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Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2011

NH 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, 2011**

Prepared by:
The Finance Department

Georges Roy
Administrator

And

Kassie Strong
Chief Accountant

\$20 **NEW HAMPSHIRE LOTTERY®**

\$1 MILLION CASH SPECTACULAR

HIGHEST PAYOUT EVER!

Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win prize shown for that number. Get a "C" symbol, win 5 TIMES the prize shown for that symbol. Get a "D" symbol, win \$100 automatically! Get a "★" symbol and win all 20 prizes shown automatically!

WINNING NUMBERS

YOUR NUMBERS

PRIZE CHECK **OVER \$13 MILLION IN CASH PRIZES** 000 ■

\$1 Million Cash Spectacular, an Instant scratch game selling for \$20 per ticket, was the Lottery's 2nd highest seller of Instant scratch games for FY11, bringing in sales of \$6.3 million. The Lottery had available for sale 91 different Instant scratch games during FY11.

New Hampshire Lottery Commission®

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2011

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Get your 26, 52 or 104
 draw subscription today.



Ask your Lottery retailer for details.

HOW TO PLAY

During the drawing, five numbers are drawn from 1 to 41.

4	5	6	7	8	9
13	14	15	16	17	18
19	20	21	22	23	24
28	29	30	31	32	33
37	38	39	40	41	42
1	2	3	4	5	6

Drawings are held Wednesday and Saturday (annuitized). Match 4 winning

NH mailing address required. Allow 2 to 3 weeks for processing.
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 Hot Lotto and NH Mega
 Millions Subscriptions!**

Introductory Section

\$10 NEW HAMPSHIRE LOTTERY®

THREE \$1,000,000 PRIZES!

NEW HAMPSHIRE MILLIONAIRE 3

SECOND CHANCE DRAWING FOR \$1 MILLION AND 15 OTHER PRIZES!

Match any of YOUR NUMBERS to any of the WINNING NUMBERS and win PRIZE shown below your matching number(s).
If the prize shown below your matching number is a "\$\$" (CASH) symbol, you win \$33,333 a year for 30 years.
If the prize won is a "Crown" symbol, mail in your ticket to enter the Millionaire drawing. (See back for details).

WINNING NUMBERS

YOUR NUMBERS

WIN UP TO 20 TIMES! 000 ■

The graphic features a red background with gold stars and rays. At the top, a gold banner reads 'THREE \$1,000,000 PRIZES!'. Below it, the title 'NEW HAMPSHIRE MILLIONAIRE 3' is written in large, bold, gold and green letters. A large gold star on the left contains the text 'SECOND CHANCE DRAWING FOR \$1 MILLION AND 15 OTHER PRIZES!'. To the right, a text box explains the winning rules. Below the text, there are five stacks of cash labeled 'WINNING NUMBERS' and a 4x5 grid of gold coins labeled 'YOUR NUMBERS'. At the bottom, it says 'WIN UP TO 20 TIMES!' followed by a small box containing '000' and a square.

NH Millionaire 3, an instant scratch game, selling for \$10 per ticket, was the Lottery's top selling Instant scratch game during fiscal year 2011, bringing in sales of \$7.2 million.



GOVERNOR John H. Lynch
CHAIRMAN Debra Douglas
COMMISSIONER Paul J. Holloway
COMMISSIONER Doug Scamman
EXECUTIVE DIRECTOR Charles R. McIntyre

December 21, 2011

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 (the Lottery) for the fiscal year ended June 30, 2011. 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.

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 valuable 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. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. They are as follows:

- High-level security at the Lottery's headquarters restricts access to office and warehouse areas to certain lottery personnel.

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

The Lottery's financial statements have been audited by the State of New Hampshire Office of Legislative Budget Assistant, Audit Division (LBA). The LBA has issued an unqualified ("clean") opinion on the Lottery's financial statements for the year ended June 30, 2011. 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 this letter of transmittal and should be read in conjunction with it.

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

Profile of the Lottery

The lottery industry in the United States is comprised of 43 states and the District of Columbia. The New Hampshire Lottery Commission (the 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 state-run lottery. A three-member appointed commission serves at the pleasure of the Governor and Executive Council.

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

The Lottery is required to submit a biennial operating budget to the Governor for approval. The budget is further submitted to the Legislature for its approval and is ultimately included in the State of New Hampshire's operating budget. The Lottery's official budget, as adopted by the Legislature, is prepared principally on a modified cash basis. Due to the nature of the Lottery's activities, the majority of its cost of sales expenses, such as prizes, vendor fees and retailer commissions, are not included in the budget. The Lottery budgets for approximately 5% 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 two joint lottery ventures, the Tri-State Lotto Commission, comprised of New Hampshire, Maine and Vermont Lotteries, and the Multi-State Lottery Association, which is comprised of many state lotteries, as such, it operates a number of on-line games under those jurisdictions. The following paragraphs describe the products offered by the Lottery.



Instant Games were introduced in New Hampshire in 1975 with a ticket called 'Lucky X'. Instant games are played by scratching the latex covering off the play area on the ticket. There are several ways to win on an Instant or "scratch" ticket, including matching three like dollar amounts, symbols or letters, or adding up numbers to a specified total. If the correct combination appears, the player becomes an "instant winner" without having to wait for the results of a drawing. The Instant games offer a wide variety of game themes and ticket prices. Players can win anywhere from \$1 to \$1 million, depending on the game. The Lottery offered 91 Instant games during fiscal year 2011 with ticket prices ranging from \$1 to \$30.



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



Tri-State Megabucks was the first multi-state product to be offered by any jurisdiction in the United States. It was also the Lottery's first lotto-type game and year after year it maintains a faithful player base. Megabucks has undergone some significant enhancements since its introduction in September 1985. The Megabucks game began with a 6 of 30 matrix and a weekly drawing each Saturday. The matrix changed to 6 of 36 in 1986 and to 6 of 40 in 1988. In 1990, the Tri-State Lotto Commission added a second jackpot drawing on Wednesdays. More changes faced the Megabucks game in 1997 with the addition of a bonus number, a new matrix of 6 of 42, and a guaranteed jackpot of \$500,000. On July 26th of 2009 Megabucks changed to Megabucks Plus, with guaranteed starting jackpots of \$1 million and lower tier prizes ranging from \$2 to \$30,000. The cost of a ticket went from \$1 to \$2. Players now choose 5 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 25 years old, it still remains a profitable product for the Lottery, with a committed player base. This game is available as a subscription.



Tri-State Weekly Grand replaced Tri-State Pay Check on February 1, 2009. Tickets cost \$2 per chance. Players pick four numbers from 1 to 35 and one lucky ball number from 1 to 35, or choose an Easy Pick. They have nine chances to win: \$2, \$5, \$10, \$20, \$25, \$500, \$5,000 or the top prize of \$1,000 a week for 20 years. Weekly Grand changed to Weekly Grand Extra in April 2011 giving players a chance to win \$100 in a separate raffle drawing held on the Friday night following the date of purchase. Drawings are held every Tuesday and Friday evening at Lottery headquarters.



Fast Play is a Tri-State online game. Sales 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. A player plays the game and determines if they have won instantly. Each Fast Play game has a shelf life of approximately three months. Over the course of a year, approximately four different Fast Play games are offered to players, which keep the product fresh and exciting. Examples of the different games offered are Catch Some Cash, Red Hot Numbers, Black Jack, Break the Bank, Jingle Bell Bucks, and Lucky Day. Tickets cost \$1 each. The games have nine prize levels ranging from \$1 to \$500. The Lottery's web site, www.nhlottery.org explains how each game plays.



POWERPLAY

New Hampshire Powerball is an online game jointly operated by the 33 member state lotteries of the Multi-State Lottery Association (MUSL). This game was introduced in New Hampshire in November 1995, although it has been operated by the MUSL Association since April 1992. For as little as \$1, players purchase a chance at becoming a millionaire. Players select one set of five numbers and one additional number designated as the “powerball” for each draw. The matrix is “5 of 59” for the set and “1 of 39” for the powerball. The minimum jackpot is \$20 million, which rolls in the event that no ticket matches all five numbers and the powerball. Powerball offers eight secondary prizes of fixed amounts ranging from \$3 to \$200,000 for a \$1 bet. In fiscal year 2001 the Power Play feature was 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 Power Play, a player needs only to pay an extra dollar. A jackpot winner may designate how the jackpot will be paid whether in cash or as an annuity in 30 annual installments. Drawings are held in Orlando, Florida on Wednesdays and Saturdays. This game also offers ticket sales through subscriptions.



New Hampshire Hot Lotto is sponsored by the Multi-State Lottery Association (MUSL). Currently fifteen state lotteries participate in the Hot Lotto game. The cost of a ticket is \$1. Each ticket has a two-part play. First, the player selects five numbers from a matrix of 1 to 39 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. In addition to the jackpot, there are eight other ways to win from \$2 up to \$10,000 for a \$1 bet. This game also offers ticket sales through subscriptions.



New Hampshire Mega Millions is the Lottery's newest on-line game; sales began on January 31, 2010. Mega Millions is a multi-state game. The game began in August 1996 and holds the record for the largest jackpot in North American history. Prior to January 31, 2010 any state that sold Powerball could not sell Mega Millions and vice versa. There is a total of 42 state lotteries selling and contributing to Mega Millions. Players can purchase a ticket for \$1. Players select one set of five numbers and one additional number designated as the "mega ball" for each draw. The matrix is "5 of 56" for the set and "1 of 46" for the mega ball. The minimum jackpot is \$12 million, which rolls in the event that no ticket matches all five numbers and the mega ball. Mega Millions offers secondary prizes of fixed amounts ranging from \$2 to \$250,000 for a \$1 bet. Mega-Plier is a feature added to the game giving players the chance to increase their winnings, except for the jackpot prize, by up to four times. In order to upgrade to a Mega-Plier, a player needs only to pay an extra dollar. A jackpot winner may designate how the jackpot will be paid whether in cash or as an annuity in 26 annual installments. Drawings are held in Atlanta, Georgia on Tuesdays and Fridays. This game also offers ticket sales through subscriptions.

Local economy

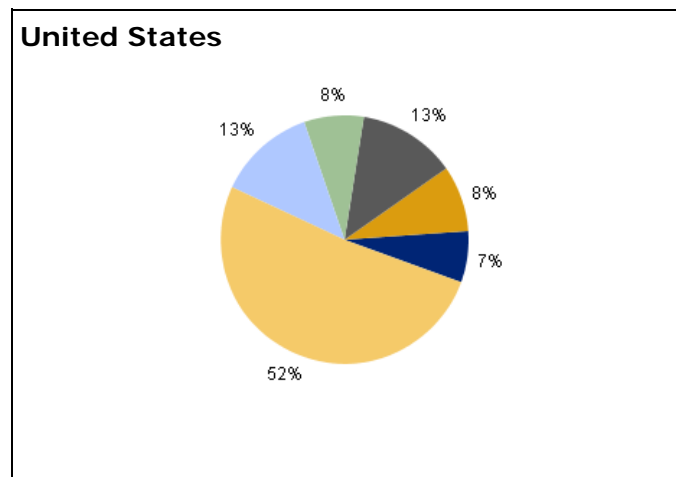
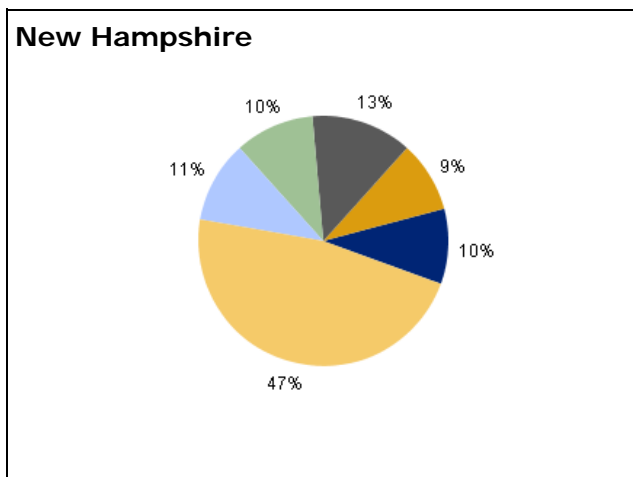
New Hampshire is a small state with a population of approximately 1.3 million. According to the CQ Press (www.cqpress.com), formerly Morgan Quinto Press, 2010 rankings, New Hampshire ranks as the number one most livable state in the nation, has the lowest crime ranking in all the United States, and is the third healthiest state in the nation. CQ Press is based in Washington, D.C. and is a publisher of books, directories, reference publications, and textbooks focusing on U.S. government, world affairs, communication, political science, and business. CQ Press is a division of SAGE, which is an independent academic and professional publisher (www.sagepublications.com). The company specializes in reference books that compare states and cities in several different subject areas. Some of the factors considered in awarding a state the most livable state award are per capita gross state product, per capita personal income, median household income, public high school graduation rate, percent of population with bachelor's degrees or higher, job growth, and homeownership.

There is no sales tax, use tax, broad-base income tax, or capital gains tax in New Hampshire. The Tax Foundation, a nonprofit fiscal policy research group, ranked New Hampshire's 2009 local and state tax burden as 44th in the United States (1 being the highest tax burden), at 8.0% of income; the U.S. average of state and local tax burden for 2009 is 9.8% of income (2009 was the latest data reported for local and state tax burden). New Hampshire offers a favorable overall tax environment for businesses, ranking 7th best out of 50 for overall tax climate in fiscal years 2011 and 2010. A state's business tax climate measures how each state's tax laws affect

economic performance. For July 2011, according to the Economic and Labor Market Information Bureau, the seasonally adjusted unemployment rate for New Hampshire was 5.2%, compared with the national average of 9.1%. This was a decrease in New Hampshire from August 2010's 5.7% unemployment rate.

New Hampshire's per capita personal income ranks 10th highest in the nation. According to the Bureau of Economic Analysis (BEA) for calendar year 2010, New Hampshire's estimated per capita personal income was \$44,084. This is higher than the United States estimated average of \$40,584. BEA reported for the calendar year 2010 New Hampshire's Gross Domestic Product (GDP) ranked 41st in the United States (1 being the highest GDP) at \$60.3 billion. For 2009-2010, real GDP¹ for New Hampshire grew 1.3%, compared to the national change of 2.6%. The 2000-2010 average annual growth rate for New Hampshire real GDP was 1.1%, compared to the average annual growth rate for the nation of 1.6%. BEA reported that in 2010 the largest industry in New Hampshire was real estate and rental and leasing, accounting for 13% of New Hampshire GDP. This was an 11% real decline over 2009. The second largest industry in New Hampshire was government at 10.6% of New Hampshire GDP. According to BEA the largest contributor to real GDP in New Hampshire for 2010 was durable goods manufacturing, with health care and social assistance coming in second. The following graphs were taken directly from the BEA website for Bearfacts-2010-New Hampshire:

Top Five State Industries as a percent of Total GDP, 2010



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.

Cost of living expenses have increased, gasoline prices are high, and the unemployment rate, while dropping, remains high. These factors are contributing to decreases in disposable income. According to New Hampshire Department of Employment Security New Hampshire's economy is dependent on consumer spending, so decreases in disposable income hurt economic growth for the State. The Lottery is dependant on customers' discretionary income, so when there is less available, customers spend less on lottery tickets.

The New Hampshire Lottery does well in per capita sales. When compared with other lotteries in the United States, New Hampshire ranked 14th highest of 44 U.S. lotteries in per capita sales for fiscal years 2008 through 2010. Unaudited fiscal year 2011 sales for all U.S. lotteries' increased 3%. According to La Fleur's Magazine, a research company that reports facts and statistics on lotteries, 26 of 44 lotteries saw increases in fiscal year 2011 sales, as compared with fiscal year 2010 when 28 of 44 lotteries saw increases in sales. Unfortunately, New Hampshire was one of the lotteries that saw decreased revenues in both fiscal years 2011 and 2010. According to La Fleur's instant ticket sales for U.S. lotteries were up \$1.4 billion, but the lotto jackpot style games were down \$2 billion for fiscal year 2011.

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 profits on a monthly basis to the State Education Trust Fund.

Due to increased pressure put on the State to produce more revenues and because New Hampshire does not have a sales tax or income tax, sources of 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 is exploring 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. The only way to greatly increase Lottery revenues would be to expand to other types of gambling; however, governing bodies of New Hampshire historically have not supported the expansion of gambling.

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 in New Hampshire. Once a month, Lottery profits are transferred to the Education Trust Fund from the investments made 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. As such, the Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by Tri-State or MUSL.

Upcoming initiatives

The Lottery, in conjunction with the other Tri-State member states is working with Rhode Island, Massachusetts, and Connecticut lotteries to develop a new online New England game.

MUSL members are working on changes to the current Powerball game that will raise the price of tickets from \$1 to \$2 beginning in January 2012.

Effective May 23, 2011 the State of New Hampshire repealed the tax on gambling winnings. The Lottery feels this will have a positive effect on future sales.

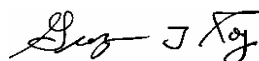
Awards and acknowledgements

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, 2010. This was the twelfth 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 Executive Director Charles McIntyre, Commission Chair Debra Douglas, Commissioner Paul Holloway, Commissioner Doug Scamman, and the Governor and Executive Council for the State of New Hampshire, for their support, guidance, and dedication in operating the New Hampshire Lottery Commission.

Respectfully submitted,



Georges J. Roy
Administrator



Kassie L. Strong
Chief Accountant

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

New Hampshire Lottery Commission
Appointed Officials and Organizational Chart

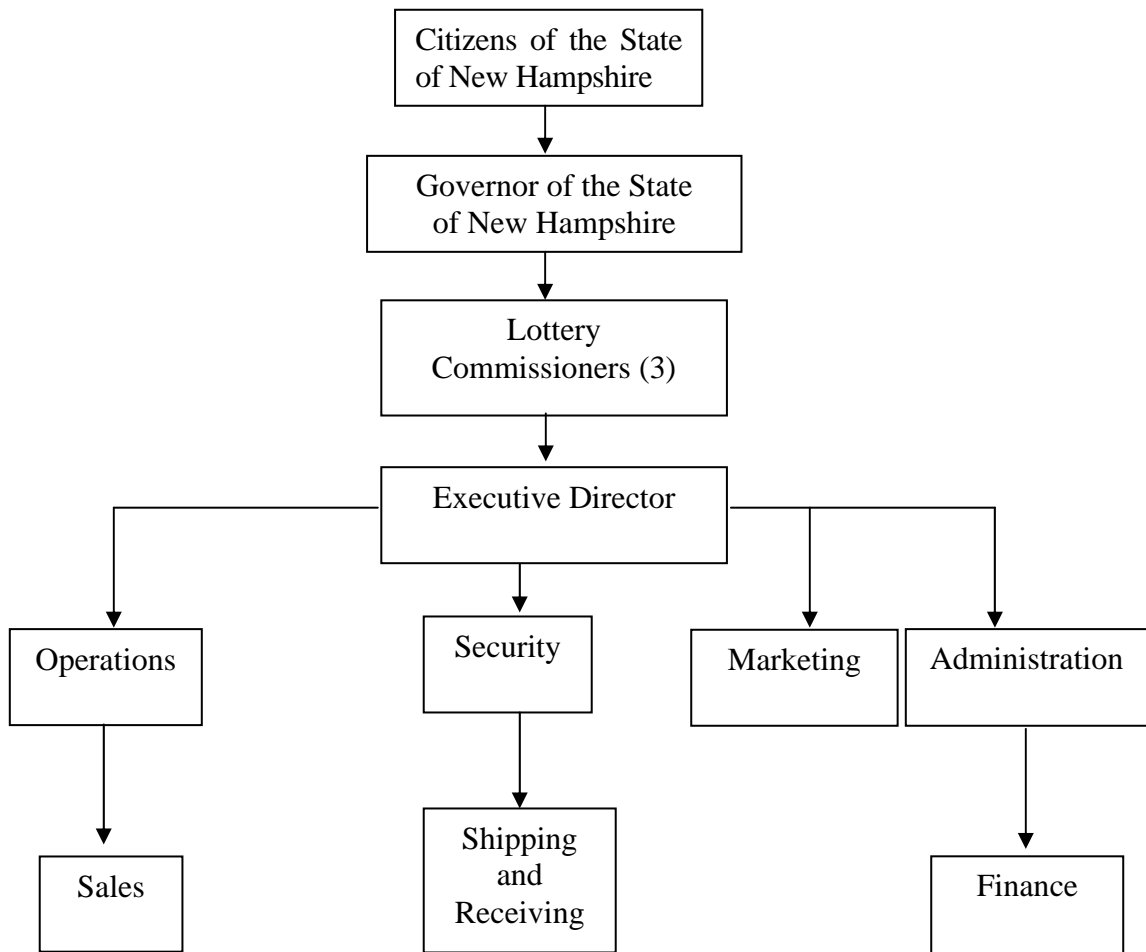
Appointed Officials

Debra M. Douglas
Commission Chairman
Term ends 6/29/2013

Paul J. Holloway
Commissioner
Term ends 6/29/2012

Doug Scamman
Commissioner
Term ends 6/29/2014

Organizational Chart



Financial Section

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42

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36

7



JEFFRY A. PATTISON
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State of New Hampshire

OFFICE OF LEGISLATIVE BUDGET ASSISTANT
State House, Room 102
Concord, New Hampshire 03301

RICHARD J. MAHONEY, CPA
Director, Audit Division
(603) 271-2785

Independent Auditor's Report

To The Fiscal Committee Of The General Court:

We have audited the accompanying statement of net assets of the New Hampshire Lottery Commission (Lottery Commission) as of June 30, 2011, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Lottery Commission's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lottery Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Hampshire Lottery Commission as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 15 through 25 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the New Hampshire Lottery Commission. The Introductory Section, the Statistical Section and the Supplemental Schedule of Revenues, Expenses, and Transfers 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 Transfers on page 40 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011, on our consideration of the Lottery Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Office of Legislative Budget Assistant

Office of Legislative Budget Assistant

December 21, 2011

Management's Discussion and Analysis

As management of the New Hampshire Lottery Commission, we offer readers of the Lottery's financial statements this narrative overview and analysis of the financial activities of the New Hampshire Lottery Commission for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 1 in the introductory section of this comprehensive annual financial report.

