



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

for the fiscal year ended June 30, 2015

Over \$1.7 billion to

education

NHLottery

New Hampshire Lottery Commission
A department of the State of New Hampshire

NEW HAMPSHIRE LOTTERY COMMISSION

A DEPARTMENT OF THE STATE OF NEW HAMPSHIRE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the fiscal year ended
June 30, 2015**

Prepared by:

The New Hampshire Lottery Commission

Charles R. McIntyre
Executive Director

The Finance Department

John Pedone
Accountant III

\$20

NEW HAMPSHIRE LOTTERY®

HOT MILLIONS

OVER \$10 MILLION IN CASH PRIZES!

WIN \$1,000,000!*

Find a "\$" symbol, win prize shown. Find a "\$\$" symbol, win DOUBLE the prize shown.

Find a "\$" symbol, win ALL 15 prizes shown.

BONUS



BONUS GAME:
Find two like amounts, win that amount!
Bonus game played separately.

4 TOP PRIZES of \$1,000,000!*

Win up to 15 Times! PRIZE CHECK

000 ■



Hot Millions/Cool Millions, an Instant scratch game selling for \$20 per ticket, was the Lottery's 2nd highest seller of Instant scratch games, bringing in sales of \$7.2 million for fiscal year 2015.

New Hampshire Lottery Commission Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2015

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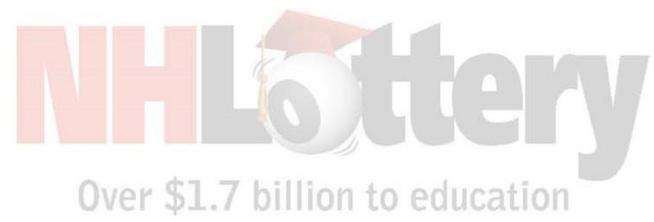
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Over \$1.7 billion to education

Introductory Section



Granite Millions, an Instant scratch game commemorating NH Lottery's 50th Anniversary in 2014 sold for \$25 per ticket and was the highest seller for the second consecutive fiscal year, bringing in sales of approximately \$16.1 million.



GOVERNOR Margaret Wood Hassan
CHAIRMAN Debra M. Douglas
COMMISSIONER Paul J. Holloway
COMMISSIONER David Gelinis
EXECUTIVE DIRECTOR Charles R. McIntyre

December 31, 2015

To the Citizens of the State of New Hampshire,
The Governor and Executive Council of the State of New Hampshire, and
The New Hampshire Lottery Commission:

We are pleased to submit the Comprehensive Annual Financial Report of the New Hampshire Lottery Commission (Lottery) for the fiscal year ended June 30, 2015. The finance department of the Lottery has prepared this comprehensive report. Management assumes full responsibility for the completeness and reliability of all information presented in this report. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the Lottery. All disclosures necessary to enable the reader to gain an understanding of the Lottery's financial activities have been included.

Internal Control

Management of the Lottery is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or abuse and to ensure that the accounting systems allow compilation of accurate and timely financial information. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of cost and benefits requires estimates and judgments by management.

Access to the Lottery's office and Instant ticket warehouse is limited through high-level security. The Lottery has segregated responsibilities to enhance controls over accounting procedures relative to personnel and payroll; purchasing and accounts payable; sales and accounts receivable; and general ledger. Management personnel maintain oversight and approval authority over all areas of operation. The Lottery's independent auditors review significant and relevant areas annually and issue a report to the Legislative Fiscal Committee on internal control and compliance in conjunction with their financial audit.

The Lottery manages a ticket inventory and controls the payment of prizes. As such, various precautions (internal controls) are taken to ensure the integrity and security of lottery operations. They are as follows:

- High-level security at the Lottery's headquarters restricts access to office and warehouse areas to authorized Lottery personnel.
- Security cameras are located in key locations throughout the inside and outside of the Lottery headquarters building, recording activity at all times and monitored by security personnel.

- Criminal record checks are performed on all new lottery employees and other employees performing services at Lottery headquarters.
- All Instant lottery tickets are printed utilizing special inks, dyes, and security codes, among other security measures.
- Prize checks are printed with special non-erasable ink.
- Drawings held at Lottery headquarters have a designated secure drawing room, which is monitored 24 hours a day. The actual drawings are executed according to detailed procedures, witnessed by certified public accounting firm personnel, and videotaped by primary and backup security cameras.
- Credit checks are performed on all Lottery retailers and contractors.
- Various levels of access and other controls are provided within the computer system.

The Lottery's financial statements have been audited by the State of New Hampshire Office of Legislative Budget Assistant, Audit Division (LBA). The LBA has issued an unmodified ("clean") opinion on the Lottery's financial statements for the year ended June 30, 2015. The independent auditor's report is presented as the first component in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements the financial statements and should be read in conjunction with this transmittal letter.

The Lottery, as a department of the State of New Hampshire, is included within the State's Comprehensive Annual Financial Report. This report presents all activities of the Lottery in a single enterprise fund and does not include data or information related to any other state agency or fund.

Profile of the Lottery

The lottery industry in the United States is comprised of 44 state lotteries, the District of Columbia, the U.S. Virgin Islands and Puerto Rico. The New Hampshire Lottery Commission (Lottery) was created in 1963 through the enactment of New Hampshire Revised Statutes Annotated (RSA) 284:21-a, for the sole purpose of raising revenues to help fund education in New Hampshire. The first tickets went on sale in March of 1964, making New Hampshire the first modern state-run lottery. A three-member appointed commission serves at the pleasure of the Governor and Executive Council.

The Lottery headquarters is located in the capitol city of Concord, which is in the central part of the state. The Lottery operates enterprise activities as a department of the State of New Hampshire. These activities include the sale of lottery tickets to the public and all necessary support functions. All profits are used exclusively for state aid to education in New Hampshire.

The Lottery is required to submit a biennial operating budget to the Governor for approval. The budget is further submitted to the Legislature for its approval and is ultimately included in the State of New Hampshire's operating budget. The Lottery's official budget, as adopted by the

Legislature, is prepared principally on a modified cash basis. Due to the nature of the Lottery's activities, the majority of its cost of sales expenses, such as prizes, vendor fees and retailer commissions, are not included in the budget. The Lottery budgets for approximately 4% of its total expenses that consist primarily of salaries and benefits, rental expenses, advertising and Instant ticket printing costs. Financial management staff consistently monitors adherence to budgeted appropriations.

The New Hampshire Lottery Commission provides customers the opportunity to participate in a variety of Instant and on-line lottery games. The Lottery is a member of three lottery joint ventures: the Tri-State Lotto Commission, comprised of New Hampshire, Maine, and Vermont Lotteries; the Multi-State Lottery Association, which is comprised of many state lotteries, and as such, operates a number of on-line games under those jurisdictions; and Lucky for Life, which is comprised of the sixteen states' lotteries and the District of Columbia. The following paragraphs describe the products offered by the Lottery.



Instant Games were introduced in New Hampshire in 1975 with a ticket called 'Lucky X'. Instant games are played by scratching the latex covering off the play area on the ticket. There are several ways to win on an Instant or "scratch" ticket, including matching three like dollar amounts, symbols or letters, or adding up numbers to a specified total. If the correct combination appears, the player becomes an "instant winner" without having to wait for the results of a drawing (although some tickets have a component that allows entry into a drawing). The Instant games offer a wide variety of game themes and ticket prices. Players can win anywhere from \$1 to \$2 million, depending on the game. The Lottery offered 95 Instant games during fiscal year 2015 with ticket prices ranging from \$1 to \$25.



Tri-State Pick 3/Pick 4 has been offered by Tri-State since 1996 and prior to that by New Hampshire since 1977 and is one of the Lottery's most consistently played games. Players can win twice a day, once at mid-day and again in the evening. For as little as fifty cents or as much as \$5 a player can purchase a ticket for a chance to win. This is the only game that offers tickets for less than a dollar. Players select a three or four digit number and select from several different play options. Numbers are drawn twice a day, seven days a week, for fixed prize amounts ranging from \$25 to \$25,000, depending on the dollar amount bet. Although the Pick 3/Pick 4 game is considered a mature product, it continues to maintain strong sales through its loyal players.



Tri-State Megabucks was the first multi-state product to be offered by any jurisdiction in the United States. It was also the Lottery's first lotto-type game and year after year it maintains a faithful player base. Megabucks has undergone some significant enhancements since its introduction in September 1985. The Megabucks game began with a 6 of 30 matrix and a weekly drawing each Saturday. The matrix changed to 6 of 36 in 1986 and to 6 of 40 in 1988. In 1990, the Tri-State Lotto Commission added a second jackpot drawing on Wednesdays. More changes faced the Megabucks game in 1997 with the addition of a bonus number, a new matrix of 6 of 42, and a guaranteed jackpot of \$500,000. On July 26th of 2009 Megabucks changed to Megabucks Plus, with guaranteed starting jackpots of \$1 million and lower tier prizes ranging from \$2 to \$30,000. The cost of a ticket went from \$1 to \$2. Players now choose five numbers from a matrix of 41 and one Megaball number from 1 to 6. A jackpot winner may designate how the jackpot will be paid whether in cash or as an annuity in 25 annual installments. Although this game is 30 years old, it still remains a profitable product for the Lottery, with a committed player base. This game is available as a subscription.



Lucky for Life sales began on March 11, 2012. It is a multi-jurisdictional game originally operated by the six New England state lotteries but expanded in January, 2015 and now includes an additional 10 states and the District of Columbia. Also added during this change was an increased matrix to 5 of 48 from 5 of 40, a decreased lucky ball matrix from 1 of 21 to 1 of 18, and easy pick remains a choice as well. For \$2 per chance players have the opportunity to win from 10 different prize levels: \$3, \$4, \$6, \$20, \$25, \$150, \$200, \$5,000, \$25,000 a year for life, or the top prize of \$1,000 a day for life. Drawings are held every Monday and Thursday evening at the Connecticut lottery headquarters.



Fast Play is a Tri-State online game that began in June of fiscal year 2006. It is an online game that plays like an Instant game and is generated by the lottery terminal at the time of purchase. There is no waiting for a drawing like the other online games. An individual plays the game and it is determined if they have won instantly. Each Fast Play game has a shelf life of approximately three months and over the course of the year, approximately twelve to fifteen different Fast Play games are offered which keeps the product fresh and exciting. Examples of the different games offered during the fiscal year are Stars and Stripes, Cash Pyramid, and Wild Card Joker. Tickets cost \$1, \$2, or \$5 each depending on the game. Top prizes range from \$500 to \$5,000. Additionally, in April of 2015 the Lottery introduced for the first time, three progressive jackpot Fast Play games for sale at \$1, \$2, and \$5 price points. The game is called Granite State Jackpot and it awards set prizes ranging from \$1 to \$800 along with a growing jackpot prize based on game sales. The Lottery's web site, www.nhlottery.org explains how each game is played.



POWERPLAY

New Hampshire Powerball is an online game jointly operated by the 37 member lotteries of the Multi-State Lottery Association (MUSL). A total of 47 lotteries participate in the sale of Powerball tickets, including the 37 MUSL members (which consist of 34 state lotteries, the U.S. Virgin Islands, Puerto Rico, and the District of Columbia) and the Mega Millions group (which consists of 10 state lotteries). This game was introduced in New Hampshire in November 1995, although it has been operated by the MUSL Association since April 1992. Players select one set of five numbers and one additional number designated as the “powerball” for each draw. The matrix is “5 of 59” for the set and “1 of 35” for the powerball. The minimum jackpot is \$40 million, which rolls over in the event that no ticket matches all five numbers and the powerball. Powerball offers eight secondary prizes of fixed amounts ranging from \$4 to \$1,000,000 for a \$2 bet. For an extra \$1 a player can Power Play their bet for the chance to increase their winnings, except for the jackpot prize, up to \$2,000,000. A jackpot winner may designate how the jackpot will be paid whether in cash or as an annuity in 30 annual installments. Drawings are held in Orlando, Florida on Wednesdays and Saturdays. This game also offers ticket sales through subscriptions.



New Hampshire Hot Lotto is sponsored by the Multi-State Lottery Association (MUSL). Currently 14 state lotteries and the District of Columbia participate in the Hot Lotto game. The cost of a ticket is \$1. Similar to other draw games, each ticket has a two-part play. First, the player selects five numbers from a matrix of 1 to 47 and then one hot ball number from a matrix of 1 to 19. Players may pay an additional \$1 per bet to add the “Sizzler” feature, which will increase their winnings, except for the jackpot, by three times. Drawings are held on Wednesday and Saturday evenings. The tax free jackpot starts at \$1 million and grows until someone wins. In addition to the jackpot, there are eight other ways to win from \$2 up to \$30,000 for a \$1 bet. This game also offers ticket sales through subscription.



New Hampshire Mega Millions sales began on January 31, 2010. Like Powerball, Mega Millions is also a MUSL game although prior to January 31, 2010 any state that sold Powerball could not sell Mega Millions and vice versa. The game began in August 1996 as “The Big Game” and holds the record for the largest jackpot in North American history. There are a total of 45 jurisdictions where you can play Mega Millions: 43 states, the U.S. Virgin Islands, and the District of Columbia. Players can purchase a ticket for \$1. Players select one set of five numbers and one additional number designated as the “mega ball” for each draw. The matrix is “5 of 75” for the set and “1 of 15” for the mega ball. The minimum jackpot is \$15 million, which rolls over in the event that no ticket matches all five numbers and the mega ball. Mega Millions offers secondary prizes of fixed amounts ranging from \$1 to \$1,000,000 for a \$1 bet. Mega-Plier is a feature added to the game giving players the chance to increase their winnings, except for the jackpot prize, by up to five times. In order to upgrade to a Mega-Plier, a player needs only to pay an extra dollar. A jackpot winner may designate how the jackpot will be paid whether in cash or as an annuity in 26 annual installments. Drawings are held in Atlanta, Georgia on Tuesdays and Fridays. This game also offers ticket sales through subscriptions.



The New Hampshire Lottery excitedly launched a new Tri-State game called Gimme 5 on May 12, 2013 in conjunction with the Vermont and Maine State Lotteries. Tickets are sold for \$1 per play and players choose five numbers from a matrix of 1 - 39, or an Easy Pick. Participants are permitted to purchase up to 30 draws on one ticket and drawings are held every Monday, Wednesday, and Friday at the State of New Hampshire Lottery Headquarters. Prizes include \$2, \$7, \$250, and a jackpot of \$100,000.



Monopoly™ is an online draw game operated by the Multi-State Lottery Association (MUSL) and licensed by MUSL through Parker Brothers, a subsidiary of Hasbro. Players purchase tickets for \$5 and select 5 numbers in a matrix of 1 to 52 or choose Easy Pick. Players are also randomly assigned by the lottery terminal a Millionaire's Club number and one Monopoly™ property with a corresponding number between 1 and 28. One ticket gives a player the opportunity to win three different ways. The weekly top prize drawing awards prizes from 11 different levels ranging from \$5 up to a top prize of between \$15 million and \$25 million. The second chance drawing occurs whenever the top prize is won, and awards \$1 million to anyone matching the Millionaires' Club number. The property that is listed on the play ticket is combined with other property designations on other play tickets purchased by the same player in order to form the coinciding property set from the Monopoly™ game board. Once that is accomplished, the player can sign up online for entries to win a trip to Las Vegas, NV and be eligible to appear as a contestant on the Monopoly Millionaires' Club television game show. Drawings are held weekly at the MUSL headquarters in Des Moines, Iowa on Friday evenings. As of December 26, 2014 the Monopoly™ game has been suspended nationwide.

Local economy

New Hampshire is a small state with a population of approximately 1.3 million. According to the United States Census Bureau, in 2013 New Hampshire had the highest standard of living in the U.S. and between the years 2009-2013 New Hampshire ranked as the fourth highest state for having adults aged 25 and above with high school degrees or better. The U.S. Census Bureau also ranked New Hampshire as the 8th highest state for adults having college degrees or better (as of the writing of this report, 2013 data is the most recent). In 2014, several national news agencies, such as USA Today and The Washington Post have utilized data collected through research conducted by the Organization for Economic Co-operation and Development (OECD) to rank states by quality of life and found that New Hampshire ranked as the top state in the U.S.

There is no sales tax, use tax, broad-base income tax, or capital gains tax in New Hampshire and the Fiscal Times ranked New Hampshire 7th best in America for overall tax in 2015. The Tax Foundation, a nonprofit fiscal policy research group, ranked New Hampshire's 2011 local and state tax burden as 44th in the United States (1 being the highest tax burden), at 8.0% of

income; the U.S. average of state and local tax burden for 2011 is 9.8% of income (2011 was the latest data reported for local and state tax burden). New Hampshire also offers a favorable overall tax environment for businesses, ranking 7th best out of 50 for overall tax climate in fiscal year 2015 and 8th best in fiscal year 2014 according to the Tax Foundation. A state's business tax climate measures how each state's tax laws affect economic performance.

For July 2015, according to the Economic and Labor Market Information Bureau, the seasonally adjusted unemployment rate for New Hampshire was 3.7%, compared with the national average of 5.3%. This rate for New Hampshire was a decrease from 4.4% in July, 2014.

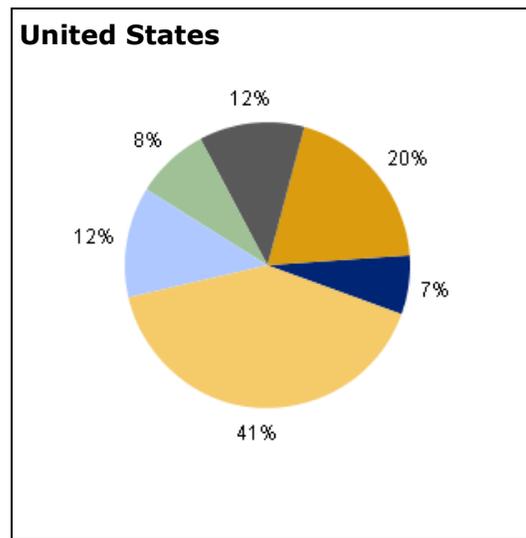
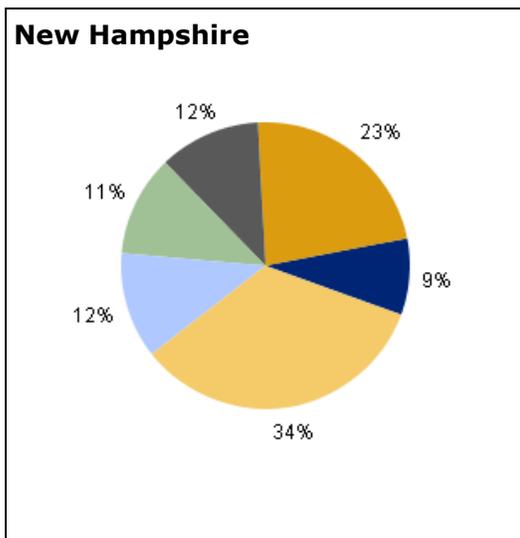
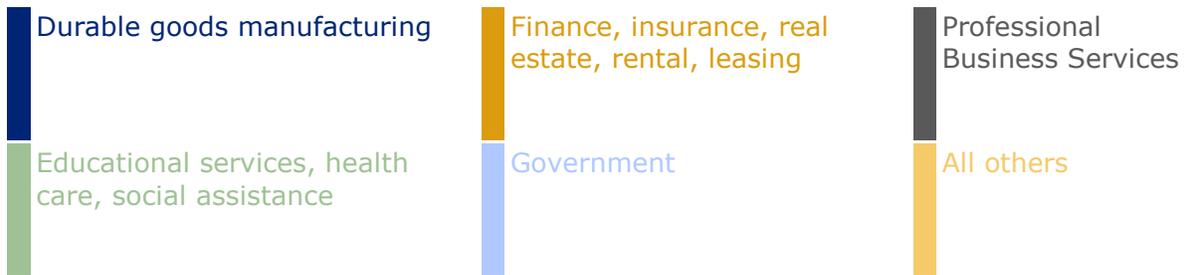
The most recent data from The Bureau of Economic Analysis (BEA) states New Hampshire's per capita personal income ranks 9th highest in the nation for calendar year 2014, at \$52,773, which is higher than the United States average of \$46,049. New Hampshire's 2014 current dollar Gross Domestic Product (GDP¹), reported by BEA, ranked 40th in the United States (1 being the highest GDP) at \$71.6 billion. In 2014, real GDP¹ for New Hampshire grew 2.3% compared to 2.2% growth for the nation and the compound annual growth rate was 1.0% for New Hampshire, compared to the compound annual growth rate for the nation of 1.4%. BEA reported that in 2014 the largest industry in New Hampshire was finance, insurance, real estate, rental, and leasing accounting for 23.1% of New Hampshire GDP. The second largest industry in New Hampshire was professional and business services at 11.8% of New Hampshire GDP. According to BEA the largest contributor to real GDP growth in New Hampshire for 2014 was professional and business services; the second largest contributor to real GDP in 2014 was the information sector.

According to the New Hampshire Business Resource Center, New Hampshire offers exceptional quality of life because of its overall low taxes, low crime, high quality health care, good schools, affordable housing, cultural opportunities, location, and environment. In New Hampshire, within reasonable driving distance, one can visit beautiful mountains, the ocean, or the city, attracting a wide range of active, talented, and creative people, who in turn attract diverse industries. All of these favorable qualities suggest continued growth for New Hampshire.

¹ Gross domestic product by state is the measurement of a state's finished goods and services. Real gross domestic product is an inflation adjusted measure that reflects the value of finished goods and services in a given year.

The following graphs were taken directly from the BEA website for Bearfacts-2014-New Hampshire

Top Five State Industries as a percent of Total GDP, 2014



The New Hampshire Lottery does well in per capita sales. When compared with the other lotteries in the United States, New Hampshire ranks 16th highest in per capita sales for fiscal year 2014. Unaudited fiscal year 2015 traditional game sales for all U.S. lotteries' increased 3%. According to LaFleur's Magazine, a research company that reports facts and statistics on lotteries, 35 of 44 lotteries saw increases in fiscal year 2015 sales, as compared with fiscal year 2014 when 24 of 44 lotteries saw increases in sales. LaFleur's also estimates U.S. lotteries paid approximately \$39.4 billion to prize winners and \$20 billion to the government in fiscal year 2015. According to LaFleur's, instant ticket sales for U.S. lotteries were up \$2.8 billion or 7% to \$40.8 billion, while draw game sales, like Mega Millions and Powerball, were down 3% to \$24.7 billion for fiscal year 2015 from fiscal year 2014. Instant ticket sales represent 62% of the U.S. lottery's total traditional sales. Powerball decreased 18% while Mega Millions decreased 16% during fiscal year 2015

Long-term financial planning

The Lottery as a department of the State of New Hampshire follows a two year budget process and is limited by State regulations in long term financial planning. The Lottery transfers all estimated net income, on a monthly basis, to the State Education Trust Fund.

New Hampshire does not have a sales tax or income tax and sources of State revenues are limited. The Lottery plays a significant part in the State revenue process by producing revenue

to fund education in the State. As such, the Lottery always explores additional gaming options for ways of producing higher revenues. The traditional lottery games, such as online lotto-style games are greatly affected by the amount of the jackpot.

Relevant financial policies

All investments of the Lottery's excess cash are made by the New Hampshire State Treasury Department, which is responsible for the investment of all State funds. RSA 6:8 sets forth the policies the State Treasurer must adhere to when investing State funds. The types of investments authorized, with the approval of the Governor and Council, include obligations of the United States Government, legal investments for savings banks and trust companies, savings accounts, participation units in the public deposit investment pool, and various certificates of deposit.

All profits from Lottery operations are designated for education by the State Constitution. Once a month, Lottery net income is transferred to the Education Trust Fund from investments made from Lottery cash flows by the State Treasurer.

Prize payments due winners for jackpot prizes awarded under Megabucks are fully funded by investments in U.S. Treasury STRIPS held by the Tri-State Lotto Commission (Tri-State). Treasury STRIPS are fixed-income securities sold at a significant discount to face value and offer no interest payments because they mature at par. STRIPS are backed by the U.S. government and offer minimal risk. The payments due winners for jackpot prizes awarded under Powerball and Mega Millions are satisfied through securities purchased by the Multi-State Lottery Association (MUSL). MUSL purchases U.S. government obligations to fund jackpot prizes, which are held in irrevocable trust or securities clearing accounts. The Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by Tri-State or MUSL. Jackpot/grand prizes for Lucky for Life winners are payable in installments and are satisfied through insurance annuities purchased by MUSL. MUSL purchases insurance annuities, on behalf of the member states, based on either \$365,000 or \$25,000 per year (depending on first or second prize level won) deferred annuity paid annually on the anniversary of the claim date, for the lifetime of the jackpot/grand prize winner. Accordingly, the Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by MUSL or the other party lotteries. The Lottery does accrue a current amount due for its proportionate share of prizes and expenses.

Upcoming initiatives

The Lottery is prohibited by statute from offering new forms of gambling. The Lottery continues to work on new advertising initiatives, sales promotions, and changes to current game styles in order to increase sales revenues.

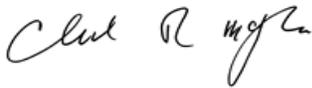
Awards and acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the New Hampshire Lottery Commission for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the fifteenth consecutive year that the Lottery has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

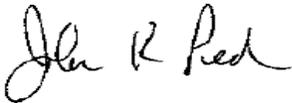
A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

This CAFR reflects our commitment to improve and maintain the Lottery's financial statements and record keeping systems in conformity with the highest standards of accountability. This report also reflects the Lottery's commitment to maintaining the public's trust through high ethics and uncompromising integrity. The dedicated efforts of the entire Lottery team, especially those in the finance department are greatly appreciated. We would also like to recognize Commission Chair Debra Douglas, Commissioner Paul Holloway, Commissioner David Gelinis, and the Governor and Executive Council of the State of New Hampshire, for their support, guidance, and dedication in operating the New Hampshire Lottery Commission.

