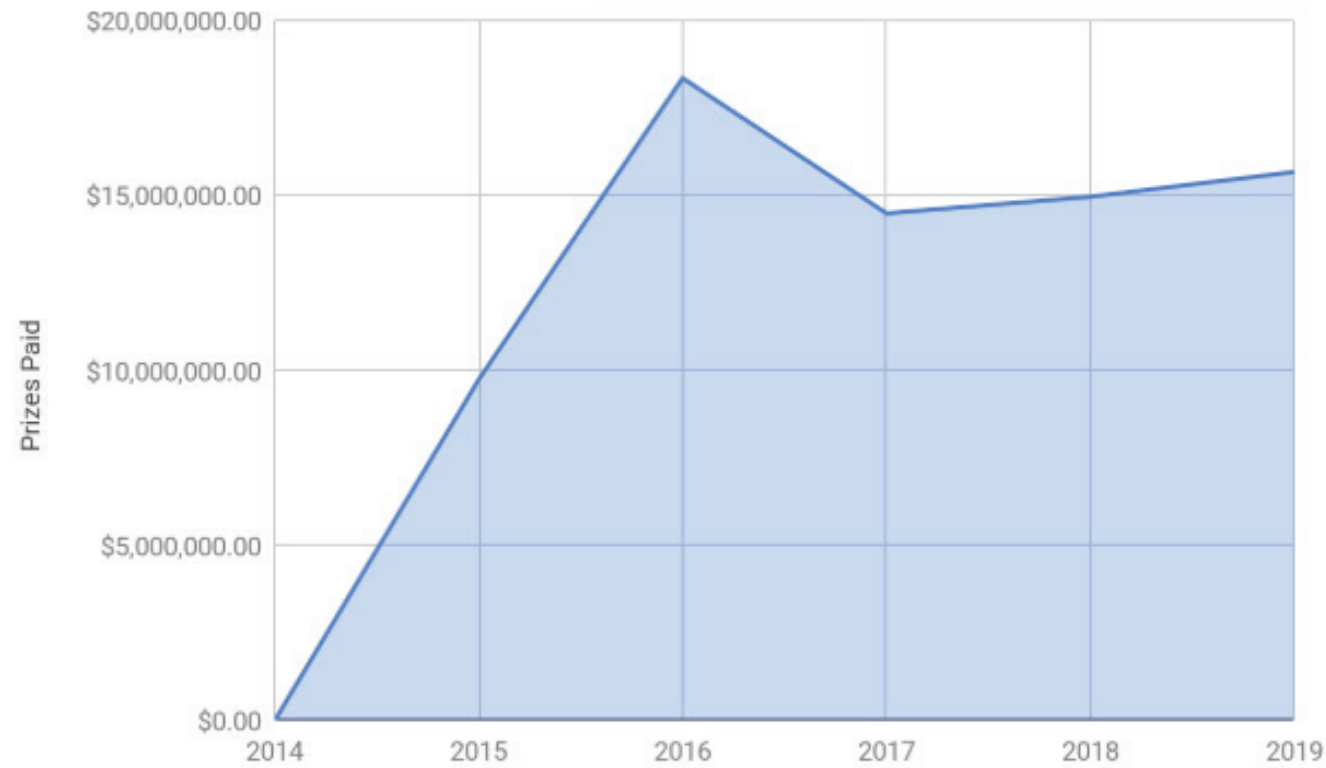
**Annual Operating Expenses Year Over Year Comparison 2015-2019**

	Prizes Paid	Gaming Expenses	Business Expenses	Contract Services	Facilities & Equipment	Operations	Salaries & Benefits	Total Operating Expenses
2019 Projected	\$15,681,084	\$4,739,928	\$167,550	\$1,196,227	\$152,891	\$200,927	\$1,307,242	\$23,445,849
2018	\$14,971,342	\$5,182,078	\$112,401	\$1,521,880	\$267,464	\$176,504	\$1,063,317	\$23,294,986
2017	\$14,497,128	\$4,567,636	\$102,223	\$2,116,361	\$240,666	\$138,354	\$1,210,902	\$22,870,770
2016	\$18,366,230	\$6,005,697	\$135,290	\$2,202,241	\$238,075	\$146,522	\$1,005,792	\$28,099,847
2015	\$9,746,433	\$3,206,703	\$95,350	\$3,640,811	\$156,028	\$106,745	\$1,145,808	\$18,097,878