Financial Highlights

- Operating revenues for the Lottery program decreased by \$4.9 million, or 2.1% for the current fiscal year. MUSL games revenues decreased \$3.1 million, while Instant scratch ticket revenues increased \$841,702. MUSL games contributed 18.3% to total revenues and Instant scratch tickets contributed 70.4%. Tri-State games, which contributed approximately 11.2% to total revenues, netted to a decrease of approximately \$2.7 million.
- The Lottery's operating expenses for the current fiscal year decreased approximately \$1.0 million, or 0.6%. This decrease in operating expenses, mostly cost of sales expenses, is a result of the decrease in ticket sales/revenues.
- Lottery's assets increased \$4.5 million, or 59.0% from the previous fiscal year. Liabilities also increased \$4.5 million, or 119.8%, from the end of the previous fiscal year. There was an increase in the Lottery's total net assets of \$41,750, which consist solely of restricted prize funds for the Powerball, Hot Lotto, Mega Millions, and Megabucks programs.
- Distributions to the Education Trust Fund decreased \$4.0 million or 6.1%, due to the decrease in operating revenues.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the New Hampshire Lottery's (the Lottery) basic financial statements. The Lottery is accounted for as an enterprise fund, reporting on all of the activity's assets and liabilities using the accrual basis of accounting much like a private business entity. The Lottery's basic financial statements are comprised of four components: 1) the statement of net assets, 2) the statement of revenues, expenses and changes in net assets, 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 assets presents information on all of the Lottery's assets and liabilities, with the difference between the two reported as net assets. The increase or decrease in net assets 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.

The statement of revenues, expenses and changes in net assets reports the Lottery's net assets and changes in them. As stated above, 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 assets does not reflect the actual results of the Lottery's operating activities.

The statement of cash flows outlines the cash inflows and outflows related to the activity of selling Lottery products.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The Lottery is a self-supporting department of the State of New Hampshire. The financial statements of the Lottery represent all its functions, which are supported from the sale of Lottery tickets. The Lottery is also included within the State of New Hampshire's Comprehensive Annual Financial Report as an enterprise fund.

For fiscal year 2011, the Lottery produced \$229 million in total operating revenues, a 2.1% decrease from fiscal year 2010's \$234 million. Instant scratch ticket sales were up from the previous fiscal year by approximately \$842,000. Multi-State (MUSL) games revenues decreased \$3.1 million or 6.8% during fiscal year 2011 as compared to fiscal year 2010. Tri-State games revenues decreased by \$2.7 million or 9.4% for fiscal year 2011 as compared to fiscal year 2010. The overall decrease in ticket sales/revenues is being attributed to the overall economy, high gasoline prices, loss of Powerball sales to Massachusetts, and customers' demands for different, more technologically advanced, forms of gambling. Historically, governing bodies of New Hampshire have not supported the Lottery expanding to other forms of gambling. The Lottery generated \$62.2 million of net profit for the Education Trust Fund in fiscal year 2011, a \$4.0 million decrease from fiscal year 2010. Total revenues since the inception of the Lottery in 1963 are \$4.6 billion. To date, the Lottery has generated more than \$1.4 billion of net profits to help fund education in New Hampshire.

Net Assets and Changes in Net Assets

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 assets of the Lottery consist only of prize funds held on deposit with the Multi-State Lottery Association (MUSL) and the Tri-State Lotto Commission (Tri-State). For more detailed information on restricted deposits please see note 8 beginning on page 35 in the notes to the financial statements and for more detailed information on capital asset activity please see note 4 on page 33 in the notes to the financial statements. Comparable figures for total assets at June 30, 2011 and 2010 were \$12.2 million and \$7.7 million, respectively.

Cash and cash equivalents were \$3,174,116 at June 30, 2011 and \$1,404,769 at June 30, 2010. The increase in cash and cash equivalents for fiscal year 2011 over fiscal year 2010 was mostly attributable to the increase in unclaimed prize accruals. Accounts receivable at June 30, 2011 and 2010 were \$2,946,230 and \$1,118,825, respectively. The increase in accounts receivable for fiscal year 2011 over fiscal year 2010 was due to the timing of Hot Lotto prize monies due from MUSL for a jackpot winner. The increase in Due from other funds, which represents amounts owed by the Liquor Commission for Lottery Instant scratch tickets sold at liquor stores and not collected by Lottery due to timing, increased \$96,578. Due from the Education Trust Fund of \$692,449 represents an overpayment by the Lottery to the Education Trust Fund for estimated fiscal year 2011 net profit; for fiscal year 2010 the Lottery under paid and therefore had a due to the Education Trust Fund of \$246,465. Instant scratch ticket inventory was \$961,290 for fiscal year 2011 and \$752,999 for fiscal year 2010. The increase in inventory is due to larger purchases of tickets per Instant scratch ticket game. Noncurrent, restricted assets, which represent New Hampshire's share of prize reserve funds held by MUSL and Tri-State, increased \$41,750 during the current fiscal year. Capital assets, net of depreciation, decreased during the current fiscal year from \$96,981 in 2010 to \$42,235 in 2011. The overall increase of total assets for fiscal year 2011 over fiscal year 2010 was \$4.5 million dollars; this increase approximated the total increase in liabilities.

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 assets does not reflect the actual results of the Lottery's operating activities.

The following table shows condensed net assets as of June 30, 2011 and 2010 (in thousands).

	2011	2010
Current and Other assets	\$ 12,181	\$ 7,591
Capital assets (net of accumulated depreciation)	42	97
Total assets	<u>12,223</u>	<u>7,688</u>
Current liabilities	7,950	3,413
Noncurrent liabilities	294	337
Total liabilities	<u>8,244</u>	<u>3,750</u>
Net assets:		
Invested in capital assets	42	97
Restricted assets	3,979	3,938
Unrestricted (deficit)	(42)	(97)
Total net assets	<u>\$ 3,979</u>	<u>\$ 3,938</u>

Liabilities

The Lottery's current liabilities consist primarily of unclaimed prizes, accrued operating expenses, deferred revenue, and a claimed Hot Lotto jackpot prize. The \$1.5 million Hot Lotto jackpot win was claimed in June 2011 and is included in accounts payable; due to normal time requirements for processing jackpot wins the transfer of funds to the winner was after June 30, 2011. Noncurrent liabilities consist of compensated absences and workers compensation. Total liabilities during the current fiscal year increased by \$4.5 million or 119.8%. The year end balances for total liabilities for fiscal years 2011 and 2010 were \$8.2 million and \$3.8 million, respectively. Of the increase, unclaimed prizes increased \$2.7 million and accounts payable increased \$1.8 million. The increase in unclaimed prizes is due to the timing of customers claiming their winnings and also due to a prize increase in the payout percentage built into Instant scratch ticket games. Winners have one year to claim their prizes.

Operating Revenues – Games Sales

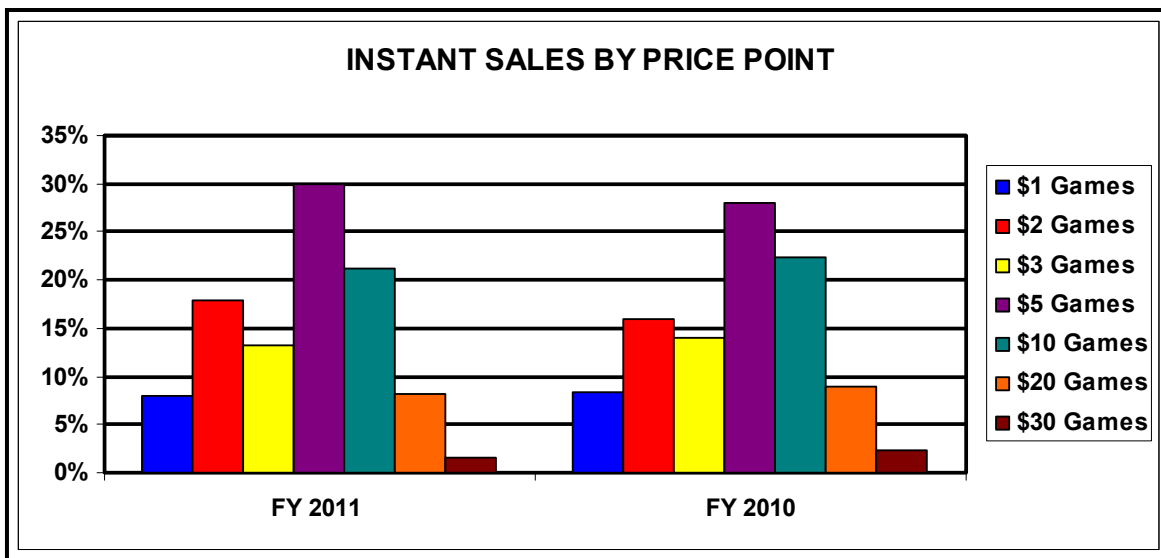
The New Hampshire Lottery game revenues/ ticket sales are made up of a variety of instant and online lottery products. The Lottery is an active member of two separate joint venture arrangements; the Tri-State Lotto Commission (Tri-State) and the Multi-State Lottery Association (MUSL), and it operates a number of online games under those jurisdictions. Tri-State games consist of Megabucks, Pick 3, Pick 4, Fast Play, and Weekly Grand. MUSL online games consist of Powerball, Mega Millions, and Hot Lotto.

The following table shows sales by lottery game for the years ended June 30, 2011 and 2010 (in thousands). Tri-State Other represents Weekly Grand and Fast Play.

Game	2011	2010	Change	Percent Change
Instant Scratch Tickets	\$ 161,378	\$ 160,536	\$ 842	0.5%
MUSL Powerball	26,537	37,705	(11,168)	-29.6%
MUSL Hot Lotto	3,698	4,149	(451)	-10.9%
MUSL Mega Millions	11,601	3,057	8,544	279.5%
Tri-State Megabucks	10,537	12,708	(2,171)	-17.1%
Tri-State Pick 3	5,149	5,244	(95)	-1.8%
Tri-State Pick 4	5,232	5,139	93	1.8%
Tri-State Other	4,733	5,235	(502)	-9.6%
Other - contributed prizes	289	314	(25)	-8.0%
Total sales	\$ 229,154	\$ 234,087	\$ (4,933)	-2.1%

The Lottery saw a 2.1% decrease in lottery program ticket sales/revenues for fiscal year 2011. Instant scratch ticket sales continue to be the Lottery's most popular product, contributing approximately 70.4% and 68.6%, respectively, to total fiscal year sales for 2011 and 2010. Instant scratch ticket sales increased 0.5% in fiscal year 2011 from fiscal year 2010. The Lottery sells Instant scratch tickets costing from \$1 to \$30. The overall decrease in ticket sales/revenues is being attributed to the economy, high automobile gas prices, loss of Powerball sales to Massachusetts, and customer's demands for different, more technologically advanced, forms of gambling.

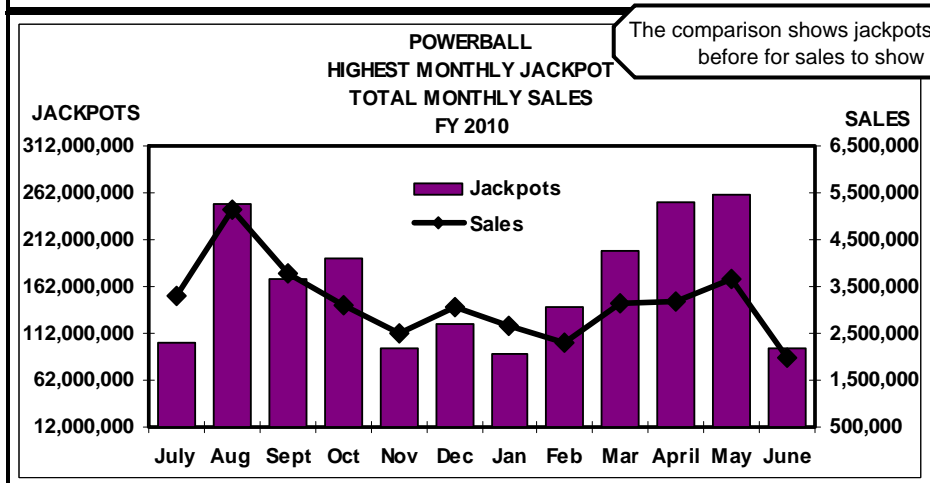
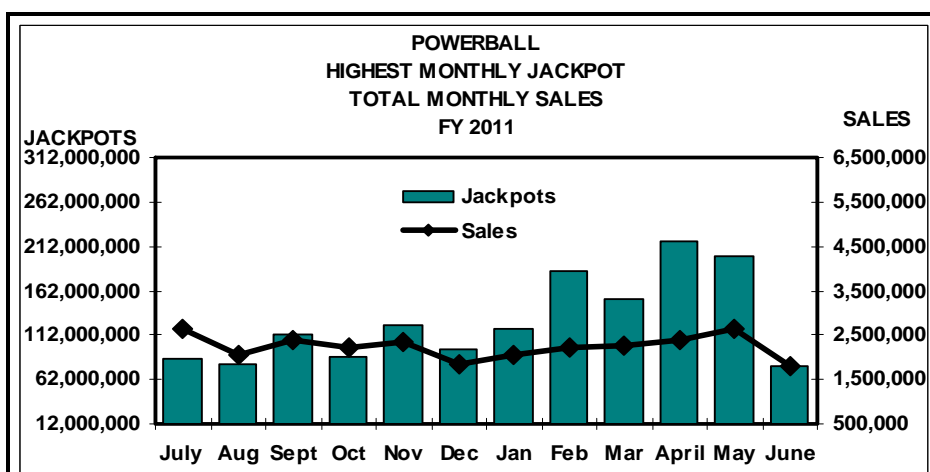
The following graph shows percentages of Instant scratch games sales for fiscal year 2011 and 2010 by selling price of ticket.



Powerball, a game in the MUSL jurisdiction, is the Lottery's second most popular product contributing 11.6% and 16.1% to total fiscal year 2011 and 2010 sales, respectively. Sales for Powerball decreased 29.6% in fiscal year 2011 from fiscal year 2010. This decrease was mostly due to the decrease in Powerball sales at the retailers located along the border of Massachusetts. The Massachusetts lottery began selling Powerball tickets on January 31, 2010. Previously Massachusetts did not sell Powerball tickets, so customers would travel into New Hampshire to buy their Powerball tickets.

The sales in big jackpot games are directly dependant on the size of the jackpot, which causes a high level of uncertainty for revenues. As jackpots rise in amount, so do the sales of tickets. 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 in amount. The Powerball jackpot was won 16 times in fiscal year 2011 versus 12 times in fiscal year 2010. High jackpot amounts bring higher sales for the online games. The trend has shown that the public demands higher jackpot amounts every year before there is a noticeable increase in sales. The highest Powerball jackpot amount in fiscal year 2011 was \$222 million compared to \$261 million in fiscal year 2010. The highest Powerball jackpot amount since the game's inception was \$365 million in fiscal year 2006.

See the following graphs showing the relationship between jackpot amount and sales for fiscal years 2011 and 2010.

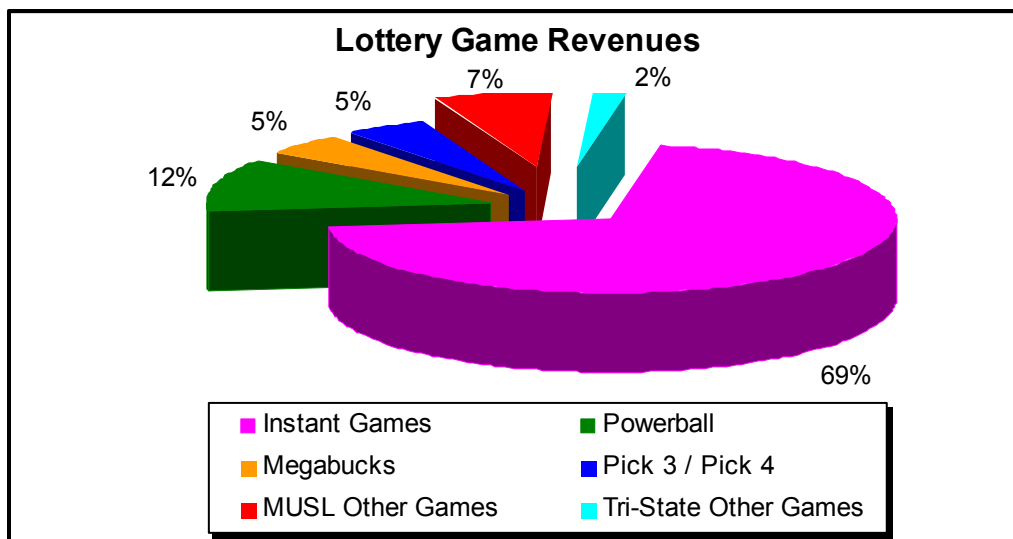


The comparison shows jackpots have to be higher than ever before for sales to show noticeable increases.

Hot Lotto is another game that is offered through MUSL, sales of which decreased \$451,257 or 10.9% in the current fiscal year as compared to the previous fiscal year. Mega Millions is another high jackpot game that MUSL member states now have the option of selling. Beginning January 31, 2010, the Lottery began sales for Mega Millions; prior to that date any lottery that sold Powerball could not sell Mega Millions and vice versa. Sales for Mega Millions for fiscal year 2011 were \$11.6 million; fiscal year 2011 being the first complete fiscal year of sales. Mega Millions does not generate the sales that Powerball does in New Hampshire. Powerball generated \$26.5 million in fiscal year 2011 and Mega Millions \$11.6 million. MUSL games sales overall contributed 18.3% and 19.2% to total Lottery sales for fiscal years 2011 and 2010, respectively.

Tri-State games sales decreased 9.4% overall from fiscal year 2010 to 2011. Megabucks decreased \$2.2 million, a 17.1% decrease from the previous fiscal year. The Megabucks game is the oldest jackpot style game the Lottery sells; at 26 years old and still running it seems to carry a committed player base. Pick 3 saw a decrease of \$95,444, while Pick 4 realized an increase of \$92,316. The other Tri-State games decreased \$500,166 or 9.6%. Tri-State games in total amounted to 11.2% and 12.1% of total Lottery sales fiscal years 2011 and 2010, respectively.

The following graph displays Lottery revenues by product/game for the fiscal year ended June 30, 2011.



Operating Expenses – Cost of Sales

Prizes

Prizes are the largest operating expense the Lottery incurs. In general, prize expense by game will increase or decrease from year to year in proportion to the increase or decrease in sales for a particular game. Fiscal year 2011 prize expense of \$139.3 million reflects a 0.3% increase from fiscal year 2010 prize expense of \$138.9 million. This increase reflects the beginning of an effort to increase the prize percentages built into Instant scratch ticket games. For fiscal year 2011 the Instant scratch ticket prize percentage to sales was approximately 1.4% more than fiscal year

2010. Instant scratch ticket games pay out at a higher percentage than online games. Online games typically have a 50% (of sales) prize pay-out built into the design of the game, where as Instant scratch ticket games on average have a 66.4% (of possible sales) prize pay-out built into each game. The actual prizes paid percentage can be slightly less than the prize percentage built into the game design, because of unclaimed prizes (prizes that winners never cash in). Prize winners have one year (365 days) to claim their prizes. Unclaimed prize money for Instant scratch games and MUSL games 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 lottery game for the years ended June 30, 2011 and 2010 (in thousands). MUSL Other represents Hot Lotto and Mega Millions. Tri-State Other represents Weekly Grand and Fast Play.