Respectfully submitted,



Charles R. McIntyre
Executive Director



John K. Pedone
Accountant III



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

New Hampshire Lottery Commission

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

New Hampshire Lottery Commission
Appointed Officials and Organizational Chart

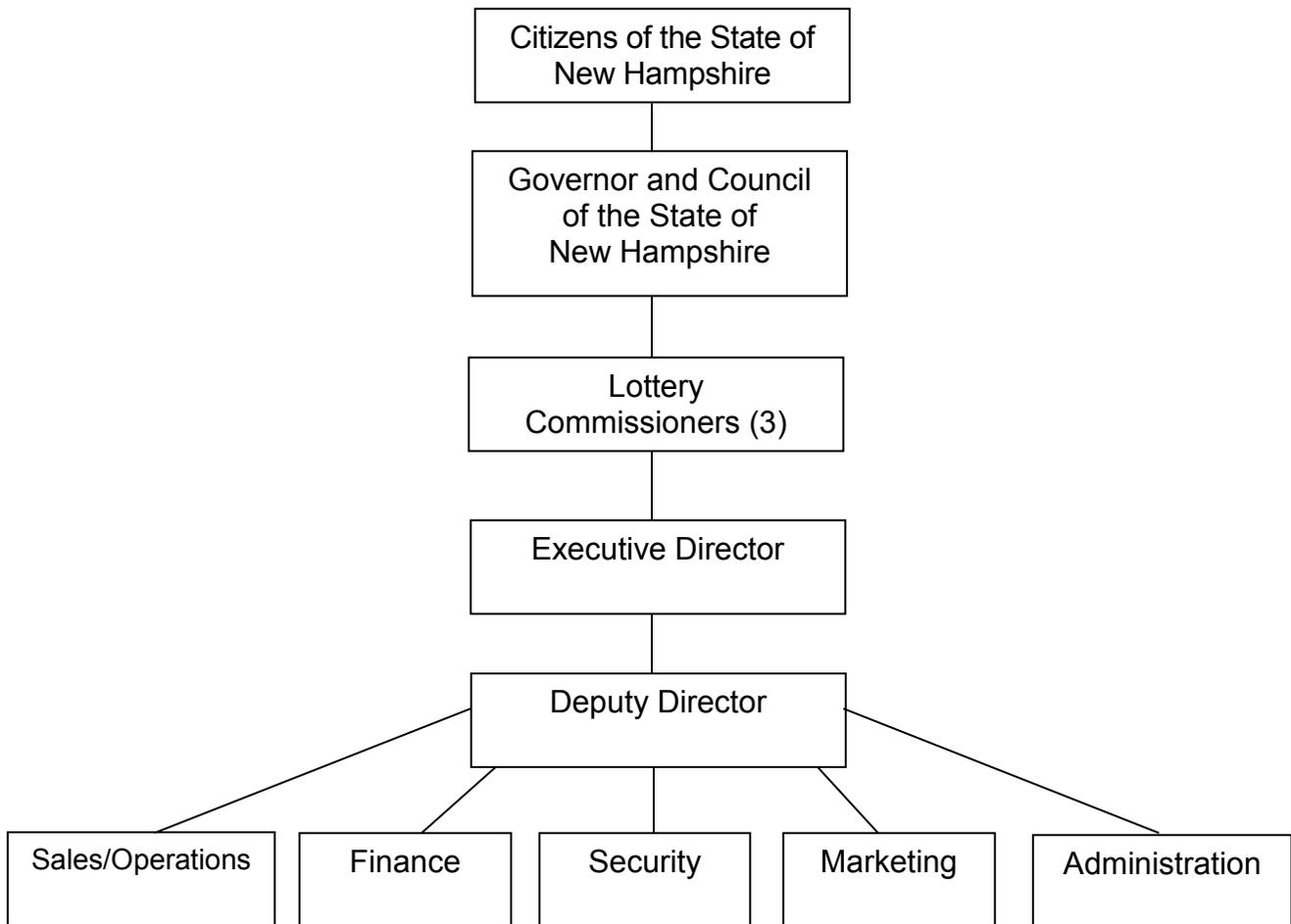
Appointed Officials

Debra M. Douglas
Commission Chairman
Term ends 6/29/2016

Paul J. Holloway
Commissioner
Term ends 6/29/2018

David Gelinas
Commissioner
Term ends 6/29/2017

Organizational Chart



Financial Section

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NH Lottery

Over \$1.7 billion to education



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State of New Hampshire

OFFICE OF LEGISLATIVE BUDGET ASSISTANT
State House, Room 102
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STEPHEN C. SMITH, CPA
Director, Audit Division
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Independent Auditor's Report

To The Fiscal Committee Of The General Court:

Report On The Financial Statements

We have audited the accompanying financial statements of the New Hampshire Lottery Commission which comprise the Statement of Net Position as of June 30, 2015, and the related Statements of Revenues, Expenses, and Changes in Net Position and Cash Flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the New Hampshire Lottery Commission's financial statements.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the New Hampshire Lottery Commission as of June 30, 2015, and the changes in its net position, and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matters

Adoption Of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2015, the New Hampshire Lottery Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 18 through 29 and the Schedules of Lottery's Proportionate Share of the Net Pension Liability and Lottery Contributions on page 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary And Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the New Hampshire Lottery Commission's basic financial statements. The

Introductory Section, Supplemental Schedule of Revenues, Expenses, and Distributions, and Statistical Section of this report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Schedule of Revenues, Expenses, and Distributions is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedule of Revenues, Expenses, and Distributions is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2015 on our consideration of the New Hampshire Lottery Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the New Hampshire Lottery Commission's internal control over financial reporting and compliance.



Office Of Legislative Budget Assistant

December 31, 2015

Management's Discussion and Analysis

As management of the New Hampshire Lottery Commission, we offer readers of the Lottery's financial statements this narrative overview and analysis of the financial activities of the New Hampshire Lottery Commission for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the financial statements contained in this comprehensive annual financial report and our letter of transmittal, which begins on page 1.

Financial Highlights

- Operating revenues for the Lottery program increased by \$7.0 million, or 2.5% for the current fiscal year. MUSL games revenue decreased \$6.8 million or 13.1%, while revenue from Instant scratch games increased \$13.6 million or 7.0%, exceeding \$200 million in sales for the first time in NH Lottery history. MUSL games contributed 15.9% to total revenue and Instant scratch games contributed 73.8%. Tri-State games, which contributed 7.8% to total revenue, netted to a decrease in sales of approximately \$0.2 million or 1.1%. Lucky for Life sales decreased almost \$1.1 million or 17.1% during fiscal year 2015.
- The Lottery's operating expenses for the current fiscal year increased approximately \$5.2 million, or 2.6%. This increase in operating expenses, mostly cost of sales expenses, is a result of the increase in ticket sales.
- Lottery's assets decreased \$4.1 million, or 35% from the previous fiscal year. Liabilities decreased \$1.6 million or 21.6%, from the end of the previous fiscal year. There was a change to the Lottery's net position of \$77,884, which equaled the changes in restricted prize funds for the Powerball, Hot Lotto, Mega Millions, and Megabucks programs. For fiscal year 2015 the Lottery's total net position was \$1,562,374.
- Distributions to the Education Trust Fund increased \$1.9 million or 2.7%, due to the increase in operating revenues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the New Hampshire Lottery's (the Lottery) basic financial statements. The Lottery is accounted for as an enterprise fund, using the accrual basis of accounting. The Lottery's basic financial statements are comprised of four components: 1) the statement of net position, 2) the statement of revenues, expenses and changes in net position, 3) the statement of cash flows, and 4) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The statement of net position presents information on all of the Lottery's assets, liabilities, deferred inflows and outflows of resources. The total assets and deferred outflows of resources of the Lottery exceeded total liabilities and deferred inflows of resources at fiscal year ending June 30, 2015 by \$1.6 million.

The statement of revenues, expenses and changes in net position reports the Lottery's revenues and expenses and measures the success of the Lottery's operations over the past year. The Lottery is required by law to transfer all revenues, in excess of its operating costs, to the Education Trust Fund; therefore the change in net position reflects those transfers.

The statement of cash flows provides information about the Lottery's cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The supplementary schedule of revenues, expenses, and distributions provides detailed information on the Lottery's operating revenues and expenses.

The Lottery is a self-supporting department of the State of New Hampshire. The financial statements of the Lottery represent all its functions, which are supported from the sale of Lottery tickets. The Lottery's financial statements are also included in the State of New Hampshire's Comprehensive Annual Financial Report as an enterprise fund of the State however with less detail in the notes to the financial statements than found in this report.

For fiscal year 2015, the Lottery produced \$282.9 million in total operating revenues, a 2.5% increase from fiscal year 2014's \$275.9 million. Instant scratch games sales were up from the previous fiscal year by approximately \$13.6 million or 7.0%. Multi-State (MUSL) games revenues decreased \$6.8 million or 13.1% during fiscal year 2015 as compared to fiscal year 2014. Tri-State games revenues decreased by \$0.2 million or 1.1% for fiscal year 2015 as compared to fiscal year 2014. Lucky for Life game revenue decreased \$1.1 million in fiscal year 2015 as compared to fiscal year 2014. The Lottery distributed \$74.3 million of operating income to the Education Trust Fund in fiscal year 2015, a \$1.9 million increase from fiscal year 2014. Total revenues since the inception of the Lottery in 1963 are more than \$5.7 billion and the Lottery has distributed over \$1.7 billion to help fund education in New Hampshire.

Net Position and Changes in Net Position

Article 6-b of the Constitution of the State of New Hampshire declares "All moneys received from a state-run lottery and all the interest received on such moneys shall, after deducting the necessary costs of administration, be appropriated and used exclusively for the school districts of the state. Such moneys shall be used exclusively for the purpose of state aid to education and shall not be transferred or diverted to any other purpose." As a result, the net position of the Lottery consists only of prize funds held on deposit with the Multi-State Lottery Association (MUSL) and the Tri-State Lotto Commission (Tri-State), as well as the Lottery's unrestricted net deficit for pension liability.

The total assets and deferred outflows of resources of the Lottery exceeded total liabilities and deferred inflows of resources at fiscal year ending June 30, 2015 by \$1.6 million. This amount is presented as "Total Net Position" on the Statement of Net Position and is a decrease of \$2.7 million compared to fiscal year 2014. Of this amount, \$2.6 million is reported as a deficit in unrestricted net position for pension liability. This deficit is recorded pursuant to the Lottery adopting Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which states the requirement for recording pension liability and for adherence of this statement to begin in fiscal year 2015. The remainder of the net position decrease from fiscal year 2014 to fiscal year 2015 was due to a change in restricted deposits of \$77,884 held with the MUSL and Tri-State Commissions for prize reserve funds. For more detailed information on net pension liability please see notes 1 and 6 in the notes to the financial statements. For more information on restricted deposits see note 8, and for capital asset activity please see note 4.

Comparable figures for total assets at June 30, 2015 and 2014 were \$7.6 million and \$11.7 million, respectively. This represents a decrease of \$4.1 million from fiscal year 2014 to 2015. Cash and cash equivalents were \$919,287 at June 30, 2015 and \$2,247,304 at June 30, 2014. The decrease in cash and cash equivalents was primarily attributable to a decrease in prize

accruals. Accounts receivable at June 30, 2015 and 2014 were \$1,323,815 and \$3,505,883, respectively. This difference is mostly attributed to the result of year end timing of collection of weekly receipts from retailers. Due from other funds for fiscal year 2015 consisted solely of the amount due from the state Liquor Commission for tickets sold. Instant scratch games ticket inventories were \$534,178 at June 30, 2015 and \$778,775 at June 30, 2014. The decrease in inventory reflects increased sales and lower inventories on hand at June 30, 2015 due to timing of instant ticket deliveries. Noncurrent, restricted deposits, which represent New Hampshire's share of prize reserve funds held by MUSL and Tri-State, decreased \$77,884 during fiscal year 2015. Capital assets, net of depreciation, decreased during fiscal year 2015 from \$245,670 at June 30, 2014 to \$187,449 at June 30, 2015 due to depreciation of the assets. Deferred outflows of resources, which represent a consumption of net assets that are applicable to a future period, are specifically related to pension expense for the Lottery.

The Lottery is required by law to transfer all revenues, in excess of its operating costs, to the Education Trust Fund, therefore the change in net position reflects the actual results of the Lottery's operations after distributions to the Education Trust Fund.

The following table shows condensed net position as of June 30, 2015 and 2014.

	2015	2014
Current and Other assets	\$ 7,366,314	\$ 11,439,994
Capital assets (net of accumulated depreciation)	187,449	245,670
Total assets	<u>7,553,763</u>	<u>11,685,664</u>
Deferred Outflows of Resources	<u>200,000</u>	<u>-</u>
Current liabilities	3,173,597	7,179,397
Noncurrent liabilities	2,668,792	276,009
Total liabilities	<u>5,842,389</u>	<u>7,455,406</u>
Deferred Inflows of Resources	<u>349,000</u>	<u>-</u>
Net position:		
Net investments in capital assets	187,449	245,670
Restricted assets	4,152,374	4,230,258
Unrestricted (deficit)	(2,777,449)	(245,670)
Total net position	<u>\$ 1,562,374</u>	<u>\$ 4,230,258</u>

Liabilities

The Lottery's current liabilities consist primarily of accounts payable, unclaimed prizes, accrued operating expenses, and ticket sales for future draws (draws occurring after June 30). Noncurrent liabilities consist of compensated absences and net pension liability (Note 6). Total liabilities during the current fiscal year decreased \$1.6 million or 21.6%. The year end balances for total liabilities for fiscal years 2015 and 2014 were \$5.8 million and \$7.5 million, respectively. Of the decrease, unclaimed prizes decreased \$1.2 million. The decrease in unclaimed prizes for fiscal year 2015 is due mostly to an increase in the amount of instant ticket prizes being claimed compared to fiscal year 2014. Lottery winners have one year to claim their prizes. Accounts Payable decreased in fiscal year 2015 by \$584,633, primarily due to the timing of expense accruals. Additionally, the

Lottery no longer accrues a liability for Lucky for Life potential jackpot winners in fiscal year 2015 resulting in a \$2.3 million reduction in liabilities. However, the reporting of a net pension liability in the amount of \$2.4 million offsets the decrease in the removal of the Lucky for Life prize liability. As of June 30, 2015 monies are due to the Education Trust Fund from the Lottery for the under-transfer of 2015 profits to the fund. Deferred inflows of resources, which represent an acquisition of net assets that are applicable to a future period, are specifically related to pension expense for the Lottery.

Operating Revenues – Games Sales

The New Hampshire Lottery's game revenues result from the sales of a variety of instant and online lottery products. The Lottery is an active member of three separate joint venture arrangements; the Tri-State Lotto Commission (Tri-State), the Multi-State Lottery Association (MUSL), and Lucky for Life, operating several online games under those jurisdictions. MUSL online games consist of Powerball, Mega Millions, and Hot Lotto. Monopoly is also an online game operating under MUSL's jurisdiction, whose first draw was on October 24, 2014 and was discontinued nationwide after the December 26, 2014 draw due to a lack of sales performance. Tri-State games consist of Megabucks, Pick 3, Pick 4, Fast Play, and Gimme 5. Lucky for Life is the name of the game and also the joint venture, of which the Lottery became a member in March 2012.

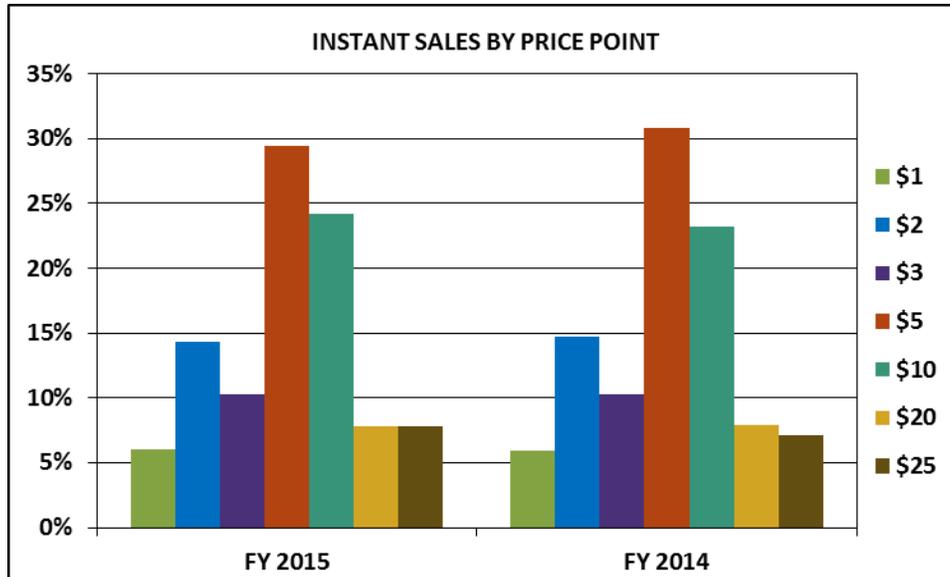
The following table shows operating revenues by Lottery game for the years ended June 30, 2015 and 2014. Tri-State Other represents Fast Play and Gimme 5.

Game	2015	2014	Change	Percent Change
Instant Scratch Games	\$ 208,938,625	\$ 195,292,751	\$ 13,645,874	7.0%
MUSL Powerball	28,669,316	35,033,743	(6,364,427)	-18.2%
MUSL Mega Millions	12,532,507	13,499,228	(966,721)	-7.2%
MUSL Hot Lotto	3,434,368	3,160,128	274,240	8.7%
MUSL Monopoly	262,990	-	262,990	-
Tri-State Megabucks	7,431,726	8,105,130	(673,404)	-8.3%
Tri-State Pick 3	5,247,679	5,090,699	156,980	3.1%
Tri-State Pick 4	4,720,112	4,764,775	(44,663)	-0.9%
Tri-State Other	4,622,574	4,304,282	318,292	7.4%
Lucky for Life	5,272,097	6,360,538	(1,088,441)	-17.1%
Other Income	1,795,518	321,833	1,473,685	457.9%
Total Operating Revenues	\$ 282,927,512	\$ 275,933,107	\$ 6,994,405	2.5%

The Lottery saw a 2.5% increase in total operating revenues for fiscal year 2015. Instant scratch games sales continue to be the Lottery's most popular product contributing approximately 73.8% and 70.8%, respectively, to total revenue for fiscal years 2015 and 2014. Instant scratch games sales increased \$13.6 million or 7.0% in fiscal year 2015 over fiscal year 2014. The increase in instant scratch games sales can be attributed to continuous effort

towards creative and innovative design of new games, an increase in prizes awarded to players, and low jackpot amounts in draw games as compared to other years.

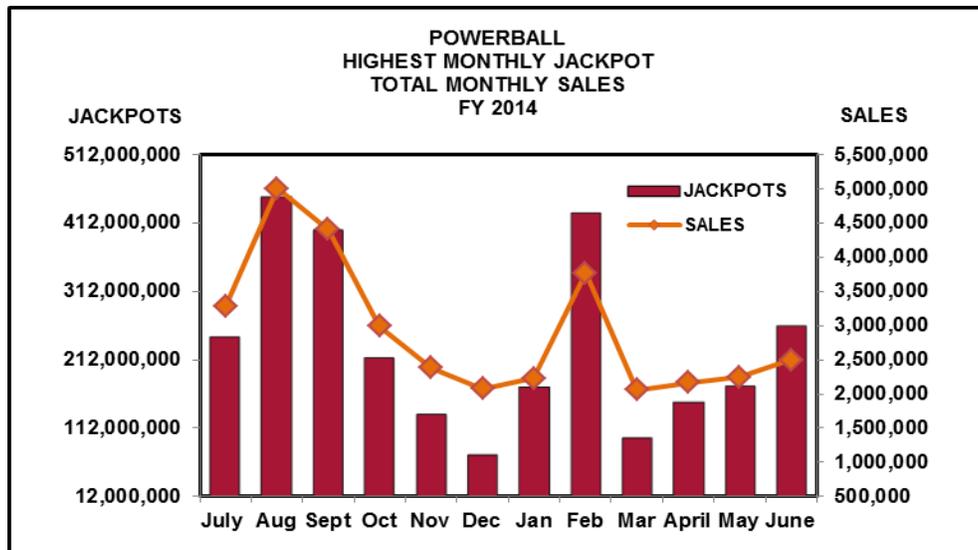
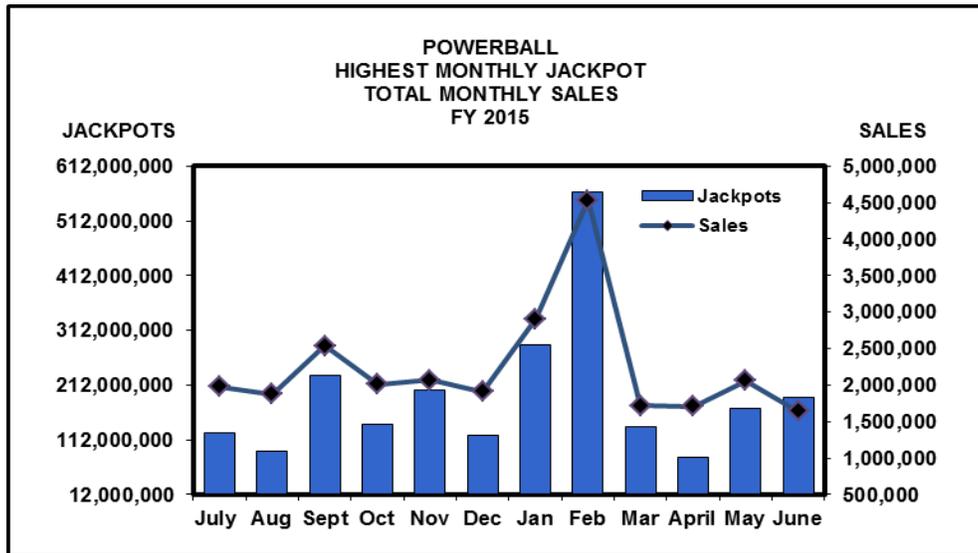
The following graph shows percentages of Instant scratch games sales for fiscal year 2015 and 2014 by selling price of ticket.



The sales in big jackpot games are directly related to the size of the jackpot, which causes a high level of uncertainty for revenues. The more frequently jackpots are won, the smaller the jackpot amount, which consequently lowers demand for tickets. When jackpots are won less frequently, they have more time to accrue. As jackpots rise in amount, so does the demand for tickets. This trend has shown that the public demands higher jackpot amounts every year before there is a noticeable increase in sales.

Powerball, a game in the MUSL jurisdiction, is the Lottery's second most popular product contributing 10.1% and 12.7% to total fiscal year 2015 and 2014 sales, respectively. Powerball revenues for fiscal year 2015 decreased 18.2%, from \$35.0 million to \$28.7 million. The reason for the decrease in Powerball sales was the lack of frequency of high jackpot amounts as compared to the three large jackpot amounts near or above \$400 million in fiscal year 2014 during the months of August (\$448.4 million), September (\$399.4 million), and February (\$425.3 million). Further, the Powerball jackpot amount in fiscal year 2014 exceeded \$200 million in 16 draws and \$300 million in 6 draws, compared to fiscal year 2015 when the Powerball jackpot exceeded \$200 million in only 9 draws, and \$300 million in only 3 draws. The higher Powerball sales in fiscal year 2014 versus fiscal year 2015 are primarily due to the increased number of high jackpot amounts in fiscal year 2014.

See the following graphs showing the relationship between jackpot amount and sales for fiscal years 2015 and 2014.



Mega Millions is another high jackpot game that MUSL member states have the option of selling. Mega Millions sales for fiscal year 2015 were \$12.5 million compared to fiscal year 2014 of \$13.5 million, a drop of 7.2%, reflecting the lack of larger jackpots in 2015 compared to 2014. During fiscal year 2014 there were two jackpots exceeding \$400 million, one of which reached \$636 million, compared to no jackpots in excess of \$400 million in fiscal year 2015. Mega Millions does not generate the sales that Powerball does in New Hampshire where Powerball accumulated \$28.7 million in fiscal year 2015 compared to Mega Millions sales of \$12.5 million.

Hot Lotto is another game that is offered through MUSL, sales of which increased 8.7% from \$3.2 million to \$3.4 million in fiscal years 2014 and 2015, respectively. As opposed to Powerball and Mega Millions, the jackpots for Hot Lotto during fiscal year 2015 were greater than during

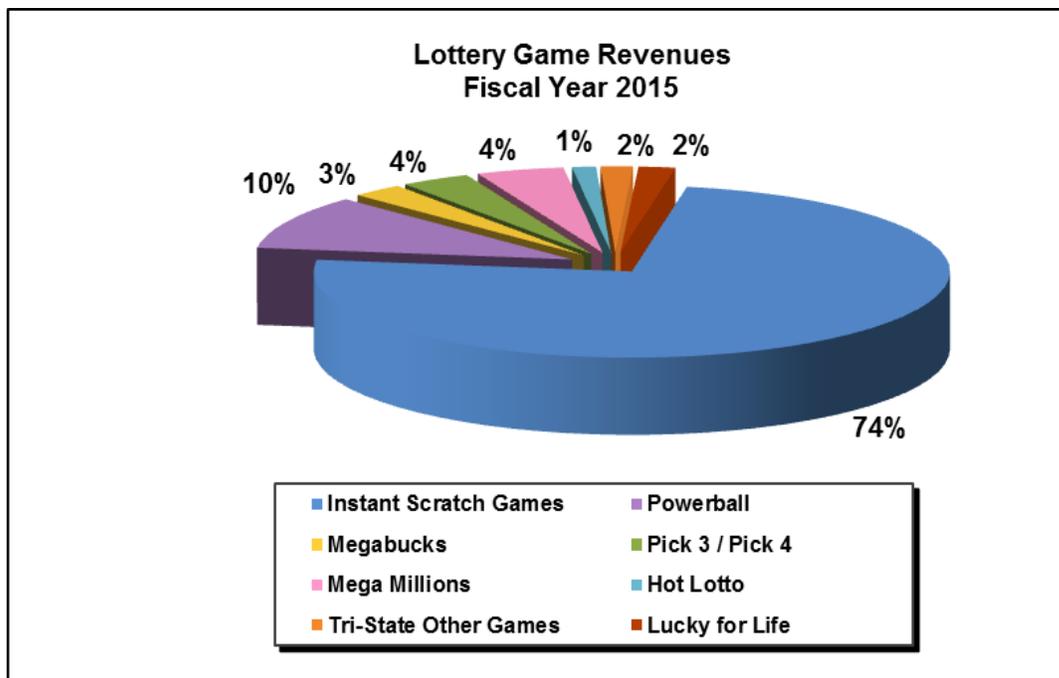
fiscal year 2014 resulting in the increased sales. In fiscal year 2014, there were only 12 draws for a Hot Lotto jackpot in excess of \$7 million, while in fiscal year 2015 there were 20, 11 of which were for jackpots exceeding \$10 million. MUSL games sales decreased 13% overall and contributed 15.9% and 18.7% to total Lottery revenues for fiscal years 2015 and 2014, respectively.

