



Over \$1.7 billion to education

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017**

Prepared by:

The New Hampshire Lottery Commission

Charles R. McIntyre
Executive Director

The Finance Department

Cynthia P. Baron
Chief Financial Officer



Double Sided Dollar\$: The New Hampshire Lottery's first ever double sided instant ticket offered players the opportunity to win on the front and the back of the ticket. Both sides were scratchable and winnable! This was the most successful \$5 game in fiscal year 2017 and was second only to \$500,000 Fortune for overall best fiscal year 2017 games!

New Hampshire Lottery Commission Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2017

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Introductory Section (Unaudited)



\$500,000 Fortune: This \$10 ticket was the New Hampshire Lottery's first Spotlight Game. With a longer print run and more robust prize structure, the normal top prize of \$250,000 was doubled and the game is loaded with chatter-worthy prizes! This game, a year later, continues to be the top selling instant ticket!



Nearly \$1.9 billion to education

December 19, 2017

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, 2017. 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 scratch 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 recorded 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, 2017. 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

Lottery Division:

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 Commission is appointed for a staggered term of three years by the Governor and Executive Council to oversee the Lottery.

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. 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, as of December 29, 2017, is comprised of twenty-two state lotteries and the District of Columbia. The following paragraphs describe the products offered by the Lottery.

Instant Games:

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 108 Instant games during fiscal year 2017 with ticket prices ranging from \$1 to \$25.

Tri-State Games:



Tri-State Pick 3/Pick 4 has been offered by Tri-State since 1985 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 \$2.50 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 style 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 over 30 years old, it still remains a profitable product for the Lottery, with a committed player base. This game is available as a subscription.



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, up 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 Money Tree, Fabulous 5 and Blackjack Bonanza. 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 progressive jackpot Fast Play games for sale at \$1, \$2, and \$5 price points. 2017 saw \$2, \$5, and \$10 Fast Play Progressive Jackpot 7s. The Lottery's web site, www.nhlottery.org explains how each game plays.



The Tri-State game called Gimme 5 was launched in May of 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. Players are permitted to purchase up to 30 draws on one ticket and drawings are held every Monday, Wednesday, and Friday at the New Hampshire Lottery Headquarters. Prizes include \$2, \$7, \$250, and a jackpot of \$100,000.

Muti-State Lottery Games (MUSL):



New Hampshire Powerball is an online game jointly operated by the 37 member lotteries of the 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. The Powerball game holds the record for the largest national lottery jackpot of \$1,586,000,000. Players select one set of five numbers and one additional number designated as the "Powerball" for each draw. The matrix is "5 of 69" for the set and "1 of 26" 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 a graduated annuity in 30 annual installments. Drawings are held in Tallahassee, Florida at the Florida Lottery's studio on Wednesdays and Saturdays. This game also offers ticket sales through subscriptions.



New Hampshire Hot Lotto is sponsored by 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 jackpot starts at \$1 million and grows until someone wins. The most recent Hot Lotto game offers an all cash, tax free jackpot. 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 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”. There are a total of 46 jurisdictions where you can play Mega Millions: 44 states, the U.S. Virgin Islands, and the District of Columbia. Players 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. 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 per play. A jackpot winner may designate how the jackpot will be paid whether in cash or as a graduated annuity in 30 annual installments. Drawings are held in Atlanta, Georgia on Tuesdays and Fridays. This game also offers ticket sales through subscriptions.

Lucky for Life:



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 24 states and the District of Columbia. Players choose five numbers from a matrix of 1 to 48, and one Lucky Ball from a matrix of 1 to 18, Easy Pick remains a choice as well. For \$2 per chance players have the opportunity to win from 10 different prize levels from \$3 up to \$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 in Hartford, Connecticut.

Racing and Charitable Gaming Division (RCGD):

The RCGD of the Lottery is charged with the regulation, enforcement, and compliance of pari-mutuel wagering, charitable bingo and lucky-7 ticket sales and games of chance under three different and distinct statutes.

In 1933 RSA-284 was enacted that allowed for public wagering on live horse racing. Subsequently in 1971 and 1980, RSA 284 was amended to include greyhound racing and simulcast wagering respectively. In 2009 live greyhound racing in New Hampshire was banned by the legislature. Live horse racing was discontinued in New Hampshire by the track due to unfavorable economic conditions and has not been re-instated to date.

In 1949 RSA-287 was enacted to allow bingo games and sale of lucky-7 tickets for charitable purposes only. In 1977 RSA 287-D was enacted to allow for Games of Chance for charitable purposes. RSA 287 was repealed and re-enacted in 1983 with various amendments as RSA 287-E.

RCGD licenses and regulates one race track and an off-track simulcast facility. Both facilities conduct simulcast wagering only. Additionally over 300 organizations and related entities are licensed to conduct Bingo games, sell Lucky 7 tickets and host games of chance including cash poker and table games such as black jack, roulette, craps, money wheel, etc.

All revenues received by the RCGD net of administrative costs are required by statute to be transferred to the State's Education Trust Fund.

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 Tax Foundation ranked New Hampshire 7th best in America for overall tax in 2016. The Tax Foundation, a nonprofit fiscal policy research group, ranked New Hampshire's 2012 local

and state tax burden as 44th in the United States (1 being the highest tax burden), at 7.9% of income; the U.S. average of state and local tax burden for 2012 is 9.9% of income (2012 was the latest data reported for local and state tax burden). A state's business tax climate measures how each state's tax laws affect economic performance.

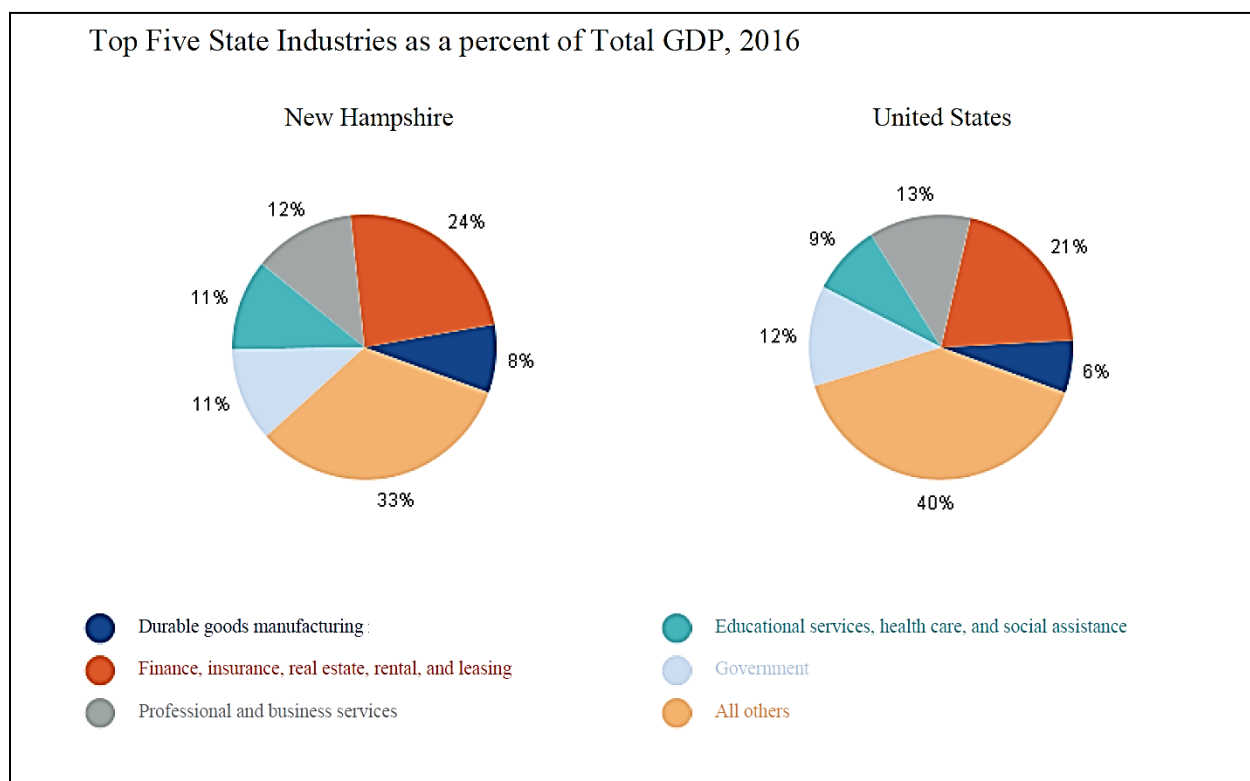
For August 2017, according to the Economic and Labor Market Information Bureau, the seasonally adjusted unemployment rate for New Hampshire was 2.7%, compared with the national average of 4.4%. This rate for New Hampshire was a decrease from 2.9% in August, 2016.

The most recent data from The Bureau of Economic Analysis (BEA) states New Hampshire's per capita personal income ranks 5th highest in the nation for calendar year 2016, at \$58,322, which is higher than the United States average of \$49,571. New Hampshire's 2016 current dollar Gross Domestic Product (GDP¹), reported by BEA, ranked 39th in the United States (1 being the highest GDP) at \$77.9 billion. In 2016, real GDP¹ for New Hampshire grew 2.3% compared to 2.2% growth for the nation and the compound annual growth rate was 3.0% for New Hampshire, compared to the compound annual growth rate for the nation of 1.1%. BEA reported that in 2016 the largest industry in New Hampshire was finance, insurance, real estate, rental, and leasing accounting for 23.9% of New Hampshire GDP. The second largest industry in New Hampshire was professional and business services at 12.4% of New Hampshire GDP. According to BEA the largest contributor to real GDP growth in New Hampshire for 2016 was finance, insurance, real estate, rental, and leasing; the second largest contributor to real GDP in 2016 was professional and business services.

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 graphic was taken directly from the BEA website for Bearfacts-2016-New Hampshire:



The New Hampshire Lottery does well in per capita sales. When compared with the other lotteries in the United States, New Hampshire ranks 17th highest in per capita sales for fiscal year 2017. Unaudited fiscal year 2017 traditional game sales for all U.S. lotteries' decreased 1%. According to LaFleur's Magazine, a research company that reports facts and statistics on lotteries, 37 of the 44 lotteries saw decreases in fiscal year 2017 sales, as compared with fiscal year 2016. It should be noted that 2017 was the year following the record setting "\$1.58 Billion Powerball Jackpot". LaFleur's also estimates U.S. lotteries paid approximately \$46 billion to prize winners and \$23 billion to the government in fiscal year 2017. According to LaFleur's, instant ticket sales for U.S. lotteries were up \$1.2 billion or 3% to \$45.1 billion. Instant ticket sales represent 63% of the U.S. lotteries total traditional sales. Draw game sales, like Mega Millions and Powerball, were down 7% to \$25.8 billion for fiscal year 2017 from fiscal year 2016. Powerball decreased 31% while Mega Millions decreased 13% during fiscal year 2017.

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. However, in July 2017, Governor Chris Sununu signed Senate Bill 191 establishing Keno in the State of New Hampshire to fund full-day kindergarten throughout the state.

Keno will be overseen by the New Hampshire Lottery and played at approved bars and restaurants, which are called "pouring establishments" in the legislation.

Awards and acknowledgements

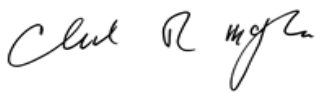
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the New Hampshire Lottery Commission for its Comprehensive Annual Financial Report (CAFR) for the

fiscal year ended June 30, 2016. This was the seventeenth 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 Gelinas, 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,

A handwritten signature in cursive script, appearing to read "Charles R. McIntyre".

Charles R. McIntyre
Executive Director

A handwritten signature in cursive script, appearing to read "Cynthia P. Baron".

Cynthia P. Baron
Chief Financial Officer



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, 2016

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO

New Hampshire Lottery Commission
Appointed Officials and Organizational Chart

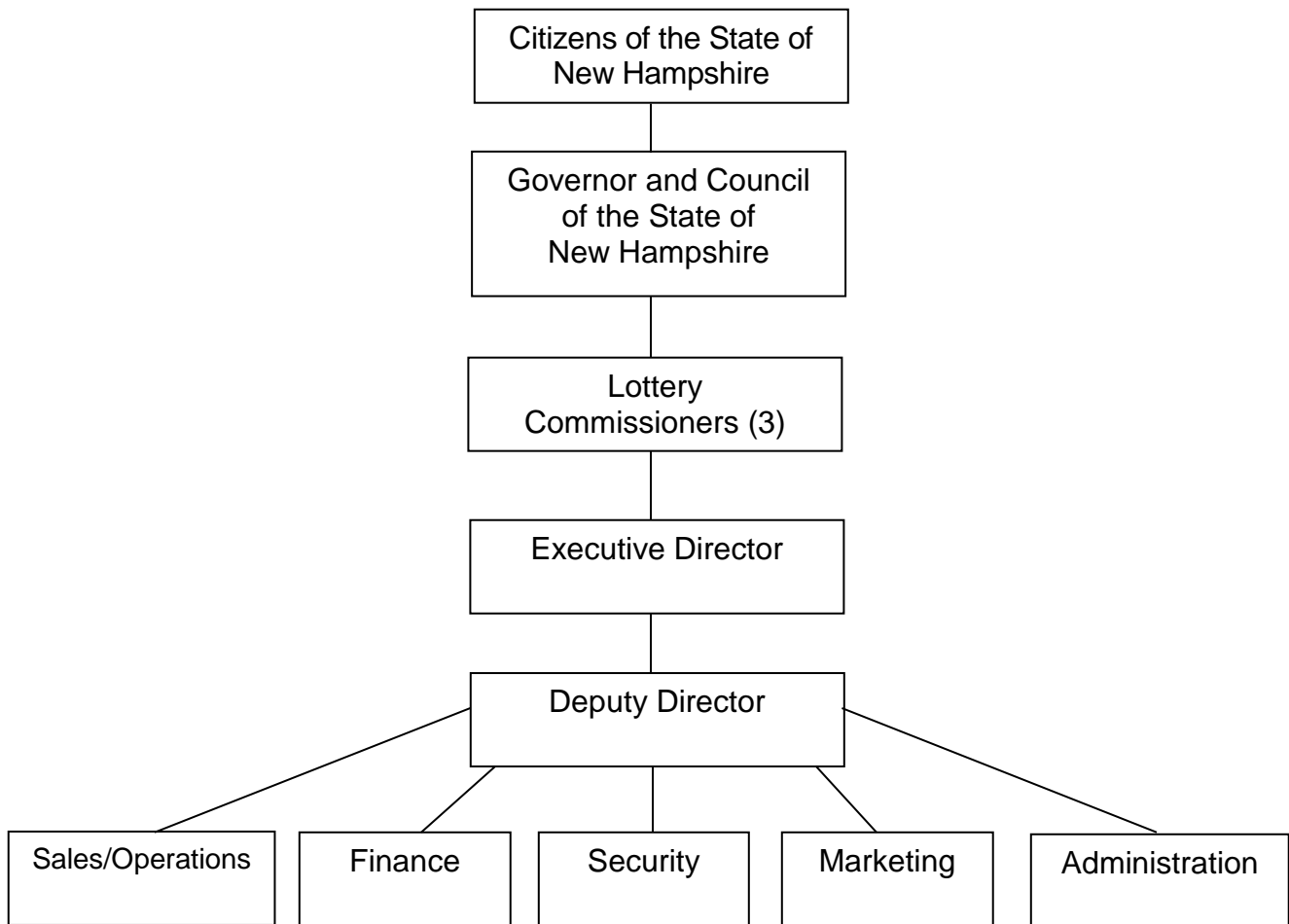
Appointed Officials

Debra M. Douglas
Commission Chairman
Term ends 6/29/2019

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

David Gelinas
Commissioner
Term ended 6/29/2017

Organizational Chart



Financial Section

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Nearly \$1.9 billion to education



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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, 2017, 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 basic 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, 2017, 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 Matter

Reporting Entity

As discussed in Note 1, the financial statements present only the New Hampshire Lottery Commission and do not purport to, and do not, present fairly the financial position of the State of New Hampshire, as of June 30, 2017, the changes in its financial position, or its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. 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 32 and the Schedules of Lottery's Proportionate Share of the Net Pension Liability and Lottery Contributions on page 52 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 on page 53 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 19, 2017 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 19, 2017

Management's Discussion and Analysis (Unaudited)

As management of the New Hampshire Lottery Commission (Lottery), 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, 2017. 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 decreased by \$4.3 million, or 1.4% for the current fiscal year. MUSL games revenue decreased \$10 million or 17.7%, while revenue from Instant scratch games increased \$5.3 million or 2.4%, exceeding \$200 million in sales for the third year in a row. MUSL games contributed 15.3% to total revenue and Instant scratch games contributed 73.4%. Tri-State games, which contributed 7.9% to total revenue, netted to an increase in sales of approximately \$0.485 million or 2.1%. Lucky for Life sales increased \$0.02 million or .5% during fiscal year 2017.
- Operating revenues for the Racing & Charitable Gaming Division (RCGD) were \$4.9 million. Primary sources of revenue for this division include simulcast racing tax, games of chance and Bingo/Lucky 7 tax, and license fees from race tracks, charitable organizations, game operators, facilities, manufacturers and distributors. RCGD revenues contributed 1.6% to total Lottery revenues.
- The Lottery's operating expenses for the current fiscal year decreased approximately \$1.3 million, or 0.6%.
- Lottery's assets increased \$3.9 million, or 35.3% from the previous fiscal year. Liabilities increased \$4.8 million or 45.1%, from the end of the previous fiscal year. There was an increase to the Lottery's net position of \$34,041 which equaled the changes in net investment in capital assets and restricted prize funds for the Powerball, Hot Lotto, Mega Millions, and Megabucks programs. For fiscal year 2017 the Lottery's total net position was \$403,500.
- Distributions to the Education Trust Fund decreased \$3.1 million or 3.9%, mostly due to the fiscal year 2016 unprecedented \$1.6 billion Powerball jackpot which drove sales and profits to new heights in the prior year.

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, 2017 by \$403,500.

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 and the regulation of the State's Racing and Charitable Gaming activities. 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 2017, the Lottery produced \$304.2 million in total operating revenues, a 1.4% decrease from fiscal year 2016's \$308.5 million. Instant scratch games sales were up from the previous fiscal year by approximately \$5.3 million or 2.4%. Multi-State (MUSL) games revenues decreased \$10.0 million or 17.7% during fiscal year 2017 as compared to fiscal year 2016. Tri-State games revenues increased by \$0.5 million or 2.1% for fiscal year 2017 as compared to fiscal year 2016. Lucky for Life game revenue increased \$0.02 million in fiscal year 2017 as compared to fiscal year 2016. The Lottery distributed \$76.1 million of operating income to the Education Trust Fund in fiscal year 2017, a \$3.1 million decrease from fiscal year 2016. Total revenues since the inception of the Lottery in 1963 are more than \$6.3 billion and the Lottery has distributed nearly \$1.9 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, 2017 by \$403,500. This amount is presented as "Total Net Position" on the Statement of Net Position and is an increase of \$0.03 million compared to fiscal year 2016. The decrease is due to the change in restricted deposits of \$34,031 held with the MUSL and Tri-State Commissions for prize reserve funds.

Comparable figures for total assets at June 30, 2017 and 2016 were \$14.8 million and \$10.9 million, respectively. This represents an increase of \$3.9 million from fiscal year 2016 to 2017. Cash and cash equivalents were \$6.3 million at June 30, 2017 and \$2.7 million at June 30, 2016. The increase in cash and cash equivalents was primarily attributable to an increase in prize accruals.