Game	2011	2010
Instant Scratch Tickets	\$ 105,524	\$ 102,801
MUSL Powerball	13,023	18,009
MUSL Other	7,504	3,491
Tri-State Megabucks	5,223	6,464
Tri-State Pick 3	2,575	2,621
Tri-State Pick 4	2,616	2,578
Tri-State Other	2,508	2,629
Other - contributed prizes	289	314
Total prize expense	\$ 139,262	\$ 138,907

The following table shows prizes to sales (operating revenues) profit margin for lottery games by venture for the years ended June 30, 2011 and 2010 (in thousands).

	Instant Tickets		Tri-State Games		MUSL Games	
	2011	2010	2011	2010	2011	2010
Gross games revenues	\$ 161,378	\$ 160,536	\$ 25,651	\$ 28,326	\$ 41,836	\$ 44,912
Prize expense	105,524	102,801	12,922	14,293	20,527	21,500
Gross profit after prizes	\$ 55,854	\$ 57,735	\$ 12,729	\$ 14,033	\$ 21,309	\$ 23,412
Profit margin after prizes	34.6%	36.0%	49.6%	49.5%	50.9%	52.1%

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

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 tickets, costs for delivering Instant scratch tickets to retailers, and expense pool costs (administrative costs) for joint ventures. These other costs of sales totaled \$19.7 million for fiscal year 2011 and \$21.1 million for fiscal year 2010. The decrease was due to the decrease in ticket sales/revenues. Retailer commissions and vendor fees are based on a percentage of sales. Although sales over all were down, retailer commissions were up \$185,657 for fiscal year 2011 over fiscal year 2010 due to increases in additional bonus commissions offered to retailers who increased their fiscal year 2011 Instant scratch ticket sales by a set percentage over fiscal year 2010 sales. Vendor fees for fiscal year 2011 were down \$1.6 million over fiscal year 2010 due to lower rates, the result of a new online gaming contract with a new vendor.

The table below shows comparative costs of sales expenses for lottery games for the years ended June 30, 2011 and 2010 (in thousands).

	2011	Percent of Sales	2010	Percent of Sales
Retailer commissions	\$ 12,925	5.6%	\$ 12,739	5.4%
Vendor fees	4,283	1.9%	5,929	2.5%
Cost of instant tickets	2,297	1.0% *	2,232	1.0% *
Expense pools	178	0.1%	177	0.1%
Other cost of sales	19,683	8.6%	21,077	9.0%
Prize expense	139,262	60.8%	138,907	59.3%
Total cost of sales	<u>\$ 158,945</u>	<u>69.4%</u>	<u>\$ 159,984</u>	<u>68.3%</u>

* Cost of instant tickets as a percent of instant scratch ticket sales only, is 1.4% for 2011 and 1.4% for 2010.

The table below shows cost of sales to sales for lottery games for the years ended June 30, 2011 and 2010 (in thousands).

Total Lottery Games	2011	2010	Change	Percent Change
Gross ticket sales	\$ 229,154	\$ 234,087	\$ (4,933)	-2.1%
Cost of sales	158,945	159,984	(1,039)	-0.6%
Gross profit	<u>\$ 70,209</u>	<u>\$ 74,103</u>	<u>\$ (3,894)</u>	-5.3%
Gross profit margin	30.6%	31.7%		

Other Operating Expenses

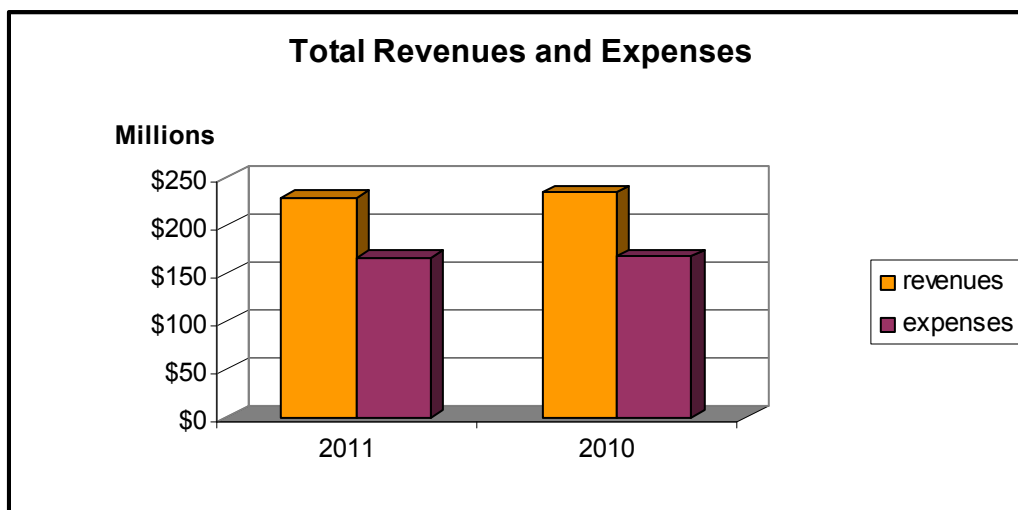
Administrative costs increased slightly by \$93,662 in fiscal year 2011 from fiscal year 2010. Depreciation expense decreased \$11,986. The supplemental schedule of revenues, expenses, and transfers located after the notes to the financial statements, itemizes the components of other operating expenses.

Non-operating Revenues (Expenses)

Nonoperating revenues totaling \$64,411 consist largely of fees charged to retailers due to insufficient funds and income earned on deposits with the Tri-State Lotto, and Multi-State Lottery. There was an increase of \$29,988 in non-operating revenues for fiscal year 2011 from 2010.

Non-operating expenses are distributions to the Education Trust Fund, which is all Lottery profit. Fiscal year 2011 distributions were \$62,207,551 and for fiscal year 2010 they were \$66,222,171. The decrease in fiscal year 2011 was due to lower ticket sales and increases in prize payouts.

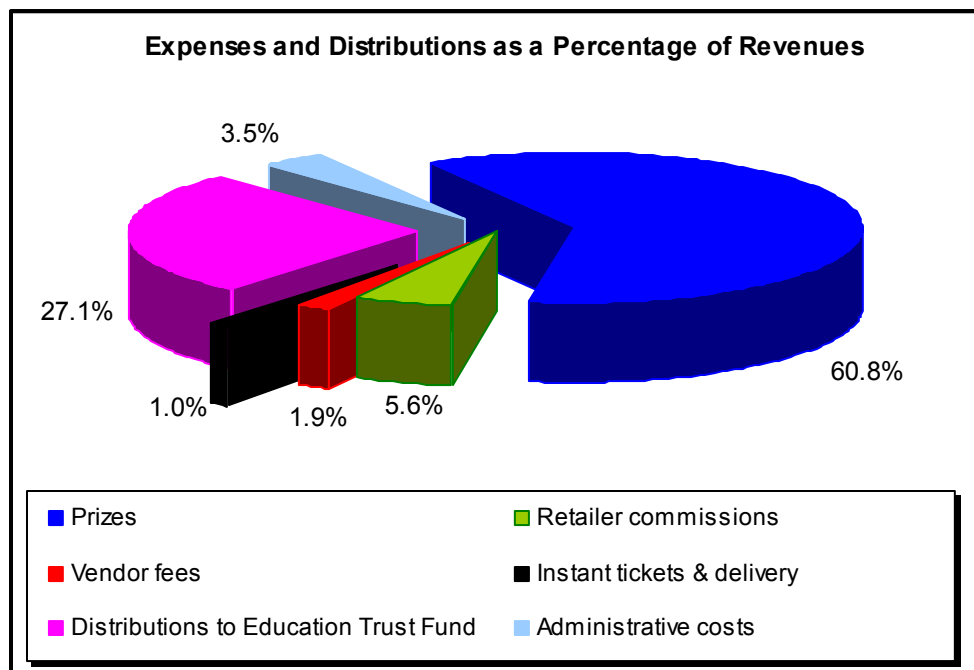
The following graph displays total Lottery revenues and expenses for the years ended June 30, 2011 and 2010.



The following table shows total revenues, expenses, net profit, and change in net assets for the Lottery for the years ended June 30, 2011 and 2010 (in thousands).

	2011	2010	Change
Operating revenues:			
Instant and online ticket sales:	\$ 229,154	\$ 234,087	\$ (4,933)
Operating expenses:			
Cost of sales	158,945	159,984	(1,039)
Administrative costs	7,970	7,876	94
Depreciation expense	54	66	(12)
Total operating expenses	166,969	167,926	(957)
Nonoperating revenues - investment income:	64	34	30
Net profit before transfers	62,249	66,195	(3,946)
Nonoperating expenses -			
Distributions to Education Trust Fund	(62,207)	(66,222)	4,015
Change in net assets	42	(27)	69
Net assets - July 1	3,938	3,965	(27)
Net assets - June 30	\$ 3,980	\$ 3,938	\$ 42
Distributions to Education Trust Fund (net profit) as a percent of operating revenues	27.1%	28.3%	-1.1%

The following graph displays expenses and distributions to the Education Fund as a percentage of operating revenues for the Lottery for the year ended June 30, 2011.



Other Potentially Significant Matters

A significant factor affecting the Lottery currently for fiscal year 2011 is the American economy and higher automobile gas prices. 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 in online games, which causes a high level of uncertainty for revenues. The two highest jackpot selling games in the United States are Powerball and Mega Millions. During fiscal year 2011 the jackpots were won several more times than the previous fiscal year, causing jackpot amounts not to grow to the amounts needed to generate increases 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. The Lottery is limited by statute in what it can offer. Lower sales are proving that consumers want and demand newer, technologically advanced forms of gambling. Historically, governing bodies in New Hampshire have not supported other forms of gambling.

Budgetary Highlights

The Lottery is required to submit a biennial operating budget to the Governor for approval. The budget is further submitted to the Legislature for its approval and is ultimately included in the State of New Hampshire's operating budget. The Lottery's official budget, as adopted by the Legislature, is prepared principally on a modified cash basis. Due to the nature of the Lottery's activities, the majority of its cost of sales expenses, such as prizes, vendor fees and retailer commissions, are not included in the budget. The Lottery budgets for approximately 5% of its

total expenses that consist primarily of salaries and benefits, rental expenses, advertising and Instant scratch ticket printing costs. Financial management staff consistently monitors adherence to budgeted appropriations.

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 2011 and to demonstrate the Lottery's accountability for the money it received from the sale of lottery products. If you have any questions about this report or need additional information, contact the New Hampshire Lottery Commission, Chief Accountant, 14 Integra Drive, P.O. Box 1208, Concord, New Hampshire 03302.

New Hampshire Lottery Commission
Statement of Net Assets
June 30, 2011

ASSETS

Current assets:

Cash and cash equivalents	\$ 3,174,116
Accounts receivable	2,946,230
Due from other funds	295,098
Due from the Education Trust Fund	692,449
Instant ticket inventories	961,290
Prepaid expenses & other	132,230
Total current assets	<u>8,201,413</u>

Noncurrent assets:

Restricted deposits - (note 8)	3,979,267
Capital assets net of accumulated depreciation - (note 4)	42,325
Total noncurrent assets	<u>4,021,592</u>
Total assets	<u>12,223,005</u>

LIABILITIES

Current liabilities:

Accounts payable	2,966,213
Accrued payroll and benefits	223,714
Deferred revenue	1,065,899
Unclaimed prizes net of estimated expired prizes - (note 1)	3,575,223
Compensated absences & workers compensation	119,216
Total current liabilities	<u>7,950,265</u>

Noncurrent liabilities:

Compensated absences & workers compensation	293,473
Total noncurrent liabilities	<u>293,473</u>
Total liabilities	<u>8,243,738</u>

NET ASSETS

Invested in capital assets	42,325
Restricted for prize funds (note 8)	3,979,267
Unrestricted (deficit)	(42,325)
Total net assets	<u>\$ 3,979,267</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 Assets
For the Year Ended June 30, 2011

Operating revenues:	
Instant games	\$ 161,377,862
Multi-State online games	41,835,942
Tri-State online games	25,651,510
Other	<u>289,056</u>
Total operating revenues	<u>229,154,370</u>
Operating expenses:	
Cost of sales	158,944,993
Administration	7,969,831
Depreciation	<u>54,656</u>
Total operating expenses	<u>166,969,480</u>
Operating income	<u>62,184,890</u>
Nonoperating revenues (expenses):	
Investment income	64,411
Distributions to the State's Education Trust Fund	<u>(62,207,551)</u>
Total nonoperating revenues (expenses)	<u>(62,143,140)</u>
Change in net assets	<u>41,750</u>
Total net assets - July 1	<u>3,937,517</u>
Total net assets - June 30	<u><u>\$ 3,979,267</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, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers, retailers and joint ventures (net of retailer commissions and prizes paid by retailers)	\$ 130,191,343
Payments to winners, retailers and joint ventures	(52,013,908)
Payments to suppliers (goods and services)	(11,243,186)
Payments to employees	(2,082,848)
Net cash provided by operating activities	64,851,401

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Nonoperating transfers to education trust fund	(63,146,465)
Net cash used for noncapital financing activities	(63,146,465)

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

Proceeds from sales of capital assets	-
Purchases of capital assets	-
Net cash used by capital and related financing activities	-

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and other income received	64,411
Net cash provided by investing activities	64,411

Net increase in cash and cash equivalents	1,769,347
Cash and cash equivalents, July 1	1,404,769
Cash and cash equivalents, June 30	\$ 3,174,116

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

Operating income	\$ 62,184,890
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	54,656
(Increase) decrease in accounts receivable/due from other funds	(1,923,983)
(Increase) decrease in instant ticket inventory	(208,291)
(Increase) decrease in prepaid expenses and other	45,949
(Increase) decrease in restricted deposits	(41,750)
Increase (decrease) in accounts payable and other liabilities	1,757,196
Increase (decrease) in unclaimed prizes	2,658,544
Increase (decrease) in deferred revenue	324,190
Total adjustments	2,666,511
Net cash provided by operating activities	\$ 64,851,401

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, 201 1**

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The New Hampshire Sweepstakes Commission officially changed its name to The New Hampshire Lottery Commission, per Chapter Law 97 of 2004, effective July 10, 2004. The New Hampshire Lottery Commission, also known as the New Hampshire Lottery (the Lottery), was established in 1964 in accordance with the provisions of Chapter 284:21-a of the New Hampshire Revised Statutes Annotated (RSA). The Lottery has three commissioners appointed by the Governor and Council. The executive director is appointed by and serves at the pleasure of the commissioners. The Lottery is authorized to operate both instant and online games for the sole purpose of funding state aid to education pursuant to RSA 198:38-49 and RSA 284:21-j. In 1990, the New Hampshire Constitution was amended by Part 2, Article 6-b, which restricted all lottery revenue and interest, after the deduction of necessary administration costs, exclusively for the benefit of public education.

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

The 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 operations are accounted for on a flow of 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 Assets. The Statement of Revenues, Expenses, and Changes in Net Assets present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets.

The Lottery applies applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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.

Accounts receivable consists of amounts due from retailers for lottery ticket sales and interest from joint venture investments (see Note 8 for information about the Tri-State and Multi-State Lottery joint ventures).

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, 2011.

Due from the Education Trust Fund represents an overpayment of funds to the Education Trust Fund. The last transfer of the year is based on an estimate of what the net profit will be. The Lottery over estimated it's year to date profit for June 2011.

Inventory represents Instant scratch ticket inventories, which are valued at the lower of cost or market value using the specific identification method. The cost of consumable supplies is expensed when 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 including equipment, computers, and vehicles, are recorded at cost. The Lottery's level for capitalization is \$10,000. Depreciation on capital assets is computed using the straight-line method over an estimated useful life of five years. Salvage values are not recognized, as asset disposals are officially transferred to the New Hampshire Surplus Property program. Any income derived from surplus property sales is recorded as miscellaneous income when received. Losses on the disposal of surplus equipment are recorded at the time of disposal.

Restricted deposits represents noncurrent, restricted assets, deposited with the Multi-State Lottery Association (MUSL) and the Tri-State Lotto Commission (Tri-State), that are held as prize reserves to protect the Lottery against unforeseen liabilities. These prize reserves are a condition of participation in the joint ventures and are refundable after a one year waiting period if a member leaves. The Tri-State portion of the reserves is committed to be returned to the players, however the MUSL reserves would be returned to New Hampshire state aid to education. At June 30, 2011 MUSL reserves were \$2,345,587 and Tri-State reserves were \$1,633,680.

Compensated absences represent accrued leave for the Lottery's 43 full-time, classified employees at June 30, 2011. 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.

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 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 prizes. For online games the Lottery knows exactly 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 2011 of \$3,575,223 is the net amount after being reduced by an estimate for Powerball, Hot Lotto, and Mega Millions prizes to expire as unclaimed of \$653,734.

Deferred revenue consists of subscriptions for Megabucks and Powerball.

Operating revenues represents gross lottery sales less any sales adjustments and promotional tickets.

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 tickets, and the cost for shipping Instant scratch tickets to retailers.

Administration expense represents those expenses indirectly related to the operation of the Lottery programs. These expenses consist mainly of advertising and promotional materials, employee salaries and benefits, and other Lottery operating expenses including, but not limited to, lease expenses. See Supplemental Schedule of Revenues, Expenses, and Transfers following these notes to the financial statements.

Nonoperating revenue represents revenues such as investment income received from the State Treasury Department and Tri-State Lotto and Multi-State Lottery (MUSL) interest income and miscellaneous income for returned prize money not paid that was previously expensed in a prior period. Miscellaneous income includes items such as insufficient funds penalties.

Non-operating expense represents distributions to the Education Trust Fund, which represent Lottery revenues transferred 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 its total net income, less changes in net assets, to the State's Education Trust Fund for distribution to local school districts.

Total net assets represent restricted deposits held in prize reserves with MUSL and Tri-State. These deposits are a condition of participation in the joint ventures. The Tri-State reserves are committed to be returned to the players upon dissolution or termination of participation. Changes in net assets represent changes required, by MUSL and Tri-State guidelines, in the amounts of the Lottery's deposits. At June 30, 2011 MUSL reserves were \$2,345,587 and Tri-State reserves were \$1,633,680.

Note 2 – Cash and Cash Equivalents

The Lottery's cash and cash equivalents as reported on the Statement of Net Assets as of June 30, 2011 consist of the following:

Cash in banks (carrying amount)	\$ 661,407
Cash and cash equivalents in State Treasury	2,511,309
Petty cash	1,400
Total cash and cash equivalents	<u>\$ 3,174,116</u>

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

Statutory requirements and Treasury Department policies have been adopted to minimize risk associated with deposits. RSA 6:7 establishes the policy the state treasurer must adhere to when depositing public monies. All depositories used by the state must be approved at least annually by the Governor and Executive Council. All banks, where the State has deposits and/or active accounts, are monitored as to their financial health through the services of Veribanc, Inc., a bank rating firm. In addition, ongoing reviews with officials of depository institutions are used to allow for frequent monitoring of custodial credit risk. All payments to the State are to be in U.S. dollars, therefore there is no foreign currency risk.

Custodial credit risk. In the case of deposits held with financial institutions, this is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2011 the Lottery's total deposits held with financial institutions were \$709,441 (bank balance), all of which were insured and collateralized.

Note 3 – Compensated Absences and Workers Compensation

A summary of compensated absences and workers compensation activity for year ended June 30, 2011 is presented below.

Compensated Absences and Workers Comp.	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Fiscal Year 2011	\$ 449,817	\$ 279,903	\$ 317,032	\$ 412,688	\$ 119,216

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance 6/30/2010	Increases	Decreases	Ending Balance 6/30/2011
<u>Capital assets</u>				
Equipment	\$ 222,043	\$ -	\$ -	\$ 222,043
Vehicles	295,804	-	-	295,804
Total Capital Assets	<u>517,847</u>	<u>-</u>	<u>-</u>	<u>517,847</u>
<u>Less accumulated depreciation</u>				
Equipment	(180,253)	(14,491)	-	(194,744)
Vehicles	<u>(240,613)</u>	<u>(40,165)</u>	<u>-</u>	<u>(280,778)</u>
Total accumulated depreciation	<u>(420,866)</u>	<u>(54,656)</u>	<u>-</u>	<u>(475,522)</u>
Total capital assets, net	<u>\$ 96,981</u>	<u>\$ (54,656)</u>	<u>\$ -</u>	<u>\$ 42,325</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 5% of its expenses, primarily salaries and benefits, advertising, and rental expense.