Megabucks, a draw game offered by the Tri-State Lottery, had a decrease in revenues of \$673,404 to \$7.4 million for fiscal year 2015, equating to an 8.3% reduction from the previous fiscal year. The last fiscal year that Megabucks experienced an increase in sales was fiscal year 2010 when the game was restructured, increasing the ticket price from \$1 to \$2, and since then seems to be losing ground to the higher jackpot games and instant tickets. However, the Megabucks game is the oldest jackpot style game the Lottery sells; at 30 years old and still running, it seems to carry a committed player base and accounts for 2.6% of revenues.

Pick 3 and Pick 4 remained consistent from fiscal year 2014 to fiscal year 2015 with an increase in Pick 3 sales of almost \$157,000 and only a slight decrease of \$44,700 in Pick 4 sales. Other Tri-State sales revenues increased \$318,292 or 7.4% overall; including a decrease in Gimme 5 sales of 4.3% and a substantial increase in Fast Play games sales of 28.7% as a result of new progressive jackpot games introduced in April of 2015. Tri-State games combined sales remained relatively flat from 2014 to 2015, dropping only 1.1% between the two fiscal years. Tri-State games in total amounted to 7.8% and 8.1% of total Lottery sales for fiscal years 2015 and 2014, respectively.

Lucky for Life sales revenues were down \$1.1 million in fiscal year 2015 to \$5.3 million, continuing to come down from its first full year sales in 2013 of \$7.8 million. When a game goes on the market, sales typically begin at a higher rate due to it being a new product and driving consumer interest, then decline to a point where they level off.

The following graph displays Lottery revenues by product/game for the fiscal year ended June 30, 2015. Tri-State Other Games include GIMME 5 and Fast Play.



Operating Expenses – Cost of Sales

Prizes

Prizes are the largest operating expense of the Lottery. Prize expense in general, will increase or decrease from year to year in proportion to the increase or decrease in sales for that particular game. Fiscal year 2015 total prize expense of \$176.4 million reflects a 2.7% increase from fiscal year 2014 total prize expense of \$171.8 million. This increase in prizes reflects a corresponding increase in total operating revenues. Games in which the player wins instantly pay out at a higher percentage than draw games. Therefore, net profit will grow more quickly with an increase in the sales of draw games as compared to instant win type games. Instant win games on average have a 61% to 75% (of possible sales) prize pay-out built into each game, whereas draw games typically have a 50% to 60% (of sales) prize pay-out built into the design of the game. More specifically, for Instant scratch games, the higher the price point of the ticket, the higher the prize percentage built into the game. For example, a ticket with a sales price of \$1 will have a 61% prizes to sales ratio while a \$20 ticket will have a 75% prizes to sales ratio.

The following tables show prizes to sales (operating revenues) profit margin for Lottery games by venture for the years ended June 30, 2015 and 2014.

2015	Gross Games Revenues	Prize Expense	Gross Profit After Prizes	Profit Margin After Prizes
Instant Scratch Games	\$ 208,938,625	\$ 141,186,490	\$ 67,752,135	32.4%
Tri-State Games	22,022,091	11,479,138	10,542,953	47.9%
MUSL Games	44,899,181	21,902,935	22,996,246	51.2%
Lucky for Life Game	5,272,097	1,735,469	3,536,628	67.1%

2014	Gross Games Revenues	Prize Expense	Gross Profit After Prizes	Profit Margin After Prizes
Instant Scratch Games	\$ 195,292,751	\$ 132,361,282	\$ 62,931,469	32.2%
Tri-State Games	22,264,887	11,384,452	10,880,435	48.9%
MUSL Games	51,693,099	24,266,817	27,426,282	53.1%
Lucky for Life Game	6,360,538	3,674,431	2,686,107	42.2%

As the table above shows, the profit margin after prizes paid is less for instant scratch games versus online games. High jackpots drive sales for online games, whereas the different types of games on the market and the number of winning tickets (prizes) in a game drives Instant scratch games sales.

The actual prizes paid percentage can be slightly less than the designed prize percentage built into the game due to unclaimed prizes (prizes that winners never claim). Lottery prize winners have one year (365 days) to claim their prizes. Unclaimed prize money for Instant scratch games, MUSL games, and Lucky for Life goes to the Education Trust Fund. Unclaimed prize money for Tri-State games goes back to the players through promotions or increases to jackpots.

The following table shows prize expense by game for the years ended June 30, 2015 and 2014. Tri-State Other represents Gimme 5 and Fast Play.

Game	2015	2014	Change	Percent Change
Instant Scratch Games	\$ 141,186,490	\$ 132,361,282	\$ 8,825,208	6.7%
MUSL Powerball	13,974,195	16,134,004	(2,159,809)	-13.4%
MUSL Mega Millions	6,044,468	6,547,197	(502,729)	-7.7%
MUSL Hot Lotto	1,675,142	1,585,616	89,526	5.6%
MUSL Monopoly	209,130	-	209,130	-
Tri-State Megabucks	3,800,663	3,959,434	(158,771)	-4.0%
Tri-State Pick 3	2,599,244	2,570,205	29,039	1.1%
Tri-State Pick 4	2,371,430	2,371,165	265	0.0%
Tri-State Other	2,707,801	2,483,648	224,153	9.0%
Lucky for Life	1,735,469	3,674,431	(1,938,962)	-52.8%
Other - contributed prizes	111,321	159,322	(48,001)	-30.1%
Total prize expense	<u>\$ 176,415,353</u>	<u>\$ 171,846,304</u>	<u>\$ 4,569,049</u>	2.7%

Other Cost of Sales

In addition to prizes, there are other costs of sales that include retailer commissions, vendor fees, cost of printing Instant scratch games, costs for delivering Instant scratch games to retailers, and expense pool costs (administrative costs) for joint ventures. These other costs of sales totaled \$24 million for fiscal year 2015 and \$23 million for fiscal year 2014. The increase was primarily due to the increase in ticket sales. Retailer commissions were up \$433,353 or 2.7% for fiscal year 2015 over fiscal year 2014. Retailer commissions are based on 5% of sales plus additional commissions for retailers who meet certain incentive criteria for increasing sales. Vendor fees for fiscal year 2015 were up \$89,763 over fiscal year 2014. Vendor fees are based on 1.435% of sales plus additional charges for equipment, such as vending machines, that sell tickets and digital signs that advertise the amount of the jackpot.

The table below shows comparative costs of sales expenses for Lottery games for the years ended June 30, 2015 and 2014.

	2015	Percent of Sales	2014	Percent of Sales
Retailer commissions	\$ 16,255,869	5.7%	\$ 15,822,516	5.7%
Vendor fees	5,235,023	1.9%	5,145,260	1.9%
Cost of instant tickets	2,324,374	0.8% *	1,853,376	0.7% *
Expense pools	240,950	0.1%	218,096	0.1%
Other cost of sales	24,056,216	8.5%	23,039,248	8.3%
Prize expense	176,415,353	62.4%	171,846,304	62.3%
Total cost of sales	<u>\$ 200,471,569</u>	<u>70.9%</u>	<u>\$ 194,885,552</u>	<u>70.6%</u>

*Cost of instant tickets as a percent of instant scratch ticket sales only, averages approximately 1%.

The table below shows cost of sales to gross revenues for Lottery games for the years ended June 30, 2015 and 2014.

Total Lottery Games	2015	2014	Change	Percent Change
Gross Revenues	\$ 282,927,512	\$ 275,933,107	\$ 6,994,405	2.5%
Cost of Sales	200,471,569	194,855,552	5,616,017	2.9%
Gross profit	<u>\$ 82,455,943</u>	<u>\$ 81,077,555</u>	<u>\$ 1,378,388</u>	1.7%
Gross profit margin	29.1%	29.4%		

Other Operating Expenses

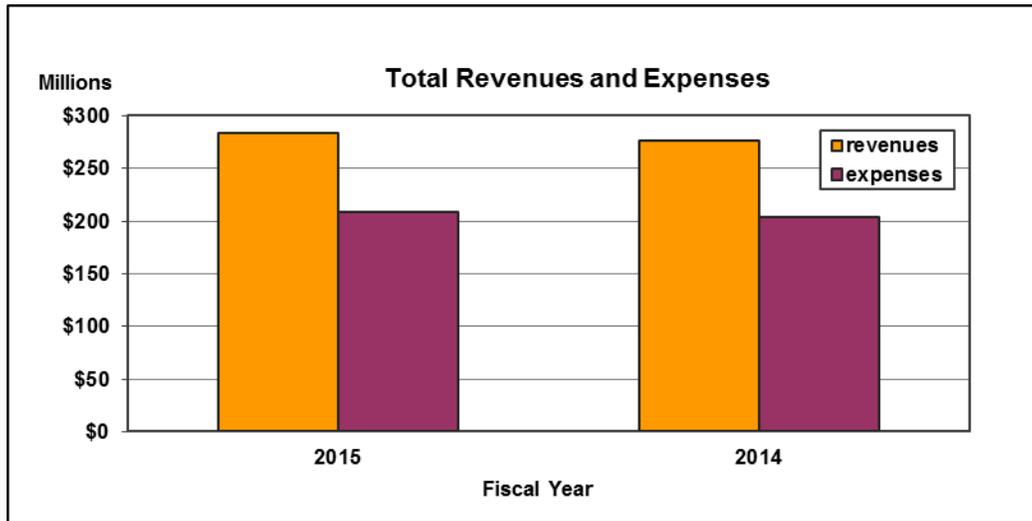
Administrative costs decreased \$384,239 in fiscal year 2015 from fiscal year 2014. The supplemental schedule of revenues, expenses, and distributions located after the notes to the financial statements, itemizes the components of other operating expenses.

Nonoperating Revenues (Expenses)

Nonoperating revenues totaling \$54,659 consist of income earned on deposits held with the Tri-State Lotto joint venture and proceeds from sales of capital assets.

Nonoperating expenses are distributions to the Education Trust Fund. The Lottery is required by law to transfer all revenues in excess of its operating costs to the Education Trust Fund. Fiscal year 2015 distributions were \$74,324,817 and fiscal year 2014 distributions were \$72,380,273. The fiscal year 2015 \$1.9 million increase over fiscal year 2014 was mostly due to increased ticket sales.

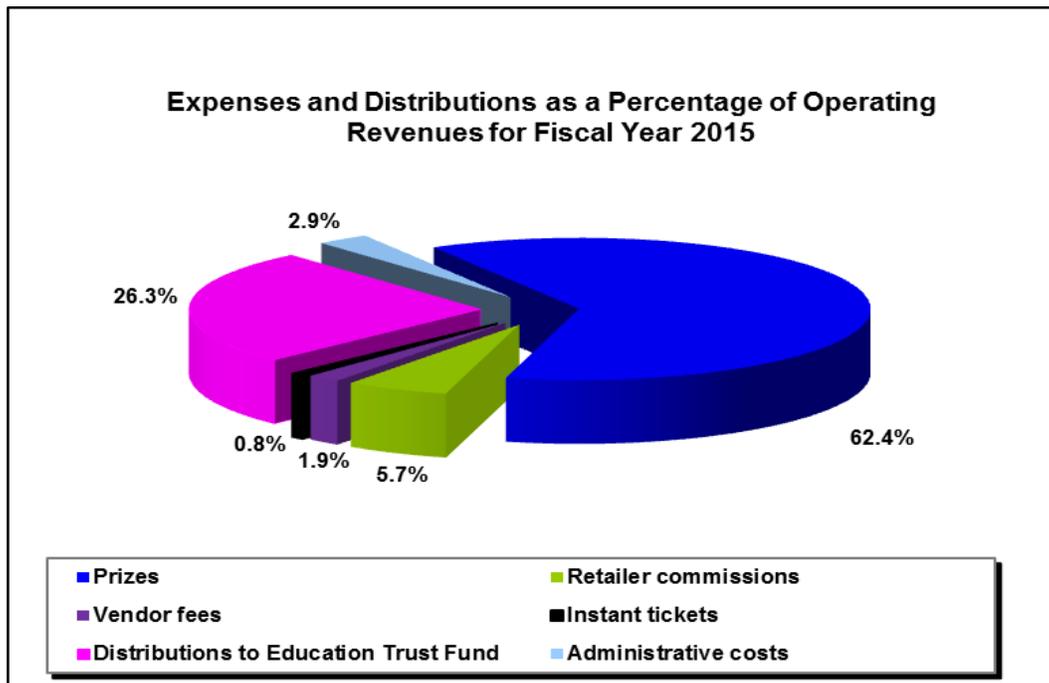
The following graph displays total Lottery revenues and expenses for the years ended June 30, 2015 and 2014.



The following table shows total revenues, expenses, and change in net position for the Lottery for the years ended June 30, 2015 and 2014.

	2015	2014	Change	Percent Change
Operating revenues				
Instant and online ticket sales	\$ 281,131,994	\$ 275,611,274	\$ 5,520,720	2.0%
Other Income	1,795,518	321,833	1,473,685	457.9%
Total operating revenues	282,927,512	275,933,107	6,994,405	2.5%
Operating expenses				
Cost of sales	200,471,569	194,885,552	5,586,017	2.9%
Administrative costs	8,205,447	8,589,686	(384,239)	-4.5%
Depreciation expense	58,222	34,369	23,853	69.4%
Total operating expenses	208,735,238	203,509,607	5,225,631	2.6%
Nonoperating revenues	54,659	52,573	2,086	4.0%
Net profit before transfers	74,246,933	72,476,073	1,770,860	2.4%
Nonoperating expenses				
Distributions to Education Trust Fund	74,324,817	72,380,273	1,944,544	2.7%
Change in net position	(77,884)	95,800	(173,684)	-181.3%
Net position - July 1 (Fiscal Year 2015 restated)	1,640,258	4,134,458	(2,494,200)	-60.3%
Net position - June 30	\$ 1,562,374	\$ 4,230,258	\$ (2,667,884)	-63.1%
Distributions to Education Trust Fund (net profit) as a percentage of operating revenues	26.3%	26.2%	0.1%	

The following graph displays expenses and distributions to the Education Trust Fund as a percentage of operating revenues for the Lottery for the year ended June 30, 2015.



Other Potentially Significant Matters

The State’s economy is a factor that affects the Lottery. The Lottery is dependent on customers’ discretionary income, so when there is less available, customers spend less on lottery tickets.

The Lottery relies on high jackpots to increase sales of online games. The two highest jackpot selling games in the United States are Powerball and Mega Millions. High jackpot amounts trigger higher sales of tickets. The sales in these games are directly related to the size of the jackpot, which causes a high level of uncertainty for revenues. The more frequently jackpots are won, the smaller the jackpot amount, which consequently sells less tickets. The less frequently jackpots are won, the more time they have to build/roll in amount. The trend has shown that the public demands higher jackpot amounts every year before there is a noticeable increase in sales.

There is, as always, ongoing research and development to enhance current games or replace them with new games in order to increase sales. Consumers want and demand newer, technologically advanced forms of gambling. The Lottery is limited by statute in what it can offer.

Contacting the Lottery’s Financial Management

This financial report is designed to provide New Hampshire citizens, the New Hampshire state legislature and the executive branch of government, and other interested parties, a general overview of the Lottery’s financial activity for fiscal year 2015 and to demonstrate the Lottery’s accountability for the money it received from the sale of lottery products. If you have any questions about this report or need additional information, contact the New Hampshire Lottery Commission, Chief Financial Officer, 14 Integra Drive, Concord, New Hampshire 03301.

**New Hampshire Lottery Commission
Statement of Net Position
June 30, 2015**

ASSETS

Current assets:

Cash and cash equivalents	\$ 919,287
Accounts receivable	1,323,815
Due from other funds	383,441
Instant scratch games ticket inventories	534,178
Prepaid expenses and other	<u>53,219</u>
Total current assets	<u>3,213,940</u>

Noncurrent assets:

Restricted deposits (Note 8)	4,152,374
Capital assets net of accumulated depreciation (Note 4)	<u>187,449</u>
Total noncurrent assets	<u>4,339,823</u>
Total assets	<u>7,553,763</u>

Deferred outflows of resources	<u>200,000</u>
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LIABILITIES

Current liabilities:

Accounts payable	1,017,517
Accrued payroll and benefits	160,554
Ticket sales for future draws	1,015,226
Unclaimed prizes net of estimated expired prizes (Note 1)	748,698
Compensated absences	103,161
Due to Education Trust Fund	<u>128,441</u>
Total current liabilities	<u>3,173,597</u>

Noncurrent liabilities:

Compensated absences	274,792
Net pension liability	<u>2,394,000</u>
Total noncurrent liabilities	<u>2,668,792</u>
Total liabilities	<u>5,842,389</u>

Deferred inflows of resources	<u>349,000</u>
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NET POSITION

Net investments in capital assets	187,449
Restricted for prize funds (Note 8)	4,152,374
Unrestricted (deficit)	<u>(2,777,449)</u>
Total net position	<u>\$ 1,562,374</u>

The notes to the financial statements are an integral part of this statement.

New Hampshire Lottery Commission
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015

Operating revenues:	
Instant scratch games	\$ 208,938,625
Multi-State online games	44,899,181
Tri-State online games	22,022,091
Lucky for Life	5,272,097
Other Income	<u>1,795,518</u>
Total operating revenues	<u>282,927,512</u>
Operating expenses:	
Cost of sales:	
Prizes	176,415,353
Retailers' commissions	16,255,869
Other	<u>7,800,347</u>
Total cost of sales	<u>200,471,569</u>
Administration	8,205,447
Depreciation	<u>58,222</u>
Total operating expenses	<u>208,735,238</u>
Operating income	<u>74,192,274</u>
Nonoperating revenues (expenses):	
Interest and miscellaneous income	54,659
Distributions to the State's Education Trust Fund	<u>(74,324,817)</u>
Total nonoperating revenues (expenses)	<u>(74,270,158)</u>
Change in net position	<u>(77,884)</u>
Net position, July 1 - restated (Note 1)	<u>1,640,258</u>
Net position, June 30	<u>\$ 1,562,374</u>

The notes to the financial statements are an integral part of this statement.

**New Hampshire Lottery Commission
Statement of Cash Flows
For the Year Ended June 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers, retailers and joint ventures (net of retailer commissions and prizes paid by retailers)	\$ 141,353,348
Payments to winners and joint ventures	(54,527,429)
Payments to suppliers (goods and services)	(10,829,477)
Payments to employees for salaries and benefits	(3,406,925)
Net cash provided by operating activities	<u>72,589,517</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Distributions to Education Trust Fund	(73,972,193)
Net cash used for noncapital financing activities	<u>(73,972,193)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sales of capital assets	18,348
Net cash used by capital and related financing activities	<u>18,348</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and other income received	36,311
Net cash provided by investing activities	<u>36,311</u>
Net increase in cash and cash equivalents	(1,328,017)
Cash and cash equivalents, July 1	<u>2,247,304</u>
Cash and cash equivalents, June 30	<u>\$ 919,287</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 74,192,274
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	58,222
Pension expense	(47,000)
(Increase) decrease in accounts receivable/due from other funds	2,213,878
(Increase) decrease in instant scratch games ticket inventory	244,598
(Increase) decrease in prepaid expenses and other	(14,880)
(Increase) decrease in restricted deposits	77,884
Increase (decrease) in accounts payable and other liabilities	(580,734)
Increase (decrease) in unclaimed prizes	(3,522,572)
Increase (decrease) in ticket sales for future draws	(32,153)
Total adjustments	<u>(1,602,757)</u>
Net cash provided by operating activities	<u>\$ 72,589,517</u>

The notes to the financial statements are an integral part of this statement.

**New Hampshire Lottery Commission
Notes to the Financial Statements
Fiscal Year ended June 30, 2015**

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The New Hampshire Lottery Commission, also known as the New Hampshire Lottery (Lottery), was established in 1964 in accordance with the provisions of Chapter 284:21-a of the New Hampshire Revised Statutes Annotated (RSA). The Lottery has three commissioners appointed by the Governor and Council. The executive director is appointed by and serves at the pleasure of the commissioners. The Lottery is authorized to operate both instant and online games for the sole purpose of funding state aid to education pursuant to RSA 198:38-49 and RSA 284:21-j. In 1990, the New Hampshire Constitution was amended by Part 2, Article 6-b, which restricted all lottery revenue and interest, after the deduction of the necessary costs of administration, exclusively for state aid to education.

For financial reporting purposes, the New Hampshire Lottery Commission is considered a department of the State of New Hampshire. The Lottery's financial statements include all Lottery activity in a separate enterprise fund and do not include any activity related to any other state agency or fund. The Lottery's financial activities are reported in the Lottery Commission enterprise fund in the State's comprehensive annual financial report (CAFR).

The State of New Hampshire issues a publicly available comprehensive annual financial report, which may be obtained by writing to the State of New Hampshire, Department of Administrative Services, 25 Capitol Street, Room 310, Concord, New Hampshire, 03301-6312 or accessed online at www.admin.state.nh.us/accounting.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accompanying financial statements of the Lottery have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial reporting principles. The Lottery accounts for its operations as a single enterprise fund and accordingly uses the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recognized when the related liability is incurred. The Lottery's financial statements are reported using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the Lottery are included on the Statement of Net Position. All revenues and expenses of the Lottery are reported on the Statement of Revenues, Expenses, and Changes in Net Position.

Cash equivalents are investments with a maturity date of three months or less from the date of purchase. The majority of the Lottery's cash is held by the state treasurer for pooled investment purposes in short-term, highly liquid investments, which are considered to be cash equivalents. Cash equivalents are recorded at cost.

Accounts receivable consists of amounts due from retailers for lottery ticket sales.

Due from other funds consists of amounts due from the State Liquor Commission for lottery tickets sold at state liquor stores, which have not been transferred to Lottery as of June 30.

Inventory represents ticket inventories for Instant scratch games, which are valued at the lower of cost or market using the specific identification method. The cost of consumable supplies is expensed when the supplies are received.

Prepaid expenses and other consist of payments to vendors that reflect costs applicable to future accounting periods and the value of contributed merchandise (prizes) inventory to be awarded to players. These contributed prizes are donated to the Lottery by local area vendors in exchange for promotional consideration as part of the Replay program (see note 9).

Capital assets and depreciation, capital assets consist of equipment and vehicles, recorded at cost. The Lottery's threshold for capitalization is \$10,000. Depreciation on capital assets is computed using the straight-line method over an estimated useful life of five years. Salvage values are not recognized, as asset disposals are officially transferred to the New Hampshire Surplus Property program. Any income derived from surplus property sales is recorded as miscellaneous income when received. Losses on the disposal of surplus equipment are recorded at the time of disposal.

Restricted deposits represents noncurrent, restricted assets, deposited with the Multi-State Lottery Association (MUSL) and the Tri-State Lotto Commission (Tri-State), that are held as prize reserves to protect the Lottery against unforeseen liabilities. These prize reserves are a condition of participation in the joint ventures and are refundable after a one year waiting period if a member leaves. The Tri-State portion of the reserves is committed to be returned to the players, however the MUSL reserves would be returned to the New Hampshire Education Trust Fund. At June 30, 2015 MUSL reserves were \$2,440,625 and Tri-State reserves were \$1,711,749.

Compensated absences represent accrued leave for the Lottery's 41 full-time, classified employees at June 30, 2015. Full-time classified employees of the Lottery accrue annual, bonus, compensatory, and vested sick leave at various rates within the limits prescribed by a collective bargaining agreement. The compensated absences liability represents the total liability for the cumulative balance of employees' annual, bonus, compensatory, and sick leave based on years of service rendered along with the Lottery's share of social security, Medicare, and retirement contributions. The current portion of the leave liability is calculated based on the characteristics of the type of leave and on a LIFO (last in first out) basis, which assumes employees use their most recent earned leave first. The accrued liability for annual leave does not exceed the maximum cumulative balance allowed which ranges from 32 to 50 days based on years of service. The accrual for sick leave is made to the extent it's probable that the benefits will result in termination payments rather than be taken as absences due to illness.

Net pension liability; for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire State Retirement System (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms, and investments are reported at fair value.

Ticket sales for future draws consists of subscriptions for Megabucks, Powerball, Hot Lotto, and Mega Millions; and online sales prior to fiscal year end for game draws subsequent to June 30, 2015. Subscriptions are ticket purchases for periods of 26, 52, or 104 draws.

Unclaimed prizes represent prizes won, but not paid. The Lottery is required to hold unclaimed prize money for one year (365 days) after the prize is won for online prizes or one year after the official game end for instant scratch games prizes. Due to the nature of Instant scratch games not being “online” or computerized the Lottery records a liability for unclaimed and unpaid prizes on an estimated basis for instant scratch game prizes. For online games, the Lottery knows what its unclaimed and unpaid prize liability is at fiscal year-end. The one year prize liability is adjusted based on past history of expired prizes (prizes that are not claimed within the one year). The unclaimed prize liability for fiscal year 2015 of \$748,698 is the net amount after being reduced by an estimate for Powerball, Hot Lotto, and Mega Millions prizes to expire as unclaimed of \$547,555.

Due to the Education Trust Fund represents amounts owed to the Education Trust Fund at June 30, 2015. The final year end payment is based on estimate of revenue. The due to Education Trust Fund represents the difference between the yearend estimates and actual revenues.

Operating revenues represents gross lottery game sales less any sales adjustments and promotional tickets, plus other income. Other income includes returned prize money not paid that was previously expensed in a prior period, contributed merchandise prizes, and other miscellaneous operating income.

Cost of sales represents expenses directly related to lottery operating revenue, including paid and accrued prizes, retailers’ sales commissions and incentives, the Lottery’s pro-rata share of joint venture expenses, vendor fees, the printing cost of Instant scratch games, and the cost for shipping Instant scratch games tickets to retailers.

Administration expense represents those expenses indirectly related to the operation of the Lottery programs. These expenses consist mainly of advertising costs and promotional materials, employee salaries and benefits, and other Lottery operating expenses including, but not limited to, lease expenses.

Nonoperating revenue represents revenues such as investment income received from the State Treasury Department, Tri-State Lotto, and Multi-State Lottery (MUSL).

Nonoperating expense represents distributions to the Education Trust Fund, which are Lottery revenues to help fund education in New Hampshire. The Lottery, as a department of the State of New Hampshire, in accordance with RSA 284:21-j, transfers all Lottery revenue and interest, after the deduction of necessary administrative costs to the State’s Education Trust Fund for distribution to local school districts.