Accounts receivable at both June 30, 2017 and 2016 were \$2.4 million. Due from other funds for fiscal year 2017 consisted solely of the amount due from the state Liquor Commission for tickets sold. Instant scratch games ticket inventories were \$1.2 million at June 30, 2017 and \$1.1 million at June 30, 2016. The increase in inventory reflects higher inventories on hand at June 30, 2017 due to timing of instant ticket purchases. There was a balance due from the State's Education Trust Fund (ETF) of \$86 thousand; the Lottery estimates the profits for June and transfers the funds to the ETF based on that estimate, June's estimate was overstated. Noncurrent, restricted deposits, which represent New Hampshire's share of prize reserve funds held by MUSL and Tri-State, remained steady during fiscal year 2017. Capital assets, net of depreciation, decreased during fiscal year 2017 from \$211 thousand at June 30, 2016 to \$145 thousand at June 30, 2017. 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, 2017 and 2016

	2017	2016
Current and other assets	\$ 14,629,454	\$ 10,705,679
Capital assets (net of accumulated depreciation)	145,234	210,692
Total assets	<u>14,774,688</u>	<u>10,916,371</u>
Deferred outflows of resources	1,402,000	404,000
Current liabilities	10,176,534	6,551,806
Noncurrent liabilities	5,382,654	4,171,106
Total liabilities	<u>15,559,188</u>	<u>10,722,912</u>
Deferred inflows of resources	<u>214,000</u>	<u>228,000</u>
Net position:		
Net investments in capital assets	145,234	210,692
Restricted assets	4,082,500	4,048,459
Unrestricted (deficit)	(3,824,234)	(3,889,692)
Total net position	<u>\$ 403,500</u>	<u>\$ 369,459</u>

Liabilities

The Lottery's current liabilities consist primarily of accounts payables, unclaimed prizes, accrued payroll and benefits, 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 increased \$4.8 million or 45.1%. The year end balances for total liabilities for fiscal years 2017 and 2016 were \$15.6 million and \$10.7 million, respectively. Of the increase, unclaimed prizes increased \$4.1 million, with slight decreases in accounts payable and unearned revenues. The increase in unclaimed prizes for fiscal year 2017 is due mostly to an increase in the amount of instant ticket prizes remaining unclaimed compared to fiscal year 2016. Lottery winners have one year to claim their prizes. Accounts Payable decreased in fiscal year 2017 by \$123 thousand, primarily due to the timing of expense accruals and net pension liability increased by \$1.3 million. 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

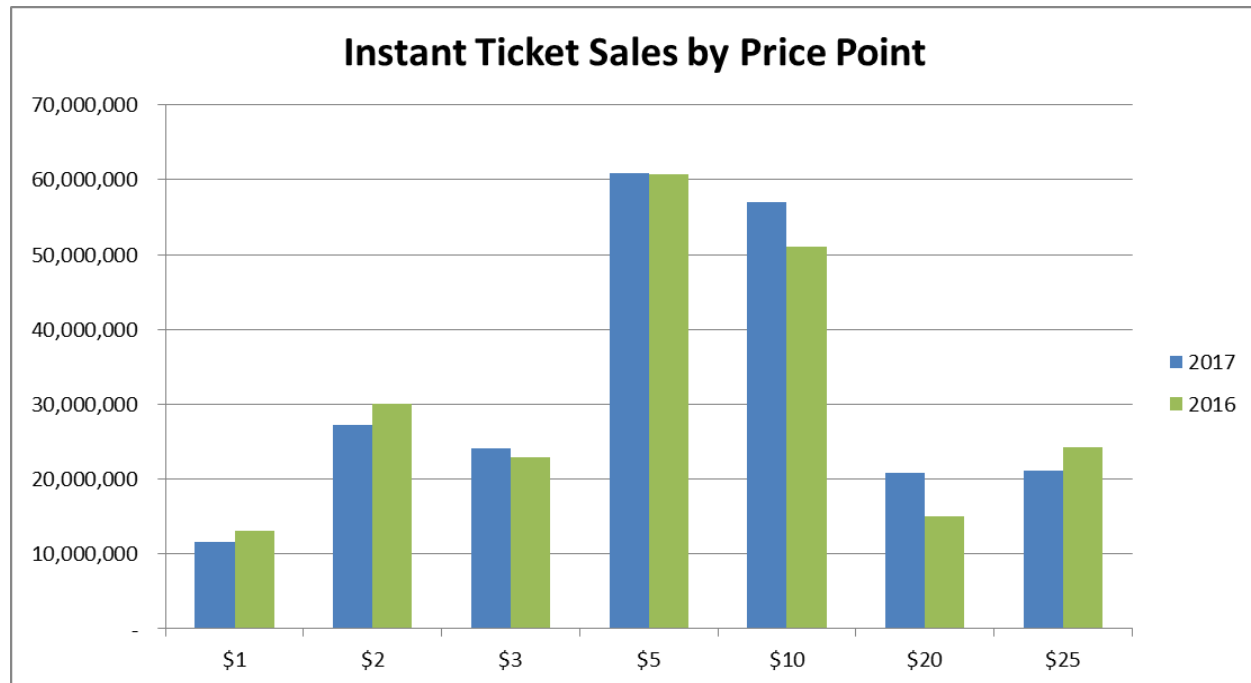
The New Hampshire Lottery's game revenues result from the sales of a variety of instant and online lottery products. The Lottery is an active member of three separate joint venture arrangements; the Tri-State Lotto Commission (Tri-State), the Multi-State Lottery Association (MUSL), and Lucky for Life, operating several online games under those jurisdictions. MUSL online games consist of Powerball, Mega Millions, and Hot Lotto. 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, 2017 and 2016. Tri-State Other represents Fast Play and Gimme 5.

Game	2017	2016	Change	% Change
Instant tickets	\$ 223,368,115	\$ 218,037,410	\$ 5,330,705	2.4%
MUSL Powerball	32,445,820	42,545,804	(10,099,984)	-23.7%
MUSL Mega Millions	11,287,424	11,265,100	22,324	0.2%
MUSL Hot Lotto	2,749,292	2,699,183	50,109	1.9%
Tri-State Megabucks	7,644,951	7,837,746	(192,795)	-2.5%
Tri-State Pick 3	5,830,725	5,470,291	360,434	6.6%
Tri-State Pick 4	4,978,232	4,862,941	115,291	2.4%
Lucky for Life	5,319,096	5,294,823	24,273	0.5%
Tri-State Other	5,531,042	5,328,649	202,393	3.8%
Racing & Charitable Gaming	4,891,729	5,038,351	(146,622)	-2.9%
Other income	175,002	147,305	27,697	18.8%
Total operating revenues	<u>\$ 304,221,428</u>	<u>\$ 308,527,603</u>	<u>\$ (4,306,175)</u>	<u>-1.4%</u>

The Lottery saw a 1.4% decrease in total operating revenues for fiscal year 2017. Instant scratch games sales continue to be the Lottery's most popular product contributing approximately 73.4% and 70.7%, respectively, to total revenue for fiscal years 2017 and 2016. Instant scratch games sales increased \$5.3 million or 2.4% in fiscal year 2017 over fiscal year 2016. The increase in instant scratch games sales can be attributed to continuous efforts towards creative and innovative design of new games, and increases in prizes awarded to players.

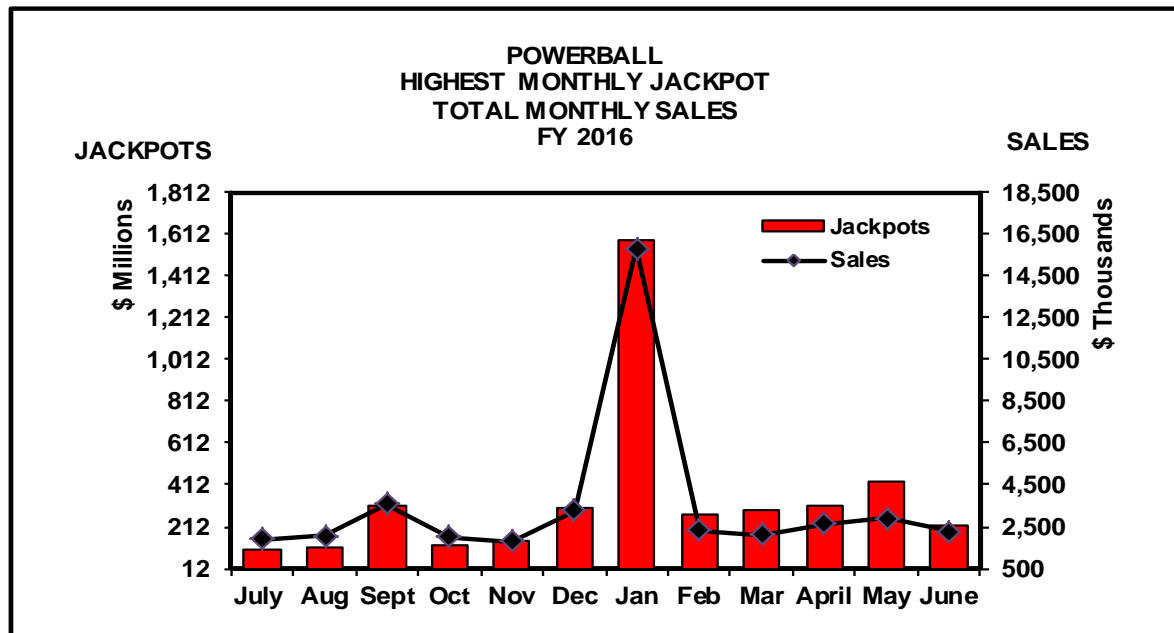
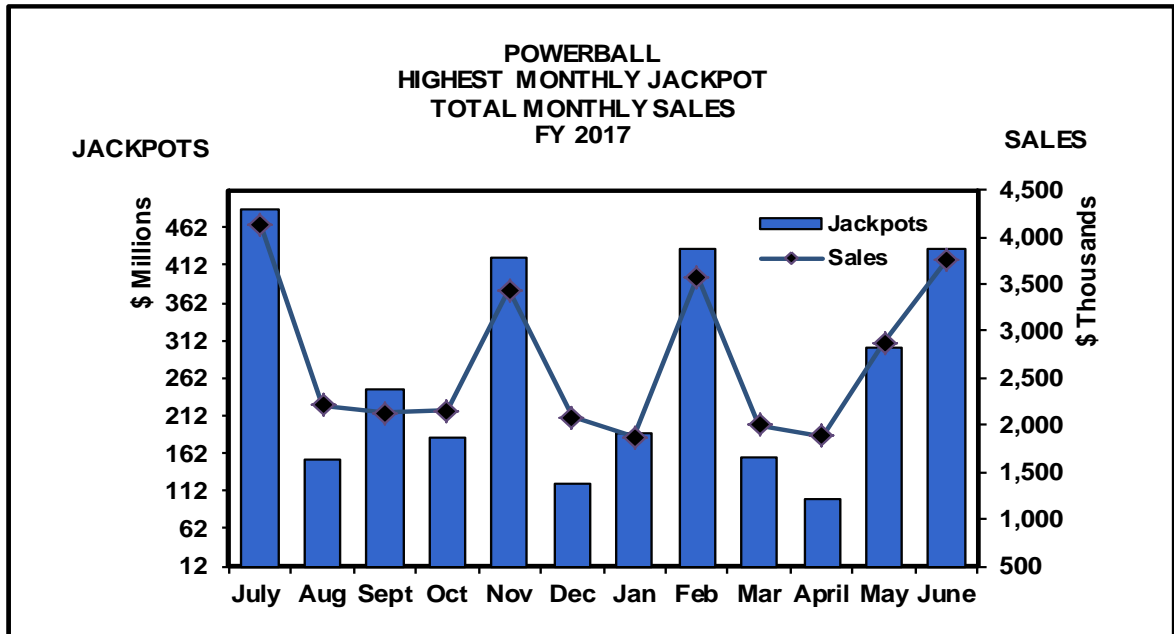
The following graph shows percentages of Instant scratch games sales for fiscal year 2017 and 2016 by selling price of ticket.



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 10.7% and 13.8% to total fiscal year 2017 and 2016 sales, respectively. Powerball revenues for fiscal year 2017 decreased 23.7%, from \$42.5 million to \$32.4 million. The reason for the decrease in Powerball sales was there was no record breaking jackpot in fiscal year 2017 to drive sales to the same degree as the record breaking \$1.6 billion jackpot in January 2016.

See the following graphs showing the relationship between jackpot amount and sales for fiscal years 2017 and 2016.



Mega Millions is another high jackpot MUSL game sold by the Lottery. Mega Millions sales for fiscal year 2017 were \$11.3 million, which was the same as 2016 sales. During fiscal year 2017, one Mega Millions jackpot exceeded \$540 million, compared to two jackpots in excess of \$200 million in fiscal year 2016. Mega Millions does not generate the sales that Powerball does in New Hampshire where Powerball accumulated \$32.4 million in fiscal year 2017 sales compared to Mega Millions sales of \$11.3 million as noted above.

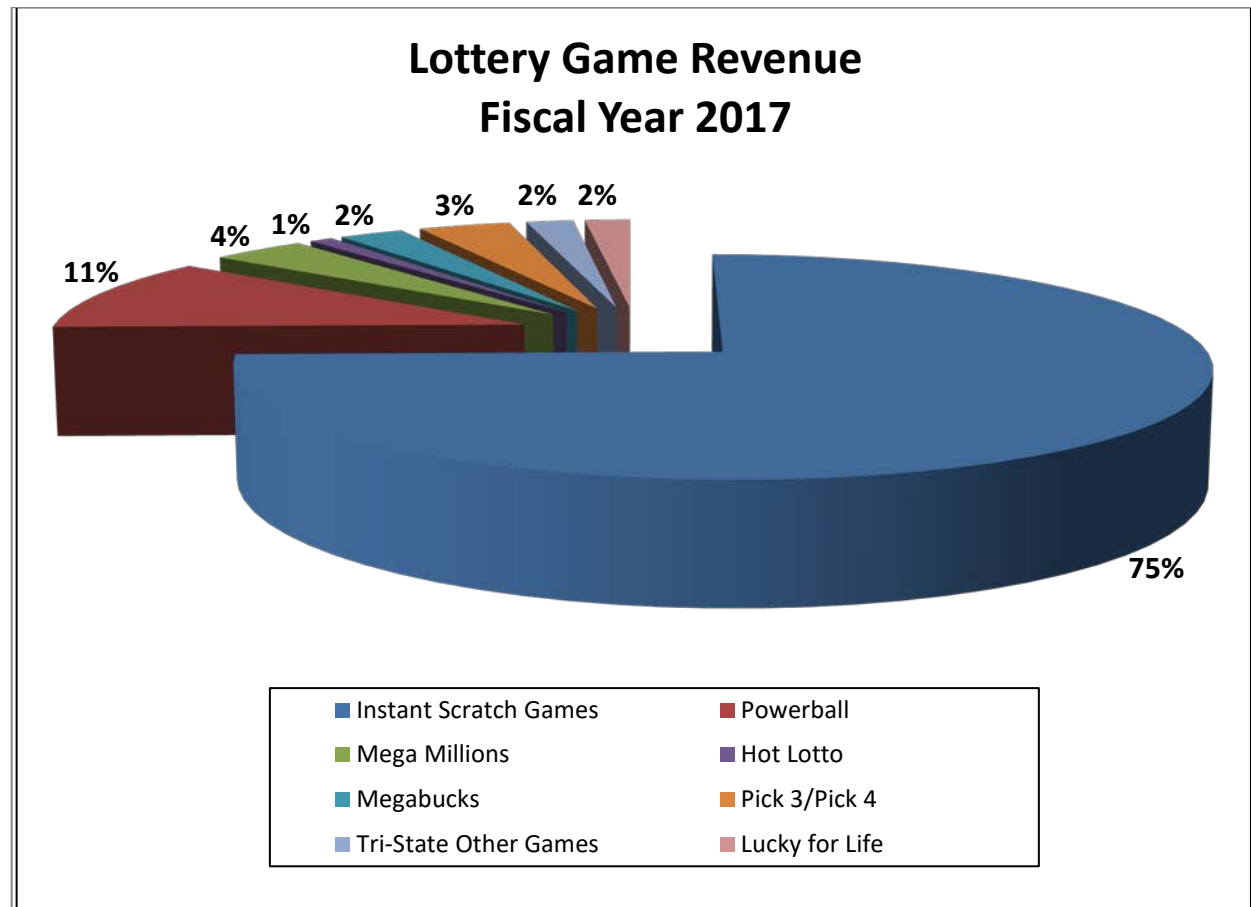
Sales of Hot Lotto, another MUSL game increased 1.9% from \$2.7 million in fiscal year 2016 to \$2.8 million in fiscal year 2017. The average jackpots for Hot Lotto during fiscal year 2017 were 71% higher than during fiscal year 2016, resulting in increased sales. In fiscal year 2016, only one draw for a Hot Lotto jackpot exceeded \$7 million, while in fiscal year 2017 there were nine. MUSL games sales decreased 17.7% overall and contributed 15.3% and 18.3% to total Lottery revenues for fiscal years 2017 and 2016, respectively.

Megabucks, a draw game offered by the Tri-State Lottery, had sales of \$7.6 million for fiscal year 2017, a decrease of \$193 thousand or 2.5% from the prior fiscal year. The last time that Megabucks experienced an increase in sales was fiscal year 2010 when the game was restructured, increasing the ticket price from \$1 to \$2. Since then Megabucks 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. Megabucks carries a committed player base and accounts for 2.5% of revenues.

Pick 3 and Pick 4 remained relatively consistent from fiscal year 2016 to fiscal year 2017 with an increase in Pick 3 sales of \$360 thousand, or 6.6%, and an increase of \$115 thousand, or 2.4%, in Pick 4 sales. Other Tri-State sales revenues increased \$202 thousand or 3.8% overall; including a decrease in Gimme 5 sales of 5.3% and a substantial increase in Fast Play games sales of 13.2%. Tri-State games combined sales increased slightly 2016 to 2017, gaining only 2.1% between the two fiscal years. Tri-State games in total amounted to 7.9% and 7.6% of total Lottery sales for fiscal years 2017 and 2016, respectively.

Lucky for Life sales revenues were relatively flat in fiscal year 2017 at \$5.3 million, still 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 consumer interest in a new product, 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, 2017. 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 2017 prize expense of \$192 million reflects a 0.6% decrease from fiscal year 2016 prize expense of \$193 million. This decrease in prizes reflects a corresponding decrease 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, 2017 and 2016.

2017	Gross Games Revenues	Prize Expense	Gross Profit After Prizes	Profit Margin After Prizes
Instant Scratch Games	\$ 223,368,115	\$ 153,259,505	\$ 70,108,610	31.4%
Tri-State Games	23,984,950	12,602,382	11,382,568	47.5%
MUSL Games	46,482,536	22,575,938	23,906,598	51.4%
Lucky for Life Game	5,319,096	3,223,925	2,095,171	39.4%

2016	Gross Games Revenues	Prize Expense	Gross Profit After Prizes	Profit Margin After Prizes
Instant Scratch Games	\$ 218,037,410	\$ 149,752,984	\$ 68,284,426	31.3%
Tri-State Games	\$ 23,499,627	\$ 12,763,363	10,736,264	45.7%
MUSL Games	\$ 56,510,087	\$ 27,426,015	29,084,072	51.5%
Lucky for Life Game	\$ 5,294,823	\$ 2,913,422	2,381,401	45.0%

As the tables above show, 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. Expired 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, 2017 and 2016. Tri-State Other represents Gimme 5 and Fast Play.

Game	2017	2016	Change	Percent Change
Instant Scratch Games	\$ 153,259,505	\$ 149,752,984	\$ 3,506,521	2.3%
MUSL Powerball	15,596,479	20,582,304	(4,985,825)	-24.2%
MUSL Mega Millions	5,606,497	5,493,101	113,396	2.1%
MUSL Hot Lotto	1,372,962	1,353,482	19,480	1.4%
MUSL Monopoly	-	(2,872)	2,872	-100.0%
Tri-State Megabucks	3,771,251	4,197,978	(426,727)	-10.2%
Tri-State Pick 3	2,912,763	2,735,400	177,363	6.5%
Tri-State Pick 4	2,489,182	2,431,595	57,587	2.4%
Tri-State Other	3,429,185	3,398,390	30,795	0.9%
Lucky for Life	3,223,925	2,913,422	310,503	10.7%
Other - contributed prizes	116,654	107,604	9,050	8.4%
Total prize expense	<u>\$ 191,778,403</u>	<u>\$ 192,963,388</u>	<u>\$ (1,184,985)</u>	-0.6%

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 \$25.6 million for fiscal year 2017 and \$26.3 million for fiscal year 2016. The decrease was primarily due to the decrease in ticket sales. Retailer commissions were down \$853 thousand or 5.0% for fiscal year 2017 over fiscal year 2016. 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 2017 were relatively flat over fiscal year 2016. 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, 2017 and 2016 (excluding RCGD).

	2017	Percent of Sales	2016	Percent of Sales
Retailer commissions	\$ 17,203,877	5.7%	\$ 18,057,048	5.9%
Vendor fees	5,575,258	1.9%	5,576,320	1.8%
Cost of instant tickets	2,680,952	0.9% *	2,517,242	0.8% *
Expense pools	187,357	0.1%	168,683	0.1%
Other cost of sales	25,647,444	8.6%	26,319,293	8.7%
Prize expense	191,778,403	64.1%	192,963,388	63.6%
Total cost of sales	<u>\$ 217,425,847</u>	<u>72.6%</u>	<u>\$ 219,282,681</u>	<u>72.3%</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, 2017 and 2016 (excluding RCGD).

Total Lottery Games	2017	2016	Change	Percent Change
Gross Revenues	\$ 299,329,699	\$ 303,489,252	\$ (4,159,553)	-1.4%
Cost of Sales	<u>217,425,847</u>	<u>219,282,681</u>	<u>\$ (1,856,834)</u>	-0.8%
Gross profit	<u>\$ 81,903,852</u>	<u>\$ 84,206,571</u>	<u>\$ (2,302,719)</u>	-2.7%
Gross profit margin	27.4%	27.7%		

Other Operating Expenses

Administrative costs increased \$0.5 million in fiscal year 2017 from fiscal year 2016. The supplemental schedule of revenues, expenses, and distributions located after the notes to the financial statements, itemizes the components of other operating expenses.