# OPERATING EXPENSES

Prizes Paid, FY 2014 - FY 2019



Total Operating Expenses, FY 2014 - FY 2019



## Takeaways:

- Prizes paid have increased every year since launch, making up for nearly 63% of all operating expenses in FY 2018.
- Contract services have decreased every year since FY 2015.



## MARKETING & ADVERTISING

Getting the word out to Wyoming players is an important part of what we do.

Marketing & Advertising Expenses Year Over Year 2014 - 2019

Fiscal Year	Total Expenses	Total Operating Expenses	Marketing & Advertising Expenses	% of Total Expenses	% of Operating Expenses
2019 Projected	\$23,630,949	\$23,630,949	\$862,995	3.65%	3.65%
2018	\$28,597,454	\$23,570,040	\$1,225,994	4.29%	5.20%
2017	\$25,700,775	\$22,987,804	\$1,038,855	4.04%	4.52%
2016	\$31,647,730	\$28,304,312	\$1,849,401	5.84%	6.53%
2015	\$18,059,417	\$18,059,417	\$3,293,611	18.24%	18.24%
2014	\$1,268,059	\$1,268,059	\$385,896	30.43%	30.43%



# BOARD EXPENSES

**Minimal board expenses means more money to give back to the state.**

Annual board expenses started higher in launch years and have steadily decreased since then. We keep board expenses to a minimum and are proud of the overall reduction.

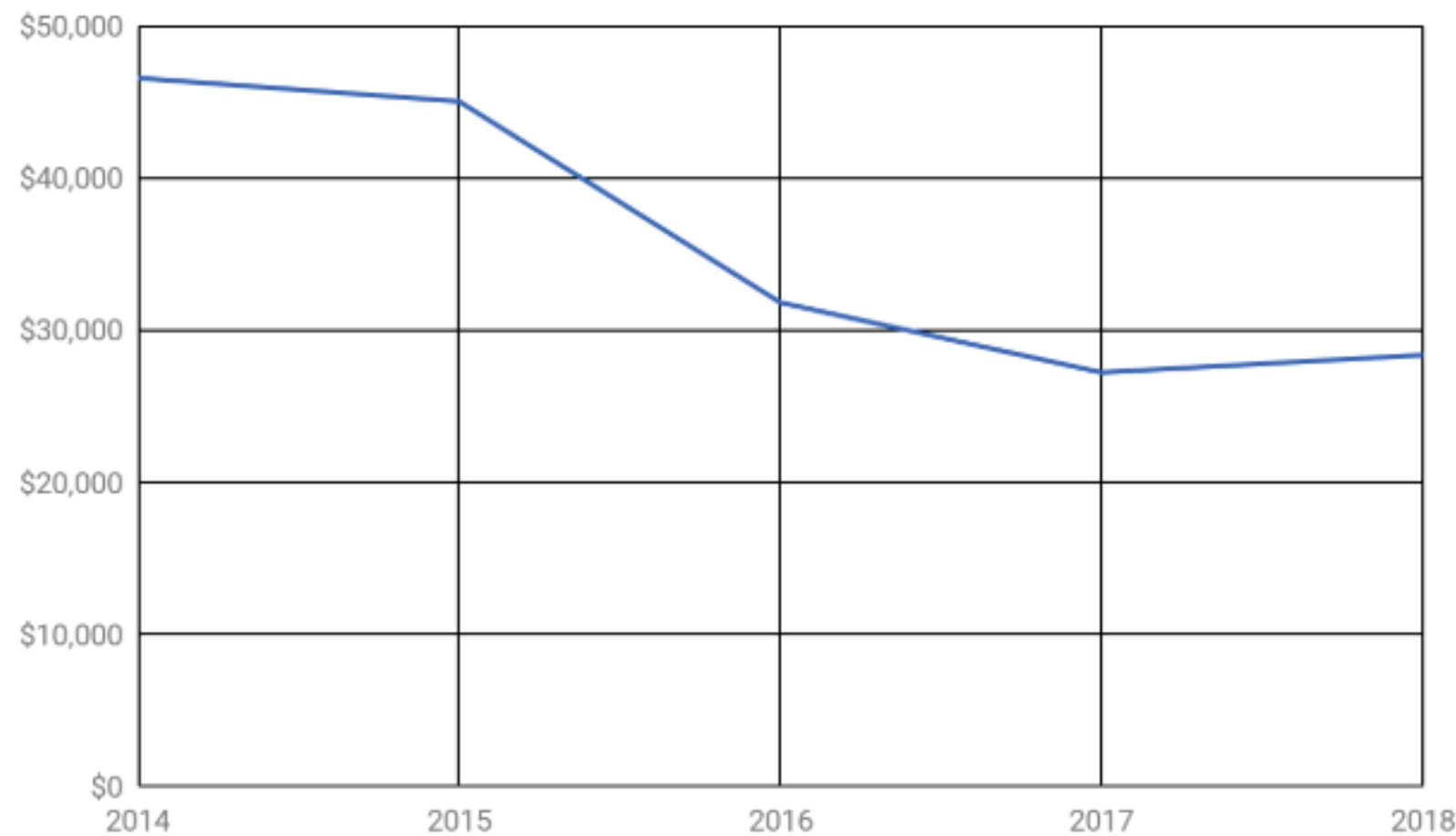
**Board Expenses Year Over Year FY 2014 - FY 2018**