Restricted for prize funds represents restricted deposits held in prize reserves with MUSL and Tri-State. These deposits are a condition of participation in the joint ventures. At June 30, 2015 MUSL reserves were \$2,440,625 and Tri-State reserves were \$1,711,749. The Tri-State reserves are committed to be returned to the players upon dissolution or termination of participation in the joint venture.

Use of estimates; the preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the

amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Adoption of new accounting pronouncement; During the fiscal year ended June 30, 2015, the Lottery Commission adopted the following new accounting standard issued by the Governmental Accounting Standards Board (GASB). GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was issued as an amendment to GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, was issued as an amendment to GASB Statement No. 68. The new standards significantly change how governments measure and report the long-term obligations and annual costs associated with the pension benefits they provide. The implementation of GASB Statement No. 68 resulted in a fiscal year ending June 30, 2014 restatement of the Statement of Net Position of \$2,590,000. In addition, the Notes to the Basic Financial Statements reflect the Lottery's proportionate share of total pension expense, plan liabilities and assets, and deferred outflows of resources and inflows of resources related to pensions, along with other descriptive information about the plan (see Note 6).

Net Position, as previously reported	\$ 4,230,258
Less: GASB 68 Beginning Balance Adjustment	<u>(2,590,000)</u>
Net Position, as restated	<u>\$ 1,640,258</u>

Deferred outflows of resources and deferred inflows of resources; deferred outflows of resources are defined as a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

Note 2 – Cash and Cash Equivalents

The Lottery's cash and cash equivalents on the Statement of Net Position at June 30, 2015 consists of the following:

Cash in banks (carrying amount)	\$ 836,675
Cash and cash equivalents in State Treasury	77,612
Petty cash	<u>5,000</u>
Total cash and cash equivalents	<u>\$ 919,287</u>

The Lottery maintains two non-interest bearing commercial bank accounts, one being a revolving account, used to pay prizes and the other being a zero-balance account. The revolving account is replenished by the State Treasurer's office from Lottery income. The bank sweeps the net balance of the zero-balance account at the end of each business day into the New Hampshire State Treasury Department's bank account, in order to aggregate the State's assets and maximize the investment of available balances. Cash in excess of operating requirements is deposited into a money market mutual fund account held with Fidelity. These cash equivalents are highly liquid with a maturity date of three months or less from the date of purchase.

Statutory requirements and Treasury Department policies have been adopted to minimize risk associated with deposits. RSA 6:7 establishes the policy the State Treasurer must adhere to when depositing public monies. All depositories used by the state must be approved at least annually by

the Governor and Executive Council. All banks, where the State has deposits and/or active accounts, are monitored as to their financial health through the services of Veribanc, Inc., a bank rating firm. In addition, ongoing reviews with officials of depository institutions are used to allow for frequent monitoring of custodial credit risk. All payments to the State are to be in U.S. dollars, therefore there is no foreign currency risk.

Custodial credit risk. In the case of deposits held with financial institutions, this is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2015 the Lottery's total deposits held with financial institutions were \$913,144 (bank balance), all of which were insured and collateralized.

Note 3 – Compensated Absences

A summary of compensated absences activity for year ended June 30, 2015 is presented below.

	Beginning Balance <u>6/30/2014</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>6/30/2015</u>	Amounts Due Within <u>One Year</u>
Compensated Absences	<u>\$ 373,642</u>	<u>\$245,657</u>	<u>\$ 241,346</u>	<u>\$ 377,953</u>	<u>\$ 103,161</u>

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance <u>6/30/2014</u>	<u>Increases</u>	<u>Decreases</u>	Ending Balance <u>6/30/2015</u>
<u>Capital assets</u>				
Equipment	\$ 222,043	\$ -	\$ -	\$ 222,043
Vehicles	324,246	-	-	324,246
Total capital assets	<u>546,289</u>	<u>-</u>	<u>-</u>	<u>546,289</u>
<u>Accumulated depreciation</u>				
Equipment	(221,495)	-	-	(221,495)
Vehicles	(79,123)	(58,222)	-	(137,345)
Total accumulated depreciation	<u>(300,618)</u>	<u>(58,222)</u>	<u>-</u>	<u>(358,840)</u>
Total capital assets, net	<u>\$ 245,671</u>	<u>\$ (58,222)</u>	<u>\$ -</u>	<u>\$ 187,449</u>

Note 5 – General Budgetary Policies and Procedures

As a department of the State of New Hampshire, the Lottery is required to submit a biennial budget to the Governor of the State of New Hampshire where it is approved and further submitted to the Legislature for its approval. Approved biennial appropriations are provided in annual amounts. The Lottery's official budget, as adopted by the Legislature, is prepared principally on a modified cash basis.

Due to the nature of the Lottery's activities, the majority of its expenses, such as prizes, retailer commissions, and vendor fees are not included in the State's biennial budget. The Lottery budgets for approximately 4% of its expenses primarily salaries and benefits, advertising, and rental expense.

Note 6 – Employee Benefit Plans

A. Retirement Plan

All permanent, full-time employees of the Lottery participate in the New Hampshire Retirement System Plan (the Plan) as a condition of employment in accordance with New Hampshire Revised Statutes Annotated (RSA) 100-A:3. The Plan is qualified as a tax exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. The Plan is a contributory defined-benefit, cost sharing, multiple-employer Public Employee Retirement System, which provides service, disability, death and vested retirement benefits to members and beneficiaries. The Plan covers substantially all full-time state employees, public school teachers and administrators, permanent firefighters and police officers, within the state of New Hampshire. The Plan is divided into two membership groups. Group I consists of state and local employees and teachers. Group II consists of firefighters and police officers. All assets are in a single trust and are available to pay retirement benefits to its members and beneficiaries. The Plan is financed by contributions from the members, the State and local employers and investment earnings. Employees of the Lottery, which are Group I employees of the State, are required, by statute, to contribute 7% of their gross earnings to the Plan. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the New Hampshire Retirement System actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The State contributed 10.51% of gross payroll for Group I members.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the Lottery reported a liability of \$2,394,000 for its proportionate share of the net pension liability of the Plan. This net pension liability is measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, with update procedures used to roll the total pension liability forward to June 30, 2014. The State's proportion of the net pension liability was based on the State's share of contributions to the Plan relative to the contributions of all participating employers, actuarially determined. The Lottery's net pension liability and pension expense, along with related deferred outflows of resources and deferred inflows of resources was calculated using an allocated proportion among the State's governmental and business-type activities (0.33%), based on percentage of pension plan contributions. For the year ended June 30, 2015, the Lottery recognized total pension expense of \$153,000.

As of June 30, 2015, the Lottery reported deferred outflows and inflows of resources related to pensions from the following sources:

(in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 306
Changes in employer proportion	-	43
Contributions subsequent to the measurement date	200	-
Total	<u>\$ 200</u>	<u>\$ 349</u>

Amounts reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Amount (in thousands)
2016	\$ 86
2017	86
2018	86
2019	86
2020	5
Total	<u>\$ 349</u>

Actuarial Assumptions: The Plan total pension liability, measured as of June 30, 2014, was determined by a roll forward of the actuarial valuation as of June 30, 2013, using the following actuarial assumptions:

Inflation	3.0%
Salary increases	3.75-5.8% average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

Long-Term Rates of Return: The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

Following is a table presenting target allocations and long-term rates of return for 2014:

Asset Class	Target Allocation	2014 Rate of Return*
Large Cap Equities	22.50%	3.25%
Small/Mid Cap Equities	75.00%	3.25%
Total domestic equity	30.00%	
International Equities (unhedged)	13.00%	4.25%
Emerging International Equities	7.00%	6.50%
Total international equity	20.00%	
Core Bonds	18.00%	-0.47%
High-Yield Bonds	1.50%	1.50%
Global Bonds (unhedged)	5.00%	-1.75%
Emerging Market Debt (external)	0.50%	2.00%
Total fixed income	25.00%	
Private equity	5.00%	5.75%
Private debt	5.00%	5.00%
Real estate	10.00%	3.25%
Opportunistic	5.00%	2.50%
Total alternative investments	25.00%	
Total	100.00%	

*Weighted average long-term expected rate of return

Discount Rate: The discount rate used to measure the collective total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are determined based on the expected payroll of current members only. Employer contributions are determined based on the Plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine total pension liability.

The following table illustrates the sensitivity of the Lottery's proportionate share of the Plan's net pension liability to changes in the discount rate. In particular, the table presents the Lottery's proportionate share of the Plan's net pension liability measured at June 30, 2014 assuming it was calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher than the single discount rate (in thousands):

1% Decrease to 6.75%	Current single rate assumption 7.75%	1% Increase to 8.75%
\$3,152	\$2,394	\$1,753

The New Hampshire Retirement System (NHRS), administrator of the Plan, issues a publicly available annual financial report, which contains detailed information regarding the Plan as a whole, including information on payroll, contributions, actuarial assumptions and funding method, and historical trend data. This report may be obtained by writing to the NHRS, 54 Regional Drive, Concord, New Hampshire 03301 or from their website at <http://www.nhrs.org>.

B. Other Postemployment Benefits

In addition to the benefits described above, the State provides postemployment health care benefits in accordance with RSA 21-I:30 to eligible retired employees, their spouses and certain dependents. These benefits are provided through the Employee and Retiree Benefit Risk Management Fund, a single-employer defined benefit plan, which is the State's self-insurance fund implemented in October 2003 for active state employees and retirees. The State recognizes the cost of providing benefits by paying actuarially determined insurance contributions into the fund. An additional major source of funding for retiree benefits is from the New Hampshire Retirement System's medical premium subsidy program for Group I and Group II employees. Contribution rates for the Fund are adjusted periodically to recover any deficits and to maintain a statutorily required Fund Reserve. The Lottery makes payments to the State for its share of required contributions based on a set percentage taken from payroll.

The State's CAFR discloses the required contributions for the State as a whole. The Lottery's total payments to the State for its share of normal contribution costs for the medical subsidy and retiree health benefits paid for fiscal years 2013 through 2015 are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Number of Retirees and Spouses</u>	<u>Total Annual OPEB Cost</u>	<u>Normal and Required Contribution Costs for Medical Subsidy</u>	<u>Medical Subsidy Percentage of Covered Payroll</u>
2015	65	\$373,195	\$33,394	1.62%
2014	66	320,596	31,873	1.62%
2013	62	323,491	31,090	1.60%

Each of the three years costs was equal to the Lottery's required contributions for those years.

The Governmental Accounting Standards Board (GASB) No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than pensions* requires governments to account for other postemployment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay as you go basis. The effect is the recognition of an actuarially required contribution as an expense when a future retiree earns their postemployment benefit rather than when they use their postemployment benefit. To the extent that the entity does not fund their actuarially required contribution, a postemployment benefit liability is recognized on the balance sheet over time. The State appropriately implemented GASB 45 during fiscal year 2008 and recognizes the actuarial accrued liability and costs for all State employees, including Lottery employees, on the State's government wide financial statements. The State Legislature currently plans to only partially fund (on a pay-as-you-go-basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Note 7 – Operating Lease

Building Lease

The Lottery, as lessee, leases an office and warehouse facility located on Integra Drive in Concord, New Hampshire. The agreement is a long-term operating lease, which commenced on May 1, 2013 and expires on April 30, 2018. The total building lease cost for fiscal years 2015 and 2014 amounted to \$405,810 per year. The Lottery's commitment for future lease payments required under the operating lease is \$1,161,970. See table below showing future obligations by fiscal year.

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 406,825
2017	411,897
2018	343,248
Total	<u>\$1,161,970</u>

Note 8 – Joint Ventures

GASB Statement No.14, *The Financial Reporting Entity*, defines a joint venture as a legal entity which results from a contractual arrangement and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. The New Hampshire Lottery Commission is an active participant in three separate joint venture arrangements: the Tri-State Lotto Commission (Tri-State), the Multi-State Lottery Association (MUSL), and Lucky for Life. Tri-State and MUSL joint ventures are audited by separate audit firms hired by the particular joint venture. For fiscal year 2015 Macpage, LLC, of South Portland, Maine audited Tri-State and LWBJ Financial of West Des Moines, Iowa audited MUSL. The Lucky for Life joint venture holds each member lottery responsible for providing all other member lotteries with an annual report outlining that certain "Agreed Upon Procedures" have been completed by an independent firm hired by the perspective member lottery.

A. Tri-State Lotto Commission

In September 1985, RSA 287-F established the Tri-State Lotto Commission (Tri-State) whereby the New Hampshire Lottery Commission entered into a joint venture with the Maine and Vermont lotteries. Tri-State is composed of one commissioner from each of the three state lotteries and is authorized to promulgate rules and regulations regarding the conduct of lottery games and the licensing of retailers. In addition, each of the member states contributes services towards the management and advisory functions.

The payments due winners for prizes awarded under Megabucks are fully funded by deposit fund contracts and investments in U.S. Treasury strips, held by Tri-State. Accordingly, the New Hampshire Lottery Commission does not record a liability for jackpot awards which are payable in installments from funds provided by Tri-State. At June 30, 2015 Tri-State reported total installment prize obligations owed to jackpot winners of \$32.1 million, payable through the year 2043.

Each member state including the Lottery shares in all joint venture sales and expenses, including prize expenses, based on its pro-rata share of sales. Direct charges, such as advertising, vendor

fees and the Lottery's per-diem payments are charged to participating states based on services received.

Tri-State has established a Designated Prize Reserve, which acts as a contingency to protect Tri-State against unforeseen liabilities. The balance in the Tri-State reserve at June 30, 2015 was \$4,345,585. The allocation for this reserve is based on each state's pro-rata share of sales; it is estimated that New Hampshire's portion of the reserve amounts to \$1,711,749. Lottery prize reserves held by the Tri-State are invested in U.S. Treasury notes. Tri-State policy dictates that if Tri-State dissolves or a state leaves the compact these reserve amounts will be used as future prizes to the state's lottery players.

The New Hampshire Lottery Commission's portion of the Tri-State Lotto Commission games for fiscal year 2015 is summarized below:

Operating revenues	\$ 22,022,091
Operating expenses:	
Prizes	11,479,138
Retailer commissions	1,146,295
Advertising and promotional	1,331,536
Vendor fees	344,126
Other operating expenses	113,103
Total operating expenses	<u>14,414,198</u>
Net operating income	7,607,893
Interest income	35,569
Net income from Tri-State	<u><u>\$ 7,643,462</u></u>

The Tri-State Lotto financial statements are audited by an independent audit firm hired by the Tri-State Lotto Commission. The Tri-State Lotto Commission issues a publicly available annual financial report, which may be obtained by writing to the Tri-State Lotto Commission, 1311 US Route 302 Suite 100, Barre, Vermont 05671.

B. Multi-State Lottery Association

The New Hampshire Lottery Commission became a member of the Multi-State Lottery Association (MUSL) in November 1995. MUSL is currently comprised of 37 member state lotteries, including the District of Columbia, Puerto Rico and the United States Virgin Islands. MUSL is managed by a Board of Directors, which is comprised of the lottery directors or their designee from each of the party states. The Board of Directors' responsibilities to administer the Multi-State Lottery Powerball, Hot Lotto, and Mega Millions games are performed by advisory committees or panels staffed by officers and independent contractors appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties and qualifications. The Executive Committee carries out the budgeting and financing of MUSL, while the board contracts the annual independent audit.

The Lottery sells Powerball tickets, collects all revenues, and remits prize funds to MUSL net of lower tier prize awards. Jackpot prizes that are payable in installments, are satisfied through investments purchased by MUSL. MUSL purchases U.S. government obligations, which are held in irrevocable trusts established by MUSL for the benefit of participating state lotteries. Accordingly,

the Lottery does not record an obligation for jackpot awards which are payable in installments from funds provided by MUSL.

Each member state participates in the sale of Powerball tickets. Each member state including the Lottery shares in all joint venture sales and expenses, including prize expenses, based on its pro-rata share of sales. Each week MUSL allocates 50 percent of sales to the prize pool. There are two prize reserve funds set aside for Powerball. One of these funds, the Powerball prize reserve fund acts as a contingency reserve to protect MUSL members against unforeseen liabilities and is to be used at the discretion of the MUSL Board of Directors. The prize reserve fund monies, which are maintained on MUSL's balance sheet, are refundable after a one-year waiting period if a member leaves the Association or if the Association disbands. New Hampshire's total share of prize reserves held by MUSL amounted to \$2,440,625 at June 30, 2015.

At June 30, 2015 the total MUSL Powerball prize reserve fund had a balance of \$74,843,800. New Hampshire's portion of the prize reserve fund balance amounted to \$1,101,398. The second Powerball prize reserve fund, Powerball set prize reserve, is used when low tier prizes won exceed statistically calculated low tier prize monies. At June 30, 2015 the total MUSL – Powerball set prize reserve fund had a balance of \$35,096,120. New Hampshire's portion of the prize reserve fund balance amounted to \$484,716. The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above that are credited to an unreserved fund. The Lottery records this as interest when earned. This fund had a balance of \$15,446,835 at June 30, 2015. New Hampshire's portion of this unreserved fund amounted to \$153,944. MUSL's Powerball operating expenses are paid from interest earned on the prize reserves. The remaining interest is returned to the member states based upon the member's proportionate share of total Powerball game sales.

Fifteen member states have elected to participate in the sale of Hot Lotto tickets. Hot Lotto has been offered since April 2002. MUSL allocates 50 percent of the weekly sales to the prize pool. At June 30, 2015 the MUSL Hot Lotto prize reserve fund was \$8,022,038 with New Hampshire's share being \$346,335. Each participating member pays for a share of Hot Lotto operating expenses based upon the member's proportionate share of total Hot Lotto game sales.

Thirty six member states, including the District of Columbia and the U.S. Virgin Islands, have elected to participate in the sale of Mega Millions tickets. Mega Millions has been offered to MUSL members since January 2010. MUSL allocates 50 percent of the weekly sales to the prize pool. At June 30, 2015 the MUSL Mega Millions prize reserve fund was \$37,271,793 with New Hampshire's share being \$508,175. Each participating member pays for a share of Mega millions operating expenses based upon the member's proportionate share of total Mega Millions game sales.

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The New Hampshire Lottery Commission's portion of the Multi-State Lottery's games for fiscal year 2015 is summarized below.

Operating revenues	\$ 44,899,181
Operating expenses:	
Prizes	21,902,935
Retailer commissions	2,378,320
Advertising and promotional	868,554
Vendor fees	799,260
Other operating expenses	66,966
Total operating expenses	<u>26,016,035</u>
Net operating income	<u>18,883,146</u>
Interest income	450
Net income from MUSL	<u><u>\$ 18,883,596</u></u>

MUSL financial statements are audited by an independent audit firm hired by MUSL. MUSL issues a publicly available annual financial report, which may be obtained by writing to the Multi-State Lottery Association, 4400 NW Urbandale Drive, Urbandale, Iowa 50322.

C. Lucky for Life

The New Hampshire Lottery Commission became a member of the game known as Lucky for Life beginning sales on March 11, 2012, with the first drawing held on March 15, 2012. Lucky for Life is currently comprised of lotteries in 16 states and the District of Columbia. The member lotteries, each represented by a director or designee, jointly operate the Lucky for Life game.

The Lottery sells Lucky for Life tickets, collects all revenues, and remits prize funds and operating funds to MUSL. While Lucky for Life is not a MUSL game, the party lotteries pay a fee to MUSL to act as the game administrator (clearinghouse agent) for the Lucky for Life game. MUSL collects and re-distributes funds to the party lotteries when funds are due and purchases insurance annuities for the top two highest prize tiers when a winner does not choose a cash pay-out. The top two prize tiers are payable in installments and are satisfied through insurance annuities purchased by MUSL when a winner chooses the annuity option. MUSL purchases insurance annuities, on behalf of the member states, based on \$365,000 (top prize tier) or \$25,000 (second highest prize tier) per year deferred annuity paid annually on the anniversary of the claim date for the lifetime of the top prize winner. Accordingly, the Lottery does not record an obligation for jackpot awards which are payable in installments from funds provided by MUSL or the other party lotteries. The Lottery does accrue a current amount due for its proportionate share of prizes and expenses.

Each member state including the Lottery shares in all joint venture sales and expenses, including prize expenses, based on its pro-rata share of sales. The liability for the top two prize tiers for every drawing is shared by each member Lottery based on an amount equal to a percentage of that member Lottery's Lucky for Life sales; said percentage being the proportion of the total jackpot/grand prize liability to total Lucky for Life sales. The member Lotteries are also responsible for the prize liability for low-tier/set prizes (prize levels three through ten) as follows: each member Lottery is responsible for an amount equal to a percentage of that member Lottery's Lucky for Life sales; said percentage being the proportion of total Lucky for Life lower tier prize liability to total Lucky for Life sales.

The New Hampshire Lottery Commission’s portion of the Lucky for Life game for fiscal year 2015 is summarized below.

Operating revenues	\$ 5,272,097
Operating expenses:	
Prizes	1,735,469
Retailer commissions	291,654
Advertising and promotional	113,151
Vendor Fees	82,597
Other operating expenses	<u>19,388</u>
Total operating expenses	<u>2,242,259</u>
Net income from Lucky For Life	<u><u>\$ 3,029,838</u></u>

Each member lottery is responsible for providing all other member lotteries an annual report outlining that certain “minimum agreed upon procedures” have been completed by an independent audit firm hired by the respective lottery. The “minimum agreed upon procedures” have been approved by all participating state’s directors and finance members.

Note 9 – Replay Program

In June 2006 the Commission implemented a program called “Replay” in which players become eligible for merchandise drawings by submitting non-winning lottery ticket codes to an online Replay website operated by the Lottery’s advertising vendor. Merchandise prizes are contributed by area businesses in exchange for promotional consideration. The Commission accounts for contributed prizes by recording offsetting assets, liabilities, revenues, and expenses in Prepaid and Other, Accounts Payable, Other Operating Revenue, and Prize Expense, respectively.

Note 10 – Risk Management

The Lottery is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a general operating rule, the State self-insures against all damages, losses and expenses except to the extent that provisions of law require the purchase of commercial insurance or a risk assessment has indicated that commercial insurance is economical and beneficial for the State or the general public. In such instances, the State may elect to purchase commercial insurance. There are approximately 27 such commercial insurance programs in effect. These include, but are not exclusive to, State owned real property insurance, fleet automobile liability, inland marine insurance, foster parent liability, ski area liability for Cannon Mountain, and a fidelity and faithful performance bond.

The State employs a blanket commercial policy that covers fleet automobile liability. The Lottery pays an annual premium for its vehicles to be covered under this policy. The Lottery also purchases indemnification bonds through the State for its commissioners to be bonded in accordance with New Hampshire RSA 284:21-c. Settled claims under these insurance programs have not exceeded commercial insurance coverage in any of the last three fiscal years.

Claim liabilities not covered by commercial insurance are recorded by the State when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. For the State of New Hampshire the liability not covered by commercial insurance relates primarily to worker's compensation claims and health benefit claims.

Note 11 – Prize Annuity Due Winner

On November 29, 2006, the Lottery purchased from American National Insurance Company a 19 year annuity, on behalf of a prize winner. The American National Insurance Company has a rating of A (strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances) from Standard & Poor's. The annuity is in the name of the prize winner and the Lottery does not recognize a liability for this annuity. The annual payment paid to the winner by the insurance company is \$50,000. The likelihood of this becoming a liability to the Lottery is low.

Note 12 – Subsequent Events

Laws of 2015, Chapter 276, Section 121, consolidated the Racing and Charitable Gaming Commission and the Lottery Commission, transferring authority over Racing and Charitable Gaming to the Lottery Commission effective July 1, 2015. Racing and Charitable Gaming became a Division of the Lottery. The Division's duties include the adjudication of hearings, the licensing of racetracks, racetrack occupations (drivers, owners, trainers, vendors, security, etc.), charitable gaming entities (operators, distributors, manufacturers, facilities, etc.) and the collection of taxes and fees associated with Bingo, Lucky 7, Games of Chance and Pari-Mutuel wagering.

**New Hampshire Lottery Commission
Required Supplementary Information
Fiscal Year Ended June 30, 2015**

The following table displays information about the New Hampshire Retirement System Plan:

Schedule of Lottery's Proportionate Share of the Net Pension Liability

(dollars in thousands)

	June 30, 2015
Lottery's Proportion of the Net Pension Liability	0.06%
Lottery's Proportionate Share of the Net Pension Liability	\$2,394
Lottery's Covered-Employee Payroll	\$1,741
Lottery's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	137.51%
NHRS Fiduciary Net Position as a Percentage of the Total Pension Liability	66.32%

Note: The amounts presented were determined as of and for the period June 30, 2014
Schedule is intended to show 10 years. Additional years will be added as they become available.

Schedule of Lottery Contributions

(dollars in thousands)

	June 30, 2015	June 30, 2014
Required Lottery Contribution	\$200	\$207
Actual Lottery Contributions	\$200	\$207
Excess/(Deficiency) of Lottery Contributions	-	-
Lottery's Covered-Employee Payroll	\$1,836	\$1,741
Lottery Contribution as a Percentage of its Covered-Employee Payroll	10.89%	11.89%

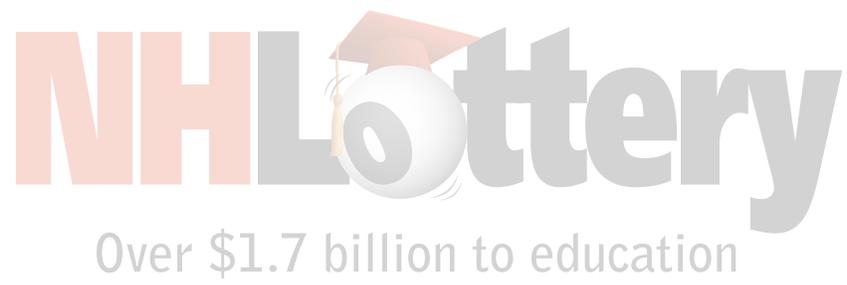
Schedule is intended to show 10 years. Additional years will be added as they become available.

See accompanying independent auditor's report.