Non-operating Revenues (Expenses)

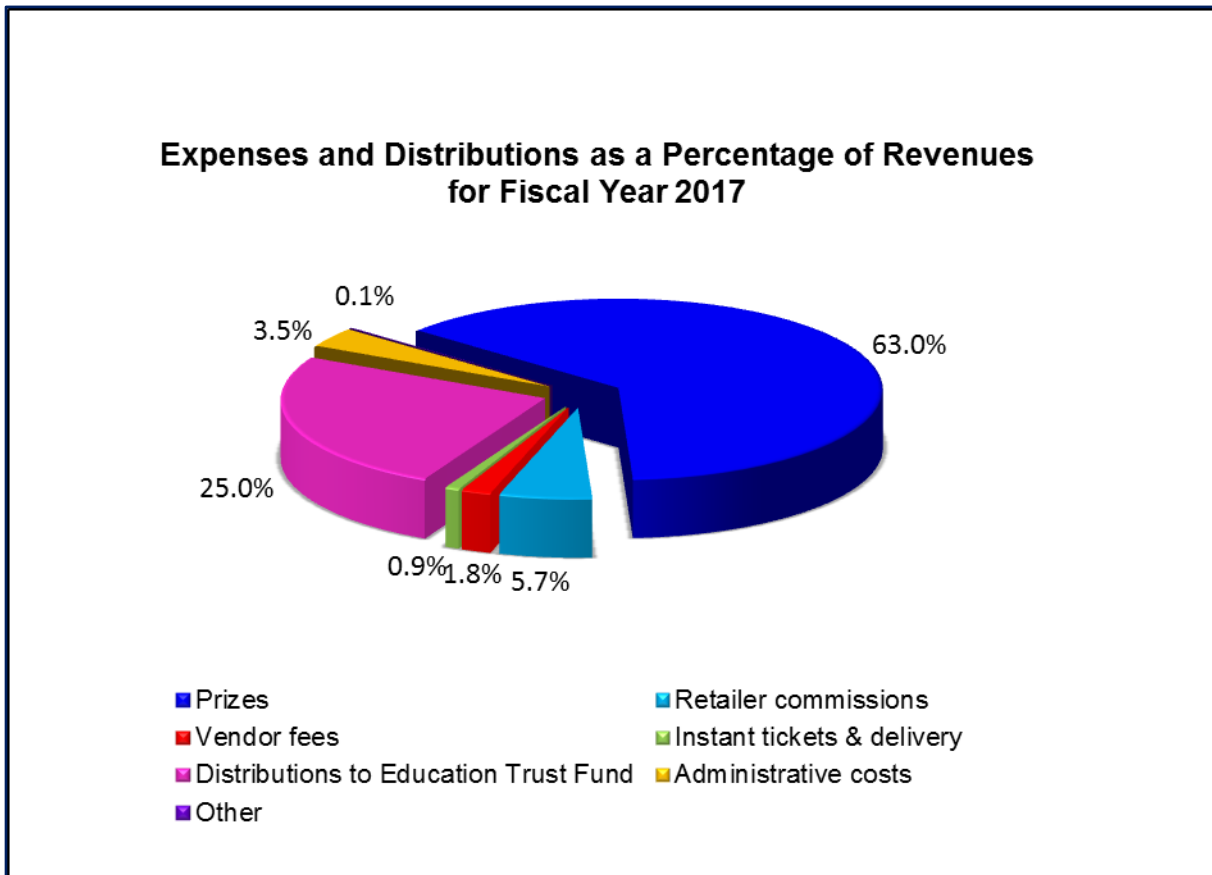
Non-operating revenues totaling \$100 thousand consist of income earned on deposits held with the Tri- State Lotto joint venture and interest from NH Treasury on Lottery cash balances.

Non-operating 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 2017 distributions were \$76.1 million and fiscal year 2016 distributions were \$79.2. The fiscal year 2017 \$3.1 million decrease over fiscal year 2016 was mostly due to decreased Powerball ticket sales.

The following table shows total revenues, expenses, and change in net position for the Lottery for the years ended June 30, 2017 and 2016.

	2017	2016	Change	Percent Change
Operating revenues				
Instant and online ticket sales	\$ 299,154,697	\$ 303,341,947	\$ (4,187,250)	-1.4%
Revenues from RCGD	4,891,729	5,038,351	(146,622)	-2.9%
Other Income	175,002	147,305	27,697	18.8%
Total operating revenues	304,221,428	308,527,603	(4,306,175)	-1.4%
Operating expenses				
Cost of sales	217,425,847	219,282,681	(1,856,834)	-0.8%
Administrative costs	10,659,628	10,133,173	526,455	5.2%
Depreciation expense	82,262	71,942	10,320	14.3%
Total operating expenses	228,167,737	229,487,796	(1,320,059)	-0.6%
Operating income	76,053,691	79,039,807	(2,986,116)	-3.8%
Operating Income				
Non-operating expenses				
Interest	100,168	41,164	59,004	143.3%
Transfer in RCGD operations	-	(1,089,000)	1,089,000	-100.0%
Net profit before transfers	76,153,859	77,991,971	(1,838,112)	-2.4%
Distributions to Education Trust Fund	(76,119,818)	(79,184,886)	3,065,068	-3.9%
Change in net position	34,041	(1,192,915)	1,226,956	-102.9%
Net position - July 1	369,459	1,562,374	(1,192,915)	-76.4%
Net position - June 30	\$ 403,500	\$ 369,459	\$ 34,041	9.2%
Distributions to Education Trust Fund (net profit) as a percentage of operating revenues	25.0%	25.7%	-0.7%	

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, 2017.



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 2017 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, Finance Department, Chief Financial Officer, 14 Integra Drive, Concord, NH 03301.

New Hampshire Lottery Commission
Statement of Net Position
June 30, 2017

ASSETS

Current assets:

Cash and cash equivalents	\$ 6,252,137
Cash and cash equivalents - Restricted (Note 1)	83,704
Accounts receivable	2,446,822
Due from other funds (Liquor)	435,361
Due from Education Trust Fund	85,579
Instant scratch games ticket inventories	1,241,902
Prepaid expenses and other	1,449
Total current assets	<u>10,546,954</u>

Noncurrent assets:

Restricted deposits (Note 1)	4,082,500
Capital assets net of accumulated depreciation (Note 4)	145,234
Total noncurrent assets	<u>4,227,734</u>
Total assets	<u>14,774,688</u>

Deferred outflows of resources	<u>1,402,000</u>
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LIABILITIES

Current liabilities:

Accounts payable	1,979,465
Accrued payroll and benefits	293,666
Ticket sales for future draws	1,100,092
Restricted deposits - Hinsdale (Note 1)	83,704
Unclaimed prizes net of estimated expired prizes (Note 1)	6,635,816
Compensated absences	82,791
Workers Compensation Claims	1,000
Total current liabilities	<u>10,176,534</u>

Noncurrent liabilities:

Compensated absences	434,654
Net pension liability	4,948,000
Total noncurrent liabilities	<u>5,382,654</u>
Total liabilities	<u>15,559,188</u>

Deferred inflows of resources	<u>214,000</u>
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NET POSITION

Net investments in capital assets	145,234
Restricted for prize funds (Note 1)	4,082,500
Unrestricted (deficit)	<u>(3,824,234)</u>
Total net position	<u>\$ 403,500</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, 2017

Operating revenues:

Instant scratch games	\$ 223,368,115
Multi-State online games	46,482,536
Tri-State online games	23,984,950
Lucky for Life game	5,319,096
Bingo/Lucky 7/Racing & Charitable Gaming	4,891,729
Other income	<u>175,002</u>
Total operating revenues	<u>304,221,428</u>

Operating expenses:

Cost of sales:	
Prizes	191,778,403
Retailers' commissions	17,203,877
Other	<u>8,443,567</u>
Total cost of sales	<u>217,425,847</u>
Administration	10,659,628
Depreciation	<u>82,262</u>
Total operating expenses	<u>228,167,737</u>
Operating income	<u>76,053,691</u>

Nonoperating revenues (expenses):

Interest income	100,168
Distributions to the State's Education Trust Fund	<u>(76,119,818)</u>
Total nonoperating revenues (expenses)	<u>(76,019,650)</u>
Change in net position	<u>34,041</u>
Net position, July 1	<u>369,459</u>
Net position, June 30	<u><u>\$ 403,500</u></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, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers, retailers and joint ventures (net of retailer commissions and prizes paid by retailers)	\$ 494,003,158
Payments to winners and joint ventures	(396,429,045)
Payments to suppliers (goods and services)	(12,196,549)
Payments to employees for salaries and benefits	(5,343,690)
Net cash provided by operating activities	<u>80,033,874</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Distributions to Education Trust Fund	(76,432,375)
Net cash used for noncapital financing activities	<u>(76,432,375)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING
ACTIVITIES**

Proceeds from sales of equipment and capital assets	-
Purchase of capital assets	(16,803)
Net cash used by capital and related financing activities	<u>(16,803)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and other income received	100,168
Net cash provided by investing activities	<u>100,168</u>

Net increase in cash and cash equivalents 3,684,864

Cash and cash equivalents, July 1 2,650,977

Cash and cash equivalents, June 30 \$ 6,335,841

**Reconciliation of operating income to net cash
provided by operating activities:**

Operating income	\$ 76,053,691
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	82,262
Change in net pension liability, net of deferred amounts	261,000
(Increase) decrease in accounts receivable/due from other funds	(17,863)
(Increase) decrease in instant scratch games ticket inventory	(148,748)
(Increase) decrease in prepaid expenses and other	47,319
Increase (decrease) in restricted deposits	1,629
Increase (decrease) in accounts payable and other liabilities	(204,530)
Increase (decrease) in unclaimed prizes	4,076,357
Increase (decrease) in ticket sales for future draws	(117,243)
Total adjustments	<u>3,980,183</u>

Net cash provided by operating activities \$ 80,033,874

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, 2017**

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). Effective July 1 of 2015, Chapter 276, Section 121 of the Laws of 2015, transferred authority for the regulation of racing and charitable gaming in the State from the former Racing and Charitable Gaming Commission (RCGC) to the New Hampshire Lottery Commission. Hence the Lottery assumed all the powers, rights, duties and responsibilities granted to the RCGC. The Lottery is now comprised of the Lottery division and the Racing and Charitable Gaming Division. Accordingly, the financial statements include the consolidated operations of the two divisions. The Lottery has three commissioners appointed by the Governor and Council for a staggered term of three years. The administration of the Lottery is overseen by an executive director, appointed by the Commissioners for a term of four years. 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. 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.

Cash and Cash Equivalents-Restricted represent all simulcast racing revenues received from Hinsdale Harness LLC. RSA 284:23(I)(c) restricts the use of these revenues by stipulating that all amounts collected from an entity licensed to simulcast a running horse race or running horse meet in Cheshire county shall be held in escrow for a period of not more than 36 months by the state treasurer. If the licensee has commenced to hold a live race meet within the 36-month period the escrowed amounts shall be paid to the Lottery to offset any expenses incurred for the services required to hold such meet. If there is no live race meet within the 36-month period all sums so escrowed shall be for the use of the state. As of June 30, 2017, the Lottery has received \$83,704 from simulcast racing at Hinsdale Harness LLC. Accordingly, all such amounts are reported as restricted deposits.

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 prize 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 state 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, 2017 MUSL reserves were \$2,279,094 and Tri-State reserves were \$1,803,406.

Compensated absences represent accrued leave for the Lottery's 66 full-time, classified employees at June 30, 2017. 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. In conformity with GASB Statement No. 16, the Lottery accrues all types of leave benefits as earned by its classified employees. 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 state's share of social security 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.

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.

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 expenses, 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, Mega Millions, and Lucky For Life and online ticket sales prior to fiscal year end for game draws subsequent to June 30, 2017. 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 2017 of \$6,635,816 is the net amount after being reduced by an estimate for Powerball, Hot Lotto, and Mega Millions prizes to expire as unclaimed of \$736,553. The Lottery also receives unclaimed prize money from the racetracks for simulcast racing. However, the liability for unclaimed tickets cannot be determined. Based on past history, any amount claimed is immaterial. Accordingly, unclaimed racing ticket liability is not recorded in the financial statement of net position.

Operating revenues represents gross lottery game sales less any sales adjustments and promotional tickets, revenue from racing and charitable gaming, and other income. Other income includes 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.

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

Non-operating 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, 2017 MUSL reserves were \$2,279,094 and Tri-State reserves were \$1,803,406. 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 these financial statements in conformity with GAAP 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 pronouncements; during the fiscal year ended June 30, 2017, the Lottery Commission adopted the following new accounting standards issued by the Government Accounting Standards Board (GASB):

GASB No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, (GASB74) improves the usefulness of information about postemployment benefits other than pensions included in external financial reports of state and local government OPEB plans. This Statement requires enhanced note disclosures and schedules of required supplementary information to be presented by OPEB plans that are administered through trusts. The implementation of GASB 74 did not require modification of the financial statements.

GASB No. 77, Tax Abatement Disclosures (GASB 77) defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The implementation of GASB 77 did not have an impact on the financial statements.

GASB No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans (GASB 78) amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state and local governmental employers through cost-sharing multiple-employer defined benefit plan that (1) is not a state or local government pension plan, (2) is used to provide defined benefit pensions both to employees of state and local governmental employers and to employees of employers that are not state and local

government employers, and (3) has no predominant state or local governmental employers. This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The implementation of GASB 78 did not have an impact on the financial statements.

GASB No. 80, Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14 (GASB 80) improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of component units incorporated as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB 80 did not have an impact on the financial statements.

GASB No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73 (GASB 82) addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The new disclosures resulting from implementation of this statement can be found in the required supplementary information.

Note 2 – Cash and Cash Equivalents

The Lottery's cash and cash equivalents and restricted cash as reported on the Statement of Net Position as of June 30, 2017 consists of the following:

Cash in banks (carrying amount)	\$ 925,325
Cash and cash equivalents in State Treasury*	5,405,516
Petty cash	5,000
Total cash and cash equivalents	<u>\$ 6,335,841</u>

*Includes \$83,704 restricted cash

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.

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, 2017 the Lottery's total deposits held with financial institutions were \$990,415 (bank balance), all of which were insured and collateralized.

Note 3 – Compensated Absences

A summary of compensated absences activity for year ended June 30, 2017 is presented below.

	Beginning Balance 6/30/2016	Increases	Decreases	Ending Balance 6/30/2017	Amounts Due Within One Year
Compensated Absences	<u>\$620,132</u>	<u>\$424,048</u>	<u>\$ 526,735</u>	<u>\$517,445</u>	<u>\$ 82,791</u>

Note 4 – Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance 6/30/2016	Increases	Decreases	Ending Balance 6/30/2017
<u>Capital assets</u>				
Equipment & Vehicles	<u>\$ 651,584</u>	<u>\$ 16,803</u>	<u>\$ 24,432</u>	<u>\$ 643,955</u>
Total capital assets	<u>651,584</u>	<u>16,803</u>	<u>24,432</u>	<u>643,955</u>
<u>Accumulated depreciation</u>				
Equipment & Vehicles	<u>440,892</u>	<u>82,261</u>	<u>24,432</u>	<u>498,721</u>
Total accumulated depreciation	<u>440,892</u>	<u>82,261</u>	<u>24,432</u>	<u>498,721</u>
Total capital assets, net	<u>\$ 210,692</u>	<u>\$ (65,458)</u>	<u>\$ -</u>	<u>\$ 145,234</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 – Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

As of June 30, 2017, the Lottery Commission reported a liability of \$4,948,000 for its proportionate share of the net pension liability of the Plan. This net pension liability is measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, with update procedures used to roll the total pension liability forward to June 30, 2016. 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 Commission'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 (0.48%), based on percentage of pension plan contributions. For the year ended June 30, 2017, the Lottery Commission recognized pension expense of \$594,000.

As of June 30, 2017, the Lottery Commission reported deferred outflows and inflows of resources relating 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	\$ 309	\$ -
Difference between expected and actual experience	14	61
Change in actuarial assumptions	609	-
Changes in employer proportion	57	130
Changes in employer proportion (entity)	83	23
Contributions subsequent to the measurement date	330	-
Totals	<u>\$ 1,402</u>	<u>\$ 214</u>

Amounts reported as deferred inflows and 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, 2018. Other amounts reported as deferred (inflows) and outflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year ended June 30,	Amount
2018	\$ 163
2019	163
2020	282
2021	236
2022	14
Total	<u>\$ 858</u>

Actuarial Assumptions. The Plan total pension liability, measured as of June 30, 2016, was determined by a roll forward of the actuarial valuation as of June 30, 2015, using the following actuarial assumptions:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2010 – June 30, 2015.

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 2016:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Geometric Rate of Return
Large Cap Equities	22.50%	4.25%
Small/Mid Cap Equities	7.50%	4.50%
Total domestic equity	30.00%	
International Equities (unhedged)	13.00%	4.75%
Emerging International Equities	7.00%	6.25%
Total international equity	20.00%	
Core Bonds	5.00%	0.64%
Short Duration	2.00%	-0.25%
Global Multi-Sector Fixed Income	11.00%	1.71%
Absolute Return Fixed Income	7.00%	1.08%
Total fixed income	25.00%	
Private equity	5.00%	6.25%
Private debt	5.00%	4.75%
Opportunistic	5.00%	3.68%
Total alternative investments	15.00%	
Real estate	10.00%	3.25%
Total real estate investments	10.00%	
Total	100.00%	

Discount Rate. The discount rate used to measure the collective total pension liability was 7.25%. 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 Commission's proportionate share of the Plan's net pension liability to changes in the discount rate. In particular, the table presents the Lottery Commission's proportionate share of the Plan's net pension liability measured at June 30, 2016 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):

Fiscal year ended June 30, 2017	Current single rate		
	1% Decrease to 6.25%	assumption 7.25%	1% Increase to 8.25%
	\$ 6,386	\$ 4,948	\$ 3,795

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 2015 through 2017 are as follows:

Fiscal Year Ended June 30	Number of Retirees and Spouses	Total Annual OPEB Cost	Normal and Required Contribution Costs for Medical	Medical Subsidy Percentage of Covered Payroll
2017	113	\$ 614,028	\$ 49,589	1.64%
2016	105	\$ 547,599	\$ 50,258	1.64%
2015	65	\$ 373,195	\$ 33,394	1.62%

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 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 2017 and 2016 amounted to \$411,897 and \$406,825 per year respectively. The Lottery's commitment for future lease payments required under the operating lease is \$343,248. See table below showing future obligations by fiscal year.

<u>Fiscal Year</u>	<u>Amount</u>
2018	\$ 343,248
Total	<u>\$ 343,248</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 2017 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, 2017, Tri-State reported total installment prize obligations owed to jackpot winners of \$27.3 million, payable through the year 2045.

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, 2017 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 \$1,803,406. 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 2017 is summarized below:

Tri-State	
Operating revenues	\$ 23,984,950
Operating expenses	
Prizes	12,602,382
Retailer commissions	1,303,386
Advertising and promotional	1,636,143
Vendor fees	405,733
Other operating expenses	139,202
Total operating expenses	<u>16,086,846</u>
Net operating income	7,898,104
Interest income	<u>48,506</u>
Net income from Tri-State	<u>\$ 7,946,610</u>

The Tri-State Lotto Commission maintains its own financial statements, which have been audited by an independent CPA firm. The report dated October 6, 2017 issued an unqualified opinion on the Tri-State Lotto financial statements for the fiscal year ended June 30, 2017. 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 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. Two percent of that prize pool is placed into two Powerball prize reserve funds. 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 \$2,279,094 at June 30, 2017.

At June 30, 2017, the total MUSL Powerball prize reserve fund had a balance of \$78,493,612. New Hampshire's portion of the prize reserve fund balance amounted to \$999,907. 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, 2017, the total MUSL – Powerball set prize reserve fund had a balance of \$41,523,922. New Hampshire's portion of the prize reserve fund balance amounted to \$499,954. 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 \$15,316,619 at June 30, 2017. New Hampshire's portion of this unreserved fund amounted to \$79,029. 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, 2017 the MUSL Hot Lotto prize reserve fund was \$6,373,470 with New Hampshire's share being \$275,364. 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 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 and an extra 1% to a prize reserve fund. At June 30, 2017 the MUSL Mega Millions prize reserve fund was \$38,041,070 with New Hampshire's share being \$503,868. 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 2017 is summarized below.

MUSL

Operating revenues	\$ 46,482,536
Operating expenses	
Prizes	22,575,938
Retailer commissions	2,527,032
Advertising and promotional	533,362
Vendor fees	779,209
Other operating expenses	42,404
Total operating expenses	<u>26,457,945</u>
Net operating income	<u>20,024,591</u>
Interest income	<u>466</u>
Net income from MUSL	<u><u>\$ 20,025,057</u></u>

MUSL maintains its own financial statements, which have been audited by an independent CPA firm. The report dated September 27, 2017 issued an unqualified opinion on the MUSL financial statements for the fiscal year ended June 30, 2017. 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 22 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.

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 top two prize tiers' liability for each Lucky for Life 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 responsible for the prize liability for low-tier/set prizes (prize levels two 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 prize liability to total Lucky for Life sales.

The Lucky for Life game was designed to have a total prize percentage payout of 60 percent of sales, providing approximately one jackpot/grand prize winner annually and 17 second prize tier winners annually. The prize percentage of 60 percent is broken down to include a jackpot/grand prize amount equal to 10% of total sales, second highest prize tier equal to 12% of sales, and low-tier prizes of 38% of sales. Online lottery games are designed to provide an average payout over an extended period of time.

