

South Dakota Lottery Commission
September 17, 2015 – 10:00 a.m.
Room 412, State Capitol, Pierre, SD

**Please read all materials provided in the packet
and print and bring the Agenda and all Exhibits*

Listen live at <http://sdpb.sd.gov/player/412.html>



Meeting Agenda

- | | |
|---|------------------|
| 1. Welcome | Chuck Turbiville |
| 2. Approval of Agenda | Chuck Turbiville |
| 3. Approval of Minutes from July 30, 2015 meeting | Chuck Turbiville |
| 4. Secretary of Revenue Comments | Andy Gerlach |
| 5. Executive Director Comments | Norm Lingle |
| 6. Strategic Plan | Norm Lingle |
| 7. FY17 Budget Request | Norm Lingle |
| 8. Video Lottery Performance Reports | Clark Hepper |
| 9. Video Lottery Manufacturer Licensing Process | Clark Hepper |
| 10. Video Lottery Report [Exhibit A-B] | Robyn Seibel |
| 11. Lawrence and Schiller Market Research Project | John Keyes |
| 12. Public Relations/Advertising Report | John Keyes |
| 13. Declaratory Ruling 16-1: Lotto Retailer Incentive | Joe Willingham |
| 14. Sales Report [Exhibits C-D-E-F] | Joe Willingham |
| 15. Next Meeting Date – December 10, 2015 | Norm Lingle |
| 16. Adjournment | Chuck Turbiville |

Expiration Dates of Commissioner Terms

Bob Hartford	01/01/2017	Chuck Turbiville	01/01/2016
Doyle Estes	01/01/2017	Brent Dykstra	01/01/2018
Jim Putnam	01/01/2017	Roger Novotny	01/01/2018
Jim Towler	01/01/2016		

*Individuals wanting to testify before the Lottery Commission must sign the attendance sheet
and in prefacing their remarks, state their name and the entity they represent.*

NOTE: This meeting is being held in a physically accessible location. Individuals needing assistance, pursuant to the Americans with Disabilities Act, should contact the South Dakota Lottery at 605.773.5770 in advance of the meeting to make any necessary arrangements.

**South Dakota Lottery
Instant/Online - 0281
Informational Budget**

	FY2014 <u>Actual Exp</u>	FY2015 Actual Exp (Unaudited)	FY2015 Budget	FY2015 Budget (Over) Under	FY2016 Budget	FY2017 Request	FY2017 Inc./Dec.)
1 Personal Services							
2 Salaries	\$899,843	\$874,757	\$1,038,327	\$163,570	\$1,081,611	\$1,081,611	\$0
3 Benefits	307,812	287,987	323,755	35,768	329,889	329,889	0
4 Total Personal Services	<u>1,207,655</u>	<u>1,162,744</u>	<u>1,362,082</u>	<u>199,338</u>	<u>1,411,500</u>	<u>1,411,500</u>	<u>0</u>
5							
6 FTE:	20.3	19.7	21.0	1.3	21.0	21.0	0.0
7							
8 Travel							
9 In-State	111,932	108,882	139,000	30,118	139,000	139,000	0
10 Out-of-State	9,497	8,391	6,300	(2,091)	6,300	6,300	0
11 Board/Comm.	2,346	1,737	1,384	(353)	1,384	1,384	0
12 Total Travel	<u>123,775</u>	<u>119,010</u>	<u>146,684</u>	<u>27,674</u>	<u>146,684</u>	<u>146,684</u>	<u>0</u>
13							
14 Contractual Services							
15 Dues & Subscriptions	11,823	20,557	12,300	(8,257)	12,300	12,300	0
16 Consulting				0			
17 Legal	125	750	0	(750)	0	0	0
18 Computer - GTECH	2,111,264	1,868,271	2,325,000	456,729	2,325,000	2,325,000	0
19 Registration Fees	3,147	3,740	1,000	(2,740)	1,000	1,000	0
20 Computer Services - BIT	229,803	358,150	226,967	(131,183)	244,367	244,367	0
21 Advertising	574,955	584,925	675,000	90,075	675,000	675,000	0
22 Marketing	125,426	95,781	152,000	56,219	152,000	152,000	0
23 Central Services	42,073	48,258	33,615	(14,643)	36,481	36,481	0
24 Equipment Maintenance	0	0	2,160	2,160	2,160	2,160	0
25 Janitorial Services	3,148	4,136	10,179	6,043	17,042	17,042	0
26 Equipment Rental	2,027	2,033	2,000	(33)	2,000	2,000	0
27 Telephone	18,909	19,338	16,000	(3,338)	16,000	16,000	0
28 GTECH - Comm. Fees	410,424	412,216	410,000	(2,216)	410,000	410,000	0
29 Office Rent	89,859	98,697	97,200	(1,497)	97,200	97,200	0
30 Utilities	11,985	10,999	12,000	1,001	12,000	12,000	0
31 Freight	11,596	3,936	4,000	64	4,000	4,000	0
32 Instant Ticket Delivery	97,530	116,389	95,000	(21,389)	95,000	95,000	0
33 Insurance Premiums	2,565	2,531	5,000	2,469	5,000	5,000	0
34 Storage/Microfilm Costs	2,714	1,666	2,600	934	2,600	2,600	0