	2018	2017	2016	2015	2014
Board of Directors compensation and meetings - Quarterly and all meetings and participation	\$28,330	\$27,184	\$31,785	\$45,010	\$46,550



# BOARD EXPENSES

Board Expenses Year Over Year



This data represents Board of Director compensation, which includes travel, per diems, meetings, and event participation.

According to State Statute: Each member shall only receive compensation from the corporation for each day or part of a day in which engaged in the performance of their official duties at the same salary and per diem provided members of the state legislature under W.S.28-5-101 and shall be reimbursed for actual and necessary expenses incurred in the performance of their official duties. Members shall receive no other compensation from the corporation.



## WINNERS & WINNINGS

Since WyoLotto's start, its players have won more than \$44M in prizes. In FY 2018, prizes to players totaled \$11.3M.

Prizes Awarded FY 2015 - FY 2018

	2018	2017	2016	2015
Cowboy Draw	\$5,289,569	\$7,474,425	\$9,598,303	\$2,576,499
Powerball	\$3,831,909	\$1,455,919	\$3,017,971	\$1,065,633
Mega Millions	\$755,130	\$808,322	\$5,820,105	\$913,565
Lucky for Life	\$1,460,372	\$774,538	\$0	\$0
<b>TOTAL</b>	<b>\$11,336,980</b>	<b>\$10,513,204</b>	<b>\$18,436,379</b>	<b>\$4,555,697</b>
<b>TOTAL \$ WON SINCE LAUNCH</b>	<b>\$44,842,260</b>			

Winners FY 2015 - FY 2018

	2018	2017	2016	2015
Cowboy Draw	338,862	352,232	479,015	128,779
Powerball	183,249	153,472	255,569	116,597
Mega Millions	136,458	194,972	479,015	239,166
Lucky for Life	183,682	134,626	N/A	N/A
<b>TOTAL</b>	<b>842,251</b>	<b>835,302</b>	<b>950,078</b>	<b>484,542</b>

### Takeaways:

- In 2018, WyoLotto had 6,949 more winners than the previous year and an increase of \$823,776 in prizes awarded.
- Lucky for Life was added to WyoLotto's product portfolio in FY 2017, and since its launch, Wyoming has had 318,308 Lucky for Life winners totaling prizes of \$2,234,910.
- Between FY 2017 and FY 2018, WyoLotto saw a big increase in total prizes awarded in Powerball and Lucky for Life.