Note 6 - Employee Benefit Plans

A. Retirement Plan

All permanent, full-time employees of the Lottery participate in the New Hampshire Retirement System Plan (the Plan) as a condition of employment in accordance with New Hampshire Revised Statutes Annotated (RSA) 100-A. The Plan is a contributory defined-benefit, cost sharing, multiple-employer Public Employee Retirement System, which provides service, disability, death and vested retirement benefits to members and beneficiaries. The Plan is financed by contributions from the members, the State and local employers and investment earnings. Employees of the Lottery hired before 6/30/2009 are required, by statute, to contribute 5% of their gross earnings. Employees of the Lottery hired after 6/30/2009 are required, by statute, to contribute 7% of their gross earnings. The Lottery contributes an amount required to cover Plan costs not met by the members' contributions.

The Lottery's required contribution rate is determined by the Plan's actuary. The Lottery's payments for normal contribution costs for fiscal years 2009 through 2011 amounted to the following:

Fiscal Year Ended June 30	Normal Contribution Costs	Percentage of Covered Payroll
2011	\$ 175,285	9.09%
2010	170,079	9.09%
2009	156,795	8.74%

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

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

B. Other Postemployment Benefits

In addition to the benefits described above, the Lottery provides post-employment 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 plan, which is the State's self-insurance fund. The Fund, established in 2003, provides risk management and health related fringe benefits for State employees and retirees. Contribution rates for the Fund are adjusted periodically to recover any deficits and to maintain a statutorily required Fund reserve.

The Lottery's payments for normal contribution costs for the medical subsidy and retiree health benefits paid for fiscal years 2009 through 2011 are as follows:

Fiscal Year Ended June 30	Number of Retirees and Spouses	Retiree Health Benefits Paid	Normal Contribution Costs for Medical Subsidy	Percentage of Covered Payroll
2011	58	\$ 286,507	\$37,959	1.96%
2010	52	357,086	\$36,673	1.96%
2009	49	333,702	not available	not available

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 post employment 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.

Note 7 - Operating Lease

Building Lease

The Lottery, as lessee, leases an office and warehouse facility located on Integra Drive in Concord. The agreement is a long-term operating lease, which commenced on May 1, 2008 and expires on April 30, 2013. The total building lease cost for fiscal year 2011 amounted to \$394,673. The Lottery's commitment for future lease payments required under the operating lease is as follows:

<u>Fiscal Years</u>	<u>Lease Obligation</u>
2012	\$ 400,747
2013	<u>338,175</u>
Total future lease payments	<u><u>\$ 738,922</u></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 two separate joint venture arrangements; the Tri-State Lotto Commission (Tri-State) and the Multi-State Lottery Association (MUSL). Both joint ventures are audited by separate audit firms hired by the particular joint venture. For fiscal year 2011 Berry, Dunn, McNeil, and Parker of Manchester, New Hampshire audited Tri-State and LWBJ Financial of West Des Moines, Iowa audited MUSL.

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, 2011 Tri-State reported total installment prize obligations owed to jackpot winners of \$67 million, payable through the year 2034.

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, 2011 was \$4.3 million. 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 approximately \$1,633,680. 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 2011 is summarized below:

Operating revenues	<u>\$ 25,651,510</u>
Expenses:	
Prizes	12,921,931
Retailer commissions & incentives	1,308,324
Advertising & promotional	1,400,785
Vendor fees	419,505
Other operating expenses	<u>143,526</u>
Total expenses	<u>16,194,071</u>
Net operating income	<u>9,457,439</u>
Interest income	<u>18,643</u>
Net income from Tri-State	<u><u>\$ 9,476,082</u></u>

The Tri-State Lotto Commission maintains its own financial statements, which have been audited by an independent CPA firm. The report dated August 23, 2011 gave an opinion that the Tri-State Lotto financial statements presented fairly in all material respects the financial position of the Tri-State Lotto Commission as of June 30, 2011 and 2010, and the results of operations and cash flows for those years then ended, in conformity with U.S. GAAP. 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, 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 33 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 \$2,345,587 at June 30, 2011. This represented a decrease of \$20,351 from June 30, 2010.

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, and 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.

At June 30, 2011 the total MUSL Powerball prize reserve fund had a balance of \$97,413,591. New Hampshire's portion of the prize reserve fund balance amounted to \$1,441,226. 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, 2011 the total MUSL – Powerball set prize reserve fund had a balance of \$25,000,000. New Hampshire's portion of the prize reserve fund balance amounted to \$320,273. 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 \$14,548,743 at June 30, 2011. New Hampshire's portion of this unreserved fund amounted to \$739. 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, 2011 the MUSL Hot Lotto prize reserve fund was \$7,441,187 with New Hampshire's share being \$396,950. 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 one 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, 2011 the MUSL Mega Millions prize reserve fund was \$9,146,437 with New Hampshire's share being \$187,137. 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.

The New Hampshire Lottery Commission's portion of the Multi-State Lottery's games for fiscal year 2011 is summarized below.

Operating revenues	<u>\$ 41,835,942</u>
Expenses:	
Prizes	20,527,004
Retailer commissions	2,152,621
Vendor fees	706,788
Advertising & promotional	447,441
Other operating expenses	<u>33,892</u>
Total expenses	<u>23,867,746</u>
Net operating income	<u>17,968,196</u>
Interest income	<u>121</u>
Net income from MUSL	<u><u>\$ 17,968,317</u></u>

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

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. Merchandise (prizes) is contributed by area vendors in exchange for promotional consideration. The Commission accounts for contributed prizes by recording offsetting assets, liabilities, revenues, and expenses in Prepaid and Other, Accounts Payable, Other Operating Revenue, and Prize Expense, respectively.

Note 10 - Risk Management

The Lottery is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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

The Lottery purchased, on behalf of a prize winner, an annuity from American National Insurance Company. American National Insurance Company was given a rating of A+ (strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances) by Standard & Poor's. The annuity is in the name of the prize winner/recipient. The Lottery does not recognize a liability for this annuity. The annuity was purchased on November 29, 2006. The term is for 19 years. 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
Supplemental Schedule of Revenues, Expenses, and Transfers
For the Year Ended June 30, 2011**

Operating Revenues:	
Instant tickets	\$ 161,377,862
MUSL Powerball	26,537,271
Tri-State Megabucks	10,536,891
Tri-State Pick 3	5,148,646
Tri-State Pick 4	5,231,750
MUSL Hot Lotto	3,698,098
Tri-State Weekly Grand	3,761,433
MUSL Mega Millions	11,600,573
Tri-State Fast Play	972,790
Other - contributed prizes	289,056
Total operating revenues	<u>229,154,370</u>
Operating Expenses:	
Cost of sales:	
Prize awards:	
Instant tickets	105,524,430
MUSL Powerball	13,023,160
Tri-State Megabucks	5,222,761
Tri-State Pick 3	2,575,006
Tri-State Pick 4	2,616,029
MUSL Hot Lotto	1,786,902
Tri-State Weekly Grand	1,924,242
MUSL Mega Millions	5,716,942
Tri-State Fast Play	583,893
Other - Contributed prizes paid	289,056
Total prize awards	<u>139,262,421</u>
Retailers' commissions	12,925,318
Vendor fees	4,283,024
Cost of instant tickets (printing & delivery of)	2,296,812
Expense pools	177,418
Total cost of sales	<u>158,944,993</u>
Administration:	
Salaries and benefits	3,423,552
Advertising and promotional	3,257,999
Space rental	394,672
Information Technology	222,066
Other expenses	671,542
Total administration	<u>7,969,831</u>
Depreciation expense	54,656
Total operating expenses	<u>166,969,480</u>
Operating income	62,184,890
Nonoperating revenues	64,411
Net income	<u>62,249,301</u>
Transfers to Education Trust Fund	(62,207,551)
Change in net assets (restricted prize reserve funds)	<u>\$ 41,750</u>

See accompanying independent auditor's report.

Statistical Section

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

Contents	Pages
Financial Trends	41 - 45
<p>These schedules and graphs contain information to help the reader understand how the Lottery's financial performance has changed over time. Please keep in mind the increase or decrease in net assets does not reflect the condition of the Lottery's financial position, because by law the Lottery is required to distribute all net profits to the Education Trust Fund on a monthly basis.</p>	
Demographic and Economic Information	46B - 49
<p>These schedules and graphs offer demographic and economic indicators to help the reader understand the environment within which the Lottery's operations take place and where its revenues come from.</p>	
Operating Information	46A, 50
<p>These schedules offer miscellaneous statistics showing the reader yearly comparisons of certain information contained in the Lottery's financial report as it relates to the programs it offers and the activities it performs.</p>	
Industry Comparisons	51 – 60
<p>These schedules offer the reader an understanding of how the New Hampshire Lottery Commission performs financially in comparison to other lotteries in the industry.</p>	

New Hampshire Lottery Commission
Revenues, Expenses, Transfers and Changes in Net Assets
Last 10 Fiscal Years

Thousands

<u>Revenues</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instant Games	\$ 140,320	\$ 150,936	\$ 157,016	\$ 161,358	\$ 176,978	\$ 188,565	\$ 183,991	\$ 170,823	\$ 160,536	\$ 161,378
Powerball	44,525	43,061	52,646	39,097	57,232	44,391	46,421	39,994	37,705	26,537
Tri-State Megabucks	11,668	10,982	10,412	10,254	10,184	9,657	10,459	8,687	12,708	10,537
Tri-State Daily Pick 3/Pick 4	10,897	11,012	11,339	10,650	10,818	10,873	10,507	10,489	10,383	10,380
Tri-State Other Games	3,683	2,946	3,327	3,140	4,529	5,446	5,774	5,266	5,235	4,734
MUSL Other Games	1,740	2,261	2,265	3,481	3,001	4,633	3,538	4,324	7,206	15,299
Other						375	442	349	314	289
Total Lottery Sales Revenue ³	<u>212,833</u>	<u>221,198</u>	<u>237,005</u>	<u>227,980</u>	<u>262,742</u>	<u>263,940</u>	<u>261,132</u>	<u>239,932</u>	<u>234,087</u>	<u>229,154</u>
Bingo/Lucky 7 Program Revenue ²	2,030	2,041	2,078	976	-	-	-	-	-	-
Interest & Misc. Income	1,054	366	546	514	1,014	1,304	814	328	34	64
Total Sales and Other Revenues	<u>215,917</u>	<u>223,605</u>	<u>239,629</u>	<u>229,470</u>	<u>263,756</u>	<u>265,244</u>	<u>261,946</u>	<u>240,260</u>	<u>234,121</u>	<u>229,218</u>
<u>Expenses</u>										
Prizes	123,650	129,843	137,231	132,686	152,392	155,941	154,687	142,050	138,907	139,262
Retailer Commissions & Incentives	11,472	11,991	12,801	12,344	14,179	14,311	14,279	13,070	12,739	12,925
Other Costs of Sales	7,789	8,232	8,403	8,158	9,479	8,876	8,856	8,430	8,338	6,758
Administration & Depreciation Expenses	7,254	6,815	7,181	6,934	7,379	7,207	8,472	8,358	7,942	8,024
Total Expenses	<u>150,165</u>	<u>156,881</u>	<u>165,616</u>	<u>160,122</u>	<u>183,429</u>	<u>186,335</u>	<u>186,294</u>	<u>171,908</u>	<u>167,926</u>	<u>166,969</u>
<u>Transfers</u>										
Distributions to Education	<u>66,126</u>	<u>66,569</u>	<u>73,744</u>	<u>69,349</u>	<u>80,378</u>	<u>79,043</u>	<u>75,553</u>	<u>68,150</u>	<u>66,222</u>	<u>62,207</u>
<u>Change in Net Assets</u>										
Change in Net Assets ¹	<u>(374)</u>	<u>155</u>	<u>269</u>	<u>(1)</u>	<u>(51)</u>	<u>(134)</u>	<u>99</u>	<u>202</u>	<u>(27)</u>	<u>42</u>
<u>Net Assets</u> ⁴										
Invested in capital assets	276	189	119	127	191	235	242	164	97	42
Restricted for prize funds ⁴	3,426	3,581	3,850	3,849	3,798	3,664	3,763	3,965	3,938	3,979
Unrestricted (deficit)	\$ (276)	\$ (189)	\$ (119)	\$ (127)	\$ (191)	\$ (235)	\$ (242)	\$ (164)	\$ (97)	\$ (42)

1 The change in net assets 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.

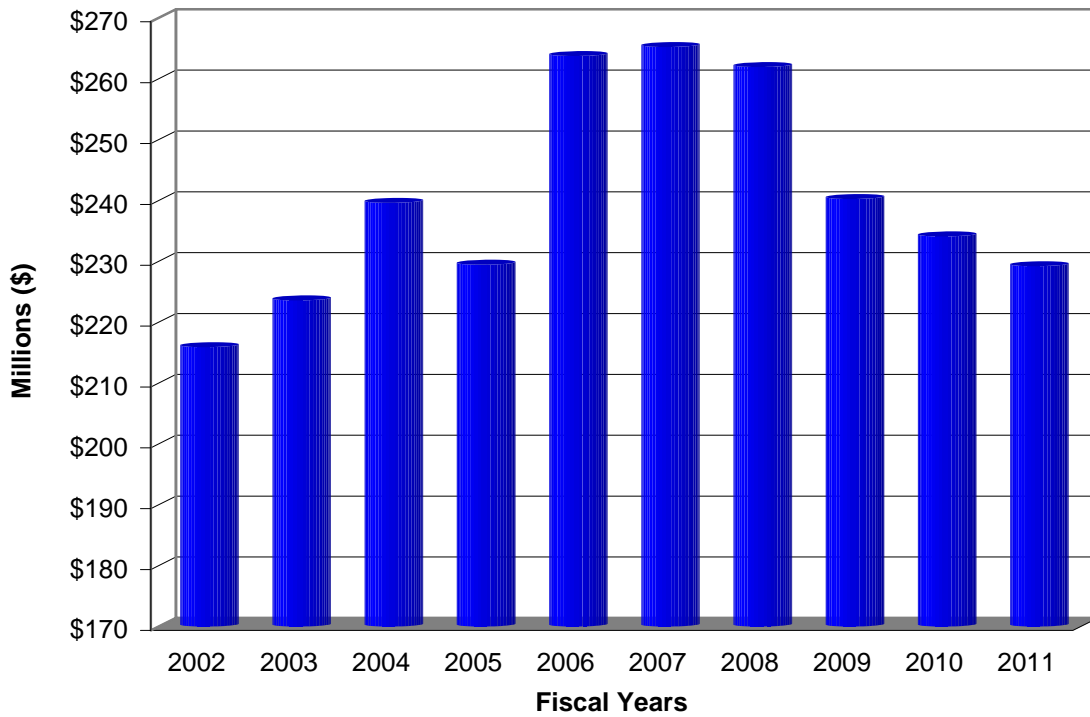
2 Effective January 1, 2005, the responsibilities for the regulation of charitable gaming and activities in the State were transferred from the Lottery to the Racing and Charitable Gaming Commission.

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

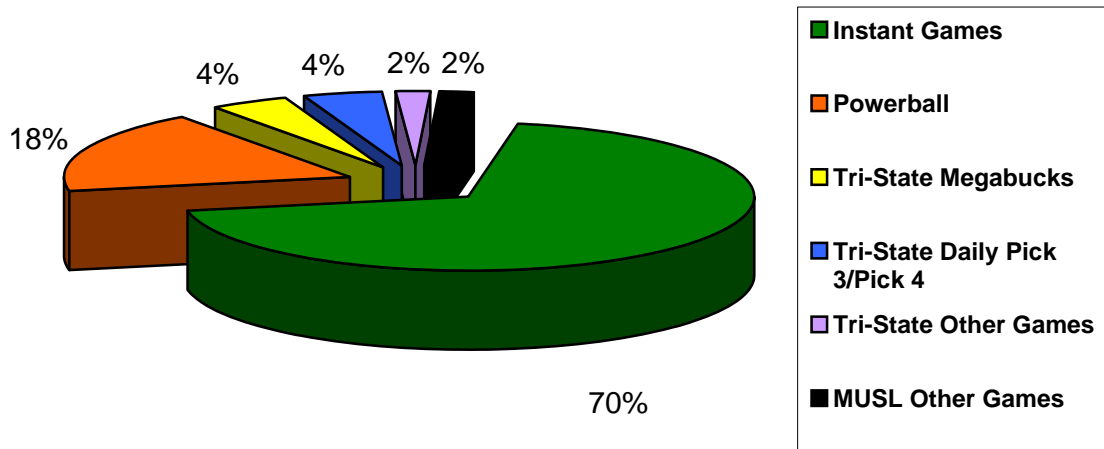
4 Net assets consist only of restricted prize funds held on deposit with the Multi-State Lottery Association and the Tri-State Lotto Commission.

New Hampshire Lottery Commission

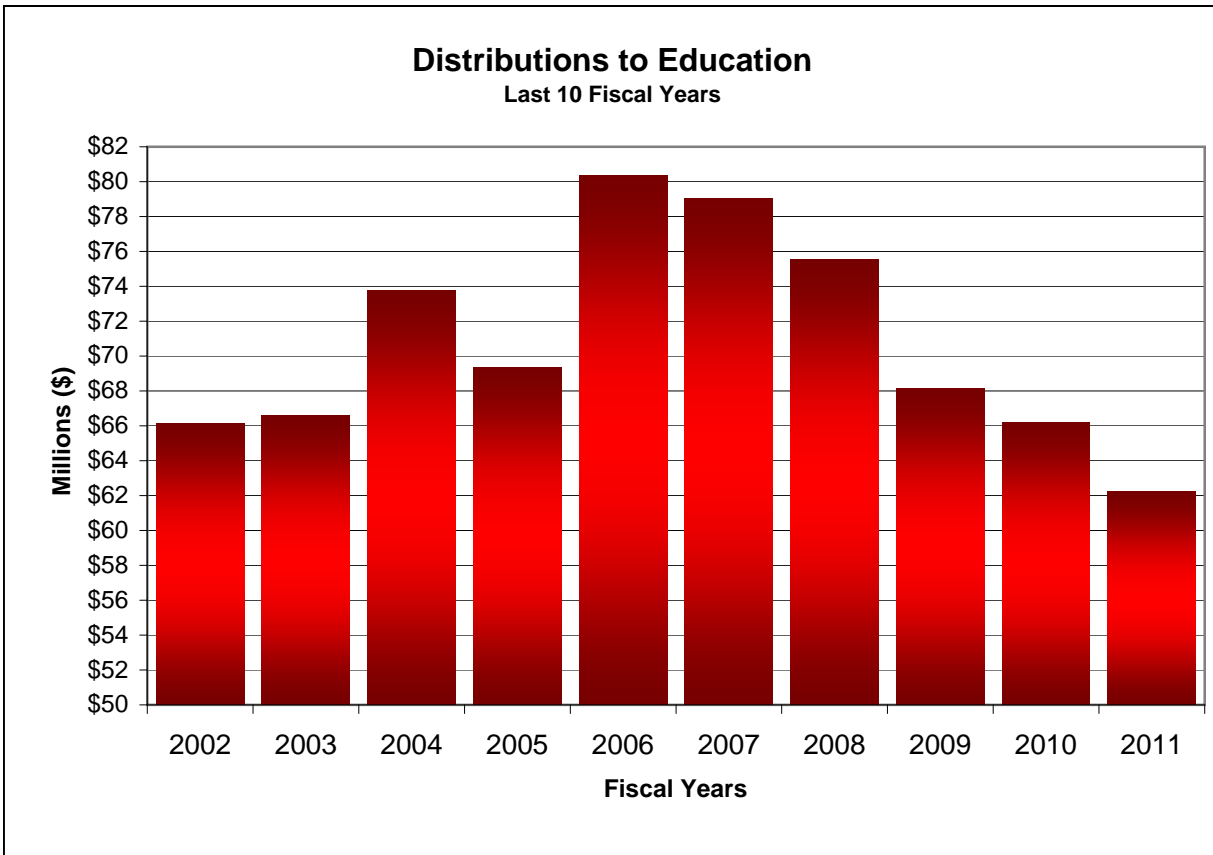
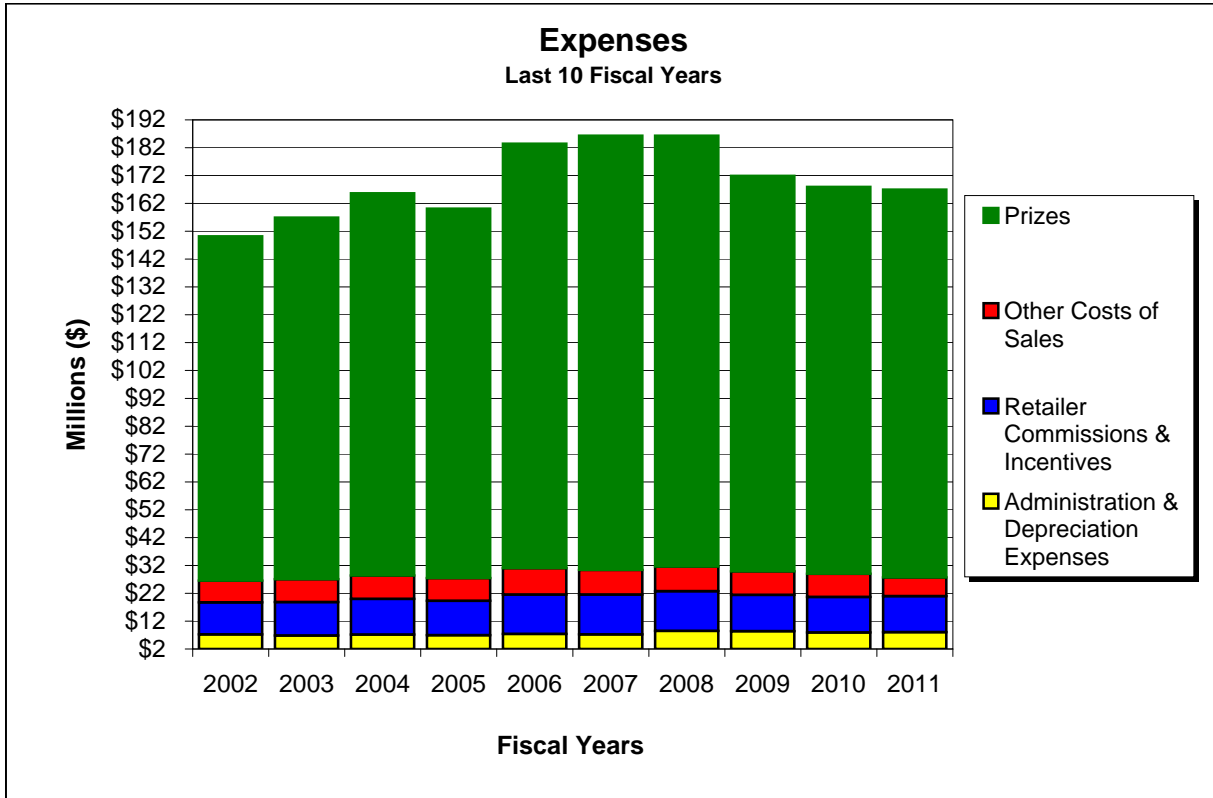
Total Sales and Other Revenues by Fiscal Year