**New Hampshire Lottery Commission
Other Supplementary Information
Supplemental Schedule of Revenues, Expenses, and Distributions
For the Year Ended June 30, 2015**

Operating Revenues:	
Instant tickets	\$ 208,938,625
MUSL Powerball	28,669,316
MUSL Mega Millions	12,532,507
Tri-State Megabucks	7,431,726
Tri-State Pick 3	5,247,679
Tri-State Pick 4	4,720,112
Lucky for Life	5,272,097
MUSL Hot Lotto	3,434,368
Tri-State Gimme 5	2,655,637
Tri-State Fast Play	1,966,937
MUSL Monopoly	262,990
Other income	1,795,518
Total operating revenues	<u>282,927,512</u>
Operating Expenses:	
Cost of sales:	
Prize awards:	
Instant tickets	141,186,490
MUSL Powerball	13,974,195
MUSL Mega Millions	6,044,468
Tri-State Megabucks	3,800,663
Tri-State Pick 3	2,599,244
Tri-State Pick 4	2,371,430
Lucky for Life	1,735,469
MUSL Hot Lotto	1,675,142
Tri-State Gimme 5	1,391,242
Tri-State Fast Play	1,316,559
MUSL Monopoly	209,130
Other - contributed prizes paid	111,321
Total prize awards	<u>176,415,353</u>
Retailers' commissions	16,255,869
Vendor fees	5,235,023
Cost of instant scratch games (printing and delivery)	2,324,374
Expense pools	240,950
Total cost of sales	<u>200,471,569</u>
Administration:	
Salaries and benefits	3,738,122
Advertising and promotional	3,432,750
Space rental	405,810
Information technology	144,079
Other expenses	484,686
Total administration	<u>8,205,447</u>
Depreciation expense	58,222
Total operating expenses	<u>208,735,238</u>
Operating income	74,192,274
Nonoperating revenues	54,659
Net income	<u>74,246,933</u>
Distributions to Education Trust Fund	(74,324,817)
Change in net position (restricted prize reserve funds)	<u>\$ (77,884)</u>

See accompanying independent auditor's report.



Statistical Section

This part of the New Hampshire Lottery Commission's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and supplementary information says about the Lottery's overall financial health.

Contents	Pages
Financial Trends	51 – 55
<p>These schedules and graphs contain information to help the reader understand how the Lottery's financial performance has changed over time. Please keep in mind the increase or decrease in net position does not reflect the condition of the Lottery's financial position because, by law, the Lottery is required to distribute all net profits to the Education Trust Fund on a monthly basis.</p>	
Demographic and Economic Information	56B – 58
<p>These schedules and graphs offer demographic and economic indicators to help the reader understand the environment within which the Lottery's operations take place and where its revenues come from.</p>	
Operating Information	56A, 59
<p>These schedules offer miscellaneous statistics showing the reader yearly comparisons of certain information contained in the Lottery's financial report as it relates to the programs it offers and the activities it performs.</p>	
Industry Comparisons	60 – 69
<p>These schedules offer the reader an understanding of how the New Hampshire Lottery Commission performs financially in comparison to other lotteries in the industry.</p>	

New Hampshire Lottery Commission
Revenues, Expenses, and Changes in Net Position - Last 10 Fiscal Years

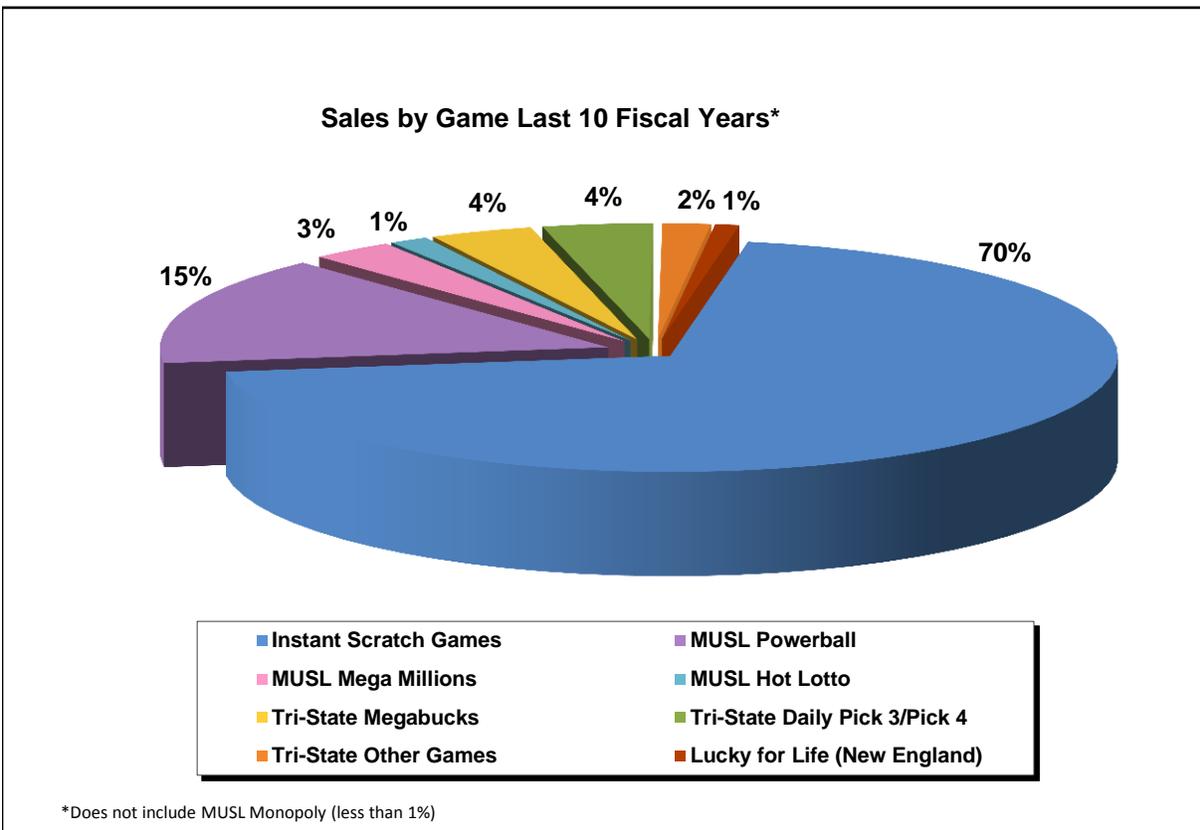
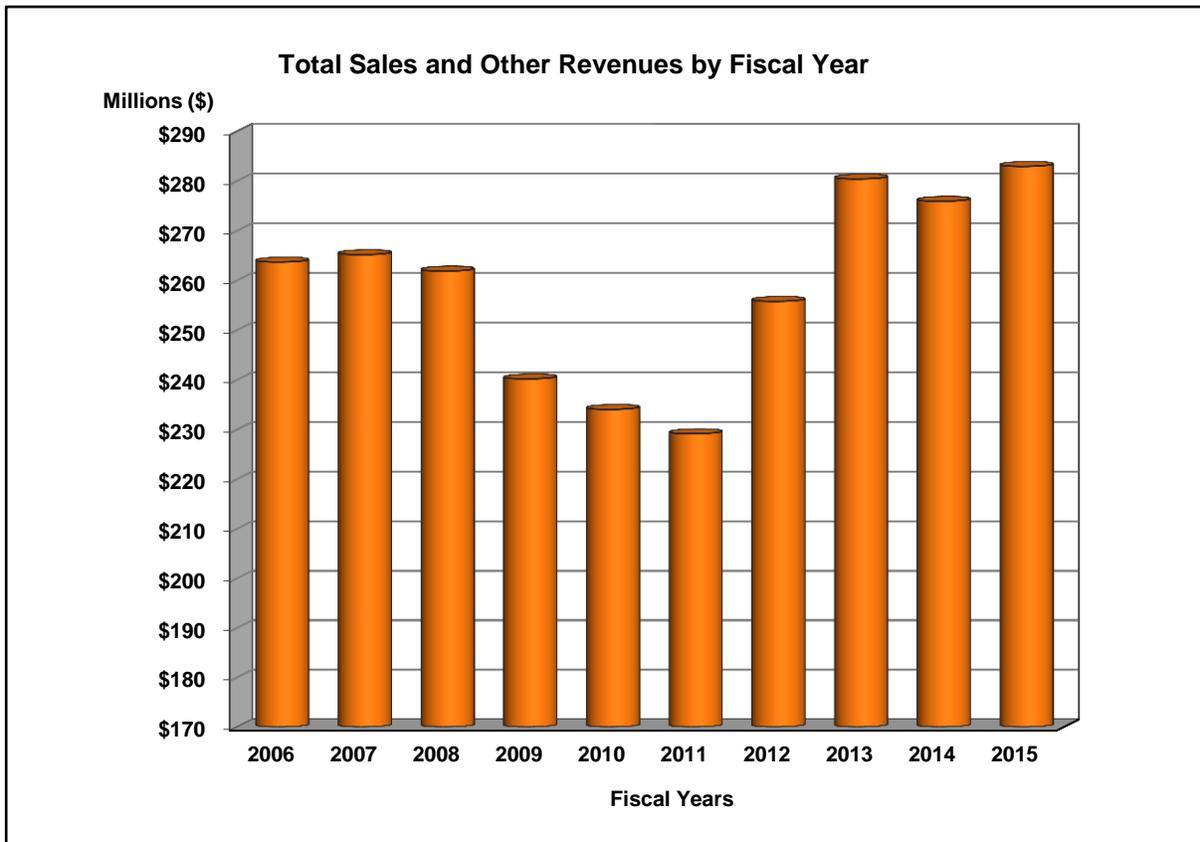
Thousands

<u>Revenues</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instant Scratch Games	\$ 176,978	\$ 188,565	\$ 183,991	\$ 170,823	\$ 160,536	\$ 161,378	\$ 176,912	\$ 192,475	\$ 195,293	\$ 208,938
MUSL Powerball	57,232	44,391	46,421	39,994	37,705	26,537	33,022	46,160	35,034	28,669
MUSL Mega Millions	-	-	-	-	3,057	11,601	14,986	8,765	13,499	12,533
MUSL Hot Lotto	3,001	4,633	3,538	4,324	4,149	3,698	3,183	3,168	3,160	3,434
Tri-State Megabucks	10,184	9,657	10,459	8,687	12,708	10,537	9,459	9,177	8,105	7,432
Tri-State Daily Pick 3/Pick 4	10,818	10,873	10,507	10,489	10,383	10,380	10,310	9,933	9,855	9,968
Tri-State Other Games	4,529	5,446	5,774	5,266	5,235	4,734	3,499	1,833	4,304	4,623
Lucky for Life (New England)	-	-	-	-	-	-	3,289	7,826	6,361	5,272
MUSL Monopoly	-	-	-	-	-	-	-	-	-	263
Income Other than Ticket Sales	1,014	1,679	1,256	677	348	353	1,200	1,132	375	1,850
Total Sales and Other Revenue ²	263,756	265,244	261,946	240,260	234,121	229,218	255,860	280,469	275,986	282,982
<u>Operating Expenses</u>										
Prizes	152,392	155,941	154,687	142,050	138,907	139,262	158,887	173,357	171,846	176,415
Retailer Commissions & Incentives	14,179	14,311	14,279	13,070	12,739	12,925	14,832	16,626	15,823	16,256
Other Costs of Sales	9,479	8,876	8,856	8,430	8,338	6,758	7,071	7,618	7,217	7,800
Administration & Depreciation Expenses	7,379	7,207	8,472	8,358	7,942	8,024	8,147	8,533	8,624	8,264
Total Expenses	183,429	186,335	186,294	171,908	167,926	166,969	188,937	206,134	203,510	208,735
<u>Nonoperating Expenses</u>										
Distributions to Education	80,378	79,043	75,553	68,150	66,222	62,207	66,768	74,335	72,380	74,325
<u>Change in Net Position</u>										
Change in Net Position ¹	(51)	(134)	99	202	(27)	41	155	-	96	(78)
<u>Net Position</u>										
Invested in capital assets	191	235	242	164	97	42	13	133	246	187
Restricted for prize funds	3,798	3,664	3,763	3,965	3,938	3,979	4,134	4,134	4,230	4,152
Unrestricted Deficit ³	(191)	(235)	(242)	(164)	(97)	(42)	(13)	(133)	(246)	(2,777)
Ending Net Position	\$ 3,798	\$ 3,664	\$ 3,763	\$ 3,965	\$ 3,938	\$ 3,979	\$ 4,134	\$ 4,134	\$ 4,230	\$ 4,152

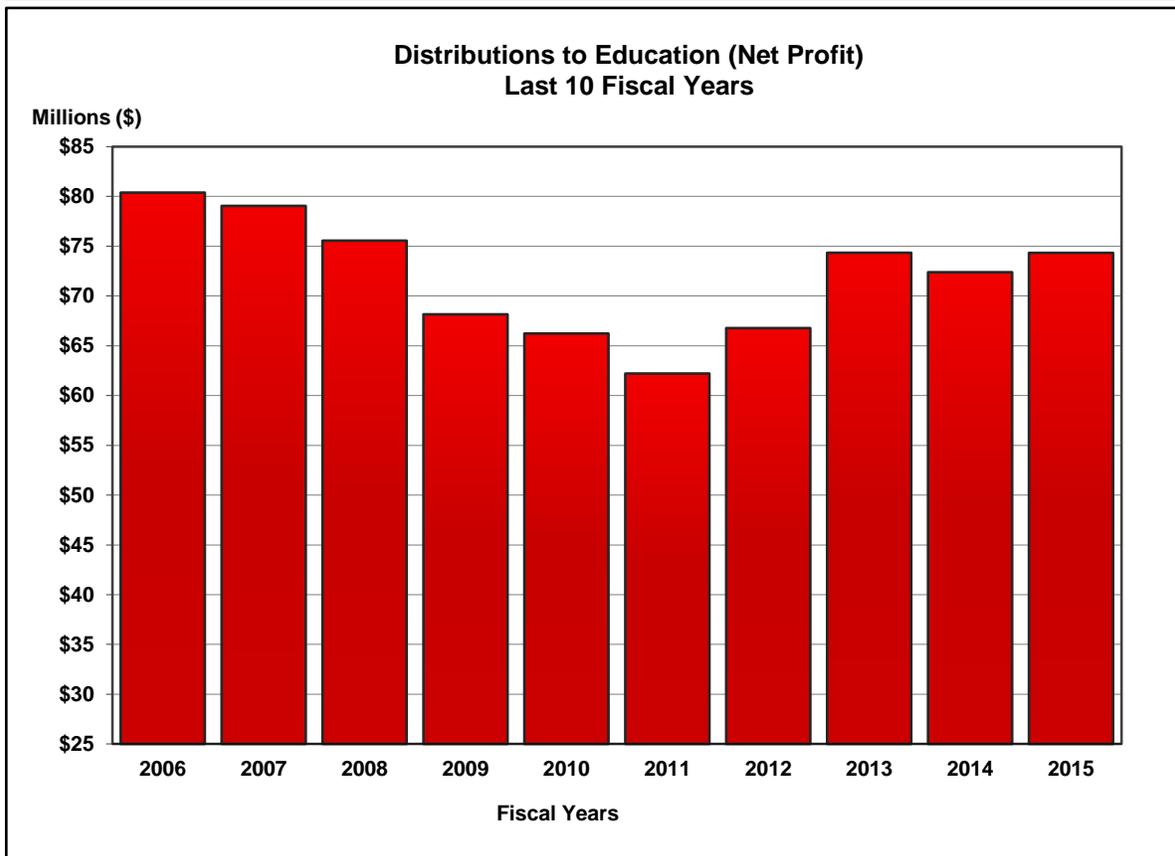
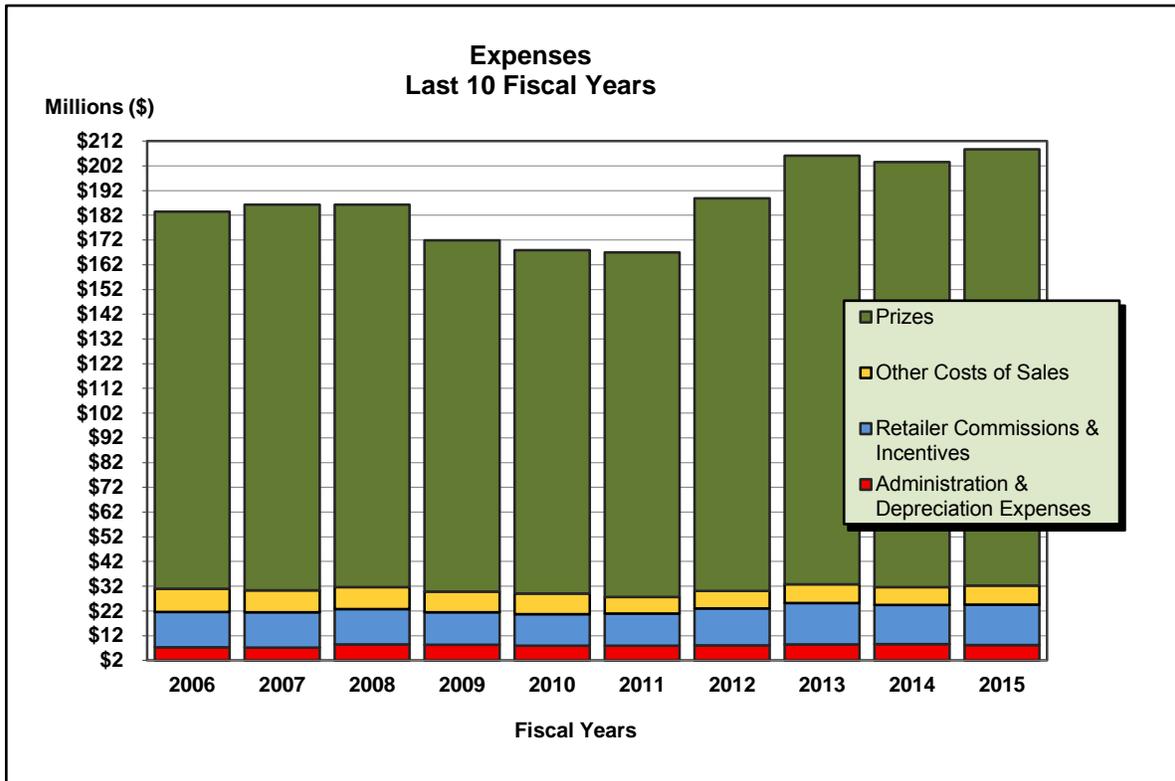
¹ The change in net position does not reflect the condition of the Lottery's financial position, because by law the Lottery is required to transfer all net profits to the Education Trust Fund on a monthly basis.

² State law restricts the maximum sales amount of a ticket to \$30.

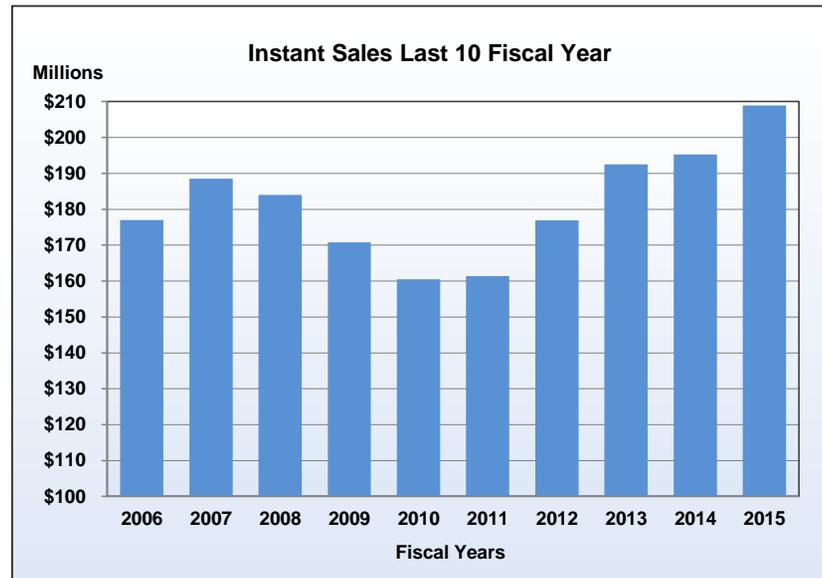
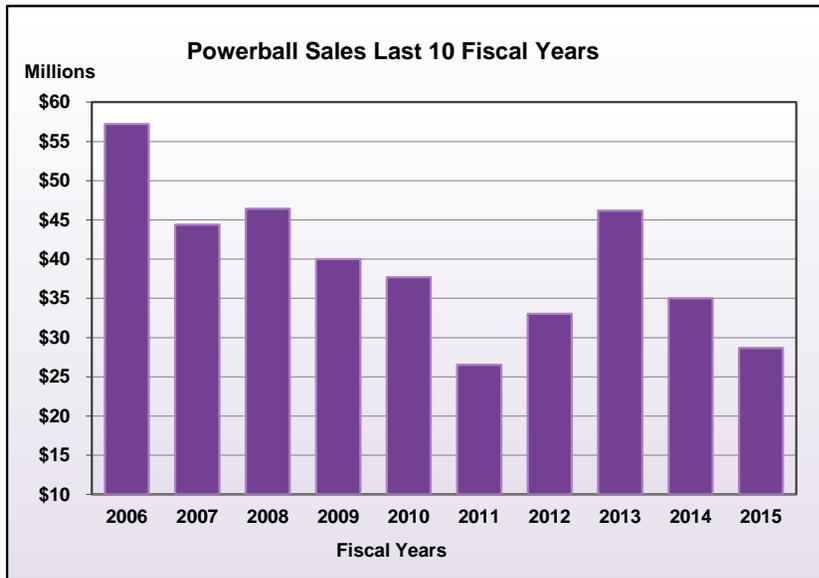
³ The increase in Unrestricted Deficit was due to an accounting change for fiscal year 2015 in accordance with GASB Statement No. 68 (see Notes to the Financial Statements, notes 1 and 6).



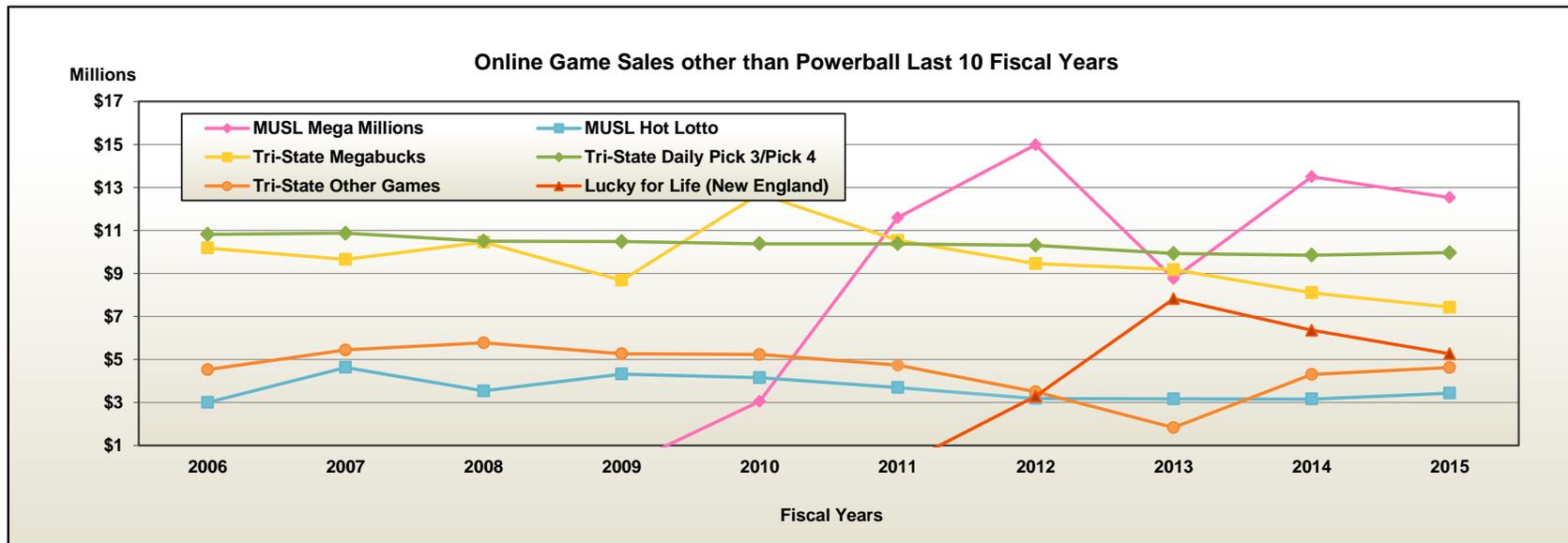
New Hampshire Lottery Commission



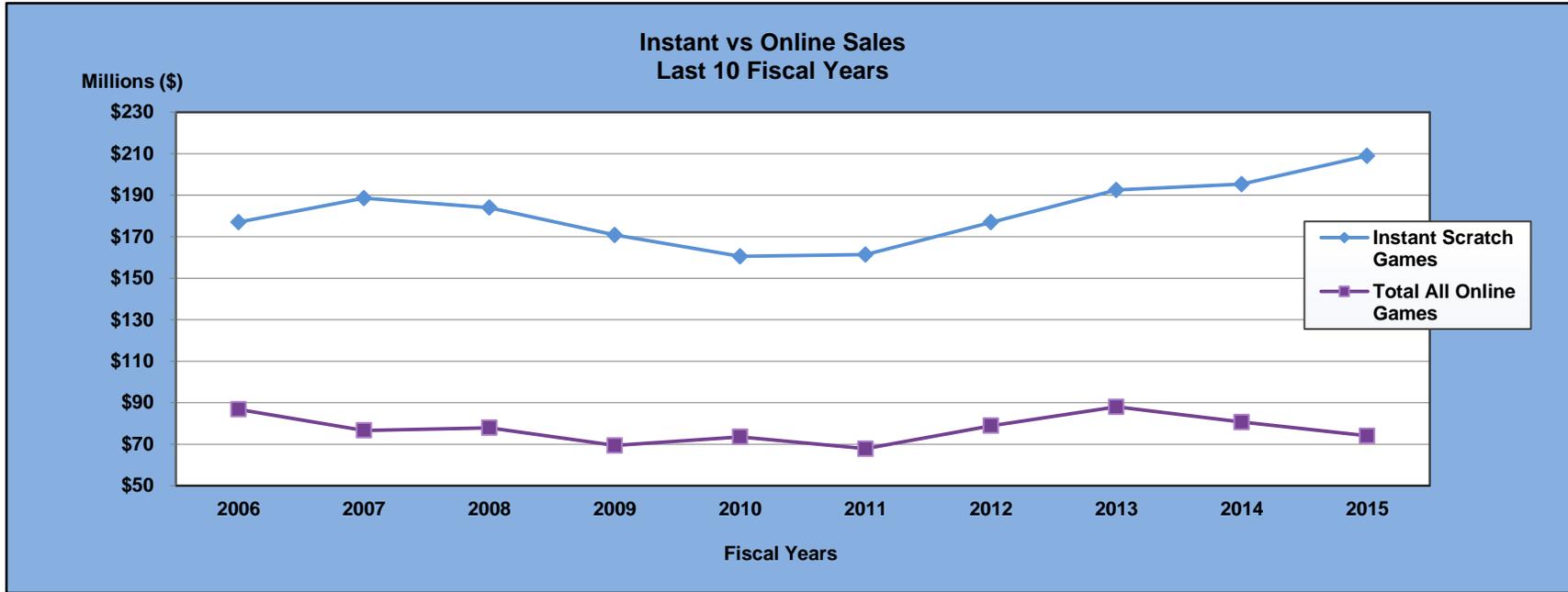
NEW HAMPSHIRE LOTTERY COMMISSION



Over the last ten years Instant Scratch Games sales were the strongest of all lottery products. Instant Games are, for the most part, an impulse purchase depending on discretionary spending. The economy and dramatic changes in the price of automobile gasoline impact Instant Games sales. Consumers demand for more technologically advanced types of gambling also has effected sales. Powerball sales fluctuated widely over the last ten years due to the number and size of jackpots. A \$300 million jackpot will sell three times as many tickets as a \$40 million jackpot, however, large jackpots cannot be predicted and are subject to the "luck of the draw". In 2013, Powerball had a record breaking jackpot of \$590.5 million as well as 70 draws with jackpots of over \$100 million. Likewise in 2006 and 2008, high jackpots along with 43 and 32 draws with jackpots exceeding \$100 million, respectively, resulted in increased sales. Compared to 2011 when there was only 19 draws with jackpots over \$100 million and the largest jackpot won was \$218 million, an example of consumers demand for higher jackpots or what is known in the lottery industry as jackpot fatigue.