## GIVING BACK

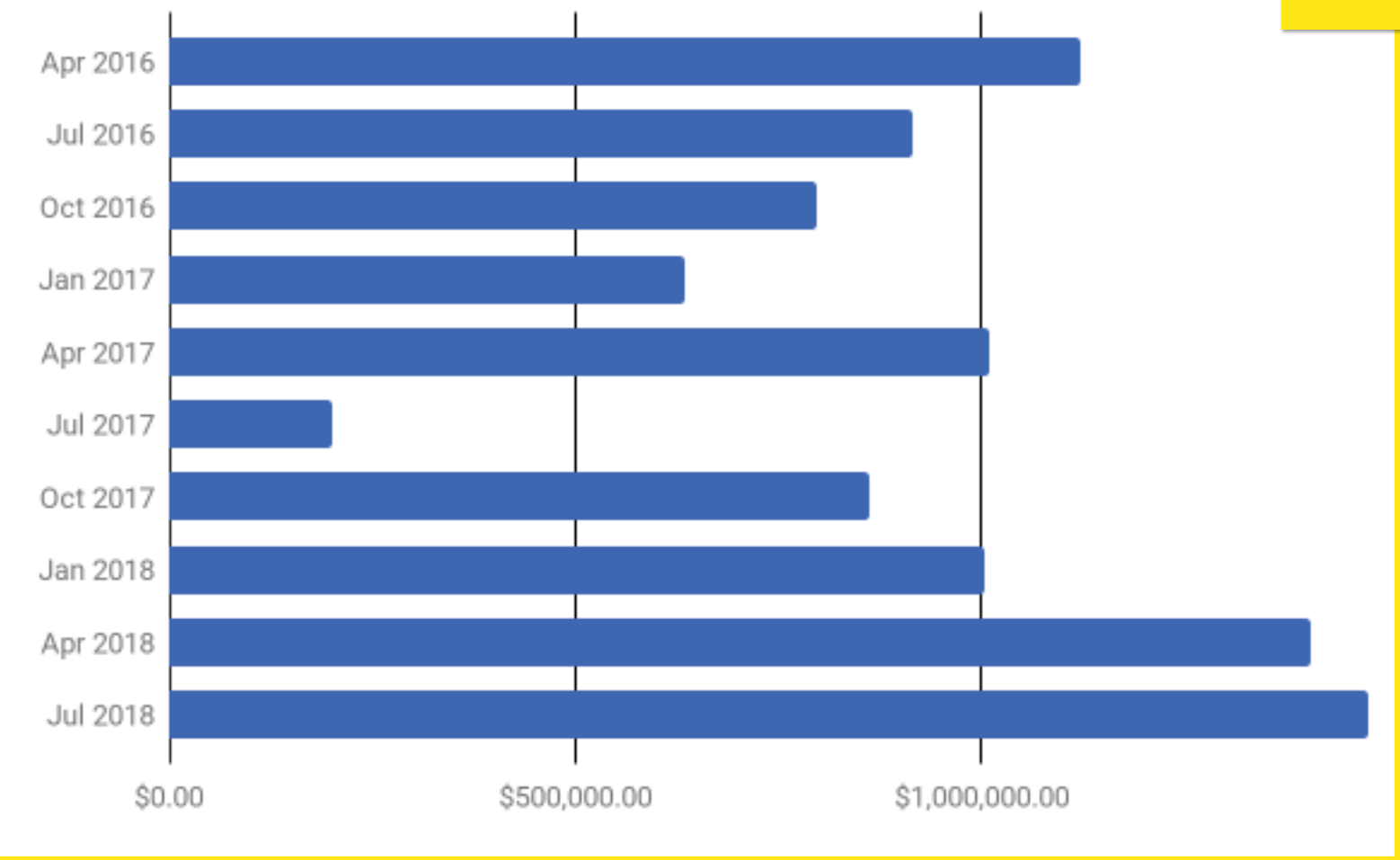
Since WyoLotto's start in 2015, we have given \$9.4M back to the city's, towns, and counties of Wyoming.