**South Dakota Lottery
Instant/Online - 0281
Informational Budget**

	FY2014 Actual Exp	FY2015 Actual Exp (Unaudited)	FY2015 Budget	FY2015 Budget (Over) Under	FY2016 Budget	FY2017 Request	FY2017 Inc./Dec.)	
35	Payments to MUSL	61,958	204,251	67,000	(137,251)	67,000	67,000	0
36	Other Contractual Services	23,853	19,147	36,868	17,721	36,868	36,868	0
37	Audit Services-State	32,046	25,169	22,000	(3,169)	22,000	22,000	0
38	Retailer Commission	3,001,556	2,820,399	2,868,600	48,201	2,868,600	2,868,600	0
39	Prize Expense	31,971,732	29,398,287	28,838,000	(560,287)	28,838,000	28,838,000	0
40	Total Contractual Services	<u>38,840,518</u>	<u>36,119,626</u>	<u>35,914,489</u>	<u>(205,137)</u>	<u>35,941,618</u>	<u>35,941,618</u>	<u>0</u>
41								
42	Supplies & Materials							
43	Office Supplies	13,354	12,383	16,000	3,617	16,000	16,000	0
44	Ticket Printing	535,620	415,483	625,000	209,517	625,000	625,000	0
45	Printing-State	1,481	3,832	3,000	(832)	3,000	3,000	0
46	Printing-Commercial	1,924	933	2,000	1,067	2,000	2,000	0
47	Postage	2,940	6,442	3,300	(3,142)	3,300	3,300	0
48	Promotional Supplies	106,050	56,924	78,000	21,076	78,000	78,000	0
49	Other Supplies	63	170	1,700	1,530	1,700	1,700	0
50	Total Supplies & Materials	<u>661,432</u>	<u>496,167</u>	<u>729,000</u>	<u>232,833</u>	<u>729,000</u>	<u>729,000</u>	<u>0</u>
51								
52	Capital Assets							
53	Computer Hardware,							
54	Software, Other Assets	35,288	37,399	40,000	2,601	40,000	40,000	0
55	Total Capital Assets	<u>35,288</u>	<u>37,399</u>	<u>40,000</u>	<u>2,601</u>	<u>40,000</u>	<u>40,000</u>	<u>0</u>
56								
57	Other							
58	Escrow to Reservations	68,184	65,143	79,000	13,857	79,000	79,000	0
59	Total Other	<u>68,184</u>	<u>65,143</u>	<u>79,000</u>	<u>13,857</u>	<u>79,000</u>	<u>79,000</u>	<u>0</u>
60								
61	Total Operating Expenditures	<u>39,729,197</u>	<u>36,837,345</u>	<u>36,909,173</u>	<u>71,828</u>	<u>36,936,302</u>	<u>36,936,302</u>	<u>0</u>
62								
63	Instant/On-Line Total	<u>\$40,936,852</u>	<u>\$38,000,089</u>	<u>\$38,271,255</u>	<u>\$271,166</u>	<u>\$38,347,802</u>	<u>\$38,347,802</u>	<u>\$0</u>
64								
65	Video Lottery Total	<u>\$1,895,323</u>	<u>\$2,204,670</u>	<u>\$2,584,434</u>	<u>\$379,764</u>	<u>\$2,612,459</u>	<u>\$2,612,459</u>	<u>\$0</u>
66								
67	Lottery Grand Total	<u>\$42,832,175</u>	<u>\$40,204,759</u>	<u>\$40,855,689</u>	<u>\$650,930</u>	<u>\$40,960,261</u>	<u>\$40,960,261</u>	<u>\$0</u>

