

Philip D. Murphy, Governor Sheila Y. Oliver, Lt. Governor Elizabeth Maher Muoio, State Treasurer James A. Carey, Executive Director

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Media Inquiries:

Missy Gillespie Communications Manager PublicInfo@lottery.nj.gov Phone: (609) 599-5875

NJ Lottery Announces Annual Audited Results Over \$1 Billion in Revenue Generated for the State

TRENTON (March 1, 2021) – The New Jersey Lottery released its Audit Report for Fiscal Year 2020 (FY20) today, marking the third consecutive year that the Lottery's contribution to support the State's financial obligations is over \$1 billion. The report is available for review on the Lottery's <u>website</u>.

For the fiscal year that ended on June 30, 2020, the Lottery generated \$3.215 billion in sales and contributed \$1.015 billion in revenue to the State, which is used to support New Jersey's public employee pension system for teachers, police, firefighters and other public employees. While sales were down 7.7% compared to the prior year, and the contribution to the State was down 8.1%, FY20 still produced the fourth-highest contribution on record.

"Fiscal Year 2020 was challenging in several ways, and the New Jersey Lottery stepped up to meet those challenges. There was only one Jackpot that exceed the \$300 million mark, which restricted (or limited) the player excitement and media interest that comes as jackpots roll higher and higher," said Lottery Executive Director James A. Carey, Jr. "In March 2020, the COVID-19 was declared a national emergency and lockdown measures put in place to combat the pandemic impacted sales. After a difficult March and April, the Lottery began to rebound in May and June and has continued to perform strongly since."

In addition to sales, the contribution to the State was also bolstered by a payment from Northstar New Jersey Lottery Group, the Lottery's sales and marketing vendor. In May of 2019, the Lottery amended the services agreement with Northstar and increased the performance targets that are used to calculate any incentive payment owed to Northstar. If the net income targets for a given fiscal year are not met, the incentive compensation is reduced or may be eliminated entirely, and Northstar may owe a contribution shortfall payment to the Lottery. Northstar did not meet the net income targets under the contract for Fiscal Year 2020 and consequently owed a shortfall payment of \$19,915,065, which became part of the Lottery's contribution to the State. By comparison, in Fiscal Year 2019, the Lottery paid Northstar \$26.1 million in incentive compensation paid.

The audit report released today also details prize payments, which are the Lottery's largest expense. In FY20, New Jersey players won \$1.970 billion. Additionally, a player from Middlesex County won the February 11, 2020 Mega Millions jackpot of \$202 million. Another player from Middlesex County won the April 8, 2020 Powerball jackpot of \$190 million. Seven players won second tier prizes of \$1 million or more from Powerball or Mega Millions. Three players hit the Pick-6 jackpot, and another 30 players won \$500,000 or more from Scratch-Offs or Jersey Cash 5. Additionally, the Lottery's network of just under 7,000 retailers earned \$185 million in commissions during the fiscal year.

The audited results show an increase to the State contribution from the press release dated July 30, 2020, which contained unaudited numbers. That increase is due to a variety of factors including: unclaimed prizes, unspent marketing money, funds saved in anticipation of an incentive payment, and Northstar's payment as a result of the shortfall.







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Since its inception in 1970, the Lottery has contributed over \$28 billion to the State, helping to bolster the public employee pension system for teachers, police and fire personnel and other public employees, as well as supporting businesses and communities throughout New Jersey.

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