### Quarterly Transfers to the State of Wyoming (April 2016 - July 2018)

Apr 2016	\$1,120,000.00
Jul 2016	\$915,750.88
Oct 2016	\$797,638.43
Jan 2017	\$633,708.99
Apr 2017	\$1,007,976.28
Jul 2017	\$200,000.00
Oct 2017	\$862,263.36
Jan 2018	\$1,001,963.00
Apr 2018	\$1,405,492.00
Jul 2018	\$1,474,346.49
<b>TOTAL</b>	<b>\$9,419,139.43</b>



Quarterly Transfers to the State of Wyoming (April 2016 - July 2018)



Takeaways:

Every state transfer since January 2018 has surpassed \$1M. These are funds that are distributed to Wyoming’s cities, towns, and counties, where they decide how to best use it for local projects that benefit their communities.

GIVING BACK

Distributions by County

	2018	2017	2016
Albany	\$159,514.39	\$102,240.25	\$110,486.68
Big Horn	\$43,874.73	\$26,344.26	\$30,433.10
Campbell	\$381,217.03	\$309,908.58	\$388,587.02
Carbon	\$176,528.53	\$76,669.99	\$85,253.53
Converse	\$135,433.59	\$98,347.87	\$105,228.85
Crook	\$49,572.56	\$27,125.37	\$130,254.46
Fremont	\$195,157.82	\$104,413.31	\$519,369.91
Goshen	\$81,170.07	\$32,747.46	\$30,132.88
Hot Springs	\$32,719.02	\$15,752.98	\$17,013.35
Johnson	\$66,237.33	\$39,176.95	\$40,843.36
Laramie	\$756,577.71	\$390,536.36	\$414,789.13
Lincoln	\$120,614.19	\$6,616.14	\$68,876.34
Natrona	\$669,995.50	\$375,303.95	\$324,368.18
Niobrara	\$22,831.67	\$11,600.45	\$9,709.66
Park	\$149,587.08	\$84,775.78	\$101,737.58
Platte	\$74,417.86	\$40,563.00	\$43,283.95
Sheridan	\$202,804.33	\$106,244.40	\$113,723.00
Sublette	\$61,082.98	\$75,014.17	\$83,206.66
Sweetwater	\$506,289.70	\$276,734.76	\$315,214.68
Teton	\$111,854.35	\$207,974.00	\$295,408.66
Uinta	\$1,194,769.13	\$259,721.99	\$61,777.17
Washakie	\$45,480.56	\$21,715.51	\$23,985.37
Weston	\$52,040.32	\$23,444.10	\$29,734.67
TOTAL	\$5,289,770.45	\$2,712,971.63	\$3,343,418.19

Source: Wyoming State Treasurer’s website for Lottery Proceeds distribution reports, <https://statetreasurer.wyo.gov/Finances.aspx>



## RETAILERS

**Sales commissions to retailers totaled \$1.76M in FY 2018.**

WyoLotto is proud that the sale of its products benefits local communities through commissions and activating players to purchase other items when frequenting their local retailer.