**South Dakota Lottery
Video Lottery - 0282
Budget**

	FY2014 <u>Actual Exp</u>	FY2015 Actual Exp <u>(Unaudited)</u>	FY2015 Budget	FY2015 Budget <u>(Over) Under</u>	FY2016 <u>Budget</u>	FY2017 <u>Request</u>	FY2017 <u>Inc./Dec.</u>
1 Personal Services							
2							
3 Salaries	\$428,655	\$491,475	\$496,624	\$5,149	\$513,681	\$513,681	\$0
4 Benefits	154,056	163,041	158,677	(4,364)	158,677	158,677	0
5 Total Personal Services	<u>582,711</u>	<u>654,516</u>	<u>655,301</u>	<u>785</u>	<u>672,358</u>	672,358	<u>0</u>
6							
7 FTE:	10.2	11.0	10.0	(1.0)	10.0	10.0	0.0
8							
9 Travel							
10							
11 In-State	5,892	5,619	7,700	2,081	7,700	7,700	0
12 Out-of-State	3,528	1,714	5,118	3,404	5,118	5,118	0
13 Board/Comm.	2,463	2,233	2,800	567	2,800	2,800	0
14 Total Travel	<u>11,883</u>	<u>9,566</u>	<u>15,618</u>	<u>6,052</u>	<u>15,618</u>	15,618	<u>0</u>
15							
16							
17 Contractual Services							
18							
19 Dues & Subscriptions	5,028	12,066	6,100	(5,966)	6,100	6,100	0
20 Consulting - Legal	0	250	0	(250)	0	0	0
21 Registration Fees	426	2,114	2,000	(114)	2,000	2,000	0
22 Computer Services	21,464	20,296	46,558	26,262	49,177	49,177	0
23 Comp Services-VL System	771	30,404	8,500	(21,904)	8,500	8,500	0
24 Central Services	17,122	18,541	23,095	4,554	24,301	24,301	0
25 Janitorial Services	134	176	4,541	4,365	11,684	11,684	0
26 Advertising	101,174	87,610	100,500	12,890	100,500	200,500	100,000
27 Equipment Rental	578	671	4,500	3,829	4,500	4,500	0
28 Telephone	147,210	168,648	165,500	(3,148)	165,500	165,500	0
29 Office Rent	37,686	40,602	39,500	(1,102)	39,500	39,500	0
30 Utilities	542	504	1,470	966	1,470	1,470	0
31 Freight	0	28	500	472	500	500	0
32 Insurance Premiums	3,135	3,093	3,000	(93)	3,000	3,000	0
33 Equipment Maintenance	0	130	1,000	870	1,000	1,000	0
34 Computer Consulting - SGI	553,618	595,698	803,998	208,300	803,998	703,998	(100,000)