NEW HAMPSHIRE LOTTERY COMMISSION



Prizes and Advertising Expenses as a Percentage of Sales for Instant and Online Games (in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instant Games										
Sales	\$176,978	\$188,565	\$183,991	\$170,823	\$160,536	\$161,378	\$176,912	\$192,475	\$195,293	\$208,938
Prizes	110,256	119,378	116,738	108,427	102,801	105,524	118,288	129,046	132,361	141,186
Prizes % of sales	62.30%	63.31%	63.45%	63.47%	64.04%	65.39%	66.86%	67.05%	67.78%	67.57%
Instant advertising expense	1,090	1,187	1,855	1,583	1,232	1,585	1,261	1,342	1,526	1,121
Instant advertising expense % of Instant ticket sales	0.62%	0.63%	1.01%	0.93%	0.77%	0.98%	0.71%	0.70%	0.78%	0.54%
Online Games										
Sales	\$86,778	\$76,679	\$77,955	\$69,437	\$73,585	\$67,840	\$78,948	\$87,994	\$80,693	\$74,044
Prizes	42,136	36,563	37,949	33,623	36,106	33,738	40,599	44,311	39,485	35,229
Prizes as a % of sales	48.56%	47.68%	48.68%	48.42%	49.07%	49.73%	51.42%	50.36%	48.93%	47.58%
Online advertising expense	1,679	1,554	1,158	2,205	2,050	1,673	2,271	2,423	2,238	2,311
Online games advertising expense % of online games sales	1.93%	2.03%	1.49%	3.18%	2.79%	2.47%	2.88%	2.75%	2.77%	3.12%

New Hampshire Lottery Commission

Lottery Employee Operating Information and State of New Hampshire Demographic and Economic Information

A. NH Lottery Commission Employee Statistics for Ten Fiscal Years:

<u>Fiscal Year</u>	<u>Number of Employees¹</u>	<u>Salaries Paid</u>	<u>Benefits Paid to Employees</u>	<u>Number of Retirees and Spouses</u>	<u>Post-Employment Benefits Paid²</u>
2015	52	\$2,296,906	\$1,109,007	65	\$373,195
2014	58	2,227,878	1,154,200	66	320,596
2013	56	2,192,082	1,111,644	62	323,491
2012	63	2,042,681	956,953	61	371,537
2011	61	2,102,128	983,785	58	286,507
2010	60	2,073,092	1,003,341	52	357,086
2009	63	2,034,221	912,206	49	333,702
2008	67	2,008,383	893,401	47	222,216
2007	74	1,716,133	892,886	46	267,366
2006	76	1,920,437	944,916	48	255,528

¹ Includes part-time employees ² The Lottery is required to pay retiree benefits due to being a self-funded agency.

B. New Hampshire Demographic and Economic Statistics

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income¹</u>	<u>Per Capita Personal Income¹</u>	<u>Unemployment Rate²</u>
2015	1,330	\$74,257	\$55,860	3.80%
2014	1,327	70,519	53,149	4.40%
2013	1,323	66,379	50,156	5.10%
2012	1,321	62,150	47,058	5.10%
2011	1,318	60,480	45,881	4.90%
2010	1,316	57,898	43,968	5.90%
2009	1,316	55,827	42,418	6.80%
2008	1,316	58,162	44,199	4.00%
2007	1,313	56,418	42,984	4.00%
2006	1,308	53,765	41,092	3.30%

Source: US Dept. of Commerce, Bureau of Census

¹NH Dept. of Employment Security, Economic and Labor Market Information Bureau, NH Vital Signs

²NH Dept. of Employment Security, Economic and Labor Market Information Bureau, Economic Conditions Seasonally Adjusted June Estimated - September Issue

New Hampshire Lottery Commission
Who are the Lottery's Top Ten Revenue Producers?
Last 10 Fiscal Years

In millions

<u>2015</u>		<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>	
<u>Retailers</u>	<u>Amount</u>	<u>Retailers</u>	<u>Amount</u>	<u>Retailers</u>	<u>Amount</u>	<u>Retailers</u>	<u>Amount</u>	<u>Retailers</u>	<u>Amount</u>
Circle K	\$ 22.8	Circle K	\$ 21.0	Circle K	\$ 20.5	Circle K	\$ 18.2	Circle K	\$ 15.4
Cumberland Farms	17.2	Hannaford Food & Drug	16.4	Cumberland Farms	16.0	Cumberland Farms	15.0	Cumberland Farms	13.7
Hannaford Food & Drug	17.2	Cumberland Farms	15.7	Hannaford Food & Drug	15.3	Hannaford Food & Drug	13.6	Hannaford Food & Drug	12.4
Demoulas Market Basket	14.0	Demoulas Market Basket	15.0	Demoulas Market Basket	14.2	Demoulas Market Basket	12.3	Demoulas Market Basket	10.5
Nouria Energy (Shell)	10.4	Shaws Supermarket	9.6	Shaws Supermarket	10.1	Shaws Supermarket	9.5	Shaws Supermarket	9.0
Shaws Supermarket	9.9	Nouria Energy (Shell)	9.5	Nouria Energy (Shell)	8.9	NH State Liquor Comm	8.4	NH State Liquor Comm	7.8
NH State Liquor Comm	9.5	NH State Liquor Comm	9.4	7- Eleven	8.8	7- Eleven	7.9	7- Eleven	7.1
7- Eleven	8.6	7-Eleven	8.6	NH State Liquor Comm	8.7	Nouria Energy (Shell)	6.6	AGR Foodmart Inc (Shell)	4.8
Global Montello	5.4	Tedeschi Food Shops	5.0	Tedeschi Food Shops	5.1	Tedeschi Food Shops	4.2	Nouria Energy (Shell)	4.0
Tedeschi Food Shops	4.8	Global Montello	4.8	Global Montello	5.0	Cheshire Oil dba T-Birds	3.2	Tedeschi Food Shops	3.5

<u>2010</u>		<u>2009</u>		<u>2008</u>		<u>2007</u>		<u>2006</u>	
<u>Retailers</u>	<u>Amount</u>								
Cumberland Farms	\$ 13.6	Cumberland Farms	\$ 14.0	Cumberland Farms	\$ 15.0	Cumberland Farms	\$ 15.3	Cumberland Farms	\$ 14.7
Circle K	13.6	Circle K	13.3	Irving	13.4	Irving	11.8	Hannaford Bros	11.2
Hannaford Bros Co.	10.9	Hannaford Bros Co.	11.6	Hannaford Bros Co.	12.1	Hannaford Bros Co.	11.7	Demoulas Market Basket	10.6
Demoulas Market Basket	10.5	Demoulas Market Basket	10.4	Demoulas Market Basket	10.7	Demoulas Market Basket	10.6	Irving	10.5
Shaws	8.9	NH State Liquor Comm	9.1	NH State Liquor Comm	10.0	NH State Liquor Comm	9.9	Shaws	9.7
NH State Liquor Comm	8.8	Shaws	8.9	Shaws	9.5	Shaws	9.9	NH State Liquor Comm	9.3
7-Eleven	7.2	7-Eleven	7.4	7-Eleven	8.0	7-Eleven	7.2	7-Eleven	6.2
AGR Foodmart	4.5	AGR Foodmart Inc	5.0	AGR Foodmart Inc	5.3	Store 24	5.4	Store 24	3.7
Nouria Energy	3.7	Store 24	3.6	Store 24	3.7	AGR Foodmart Inc	4.8	AGR Foodmart Inc	3.6
Tedeschi Food Shops	3.5	Nouria Energy	3.3	Nouria Energy	3.4	Nouria Energy	3.3	Nouria Energy	3.0

STATE OF NEW HAMPSHIRE
Top Ten Employers in Ranking Order Highest to Lowest
By Fiscal Year

2015		
Employer	Number of	
	Employees	% of State
1 State of NH	17,756	2.50%
2 Demoulas & Market Basket	9,000	1.26%
3 Dartmouth-Hitchcock Medical Center	8,852	1.24%
4 Wal-Mart Stores Inc	7,886	1.11%
5 University System of NH	6,256	0.88%
6 Fidelity Investments	5,400	0.76%
7 Hannaford Brothers	4,900	0.69%
8 Liberty Mutual-Northern N.E. Division	4,700	0.66%
9 BAE Systems	4,500	0.63%
10 Elliot Hospital	4,000	0.56%
Total	<u>73,250</u>	<u>10.29%</u>

2012		
Employer	Number of	
	Employees	% of State
1 State of NH	17,867	2.54%
2 Wal-Mart Stores Inc	8,166	1.16%
3 Dartmouth-Hitchcock Medical Center	6,654	0.95%
4 University System of NH	6,159	0.88%
5 Demoulas & Market Basket	6,000	0.85%
6 Hannaford Brothers	4,817	0.68%
7 Fidelity Investments	4,600	0.65%
8 BAE Systems	4,500	0.64%
9 Dartmouth College	4,250	0.60%
10 Liberty Mutual-Northern N.E. Division	4,200	0.60%
Total	<u>67,213</u>	<u>9.55%</u>

2009		
Employer	Number of	
	Employees	% of State
1 State of NH	18,735	3.29%
2 Wal-Mart Stores Inc	9,017	1.30%
3 Dartmouth-Hitchcock Medical Center	8,025	1.16%
4 University System of NH	6,457	0.93%
5 Demoulas & Market Basket	6,000	0.86%
6 Fidelity Investments	5,500	0.79%
7 BAE Systems	4,700	0.68%
8 Shaw's Supermarkets	4,516	0.65%
9 Hannaford Brothers	4,474	0.64%
10 Dartmouth College	4,407	0.63%
Total	<u>71,831</u>	<u>10.93%</u>

2014		
Employer	Number of	
	Employees	% of State
1 State of NH	17,754	2.53%
2 Demoulas & Market Basket	9,000	1.28%
3 Wal-Mart Stores Inc	7,886	1.12%
4 University System of NH	6,079	0.86%
5 Dartmouth-Hitchcock Medical Center	6,404	0.91%
6 Fidelity Investments	5,400	0.77%
7 Hannaford Brothers	4,900	0.70%
8 Liberty Mutual-Northern N.E. Division	4,700	0.67%
9 BAE Systems	4,500	0.64%
10 Elliot Hospital	4,000	0.57%
Total	<u>70,623</u>	<u>10.05%</u>

2011		
Employer	Number of	
	Employees	% of State
1 State of NH	17,820	2.52%
2 Wal-Mart Stores Inc	8,421	1.19%
3 Dartmouth-Hitchcock Medical Center	7,073	1.00%
4 University System of NH	6,081	0.86%
5 Demoulas & Market Basket	6,000	0.85%
6 BAE Systems	4,500	0.64%
7 Fidelity Investments	4,400	0.62%
8 Dartmouth College	4,250	0.60%
9 Liberty Mutual-Northern N.E. Division	4,200	0.59%
10 Hannaford Brothers	3,894	0.55%
Total	<u>66,639</u>	<u>9.42%</u>

2008		
Employer	Number of	
	Employees	% of State
1 State of NH	18,556	3.04%
2 Wal-Mart Stores Inc	8,631	1.19%
3 Dartmouth-Hitchcock Medical Center	7,804	1.08%
4 University System of NH	6,784	0.94%
5 Demoulas & Market Basket	6,000	0.83%
6 Fidelity Investments	5,700	0.79%
7 Liberty Mutual-Northern N.E. Division	5,133	0.71%
8 Hannaford Brothers	4,629	0.64%
9 Shaw's Supermarkets	4,500	0.62%
10 Dartmouth College	4,246	0.59%
Total	<u>71,983</u>	<u>10.43%</u>

2013		
Employer	Number of	
	Employees	% of State
1 State of NH	17,921	2.54%
2 Wal-Mart Stores Inc	8,008	1.14%
3 Demoulas & Market Basket	7,500	1.06%
4 Dartmouth-Hitchcock Medical Center	6,404	0.91%
5 University System of NH	6,029	0.85%
6 Fidelity Investments	5,000	0.71%
7 Hannaford Brothers	4,900	0.69%
8 Liberty Mutual-Northern N.E. Division	4,700	0.67%
9 Elliot Hospital	3,485	0.49%
10 Shaw's Supermarkets	3,358	0.48%
Total	<u>67,305</u>	<u>9.54%</u>

2010		
Employer	Number of	
	Employees	% of State
1 State of NH	18,487	3.14%
2 Wal-Mart Stores Inc	8,974	1.28%
3 Dartmouth-Hitchcock Medical Center	8,025	1.14%
4 University System of NH	6,459	0.92%
5 Demoulas & Market Basket	6,000	0.85%
6 Hannaford Brothers	4,776	0.68%
7 Fidelity Investments	4,600	0.65%
8 BAE Systems	4,500	0.64%
9 Shaw's Supermarkets	4,399	0.63%
10 Dartmouth College	4,399	0.63%
Total	<u>70,619</u>	<u>10.56%</u>

2007		
Employer	Number of	
	Employees	% of State
1 State of NH	21,590	2.99%
2 Wal-Mart Stores Inc	8,012	1.11%
3 University System of NH	6,668	0.92%
4 Demoulas & Market Basket	6,600	0.91%
5 Dartmouth-Hitchcock Medical Center	6,211	0.86%
6 Fidelity Investments	5,430	0.75%
7 Shaw's Supermarkets	4,700	0.65%
8 Hannaford Brothers	4,663	0.64%
9 Dartmouth College	4,246	0.59%
10 BAE Systems	4,100	0.57%
Total	<u>72,220</u>	<u>9.99%</u>

Source: NH Business Review/Book of Lists 2015. Provided by USNH, Schedule of State Employees by Function (pg. 142) NHES Economic and Labor Market Information Bureau.

New Hampshire Lottery Commission

Game Statistics for Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Number of Lottery Retailers</u>	<u>Number of Online Games Offered ⁴</u>	<u>Number of Instant Games On the Market</u>	<u>Highest Priced Instant Ticket</u>	<u>Number of Subscriptions</u>	<u>Number of Replay Members</u>	<u>Number of Powerball Jackpot Runs that Exceeded \$100 Million</u>	<u>Highest Powerball Jackpot Amount ²</u>	<u>Expired Unclaimed Powerball Prizes ³</u>
2015	1236	10 ¹	95	\$25	8,059	194,553	6	\$564,100,000	\$299,999 ⁵
2014	1239	9	86	\$25	7,681	283,212	8	\$448,400,000	\$452,677
2013	1254	9	80	\$20	9,474	200,000	7	\$590,500,000	\$1,613,229
2012	1282	8	84	\$20	9,960 ⁷	187,029	7	\$336,400,000	\$452,652
2011	1273	8	91	\$30	12,573	173,703	6	\$221,700,000	\$442,459
2010	1222	8	111	\$30	12,231 ⁶	139,039	7	\$261,600,000	\$723,209
2009	1255	7	111	\$30	21,395	98,617	5	\$232,100,000	\$736,202
2008	1256	8	106	\$30	21,869	138,535	24	\$300,000,000	\$984,855
2007	1256	7	91	\$20	21,869	100,000	5	\$204,000,000	\$1,145,287
2006	1225	7	88	\$20	21,866	-	5	\$365,000,000	\$1,078,540

¹ Monopoly offered from 10/24/14 -12/26/14. ² The higher the jackpot amount, the more ticket sales increase. ³ Expired unclaimed Powerball prize money goes to the Education Trust Fund.

⁴ Pick 3 & Pick 4 counted as two games. ⁵ This is an estimate. ⁶ The Lottery lost subscription purchases due to Master Card and Visa changing the Lottery coding to a gambling establishment rather than a government agency; thereby charging customers higher fees. Another factor that played into the number of subscriptions purchased was that the cost to customers for Megabucks doubled.

⁷ The Lottery lost subscription purchases due to the cost of Powerball doubling from \$1 to \$2 per bet.

Prizes by Game for Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Instant Games</u>	<u>MUSL Powerball</u>	<u>MUSL Other Lotto</u>	<u>Tri-State Megabucks</u>	<u>Tri-State Pick 3 & Pick 4</u>	<u>Tri-State Other</u>	<u>Lucky for Life ^a</u>	<u>Other - Replay</u>	<u>Fiscal Year Total Prizes</u>
2015	\$141,186,490	\$13,974,195	\$7,928,740	\$3,800,663	\$4,970,674	\$2,707,801	\$ 1,735,469	\$111,321	\$176,415,353
2014	\$132,361,282	\$16,134,004	\$8,132,813	\$3,959,434	\$4,941,370	\$2,483,648	\$ 3,674,431	\$159,322	\$171,846,304
2013	\$129,046,481	\$22,695,941	\$5,746,256	\$4,568,195	\$4,966,593	\$1,107,022	\$ 5,027,418	\$199,562	\$173,357,468
2012	\$118,288,247	\$16,107,399	\$8,680,799	\$4,723,399	\$5,152,165	\$1,888,384	\$ 3,782,610	\$264,337	\$158,887,340
2011	\$105,524,430	\$13,023,160	\$7,503,844	\$5,222,761	\$5,191,035	\$2,508,135	-	\$289,056	\$139,262,421
2010	\$102,800,698	\$18,008,834	\$3,490,732	\$6,464,015	\$5,199,090	\$2,629,749	-	\$313,601	\$138,906,719
2009	\$108,427,290	\$19,151,243	\$2,070,928	\$4,237,157	\$5,242,902	\$2,571,880	-	\$348,635	\$142,050,035
2008	\$116,737,902	\$22,127,401	\$1,719,808	\$5,247,688	\$5,252,500	\$3,159,516	-	\$442,519	\$154,687,334
2007	\$119,378,231	\$20,956,832	\$2,230,231	\$4,813,274	\$5,437,311	\$2,749,386	-	\$375,467	\$155,940,732
2006	\$110,256,485	\$27,540,712	\$1,479,781	\$5,147,580	\$5,410,637	\$2,557,153	-	-	\$152,392,348

^a Lucky for Life began March 2012.

U.S. Lottery Revenue and Expense Analysis - Fiscal Year 2014

LOTTERY	(\$ Millions)					(as a percentage of revenue)			
	Revenue	Prizes	Retailer Comm.	Other Expenses	Net Revenue	Prizes	Retailer Comm.	Other Exp.	Net Oper Income
Arizona	\$ 724.3	\$ 456.4	\$ 49.2	\$ 43.1	\$ 175.6	63.0%	6.8%	6.0%	24.2%
Arkansas	410.6	275.0	23.1	33.2	79.3	67.0%	5.6%	8.1%	19.3%
California ~	5,034.7	3,082.4	345.5	280.1	1,326.7	61.2%	6.9%	5.6%	26.4%
Colorado	545.0	336.5	40.2	39.9	128.4	61.7%	7.4%	7.3%	23.6%
Connecticut	1,112.5	668.8	62.1	49.5	332.1	60.1%	5.6%	4.4%	29.9%
Delaware * ~	148.4	102.0	9.4	18.7	18.3	68.7%	6.3%	12.6%	12.3%
D.C. ~	216.0	121.3	14.2	25.5	55.0	56.2%	6.6%	11.8%	25.5%
Florida	5,374.7	3,431.1	298.7	151.6	1,493.3	63.8%	5.6%	2.8%	27.8%
Georgia ~	3,754.5	2,413.8	239.3	154.5	946.9	64.3%	6.4%	4.1%	25.2%
Idaho	209.6	133.2	12.1	16.8	47.5	63.5%	5.8%	8.0%	22.7%
Illinois	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Indiana	1,018.7	636.6	68.2	65.4	248.5	62.5%	6.7%	6.4%	24.4%
Iowa	314.2	187.0	20.1	29.9	77.2	59.5%	6.4%	9.5%	24.6%
Kansas ~	246.7	138.7	14.4	20.2	73.4	56.2%	5.8%	8.2%	29.8%
Kentucky	843.3	523.8	52.8	41.4	225.3	62.1%	6.3%	4.9%	26.7%
Louisiana	449.0	237.4	25.0	26.5	160.1	52.9%	5.6%	5.9%	35.7%
Maine	231.8	146.9	14.9	17.6	52.4	63.4%	6.4%	7.6%	22.6%
Maryland * ~	1,724.0	1,022.0	122.1	148.2	431.7	59.3%	7.1%	8.6%	25.0%
Massachusetts ~	4,861.7	3,514.6	277.8	95.4	973.9	72.3%	5.7%	2.0%	20.0%
Michigan ~	2,608.9	1,559.9	188.5	113.2	747.3	59.8%	7.2%	4.3%	28.6%
Minnesota	531.6	328.0	31.9	44.9	126.8	61.7%	6.0%	8.4%	23.9%
Missouri ~	1,157.1	766.2	70.6	57.4	262.9	66.2%	6.1%	5.0%	22.7%
Montana	53.1	29.6	3.0	8.8	11.7	55.7%	5.6%	16.6%	22.0%
Nebraska	157.9	92.8	10.1	18.1	36.9	58.8%	6.4%	11.5%	23.4%
New Hampshire	275.9	171.9	15.8	15.8	72.4	62.3%	5.7%	5.7%	26.2%
New Jersey	2,942.2	1,732.0	162.1	91.5	956.6	58.9%	5.5%	3.1%	32.5%
New Mexico	136.0	74.1	8.8	12.0	41.1	54.5%	6.5%	8.8%	30.2%
New York * ~	7,314.2	4,409.3	439.3	1,100.4	1,365.2	60.3%	6.0%	15.0%	18.7%
North Carolina	1,844.7	1,135.1	128.6	77.6	503.4	61.5%	7.0%	4.2%	27.3%
North Dakota	27.1	13.8	1.4	4.1	7.8	50.9%	5.2%	15.1%	28.8%
Ohio * ~	2,750.2	1,698.0	169.9	121.0	761.3	61.7%	6.2%	4.4%	27.7%
Oklahoma	191.2	97.5	12.7	12.3	68.7	51.0%	6.6%	6.4%	35.9%
Oregon * ~	310.3	202.0	26.3	24.3	57.7	65.1%	8.5%	7.8%	18.6%
Pennsylvania	3,799.6	2,376.7	202.4	140.9	1,079.6	62.6%	5.3%	3.7%	28.4%
Rhode Island * ~	242.8	146.0	17.4	25.2	54.2	60.1%	7.2%	10.4%	22.3%
South Carolina	1,268.1	811.1	89.2	37.1	330.7	64.0%	7.0%	2.9%	26.1%
South Dakota *	54.2	31.3	3.0	6.4	13.5	57.7%	5.5%	11.8%	24.9%
Tennessee	1,323.3	850.8	92.5	42.8	337.2	64.3%	7.0%	3.2%	25.5%
Texas	4,385.9	2,741.2	237.5	185.4	1,221.8	62.5%	5.4%	4.2%	27.9%
Vermont	102.3	65.0	6.1	8.7	22.5	63.5%	6.0%	8.5%	22.0%
Virginia	1,810.8	1,082.5	101.5	89.7	537.1	59.8%	5.6%	5.0%	29.7%
Washington ~	597.4	371.5	37.4	53.9	134.6	62.2%	6.3%	9.0%	22.5%
W. Virginia * ~	188.6	111.8	13.2	7.0	56.6	59.3%	7.0%	3.7%	30.0%
Wisconsin	568.9	326.7	38.4	43.6	160.2	57.4%	6.7%	7.7%	28.2%
Total	\$ 61,862.0	\$ 38,652.3	\$ 3,796.7	\$ 3,599.6	\$ 15,813.4	62.5%	6.1%	5.8%	25.6%

* Data represents only revenue and expenses from traditional lottery games and not video lottery terminal (VLT) operations.

~ Total Revenues include Keno sales.