The New Hampshire Lottery Commission's portion of the Lucky for Life game for fiscal year 2017 is summarized below.

Lucky for Life	
Operating revenues	\$ 5,319,096
Operating expenses	
Prizes	3,223,925
Retailer commissions	273,252
Advertising and promotional	70,947
Vendor Fees	90,361
Other operating expenses	5,750
Total operating expenses	<u>3,664,235</u>
Net income from Lucky For Life	<u>\$ 1,654,861</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"

were established and approved by all twenty-one jurisdictions' directors and finance members prior to the startup of Lucky for Life.

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. It should be noted that the Replay program was brought to an end on December 7, 2017.

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. The State generally retains the risk of loss except where the provisions of law allow for the purchase of commercial insurance or where commercial insurance has been proven beneficial for the general public. There are approximately 30 commercial insurance programs in effect including fleet automobile liability and faithful performance position schedule 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.

New Hampshire Lottery Commission
Required Supplementary Information (Unaudited)
Fiscal Year Ended June 30, 2017

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

INFORMATION ABOUT THE NEW HAMPSHIRE RETIREMENT SYSTEM PLAN			
<u>Schedule of the Lottery's Proportionate Share of the Net Pension Liability</u>			
(dollars in thousands)	June 30, 2017	June 30, 2016	June 30, 2015
Lottery's Proportion of the Net Pension Liability	0.09%	0.09%	0.09%
Lottery's Proportionate Share of the Net Pension Liability	\$4,948	\$3,675	\$3,400
Lottery's Covered-Employee Payroll	2,688	2,622	2,465
Lottery's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	184.08%	140.16%	137.93%
NHRS Fiduciary Net Position as a Percentage of the Total Pension Liability	58.30%	65.47%	66.32%
Note: The amounts presented were determined as of and for the measurement periods ended June 30, 2016, June 30, 2015 and June 30, 2014			
<i>Schedule is intended to show 10 years. Additional years will be added as they become available.</i>			

<u>Schedule of Lottery Contributions</u>				
(dollars in thousands)	June 30,			
	2017	2016	2015	2014
Required Lottery Contribution	\$330	\$330	\$300	\$294
Actual Lottery Contributions	330	330	300	294
Excess/(Deficiency) of Lottery Contributions	-	-	-	-
Lottery's Covered-Employee Payroll	2,808	2,617	2,648	2,465
Lottery Contribution as a Percentage of its Covered-Employee Payroll	11.75%	12.61%	11.33%	11.93%
<i>Schedule is intended to show 10 years. Additional years will be added as they become available.</i>				

**New Hampshire Lottery Commission
Other Supplementary Information
Supplemental Schedule of Revenues, Expenses, and Distributions
For the Year Ended June 30, 2017**

Operating Revenues	
Instant tickets	\$223,368,115
MUSL Powerball	32,445,820
MUSL Mega Millions	11,287,424
Tri-State Megabucks	7,644,951
Tri-State Pick 3	5,830,725
Tri-State Pick 4	4,978,232
Lucky for Life	5,319,096
MUSL Hot Lotto	2,749,292
Tri-State Gimme 5	2,551,301
Tri-State Fast Play	2,979,741
Racing & Charitable Gaming	4,891,729
Other income	175,002
Total operating revenues	<u>304,221,428</u>
Operating Expenses	
Cost of sales	
Prize awards	
Instant tickets	153,259,505
MUSL Powerball	15,596,479
MUSL Mega Millions	5,606,497
Tri-State Megabucks	3,771,251
Tri-State Pick 3	2,912,763
Tri-State Pick 4	2,489,182
Lucky for Life	3,223,925
MUSL Hot Lotto	1,372,962
Tri-State Gimme 5	1,352,244
Tri-State Fast Play	2,076,941
Other - contributed prizes paid	116,654
Total prize awards	<u>191,778,403</u>
Retailers' commissions	17,203,877
Vendor fees	5,575,258
Cost of instant scratch games (printing and delivery)	2,680,952
Expense pools	187,357
Total cost of sales	<u>217,425,847</u>
Administration:	
Salaries and benefits	5,534,473
Advertising and promotional	3,812,111
Space rental	411,897
Information technology	318,615
Other expenses	582,532
Total administration	<u>10,659,628</u>
Depreciation expense	82,262
Total operating expenses	<u>228,167,737</u>
Operating income	76,053,691
Nonoperating revenues	
Interest and miscellaneous income	100,168
Net income	<u>76,153,859</u>
Distributions to Education Trust Fund	<u>(76,119,818)</u>
Change in net position	<u>\$ 34,041</u>

See accompanying independent auditor's report.

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Statistical Section (Unaudited)

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	55 – 59
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.	
Demographic and Economic Information	60B – 62
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.	
Operating Information	60A, 63
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.	
Industry Comparisons	64 – 72
These schedules offer the reader an understanding of how the New Hampshire Lottery Commission performs financially in comparison to other lotteries in the industry.	

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

Thousands

<u>Revenues</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instant Scratch Games	\$ 183,991	\$ 170,823	\$ 160,536	\$ 161,378	\$ 176,912	\$ 192,475	\$ 195,293	\$ 208,938	\$ 218,037	\$ 223,368
MUSL Powerball	46,421	39,994	37,705	26,537	33,022	46,160	35,034	28,669	42,546	32,446
MUSL Mega Millions	-	-	3,057	11,601	14,986	8,765	13,499	12,533	11,265	11,287
MUSL Hot Lotto	3,538	4,324	4,149	3,698	3,183	3,168	3,160	3,697	2,699	2,749
Tri-State Megabucks	10,459	8,687	12,708	10,537	9,459	9,177	8,105	7,432	7,838	7,645
Tri-State Daily Pick 3/Pick 4	10,507	10,489	10,383	10,380	10,310	9,933	9,855	9,968	10,333	10,809
Tri-State Other Games	5,774	5,266	5,235	4,734	3,499	1,833	4,304	4,623	5,329	5,531
Lucky for Life (New England)	-	-	-	-	3,289	7,826	6,361	5,272	5,295	5,319
Racing & Charitable Gaming	-	-	-	-	-	-	-	-	5,038	4,892
Income Other than Ticket Sales	1,256	677	348	353	1,200	1,132	375	1,850	188	275
Total Sales and Other Revenue ²	261,946	240,260	234,121	229,218	255,860	280,469	275,986	282,982	308,568	304,321

Operating Expenses

Prizes	154,687	142,050	138,907	139,262	158,887	173,357	171,846	176,415	192,963	191,778
Retailer Commissions & Incentives	14,279	13,070	12,739	12,925	14,832	16,626	15,823	16,256	18,057	17,204
Other Costs of Sales	8,856	8,430	8,338	6,758	7,071	7,618	7,217	7,800	8,262	8,444
Administration & Depreciation Expenses	8,472	8,358	7,942	8,024	8,147	8,533	8,624	8,264	10,205	10,742
Total Expenses	186,294	171,908	167,926	166,969	188,937	206,134	203,510	208,735	229,487	228,168

Nonoperating Expenses

Transfer in of RCGC operations	-	-	-	-	-	-	-	-	(1,089)	
Distributions to Education	75,553	68,150	66,222	62,207	66,768	74,335	72,380	74,325	79,185	76,120

Change in Net Position

Change in Net Position ¹	99	202	(27)	41	155	-	96	(78)	(1,193)	34
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Net Position

Invested in capital assets	242	164	97	42	13	133	246	187	211	145
Restricted for prize funds	3,763	3,965	3,938	3,979	4,134	4,134	4,230	4,152	4,048	4,083
Unrestricted Deficit ^{3, 4}	(242)	(164)	(97)	(42)	(13)	(133)	(246)	(2,777)	(3,890)	(3,824)
Ending Net Position	\$ 3,763	\$ 3,965	\$ 3,938	\$ 3,979	\$ 4,134	\$ 4,134	\$ 4,230	\$ 1,562	\$ 369	\$ 404

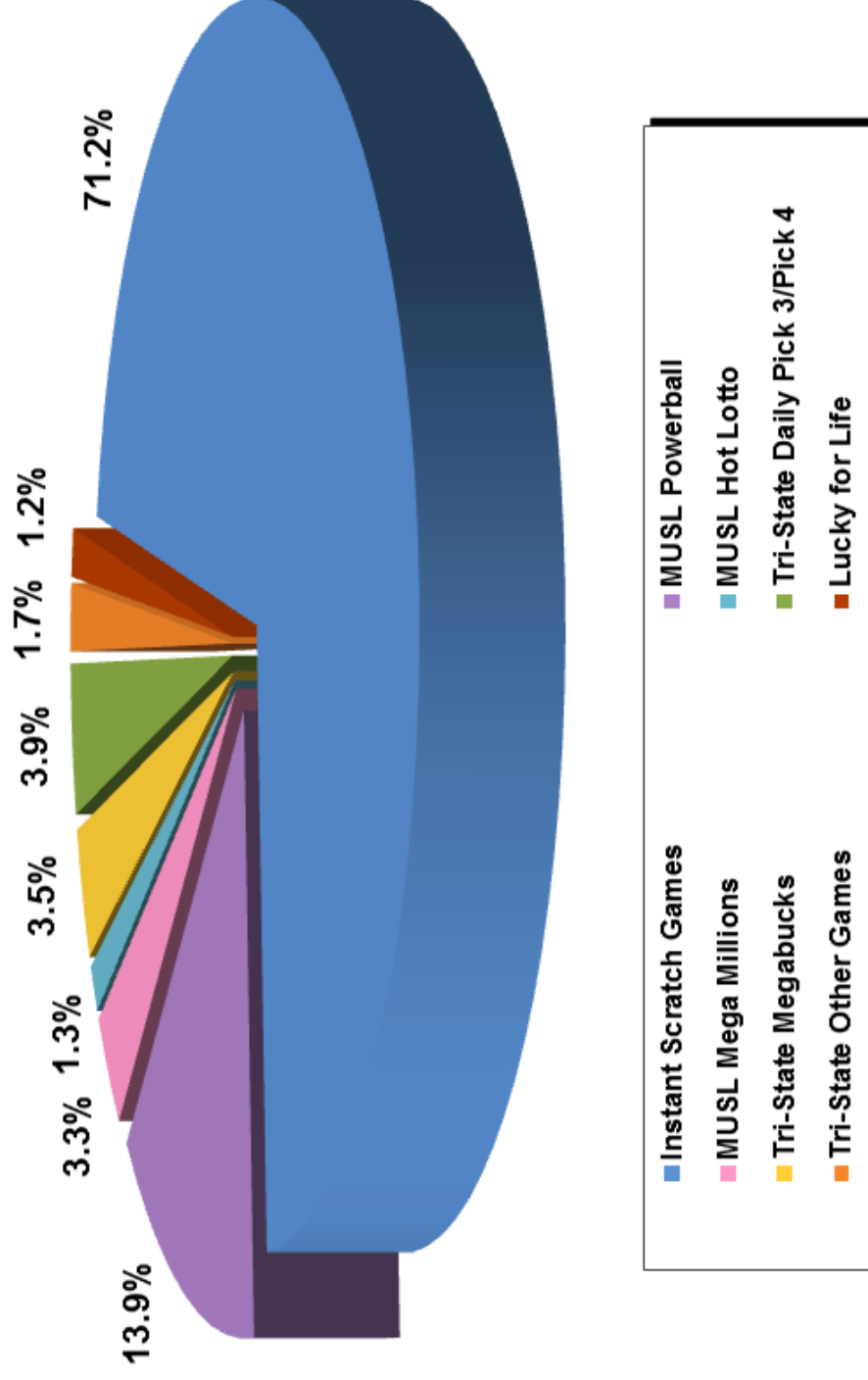
¹ The change in net position does not reflect the condition of the Lottery's financial position, because by law the Lottery is required to transfer all net profits to the Education Trust Fund on a monthly basis.

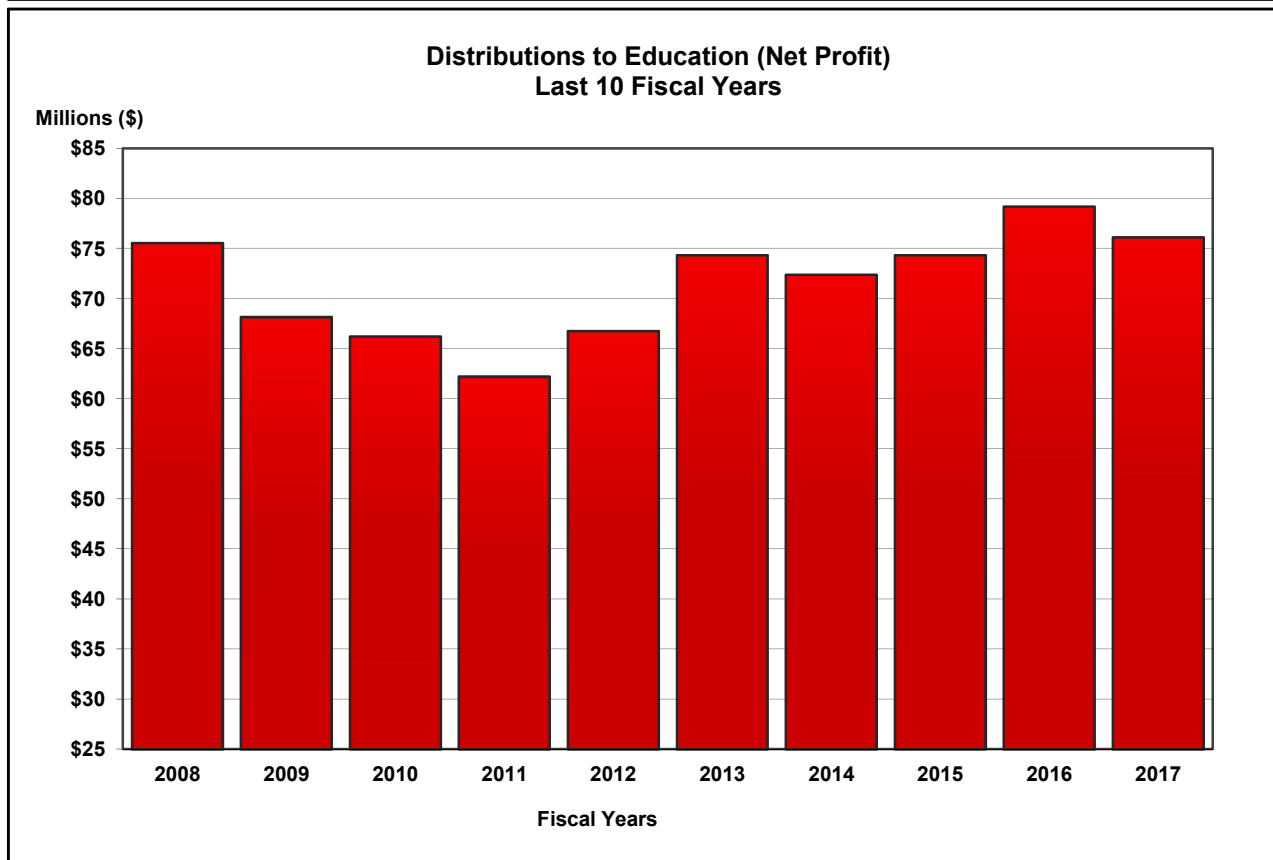
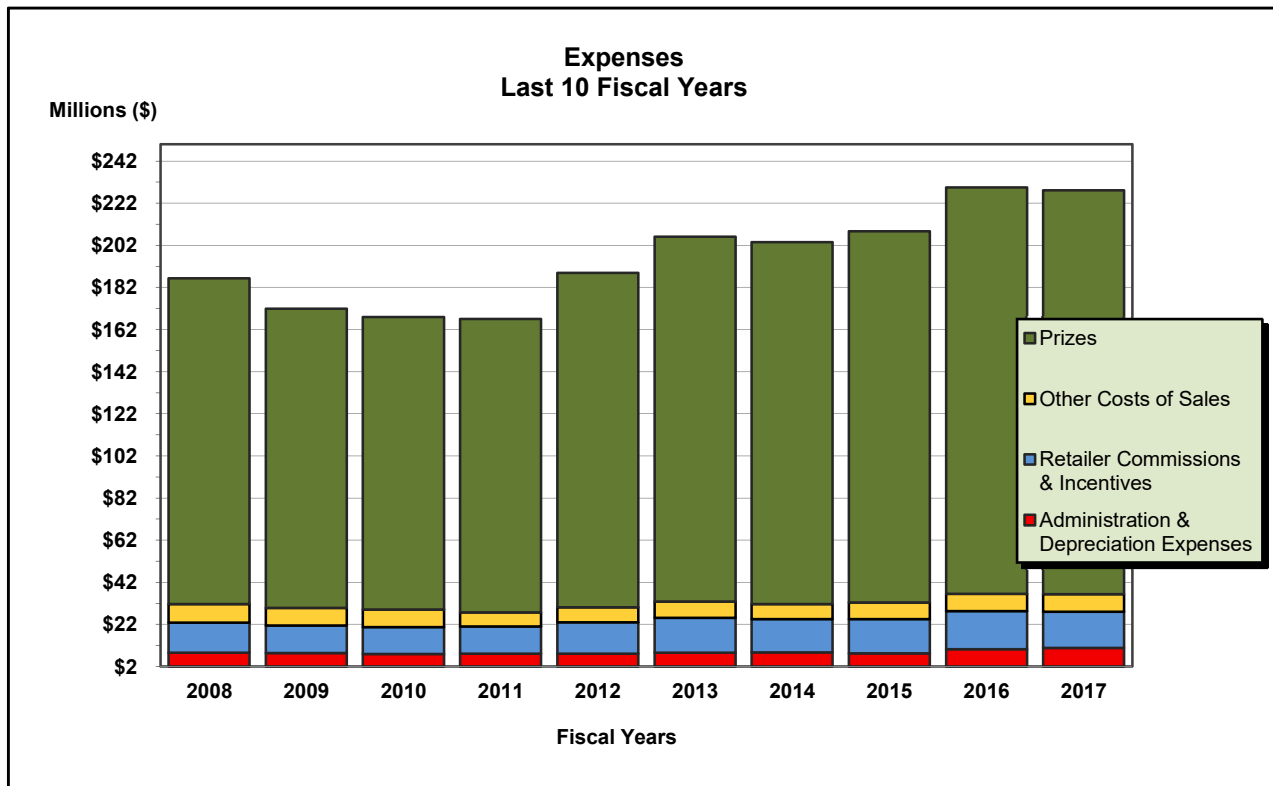
² State law restricts the maximum sales amount of a ticket to \$30.