**South Dakota Lottery
Video Lottery - 0282
Budget**

	FY2014 <u>Actual Exp</u>	FY2015 Actual Exp (Unaudited)	FY2015 Budget	FY2015 Budget (Over) Under	FY2016 Budget	FY2017 Request	FY2017 Inc./Dec.
35	Inspection Services provided						
36	by Dept. of Public Safety						
	186,851	200,014	200,000	(14)	200,000	200,000	0
37	39,168	14,177	54,137	39,960	54,137	54,137	0
38	9,489	27,608	25,000	(2,608)	25,000	25,000	0
39	<u>1,124,396</u>	<u>1,222,630</u>	<u>1,489,899</u>	<u>267,269</u>	<u>1,500,867</u>	<u>1,500,867</u>	<u>0</u>
40							
41	Supplies & Materials						
42							
43	6,619	10,325	10,000	(325)	10,000	10,000	0
44	1,140	3,642	3,000	(642)	3,000	3,000	0
45	2,508	0	3,000	3,000	3,000	3,000	0
46	5,659	9,208	13,000	3,792	13,000	13,000	0
47	16	12	616	604	616	616	0
48	0	4,212	0	(4,212)	0	0	0
49	<u>15,942</u>	<u>27,399</u>	<u>29,616</u>	<u>2,217</u>	<u>29,616</u>	<u>29,616</u>	<u>0</u>
50							
51	Capital Assets						
52							
53							
54	Computer Hardware,						
55	Software, Other Assets						
	7,738	85,512	180,000	94,488	180,000	180,000	0
56	<u>7,738</u>	<u>85,512</u>	<u>180,000</u>	<u>94,488</u>	<u>180,000</u>	<u>180,000</u>	<u>0</u>
57							
58	Other						
59							
60	Operating Transfers Out						
61	152,653	205,047	214,000	8,953	214,000	214,000	0
62	<u>152,653</u>	<u>205,047</u>	<u>214,000</u>	<u>8,953</u>	<u>214,000</u>	<u>214,000</u>	<u>0</u>
63							
64	<u>1,312,612</u>	<u>1,550,154</u>	<u>1,929,133</u>	<u>378,979</u>	<u>1,940,101</u>	<u>1,940,101</u>	<u>0</u>
65							
66							
67	<u>\$1,895,323</u>	<u>\$2,204,670</u>	<u>\$2,584,434</u>	<u>\$379,764</u>	<u>\$2,612,459</u>	<u>\$2,612,459</u>	<u>\$0</u>