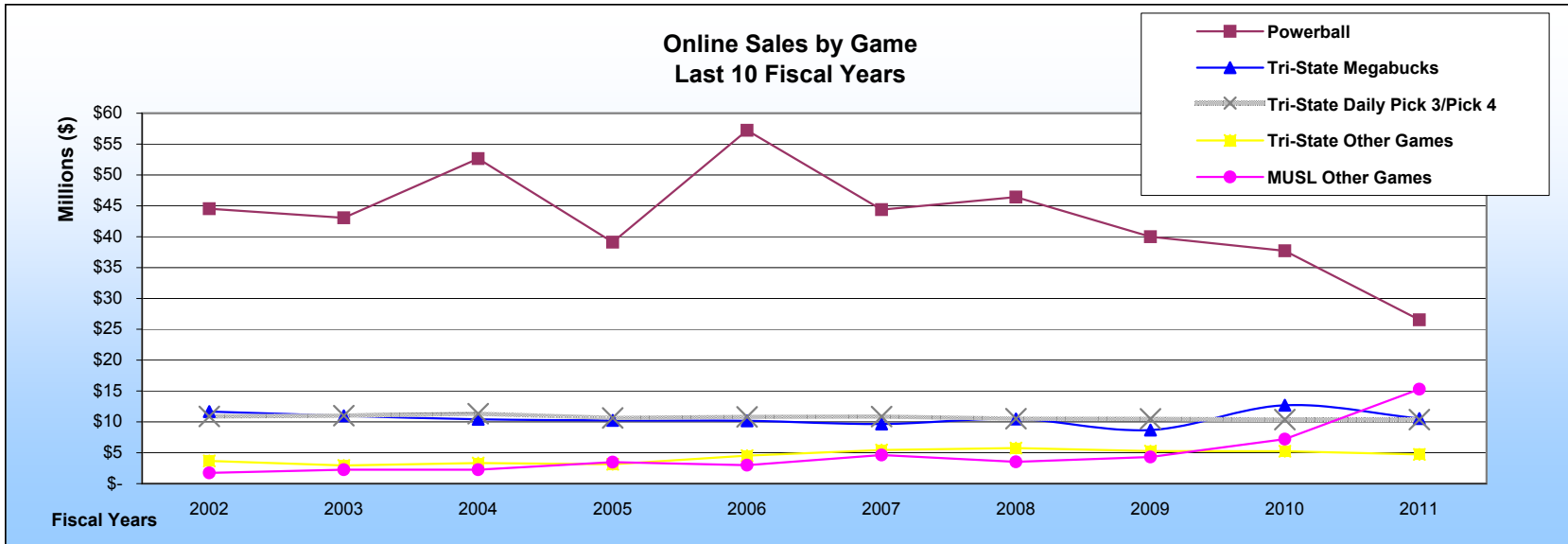
Sales by Game Last 10 Fiscal Years



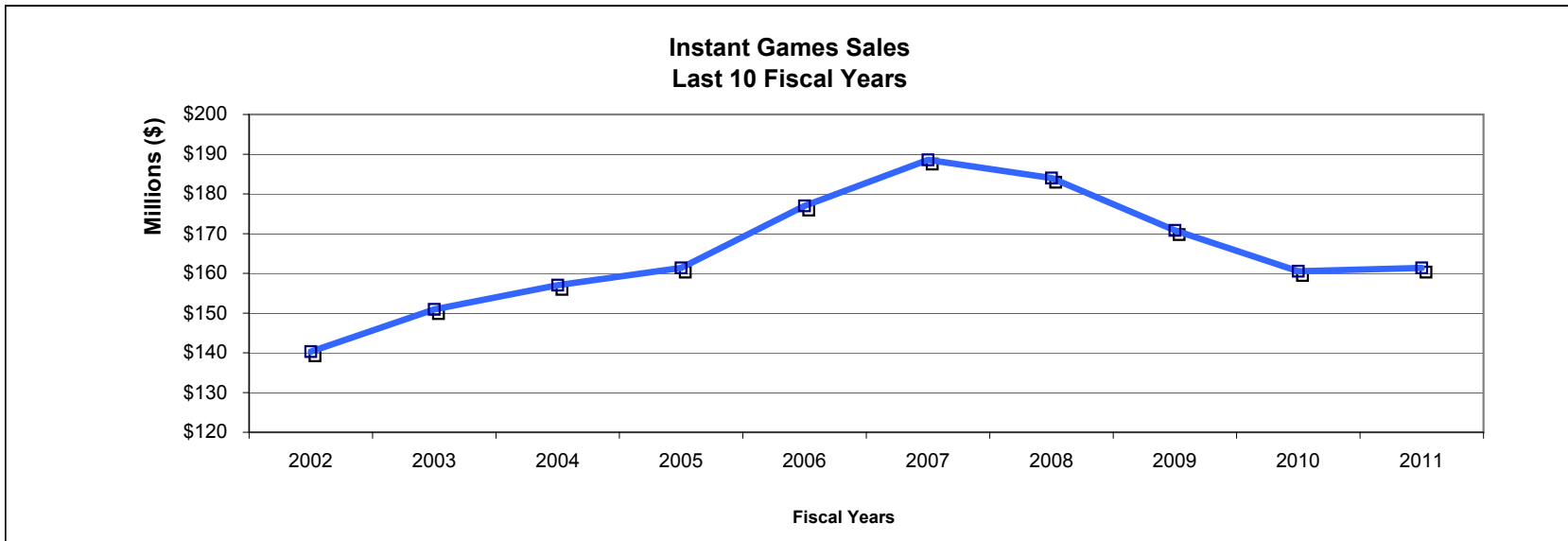
New Hampshire Lottery Commission



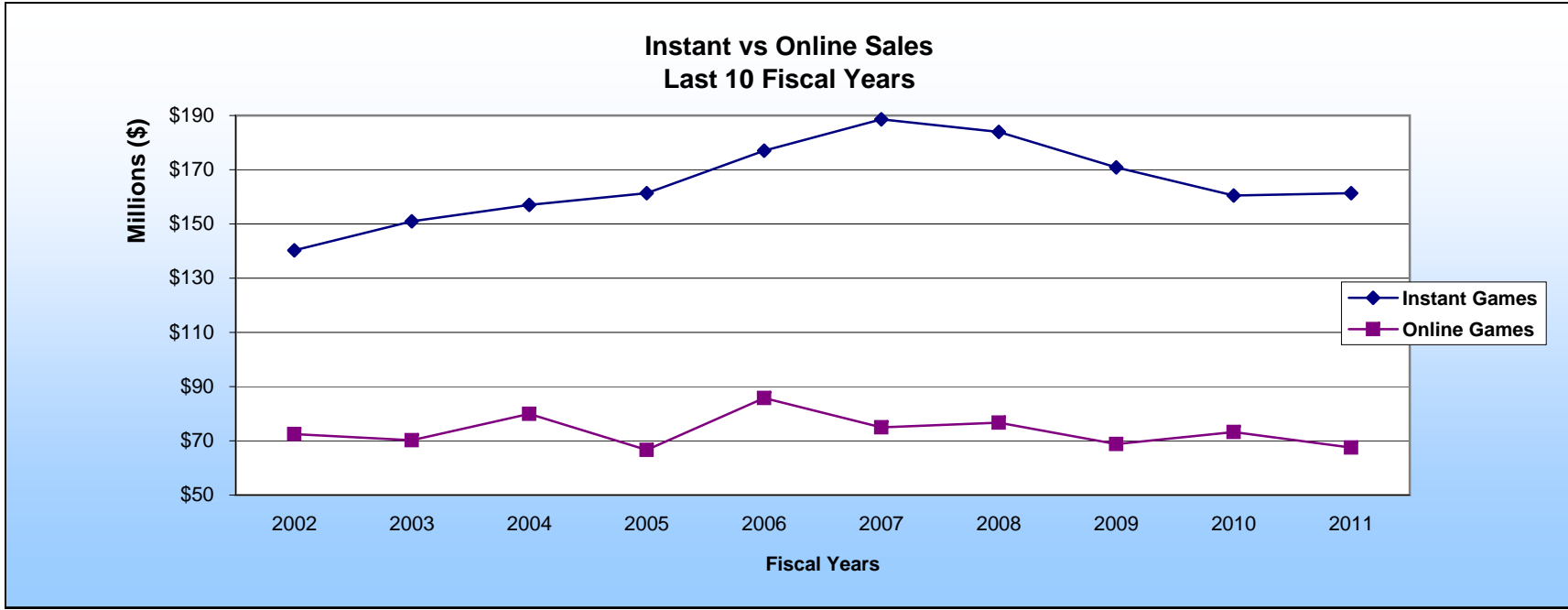
NEW HAMPSHIRE LOTTERY COMMISSION



Over the last ten years Instant Games sales were not only the strongest of all lottery products, but also had the greatest increase from \$140.3 million in 2002 to \$188.6 million in 2007. Instant Games are, for the most part, an impulse purchase depending on discretionary spending. The softening economy and the cost of automobile gasoline has negatively impacted Instant Games sales since 2008. 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 \$200 million jackpot will sell three times as many tickets as a \$25 million jackpot, however, large jackpots cannot be predicted and are subject to the “luck of the draw”.



NEW HAMPSHIRE LOTTERY COMMISSION



Prizes and Advertising Expenses as a Percentage of Sales for Instant and Online Games

Dollars in thousands	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instant Games										
Sales	\$140,320	\$150,936	\$157,016	\$161,358	\$176,978	\$188,565	\$183,991	\$170,823	\$160,536	\$161,378
Prizes	89,331	96,801	99,304	100,764	110,256	119,378	116,738	108,427	102,801	105,524
Prizes % of sales	63.66%	64.13%	63.24%	62.45%	62.30%	63.31%	63.45%	63.47%	64.04%	65.39%
Instant advertising expense	963	806	825	984	1,090	1,187	1,855	1,583	1,231	1,585
Instant advertising expense % of Instant ticket sales	0.69%	0.53%	0.53%	0.61%	0.62%	0.63%	1.01%	0.93%	0.77%	0.98%
Online Games										
Sales	\$72,513	\$70,262	\$79,989	\$66,622	\$85,764	\$75,375	\$77,141	\$69,109	\$73,551	\$67,776
Prizes	34,319	33,042	37,927	31,922	42,136	36,563	37,949	33,623	36,106	33,738
Prizes as a % of sales	47.33%	47.03%	47.41%	47.92%	49.13%	48.51%	49.19%	48.65%	49.09%	49.78%
Online advertising expense	1,784	1,984	2,113	1,689	1,679	1,554	1,158	2,205	2,050	1,673
Online games advertising expense % of online games sales	2.46%	2.82%	2.64%	2.54%	1.96%	2.06%	1.50%	3.19%	2.79%	2.47%

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

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

<u>Fiscal Year</u>	<u>Number of Employees</u> ¹	<u>Salaries Paid</u>	<u>Benefits Paid to Employees</u>	<u>Number of Retirees</u>	<u>Post Employment Benefits Paid</u> ²
2011	61	\$2,102,128	\$983,785	58	\$286,507
2010	60	2,073,092	1,003,341	52	357,086
2009	63	2,034,221	912,206	49	333,702
2008	67	2,008,383	893,401	47	222,216
2007	74	1,716,133	892,886	46	267,366
2006	76	1,920,437	944,916	48	255,528
2005	78	1,681,328	819,267	45	251,919
2004	79	1,952,369	844,594	45	176,816
2003	79	1,737,377	816,901	49	172,732
2002	79	1,900,401	617,421	47	152,424

¹ Includes part-time employees

² The Lottery is required to pay retiree benefits due to being a self-funded agency.

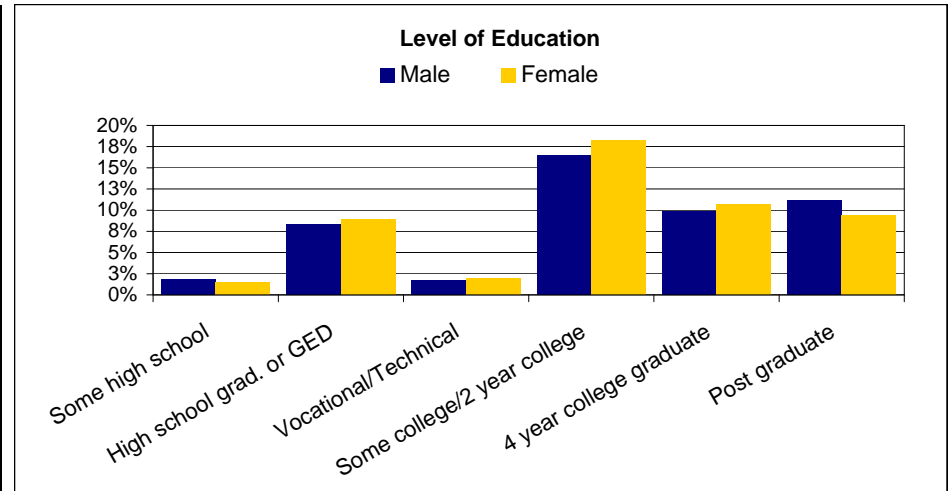
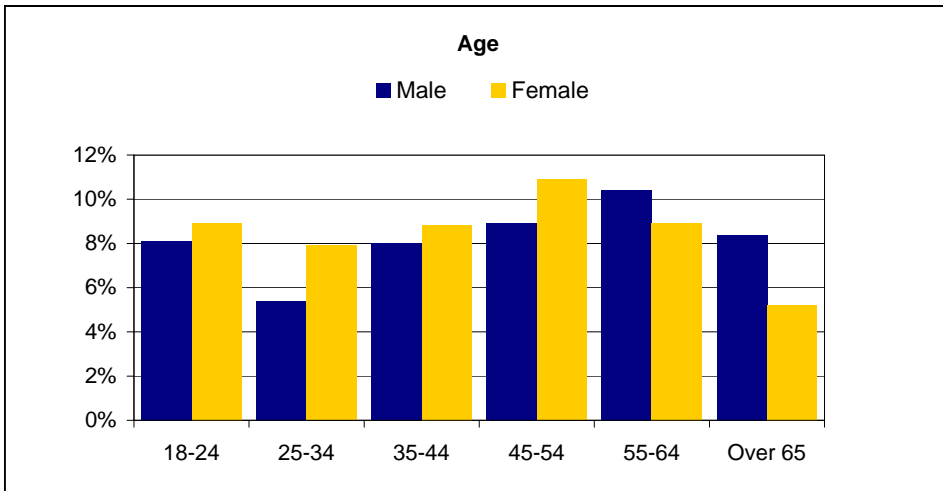
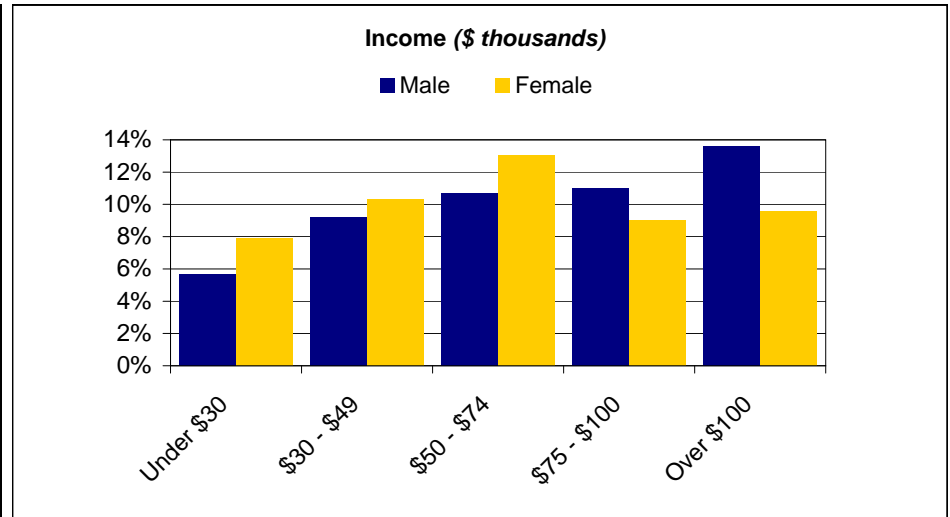
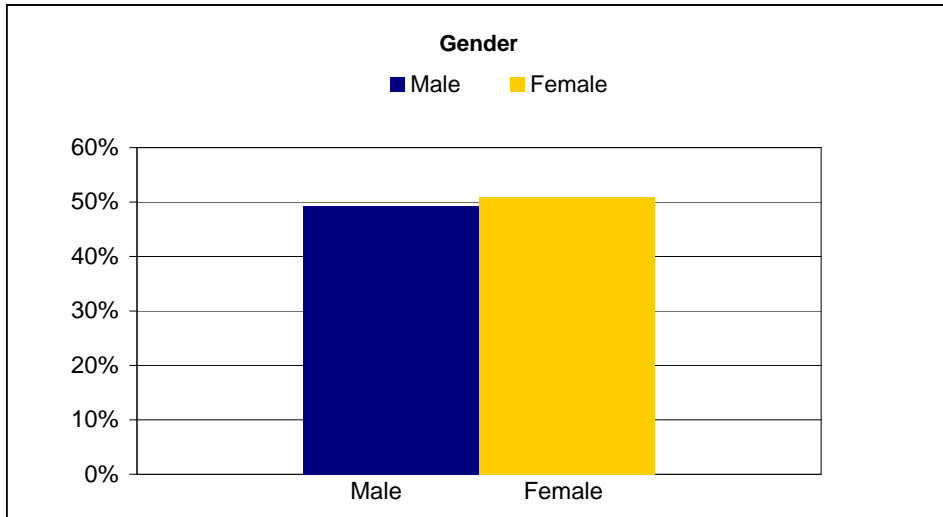
B. New Hampshire Demographic and Economic Statistics (Information available for calendar years 2000 – 2010):

<u>Calendar Year</u>	<u>Gross Domestic Product (billions)</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median age</u>	<u>High School Graduate or More</u> ¹	<u>Bachelor's Degree or More</u> ¹	<u>Unemployment Rate</u>
2010	\$60.3	1,316,470	\$58,356,000	\$44,084	41.1	NA ²	NA ²	5.2%
2009	59.1	1,324,575	56,407,553	42,585	40.4	90.5%	32.4%	6.8%
2008	60.0	1,315,809	56,356,332	42,830	40.2	81.0%	32.4%	4.0%
2007	57.8	1,312,828	54,640,414	41,639	39.8	90.5%	32.5%	3.9%
2006	56.1	1,309,940	51,964,396	39,703	37.5	89.9%	31.9%	3.2%
2005	53.5	1,299,169	48,681,601	37,432	39.5	90.8%	35.4%	3.6%
2004	51.4	1,287,594	47,190,121	36,523	39.2	92.1%	34.0%	3.9%
2003	48.2	1,274,666	44,327,084	34,596	38.8	90.2%	31.0%	4.4%
2002	46.2	1,258,546	43,393,153	34,149	38.2	88.3%	32.1%	4.5%
2001	44.3	1,240,554	42,623,930	33,919	38.1	87.0%	29.0%	3.4%

¹ Calculation is based on persons 25 years and older. ² Data not available at time of report.