³ The increase in Unrestricted Deficit was due to an accounting change for fiscal year 2015 in accordance with GASB Statement No. 68

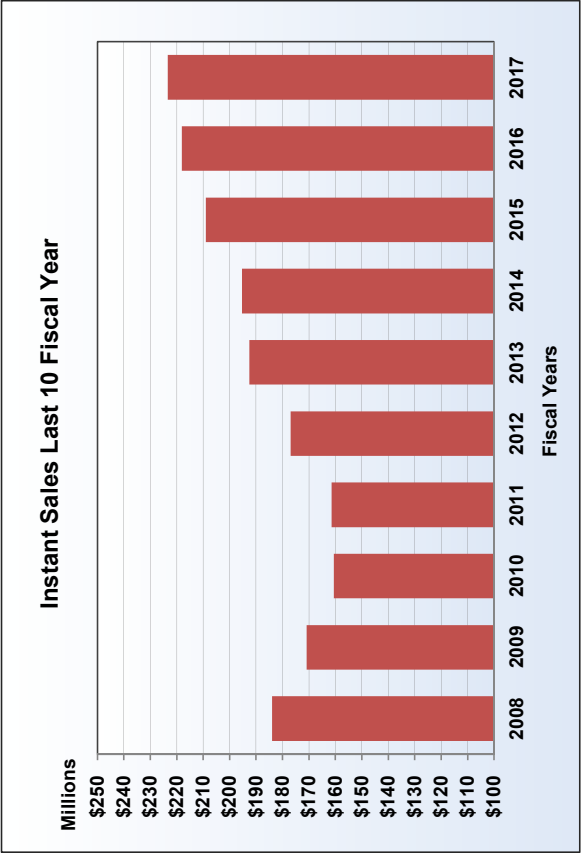
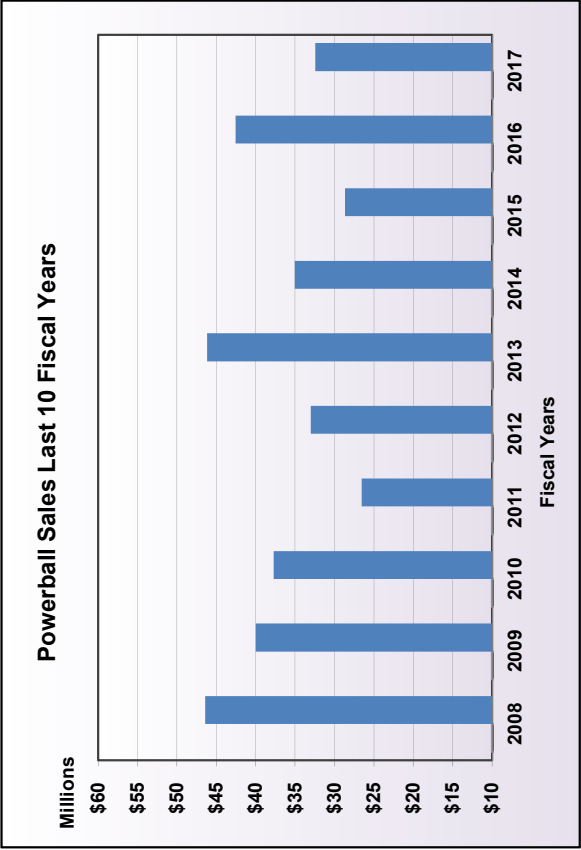
⁴ The increase in Unrestricted Deficit in 2016 was due to the merger with Racing and Charitable Gaming (RCGC). See Note 12

Sales by Game Last 10 Fiscal Years

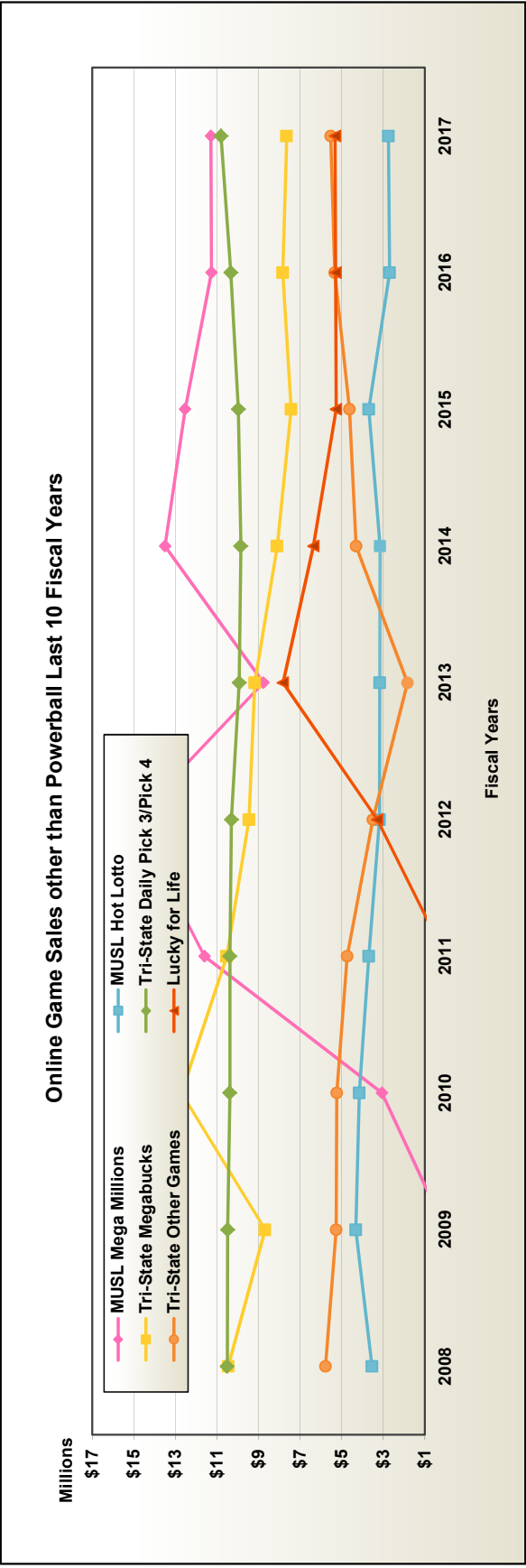




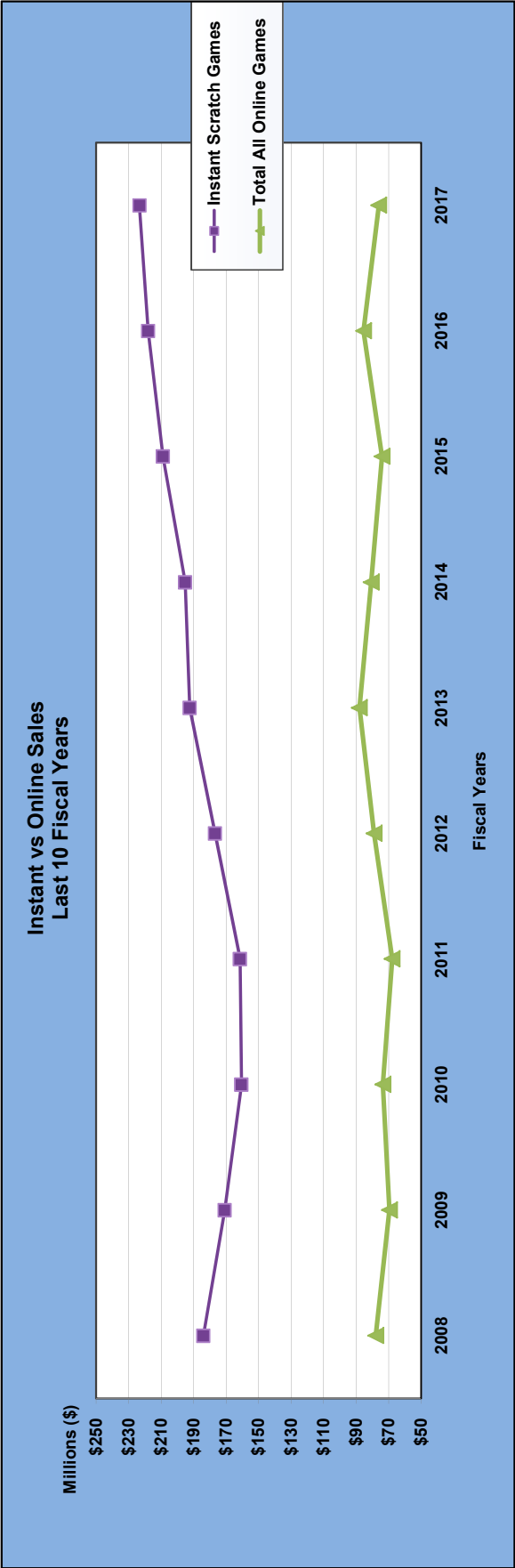
NEW HAMPSHIRE LOTTERY COMMISSION



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. 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 can 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 2016, Powerball had a record breaking jackpot of \$1.6B. In 2017, the highest Powerball jackpot was \$487M and was won in New Hampshire. There were also 65 Powerball draws with jackpots of \$100 million or more.



NEW HAMPSHIRE LOTTERY COMMISSION



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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Instant Games										
Sales	\$ 183,991	\$ 170,823	\$ 160,536	\$ 161,378	\$ 176,912	\$ 192,475	\$ 195,293	\$ 208,938	\$ 218,037	\$ 223,368
Prizes	\$ 116,738	\$ 108,427	\$ 102,801	\$ 105,524	\$ 118,288	\$ 129,046	\$ 132,361	\$ 141,186	\$ 149,753	\$ 153,260
Prizes % of sales	63.45%	63.47%	64.04%	65.39%	66.86%	67.05%	67.78%	67.57%	68.68%	68.61%
Online Games										
Sales	\$ 76,699	\$ 68,760	\$ 73,237	\$ 67,487	\$ 77,748	\$ 86,862	\$ 80,318	\$ 72,193	\$ 85,305	\$ 75,787
Prizes	\$ 37,949	\$ 33,623	\$ 36,106	\$ 33,738	\$ 40,599	\$ 44,311	\$ 39,485	\$ 35,229	\$ 43,210	\$ 38,519
Prizes as a % of sales	49.48%	48.90%	49.30%	49.99%	52.22%	51.01%	49.16%	48.80%	50.65%	50.83%

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:

Fiscal Year	Number of Employees ¹	Salaries Paid \$	Benefits Paid to Employees \$	Number of Retirees and Spouses	Other Post- Employment Benefits Paid ² \$
2017	64	3,181,302	1,462,336	113	614,028
2016	68	3,319,789	1,518,548	105	547,599
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

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

Calendar Year	Population	Personal Income ¹	Per Capita Personal Income ¹	Unemployment Rate ²
2016	1,331	77,848	58,322	2.90%
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%

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>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>		<u>2013</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	\$ 26.9	Circle K	\$ 26.4	Circle K	\$ 22.8	Circle K	\$ 21.0	Circle K	\$ 20.5
	Cumberland Farms	18.4	Cumberland Farms	18.9	Cumberland Farms	17.2	Hannaford Food & Drug	16.4	Cumberland Farms	16.0
	Hannaford	17.6	Hannaford Food & Drug	18.4	Hannaford Food & Drug	17.2	Cumberland Farms	15.7	Hannaford Food & Drug	15.3
	Demoulas Supermarkets	16.5	Demoulas Market Basket	16.3	Demoulas Market Basket	14.0	Demoulas Market Basket	15.0	Demoulas Market Basket	14.2
	7-Eleven	11.6	Nouria Energy (Shell)	11.1	Nouria Energy (Shell)	10.4	Shaws Supermarket	9.6	Shaws Supermarket	10.1
	Nouria Energy (Shell)	10.9	Shaws Supermarket	10.5	Shaws Supermarket	9.9	Nouria Energy (Shell)	9.5	Nouria Energy (Shell)	8.9
	NH State Liquor Comm	10.5	NH State Liquor Comm	9.9	NH State Liquor Comm	9.5	NH State Liquor Comm	9.4	7-Eleven	8.8
	Shaws Supermarket	10.0	7-Eleven	8.8	7-Eleven	8.6	7-Eleven	8.6	NH State Liquor Comm	8.7
	Global Montello	5.5	Global Montello	5.8	Global Montello	5.4	Tedeschi Food Shops	5.0	Tedeschi Food Shops	5.1
	Cheshire Oil T-Bird	4.3	Tedeschi Food Shops	4.1	Tedeschi Food Shops	4.8	Global Montello	4.8	Global Montello	5.0

	<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</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	\$ 18.2	Circle K	\$ 15.4	Cumberland Farms	\$ 13.6	Cumberland Farms	\$ 14.0	Cumberland Farms	\$ 15.0
	Cumberland Farms	15.0	Cumberland Farms	13.7	Circle K	13.6	Circle K	13.3	Iving	13.4
	Hannaford Food & Drug	13.6	Hannaford Food & Drug	12.4	Hannaford Bros Co.	10.9	Hannaford Bros Co.	11.6	Hannaford Bros Co.	12.1
	Demoulas Market Basket	12.3	Demoulas Market Basket	10.5	Demoulas Market Basket	10.5	Demoulas Market Basket	10.4	Demoulas Market Basket	10.7
	Shaws Supermarket	9.5	Shaws Supermarket	9.0	Shaws	8.9	NH State Liquor Comm	9.1	NH State Liquor Comm	10.0
	NH State Liquor Comm	8.4	NH State Liquor Comm	7.8	NH State Liquor Comm	8.8	Shaws	8.9	Shaws	9.5
	7-Eleven	7.9	7-Eleven	7.1	7-Eleven	7.2	7-Eleven	7.4	7-Eleven	8.0
	Nouria Energy (Shell)	6.6	AGR Foodmart Inc (Shell)	4.8	AGR Foodmart	4.5	AGR Foodmart Inc	5.0	AGR Foodmart Inc	5.3
	Tedeschi Food Shops	4.2	Nouria Energy (Shell)	4.0	Nouria Energy	3.7	Store 24	3.6	Store 24	3.7
	Cheshire Oil dba T-Birds	3.2	Tedeschi Food Shops	3.5	Tedeschi Food Shops	3.5	Nouria Energy	3.3	Nouria Energy	3.4

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

2017				2016				2015			
<u>Employer</u>	<u>Number of Employees</u>	<u>% of State Total</u>		<u>Employer</u>	<u>Number of Employees</u>	<u>% of State Total</u>		<u>Employer</u>	<u>Number of Employees</u>	<u>% of State Total</u>	
1 State of NH	16,970	2.32%		1 State of NH	17,071	2.38%		1 State of NH	17,756	2.50%	
2 Dartmouth-Hitchcock Medical Center	9,100	1.25%		2 Dartmouth-Hitchcock Medical Center	9,100	1.27%		2 Demoulas & Market Basket	9,000	1.26%	
3 Demoulas & Market Basket	9,000	1.23%		3 Demoulas & Market Basket	9,000	1.25%		3 Dartmouth-Hitchcock Medical Center	8,852	1.24%	
4 Wal-Mart Stores Inc	7,886	1.08%		4 Wal-Mart Stores Inc	7,886	1.10%		4 Wal-Mart Stores Inc	7,886	1.11%	
5 University System of NH	6,188	0.85%		5 University System of NH	6,284	0.88%		5 University System of NH	6,256	0.88%	
6 Fidelity Investments	5,700	0.78%		6 Fidelity Investments	5,400	0.75%		6 Fidelity Investments	5,400	0.76%	
7 Liberty Mutual-Northern N.E. Division	5,058	0.69%		7 Liberty Mutual-Northern N.E. Division	4,924	0.69%		7 Hannaford Brothers	4,900	0.69%	
8 BAE Systems	5,000	0.68%		8 Hannaford Brothers	4,900	0.68%		8 Liberty Mutual-Northern N.E. Division	4,700	0.66%	
9 Hannaford Brothers	4,900	0.67%		9 BAE Systems	4,500	0.63%		9 BAE Systems	4,500	0.63%	
10 Elliot Hospital	3,682	0.50%		10 Elliot Hospital	3,727	0.52%		10 Elliot Hospital	4,000	0.56%	
Total	<u>73,484</u>	<u>10.06%</u>		Total	<u>72,792</u>	<u>10.15%</u>		Total	<u>73,250</u>	<u>10.29%</u>	
2014				2013				2012			
<u>Employer</u>	<u>Number of Employees</u>	<u>% of State Total</u>		<u>Employer</u>	<u>Number of Employees</u>	<u>% of State Total</u>		<u>Employer</u>	<u>Number of Employees</u>	<u>% of State Total</u>	
1 State of NH	17,754	2.53%		1 State of NH	17,921	2.54%		1 State of NH	17,867	2.54%	
2 Demoulas & Market Basket	9,000	1.28%		2 Wal-Mart Stores Inc	8,008	1.14%		2 Wal-Mart Stores Inc	8,166	1.16%	
3 Wal-Mart Stores Inc	7,886	1.12%		3 Demoulas & Market Basket	7,500	1.06%		3 Dartmouth-Hitchcock Medical Center	6,654	0.95%	
4 University System of NH	6,079	0.86%		4 Dartmouth-Hitchcock Medical Center	6,404	0.91%		4 University System of NH	6,159	0.88%	
5 Dartmouth-Hitchcock Medical Center	6,404	0.91%		5 University System of NH	6,029	0.85%		5 Demoulas & Market Basket	6,000	0.85%	
6 Fidelity Investments	5,400	0.77%		6 Fidelity Investments	5,000	0.71%		6 Hannaford Brothers	4,817	0.68%	
7 Hannaford Brothers	4,900	0.70%		7 Hannaford Brothers	4,900	0.69%		7 Fidelity Investments	4,600	0.65%	
8 Liberty Mutual-Northern N.E. Division	4,700	0.67%		8 Liberty Mutual-Northern N.E. Division	4,700	0.67%		8 BAE Systems	4,500	0.64%	
9 BAE Systems	4,500	0.64%		9 Elliot Hospital	3,485	0.49%		9 Dartmouth College	4,250	0.60%	
10 Elliot Hospital	4,000	0.57%		10 Shaw's Supermarkets	3,358	0.48%		10 Liberty Mutual-Northern N.E. Division	4,200	0.60%	
Total	<u>70,623</u>	<u>10.05%</u>		Total	<u>67,305</u>	<u>9.54%</u>		Total	<u>67,213</u>	<u>9.55%</u>	
2011				2010				2009			
<u>Employer</u>	<u>Number of Employees</u>	<u>% of State Total</u>		<u>Employer</u>	<u>Number of Employees</u>	<u>% of State Total</u>		<u>Employer</u>	<u>Number of Employees</u>	<u>% of State Total</u>	
1 State of NH	17,820	2.52%		1 State of NH	18,487	3.14%		1 State of NH	18,735	3.29%	
2 Wal-Mart Stores Inc	8,421	1.19%		2 Wal-Mart Stores Inc	8,974	1.28%		2 Wal-Mart Stores Inc	9,017	1.30%	
3 Dartmouth-Hitchcock Medical Center	7,073	1.00%		3 Dartmouth-Hitchcock Medical Center	8,025	1.14%		3 Dartmouth-Hitchcock Medical Center	8,025	1.16%	
4 University System of NH	6,081	0.86%		4 University System of NH	6,459	0.92%		4 University System of NH	6,457	0.93%	
5 Demoulas & Market Basket	6,000	0.85%		5 Demoulas & Market Basket	6,000	0.85%		5 Demoulas & Market Basket	6,000	0.86%	
6 BAE Systems	4,500	0.64%		6 Hannaford Brothers	4,776	0.68%		6 Fidelity Investments	5,500	0.79%	
7 Fidelity Investments	4,400	0.62%		7 Fidelity Investments	4,600	0.65%		7 BAE Systems	4,700	0.68%	
8 Dartmouth College	4,250	0.60%		8 BAE Systems	4,500	0.64%		8 Shaw's Supermarkets	4,516	0.65%	
9 Liberty Mutual-Northern N.E. Division	4,200	0.59%		9 Shaw's Supermarkets	4,399	0.63%		9 Hannaford Brothers	4,474	0.64%	
10 Hannaford Brothers	3,894	0.55%		10 Dartmouth College	4,399	0.63%		10 Dartmouth College	4,407	0.63%	
Total	<u>66,639</u>	<u>9.42%</u>		Total	<u>70,619</u>	<u>10.56%</u>		Total	<u>71,831</u>	<u>10.93%</u>	

Source: NH Business Review/Book of Lists 2017. 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

Fiscal Year	Number of Lottery Retailers	Number of Online Games Offered ⁴	Number of Instant Games On the Market	Highest Priced Instant Ticket	Number of Subscriptions	Number of Replay Members	Number of Powerball Jackpot Runs that Exceeded \$100 Million	Highest Powerball Jackpot Amount ²	Expired Unclaimed Powerball Prizes ³
2017	1228	9	101	\$25	8,808	285,465	8	\$487,000,000	\$532,921 ⁵
2016	1239	9	107	\$25	8,857	300,822	7	\$1,586,400,000	\$790,051
2015	1236	10	95	\$25	8,059	194,553	6	\$564,100,000	\$330,239
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	4	\$300,000,000	\$984,855

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

Fiscal Year	Instant Games	MUSL Powerball	MUSL Other Lotto	Tri-State Megabucks	Tri-State Pick 3 & Pick 4	Tri-State Other	Lucky for Life ^a	Other - Replay	Fiscal Year Total Prizes
2017	\$153,259,505	\$15,596,479	\$6,979,459	\$3,771,251	\$5,401,945	\$3,429,185	\$3,223,925	\$116,654	\$191,778,403
2016	\$149,752,984	\$20,582,304	\$6,843,711	\$4,197,978	\$5,166,995	\$3,398,390	\$2,913,422	\$107,604	\$192,963,388
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

^a Lucky for Life began March 2012.