Note: Fiscal Year 2014 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31);

Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2015 LaFleur's World Lottery Almanac and NH Lottery Results

U.S. Lottery Sales By Game - Fiscal Year 2014

(\$ Millions)	Population (millions)	Number of Retailers	Instant Sales	Online Games			Total Sales	Per Capita Sales	VLT* (net)
				3/4 Digit Sales	Lotto Sales	Other Sales & Revenue			
Arizona	6.7	2,953	\$ 483.9	\$ 9.2	\$ 199.7	\$ 31.1	\$ 723.9	\$ 108.0	
Arkansas	3.0	1,879	322.4	9.9	57.1	20.6	410.0	136.7	
California ~	38.8	21,630	3,288.9	163.5	1,230.7	351.6	5,034.7	129.8	
Colorado	5.4	3,040	362.0	8.7	155.1	19.2	545.0	100.9	
Connecticut	3.6	2,898	660.2	235.9	141.9	74.4	1,112.4	309.0	
Delaware	0.9	660	50.7	44.7	43.5	9.4	148.3	164.8	363.4
D.C. ~	0.7	497	40.4	103.1	41.1	31.5	216.1	308.7	
Florida	19.9	13,256	3,417.1	597.4	986.0	367.7	5,368.2	269.8	
Georgia ~	10.1	8,637	2,445.2	694.5	279.0	321.3	3,740.0	370.3	
Idaho	1.6	1,265	123.3	1.9	55.9	27.7	208.8	130.5	
Illinois	12.9	8,242	1,757.4	460.7	422.6	151.2	2,791.9	216.4	
Indiana	6.6	4,393	702.6	61.1	201.7	53.3	1,018.7	154.3	
Iowa	3.1	2,396	188.8	10.1	93.4	21.6	313.9	101.3	
Kansas ~	2.9	1,811	122.9	6.0	65.5	51.5	245.9	84.8	
Kentucky	4.4	2,844	505.9	164.3	125.3	47.7	843.2	191.6	
Louisiana	4.6	2,925	178.9	89.6	169.5	11.0	449.0	97.6	
Maine	1.3	1,260	170.8	9.2	43.0	7.0	230.0	176.9	
Maryland * ~	6.0	4,492	479.6	515.3	233.0	496.0	1,723.9	287.3	579.1
Massachusetts ~	6.7	8,078	3,382.8	322.6	219.1	929.1	4,853.6	724.4	
Michigan ~	9.9	10,674	913.2	693.3	290.7	699.3	2,596.5	262.3	
Minnesota	5.5	3,116	351.6	14.4	119.5	46.0	531.5	96.6	
Missouri ~	6.1	4,884	766.6	108.1	165.6	116.7	1,157.0	189.7	
Montana	1.0	889	16.5	-	25.9	10.7	53.1	53.1	
Nebraska	1.9	1,191	84.8	4.1	56.2	12.8	157.9	83.1	
New Hampshire	1.3	1,239	195.3	9.9	59.8	10.7	275.7	212.1	
New Jersey	8.9	6,834	1,531.8	705.1	517.1	154.2	2,908.2	326.8	
New Mexico	2.1	1,160	69.8	3.8	53.1	9.2	135.9	64.7	
New York * ~	19.7	18,000	3,677.1	1,705.0	958.1	974.0	7,314.2	371.3	1,912.3
North Carolina	9.9	6,774	1,170.3	374.2	224.0	70.8	1,839.3	185.8	
North Dakota	0.7	428	-	-	25.3	1.6	26.9	38.4	
Ohio * ~	11.6	9,884	1,426.8	524.8	310.3	481.2	2,743.1	236.5	437.6
Oklahoma	3.9	1,868	85.9	5.2	95.4	4.6	191.1	49.0	
Oregon * ~	4.0	3,892	109.0	1.4	95.7	103.8	309.9	77.5	742.7
Pennsylvania	12.8	9,157	2,444.9	568.3	543.2	243.2	3,799.6	296.8	
Rhode Island * ~	1.1	1,235	84.0	24.1	55.3	79.3	242.7	220.6	507.1
South Carolina	4.8	3,812	875.5	220.1	165.1	3.8	1,264.5	263.4	
South Dakota *	0.9	614	25.5	-	26.6	1.9	54.0	60.0	185.2
Tennessee	6.5	5,000	1,051.2	88.4	161.0	18.5	1,319.1	202.9	
Texas	27.0	17,210	3,280.2	347.9	600.5	155.9	4,384.5	162.4	
Vermont	0.6	670	76.0	2.6	18.2	5.6	102.4	170.7	
Virginia	8.3	5,259	988.6	509.2	256.1	56.8	1,810.7	218.2	
Washington ~	7.1	3,850	379.4	16.7	156.8	41.7	594.6	83.7	
W. Virginia * ~	1.9	1,521	105.6	13.2	59.7	10.2	188.7	99.3	972.6
Wisconsin	5.8	3,712	337.7	37.1	140.2	53.9	568.9	98.1	
Total	302.5	216,029	\$ 38,731.1	\$ 9,484.5	\$ 9,942.5	\$ 6,389.3	\$ 64,547.4		\$ 5,700.0
% of total sales			60.0%	14.7%	15.4%	9.9%	100.0%		

* VLT = Sales from Video Lottery Terminals

~ Other sales include Keno sales.

Note: Fiscal Year 2014 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31);

Texas (August 31); Washington DC and Michigan (September 30).

Iowa and Tennessee lotteries did not report number of retailers.

Source: The 2015 LaFleur's World Lottery Almanac and NH Lottery Results

U.S. Lottery Government Transfers From Net Profits - Fiscal Years 2005 - 2014

(\$ Millions)

LOTTERY	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014 Ranking (highest to lowest)	
Arizona	\$116.4	\$141.1	\$139.9	\$144.5	\$129.1	\$141.9	\$146.3	\$164.7	\$177.8	\$175.6	1	New York * ~ \$3,173.0
Arkansas	n/a	n/a	n/a	n/a	n/a	83.0	74.4	97.7	90.5	81.7	2	Florida 1,495.4
California ~	1,148.8	1,258.5	1,176.9	1,069.3	1,027.7	1,072.5	1,102.9	1,300.2	1,262.1	1,327.9	3	California ~ 1,327.9
Colorado	103.7	125.6	119.0	122.3	119.6	112.9	113.4	123.3	135.6	130.1	4	Texas 1,220.7
Connecticut	268.5	284.9	278.3	283.6	282.9	288.1	291.2	311.9	316.9	324.4	5	Pennsylvania 1,079.6
Delaware * ~	297.9	316.0	327.0	319.8	311.8	331.6	339.9	329.1	277.8	257.4	7	Ohio * ~ 1,004.3
D.C. ~	71.5	73.8	65.4	70.3	68.8	66.7	62.2	66.4	68.3	55.0	6	Massachusetts ~ 974.6
Florida	1,103.6	1,224.7	1,263.3	1,283.4	1,287.9	1,246.8	1,191.8	1,321.6	1,424.3	1,495.4	8	New Jersey 965.0
Georgia ~	802.2	822.4	853.6	867.7	872.1	883.9	846.1	901.3	927.5	945.1	9	Georgia ~ 945.1
Idaho	26.0	33.0	34.0	35.3	35.3	36.6	37.1	41.6	48.3	49.1	10	Maryland * ~ 941.7
Illinois	619.5	645.9	631.2	648.5	634.7	651.7	668.4	705.1	n/a	n/a	11	Michigan ~ 746.8
Indiana	188.9	216.5	217.6	217.1	178.9	189.7	188.2	205.3	224.7	251.2	12	Virginia 538.6
Iowa	51.1	80.9	58.2	56.6	60.6	57.9	68.0	78.7	84.9	74.0	13	W. Virginia * ~ 519.2
Kansas ~	65.4	67.1	71.0	70.1	68.2	67.9	71.5	71.0	161.7	159.0	14	Oregon * ~ 508.9
Kentucky	158.2	204.3	196.3	192.1	204.4	214.3	212.3	216.4	223.8	226.1	15	North Carolina 504.1
Louisiana	110.4	119.4	128.2	131.9	135.9	133.7	136.4	156.9	160.2	170.7	16	Rhode Island * ~ 376.3
Maine	50.3	51.6	51.4	52.4	50.6	52.9	50.2	54.3	53.5	52.4	17	Tennessee 337.3
Maryland * ~	477.1	501.0	494.1	529.4	493.2	510.6	586.6	685.2	921.8	941.7	18	South Carolina 330.7
Massachusetts ~	936.1	951.2	920.0	935.0	859.4	903.5	887.9	983.8	955.8	974.6	19	Connecticut 324.4
Michigan ~	667.6	688.0	748.9	740.7	737.2	713.6	737.7	786.9	739.9	746.8	20	Missouri ~ 277.5
Minnesota	106.2	119.3	112.4	116.3	118.3	122.2	121.9	123.8	135.6	127.0	21	Delaware * ~ 257.4
Missouri ~	218.6	260.7	257.9	266.7	256.3	259.7	265.2	273.6	280.0	277.5	22	Indiana 251.2
Montana	6.2	9.1	11.4	11.0	10.1	10.5	10.8	13.1	13.1	12.2	23	Kentucky 226.1
Nebraska	26.4	27.6	29.3	31.0	30.3	32.0	32.1	36.1	40.0	38.0	24	Arizona 175.6
New Hampshire	69.4	80.4	79.0	75.6	68.2	66.2	62.2	66.8	74.3	72.4	25	Louisiana 170.7
New Jersey	812.1	844.2	828.3	882.1	887.2	924.0	930.0	950.1	1,085.0	965.0	26	Wisconsin 168.4
New Mexico	32.2	36.9	34.9	40.8	40.8	43.6	41.3	41.3	43.7	40.9	27	Kansas ~ 159.0
New York * ~	2,062.7	2,202.6	2,358.4	2,556.1	2,544.0	2,666.4	3,049.2	2,878.0	3,045.8	3,173.0	28	Washington ~ 147.7
North Carolina	n/a	64.6	315.4	349.3	414.9	433.2	437.3	460.5	479.5	504.1	29	Colorado 130.1
North Dakota	6.1	6.5	6.5	5.9	6.4	5.7	5.9	7.6	7.9	7.8	30	Minnesota 127.0
Ohio * ~	645.1	646.3	669.3	672.2	702.3	728.6	738.8	771.0	898.1	1,004.3	31	South Dakota * 106.2
Oklahoma	n/a	69.0	69.4	71.6	69.7	70.5	69.9	70.5	70.6	67.7	32	Arkansas 81.7
Oregon * ~	401.6	570.7	644.0	648.4	594.3	541.1	548.4	525.1	546.9	508.9	33	Iowa 74.0
Pennsylvania	851.8	992.4	949.1	928.1	910.5	915.7	960.6	1,060.9	1,067.4	1,079.6	34	New Hampshire 72.4
Rhode Island * ~	307.6	323.9	321.0	355.6	344.3	344.7	354.9	377.7	379.2	376.3	35	Oklahoma 67.7
South Carolina	279.7	320.6	279.2	265.3	261.5	272.5	271.4	300.1	305.2	330.7	36	D.C. ~ 55.0
South Dakota *	119.3	119.0	121.1	123.3	119.9	119.8	108.0	103.7	107.7	106.2	37	Maine 52.4
Tennessee	234.3	284.7	294.7	286.1	280.2	288.9	293.5	323.4	339.7	337.3	38	Idaho 49.1
Texas	1,070.3	1,090.3	1,093.0	1,034.9	1,062.2	1,063.1	1,023.8	1,155.5	1,214.1	1,220.7	39	New Mexico 40.9
Vermont	20.5	23.0	23.6	22.7	21.1	21.6	21.4	22.3	22.9	22.6	40	Nebraska 38.0
Virginia	423.5	454.0	437.2	455.3	430.2	430.2	435.2	464.1	464.3	538.6	41	Vermont 22.6
Washington ~	115.6	125.1	117.9	130.3	120.4	142.5	150.1	138.0	139.2	147.7	42	Montana 12.2
W. Virginia * ~	563.3	610.0	639.2	631.2	616.6	580.9	594.6	693.8	571.6	519.2	43	North Dakota 7.8
Wisconsin	143.4	133.3	160.6	147.3	133.3	128.1	144.9	150.0	155.9	168.4	44	Illinois n/a
Total	\$15,779.2	\$17,219.8	\$17,627.0	\$17,877.2	\$17,601.0	\$17,971.5	\$18,483.8	\$19,608.4	\$19,743.2	\$20,084.3		

Government transfers are profits from traditional lottery sales and VLT operations.

* Includes profits from Video Lottery Terminals

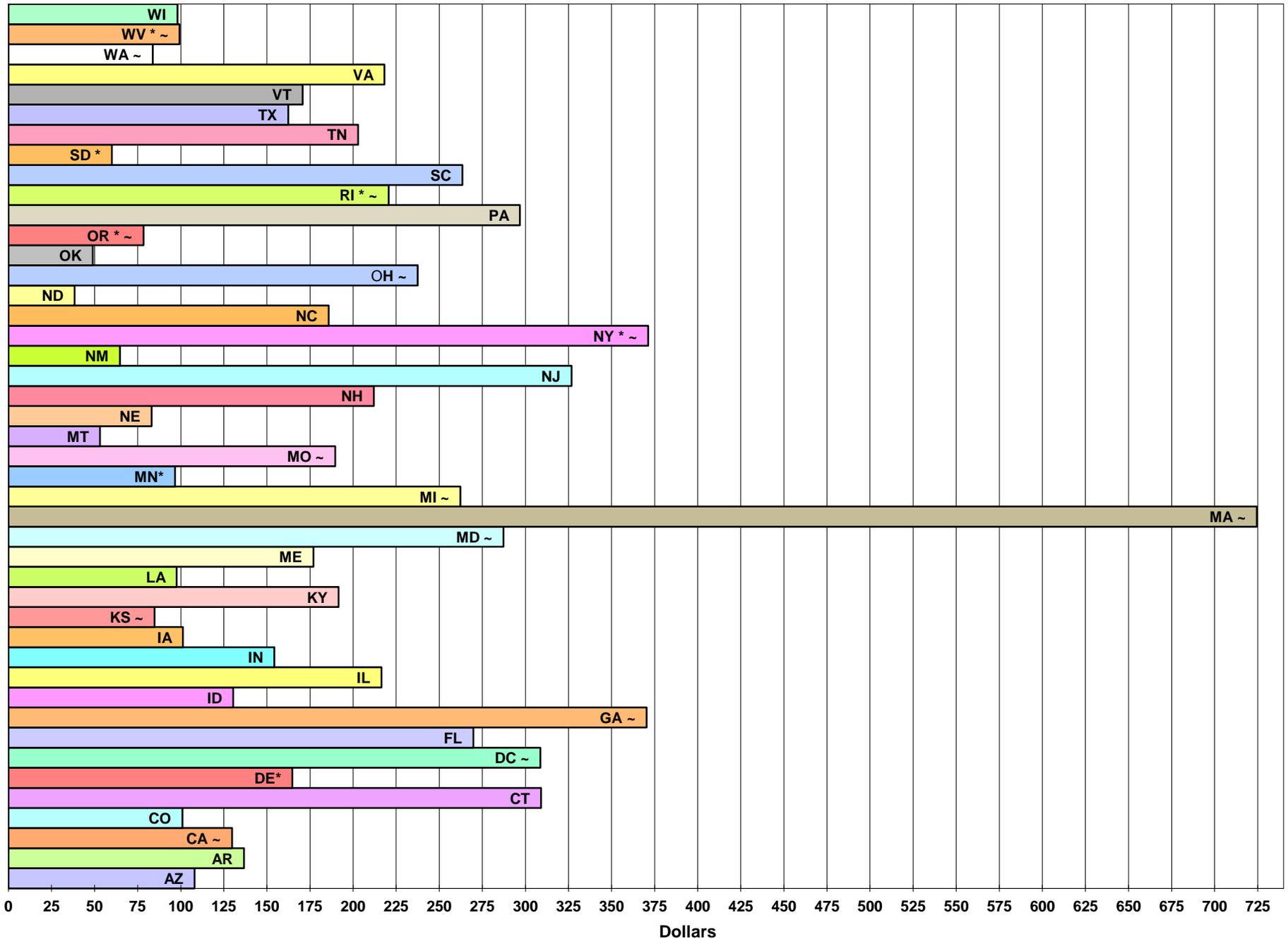
~ Includes profits from Keno sales.

Note: Fiscal Year 2014 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31);

Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2015 LaFleur's World Lottery Almanac and NH Lottery Results

US Lottery Sales Per Capita Fiscal Year 2014



~These states include Keno sales.

* Data represents only sales from traditional lottery games and not VLT sales.

Source: 2015 LaFleur's World Lottery Almanac and NH Lottery Results.

U.S. Lottery Per Capita Sales - Fiscal Years 2005 - 2014

Lottery	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014 Ranking (highest to lowest)	
Arizona	\$ 67	\$ 76	\$ 73	\$ 73	\$ 82	\$ 82	\$ 90	\$ 98	\$ 105	\$ 108	1	Massachusetts ~ \$ 724
Arkansas	n/a	n/a	n/a	n/a	n/a	132	160	163	147	137	2	New York * ~ 371
California ~	92	98	91	83	82	82	91	115	116	130	3	Georgia ~ 370
Colorado	89	99	93	102	98	98	102	105	107	101	4	New Jersey 327
Connecticut	267	277	273	285	285	285	282	300	312	309	5	Connecticut 309
Delaware * ~	143	146	131	144	152	152	152	150	163	165	7	D.C. ~ 309
D.C. ~	392	458	428	427	384	384	386	416	404	309	6	Pennsylvania 297
Florida	195	217	225	228	209	209	210	231	256	270	8	Maryland * ~ 287
Georgia ~	300	316	335	338	342	342	340	360	391	370	9	Florida 270
Idaho	81	90	87	90	92	92	92	110	124	130	10	South Carolina 263
Illinois	142	153	155	159	170	170	176	207	220	216	11	Michigan ~ 262
Indiana	117	129	125	129	116	116	122	132	142	154	12	Ohio * ~ 237
Iowa	70	114	78	83	85	85	88	100	109	101	13	Rhode Island * ~ 221
Kansas ~	77	85	86	88	84	84	80	85	88	85	14	Virginia 218
Kentucky	168	176	177	182	180	180	163	175	192	192	15	Illinois 216
Louisiana	68	77	82	85	83	83	83	93	97	98	16	New Hampshire 212
Maine	161	174	177	174	167	167	166	176	175	177	17	Tennessee 203
Maryland * ~	265	278	282	297	299	299	296	304	298	287	18	Kentucky 192
Massachusetts ~	698	699	693	722	668	668	669	717	718	724	19	Missouri ~ 190
Michigan ~	205	219	232	233	238	238	236	244	250	262	20	North Carolina 186
Minnesota	80	87	81	88	94	94	95	96	104	97	21	Maine 177
Missouri ~	135	156	158	168	162	162	167	183	190	190	22	Vermont 171
Montana	38	42	42	45	47	47	46	53	57	53	23	Delaware * ~ 165
Nebraska	56	64	64	68	73	73	73	79	85	83	24	Texas 162
New Hampshire	175	200	203	201	184	180	176	197	214	212	25	Indiana 154
New Jersey	261	276	270	292	299	299	300	310	317	327	26	Arkansas 137
New Mexico	73	79	74	74	72	72	65	64	68	65	27	Idaho 130
New York * ~	313	336	345	342	346	346	347	358	361	371	28	California ~ 130
North Carolina	n/a	26	95	114	150	150	151	163	172	186	29	Arizona 108
North Dakota	32	35	38	34	35	35	33	37	40	38	30	Iowa 101
Ohio * ~	188	193	196	202	217	217	226	238	232	237	31	Colorado 101
Oklahoma	n/a	57	60	59	54	54	52	53	51	49	32	W. Virginia * ~ 99
Oregon * ~	100	98	96	89	82	82	81	83	85	78	33	Wisconsin 98
Pennsylvania	213	247	248	248	243	243	253	272	289	297	34	Louisiana 98
Rhode Island * ~	220	244	223	230	213	213	210	227	230	221	35	Minnesota 97
South Carolina	223	265	225	222	219	219	223	242	250	263	36	Kansas ~ 85
South Dakota *	41	50	50	53	57	57	59	66	72	60	37	Washington ~ 84
Tennessee	131	154	171	159	168	168	172	187	210	203	38	Nebraska 83
Texas	160	161	158	151	148	148	148	161	166	162	39	Oregon * ~ 78
Vermont	154	168	174	164	163	163	159	168	170	171	40	New Mexico 65
Virginia	176	179	177	178	179	179	183	197	204	218	41	South Dakota * 60
Washington ~	73	75	76	80	73	73	75	78	81	84	42	Montana 53
W. Virginia * ~	108	120	107	109	101	101	102	106	103	99	43	Oklahoma 49
Wisconsin	82	92	88	88	84	84	88	96	99	98	44	North Dakota 38

* Data represents only revenue from traditional lottery games and not video lottery terminal (VLT) operations.

~ Amount includes Keno sales.

Note: Fiscal Year 2014 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31);

Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2015 LaFleur's World Lottery Almanac and NH Lottery Results

U.S. Lottery Revenues - Fiscal Years 2005 - 2014

(\$ Millions)

LOTTERY	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014 Ranking (highest to lowest)	
Arizona	\$ 398	\$ 469	\$ 462	\$473	\$ 484	\$551	\$ 584	\$ 647	\$ 694	\$ 724	1	New York * ~ \$ 7,314
Arkansas	n/a	n/a	n/a	n/a	n/a	384	464	474	440	411	2	Florida 5,375
California ~	3,334	3,585	3,318	3,050	2,955	3,041	3,439	4,371	4,446	5,035	3	California ~ 5,035
Colorado	417	469	456	506	493	501	519	545	566	545	4	Massachusetts ~ 4,862
Connecticut	933	970	957	998	991	997	1,017	1,082	1,123	1,113	5	Texas 4,386
Delaware * ~	114	125	118	125	123	137	137	135	144	148	6	Pennsylvania 3,800
D.C. ~	235	266	257	253	245	230	232	250	242	216	7	Georgia ~ 3,755
Florida	3,471	3,929	4,122	4,175	3,938	3,901	4,009	4,456	5,020	5,375	8	New Jersey 2,942
Georgia ~	2,734	2,955	3,178	3,242	3,396	3,387	3,336	3,564	3,640	3,755	9	Illinois 2,792
Idaho	114	131	131	137	140	147	147	177	198	210	10	Ohio * ~ 2,750
Illinois	1,814	1,964	1,999	2,057	2,077	2,191	2,265	2,670	2,841	2,792	11	Michigan ~ 2,609
Indiana	740	816	789	823	733	740	791	856	934	1,019	12	North Carolina 1,845
Iowa	211	340	235	249	243	256	271	311	339	314	13	Virginia 1,811
Kansas ~	207	236	240	237	231	235	232	246	246	247	14	Maryland * ~ 1,724
Kentucky	707	742	744	778	765	772	719	768	811	843	15	Tennessee 1,323
Louisiana	307	332	354	374	379	372	384	430	447	449	16	South Carolina 1,268
Maine	209	230	230	229	211	217	216	231	230	232	17	Missouri ~ 1,157
Maryland * ~	1,486	1,561	1,577	1,673	1,698	1,706	1,714	1,827	1,884	1,724	18	Connecticut 1,113
Massachusetts ~	4,466	4,501	4,437	4,690	4,425	4,412	4,416	4,741	4,850	4,862	19	Indiana 1,019
Michigan ~	2,069	2,212	2,343	2,330	2,377	2,359	2,340	2,430	2,491	2,609	20	Kentucky 843
Minnesota	408	450	421	462	481	499	504	520	560	532	21	Arizona 724
Missouri ~	786	914	934	996	968	972	1,001	1,099	1,142	1,157	22	Washington ~ 597
Montana	34	40	42	44	44	47	46	53	57	53	23	Wisconsin 569
Nebraska	101	113	114	122	123	131	132	151	161	158	24	Colorado 545
New Hampshire	228	263	264	261	240	234	229	256	280	276	25	Minnesota 532
New Jersey	2,274	2,407	2,351	2,539	2,503	2,605	2,636	2,798	2,861	2,942	26	Louisiana 449
New Mexico	139	155	148	147	144	144	136	134	142	136	27	Arkansas 411
New York * ~	6,039	6,487	6,652	6,673	6,695	6,781	6,759	7,013	7,109	7,314	28	Iowa 314
North Carolina	n/a	230	862	1,049	1,283	1,421	1,461	1,602	1,695	1,845	29	Oregon * ~ 310
North Dakota	19	22	23	22	22	24	23	27	28	27	30	New Hampshire 276
Ohio * ~	2,159	2,221	2,259	2,325	2,418	2,490	2,601	2,771	2,774	2,750	31	Kansas ~ 247
Oklahoma	n/a	205	215	214	193	200	198	200	200	191	32	Rhode Island * ~ 243
Oregon * ~	360	363	355	339	314	321	317	323	332	310	33	Maine 232
Pennsylvania	2,645	3,070	3,076	3,089	3,088	3,066	3,208	3,481	3,700	3,800	34	D.C. ~ 216
Rhode Island * ~	242	261	245	241	238	235	231	249	253	243	35	Idaho 210
South Carolina	957	1,145	988	993	1,005	1,007	1,047	1,139	1,203	1,268	36	Oklahoma 191
South Dakota *	33	39	40	42	41	46	47	53	59	54	37	W. Virginia * ~ 189
Tennessee	784	928	1,058	990	1,015	1,060	1,103	1,221	1,280	1,323	38	Nebraska 158
Texas	3,662	3,775	3,774	3,672	3,720	3,738	3,811	4,192	4,378	4,386	39	Delaware * ~ 144
Vermont	93	105	105	102	96	98	96	101	102	102	40	New Mexico 136
Virginia	1,334	1,365	1,362	1,386	1,366	1,435	1,483	1,616	1,689	1,811	41	Vermont 102
Washington ~	458	478	493	521	488	491	510	535	572	597	42	South Dakota * 54
W. Virginia * ~	194	218	193	198	198	181	194	201	196	189	43	Montana 53
Wisconsin	452	509	493	495	473	481	503	548	566	569	44	North Dakota 27

* Data represents only revenue from traditional lottery games and not video lottery terminal (VLT) operations.

~ Amount includes Keno sales.