Data sources: US Census Bureau, US Dept of Commerce, US Dept of Labor, Bureau of Business and Economic Research,

New Hampshire Lottery Commission Who Plays New Hampshire Lottery Games? Demographic Summary



Source: Survey conducted by SocialSphere, Inc. May 2011.

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

In millions

<u>2011</u>		<u>2010</u>		<u>2009</u>		<u>2008</u>		<u>2007</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	\$ 15.4	Cumberland Farms	\$ 13.6	Cumberland Farms	\$ 14.0	Cumberland Farms	\$ 15.0	Cumberland Farms	\$ 15.3
Cumberland Farms	13.7	Circle K	13.6	Circle K	13.3	Irving	13.4	Irving	\$ 11.8
Hannford Food & Drug	12.4	Hannaford Bros Co.	10.9	Hannaford Bros Co.	11.6	Hannaford Bros Co.	12.1	Hannaford Bros Co.	\$ 11.7
Demoulas Market Basket	10.5	Demoulas Market Basket	10.5	Demoulas Market Basket	10.4	Demoulas Market Basket	10.7	Demoulas Market Basket	\$ 10.6
Shaws Supermarket	9.0	Shaws	8.9	NH State Liquor Comm	9.1	NH State Liquor Comm	10.0	NH State Liquor Comm	\$ 9.9
NH State Liquor Comm	7.8	NH State Liquor Comm	8.8	Shaws	8.9	Shaws	9.5	Shaws	\$ 9.9
7- Eleven	7.1	7-Eleven	7.2	7-Eleven	7.4	7-Eleven	8.0	7-Eleven	\$ 7.2
AGR Foodmart Inc (Shell)	4.8	AGR Foodmart	4.5	AGR Foodmart Inc	5.0	AGR Foodmart Inc	5.3	Store 24	\$ 5.4
Nouria Energy (Shell)	4.0	Nouria Energy	3.7	Store 24	3.6	Store 24	3.7	AGR Foodmart Inc	\$ 4.8
Tedeschi Food Shops	3.5	Tedeschi Food Shops	3.5	Nouria Energy	3.3	Nouria Energy	3.4	Nouria Energy	\$ 3.3

<u>2006</u>		<u>2005</u>		<u>2004</u>		<u>2003</u>		<u>2002</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>
Cumberland Farms	\$ 14.7	Cumberland Farms	\$ 11.8	Cumberland Farms	\$ 11.5	Cumberland Farms	\$ 10.6	Cumberland Farms	\$ 10.0
Hannaford Bros	11.2	Hannaford Bros	9.3	NH State Liquor Comm	9.2	Hannaford Bros Co.	8.5	NH State Liquor Comm	8.4
Demoulas Market Basket	10.6	Shaws	8.6	Hannaford Bros	9.1	NH State Liquor Comm	8.4	Hannaford Bros Co.	7.9
Irving	10.5	Demoulas Market Basket	8.5	Demoulas Market Basket	8.5	Demoulas Market Basket	7.6	Demoulas Market Basket	7.3
Shaws	9.7	Irving	7.7	Shaws	8.5	Shaws	7.0	Shaws	6.3
NH State Liquor Comm	9.3	NH State Liquor Comm	6.8	Irving	6.9	Irving	5.9	Irving	4.8
7-Eleven	6.2	7-Eleven	5.4	7-Eleven	3.9	7-Eleven	3.2	Store 24	2.7
Store 24	3.7	Store 24	3.2	Store 24	3.2	Store 24	3.0	Jiffy Mart	2.4
AGR Foodmart Inc	3.6	AGR Foodmart Inc	3.1	AGR Foodmart Inc	2.9	Jiffy Mart	2.6	Mr. Mikes	2.1
Nouria Energy	3.0	Cheshire Oil	2.6	Jiffy Mart	2.8	Mr. Mikes	2.4	7-Eleven	2.0

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

2011			2010		
<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	17,887	2.52%	1 State of NH	22,077	3.14%
2 Wal-Mart Stores Inc	8,421	1.19%	2 Wal-Mart Stores Inc	8,974	1.28%
3 Dartmouth-Hitchcock Medical Center	7,073	1.00%	3 Dartmouth-Hitchcock Medical Center	8,025	1.14%
4 University System of NH	6,081	0.86%	4 University System of NH	6,459	0.92%
5 Demoulas & Market Basket	6,000	0.85%	5 Demoulas & Market Basket	6,000	0.85%
6 BAE Systems	4,500	0.64%	6 Hannaford Brothers	4,776	0.68%
7 Fidelity Investments	4,400	0.62%	7 Fidelity Investments	4,600	0.65%
8 Dartmouth College	4,250	0.60%	8 BAE Systems	4,500	0.64%
9 Liberty Mutual-Northern N.E. Division	4,200	0.59%	9 Shaw's Supermarkets	4,399	0.63%
10 Hannaford Brothers	3,894	0.55%	10 Dartmouth College	4,399	0.63%
Total	<u>66,706</u>	<u>9.42%</u>	Total	<u>74,209</u>	<u>10.56%</u>

2009			2008		
<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	22,832	3.29%	1 State of NH	21,983	3.04%
2 Wal-Mart Stores Inc	9,017	1.30%	2 Wal-Mart Stores Inc	8,631	1.19%
3 Dartmouth-Hitchcock Medical Center	8,025	1.16%	3 Dartmouth-Hitchcock Medical Center	7,804	1.08%
4 University System of NH	6,457	0.93%	4 University System of NH	6,784	0.94%
5 Demoulas & Market Basket	6,000	0.86%	5 Demoulas & Market Basket	6,000	0.83%
6 Fidelity Investments	5,500	0.79%	6 Fidelity Investments	5,700	0.79%
7 BAE Systems	4,700	0.68%	7 BAE Systems	5,133	0.71%
8 Shaw's Supermarkets	4,516	0.65%	8 Shaw's Supermarkets	4,629	0.64%
9 Hannaford Brothers	4,474	0.64%	9 Hannaford Brothers	4,500	0.62%
10 Dartmouth College	4,407	0.63%	10 Dartmouth College	4,246	0.59%
Total	<u>75,928</u>	<u>10.93%</u>	Total	<u>75,410</u>	<u>10.43%</u>

2007			2006		
<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	21,655	2.99%	1 State of NH	21,121	2.93%
2 Wal-Mart Stores Inc	8,012	1.11%	2 Wal-Mart Stores Inc	8,659	1.20%
3 University System of NH	6,668	0.92%	3 University System of NH	6,901	0.96%
4 Demoulas & Market Basket	6,600	0.91%	4 Demoulas & Market Basket	6,600	0.92%
5 Dartmouth-Hitchcock Medical Center	6,211	0.86%	5 Dartmouth-Hitchcock Medical Center	7,100	0.98%
6 Fidelity Investments	5,430	0.75%	6 Fidelity Investments	4,859	0.67%
7 Shaw's Supermarkets	4,700	0.65%	7 Shaw's Supermarkets	4,600	0.64%
8 Hannaford Brothers	4,663	0.64%	8 Hannaford Brothers	5,374	0.75%
9 Dartmouth College	4,246	0.59%	9 Dartmouth College	4,246	0.59%
10 BAE Systems	4,100	0.57%	10 BAE Systems	4,100	0.57%
Total	<u>72,285</u>	<u>9.99%</u>	Total	<u>73,560</u>	<u>10.21%</u>

Source: State of New Hampshire CAFR - fiscal year 2006 was the earliest reported data.

New Hampshire Lottery Commission

Game Statistics for Last Ten Fiscal Years

Fiscal Year	Number of Lottery Terminals	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 ²	Highest Powerball Jackpot Amount	Expired Unclaimed Powerball Prizes ³
2011	1273	8	91	\$30	12,573	173,703	6	\$ 221,700,000	\$468,469 ⁵
2010	1222	8	111	30	12,231 ⁶	139,039	7	261,600,000	723,209
2009	1255	7	111	30	21,395	98,617	5	232,100,000	736,202
2008	1256	8	106	30	21,869	138,535	24	300,000,000	984,855
2007	1256	7	91	20	21,869	100,000	5	204,000,000	1,145,287
2006	1225	7	88	20	21,866	-	5	365,000,000	1,078,540
2005	1220	6	61	10	24,946 ¹	-	3	340,000,000	1,714,458
2004	1227	6	61	10	10,353	-	8	214,700,000	1,307,376
2003	1215	6	57	10	11,100	-	3	261,300,000	1,689,179
2002	1186	6	52	7	13,000	-	1	314,924,354	992,741

¹ Powerball subscriptions began. 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.

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 Lotto	Tri-State Fast Play	Other - Replay	Fiscal Year Total Prizes
2011	\$105,524,430	\$13,023,160	\$7,503,844	\$5,222,761	\$5,191,035	\$1,924,242	\$583,893	\$289,056	\$139,262,421
2010	102,800,698	18,008,834	3,490,732	6,464,015	5,199,090	2,144,473	485,276	313,601	138,906,719
2009	108,427,290	19,151,243	2,070,928	4,237,157	5,242,902	2,056,310	515,570	348,635	142,050,035
2008	116,737,902	22,127,401	1,719,808	5,247,688	5,252,500	2,500,110	659,406	442,519	154,687,334
2007	119,378,231	20,956,832	2,230,231	4,813,274	5,437,311	2,063,821	685,565	375,467	155,940,732
2006	110,256,485	27,540,712	1,479,781	5,147,580	5,410,637	2,338,749	218,404	-	152,392,348
2005	100,763,773	18,229,249	1,652,591	5,143,028	5,322,821	1,574,702	-	-	132,686,164
2004	99,304,490	24,298,055	1,098,587	5,200,787	5,665,202	1,663,694	-	-	137,230,815
2003	96,800,965	19,323,318	1,089,128	5,549,961	5,588,329	1,491,024	-	-	129,842,725
2002	89,331,116	20,171,373	823,621	5,842,139	5,642,046	1,839,696	-	-	123,649,991

U.S. Lottery Revenue and Expense Analysis - Fiscal Year 2010

LOTTERY	(millions of dollars)					(as a percentage of ticket sales)			
	Ticket Sales	Prizes	Retailer Comm.	Other Expenses	Net Oper Income	Prizes	Retailer Comm.	Other Exp.	Net Oper Income
Arizona	\$ 551.5	\$ 333.1	\$ 37.0	\$ 40.0	\$ 141.4	60.4%	6.7%	7.3%	25.6%
Arkansas	383.7	247.7	21.6	33.3	81.1	64.6%	5.6%	8.7%	21.1%
California ~	3,040.9	1,611.4	214.5	191.0	1,024.0	53.0%	7.1%	6.3%	33.7%
Colorado	501.2	310.3	38.1	39.6	113.2	61.9%	7.6%	7.9%	22.6%
Connecticut	996.8	608.7	55.9	44.3	287.9	61.1%	5.6%	4.4%	28.9%
Delaware *	136.9	72.5	7.4	16.9	40.1	53.0%	5.4%	12.3%	29.3%
D.C. ~	230.1	118.9	14.5	30.0	66.7	51.7%	6.3%	13.0%	29.0%
Florida	3,900.5	2,346.1	216.2	129.8	1,208.4	60.1%	5.5%	3.3%	31.0%
Georgia ~	3,387.4	2,129.1	239.3	140.4	878.6	62.9%	7.1%	4.1%	25.9%
Idaho	147.2	88.3	8.7	13.2	37.0	60.0%	5.9%	9.0%	25.1%
Illinois	2,191.4	1,313.6	110.2	120.7	646.9	59.9%	5.0%	5.5%	29.5%
Indiana	740.3	456.3	51.1	49.5	183.4	61.6%	6.9%	6.7%	24.8%
Iowa	256.3	150.5	16.1	32.3	57.4	58.7%	6.3%	12.6%	22.4%
Kansas ~	235.4	132.6	13.7	22.0	67.1	56.3%	5.8%	9.3%	28.5%
Kentucky	723.4	421.9	47.3	40.3	213.9	58.3%	6.5%	5.6%	29.6%
Louisiana	372.4	189.7	20.6	31.1	131.0	50.9%	5.5%	8.4%	35.2%
Maine	217.0	133.4	13.9	19.5	50.2	61.5%	6.4%	9.0%	23.1%
Maryland ~	1,706.6	1,034.1	113.1	58.0	501.4	60.6%	6.6%	3.4%	29.4%
Massachusetts ~	4,412.1	3,174.9	259.1	86.2	891.9	72.0%	5.9%	2.0%	20.2%
Michigan ~	2,359.2	1,381.6	202.5	105.9	669.2	58.6%	8.6%	4.5%	28.4%
Minnesota	498.9	305.3	29.9	41.8	121.9	61.2%	6.0%	8.4%	24.4%
Missouri ~	971.9	628.0	59.9	36.9	247.1	64.6%	6.2%	3.8%	25.4%
Montana	46.8	25.9	2.3	8.0	10.6	55.3%	4.9%	17.1%	22.6%
Nebraska	130.6	75.0	8.1	15.8	31.7	57.4%	6.2%	12.1%	24.3%
New Hampshire	234.1	138.9	12.7	16.3	66.2	59.3%	5.4%	7.0%	28.3%
New Jersey	2,605.1	1,511.9	144.9	66.4	881.9	58.0%	5.6%	2.5%	33.9%
New Mexico	143.6	78.6	9.4	12.0	43.6	54.7%	6.5%	8.4%	30.4%
New York ~	6,781.1	3,952.1	405.9	252.6	2,170.5	58.3%	6.0%	3.7%	32.0%
North Carolina	1,421.3	835.3	99.3	59.3	427.4	58.8%	7.0%	4.2%	30.1%
North Dakota	24.4	12.6	1.3	4.3	6.2	51.6%	5.3%	17.6%	25.4%
Ohio	2,490.2	1,513.7	153.4	109.4	713.7	60.8%	6.2%	4.4%	28.7%
Oklahoma	199.8	105.1	13.2	13.9	67.6	52.6%	6.6%	7.0%	33.8%
Oregon * ~	320.7	206.0	27.2	25.7	61.8	64.2%	8.5%	8.0%	19.3%
Pennsylvania	3,065.7	1,867.1	160.1	123.6	914.9	60.9%	5.2%	4.0%	29.8%
Rhode Island * ~	234.6	141.8	28.7	9.6	54.5	60.4%	12.2%	4.1%	23.2%
South Carolina	1,007.2	628.3	71.2	39.0	268.7	62.4%	7.1%	3.9%	26.7%
South Dakota * ~	45.5	25.5	2.5	5.2	12.3	56.0%	5.5%	11.4%	27.0%
Tennessee	1,060.1	651.2	74.3	49.8	284.8	61.4%	7.0%	4.7%	26.9%
Texas	3,738.4	2,300.2	196.2	185.3	1,056.7	61.5%	5.2%	5.0%	28.3%
Vermont	97.5	61.1	5.7	9.1	21.6	62.7%	5.8%	9.3%	22.2%
Virginia	1,435.1	852.7	80.4	73.8	428.2	59.4%	5.6%	5.1%	29.8%
Washington ~	491.0	291.8	31.0	43.2	125.0	59.4%	6.3%	8.8%	25.5%
W. Virginia * ~	181.2	108.0	12.7	11.0	49.5	59.6%	7.0%	6.1%	27.3%
Wisconsin	481.1	273.0	33.3	31.1	143.7	56.7%	6.9%	6.5%	29.9%
TOTALS	\$ 54,196.3	\$ 32,843.8	\$ 3,364.4	\$ 2,487.1	\$ 15,500.9	60.6%	6.2%	4.6%	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 2010 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31); Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2010 LaFleur's World Lottery Almanac

U.S. Lottery Sales By Game - Fiscal Year 2010

(\$ Millions)	Population (millions)	Number of Retailers	Online Games				Total Sales	Per Capita Sales	VLT* (net)
			Instant Sales	3/4 Digit Sales	Lotto Sales	Other Sales			
Arizona	6.7	2,914	\$336.9	\$14.0	\$186.5	\$14.1	\$551.5	\$82.3	\$547.7
Arkansas	2.9	1,915	335.5	5.3	42.9	-	383.7	132.3	
California ~	37.3	21,000	1,661.3	159.5	1,092.2	128.0	3,041.0	81.5	
Colorado	5.1	3,069	328.1	0.0	166.9	6.2	501.2	98.3	
Connecticut	3.5	2,722	593.4	211.3	161.5	30.7	996.9	284.8	
Delaware *	0.9	535	36.1	43.7	42.6	14.6	137.0	152.2	
D.C. ~	0.6	460	50.0	125.0	42.1	13.0	230.1	383.6	
Florida	18.7	13,159	2,073.1	539.1	972.0	316.3	3,900.5	208.6	
Georgia ~	9.9	8,179	2,155.5	708.1	375.5	148.2	3,387.3	342.2	
Idaho	1.6	1,006	93.9	1.6	47.8	3.9	147.2	92.0	
Illinois	12.9	7,336	1,172.4	492.4	505.0	21.6	2,191.4	169.9	
Indiana	6.4	3,919	474.2	57.3	186.2	22.7	740.4	115.7	
Iowa	3.0	-	164.0	9.2	82.3	0.8	256.3	85.4	
Kansas ~	2.8	1,819	124.1	6.1	72.1	33.0	235.3	84.0	
Kentucky	4.3	2,820	471.2	160.5	140.8	-	772.5	179.6	
Louisiana	4.5	2,867	136.0	82.6	150.8	3.0	372.4	82.8	
Maine	1.3	1,302	152.1	9.0	55.1	0.8	217.0	166.9	
Maryland ~	5.7	4,215	490.6	513.6	210.1	492.0	1,706.3	299.4	
Massachusetts ~	6.6	8,071	3,016.6	345.1	277.4	772.9	4,412.0	668.5	
Michigan ~	9.9	10,797	779.9	703.2	337.8	538.3	2,359.2	238.3	
Minnesota	5.3	3,021	338.1	12.9	136.0	11.9	498.9	94.1	
Missouri ~	6.0	4,778	638.1	97.3	180.2	56.3	971.9	162.0	
Montana	1.0	752	14.3	-	29.6	3.0	46.9	46.9	
Nebraska	1.8	1,166	67.0	3.2	58.5	2.0	130.7	72.6	
New Hampshire	1.3	1,232	160.5	10.4	61.9	1.3	234.1	180.1	
New Jersey	8.7	6,100	1,301.5	699.4	604.2	-	2,605.1	299.4	
New Mexico	2.0	1,205	78.4	3.4	61.8	-	143.6	71.8	
New York * ~	19.6	15,990	3,611.1	1,611.2	1,114.7	444.1	6,781.1	346.0	1,037.3
North Carolina	9.5	6,239	855.6	280.2	285.6	-	1,421.4	149.6	
North Dakota	0.7	399	-	-	24.4	-	24.4	34.9	
Ohio	11.5	9,296	1,379.0	568.0	349.2	193.9	2,490.2	216.5	
Oklahoma	3.7	1,963	89.0	6.3	104.5	-	199.8	54.0	
Oregon * ~	3.9	3,922	113.3	1.3	94.9	111.3	320.8	82.3	707.0
Pennsylvania	12.6	8,520	1,748.7	648.1	616.2	52.7	3,065.7	243.3	
Rhode Island * ~	1.1	1,235	78.1	25.2	51.5	80.0	234.8	213.5	467.8
South Carolina	4.6	3,681	646.2	199.8	161.2	-	1,007.2	219.0	
South Dakota * ~	0.8	617	20.2	-	25.4	-	45.6	57.0	215.5
Tennessee	6.3	-	812.4	82.8	165.3	-	1,060.5	168.3	
Texas	25.2	16,758	2,761.0	333.0	595.3	49.1	3,738.4	148.4	
Vermont	0.6	741	71.4	2.9	22.3	0.9	97.5	162.6	
Virginia	8.0	4,907	711.2	444.4	266.1	13.5	1,435.2	179.4	
Washington ~	6.7	4,274	289.3	30.7	165.8	5.3	491.1	73.3	
W. Virginia * ~	1.8	1,596	97.5	13.1	63.2	7.4	181.2	100.7	1,144.6
Wisconsin	5.7	3,632	273.3	38.4	169.5	-	481.2	84.4	
Total	293.0	200,129	\$30,800.1	\$9,298.6	\$10,554.8	\$3,592.8	\$54,246.3	\$185.1	\$4,119.8
% of total sales			56.8%	17.1%	19.5%	6.6%	100.0%		

* VLT = Sales from Video Lottery Terminals

~ Other sales include Keno sales.