FY16 U.S. Lottery Sales, Prizes & Government Transfers Measured by GDP*

Lottery	2016 Pop. ¹ (Mil)	2014 Gross Domestic Product ² (Mil)	(in \$millions)					PC Sales	PC Gov't	Ticket Sales as % of GDP	Gov't Transfers as % of GDP ⁷
			Traditional Ticket Sales ³ (Mil)	VLT (net) (Mil)	Gaming (net) (Mil)	Prizes ⁴ (Mil)	Gov't Transfers ⁵ (Mil)				
Arizona	6.9	296,555	870.9			557.4	205.8	\$126	\$30	0.294%	0.069%
Arkansas	3.0	125,759	455.6			309.0	85.3	\$152	\$29	0.362%	0.068%
California	39.3	2,513,807	6,275.6			3,955.8	1,563.2	\$160	\$40	0.250%	0.062%
Colorado	5.5	320,176	594.4			370.5	143.6	\$107	\$26	0.186%	0.045%
Connecticut	3.6	262,240	1,230.8			760.3	342.6	\$344	\$96	0.469%	0.131%
Delaware ^{4,5}	1.0	69,105	175.0	360.8	54.0	126.5	253.9	\$184	\$267	0.253%	0.367%
D.C.	0.7	125,838	228.2			132.1	53.3	\$335	\$78	0.181%	0.042%
Florida	20.6	911,025	6,062.4			3,869.0	1,692.6	\$294	\$82	0.665%	0.186%
Georgia	10.3	508,372	4,247.9			2,745.6	1,097.6	\$412	\$106	0.836%	0.216%
Idaho	1.7	69,915	236.1			153.7	49.6	\$140	\$29	0.338%	0.071%
Illinois	12.8	784,365	2,855.5			1,837.4	742.2	\$223	\$58	0.364%	0.095%
Indiana	6.6	341,092	1,207.6			772.0	281.5	\$182	\$42	0.354%	0.083%
Iowa	3.1	173,444	366.9			221.8	88.0	\$117	\$28	0.212%	0.051%
Kansas	2.9	148,473	272.0		364.4	157.3	171.8	\$94	\$59	0.183%	0.116%
Kentucky	4.4	197,649	983.4			620.6	253.0	\$222	\$57	0.498%	0.128%
Louisiana	4.7	240,028	507.0			272.9	177.9	\$108	\$38	0.211%	0.074%
Maine	1.3	58,125	272.3			176.8	57.6	\$205	\$43	0.469%	0.099%
Maryland ^{4,5}	6.0	371,899	1,905.5	741.7	402.3	1,133.3	1,084.0	\$317	\$180	0.512%	0.291%
Massachusetts	6.8	485,474	5,223.5			3,841.4	989.4	\$767	\$145	1.076%	0.204%
Michigan	9.9	478,773	3,104.8			1,856.3	892.9	\$313	\$90	0.648%	0.186%
Minnesota	5.5	336,729	592.9			365.9	144.7	\$107	\$26	0.176%	0.043%
Missouri	6.1	298,158	1,315.6			888.9	302.6	\$216	\$50	0.441%	0.101%
Montana ⁶	1.0	45,786	59.7			33.7	12.9	\$57	\$12	0.130%	0.028%
Nebraska	1.9	114,327	179.5			104.7	42.8	\$94	\$22	0.157%	0.037%
N. Hampshire	1.3	74,936	303.3			193.0	79.2	\$227	\$59	0.405%	0.106%
New Jersey	8.9	580,377	3,321.7			2,001.7	1,017.6	\$371	\$114	0.572%	0.175%
New Mexico	2.1	90,978	154.3			84.8	46.3	\$74	\$22	0.170%	0.051%
New York ^{4,5}	19.7	1,474,493	7,703.1	1,987.4		4,629.7	3,301.8	\$390	\$167	0.522%	0.224%
N. Carolina	10.1	510,248	2,383.6			1,491.0	637.4	\$235	\$63	0.467%	0.125%
N. Dakota ⁶	0.8	51,503	35.6			18.3	10.3	\$47	\$14	0.069%	0.020%
Ohio ^{4,5}	11.6	618,982	3,059.6	868.9		1,932.6	1,116.1	\$263	\$96	0.494%	0.180%
Oklahoma	3.9	174,776	189.6			95.5	67.2	\$48	\$17	0.108%	0.038%
Oregon ^{4,5}	4.1	221,308	353.0	876.5		239.3	585.1	\$86	\$143	0.160%	0.264%
Pennsylvania	12.8	698,517	4,135.2			2,639.8	1,121.3	\$323	\$88	0.592%	0.161%
R. Island ^{4,5}	1.1	58,295	260.8	488.7	125.8	159.4	369.8	\$247	\$350	0.447%	0.634%
S. Carolina	5.0	203,631	1,600.4			1,047.2	398.9	\$323	\$80	0.786%	0.196%
S. Dakota ^{4,5}	0.9	47,216	55.3	207.6		31.7	117.7	\$64	\$136	0.117%	0.249%
Tennessee	6.7	322,944	1,511.7			954.4	394.1	\$227	\$59	0.468%	0.122%
Texas	27.9	1,568,247	5,067.5			3,186.4	1,392.3	\$182	\$50	0.323%	0.089%
Vermont	0.6	31,171	124.3			80.1	26.4	\$199	\$42	0.399%	0.085%
Virginia	8.4	492,761	2,006.9			1,208.4	588.2	\$239	\$70	0.407%	0.119%
Washington	7.3	455,943	694.9			432.9	175.5	\$95	\$24	0.152%	0.038%
W. Virginia ^{4,5}	1.8	71,992	188.2	904.9	43.6	110.8	518.8	\$103	\$283	0.261%	0.721%
Wisconsin ⁶	5.8	311,191	627.2			372.6	158.1	\$109	\$27	0.202%	0.051%
Wyoming	0.6	36,219	33.4			18.4	2.1	\$57	\$4	0.092%	0.006%
Total	307.1	17,372,842	73,032.8	6,436.4	990.1	46,190.6	22,852.6	\$238	\$74	0.420%	0.132%

* Fiscal year ends June 30 except New York (March 31), Texas (August 31) and D.C. and Michigan (Sept. 30). ¹ Source: U.S. Census Bureau

² Source: U.S. Bureau of Economic Analysis; ³ This data represents only revenue from traditional lottery games; ⁴ Prizes do not include VLT

⁵ Includes government transfers for VLT operations; ⁶ Unaudited

Note: If a lottery's operating statement did not include government transfers, then net income is reported.

Q:\17_Almanac\Excel\Fiscal 2016 Sales (Analysis)\[FY Sales Analysis_US.xls]Fiscal Sales

U.S. lotteries' fiscal 2016 sales by game*

(in \$millions)				Systems Games									Total Sales	PC Sales	VLT (net)
Lottery	Pop. (M)	Instant	Pull tab	3-digit	4-digit	Lotto	Cash Lotto	Power Ball	Mega Millions	Hot Lotto	Keno	Other			
Arizona	6.9	590.7	6.1	10.6		36.6	16.3	160.3	44.7			5.8	871.0	\$126	
Arkansas	3.0	360.0		7.2	3.8	3.3	7.6	48.1	14.6			11.0	455.6	\$152	
California	39.3	4,351.8		143.3	29.8	274.2	163.1	707.2	355.7		232.3	18.2	6,275.6	\$160	
Colorado	5.5	395.2		9.0		27.4	19.0	115.1	28.8				594.4	\$107	
Connecticut	3.6	742.3		128.2	116.9	41.1	31.0	106.3	29.4		12.4	23.2	1,230.8	\$344	
Delaware	1.0	65.7		27.7	22.6	8.7		30.4	9.5	2.4	8.0		175.0	\$184	360.8
D.C.	0.7	51.8		44.0	55.5	2.6		16.4	6.3	2.2	8.6	41.2	228.7	\$336	
Florida	20.6	3,954.7		379.8	291.7	291.4	381.2	602.0	150.0			11.7	6,062.4	\$294	
Georgia	10.3	2,792.7		546.8	260.2	25.7	98.1	201.4	96.3		192.9	33.8	4,247.9	\$412	
Idaho	1.7	129.0	33.2	2.2		3.7	1.0	42.6	10.5	2.3		11.7	236.1	\$140	
Illinois	12.8	1,810.0		269.3	219.2	109.1	136.5	207.9	98.1			5.4	2,855.5	\$223	
Indiana	6.6	870.0		37.0	36.2	67.1	11.4	131.4	33.2			21.3	1,207.6	\$182	
Iowa	3.1	233.7	15.1	7.4	3.6	3.2		74.9	16.4	8.8		4.0	366.9	\$117	
Kansas	2.9	143.4	10.1	6.5		1.9	12.8	54.3	14.0	6.7	16.1	6.3	272.0	\$94	
Kentucky	4.4	583.9		139.6	42.7	18.7	7.1	94.4	31.3		65.9		983.4	\$222	
Louisiana	4.7	212.2		52.3	45.9	30.3		126.1	29.7			10.7	507.0	\$108	
Maine	1.3	210.5		5.3	4.3	15.1	1.4	28.2	5.8	1.7			272.3	\$205	
Maryland	6.0	611.3		241.6	280.8	43.1	26.5	143.5	73.2		311.6	174.0	1,905.5	\$317	741.7
Massachusetts	6.8	3,615.1			329.4	51.8	79.6	169.1	69.1		905.0	4.3	5,223.5	\$767	
Michigan	9.9	1,136.8	32.5	366.8	415.6	73.7	59.6	206.6	127.1		635.3	50.8	3,104.8	\$313	
Minnesota	5.5	394.8		16.7		23.0	10.1	98.5	18.5	9.6		21.7	592.9	\$107	
Missouri	6.1	835.6	71.5	73.3	46.4	29.8	29.3	130.8	34.6		59.6	4.8	1,315.6	\$216	
Montana ¹	1.0	17.8				4.9	4.4	18.7	3.5	2.5		8.2	59.9	\$57	
Nebraska	1.9	97.2		4.7		3.8	12.4	49.6	11.8				179.5	\$94	
N. Hampshire	1.3	218.0		5.5	4.9	13.1	5.3	42.6	11.3	2.7			303.3	\$227	
New Jersey	8.9	1,872.9		439.6	275.2	100.4	151.6	286.0	144.4			51.5	3,321.7	\$371	
New Mexico	2.1	83.1		4.9			7.4	43.3	10.5	4.3		0.8	154.3	\$74	
New York	19.7	3,912.3		902.5	911.4	204.3	241.2	460.1	254.5		816.9		7,703.1	\$390	1,987.4
N. Carolina	10.1	1,617.5		286.0	126.0	12.9	62.0	208.7	57.9			12.7	2,383.6	\$235	
N. Dakota ¹	0.8					7.1	0.9	20.2	5.1	2.4			35.7	\$47	
Ohio	11.6	1,560.7		343.0	200.4	45.1	60.3	193.5	102.2		365.9	188.5	3,059.6	\$263	868.9
Oklahoma	3.9	78.6		5.3			4.1	73.0	19.5	7.8		1.3	189.6	\$48	
Oregon	4.1	131.6			1.6	38.9		63.8	18.8		95.8	2.5	353.0	\$86	876.5
Pennsylvania	12.8	2,792.7		294.0	232.7	99.3	137.1	358.0	106.4			115.1	4,135.2	\$323	
Rhode Island	1.1	96.3			23.8	5.4	4.3	36.3	10.1		83.7	1.0	260.8	\$247	488.7
S. Carolina	5.0	1,137.8		179.2	90.7	17.1	19.0	119.5	37.0				1,600.4	\$323	
South Dakota	0.9	26.3				1.3	2.1	19.3	3.6	2.7			55.3	\$64	207.6
Tennessee	6.7	1,189.4		61.5	35.0	12.4	17.3	147.3	37.3	11.2			1,511.4	\$227	
Texas	27.9	3,715.8		260.2	95.1	250.0	46.0	504.7	195.8				5,067.5	\$182	
Vermont	0.6	93.2		1.4	1.3	5.7	0.8	12.9	3.3			5.8	124.3	\$199	
Virginia	8.4	1,100.6		272.8	279.8	36.2	30.4	163.9	87.4			35.8	2,006.9	\$239	
Washington	7.3	454.0		16.7		46.6	21.7	95.7	41.3		5.9	13.0	694.9	\$95	
West Virginia	1.8	102.5		8.2	4.9		5.1	46.6	12.0	4.8	4.1		188.2	\$103	904.9
Wisconsin ¹	5.8	378.8	1.1	24.0	12.8	38.7	31.4	112.5	25.5			2.4	627.2	\$109	
Wyoming	0.6					13.7		15.3	4.4				33.4	\$57	
Total	307.1	44,768.1	####	5,623.7	4,499.7	2,138.4	1,956.4	6,586.9	2,500.3	71.9	3,820.0	898.4	73,033.4	\$238	6,436.5
% of total		61.3%	0.2%	7.7%	6.2%	2.9%	2.7%	9.0%	3.4%	0.1%	5.2%	1.2%	100.0%		

* Fiscal year ends June 30 for all U.S. states, except New York (March 31), Texas (August 31), D.C. and Michigan (Sept. 30) ¹ Unaudited

Q:\17_Almanac\Excel\Fiscal 2016 Sales (Analysis)\[FY Sales Analysis_US.xls]Fiscal Sales by Game

U.S. lotteries' fiscal 2016 vs. 2015 instant price point sales*

(in \$millions)

	FY16							FY15						
	\$1	\$2	\$3	\$5	\$10/ \$15	\$20+	Total	\$1	\$2	\$3	\$5	\$10/ \$15	\$20+	Total
Arizona	18.2	82.3	23.3	141.6	150.4	175.0	590.7	21.9	86.1	17.8	150.2	145.8	120.3	542.0
Arkansas	24.4	34.7	26.5	99.1	95.5	79.7	360.0	22.8	38.9	28.9	90.9	83.3	70.2	335.0
California	190.6	281.9	520.6	1269.2	1059.2	1030.3	4,351.8	191.6	322.9	501.0	1281.8	918.5	699.6	3,915.4
Colorado	26.6	24.0	37.5	121.6	76.4	109.1	395.2	28.2	23.3	41.6	118.6	79.7	85.9	377.2
Connecticut	27.9	45.2	68.0	165.3	248.2	187.5	742.3	28.4	43.8	73.5	162.3	211.8	168.2	688.0
D.C.	4.7	6.0	1.7	14.0	15.8	9.3	51.6	03.5	3.1	0.5	10.2	10.1	5.5	33.0
Florida	196.6	502.3	135.4	875.4	568.0	1677.0	3,954.7	186.2	477.0	157.8	743.1	501.1	1,658.8	3,724.0
Georgia	177.7	423.4	190.9	1217.8	480.4	599.6	3,089.9	183.6	436.7	161.9	610.4	541.7	935.5	2,869.8
Idaho	7.7	7.4	19.6	41.2	18.5	34.6	129.0	7.1	6.8	18.5	38.7	20.2	35.5	126.8
Illinois	124.7	153.4	119.5	435.9	530.9	447.4	1,811.8	135.1	172.7	117.0	448.2	484.9	463.9	1,821.6
Indiana	58.0	90.5	54.4	274.4	183.9	205.8	866.9	57.9	103.1	41.9	254.4	131.1	170.8	759.3
Iowa	13.8	27.9	36.4	54.8	61.6	39.2	233.7	13.2	27.3	33.1	58.7	46.6	33.1	212.0
KS (Gross)	21.0	51.0		36.5	26.8	32.7	168.1	23.4	55.2		34.6	19.3	28.0	160.5
Kentucky	34.3	64.8	39.3	178.0	131.9	144.9	593.2	34.7	66.7	35.1	169.7	122.7	129.9	558.8
Louisiana	43.7	48.4	16.6	51.7	51.8		212.2	43.3	46.1	16.8	46.9	49.1		202.2
Maine	15.6	30.1	30.5	57.3	35.0	42.0	210.5	15.7	29.9	28.7	50.7	29.2	45.2	199.5
Maryland	30.8	41.3	38.6	240.4	161.4	98.9	611.3	29.4	42.9	39.7	230.9	128.0	75.3	546.1
Mass.	109.9	483.1		932.1	953.2	1119.6	3,597.9	115.0	534.6		970.8	818.3	1,084.6	3,523.3
Michigan	60.9	173.4	48.2	251.8	225.8	376.6	1,136.8	55.9	170.6	69.0	238.6	178.9	300.1	1013.2
Minnesota	22.1	38.1	77.2	109.1	62.9	85.3	394.7	22.1	38.3	76.0	109.5	53.8	75.5	375.2
Missouri	69.6	125.7	80.5	235.5	95.8	228.6	835.6	70.5	115.4	76.0	231.5	94.8	155.6	743.8
Montana	2.9	5.6	2.5	3.3	1.8	1.7	17.9	2.8	5.5	2.7	3.1	1.8	1.6	17.5
Nebraska	12.4	8.7	22.9	18.8	19.0	15.4	97.2	12.6	8.3	20.8	19.5	17.5	13.2	91.8
N.H.	13.4	30.5	23.4	61.9	52.1	39.7	220.9	12.7	30.0	21.6	61.6	50.5	32.7	209.1
New Jersey	49.9	278.2	216.3	449.9	401.0	447.3	1,842.4	59.3	331.6	212.4	461.7	336.2	283.6	1,684.7
New Mexico	9.5	10.7	14.1	23.1	17.7	8.1	83.1	10.4	10.6	15.1	22.2	14.3	7.4	80.0
New York	353.3	629.0	170.9	868.0	856.1	1034.9	3,912.3	345.8	635.6	217.4	861.5	886.8	813.0	3,760.1
N. Carolina	94.9	199.3	67.0	423.5	292.7	540.2	1,617.5	93.7	174.8	57.1	398.4	252.5	317.5	1,294.0
Ohio	113.3	167.3	70.9	390.8	345.0	473.5	1,560.7	119.3	174.7	70.5	397.7	283.8	504.1	1,550.1
Oklahoma	13.4	14.6	20.7	29.8			78.6	15.6	15.5	19.7	30.9			81.6
Oregon	14.0	38.8	16.3	35.0	19.5	11.5	135.0	14.3	38.7	15.1	29.2	15.7	8.2	121.2
Penn.	109.7	201.9	158.8	911.4	588.3	822.6	2,792.7	106.4	194.7	164.3	790.5	518.1	817.5	2,591.6
R. Island	10.3	18.2	5.0	37.8	17.9	7.1	96.3	10.4	20.6	4.7	33.3	14.6	7.0	90.5
S. Carolina	47.3	88.4	35.1	198.3	768.7		1,137.8	45.9	83.6	34.1	163.6	675.3		1,002.5
S. Dakota	3.2	4.8	4.9	7.0	3.8	2.7	26.3	3.8	4.8	4.9	6.5	3.2	2.6	25.8
Texas	162.1	359.2	278.6	1217.9	749.5	948.6	3,715.8	164.3	348.4	347.7	1,061.8	739.2	819.6	3,481.1
Vermont	6.0	10.7	9.5	37.1	20.1	9.9	93.2	6.6	10.8	9.2	33.0	15.8	10.0	85.5
Virginia	70.0	109.8	67.8	329.9	258.9	264.1	1,100.6	70.5	109.3	64.1	326.8	200.1	247.8	1,018.5
Washington	25.5	67.3	34.8	140.4	62.2	123.7	453.9	27.5	64.0	33.1	139.2	59.1	81.2	404.1
W. Virginia	14.5	39.2	17.9	18.0	5.8	7.2	102.5	17.0	41.1	17.8	18.0	8.3	0.9	103.3
Wisconsin	20.6	57.1	43.3	92.6	61.1	104.1	378.8	21.4	55.8	46.1	86.4	57.9	88.6	356.2
Total	2,424.8	5,074.3	2,845.5	12,097.3	9,774.2	11,585.1	43,801.2	2,449.7	5,199.8	2,913.4	10,995.6	8,819.5	10,397.9	40,776.0
%	5.5%	11.6%	6.5%	27.6%	22.3%	26.4%	100.0%	6.0%	12.8%	7.1%	27.0%	21.6%	25.5%	100.0%

* Fiscal year ends June 30 for all U.S. states, except New York (March 31), Texas (August 31), D.C. and Michigan (Sept. 30)

Q:\17_Almanac\Excel\Fiscal 2016 Sales (Analysis)\[FY Sales Analysis_US.xls]Fiscal Sales by Price Point