### Top 10 Retailers

1	Flying J	Evanston	\$880,347.00
2	Discount Liquor	Evanston	\$801,689.00
3	Maverik Inc	Evanston	\$782,445.00
4	KIK's Chevron	Evanston	\$714,733.00
5	Hillcrest Chevron, Inc.	Evanston	\$528,873.00
6	Jolly Jacs, LLC	Evanston	\$431,740.00
7	Cowboy Joe's Liquor	Evanston	\$341,422.00
8	Pilot Travel Center #141	Evanston	\$312,697.00
9	Evanston Shell	Evanston	\$278,952.00
10	King Soopers	Cheyenne	\$247,520.00

### Retailer Commission by County

County	2018 Retailer Commission (July 1, 2017 - June 30, 2018)	Total Retailer Commission Since Launch (Aug 2014 - June 30, 2018)
Albany	\$53,226.76	\$186,931.50
Bighorn	\$14,300.94	\$55,510.78
Campbell	\$125,900.45	\$496,932.82
Carbon	\$58,564.70	\$215,794.00
Converse	\$44,322.59	\$179,204.96
Crook	\$16,435.25	\$60,254.39
Freemont	\$65,555.13	\$261,127.00
Goshen	\$27,411.34	\$101,591.59
Hot Springs	\$10,615.77	\$42,481.01
Johnson	\$21,886.94	\$80,786.86
Laramie	\$241,527.45	\$874,219.79
Lincoln	\$41,702.09	\$150,376.51
Natrona	\$212,753.15	\$832,169.05
Niobrara	\$7,972.42	\$29,885.98
Park	\$50,060.48	\$179,817.48
Platte	\$24,844.43	\$99,572.55
Sheridan	\$68,888.83	\$254,734.92
Sublette	\$22,026.85	\$91,042.32
Sweetwater	\$168,603.59	\$633,613.21
Teton	\$40,633.25	\$151,788.50
Uinta	\$414,631.97	\$1,350,989.86
Washakie	\$15,238.99	\$56,942.52
Weston	17788.54	\$68,431.67
<b>TOTAL</b>	<b>\$1,764,891.91</b>	<b>\$6,454,199.27</b>



## CORPORATE RESPONSIBILITY



**WyoLotto is committed to corporate responsibility, our players, and our state.**

### PROBLEM GAMBLING

Leading up to the much-anticipated Wyoming Lottery Corporation launch in 2014, key lottery staff members organized a team to follow the Wyoming Legislature mandate to promote safe gambling in Wyoming.

Shortly thereafter, in partnership with the Wyoming Department of Health, the Wyoming Lottery formed the Wyoming Responsible Gambling Coalition (WRGC)—a team of key stakeholders from a variety of industries across the state.

In those early days, the coalition worked hard to define priority initiatives that would carry its purpose forward, including a benchmark study to gauge problem gambling in Wyoming,

a pilot study to research problem gambling in Fremont County, and the development of a responsible gaming certification program designed in coordination with the University of Duluth.

Today, the coalition is actively pursuing projects that encourage responsible gaming and help limit the addictive behaviors commonly associated with gambling, thus breaking the dependency cycle. In the next few years, the coalition intends to prioritize research, as well as strengthen marketing and communications to spread the message that gaming can and should be fun, not damaging.

The WRGC exists to foster smart gaming in Wyoming through statewide collaboration and creativity, and to encourage people to gamble responsibly. In partnership with the Department of Health, WyoLotto contributes financially and is an active participant in the WRGC.

We believe supporting those who struggle with gambling in our state is critical to show we care about Wyoming's players. We support responsible gaming.



## CORPORATE RESPONSIBILITY

### LOCAL SUPPORT & SPONSORSHIPS

Since startup, WyoLotto has worked to get our brand recognized by players throughout the state by sponsoring the biggest state events, including Cheyenne Frontier Days. We set a goal to be in as many communities as possible throughout the state and to focus on our relationship with retailers and smaller communities. In 2018, we visited ten communities across the state and executed fourteen localized events.

WyoLotto sponsored and participated in the following events in FY 2018:

- Fridays on the Plaza (Cheyenne)
- Wyoming Downs (Evanston)
- Sheridan Rodeo (Sheridan)
- Flying H Polo Club (Big Horn)
- Park County Fair (Powell)
- Sweetwater County Big Show (Rock Springs)
- Beartrap Music Festival (Casper)
- Sundance Burnout (Sundance)
- Wyoming State Fair (Douglas)
- Townsquare Media Eclipse Event (Casper)
- Edgefest (Cheyenne)

WyoLotto is also a major sponsor of University of Wyoming Athletics. We provide entertainment at football and basketball games throughout the season.