Note: Fiscal Year 2010 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31); Texas (August 31); Washington DC and Michigan (September 30).

Iowa and Tennessee lotteries did not report number of retailers.

Source: The 2010 LaFleur's World Lottery Almanac

**U.S. Lottery - Government Transfers From Net Profits
Fiscal Years 2002 - 2010**

LOTTERY	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010 Ranking (highest to lowest)	
Arizona	\$84.9	\$92.5	\$105.9	\$116.4	\$141.1	\$139.9	\$144.5	\$129.1	\$141.9	1	New York * ~ \$2,666.4
Arkansas	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	83.0	2	Florida 1,246.8
California	1,027.2	977.0	1,044.1	1,148.8	1,258.5	1,176.9	1,069.3	1,027.7	1,072.5	3	California 1,072.5
Colorado	110.1	104.8	104.1	103.7	125.6	119.0	122.3	119.6	112.9	4	Texas 1,063.1
Connecticut	271.5	256.8	280.8	268.5	284.9	278.3	283.6	282.9	288.1	5	New Jersey 924.0
Delaware *	292.4	271.8	283.9	297.9	316.0	327.0	319.8	311.8	331.6	6	Pennsylvania 915.7
D.C. ~	63.0	72.1	73.5	71.5	73.8	65.4	70.3	68.8	66.7	7	Massachusetts ~ 903.5
Florida	926.5	1,035.2	1,051.7	1,103.6	1,224.7	1,263.3	1,283.4	1,287.9	1,246.8	8	Georgia ~ 883.9
Georgia ~	726.2	767.2	782.7	802.2	822.4	853.6	867.7	872.1	883.9	9	Ohio 728.6
Idaho	15.0	18.0	25.0	26.0	33.0	34.0	35.3	35.3	36.6	10	Michigan ~ 713.6
Illinois	552.3	539.8	576.1	619.5	645.9	631.2	648.5	634.7	651.7	11	Illinois 651.7
Indiana	169.4	178.9	195.8	188.9	216.5	217.6	217.1	178.9	189.7	12	W. Virginia * ~ 580.9
Iowa	48.2	48.0	55.8	51.1	80.9	58.2	56.6	60.6	57.9	13	Oregon * ~ 541.1
Kansas ~	55.2	62.5	70.2	65.4	67.1	71.0	70.1	68.2	67.9	14	Maryland ~ 510.6
Kentucky	172.7	180.7	193.5	158.2	204.3	196.3	192.1	204.4	214.3	15	North Carolina 433.2
Louisiana	111.0	110.8	121.2	110.4	119.4	128.2	131.9	135.9	133.7	16	Virginia 430.2
Maine	40.5	40.3	42.5	50.3	51.6	51.4	52.4	50.6	52.9	17	R. Island * ~ 344.7
Maryland ~	443.5	444.9	458.4	477.1	501.0	494.1	529.4	493.2	510.6	18	Delaware * 331.6
Massachusetts ~	899.2	889.5	912.0	936.1	951.2	920.0	935.0	859.4	903.5	19	Tennessee 288.9
Michigan ~	645.9	586.1	644.9	667.6	688.0	748.9	740.7	737.2	713.6	20	Connecticut 288.1
Minnesota	81.7	79.4	100.7	106.2	119.3	112.4	116.3	118.3	122.2	21	S. Carolina 272.5
Missouri ~	160.0	203.5	229.4	218.6	260.7	257.9	266.7	256.3	259.7	22	Missouri ~ 259.7
Montana	7.5	7.5	8.1	6.2	9.1	11.4	11.0	10.1	10.5	23	Kentucky 214.3
Nebraska	18.5	20.2	20.6	26.4	27.6	29.3	31.0	30.3	32.0	24	Indiana 189.7
New Hampshire	66.1	66.6	73.7	69.4	80.4	79.0	75.6	68.2	66.2	25	Washington ~ 142.5
New Jersey	754.6	765.4	795.0	812.1	844.2	828.3	882.1	887.2	924.0	26	Arizona 141.9
New Mexico	29.6	33.1	35.9	32.2	36.9	34.9	40.8	40.8	43.6	27	Louisiana 133.7
New York * ~	1,579.6	1,780.4	1,907.4	2,062.7	2,202.6	2,358.4	2,556.1	2,544.0	2,666.4	28	Wisconsin 128.1
North Carolina	n/a	n/a	n/a	n/a	64.6	315.4	349.3	414.9	433.2	29	Minnesota 122.2
N. Dakota	n/a	n/a	1.6	6.1	6.5	6.5	5.9	6.4	5.7	30	S. Dakota * 119.8
Ohio	635.2	641.4	655.6	645.1	646.3	669.3	672.2	702.3	728.6	31	Colorado 112.9
Oklahoma	n/a	n/a	n/a	n/a	69.0	69.4	71.6	69.7	70.5	32	Arkansas 83.0
Oregon * ~	340.6	359.4	380.6	401.6	570.7	644.0	648.4	594.3	541.1	33	Oklahoma 70.5
Pennsylvania	749.2	796.5	817.3	851.8	992.4	949.1	928.1	910.5	915.7	34	Kansas ~ 67.9
R. Island * ~	214.1	249.0	281.1	307.6	323.9	321.0	355.6	344.3	344.7	35	D.C. ~ 66.7
S. Carolina	81.2	220.1	286.8	279.7	320.6	279.2	265.3	261.5	272.5	36	New Hampshire 66.2
S. Dakota *	109.3	112.1	115.8	119.3	119.0	121.1	123.3	119.9	119.8	37	Iowa 57.9
Tennessee	n/a	n/a	123.3	234.3	284.7	294.7	286.1	280.2	288.9	38	Maine 52.9
Texas	928.9	949.1	1,051.0	1,070.3	1,090.3	1,093.0	1,034.9	1,062.2	1,063.1	39	New Mexico 43.6
Vermont	16.7	16.2	19.6	20.5	23.0	23.6	22.7	21.1	21.6	40	Idaho 36.6
Virginia	367.7	375.2	407.7	423.5	454.0	437.2	455.3	430.2	430.2	41	Nebraska 32.0
Washington ~	93.9	98.5	117.6	115.6	125.1	117.9	130.3	120.4	142.5	42	Vermont 21.6
W. Virginia * ~	315.9	411.0	512.0	563.3	610.0	639.2	631.2	616.6	580.9	43	Montana 10.5
Wisconsin	119.0	129.6	131.7	143.4	133.3	160.6	147.3	133.3	128.1	44	N. Dakota 5.7
Total	\$13,323.6	\$13,990.8	\$15,094.4	\$15,779.2	\$17,219.8	\$17,627.0	\$17,877.2	\$17,601.0	\$17,971.5		

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

* Includes profits from Video Lottery Terminals

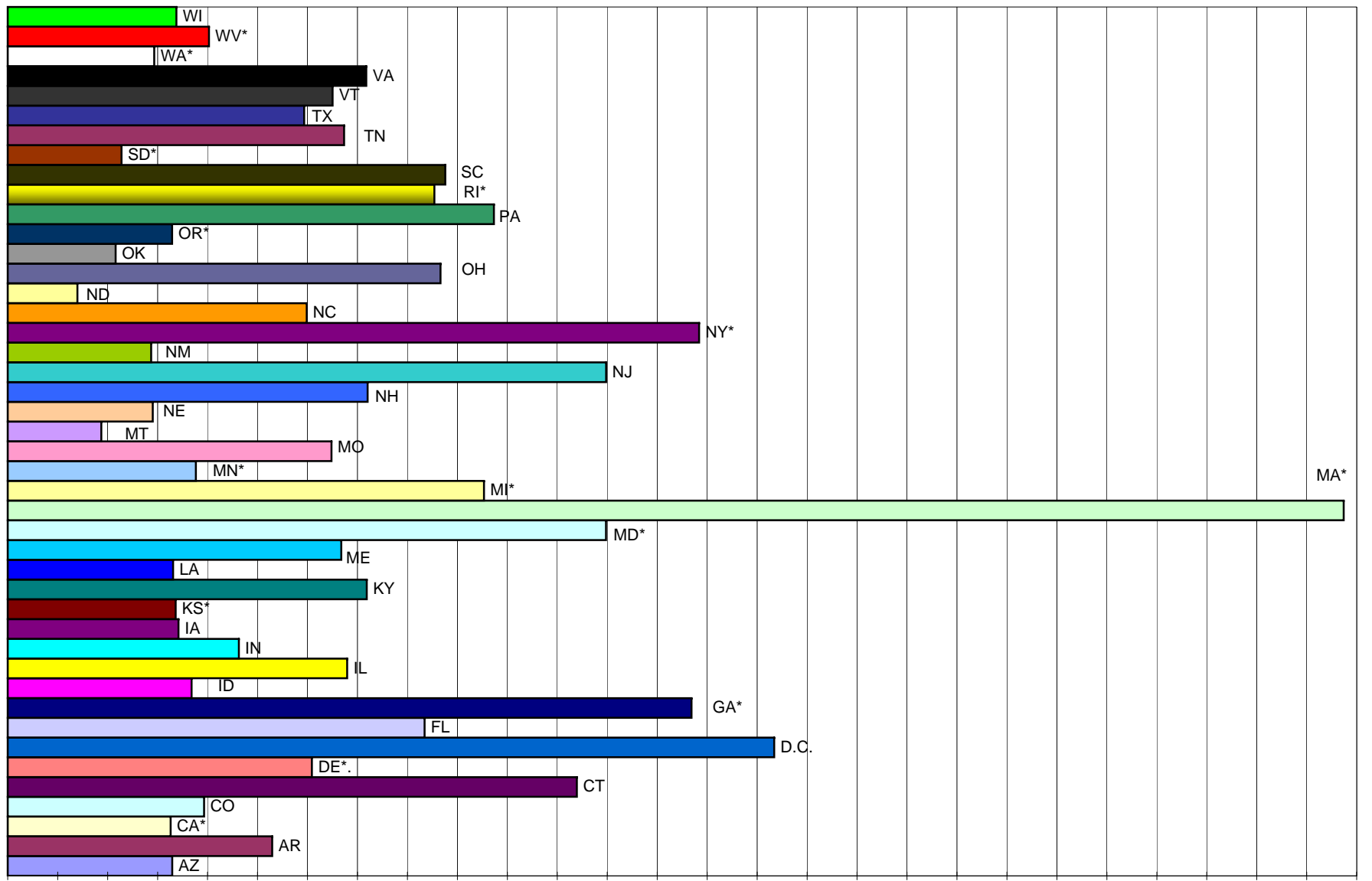
~ Includes profits from Keno sales.

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

Note: Fiscal Year 2010 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31); Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2010 LaFleur's World Lottery Almanac

U.S. Lottery Sales Per Capita Fiscal Year 2010



0* 25 50 75 100 125 150 175 200 225 250 275 300 325 350 375 400 425 450 475 500 525 550 575 600 625 650 675

*These states include Keno sales.
Data represents only sales from traditional lottery games and not VLT sales.
Source: 2011 LaFleur's World Lottery Almanac.

Dollars

**U.S. Lottery Per Capita Sales
Fiscal Years 2002 - 2010**

Lottery	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010 Ranking (highest to lowest)		
Arizona	\$ 54	\$58	\$64	\$67	\$76	\$73	\$73	\$82	\$ 82	1	Massachusetts ~	668
Arkansas	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	132	2	Delaware *	384
California ~	82	78	81	92	98	91	83	82	82	3	New York ~	346
Colorado	91	86	87	89	99	93	102	98	98	4	Georgia ~	342
Connecticut	262	248	259	267	277	273	285	285	285	5	New Jersey	299
Delaware *	125	125	136	143	146	131	144	152	152	6	Maryland ~	299
D.C. ~	370	422	402	392	458	428	427	384	384	7	Connecticut	285
Florida	139	169	176	195	217	225	228	209	209	8	Pennsylvania	243
Georgia ~	271	282	308	300	316	335	338	342	342	9	Michigan ~	238
Idaho	69	72	78	81	90	87	90	92	92	10	South Carolina	219
Illinois	124	124	133	142	153	155	159	170	170	11	Ohio	217
Indiana	102	107	119	117	129	125	129	116	116	12	Rhode Island * ~	213
Iowa	62	64	70	70	114	78	83	85	85	13	Florida	209
Kansas ~	70	75	83	77	85	86	88	84	84	14	New Hampshire	180
Kentucky	156	164	177	168	176	177	182	180	180	15	Kentucky	180
Louisiana	70	69	76	68	77	82	85	83	83	16	Virginia	179
Maine	122	126	143	161	174	177	174	167	167	17	Illinois	170
Maryland ~	239	240	249	265	278	282	297	299	299	18	Tennessee	168
Massachusetts ~	652	651	683	698	699	693	722	668	668	19	Maine	167
Michigan ~	168	167	195	205	219	232	233	238	238	20	Vermont	163
Minnesota	75	70	76	80	87	81	88	94	94	21	Missouri ~	162
Missouri ~	103	124	136	135	156	158	168	162	162	22	D.C. ~	152
Montana	37	38	41	38	42	42	45	47	47	23	North Carolina	150
Nebraska	43	47	54	56	64	64	68	73	73	24	Texas	148
New Hampshire	167	172	182	175	200	203	201	184	180	25	Arkansas	132
New Jersey	241	240	252	261	276	270	292	299	299	26	Indiana	116
New Mexico	72	73	78	73	79	74	74	72	72	27	Washington ~	101
New York ~	248	281	302	313	336	345	342	346	346	28	Colorado	98
North Carolina	n/a	n/a	n/a	n/a	26	95	114	150	150	29	Minnesota	94
North Dakota	n/a	n/a	10	32	35	38	34	35	35	30	Idaho	92
Ohio	174	182	187	188	193	196	202	217	217	31	Iowa	85
Oklahoma	n/a	n/a	n/a	n/a	57	60	59	54	54	32	Wisconsin	84
Oregon * ~	232	100	101	100	98	96	89	82	82	33	Kansas ~	84
Pennsylvania	157	172	190	213	247	248	248	243	243	34	Louisiana	83
Rhode Island * ~	1,095	222	227	220	244	223	230	213	213	35	Arizona	82
South Carolina	82	175	82	223	265	225	222	219	219	36	Oregon * ~	82
South Dakota * ~	828	37	43	41	50	50	53	57	57	37	California ~	82
Tennessee	n/a	n/a	72	131	154	171	159	168	168	38	W. Virginia * ~	73
Texas	136	142	155	160	161	158	151	148	148	39	Nebraska	73
Vermont	133	128	154	154	168	174	164	163	163	40	New Mexico	72
Virginia	152	154	168	176	179	177	178	179	179	41	South Dakota * ~	57
Washington ~	72	75	78	73	75	76	80	73	73	42	Oklahoma	54
W. Virginia * ~	471	106	115	108	120	107	109	101	101	43	Montana	47
Wisconsin	79	80	88	82	92	88	88	84	84	44	North Dakota	35

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

~ Amount includes Keno sales.

Note: Fiscal Year 2010 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31); Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2010 LaFleur's World Lottery Almanac

**U.S. Lottery Industry Ticket Sales
Fiscal Years 2002 - 2010**

(in Millions)

LOTTERY	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010 Ranking (highest to lowest)	
Arizona	\$ 295	\$ 322	\$ 367	\$ 398	\$ 469	\$ 462	\$473	\$484	\$551	1	New York ~ \$6,781
Arkansas	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	384	2	Massachusetts ~ 4,412
California ~	2,896	2,782	2,924	3,334	3,585	3,318	3,050	2,955	3,041	3	Florida 3,901
Colorado	408	391	401	417	469	456	506	493	501	4	Texas 3,738
Connecticut	908	865	908	933	970	957	998	991	997	5	Georgia ~ 3,387
Delaware *	674	102	109	114	125	118	125	123	137	6	Pennsylvania 3,066
D.C. ~	211	238	241	235	266	257	253	245	230	7	California ~ 3,041
Florida	2,330	2,868	3,071	3,471	3,929	4,122	4,175	3,938	3,901	8	New Jersey 2,605
Georgia ~	2,322	2,452	2,710	2,734	2,955	3,178	3,242	3,396	3,387	9	Ohio 2,490
Idaho	93	98	109	114	131	131	137	140	147	10	Michigan ~ 2,359
Illinois	1,567	1,565	1,688	1,814	1,964	1,999	2,057	2,077	2,191	11	Illinois 2,191
Indiana	626	664	735	740	816	789	823	733	740	12	Maryland ~ 1,706
Iowa	181	188	209	211	340	235	249	243	256	13	Virginia 1,435
Kansas ~	190	203	224	207	236	240	237	231	235	14	North Carolina 1,421
Kentucky	639	673	725	707	742	744	778	765	772	15	Tennessee 1,060
Louisiana	312	311	340	307	332	354	374	379	372	16	S. Carolina 1,007
Maine	158	165	186	209	230	230	229	211	217	17	Connecticut 997
Maryland ~	1,307	1,322	1,395	1,486	1,561	1,577	1,673	1,698	1,706	18	Missouri ~ 972
Massachusetts ~	4,194	4,191	4,368	4,466	4,501	4,437	4,690	4,425	4,412	19	Kentucky 772
Michigan ~	1,688	1,682	1,974	2,069	2,212	2,343	2,330	2,377	2,359	20	Indiana 740
Minnesota	377	352	387	408	450	421	462	481	499	21	Arizona 551
Missouri ~	585	708	791	786	914	934	996	968	972	22	Colorado 501
Montana	34	35	37	34	40	42	44	44	47	23	Minnesota 499
Nebraska	74	81	93	101	113	114	122	123	131	24	Washington ~ 491
New Hampshire	213	221	237	228	263	264	261	240	234	25	Wisconsin 481
New Jersey	2,069	2,076	2,188	2,274	2,407	2,351	2,539	2,503	2,605	26	Arkansas 384
New Mexico	134	137	149	139	155	148	147	144	144	27	Louisiana 372
New York ~	4,754	5,396	5,826	6,039	6,487	6,652	6,673	6,695	6,781	28	Oregon * ~ 321
North Carolina	n/a	n/a	n/a	n/a	230	862	1,049	1,283	1,421	29	Iowa 256
N. Dakota	n/a	n/a	6	19	22	23	22	22	24	30	Kansas ~ 235
Ohio	1,983	2,078	2,155	2,159	2,221	2,259	2,325	2,418	2,490	31	R. Island * ~ 235
Oklahoma	n/a	n/a	n/a	n/a	205	215	214	193	200	32	New Hampshire 234
Oregon * ~	817	355	362	360	363	355	339	314	321	33	D.C. ~ 230
Pennsylvania	1,934	2,133	2,352	2,645	3,070	3,076	3,089	3,088	3,066	34	Maine 217
R. Island * ~	1,171	239	249	242	261	245	241	238	235	35	Oklahoma 200
S. Carolina	335	724	950	957	1,145	988	993	1,005	1,007	36	W. Virginia * ~ 181
S. Dakota * ~	630	29	34	33	39	40	42	41	46	37	Idaho 147
Tennessee	2,966	n/a	428	784	928	1,058	990	1,015	1,060	38	New Mexico 144
Texas	n/a	3,131	3,486	3,662	3,775	3,774	3,672	3,720	3,738	39	Delaware * 137
Vermont	82	79	92	93	105	105	102	96	98	40	Nebraska 131
Virginia	1,108	1,136	1,262	1,334	1,365	1,362	1,386	1,366	1,435	41	Vermont 98
Washington ~	439	460	481	458	478	493	521	488	491	42	Montana 47
W. Virginia * ~	849	192	207	194	218	193	198	198	181	43	S. Dakota * ~ 46
Wisconsin	428	435	483	452	509	493	495	473	481	44	N. Dakota 24

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

~ Total ticket sales include Keno sales.