U.S. lotteries' consolidated revenues history: FY2001-2016 (includes VLT revenue)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Arizona	272.7	294.8	322.3	366.6	397.6	468.7	462.2	472.9	484.5	551.5	583.5	646.7	692.9	724.0	750.0	870.9
Arkansas										383.7	464.0	473.1	439.5	410.1	408.7	455.6
California	2,894.8	2,896.4	2,781.6	2,974.0	3,333.6	3,585.0	3,318.4	3,049.6	2,954.8	3,041.0	3,438.6	4,371.5	4,445.9	5,034.7	5,524.9	6,275.6
Colorado	350.6	408.0	391.5	401.3	417.0	468.8	455.9	505.8	493.4	501.7	518.9	545.3	566.3	545.0	538.0	594.4
Connecticut	839.7	907.9	865.3	907.7	932.9	970.3	957.0	998.1	991.3	996.9	1,016.6	1,084.8	1,122.7	1,112.4	1,144.0	1,230.8
Delaware ¹	601.2	674.0	628.1	640.9	689.6	728.0	754.0	736.9	704.3	689.7	636.3	610.4	540.9	511.8	601.9	631.8
D.C.	224.9	211.2	237.9	241.1	234.9	266.4	256.8	252.7	245.4	230.2	231.8	249.7	242.5	216.0	212.5	228.2
Florida	2,274.7	2,330.4	2,868.0	3,071.0	3,470.7	3,929.0	4,122.1	4,174.8	3,938.6	3,900.5	4,008.7	4,449.9	5,013.0	5,368.2	5,583.3	6,062.4
Georgia	2,087.8	2,322.0	2,541.8	2,549.5	2,734.3	2,955.4	3,178.4	3,272.0	3,395.6	3,387.4	3,335.6	3,359.9	3,635.9	3,739.9	3,903.5	4,247.9
Idaho	81.7	92.7	98.2	109.3	113.5	131.1	130.5	136.8	139.7	147.2	147.2	175.8	197.4	208.9	210.2	236.1
Illinois	1,423.8	1,566.7	1,565.0	1,687.6	1,814.4	1,964.3	1,999.0	2,037.3	2,077.2	2,191.4	2,264.7	2,670.4	2,841.4	2,791.8	2,837.8	2,855.5
Indiana	548.3	626.3	664.4	734.9	739.6	816.4	789.1	822.8	732.7	740.3	791.5	855.6	934.0	1,018.7	1,040.7	1,207.6
Iowa	174.9	181.3	187.8	208.5	210.7	339.5	235.1	249.2	243.3	256.3	271.4	310.9	339.3	314.1	324.8	366.9
Kansas	184.7	190.1	202.9	224.5	206.7	236.1	240.0	236.7	230.5	256.1	232.4	246.1	244.8	245.7	250.0	272.0
Kentucky	590.9	638.7	673.5	725.3	707.3	742.3	744.2	778.2	765.0	723.4	719.4	767.9	810.8	843.3	886.9	983.4
Louisiana	284.5	311.6	311.5	340.1	307.0	332.1	354.2	373.7	378.5	372.4	383.6	429.6	447.4	449.0	452.5	507.0
Maine	146.6	157.9	164.6	185.9	209.3	229.7	230.0	228.5	210.7	217.0	216.4	228.4	227.7	230.0	253.1	272.3
Maryland ¹	1,212.3	1,306.5	1,322.2	1,395.4	1,485.7	1,560.9	1,577.3	1,673.0	1,698.1	1,706.6	1,817.5	1,990.0	2,316.8	2,303.1	2,873.7	3,049.5
Massachusetts	3,916.2	4,193.8	4,191.1	4,368.4	4,465.7	4,501.2	4,436.5	4,689.5	4,425.5	4,412.1	4,416.3	4,729.6	4,839.3	4,853.6	5,005.7	5,232.4
Michigan	1,614.7	1,688.1	1,681.6	1,973.9	2,069.5	2,213.4	2,342.6	2,330.2	2,377.4	2,359.2	2,340.0	2,413.5	2,476.4	2,596.4	2,771.9	3,104.8
Minnesota	366.2	377.1	351.8	386.9	408.0	449.7	422.6	461.5	481.3	499.0	504.4	520.0	560.4	531.5	546.9	592.9
Missouri	508.3	585.2	708.1	791.2	785.6	913.5	934.3	995.5	968.5	971.9	1,000.7	1,097.4	1,140.8	1,157.1	1,127.4	1,315.6
Montana	30.4	33.6	34.7	36.7	33.8	39.9	41.6	43.8	43.8	46.9	46.0	52.6	56.8	53.1	52.3	60.0
Nebraska	66.5	74.0	80.9	92.6	100.7	113.1	114.5	121.9	123.3	130.6	131.9	150.6	160.8	157.9	160.0	179.5
N. Hampshire	196.4	212.8	221.2	237.0	228.0	262.7	263.6	260.7	239.6	233.8	228.9	254.9	279.3	275.6	281.1	303.3
New Jersey	1,806.7	2,068.5	2,075.5	2,188.4	2,274.4	2,406.5	2,351.3	2,539.1	2,503.3	2,605.1	2,636.5	2,758.9	2,821.4	2,908.1	3,027.3	3,321.7
New Mexico	115.7	134.0	137.0	148.7	139.2	154.6	148.1	147.2	143.9	146.9	135.5	133.8	141.8	136.0	137.0	154.3
New York ¹	4,185.3	4,753.6	5,396.0	5,847.5	6,270.5	6,802.8	7,175.1	7,548.5	7,660.1	7,818.3	7,868.2	8,439.5	8,934.3	9,226.5	9,156.3	9,690.5
North Carolina						229.5	861.7	1,048.2	1,283.4	1,421.3	1,461.1	1,596.7	1,689.8	1,839.3	1,972.2	2,383.6
North Dakota				5.8	19.1	22.3	22.6	22.1	21.7	24.4	23.0	26.0	27.8	26.9	27.0	35.7
Ohio ¹	1,919.9	1,983.1	2,078.3	2,154.7	2,159.1	2,220.9	2,259.4	2,325.1	2,417.7	2,490.2	2,601.0	2,750.1	2,863.4	3,180.7	3,665.0	3,928.5
Oklahoma						204.8	215.1	214.3	193.2	199.8	198.2	199.9	200.2	191.1	171.6	189.6
Oregon ¹	785.7	817.1	853.5	893.3	939.8	1,096.0	1,208.1	1,233.8	1,100.5	1,027.7	1,038.0	1,050.3	1,067.8	1,052.8	1,117.2	1,229.5
Pennsylvania	1,779.9	1,934.2	2,133.0	2,352.1	2,644.9	3,070.3	3,076.3	3,089.2	3,088.2	3,065.7	3,207.9	3,480.9	3,699.7	3,799.6	3,819.6	4,135.2
Rhode Island ¹	436.1	516.7	553.7	608.3	641.1	677.6	661.6	719.0	699.4	702.4	723.2	776.6	774.1	749.8	866.0	875.4
South Carolina		335.5	724.3	950.0	937.0	1,144.6	988.2	992.5	1,005.1	1,007.2	1,047.1	1,135.5	1,199.2	1,264.4	1,401.7	1,600.4
South Dakota ²	586.8	629.9	646.9	664.4	675.6	686.2	692.5	704.3	694.0	687.7	630.6	603.2	637.3	644.6	692.8	730.1
Tennessee				427.7	844.3	927.6	984.9	990.4	1,014.9	1,060.1	1,102.6	1,215.9	1,275.3	1,319.1	1,368.5	1,511.7
Texas	2,825.3	2,966.3	3,130.7	3,487.9	3,662.5	3,774.7	3,774.2	3,671.5	3,720.1	3,738.7	3,811.3	4,190.8	4,376.3	4,384.6	4,529.7	5,067.5
Vermont	81.2	82.0	79.4	92.4	92.6	104.9	104.5	102.0	96.0	97.5	95.5	100.9	102.1	102.3	111.8	124.3
Virginia	1,002.8	1,108.1	1,135.7	1,262.4	1,334.0	1,365.3	1,362.3	1,386.4	1,365.6	1,435.1	1,482.7	1,616.0	1,689.2	1,810.8	1,843.9	2,006.9
Washington	483.9	438.6	460.4	481.4	458.1	477.9	492.6	521.1	487.7	491.0	510.5	535.2	569.6	594.5	600.3	694.7
West Virginia ¹	596.9	848.6	1,081.9	1,303.4	1,399.0	1,522.5	1,562.3	1,507.6	1,458.8	1,325.9	1,322.2	1,377.2	1,255.3	1,214.3	1,164.0	1,136.6
Wisconsin	401.2	427.6	435.1	482.9	451.9	506.1	492.8	494.7	473.4	481.1	502.7	547.7	566.1	568.8	574.6	627.2
Wyoming															17.5	33.4
Total	\$37,900.0	\$41,324.5	\$44,017.1	\$48,001.4	\$51,059.1	\$55,612.7	\$56,793.4	\$58,179.4	\$57,770.0	\$58,772.5	\$60,143.7	\$65,419.5	\$68,463.8	\$70,706.2	\$74,005.8	\$80,613.1
% Increase	3.2%	9.0%	6.5%	9.1%	6.4%	8.9%	2.1%	2.4%	-0.7%	1.7%	2.3%	8.8%	4.7%	3.3%	4.7%	8.9%

¹ Consolidated sales include VLT net machine income; ² Sales include VLT "coin-in"

Q:\17_Almanac\Excel\Historical Sales (Analysis)\[Historical Sales Analysis_US.xls]CONSOLIDATED REVENUES

U.S. lotteries' traditional prize history: FY2001-2016

(in \$ millions)

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Arizona	147.6	162.1	177.2	202.0	200.3	259.1	257.5	262.5	282.5	333.1	360.5	396.7	426.1	456.4	486.6	537.4
Arkansas										247.7	307.5	315.3	292.1	275.0	280.5	309.0
California	1,503.8	1,503.0	1,451.8	1,566.0	1,795.3	1,932.7	1,765.6	1,619.5	1,556.1	1,611.4	1,904.8	2,560.3	2,652.1	3,082.4	3,501.5	3,955.8
Colorado	214.4	240.3	226.9	236.6	249.5	281.6	276.9	314.9	301.7	310.4	326.7	342.6	350.3	336.5	331.7	370.5
Connecticut	507.9	546.1	523.9	538.3	573.0	587.4	579.9	608.2	604.7	608.8	620.1	659.9	699.1	668.8	707.7	760.3
Delaware ¹	48.7	59.2	52.8	53.2	59.8	64.9	61.3	65.9	66.8	72.5	75.9	85.7	99.3	102.0	109.0	126.5
D.C.	105.6	110.7	123.6	122.3	120.5	146.7	145.3	135.1	128.1	118.9	125.9	137.3	129.4	121.3	115.3	132.1
Florida	1,140.5	1,165.8	1,555.9	1,724.5	2,044.3	2,340.9	2,484.5	2,476.0	2,340.4	2,346.2	2,460.2	2,766.1	3,162.9	3,431.1	3,627.9	3,869.0
Georgia	1,141.5	1,308.2	1,389.2	1,480.3	1,633.3	1,815.6	1,978.4	2,049.5	2,148.7	2,129.1	2,120.8	2,289.8	2,332.5	2,413.8	2,528.9	2,745.6
Idaho	49.3	53.1	56.6	64.7	69.6	76.7	78.9	81.5	85.0	88.3	90.2	108.9	122.9	133.2	136.8	153.7
Illinois	779.8	866.7	885.2	973.8	1,042.9	1,158.2	1,177.2	1,226.1	1,225.9	1,313.7	1,368.5	1,620.4			1,823.6	1,837.4
Indiana	319.5	371.2	396.2	436.5	455.3	493.1	477.8	503.3	453.2	456.3	494.5	533.0	581.3	636.6	671.0	772.0
Iowa	96.7	100.0	104.2	114.5	113.5	122.3	133.4	144.7	138.4	150.5	159.0	182.4	200.8	187.0	196.9	221.8
Kansas	97.9	99.0	107.7	120.8	112.6	131.0	134.2	133.0	130.9	132.6	132.3	138.9	138.6	138.7	144.9	157.3
Kentucky	349.8	384.2	402.2	439.2	457.7	445.0	456.4	493.1	470.4	421.9	422.5	459.2	494.9	523.8	556.3	620.6
Louisiana	142.0	155.6	155.9	169.8	153.0	168.2	179.4	192.8	193.3	189.8	202.9	226.3	236.2	237.4	239.2	272.9
Maine	83.0	91.2	98.1	114.9	127.0	142.1	143.8	142.4	130.0	133.4	134.2	142.8	142.7	146.9	165.2	176.8
Maryland ¹	671.2	733.2	743.4	795.2	856.2	904.1	927.0	956.9	1,025.9	1,034.2	1,029.0	1,065.7	1,038.5	1,022.0	1,051.5	1,133.3
Massachusetts	2,774.1	3,000.9	3,008.4	3,148.5	3,211.5	3,234.6	3,225.0	3,419.7	3,217.8	3,174.9	3,199.4	3,396.8	3,523.9	3,514.6	3,641.3	3,841.4
Michigan	873.3	895.0	899.7	1,099.7	1,162.0	1,268.2	1,329.1	1,323.3	1,407.6	1,381.6	1,344.3	1,369.8	1,461.5	1,559.9	1,665.5	1,856.3
Minnesota	218.6	223.0	205.1	225.5	241.3	267.8	250.1	279.6	295.0	305.3	310.9	320.6	347.1	328.0	335.2	365.9
Missouri	293.2	353.1	434.6	484.8	487.9	572.8	595.0	641.1	629.3	628.1	639.0	722.1	753.0	766.2	755.4	888.9
Montana	15.7	17.1	17.6	18.7	17.8	20.7	21.4	22.8	23.1	25.9	24.8	28.6	32.2	29.6	29.3	33.7
Nebraska	34.1	39.5	43.0	52.6	58.4	63.7	65.4	69.2	71.9	75.0	76.9	87.4	93.1	92.8	94.7	104.6
N. Hampshire	115.1	123.3	130.0	137.2	132.7	152.4	155.9	154.7	142.1	138.9	139.3	158.9	173.4	171.9	176.4	193.0
New Jersey	994.8	1,144.7	1,171.5	1,239.7	1,296.8	1,380.4	1,359.4	1,471.1	1,455.3	1,511.9	1,543.7	1,617.8	1,670.4	1,732.0	1,825.2	2,001.7
New Mexico	62.7	72.9	74.0	78.9	76.2	84.6	85.1	80.1	78.3	78.6	73.6	72.0	77.1	74.1	75.6	84.8
New York ¹	2,273.6	2,664.1	3,061.7	3,306.3	3,523.5	3,853.3	3,970.7	3,952.8	4,003.3	3,952.0	3,967.7	4,130.4	4,219.0	4,409.3	4,396.9	4,629.7
North Carolina						119.0	451.8	588.5	731.7	835.3	863.0	961.6	1,024.4	1,135.1	1,231.2	1,491.0
North Dakota				2.8	9.1	11.0	11.3	11.4	11.3	12.6	11.9	13.4	14.2	13.8	14.0	18.3
Ohio ¹	1,112.8	1,148.1	1,208.2	1,276.0	1,280.8	1,311.1	1,338.4	1,379.0	1,459.1	1,513.7	1,603.1	1,680.8	1,668.0	1,698.0	1,875.3	1,932.6
Oklahoma						109.7	116.0	112.8	95.9	105.1	106.6	103.1	104.5	97.5	87.8	95.5
Oregon ¹	211.9	223.5	234.7	232.1	245.1	239.5	233.6	220.0	205.4	206.0	208.7	238.3	206.8	202.0	211.4	239.3
Pennsylvania	995.7	1,002.5	1,124.6	1,305.9	1,529.4	1,804.9	1,832.6	1,845.4	1,852.5	1,867.1	1,958.4	2,120.5	2,299.0	2,736.7	2,411.7	2,639.8
R. Island ¹	121.1	139.4	139.8	148.4	143.6	154.8	143.9	144.5	141.8	141.2	140.2	152.6	149.9	146.0	147.4	159.6
South Carolina		200.3	415.7	552.3	573.6	702.3	600.1	620.5	633.2	628.3	667.6	721.4	775.5	811.1	924.1	1,047.2
S. Dakota ¹	12.6	14.1	15.8	19.1	18.4	22.4	22.3	23.9	23.3	25.5	27.2	29.2	32.4	31.3	29.7	29.7
Tennessee				212.9	444.2	537.8	584.9	588.6	618.7	651.1	683.5	757.5	794.4	850.8	869.3	954.4
Texas	1,643.2	1,715.4	1,845.2	2,068.6	2,228.0	2,310.6	2,315.3	2,281.1	2,299.8	2,300.2	2,387.2	2,632.6	2,767.4	2,741.2	2,858.3	3,186.4
Vermont	52.2	52.3	51.4	57.6	57.9	66.5	66.2	64.8	60.7	61.1	60.6	64.6	64.6	65.0	72.7	80.1
Virginia	557.3	613.7	638.2	720.2	774.6	773.6	791.8	792.3	781.0	852.2	881.0	962.3	1,025.2	1,082.5	1,116.6	1,208.4
Washington	288.5	282.3	298.0	295.5	280.9	291.8	304.8	314.9	301.3	291.8	295.2	311.6	339.4	371.5	365.9	432.9
W. Virginia ¹	93.1	120.2	114.7	123.3	123.3	131.9	115.8	121.2	119.5	108.0	120.7	120.6	116.2	111.8	106.5	110.8
Wisconsin	232.5	242.1	248.5	275.2	262.2	293.9	292.1	286.7	279.9	273.0	290.5	320.1	329.2	326.7	342.4	372.6
Wyoming															9.7	18.4
Total	\$20,375.2	\$22,237.0	\$23,830.8	\$26,234.3	\$28,243.1	\$30,848.5	\$31,535.5	\$32,215.4	\$32,220.5	\$32,843.2	\$33,960.4	\$37,125.7	\$37,161.1	\$39,011.7	\$42,344.0	\$46,188.8

¹ This does not include prizes paid to VLT winners

Q:\17_Almanac\Excel\Historical Sales (Analysis)\[Historical Sales Analysis_US.xls]PRIZES

U.S.Lotteries' FY16 vs. FY17 Prize Payout by Price Point

	FY16 Avg. payout	FY16 Prize Payout							FY17 Avg. payout	FY17 Prize Payout						
		\$1	\$2	\$3	\$5	\$10	\$20	\$30		\$1	\$2	\$3	\$5	\$10	\$20	\$30
Arizona	69.7%	55.5%	61.9%	62.9%	67.6%	72.1%	75.3%		69.0%	55.0%	62.0%	62.0%	67.0%	72.0%	75.0%	
Arkansas	72.7%	61.9%	66.5%	69.1%	73.0%	77.1%	79.2%		72.0%	62.0%	66.0%	68.5%	72.5%	76.8%	79.0%	
California	69.0%	57.0%	62.0%	62.0%	68.0%	73.0%	76.0%	78.0%	69.0%	57.0%	62.0%	62.0%	68.0%	73.0%	76.0%	78.0%
Colorado	65.9%	60.0%	62.0%	63.0%	68.5%	71.0%	74.5%	80.0%	65.7%	60.0%	62.0%	63.0%	68.5%	71.0%	74.5%	80.0%
Connecticut	69.7%	63.9%	64.2%	67.8%	68.9%	70.2%	72.0%	73.3%	69.7%	64.0%	64.2%	67.8%	68.9%	70.2%	72.0%	73.3%
Delaware	67.6%	57.0%	61.0%	62.0%	65.0%	69.0%	72.0%	75.0%	67.1%	57.0%	61.0%	62.0%	65.0%	69.0%	72.0%	75.0%
D.C.	71.3%	61.0%	65.0%	67.0%	70.4%	74.0%	78.0%		72.0%	60.0%	65.0%	67.0%	71.0%	75.0%	78.0%	
Florida	69.0%	62.5%	69.5%	69.5%	70.5%	74.8%	76.0%	77.0%	69.1%	62.5%	69.5%	69.5%	70.5%	75.0%	76.0%	77.0%
Georgia	71.9%	62.0%	67.6%	66.8%	69.0%	74.5%	75.1%	76.8%	70.8%	60.9%	67.0%	67.2%	68.2%	73.1%	74.9%	74.8%
Idaho	67.1%	61.7%	62.3%	66.5%	69.1%	71.6%	74.6%	75.1%	66.8%	61.5%	62.0%	66.5%	69.0%	71.5%	74.5%	75.0%
Illinois	72.3%	63.9%	66.5%	65.1%	69.2%	75.4%	77.4%	79.0%	72.3%	63.9%	66.5%	65.1%	69.2%	75.4%	77.4%	79.0%
Indiana	70.4%	60.4%	63.1%	67.1%	69.5%	74.8%	75.2%	76.8%	70.3%	59.7%	64.1%	67.3%	69.3%	72.3%	74.5%	76.8%
Iowa	64.9%	55.0%	58.0%	59.0%	63.0%	72.0%	70.0%		64.9%	55.0%	58.0%	59.0%	63.0%	72.0%	70.0%	
Kansas	67.6%	63.6%	66.7%		67.7%	70.9%	71.9%		67.8%	60.4%	62.4%		67.0%	70.7%	72.5%	74.0%
Kentucky	70.1%	62.2%	64.0%	67.5%	70.9%	71.4%	71.4%	74.9%	68.8%	61.9%	63.9%	67.5%	70.9%	71.4%	71.5%	74.9%
Louisiana	63.0%	56.5%	61.1%	61.0%	65.6%	68.4%			63.3%	57.0%	61.5%	61.5%	66.0%	68.8%		
Maine	66.7%	61.7%	66.4%	66.7%	69.2%	73.3%	74.7%		66.7%	61.7%	66.4%	66.7%	69.2%	73.3%	74.7%	
Maryland	70.0%	59.5%	64.0%	67.3%	72.0%	74.9%	77.7%		70.6%	59.5%	64.0%	67.3%	72.0%	74.9%	77.7%	78.8%
Massachusetts	76.9%	69.9%	73.0%		76.5%	80.2%	80.4%	80.7%	76.9%	69.9%	73.0%		76.5%	80.2%	80.4%	80.7%
Michigan	71.6%	60.0%	63.0%	65.0%	70.0%	75.0%	77.0%	78.0%	71.6%	60.0%	63.0%	65.0%	70.0%	75.0%	77.0%	78.0%
Minnesota	67.0%	63.0%	65.0%	66.0%	68.0%	70.0%	69.0%	74.0%	67.0%	63.0%	65.0%	66.0%	68.0%	70.0%	69.0%	74.0%
Missouri	71.0%	62.8%	62.7%	66.7%	68.9%	75.5%	76.3%	79.8%	70.8%	62.5%	67.0%	67.0%	69.0%	75.5%	76.5%	79.5%
Montana	65.2%	56.2%	61.4%	65.3%	67.0%	72.2%	75.2%			58.0%	61.0%	65.0%	67.0%	72.0%	75.0%	
Nebraska									67.6%	60.0%	65.0%	65.0%	68.0%	70.0%	73.0%	
N. Hampshire	70.6%	62.0%	65.5%	63.0%	68.0%	72.5%	74.0%	80.0%	70.4%	62.0%	65.5%	63.0%	68.0%	72.5%	74.0%	78.0%
New Jersey	68.5%	60.3%	66.3%	64.9%	66.0%	70.1%	74.2%	74.9%	68.3%	60.0%	66.0%	65.0%	66.0%	70.0%	73.0%	75.0%
New Mexico	63.0%	56.0%	58.0%	60.0%	65.0%	68.0%	76.0%		58.0%	54.0%	56.0%	58.0%	62.0%	65.0%	68.0%	
New York	68.5%	62.0%	62.5%	63.0%	66.0%	72.0%	75.0%	75.0%	68.5%	62.0%	62.5%	63.0%	66.0%	72.0%	75.0%	75.0%
N. Carolina	70.5%	59.5%	65.0%	65.0%	69.0%	72.5%	75.0%	78.0%	70.5%	59.5%	65.0%	65.0%	69.0%	72.5%	75.0%	78.0%
Ohio	69.6%	62.0%	65.0%	67.0%	69.0%	73.0%	75.0%	80.0%	69.0%	62.0%	66.0%	67.0%	69.0%	73.0%	75.0%	80.0%
Oklahoma	57.4%	52.0%	56.0%	59.0%	60.0%				57.5%	52.0%	56.0%	59.0%	60.0%			
Oregon	67.5%	61.5%	63.5%	66.0%	68.0%	72.0%	74.0%		67.5%	61.5%	63.5%	66.0%	68.0%	72.0%	74.0%	
Pennsylvania	70.7%	62.1%	65.2%	64.0%	70.1%	72.0%	74.2%	75.3%	70.0%	61.0%	66.0%	66.0%	71.0%	73.0%	75.0%	77.0%
Rhode Island	67.6%	61.3%	64.0%	67.4%	69.1%	70.2%	73.4%		67.7%	61.1%	64.6%	67.0%	69.1%	70.0%	74.5%	
S. Carolina	72.4%	57.7%	64.1%	66.1%	69.6%	75.2%			72.4%	57.7%	64.1%	66.1%	69.6%	75.2%		
South Dakota	67.2%	63.2%	67.3%	66.2%	68.7%	71.3%	72.1%		67.3%	63.2%	67.6%	66.3%	68.9%	71.3%	72.1%	
Texas		60.0%	65.0%	66.0%	68.0%	70.0%	75.0%	78.0%		60.0%	65.0%	66.0%	68.0%	70.0%	75.0%	78.0%
Vermont	68.8%	62.0%	64.0%	68.0%	69.0%	70.0%	74.0%		68.8%	62.0%	64.0%	68.0%	69.0%	70.0%	74.0%	
Virginia	67.2%	61.4%	64.3%	65.3%	68.4%	71.9%	74.8%		69.0%	61.0%	64.0%	65.0%	68.0%	72.0%	75.0%	78.0%
Washington	68.4%	55.7%	61.0%	63.2%	67.2%	72.0%	75.6%	76.1%	69.0%	61.3%	65.5%	65.0%	67.5%	73.0%	74.7%	76.0%
West Virginia	65.0%	61.7%	64.9%	66.1%	67.0%	67.3%	70.5%	72.0%	66.0%	61.0%	64.0%	66.0%	67.0%	69.0%	72.0%	
Wisconsin	66.3%	59.0%	62.0%	63.0%	64.5%	70.0%	74.0%	75.0%	66.3%	59.0%	62.0%	63.0%	64.5%	70.0%	74.0%	75.0%