Net Machine Revenue & Terminal and Establishment Averages

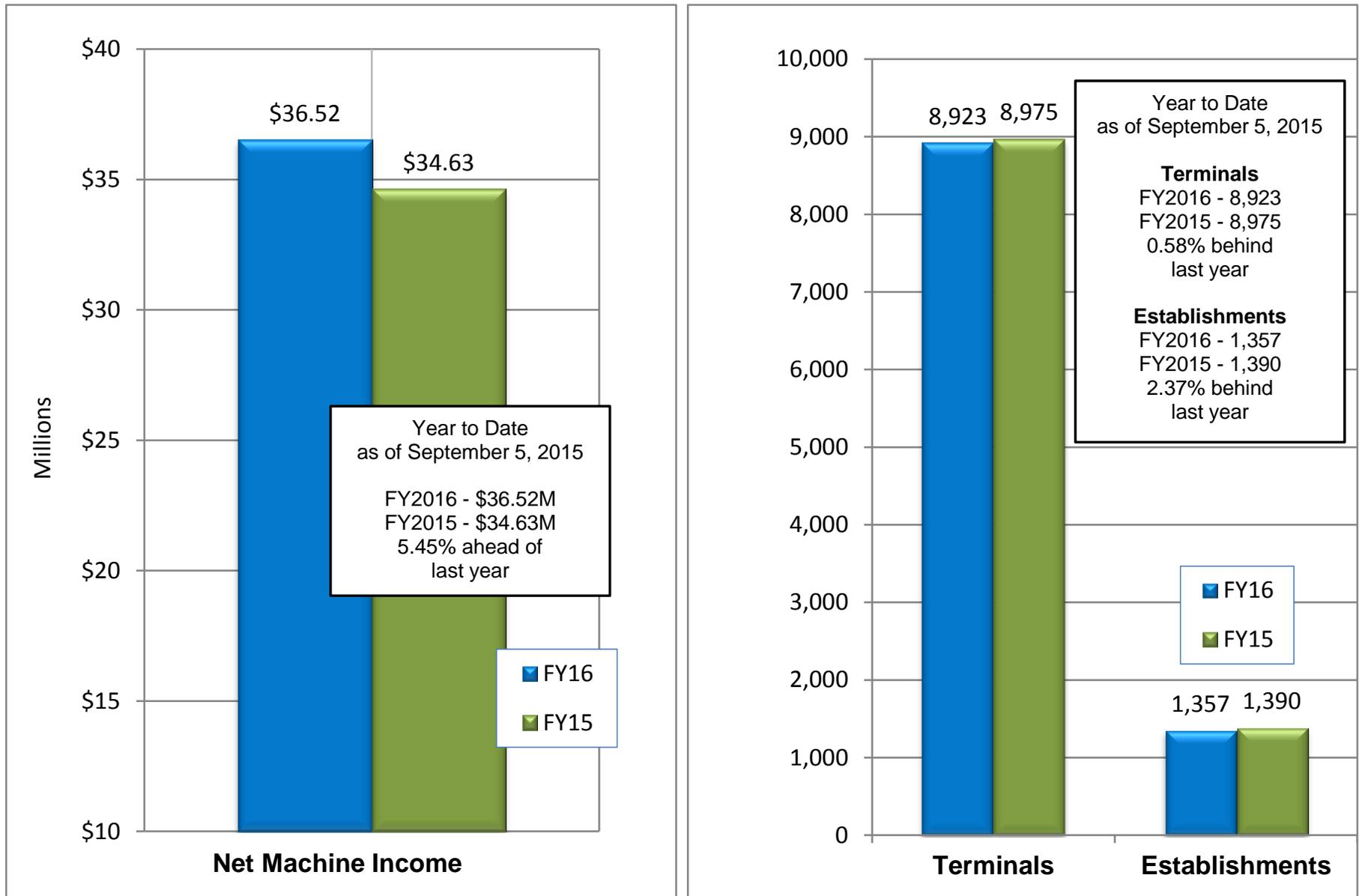