## COMPLIANCE

**Having top-notch finances, compliance, and security is our top priority.**

	2018	2017	2016	2015
<b>McGee, Hearne &amp; Paiz (MH&amp;P)</b>	Successful Financial Statement Audit by MHP	Successful Financial Statement Audit by MHP	Successful Financial Statement Audit by MHP	Successful Financial Statement Audit by MHP
<b>Security</b>	-MUSL Security Audit -Compliance checks of Lottery Retailers -Annual RNG Certification	-MUSL Security Audit -Compliance checks of Lottery Retailers -Annual RNG Certification	-Independent Security Audit -Compliance checks of Lottery Retailers -Annual RNG Certification	-MUSL Audit Aug. 2014 -Compliance checks of Lottery Retailers -Annual RNG Certification
<b>Multi-State Lottery Association (MUSL)</b>	MUSL Compliance check of Vendor/Computer Locations	MUSL Compliance Checks of Vendor Facilities	MUSL Compliance Checks of Vendor Facilities	MUSL Compliance Checks of Vendor Facilities

## Takeaways:

### FINANCIAL

- WyoLotto avoids long-term debt—which results in unnecessary interest expense—leading to higher transfers to the state.
- A positive Net Position after only 5 years in operation
- Record breaking transfers to the state in FY 2018
- WyoLotto maintains a limited staff to maximize available funds for transfer.

### SECURITY AUDIT

- MUSL security audits and independent security audits were successful.
- The annual Random Number Generator (RNG) inspection showed proper certification revealing there was no tampering
- MUSL mandates that all vendor locations must have security inspections each year. Each location is secure and meets the MUSL requirements.



# WYOMING WINS

**We win when our winners, retailers, and cities, towns, and counties are winning.**

**Contributions to Wyoming 2017-2018**

	2018	2017
Winnings	\$11,336,980.00	\$10,513,204.00
Revenue Transfer	\$4,744,066.00	\$2,703,949.00
Retailer Commissions	\$1,715,973.00	\$1,557,965.99
Media	\$277,160.76	\$476,486.52
Problem Gambling	\$282,654.00	\$200,000.00
Sponsorships/Donations	\$173,912.00	\$93,251.00
	<b>\$18,530,745.76</b>	<b>\$15,544,856.51</b>

- Between 2017 and 2018, WyoLotto increased in almost all facets of contributions to Wyoming, including \$800K+ more to winners, \$2M more in revenue transfers to the state, \$150K+ more retailer commissions, \$80K+ more in responsible gambling initiatives, and \$80K+ more in sponsorships and donations around the state.
- WyoLotto gives back to Wyoming in multiple ways. Not only do we make direct revenue transfers to Wyoming, which is distributed according to statute, we also contribute to the state through winners, retailer commissions, sponsorships, and media dollars in the state.
- From the \$28,758,702.00 in 2018 total sales, our retailers received \$1,764,891.91 in commissions we pay out to them. Those Wyoming businesses have an additional source of revenue and an increase in traffic from lottery players that were previously going out of state.
- Our 842,251 winners are mostly Wyomingites, who spend their winnings locally, keeping those dollars in the state.
- When we have a media buy, we spend those dollars with local media outlets across Wyoming. Those outlets are local businesses and relationships that we value. These relationships help us to share our message as we established our brand.
- We also sponsor events in communities across Wyoming, including local fairs, rodeos, and music festivals.
- We contribute to the wellness of Wyoming through our support of the Wyoming Responsible Gaming Coalition, a committee of Wyoming businesses, nonprofits, state entities, and mental health providers that support responsible gaming around the state.





**THANK YOU!**