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U.S. lotteries' consolidated net income: FY2001-2016*

(\$ in millions)¹

	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Arizona	78.6	85.7	93.0	106.4	117.0	141.2	140.0	144.5	129.1	141.9	146.3	164.7	177.8	175.6	176.0	205.8
Arkansas										83.0	74.4	97.7	90.3	81.7	72.8	85.3
California	1,032.0	1,080.4	1,121.9	839.8	1,166.9	1,086.8	1,168.0	1,069.3	1,027.7	1,072.5	1,102.9	300.2	1,262.1	1,327.9	1,364.5	1,563.2
Colorado	79.9	110.9	105.0	102.8	105.1	124.9	119.1	122.3	119.7	112.9	113.4	123.2	135.6	130.1	128.0	143.6
Connecticut	251.7	272.4	257.1	280.9	268.5	284.8	278.3	283.6	282.9	288.1	291.2	311.9	312.1	324.4	324.4	342.6
Delaware	261.9	294.0	272.2	283.9	301.6	311.0	331.0	319.8	311.8	331.6	339.9	329.1	277.8	257.4	244.0	253.9
D.C.	84.1	63.1	72.1	73.5	71.5	73.9	65.4	70.3	68.8	66.8	62.2	66.4	68.3	55.0	55.6	53.3
Florida	906.9	972.2	1,153.5	902.3	1,105.5	1,118.9	1,256.3	1,283.4	1,287.9	1,246.8	1,191.8	1,321.6	1,424.3	1,495.4	1,496.4	1,692.6
Georgia	692.8	731.0	767.2	766.9	808.9	804.5	856.1	867.7	872.1	883.9	846.1	901.3	927.5	945.1	980.5	1,097.6
Idaho	18.5	23.9	22.0	24.4	24.2	33.7	31.5	35.3	35.3	36.6	37.1	41.6	48.3	49.1	45.1	49.6
Illinois	511.9	566.2	536.1	568.2	622.2	634.5	633.8	648.5	634.7	651.7	668.4	758.2			743.9	724.2
Indiana	155.6	169.4	175.6	199.3	189.0	218.1	216.0	217.1	178.9	189.7	188.2	205.3	225.1	251.1	242.7	281.5
Iowa	44.0	48.4	47.4	55.4	52.0	82.3	58.7	56.6	60.6	57.9	68.0	78.7	84.9	74.0	74.5	88.0
Kansas	55.9	58.8	63.8	70.7	62.3	69.7	70.6	70.1	68.2	67.8	72.9	118.4	161.7	159.0	162.2	171.8
Kentucky	159.9	175.0	198.2	175.3	158.3	191.5	194.9	192.1	204.4	214.3	212.3	216.4	223.8	226.1	236.1	253.0
Louisiana	102.3	112.2	111.1	121.6	108.9	118.6	128.4	131.9	135.9	133.7	136.4	156.9	160.5	170.7	184.8	177.9
Maine	36.8	40.5	40.3	42.5	50.1	52.0	51.4	52.4	50.6	52.9	50.2	54.3	53.5	52.4	54.7	57.6
Maryland	414.6	439.6	438.5	458.4	478.4	482.6	481.3	529.4	493.2	510.6	586.6	685.2	921.8	941.7	1,026.2	1,084.0
Massachusetts	864.5	899.2	889.5	912.0	936.1	951.2	894.2	935.0	859.4	903.5	887.9	983.8	955.8	974.6	985.9	989.4
Michigan	631.8	645.9	563.2	635.4	655.6	683.1	756.5	740.7	732.2	713.7	737.7	786.9	739.8	746.8	799.4	892.4
Minnesota	81.6	81.7	79.4	100.7	106.2	119.3	112.4	116.3	118.3	122.2	121.9	123.8	135.6	127.0	135.5	144.7
Missouri	153.9	160.0	209.3	222.7	219.6	254.3	257.5	266.7	256.3	259.7	255.8	273.6	280.0	277.5	271.3	302.6
Montana	6.2	7.2	7.5	8.1	6.2	9.1	11.4	11.0	10.1	10.5	10.8	13.1	13.1	12.2	12.4	12.9
Nebraska	16.6	18.5	20.0	19.8	23.9	30.3	29.2	31.0	30.3	32.0	32.1	36.1	40.0	38.0	37.1	42.8
New Hampshire	59.4	66.1	66.6	74.1	69.4	80.3	78.9	75.6	68.2	66.2	62.2	66.8	74.3	72.4	74.3	79.2
New Jersey	694.0	775.5	754.0	798.4	804.4	843.4	826.1	882.1	887.2	924.0	930.0	950.1	1,085.0	965.0	960.0	1,017.6
New Mexico	25.9	29.6	33.1	35.9	32.2	36.9	34.8	40.8	40.8	43.6	41.3	41.3	43.7	40.9	41.1	46.3
New York	1,446.9	1,579.6	1,910.6	1,938.8	1,987.6	2,129.4	2,331.8	2,556.1	2,544.0	2,666.4	3,049.2	2,888.0	3,045.8	3,173.0	3,110.6	3,301.8
North Carolina						64.6	315.4	349.3	414.9	432.2	437.3	460.5	479.5	504.1	527.4	637.4
North Dakota				1.7	6.5	6.9	6.8	5.9	6.4	5.7	5.9	7.6	7.9	7.8	06.7	10.3
Ohio	658.5	639.8	708.0	655.6	673.7	623.9	630.1	672.2	702.3	728.6	738.8	771.0	898.1	1,004.3	1,090.0	1,116.1
Oklahoma						69.6	76.6	71.6	69.7	70.5	69.9	70.5	70.6	67.7	60.9	67.2
Oregon	330.8	340.6	359.4	391.7	444.5	568.7	656.5	648.4	594.3	541.0	548.4	525.1	548.4	508.9	547.8	585.1
Pennsylvania	626.5	749.2	796.5	817.3	851.8	992.4	949.1	928.1	910.5	915.7	960.6	1,060.9	1,067.4	1,079.6	1,060.9	1,121.3
Rhode Island	180.7	214.1	219.3	281.8	308.2	324.5	321.8	355.6	344.3	344.7	354.9	377.7	379.2	376.3	381.9	369.8
South Carolina		87.7	219.3	290.1	277.5	318.9	277.1	265.3	261.5	272.2	271.4	300.1	305.2	330.7	343.5	398.9
South Dakota	100.5	109.9	112.6	116.2	116.7	119.5	122.0	123.3	119.9	119.8	108.0	103.7	107.7	106.2	112.1	112.1
Tennessee				127.6	234.3	277.8	284.3	286.1	280.2	288.9	293.4	323.4	339.7	337.3	347.8	394.1
Texas	950.9	932.9	967.9	1,062.9	1,056.3	1,030.4	1,097.5	1,034.9	1,062.2	1,063.1	1,023.8	1,155.5	1,214.1	1,220.7	1,242.7	1,392.3
Vermont	17.0	16.7	16.2	19.9	20.9	22.5	23.5	22.7	21.1	21.6	21.4	22.3	22.9	22.6	22.8	26.4
Virginia	329.1	367.7	375.2	408.1	423.5	454.9	437.2	455.3	430.2	430.3	435.2	464.1	486.5	538.6	533.8	588.2
Washington	181.5	114.3	130.1	72.6	126.6	87.0	113.7	130.3	120.4	142.5	150.1	138.0	139.2	147.7	141.3	175.5
West Virginia	189.2	315.9	411.0	512.2	587.3	656.9	691.2	631.2	616.6	568.9	594.6	693.7	571.9	519.2	527.4	518.8
Wisconsin	122.7	126.5	133.1	130.7	132.8	145.3	141.5	147.3	133.3	127.1	144.9	150.0	155.9	168.4	167.6	158.1
Wyoming																2.1
Total	\$12,555.7	\$13,522.0	\$14,456.5	\$14,706.5	\$15,792.3	\$16,730.0	\$17,557.8	\$17,876.8	\$17,596.1	\$17,957.2	\$18,475.7	\$18,718.7	\$19,762.9	\$20,084.2	\$21,154.3	\$22,828.5

¹ Net income equals total sales, net a lottery's direct and direct costs or expenses. A lottery's annual government transfer may be higher if retained earnings are added to the net income.

Q:\17_Almanac\Excel\Historical Sales (Analysis)\[Historical Sales Analysis_US.xls]Net Income

U.S. lotteries' FY16 sales, prizes & government revenues

(in \$millions)

Lottery	Population (M)	FY Ends	Traditional Sales ¹	VLT (net)	Gaming (net)	Total Prizes ²	Government Revenues
Arizona	6.9	6/30	\$870.9			\$557.4	\$205.8
Arkansas	3.0	6/30	\$455.6			\$309.0	\$85.3
California	39.3	6/30	\$6,275.6			\$3,955.8	\$1,563.2
Colorado	5.5	6/30	\$594.4			\$370.5	\$143.6
Connecticut	3.6	6/30	\$1,230.8			\$760.3	\$342.6
Delaware ³	1.0	6/30	\$175.0	\$360.8	\$54.0	\$126.5	\$253.9
D.C.	0.7	6/30	\$228.2			\$132.1	\$53.3
Florida	20.6	6/30	\$6,062.4			\$3,869.0	\$1,692.6
Georgia	10.3	6/30	\$4,247.9			\$2,745.6	\$1,097.6
Idaho	1.7	6/30	\$236.1			\$153.7	\$49.6
Illinois	12.8	6/30	\$2,855.5			\$1,837.4	\$742.2
Indiana	6.6	6/30	\$1,207.6			\$772.0	\$281.5
Iowa	3.1	6/30	\$366.9			\$221.8	\$88.0
Kansas	2.9	6/30	\$272.0		\$364.4	\$157.3	\$171.8
Kentucky	4.4	6/30	\$983.8			\$620.6	\$253.0
Louisiana	4.7	6/30	\$507.0			\$272.9	\$177.9
Maine	1.3	6/30	\$272.3			\$176.8	\$57.6
Maryland ³	6.0	6/30	\$1,905.5	\$741.7	\$402.3	\$1,133.3	\$1,084.0
Massachusetts	6.8	6/30	\$5,223.5			\$3,841.4	\$989.4
Michigan	9.9	9/30	\$3,104.8			\$1,856.3	\$892.9
Minnesota	5.5	6/30	\$592.9			\$365.9	\$144.7
Missouri	6.1	6/30	\$1,315.6			\$888.9	\$302.6
Montana	1.0	6/30	\$59.7			\$33.7	\$12.9
Nebraska	1.9	6/30	\$179.5			\$104.7	\$42.8
N. Hampshire	1.3	6/30	\$303.3			\$193.0	\$79.2
New Jersey	8.9	6/30	\$3,321.7			\$2,001.7	\$1,017.6
New Mexico	2.1	6/30	\$154.3			\$84.8	\$46.3
New York ³	19.7	3/31	\$7,703.1	\$1,987.4		\$4,629.7	\$3,301.8
North Carolina	10.1	6/30	\$2,383.6			\$1,491.0	\$637.4
North Dakota ⁴	0.8	6/30	\$35.6			\$18.3	\$10.3
Ohio ³	11.6	6/30	\$3,059.6	\$868.9		\$1,932.6	\$1,116.1
Oklahoma	3.9	6/30	\$189.6			\$95.5	\$67.2
Oregon ³	4.1	6/30	\$353.0	\$876.5		\$239.3	\$585.1
Pennsylvania	12.8	6/30	\$4,135.2			\$2,639.8	\$1,121.3
R. Island ³	1.1	6/30	\$260.8	\$488.7	\$125.8	\$159.4	\$369.8
South Carolina	5.0	6/30	\$1,600.4			\$1,047.2	\$398.9
South Dakota ³	0.9	6/30	\$55.3	\$207.6		\$31.7	\$117.7
Tennessee	6.7	6/30	\$1,511.7			\$954.4	\$394.1
Texas	27.9	8/31	\$5,067.5			\$3,186.4	\$1,392.3
Vermont	0.6	6/30	\$124.3			\$80.1	\$26.4
Virginia	8.4	6/30	\$2,006.9			\$1,208.4	\$588.2
Washington	7.3	6/30	\$694.9			\$432.9	\$175.5
West Virginia ³	1.8	6/30	\$188.2	\$904.9	\$43.6	\$110.8	\$518.8
Wisconsin ⁴	5.8	6/30	\$627.2			\$372.6	\$158.1
Wyoming	0.6	6/30	\$33.4			\$18.4	\$2.1
Total	307.1		\$73,033.3	\$6,436.4	\$990.1	\$46,190.6	\$22,852.6

¹ This data represents only revenue from traditional lottery games; ² Prizes do not include VLT prizes paid

³ Combined government revenues (profit) from traditional sales and VLT & gaming operations; ⁴ Unaudited

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U.S. Lottery Revenue and Expense Analysis - Fiscal Year 2016

(\$ Millions)						(as a percentage of revenue)			
LOTTERY	Revenue	Prizes	Retailer Comm.	Other Expenses	Net Revenue	Prizes	Retailer Comm.	Other Exp.	Net Oper Income
Arizona	\$871.14	\$557.44	\$59.12	\$43.79	\$210.79	64.0%	6.8%	5.0%	24.2%
Arkansas	456.32	308.95	25.70	33.20	88.47	67.7%	5.6%	7.3%	19.4%
California ~	6,275.60	3,955.79	432.99	271.73	1,615.09	63.0%	6.9%	4.3%	25.7%
Coloradc	594.41	370.51	43.92	37.03	142.95	62.3%	7.4%	6.2%	24.0%
Connecticut	1,230.83	760.27	68.69	50.29	351.58	61.8%	5.6%	4.1%	28.6%
Delaware * ~	631.78	126.50	202.37	49.05	253.86	20.0%	32.0%	7.8%	40.2%
D.C. ~	228.18	132.05	14.96	27.81	53.36	57.9%	6.6%	12.2%	23.4%
Florida	6,068.49	3,868.97	337.01	144.07	1,718.44	63.8%	5.6%	2.4%	28.3%
Georgia ~	4,299.02	2,745.57	270.67	175.73	1,107.05	63.9%	6.3%	4.1%	25.8%
Idaho	236.83	153.65	13.84	17.49	51.85	64.9%	5.8%	7.4%	21.9%
Illinois	2,862.06	1,837.40	160.94	123.83	739.89	64.2%	5.6%	4.3%	25.9%
Indiana	1,207.61	771.97	81.93	63.73	289.98	63.9%	6.8%	5.3%	24.0%
Iowa	366.95	221.77	24.56	31.84	88.78	60.4%	6.7%	8.7%	24.2%
Kansas ~	646.50	157.30	16.02	302.53	170.65	24.3%	2.5%	46.8%	26.4%
Kentucky	983.84	620.57	62.57	47.68	253.02	63.1%	6.4%	4.8%	25.7%
Louisiana	507.03	272.93	28.19	26.96	178.95	53.8%	5.6%	5.3%	35.3%
Maine	275.71	176.79	17.91	23.43	57.58	64.1%	6.5%	8.5%	20.9%
Maryland * ~	3,078.45	1,133.30	141.16	718.80	1,085.19	36.8%	4.6%	23.3%	35.3%
Massachusetts ~	5,233.13	3,841.43	299.49	102.72	989.49	73.4%	5.7%	2.0%	18.9%
Michigan ~	3,118.14	1,856.34	231.70	140.28	889.82	59.5%	7.4%	4.5%	28.5%
Minnesota	592.87	365.90	35.64	45.07	146.26	61.7%	6.0%	7.6%	24.7%
Missouri ~	1,315.83	888.86	78.00	44.50	304.47	67.6%	5.9%	3.4%	23.1%
Montana	59.73	33.68	3.50	9.97	12.58	56.4%	5.9%	16.7%	21.1%
Nebraska	179.47	104.65	11.40	19.44	43.98	58.3%	6.4%	10.8%	24.5%
New Hampshire	308.53	192.96	18.06	18.39	79.12	62.5%	5.9%	6.0%	25.6%
New Jersey	3,325.76	2,001.69	185.98	110.82	1,027.27	60.2%	5.6%	3.3%	30.9%
New Mexico	154.34	84.76	10.04	11.98	47.56	54.9%	6.5%	7.8%	30.8%
New York * ~	9,690.51	4,629.66	1,346.49	404.05	3,310.31	47.8%	13.9%	4.2%	34.2%
North Carolina	2,388.98	1,491.03	166.44	94.14	637.37	62.4%	7.0%	3.9%	26.7%
North Dakota	35.74	18.32	1.82	5.90	9.70	51.3%	5.1%	16.5%	27.1%
Ohio * ~	3,987.24	1,932.59	766.42	134.28	1,153.95	48.5%	19.2%	3.4%	28.9%
Oklahoma	189.73	95.52	12.42	12.11	69.68	50.3%	6.5%	6.4%	36.7%
Oregon * ~	1,230.19	239.32	234.96	109.51	646.40	19.5%	19.1%	8.9%	52.5%
Pennsylvania	4,135.17	2,639.84	218.30	155.71	1,121.32	63.8%	5.3%	3.8%	27.1%
Rhode Island * ~	875.36	159.38	326.35	20.36	369.27	18.2%	37.3%	2.3%	42.2%
South Carolina	1,604.07	1,047.21	112.94	39.50	404.42	65.3%	7.0%	2.5%	25.2%
South Dakota *	264.42	31.72	106.80	8.30	117.60	12.0%	40.4%	3.1%	44.5%
Tennessee	1,515.18	954.40	106.15	60.59	394.04	63.0%	7.0%	4.0%	26.0%
Texas	5,068.64	3,186.43	273.31	193.68	1,415.22	62.9%	5.4%	3.8%	27.9%
Vermont	124.26	80.14	7.75	9.76	26.61	64.5%	6.2%	7.9%	21.4%
Virginia	2,006.90	1,208.35	112.67	127.50	558.38	60.2%	5.6%	6.4%	27.8%
Washington ~	697.66	432.90	36.02	54.85	173.89	62.1%	5.2%	7.9%	24.9%
W. Virginia * ~	1,136.64	110.83	487.23	21.54	517.04	9.8%	42.9%	1.9%	45.5%
Wisconsin	627.29	372.56	43.53	36.10	175.10	59.4%	6.9%	5.8%	27.9%
Wyoming	33.55	18.37	2.04	8.43	4.71	54.8%	6.1%	25.1%	14.0%
Total	\$80,720.08	\$46,190.57	\$7,238.00	\$4,188.47	\$23,103.04	57.2%	9.0%	5.2%	28.6%

* 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 2016 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2017 LaFleur's World Lottery Almanac and NH Lottery Results