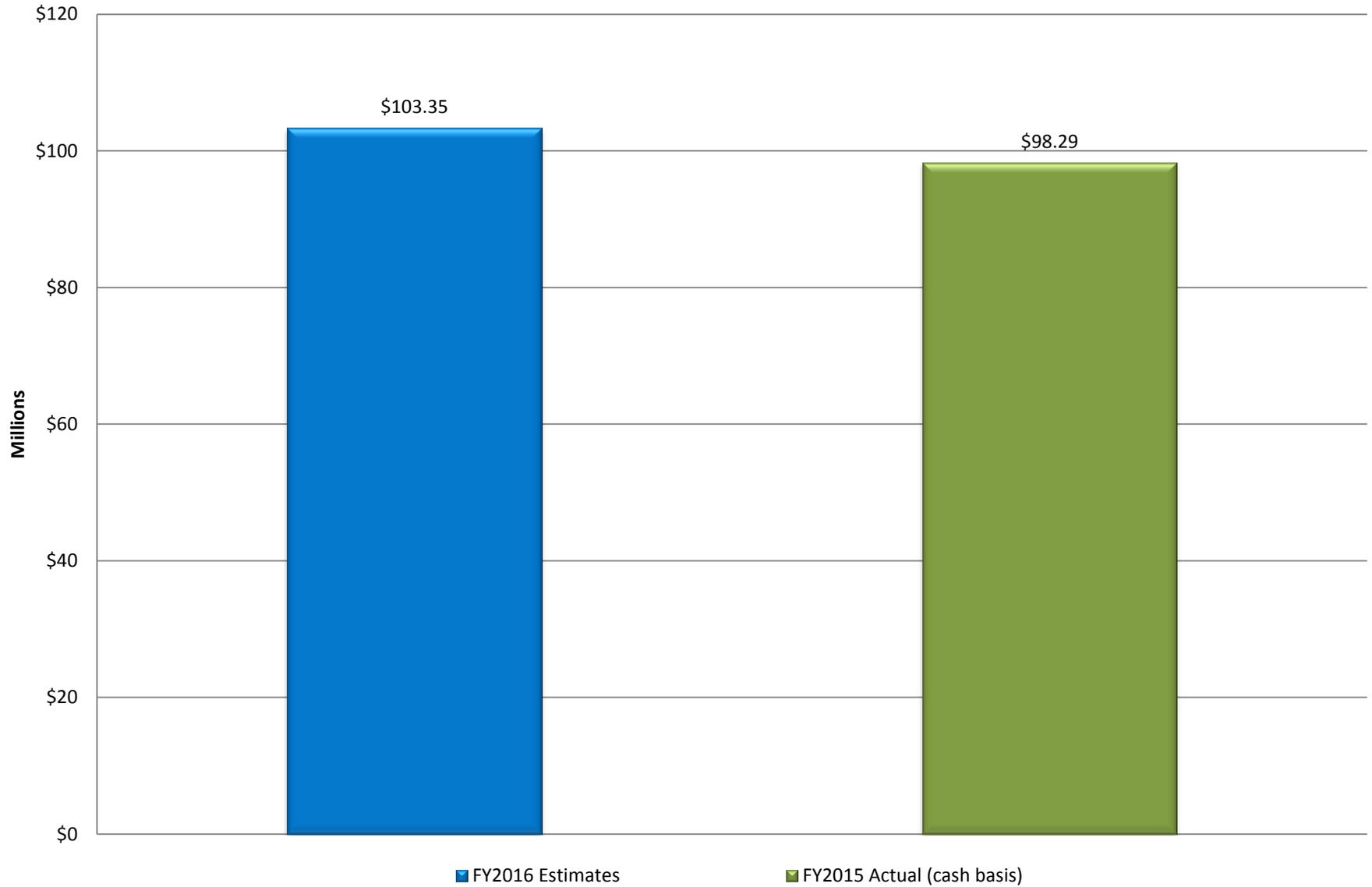
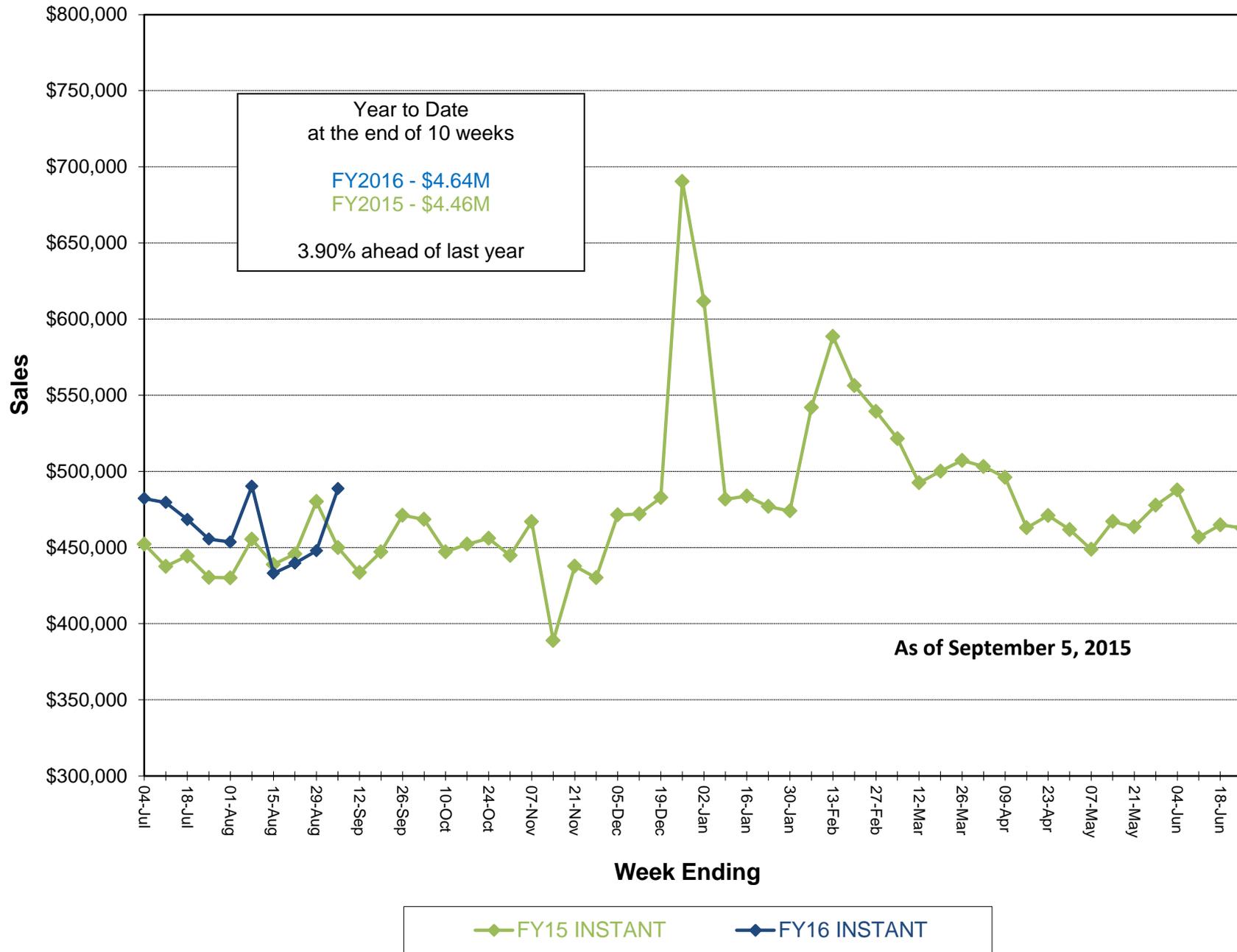