Note: Fiscal Year 2014 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31);

Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2015 LaFleur's World Lottery Almanac and NH Lottery Results

U.S. Lottery Net Operating Income as a Percent of Revenue - Fiscal Years 2005 - 2014

LOTTERY	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014 Ranking (highest to lowest)		
Arizona	29.2%	29.9%	30.1%	30.3%	26.1%	25.6%	24.8%	25.5%	25.6%	24.2%	1	Oklahoma	36.0%
Arkansas	n/a	n/a	n/a	n/a	n/a	21.1%	19.9%	20.0%	20.0%	19.3%	2	Louisiana	35.7%
California ~	34.1%	34.6%	34.7%	34.4%	33.9%	33.7%	32.0%	29.7%	28.4%	26.4%	3	New Jersey	32.5%
Colorado	24.8%	26.0%	25.5%	23.6%	24.4%	22.6%	21.7%	22.3%	23.7%	23.6%	4	New Mexico	30.3%
Connecticut	28.7%	29.2%	29.1%	28.4%	28.5%	28.9%	28.6%	28.8%	27.9%	29.9%	5	W. Virginia * ~	30.1%
Delaware * ~	29.7%	25.0%	31.3%	30.3%	28.7%	29.3%	24.3%	16.7%	12.0%	12.3%	6	Connecticut	29.9%
D.C. ~	30.2%	27.2%	25.1%	27.6%	28.0%	29.0%	26.8%	26.6%	28.2%	25.5%	7	Kansas ~	29.7%
Florida	31.8%	30.9%	30.4%	31.3%	31.6%	31.0%	29.7%	29.3%	28.5%	27.8%	8	Virginia	29.7%
Georgia ~	29.1%	27.4%	26.6%	25.4%	25.5%	25.9%	25.2%	25.3%	25.5%	25.2%	9	North Dakota	28.8%
Idaho	21.2%	25.7%	23.9%	25.3%	24.3%	25.1%	23.9%	24.1%	24.0%	22.7%	10	Michigan ~	28.6%
Illinois	32.0%	30.8%	30.6%	30.1%	30.5%	29.5%	29.3%	32.0%	n/a	n/a	11	Pennsylvania	28.4%
Indiana	25.1%	26.8%	26.8%	25.5%	24.3%	24.8%	24.2%	24.6%	24.1%	24.4%	12	Wisconsin	28.2%
Iowa	24.3%	23.6%	24.7%	22.9%	24.2%	22.4%	25.0%	25.6%	25.3%	24.6%	13	Texas	27.9%
Kansas ~	29.6%	29.0%	28.8%	27.6%	28.4%	28.5%	27.5%	29.9%	29.7%	29.8%	14	Florida	27.8%
Kentucky	22.2%	27.3%	26.0%	24.2%	26.4%	29.6%	29.4%	28.1%	27.6%	26.7%	15	Ohio * ~	27.7%
Louisiana	35.0%	35.3%	35.5%	34.5%	35.1%	35.2%	35.1%	35.9%	35.8%	35.7%	16	North Carolina	27.3%
Maine	22.9%	21.9%	21.4%	22.1%	22.7%	23.1%	22.9%	23.5%	23.3%	22.6%	17	Kentucky	26.7%
Maryland * ~	32.3%	32.0%	30.6%	32.2%	28.9%	29.4%	26.9%	27.2%	19.1%	25.0%	18	California ~	26.4%
Massachusetts ~	20.6%	20.6%	19.6%	19.0%	19.0%	20.2%	19.8%	20.7%	19.7%	20.0%	19	New Hampshire	26.2%
Michigan ~	31.6%	30.4%	31.3%	31.1%	28.8%	28.4%	30.9%	32.5%	29.8%	28.6%	20	South Carolina	26.1%
Minnesota	25.8%	26.2%	25.8%	24.9%	24.4%	24.4%	24.1%	23.7%	24.1%	23.9%	21	D.C. ~	25.5%
Missouri ~	26.7%	26.4%	25.7%	25.2%	25.0%	25.4%	25.4%	23.9%	23.2%	22.7%	22	Tennessee	25.5%
Montana	18.2%	22.3%	26.8%	24.9%	23.2%	22.6%	23.3%	23.8%	22.4%	22.0%	23	Georgia ~	25.2%
Nebraska	23.4%	26.2%	25.0%	24.9%	23.2%	24.3%	23.0%	24.3%	24.7%	23.4%	24	South Dakota *	25.2%
New Hampshire	29.8%	30.2%	29.3%	28.7%	28.3%	28.3%	27.0%	26.1%	26.5%	26.2%	25	Maryland * ~	25.0%
New Jersey	33.9%	33.4%	33.1%	33.4%	33.4%	33.9%	33.8%	34.0%	33.6%	32.5%	26	Iowa	24.6%
New Mexico	26.4%	26.4%	23.1%	27.3%	28.1%	30.4%	30.4%	30.8%	30.8%	30.2%	27	Indiana	24.4%
New York * ~	30.3%	28.5%	30.4%	31.0%	30.4%	32.0%	31.7%	31.6%	30.6%	18.7%	28	Arizona	24.2%
North Carolina	n/a	33.5%	35.5%	32.3%	31.7%	30.1%	29.6%	28.7%	28.3%	27.3%	29	Minnesota	23.9%
North Dakota	32.9%	30.0%	29.1%	26.7%	25.8%	25.4%	25.8%	29.0%	29.6%	28.8%	30	Colorado	23.6%
Ohio * ~	30.0%	29.7%	29.7%	29.0%	28.3%	28.7%	28.0%	29.0%	29.5%	27.7%	31	Nebraska	23.3%
Oklahoma	n/a	33.7%	32.6%	33.6%	36.3%	33.8%	33.2%	36.4%	36.0%	35.9%	32	Missouri ~	22.7%
Oregon * ~	15.7%	18.0%	17.2%	18.2%	17.0%	19.3%	17.9%	10.5%	20.9%	18.6%	33	Idaho	22.7%
Pennsylvania	31.5%	31.4%	29.8%	29.6%	30.4%	29.8%	29.8%	30.1%	28.8%	28.4%	34	Maine	22.6%
Rhode Island * ~	25.0%	25.1%	25.1%	23.9%	24.4%	23.2%	23.1%	22.7%	24.3%	22.3%	35	Washington ~	22.5%
South Carolina	28.6%	27.5%	27.6%	26.1%	25.6%	26.7%	25.6%	26.3%	25.4%	26.1%	36	Rhode Island * ~	22.3%
South Dakota *	20.4%	22.1%	25.1%	24.8%	24.0%	27.0%	26.1%	29.4%	28.0%	24.9%	37	Montana	22.2%
Tennessee	30.0%	29.4%	33.2%	28.3%	27.1%	26.9%	26.3%	26.5%	26.5%	25.5%	38	Vermont	22.0%
Texas	29.2%	28.8%	28.7%	28.3%	28.0%	28.3%	27.0%	27.8%	27.2%	27.9%	39	Massachusetts ~	20.0%
Vermont	22.5%	21.5%	22.3%	21.9%	22.0%	22.2%	22.4%	22.2%	22.4%	22.0%	40	Arkansas	19.4%
Virginia	31.3%	32.7%	31.3%	31.9%	31.8%	29.8%	29.9%	30.0%	28.7%	29.7%	41	New York * ~	18.7%
Washington ~	25.0%	25.3%	23.2%	25.0%	22.6%	25.5%	27.0%	26.9%	25.6%	22.5%	42	Oregon * ~	18.6%
W. Virginia * ~	22.2%	29.5%	30.1%	27.9%	27.9%	27.3%	22.8%	26.6%	26.8%	30.0%	43	Delaware * ~	9.8%
Wisconsin	28.7%	29.5%	27.9%	28.5%	27.2%	29.9%	28.8%	28.6%	29.0%	28.2%	44	Illinois	n/a

* Data represents only revenue and expenses from traditional lottery games and not video lottery terminal (VLT) operations.

~ Percentage includes Keno sales.

Note: Fiscal Year 2014 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31);

Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2015 LaFleur's World Lottery Almanac and NH Lottery Results

U.S. Lottery Prize Percentage Payout Based on Revenue - Fiscal Years 2005 - 2014

LOTTERY	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014 Ranking (highest to lowest)	
Arizona	50.4%	55.3%	55.7%	55.5%	58.3%	60.4%	61.8%	61.3%	61.4%	63.0%	1	Massachusetts ~ 72.3%
Arkansas	n/a	n/a	n/a	n/a	n/a	64.6%	66.3%	66.6%	66.4%	67.0%	2	Delaware * ~ 70.8%
California ~	53.9%	53.9%	53.2%	53.1%	52.7%	53.0%	55.4%	58.6%	59.7%	61.2%	3	Arkansas 67.0%
Colorado	59.8%	60.1%	60.7%	62.3%	61.1%	61.9%	63.0%	62.8%	61.9%	61.7%	4	Missouri ~ 66.2%
Connecticut	61.4%	60.5%	60.6%	60.9%	61.0%	61.1%	61.0%	61.0%	62.3%	60.1%	5	Oregon * ~ 65.1%
Delaware * ~	52.5%	52.1%	51.9%	52.6%	54.2%	53.0%	55.4%	63.6%	68.9%	68.7%	6	Georgia ~ 64.3%
D.C. ~	51.3%	55.1%	56.6%	53.5%	52.2%	51.7%	54.3%	55.0%	53.4%	56.2%	7	Tennessee 64.3%
Florida	58.9%	59.6%	60.3%	59.3%	59.4%	60.1%	58.5%	62.1%	63.0%	63.8%	8	South Carolina 64.0%
Georgia ~	59.7%	61.4%	62.2%	63.2%	63.3%	62.9%	63.6%	64.2%	64.1%	64.3%	9	Florida 63.8%
Idaho	61.3%	58.4%	60.4%	59.6%	60.9%	60.0%	61.3%	61.7%	62.0%	63.5%	10	Vermont 63.6%
Illinois	57.5%	59.0%	58.9%	59.6%	59.0%	59.9%	60.4%	62.7%	n/a	n/a	11	Idaho 63.6%
Indiana	61.6%	60.4%	60.6%	61.2%	61.9%	61.6%	62.5%	62.3%	62.2%	62.5%	12	Maine 63.3%
Iowa	53.9%	36.0%	56.7%	58.1%	56.9%	58.7%	58.6%	58.6%	59.2%	59.5%	13	Arizona 63.0%
Kansas ~	54.4%	55.5%	55.9%	56.2%	56.8%	56.3%	56.9%	56.4%	56.4%	56.2%	14	Pennsylvania 62.6%
Kentucky	64.7%	59.9%	61.3%	63.4%	61.5%	58.3%	58.7%	59.8%	61.0%	62.1%	15	Texas 62.5%
Louisiana	49.9%	50.7%	50.7%	51.6%	51.1%	50.9%	52.9%	52.6%	52.8%	52.9%	16	Indiana 62.5%
Maine	60.7%	61.9%	62.5%	62.3%	61.7%	61.5%	62.0%	61.8%	62.0%	63.4%	17	New Hampshire 62.3%
Maryland * ~	57.6%	57.9%	58.8%	57.2%	60.4%	60.6%	60.0%	58.3%	55.1%	59.3%	18	Washington ~ 62.2%
Massachusetts ~	71.9%	71.9%	72.7%	72.9%	72.7%	72.0%	72.4%	71.6%	72.6%	72.3%	19	Kentucky 62.1%
Michigan ~	56.2%	57.3%	56.7%	56.8%	59.2%	58.6%	57.5%	56.4%	58.7%	59.8%	20	Ohio * ~ 61.7%
Minnesota	59.1%	59.6%	59.5%	60.6%	61.3%	61.2%	61.6%	61.6%	61.9%	61.7%	21	Colorado 61.7%
Missouri ~	62.1%	62.7%	63.7%	64.4%	65.0%	64.6%	63.9%	65.7%	66.0%	66.2%	22	Minnesota 61.7%
Montana	52.6%	51.9%	51.5%	52.1%	52.7%	55.3%	53.8%	54.4%	56.6%	55.7%	23	North Carolina 61.5%
Nebraska	58.0%	56.3%	57.1%	56.8%	58.3%	57.4%	58.3%	58.0%	57.9%	58.8%	24	California ~ 61.2%
New Hampshire	58.2%	59.1%	59.2%	59.2%	59.2%	59.3%	60.8%	62.2%	61.8%	62.3%	25	New York * ~ 60.3%
New Jersey	57.0%	57.4%	57.8%	57.9%	58.1%	58.0%	58.6%	57.8%	58.4%	58.9%	26	Connecticut 60.1%
New Mexico	54.7%	54.7%	57.5%	54.4%	55.7%	54.7%	54.3%	53.8%	54.4%	54.5%	27	Rhode Island * ~ 60.1%
New York * ~	58.3%	59.4%	59.7%	59.2%	59.8%	58.3%	58.7%	58.9%	59.4%	60.3%	28	Michigan ~ 59.8%
North Carolina	n/a	51.8%	52.4%	56.1%	57.0%	58.8%	59.1%	60.0%	60.4%	61.5%	29	Virginia 59.8%
North Dakota	47.5%	49.4%	49.8%	51.6%	52.1%	51.6%	51.9%	50.4%	50.8%	50.9%	30	Iowa 59.5%
Ohio * ~	59.3%	59.0%	59.2%	60.1%	60.3%	60.8%	61.6%	60.7%	60.1%	61.7%	31	Maryland * ~ 59.3%
Oklahoma	n/a	53.5%	53.9%	52.7%	49.7%	52.6%	53.8%	51.5%	52.1%	51.0%	32	W. Virginia * ~ 59.2%
Oregon * ~	68.1%	66.0%	65.9%	65.0%	65.4%	64.2%	65.7%	73.7%	63.7%	65.1%	33	New Jersey 58.9%
Pennsylvania	57.8%	58.8%	59.6%	59.7%	60.0%	60.9%	61.1%	60.9%	62.1%	62.6%	34	Nebraska 58.8%
Rhode Island * ~	59.4%	59.3%	58.8%	59.9%	59.5%	60.4%	60.8%	61.2%	59.2%	60.1%	35	South Dakota * 57.6%
South Carolina	59.9%	61.4%	60.7%	62.5%	63.0%	62.4%	63.8%	63.3%	64.5%	64.0%	36	Wisconsin 57.4%
South Dakota *	56.5%	56.7%	56.1%	56.4%	56.8%	56.0%	57.6%	54.9%	55.3%	57.7%	37	Kansas ~ 56.2%
Tennessee	56.7%	57.9%	55.3%	59.4%	61.0%	61.4%	62.0%	62.1%	62.0%	64.3%	38	D.C. ~ 56.1%
Texas	60.8%	61.2%	61.3%	62.1%	61.8%	61.5%	62.6%	62.8%	63.2%	62.5%	39	Montana 55.6%
Vermont	62.5%	63.4%	63.4%	63.5%	63.3%	62.7%	63.4%	63.8%	63.2%	63.5%	40	New Mexico 54.4%
Virginia	58.1%	56.7%	58.1%	57.1%	57.2%	59.4%	59.4%	59.5%	60.7%	59.8%	41	Louisiana 52.9%
Washington ~	61.3%	61.1%	61.9%	60.4%	61.8%	59.4%	57.8%	58.2%	59.3%	62.2%	42	North Dakota 51.0%
W. Virginia * ~	60.3%	60.5%	60.1%	61.2%	60.3%	59.6%	62.4%	59.9%	59.4%	59.3%	43	Oklahoma 51.0%
Wisconsin	58.0%	57.8%	59.3%	58.0%	59.1%	56.7%	57.8%	58.5%	58.1%	57.4%	44	Illinois n/a

* Data represents only revenue from traditional lottery games and not video lottery terminal (VLT) operations.

~ Percentage includes Keno sales.

Note: Fiscal Year 2014 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31);

Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2015 LaFleur's World Lottery Almanac and NH Lottery Results

U.S. Lottery Online Sales By Game - Fiscal Year 2014

Note: This table does not include instant sales

(\$ Millions)	Population (millions)	Number of Retailers	Online Games Sales				Per Capita Sales for Online Games Only	2014 Per Capita Ranking (highest to lowest)		
			3/4 Digit	Lotto	Other	Total				
Arizona	6.7	2,953	\$9.2	\$199.7	\$31.1	\$240.0	\$35.8	1	D.C. ~	\$251.0
Arkansas	3.0	1,879	9.9	57.1	20.6	87.6	29.2	2	Massachusetts ~	219.5
California ~	38.8	21,630	163.5	1,230.7	351.6	1,745.8	45.0	3	Maryland * ~	207.4
Colorado	5.4	3,040	8.7	155.1	19.2	183.0	33.9	4	New York * ~	184.6
Connecticut	3.6	2,898	235.9	141.9	74.4	452.2	125.6	5	Michigan ~	170.0
Delaware * ~	0.9	660	44.7	43.5	9.4	97.6	108.4	6	New Jersey	154.7
D.C. ~	0.7	497	103.1	41.1	31.5	175.7	251.0	7	Rhode Island * ~	144.3
Florida	19.9	13,256	597.4	986.0	367.7	1,951.1	98.0	8	Georgia ~	128.2
Georgia ~	10.1	8,637	694.5	279.0	321.3	1,294.8	128.2	9	Connecticut	125.6
Idaho	1.6	1,265	1.9	55.9	27.7	85.5	53.4	10	Ohio * ~	113.5
Illinois	12.9	8,242	460.7	422.6	151.2	1,034.5	80.2	11	Delaware * ~	108.4
Indiana	6.6	4,393	61.1	201.7	53.3	316.1	47.9	12	Pennsylvania	105.8
Iowa	3.1	2,396	10.1	93.4	21.6	125.1	40.4	13	Virginia	99.0
Kansas ~	2.9	1,811	6.0	65.5	51.5	123.0	42.4	14	Florida	98.0
Kentucky	4.4	2,844	164.3	125.3	47.7	337.3	76.7	15	South Carolina	81.0
Louisiana	4.6	2,925	89.6	169.5	11.0	270.1	58.7	16	Illinois	80.2
Maine	1.3	1,260	9.2	43.0	7.0	59.2	45.5	17	Kentucky	76.7
Maryland * ~	6.0	4,492	515.3	233.0	496.0	1,244.3	207.4	18	North Carolina	67.6
Massachusetts ~	6.7	8,078	322.6	219.1	929.1	1,470.8	219.5	19	Missouri ~	64.0
Michigan ~	9.9	10,674	693.3	290.7	699.3	1,683.3	170.0	20	New Hampshire	61.8
Minnesota	5.5	3,116	14.4	119.5	46.0	179.9	32.7	21	Louisiana	58.7
Missouri ~	6.1	4,884	108.1	165.6	116.7	390.4	64.0	22	Idaho	53.4
Montana	1.0	889	-	25.9	10.7	36.6	36.6	23	Oregon * ~	50.2
Nebraska	1.9	1,191	4.1	56.2	12.8	73.1	38.5	24	Indiana	47.9
New Hampshire	1.3	1,239	9.9	59.8	10.7	80.4	61.8	25	Maine	45.5
New Jersey	8.9	6,834	705.1	517.1	154.2	1,376.4	154.7	26	California ~	45.0
New Mexico	2.1	1,160	3.8	53.1	9.2	66.1	31.5	27	Vermont	44.0
New York * ~	19.7	18,000	1,705.0	958.1	974.0	3,637.1	184.6	28	W. Virginia * ~	43.7
North Carolina	9.9	6,774	374.2	224.0	70.8	669.0	67.6	29	Kansas ~	42.4
North Dakota	0.7	428	0.0	25.3	1.6	26.9	38.4	30	Tennessee	41.2
Ohio * ~	11.6	9,884	524.8	310.3	481.2	1,316.3	113.5	31	Texas	40.9
Oklahoma	3.9	1,868	5.2	95.4	4.6	105.2	27.0	32	Iowa	40.4
Oregon * ~	4.0	3,892	1.4	95.7	103.8	200.9	50.2	33	Wisconsin	39.9
Pennsylvania	12.8	9,157	568.3	543.2	243.2	1,354.7	105.8	34	Nebraska	38.5
Rhode Island * ~	1.1	1,235	24.1	55.3	79.3	158.7	144.3	35	North Dakota	38.4
South Carolina	4.8	3,812	220.1	165.1	3.8	389.0	81.0	36	Montana	36.6
South Dakota *	0.9	614	0.0	26.6	1.9	28.5	31.7	37	Arizona	35.8
Tennessee	6.5	5,000	88.4	161.0	18.5	267.9	41.2	38	Colorado	33.9
Texas	27.0	17,210	347.9	600.5	155.9	1,104.3	40.9	39	Minnesota	32.7
Vermont	0.6	670	2.6	18.2	5.6	26.4	44.0	40	South Dakota *	31.7
Virginia	8.3	5,259	509.2	256.1	56.8	822.1	99.0	41	New Mexico	31.5
Washington ~	7.1	3,850	16.7	156.8	41.7	215.2	30.3	42	Washington ~	30.3
W. Virginia * ~	1.9	1,521	13.2	59.7	10.2	83.1	43.7	43	Arkansas	29.2
Wisconsin	5.8	3,712	37.1	140.2	53.9	231.2	39.9	44	Oklahoma	27.0
Total	302.5	216,029	\$9,484.5	\$9,942.5	\$6,389.3	\$25,816.3				

~ Other sales include Keno sales.

Note: Fiscal Year 2014 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31);

Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2015 LaFleur's World Lottery Almanac and NH Lottery Results

U.S. Lottery - Instant Scratch Ticket Sales
By Selling Price of Ticket (Price Point), For Fiscal Year 2014

(\$ Millions)	Fiscal Year 2014								Fiscal Year 2013		2014 Instant Scratch Ticket Per Capita Ranking (highest to lowest)			
	Price Point (selling price of ticket)													
LOTTERY	\$1	\$2	\$3 / \$4	\$5 / \$7	\$10 / \$15	\$20+	Total	Per Capita	Total					
Arizona	\$20.9	\$93.0	\$15.6	\$153.1	\$140.2	\$61.1	\$483.9	\$72.2	\$436.5	1	Massachusetts	\$503.6		
Arkansas	23.2	41.9	28.1	87.0	65.0	77.3	322.5	107.5	355.1	2	Georgia	270.0		
California	192.2	339.0	533.2	1,042.0	767.6	414.9	3,288.9	84.8	3,010.2	3	Pennsylvania	191.0		
Colorado	30.6	26.9	43.2	99.9	68.8	92.6	362.0	67.0	368.6	4	New York	186.7		
Connecticut	30.0	47.7	73.9	160.3	204.8	149.5	666.2	185.1	667.3	5	Connecticut	185.1		
Delaware	Price Point Sales not Available								48.2	53.6	48.2	6	South Carolina	182.4
D.C.	Price Point Sales not Available								57.2	81.7	57.2	7	Florida	171.7
Florida	181.8	444.1	173.2	702.9	405.0	1,510.2	3,417.2	171.7	3,028.6	8	New Jersey	171.4		
Georgia	202.6	413.8	193.2	558.6	546.2	813.1	2,727.5	270.0	2,630.7	9	Tennessee	167.5		
Idaho	7.7	7.1	20.4	37.6	19.3	30.6	122.7	76.7	108.6	10	New Hampshire	150.2		
Illinois	155.5	171.5	115.2	441.1	436.7	437.4	1,757.4	136.2	1,768.5	11	Illinois	136.2		
Indiana	61.3	110.8	35.5	244.0	125.6	125.3	702.5	106.4	617.5	12	Maine	131.4		
Iowa	13.3	25.7	35.1	51.8	34.8	28.1	188.8	60.9	202.3	13	Vermont	126.8		
Kansas	Price Point Sales not Available								126.7	43.7	126.7	14	Missouri	125.9
Kentucky	33.9	69.7	34.1	165.5	105.9	110.8	519.9	118.2	522.2	15	Ohio	122.8		
Louisiana	39.9	42.9	14.7	41.0	40.4	0.0	178.9	38.9	163.1	16	Texas	121.5		
Maine	15.4	28.8	29.7	43.3	30.0	23.6	170.8	131.4	163.3	17	Virginia	119.1		
Maryland	28.8	43.8	37.1	194.0	115.4	60.4	479.5	79.9	485.8	18	North Carolina	118.2		
Massachusetts	121.7	589.0	0.0	945.9	807.8	909.7	3,374.1	503.6	3,342.7	19	Kentucky	118.2		
Michigan	53.4	200.1	63.7	210.0	157.0	229.0	913.2	92.2	826.9	20	Arkansas	107.5		
Minnesota	22.5	34.5	74.5	101.8	40.1	78.1	351.5	63.9	363.7	21	Indiana	106.4		
Missouri	67.2	134.0	71.2	246.2	98.8	150.7	768.1	125.9	758.9	22	Michigan	92.2		
Montana	2.8	5.5	2.8	2.6	1.6	1.3	16.6	16.6	17.2	23	California	84.8		
Nebraska	12.4	8.3	18.0	17.3	16.6	12.0	84.6	44.5	83.4	24	D.C.	81.7		
New Hampshire	11.5	28.7	20.1	60.2	45.3	29.5	195.3	150.2	192.1	25	Maryland	79.9		
New Jersey	59.6	358.2	251.9	399.4	316.9	139.7	1,525.7	171.4	1,474.4	26	Idaho	76.7		
New Mexico	11.0	9.4	15.7	18.2	8.7	6.9	69.9	33.3	69.9	27	Rhode Island	76.4		
New York	350.6	669.7	274.4	895.6	772.8	714.0	3,677.1	186.7	3,724.2	28	Arizona	72.2		
North Carolina	95.4	165.5	77.7	336.9	253.0	241.8	1,170.3	118.2	1,012.0	29	Colorado	67.0		
North Dakota	Does Not Sell Instant Tickets								-	-	-	30	Minnesota	63.9
Ohio	141.9	149.8	56.3	394.9	275.0	407.0	1,424.9	122.8	1,429.7	31	Iowa	60.9		
Oklahoma	16.4	15.7	20.1	33.7	0.0	0.0	85.9	22.0	89.4	32	Wisconsin	58.2		
Oregon	13.9	32.9	16.3	26.7	10.5	8.6	108.9	27.2	116.9	33	W. Virginia	55.6		
Pennsylvania	110.4	212.7	170.4	728.3	481.6	741.4	2,444.8	191.0	2,305.1	34	Delaware	53.6		
Rhode Island	10.5	20.1	4.7	30.9	11.5	6.3	84.0	76.4	84.9	35	Washington	53.4		
South Carolina	46.2	81.5	28.7	166.7	552.5	0.0	875.6	182.4	805.9	36	Nebraska	44.5		
South Dakota	4.1	4.5	4.9	6.8	2.5	2.7	25.5	28.3	25.3	37	Kansas	43.7		
Tennessee	Price Point Sales not Available								1,089.0	167.5	1,089.0	38	Louisiana	38.9
Texas	180.5	372.3	357.1	1,049.3	636.0	684.9	3,280.1	121.5	3,222.6	39	New Mexico	33.3		
Vermont	6.5	10.6	7.1	29.6	12.9	9.4	76.1	126.8	74.3	40	South Dakota	28.3		
Virginia	76.2	113.8	53.3	341.8	177.7	225.8	988.6	119.1	887.1	41	Oregon	27.2		
Washington	23.8	68.8	32.4	130.7	58.6	65.1	379.4	53.4	355.9	42	Oklahoma	22.0		
W. Virginia	18.2	45.9	9.6	17.0	8.6	6.3	105.6	55.6	108.7	43	Montana	16.6		
Wisconsin	24.2	55.3	41.7	82.2	58.8	75.4	337.6	58.2	324.2	44	North Dakota	0.0		
Total	\$2,518.0	\$5,293.5	\$3,054.8	\$10,294.8	\$7,910.5	\$8,680.5	\$39,073.2		\$37,544.8					

Note: Fiscal Year 2014 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31); Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2015 LaFleur's World Lottery Almanac and NH Lottery Results



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