Exhibit B

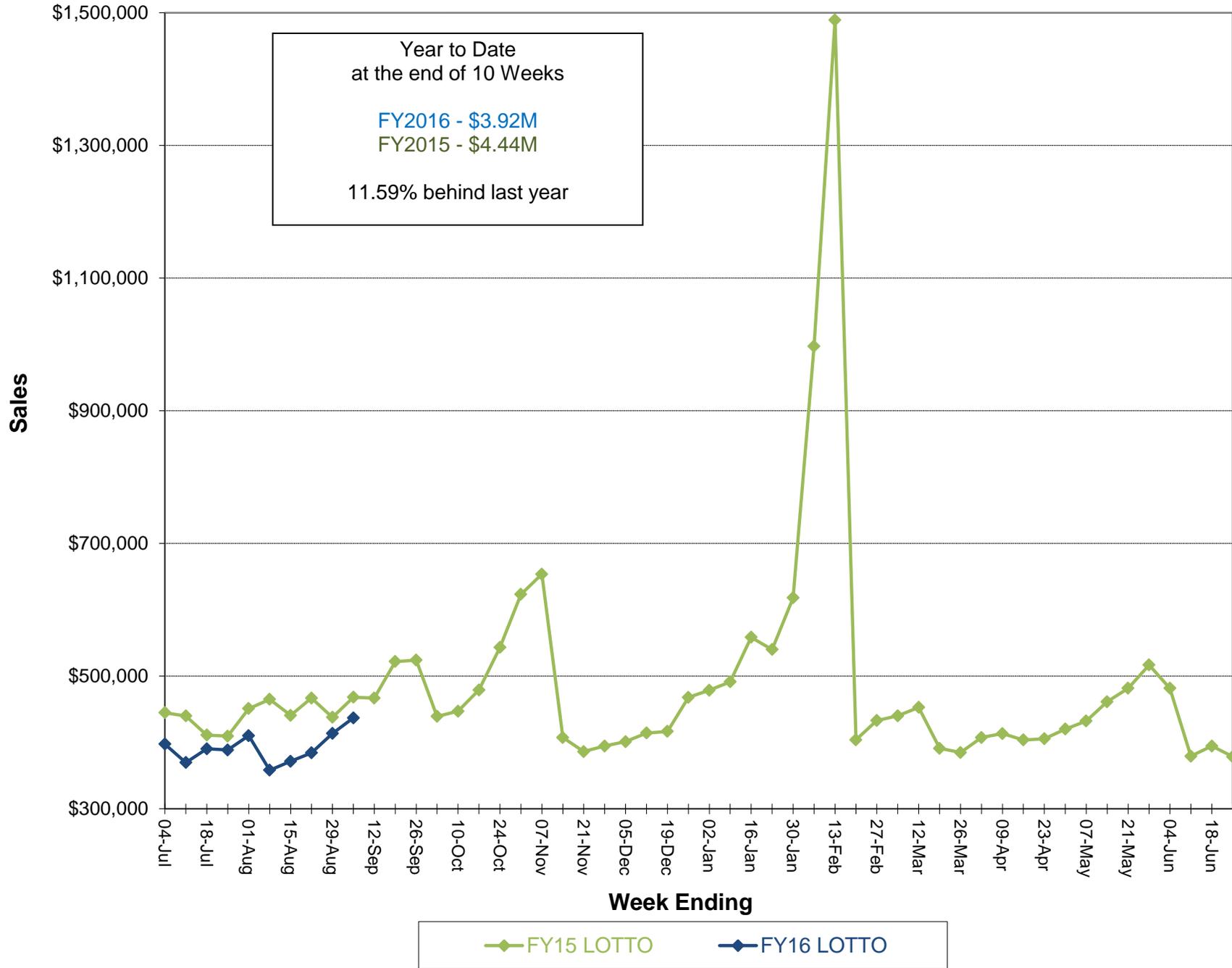
Video Lottery FY16 Revenue Projection Through August 31, 2015



Instant Ticket Sales



Lotto Sales



Instant and Online FY16 Revenue Projections Through August 31, 2015

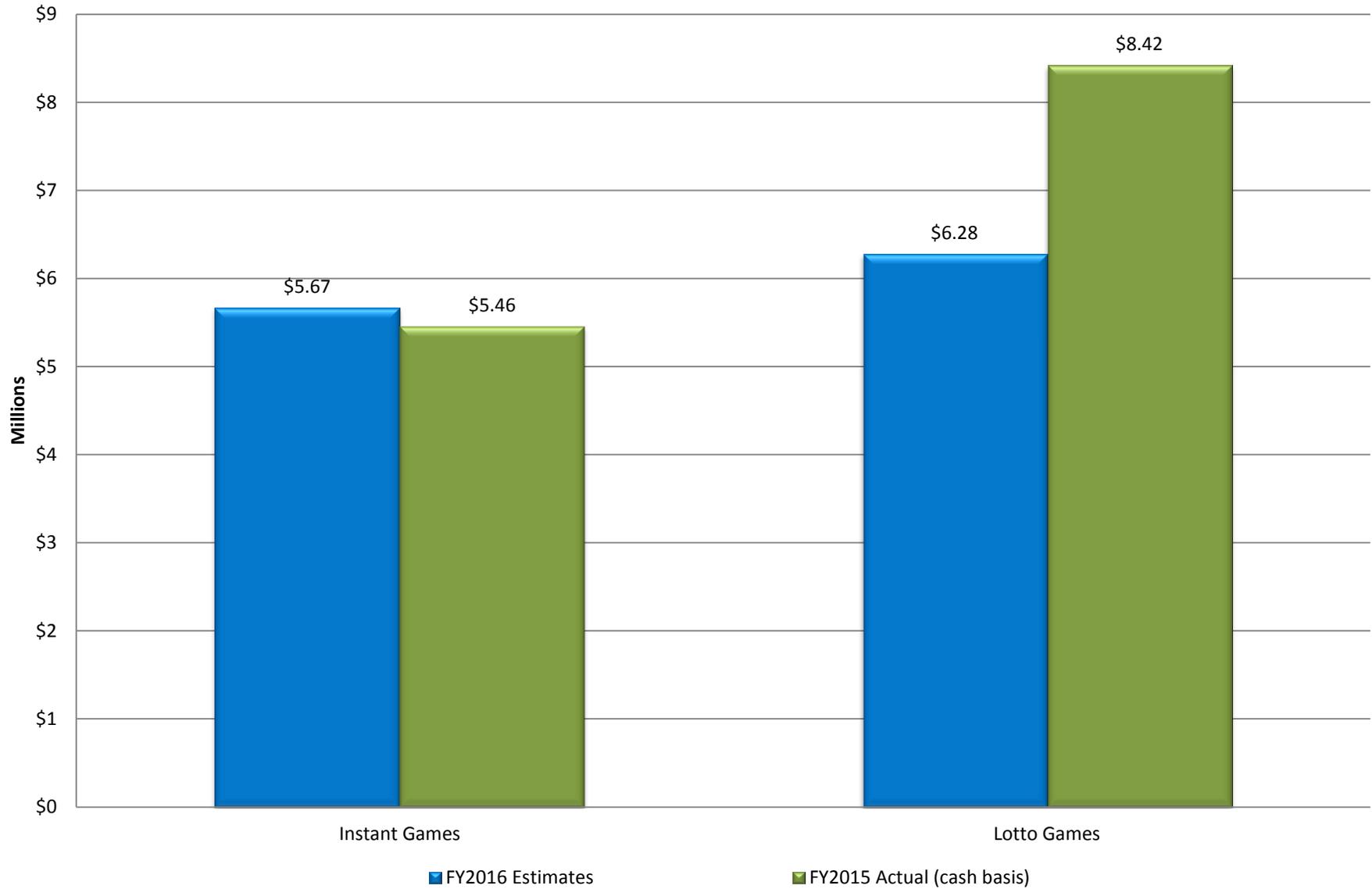


Exhibit F

Total FY16 Revenue Projections Through August 31, 2015