Note: Fiscal Year 2010 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31); Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2010 LaFleur's World Lottery Almanac

U.S. Lottery Net Operating Income as a Percent of Ticket Sales
Fiscal Years 2002 - 2010

LOTTERY	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010 Ranking (highest to lowest)		
Arizona	29.0%	28.8%	29.0%	29.2%	29.9%	30.1%	30.3%	26.1%	25.6%	1	Louisiana	35.2%
Arkansas	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21.1%	2	New Jersey	33.9%
California ~	36.4%	38.2%	30.2%	34.1%	34.6%	34.7%	34.4%	33.9%	33.7%	3	Oklahoma	33.8%
Colorado	26.8%	26.7%	25.6%	24.8%	26.0%	25.5%	23.6%	24.4%	22.6%	4	California ~	33.7%
Connecticut	30.0%	29.6%	30.9%	28.7%	29.2%	29.1%	28.4%	28.5%	28.9%	5	New York ~	32.0%
Delaware *	30.1%	30.5%	33.6%	29.7%	25.0%	31.3%	30.3%	28.7%	29.3%	6	Florida	31.0%
D.C. ~	29.8%	30.3%	30.4%	30.2%	27.2%	25.1%	27.6%	28.0%	29.0%	7	New Mexico	30.4%
Florida	40.6%	38.4%	30.7%	31.8%	30.9%	30.4%	31.3%	31.6%	31.0%	8	North Carolina	30.1%
Georgia ~	31.3%	31.0%	30.2%	29.1%	27.4%	26.6%	25.4%	25.5%	25.9%	9	Wisconsin	29.9%
Idaho	25.0%	22.3%	22.3%	21.2%	25.7%	23.9%	25.3%	24.3%	25.1%	10	Pennsylvania	29.8%
Illinois	35.4%	33.7%	33.2%	32.0%	30.8%	30.6%	30.1%	30.5%	29.5%	11	Virginia	29.8%
Indiana	26.9%	26.4%	27.1%	25.1%	26.8%	26.8%	25.5%	24.3%	24.8%	12	Kentucky	29.6%
Iowa	26.0%	25.0%	26.3%	24.3%	23.6%	24.7%	22.9%	24.2%	22.4%	13	Illinois	29.5%
Kansas ~	30.8%	31.3%	31.4%	29.6%	29.0%	28.8%	27.6%	28.4%	28.5%	14	Maryland ~	29.4%
Kentucky	27.0%	28.7%	24.8%	22.2%	27.3%	26.0%	24.2%	26.4%	29.6%	15	Delaware *	29.3%
Louisiana	35.7%	35.4%	35.7%	35.0%	35.3%	35.5%	34.5%	35.1%	35.2%	16	D.C. ~	29.0%
Maine	25.3%	24.1%	22.6%	22.9%	21.9%	21.4%	22.1%	22.7%	23.1%	17	Connecticut	28.9%
Maryland ~	33.6%	33.2%	32.8%	32.3%	32.0%	30.6%	32.2%	28.9%	29.4%	18	Ohio	28.7%
Massachusetts ~	21.3%	21.2%	20.8%	20.6%	20.6%	19.6%	19.0%	19.0%	20.2%	19	Kansas ~	28.5%
Michigan ~	36.1%	33.5%	32.0%	31.6%	30.4%	31.3%	31.1%	28.8%	28.4%	20	Michigan ~	28.4%
Minnesota	21.6%	22.5%	26.0%	25.8%	26.2%	25.8%	24.9%	24.4%	24.4%	21	New Hampshire	28.3%
Missouri ~	27.0%	28.6%	27.9%	26.7%	26.4%	25.7%	25.2%	25.0%	25.4%	22	Texas	28.3%
Montana	21.5%	21.5%	22.1%	18.2%	22.3%	26.8%	24.9%	23.2%	22.6%	23	W. Virginia * ~	27.3%
Nebraska	24.7%	24.5%	21.3%	23.4%	26.2%	25.0%	24.9%	23.2%	24.3%	24	S. Dakota * ~	27.0%
New Hampshire	30.6%	29.8%	30.9%	29.8%	30.2%	29.3%	28.7%	28.3%	28.3%	25	Tennessee	26.9%
New Jersey	36.9%	35.6%	35.8%	33.9%	33.4%	33.1%	33.4%	33.4%	33.9%	26	S. Carolina	26.7%
New Mexico	22.9%	24.8%	25.2%	26.4%	26.4%	23.1%	27.3%	28.1%	30.4%	27	Georgia ~	25.9%
New York ~	33.2%	34.6%	33.2%	30.3%	28.5%	30.4%	31.0%	30.4%	32.0%	28	Arizona	25.6%
North Carolina	n/a	n/a	n/a	n/a	33.5%	35.5%	32.3%	31.7%	30.1%	29	Washington ~	25.5%
N. Dakota	n/a	32.9%	27.6%	32.9%	30.0%	29.1%	26.7%	25.8%	25.4%	30	Missouri ~	25.4%
Ohio	31.7%	17.1%	27.7%	30.0%	29.7%	29.7%	29.0%	28.3%	28.7%	31	N. Dakota	25.4%
Oklahoma	n/a	n/a	n/a	n/a	33.7%	32.6%	33.6%	36.3%	33.8%	32	Idaho	25.1%
Oregon * ~	16.8%	37.2%	19.4%	15.7%	18.0%	17.2%	18.2%	17.0%	19.3%	33	Indiana	24.8%
Pennsylvania	38.5%	28.0%	34.5%	31.5%	31.4%	29.8%	29.6%	30.4%	29.8%	34	Minnesota	24.4%
R. Island * ~	27.4%	30.2%	25.6%	25.0%	25.1%	25.1%	23.9%	24.4%	23.2%	35	Nebraska	24.3%
S. Carolina	26.0%	23.1%	30.5%	28.6%	27.5%	27.6%	26.1%	25.6%	26.7%	36	R. Island * ~	23.2%
S. Dakota * ~	23.5%	30.9%	23.6%	20.4%	22.1%	25.1%	24.8%	24.0%	27.0%	37	Maine	23.1%
Tennessee	n/a	20.3%	30.5%	30.0%	29.4%	33.2%	28.3%	27.1%	26.9%	38	Montana	22.6%
Texas	31.4%	32.8%	21.6%	29.2%	28.8%	28.7%	28.3%	28.0%	28.3%	39	Colorado	22.6%
Vermont	20.3%	26.4%	32.2%	22.5%	21.5%	22.3%	21.9%	22.0%	22.2%	40	Iowa	22.4%
Virginia	32.9%	22.4%	16.7%	31.3%	32.7%	31.3%	31.9%	31.8%	29.8%	41	Vermont	22.2%
Washington ~	25.0%	29.8%	20.7%	25.0%	25.3%	23.2%	25.0%	22.6%	25.5%	42	Arkansas	21.1%
W. Virginia * ~	30.0%	29.2%	27.6%	22.2%	29.5%	30.1%	27.9%	27.9%	27.3%	43	Massachusetts ~	20.2%
Wisconsin	29.3%	35.7%	29.8%	28.7%	29.5%	27.9%	28.5%	27.2%	29.9%	44	Oregon * ~	19.3%

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

~ Percentage includes Keno sales.

Note: Fiscal Year 2010 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31); Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2010 LaFleur's World Lottery Almanac

**U.S. Lottery Prize Percentage Payout Based on Ticket Sales
Fiscal Years 2002 - 2010**

LOTTERY	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010 Ranking (highest to lowest)		
Arizona	54.8%	54.9%	55.1%	50.4%	55.3%	55.7%	55.5%	58.3%	60.4%	1	Massachusetts ~	72.0%
Arkansas	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	64.6%	2	Missouri ~	64.6%
California ~	50.7%	49.4%	56.4%	53.9%	53.9%	53.2%	53.1%	52.7%	53.0%	3	Arkansas	64.6%
Colorado	58.0%	57.6%	58.9%	59.8%	60.1%	60.7%	62.3%	61.1%	61.9%	4	Oregon * ~	64.2%
Connecticut	60.1%	60.4%	59.3%	61.4%	60.5%	60.6%	60.9%	61.0%	61.1%	5	Georgia ~	62.9%
Delaware *	50.5%	51.5%	49.0%	52.5%	52.1%	51.9%	52.6%	54.2%	53.0%	6	Vermont	62.7%
D.C. ~	52.3%	51.8%	50.7%	51.3%	55.1%	56.6%	53.5%	52.2%	51.7%	7	S. Carolina	62.4%
Florida	48.7%	51.8%	58.7%	58.9%	59.6%	60.3%	59.3%	59.4%	60.1%	8	Colorado	61.9%
Georgia ~	56.0%	56.1%	58.3%	59.7%	61.4%	62.2%	63.2%	63.3%	62.9%	9	Indiana	61.6%
Idaho	55.4%	57.6%	59.1%	61.3%	58.4%	60.4%	59.6%	60.9%	60.0%	10	Texas	61.5%
Illinois	54.2%	55.7%	56.8%	57.5%	59.0%	58.9%	59.6%	59.0%	59.9%	11	Maine	61.5%
Indiana	58.9%	59.5%	59.3%	61.6%	60.4%	60.6%	61.2%	61.9%	61.6%	12	Tennessee	61.4%
Iowa	53.7%	54.9%	54.4%	53.9%	36.0%	56.7%	58.1%	56.9%	58.7%	13	Minnesota	61.2%
Kansas ~	51.8%	52.8%	53.6%	54.4%	55.5%	55.9%	56.2%	56.8%	56.3%	14	Connecticut	61.1%
Kentucky	59.4%	58.1%	62.1%	64.7%	59.9%	61.3%	63.4%	61.5%	58.3%	15	Pennsylvania	60.9%
Louisiana	49.5%	49.7%	49.9%	49.9%	50.7%	50.7%	51.6%	51.1%	50.9%	16	Ohio	60.8%
Maine	57.0%	58.8%	61.0%	60.7%	61.9%	62.5%	62.3%	61.7%	61.5%	17	Maryland ~	60.6%
Maryland ~	56.1%	56.2%	57.0%	57.6%	57.9%	58.8%	57.2%	60.4%	60.6%	18	R. Island * ~	60.4%
Massachusetts ~	71.2%	71.6%	71.9%	71.9%	71.9%	72.7%	72.9%	72.7%	72.0%	19	Arizona	60.4%
Michigan ~	50.1%	53.5%	55.8%	56.2%	57.3%	56.7%	56.8%	59.2%	58.6%	20	Florida	60.1%
Minnesota	58.9%	58.0%	58.2%	59.1%	59.6%	59.5%	60.6%	61.3%	61.2%	21	Idaho	60.0%
Missouri ~	59.5%	59.4%	60.8%	62.1%	62.7%	63.7%	64.4%	65.0%	64.6%	22	Illinois	59.9%
Montana	50.8%	50.6%	50.8%	52.6%	51.9%	51.5%	52.1%	52.7%	55.3%	23	W. Virginia * ~	59.6%
Nebraska	52.9%	52.8%	56.5%	58.0%	56.3%	57.1%	56.8%	58.3%	57.4%	24	Washington ~	59.4%
New Hampshire	57.1%	58.1%	57.2%	58.2%	59.1%	59.2%	59.2%	59.2%	59.3%	25	Virginia	59.4%
New Jersey	54.5%	55.4%	55.5%	57.0%	57.4%	57.8%	57.9%	58.1%	58.0%	26	New Hampshire	59.3%
New Mexico	56.3%	55.4%	55.3%	54.7%	54.7%	57.5%	54.4%	55.7%	54.7%	27	North Carolina	58.8%
New York ~	56.0%	55.5%	56.7%	58.3%	59.4%	59.7%	59.2%	59.8%	58.3%	28	Iowa	58.7%
North Carolina	n/a	n/a	n/a	n/a	51.8%	52.4%	56.1%	57.0%	58.8%	29	Michigan ~	58.6%
N. Dakota	n/a	n/a	46.2%	47.5%	49.4%	49.8%	51.6%	52.1%	51.6%	30	Kentucky	58.3%
Ohio	56.9%	56.1%	61.2%	59.3%	59.0%	59.2%	60.1%	60.3%	60.8%	31	New York ~	58.3%
Oklahoma	n/a	n/a	n/a	n/a	53.5%	53.9%	52.7%	49.7%	52.6%	32	New Jersey	58.0%
Oregon * ~	66.2%	66.1%	64.2%	68.1%	66.0%	65.9%	65.0%	65.4%	64.2%	33	Nebraska	57.4%
Pennsylvania	51.5%	52.4%	55.1%	57.8%	58.8%	59.6%	59.7%	60.0%	60.9%	34	Wisconsin	56.7%
R. Island * ~	58.7%	58.3%	59.2%	59.4%	59.3%	58.8%	59.9%	59.5%	60.4%	35	Kansas ~	56.3%
S. Carolina	59.5%	57.2%	58.0%	59.9%	61.4%	60.7%	62.5%	63.0%	62.4%	36	S. Dakota * ~	56.0%
S. Dakota * ~	53.1%	54.7%	55.4%	56.5%	56.7%	56.1%	56.4%	56.8%	56.0%	37	Montana	55.3%
Tennessee	n/a	n/a	n/a	56.7%	57.9%	55.3%	59.4%	61.0%	61.4%	38	New Mexico	54.7%
Texas	57.8%	58.9%	59.3%	60.8%	61.2%	61.3%	62.1%	61.8%	61.5%	39	California ~	53.0%
Vermont	63.6%	64.3%	62.4%	62.5%	63.4%	63.4%	63.5%	63.3%	62.7%	40	Delaware *	53.0%
Virginia	54.9%	55.7%	56.8%	58.1%	56.7%	58.1%	57.1%	57.2%	59.4%	41	Oklahoma	52.6%
Washington ~	61.6%	60.4%	68.0%	61.3%	61.1%	61.9%	60.4%	61.8%	59.4%	42	D.C. ~	51.7%
W. Virginia * ~	53.7%	60.0%	61.5%	60.3%	60.5%	60.1%	61.2%	60.3%	59.6%	43	N. Dakota	51.6%
Wisconsin	56.0%	55.7%	58.2%	58.0%	57.8%	59.3%	58.0%	59.1%	56.7%	44	Louisiana	50.9%

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

~ Percentage includes Keno sales.

Note: Fiscal Year 2010 is the latest data available. The fiscal year for most states ends on

June 30, except for New York (March 31); Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2010 LaFleur's World Lottery Almanac

U.S. Lottery Online Sales By Game - Fiscal Year 2010

note: this table does not include instant sales

(\$ Millions)	Population (millions)	Number of Retailers	Online Games Sales				Per Capita Sales for Online Games Only	2010 Per Capita Ranking (highest to lowest)		
			3/4 Digit	Lotto	Other	Total				
Arizona	6.6	2,882	\$14.0	\$186.5	\$14.1	\$214.6	\$32.5	1	D.C. ~	\$300.2
Arkansas	2.9	1,915	5.3	42.9	-	48.2	16.6	2	Maryland ~	213.3
California ~	37.0	20,569	159.5	1,092.2	128.0	1,379.7	37.3	3	Massachusetts ~	211.4
Colorado	5.0	2,981	0.0	166.9	6.2	173.1	34.6	4	New York ~	162.6
Connecticut	3.5	3,061	211.3	161.5	30.7	403.5	115.3	5	Michigan ~	157.9
Delaware	0.9	525	43.7	42.6	14.6	100.9	112.1	6	New Jersey	149.8
D.C. ~	0.6	517	125.0	42.1	13.0	180.1	300.2	7	Rhode Island ~	142.5
Florida	18.5	13,128	539.1	972.0	316.3	1,827.4	98.8	8	Georgia ~	125.7
Georgia ~	9.8	8,179	708.1	375.5	148.2	1,231.8	125.7	9	Connecticut	115.3
Idaho	1.5	994	1.6	47.8	3.9	53.3	35.5	10	Delaware	112.1
Illinois	12.9	8,447	492.4	505.0	21.6	1,019.0	79.0	11	Pennsylvania	104.5
Indiana	6.4	4,167	57.3	186.2	22.7	266.2	41.6	12	Florida	98.8
Iowa	3.0	-	9.2	82.3	0.8	92.3	30.8	13	Ohio	96.6
Kansas ~	2.8	1,826	6.1	72.1	33.0	111.2	39.7	14	Virginia	91.6
Kentucky	4.3	2,850	160.5	140.8	-	301.3	70.1	15	Illinois	79.0
Louisiana	4.5	2,781	82.6	150.8	3.0	236.4	52.5	16	South Carolina	78.5
Maine	1.3	1,312	9.0	55.1	0.8	64.9	49.9	17	Kentucky	70.1
Maryland ~	5.7	4,078	513.6	210.1	492.0	1,215.7	213.3	18	North Carolina	60.2
Massachusetts ~	6.6	8,155	345.1	277.4	772.9	1,395.4	211.4	19	New Hampshire	56.6
Michigan ~	10.0	10,680	703.2	337.8	538.3	1,579.3	157.9	20	Missouri ~	55.6
Minnesota	5.3	2,988	12.9	136.0	11.9	160.8	30.3	21	Oregon ~	54.6
Missouri ~	6.0	4,765	97.3	180.2	56.3	333.8	55.6	22	Louisiana	52.5
Montana	1.0	773	-	29.6	3.0	32.6	32.6	23	Maine	49.9
Nebraska	1.8	1,164	3.2	58.5	2.0	63.7	35.4	24	W. Virginia ~	46.5
New Hampshire	1.3	1,232	10.4	61.9	1.3	73.6	56.6	25	Vermont	43.6
New Jersey	8.7	6,096	699.4	604.2	-	1,303.6	149.8	26	Indiana	41.6
New Mexico	2.0	1,217	3.4	61.8	-	65.2	32.6	27	North Dakota	40.7
New York ~	19.5	15,989	1,611.2	1,114.7	444.1	3,170.0	162.6	28	Kansas ~	39.7
North Carolina	9.4	6,019	280.2	285.6	-	565.8	60.2	29	Texas	39.4
North Dakota	0.6	400	-	24.4	-	24.4	40.7	30	Tennessee	39.4
Ohio	11.5	9,904	568.0	349.2	193.9	1,111.2	96.6	31	California ~	37.3
Oklahoma	3.6	2,382	6.3	104.5	-	110.8	30.8	32	Wisconsin	36.5
Oregon ~	3.8	4,206	1.3	94.9	111.3	207.5	54.6	33	Idaho	35.5
Pennsylvania	12.6	8,341	648.1	616.2	52.7	1,317.0	104.5	34	Nebraska	35.4
Rhode Island ~	1.1	1,206	25.2	51.5	80.0	156.7	142.5	35	Colorado	34.6
South Carolina	4.6	3,666	199.8	161.2	-	361.0	78.5	36	New Mexico	32.6
South Dakota ~	0.8	751	-	25.4	-	25.4	31.7	37	Montana	32.6
Tennessee	6.3	-	82.8	165.3	-	248.1	39.4	38	Arizona	32.5
Texas	24.8	16,647	333.0	595.3	49.1	977.4	39.4	39	South Dakota ~	31.7
Vermont	0.6	758	2.9	22.3	0.9	26.1	43.6	40	Oklahoma	30.8
Virginia	7.9	5,260	444.4	266.1	13.5	724.0	91.6	41	Iowa	30.8
Washington ~	6.7	4,199	30.7	165.8	5.3	201.8	30.1	42	Minnesota	30.3
W. Virginia ~	1.8	1,653	13.1	63.2	7.4	83.7	46.5	43	Washington ~	30.1
Wisconsin	5.7	3,625	38.4	169.5	-	207.9	36.5	44	Arkansas	16.6
Total	291.2	-	\$9,298.6	\$10,554.8	\$3,592.8	\$23,446.2	\$80.5			

~ Other sales include Keno sales.

Note: Fiscal Year 2010 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31); Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2010 LaFleur's World Lottery Almanac

**U.S. Lottery - Instant Scratch Ticket Sales
By Selling Price of Ticket (Price Point), For Fiscal Year 2010**

(\$ Millions)	Fiscal Year 2010								Fiscal Year 2009	2010 Instant Scratch Ticket		
	Price Point (selling price of ticket)							Total		Per Capita	Total	Per Capita Ranking (highest to lowest)
LOTTERY	\$1	\$2	\$3	\$5/\$7	\$10/\$15	\$20+	Total	Per Capita	Total			
Arizona	19.7	87.0	17.5	96.3	98.6	17.8	\$336.9	\$50.3	\$279.0	1	Massachusetts	\$456.9
Arkansas	62.1	111.5	16.4	82.9	62.5	0.0	335.4	115.7	0.0	2	Georgia	243.8
California	262.6	384.1	811.7	202.8	0.0	0.0	1,661.2	44.5	1,615.4	3	New York	184.2
Colorado	41.4	31.1	51.6	85.6	49.7	68.8	328.2	64.4	328.2	4	Connecticut	169.3
Connecticut	35.9	52.3	78.9	140.0	193.7	91.7	592.5	169.3	609.9	5	New Jersey	149.6
Delaware	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6	South Carolina	141.3
D.C.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7	Pennsylvania	139.5
Florida	170.8	328.8	124.8	404.5	297.8	751.5	2,078.2	111.1	2,064.1	8	Tennessee	133.5
Georgia	256.6	510.2	184.7	462.1	607.6	392.3	2,413.5	243.8	2,511.1	9	New Hampshire	123.5
Idaho	9.7	7.8	21.8	26.9	12.5	11.9	90.6	56.6	88.4	10	Vermont	122.8
Illinois	127.3	157.6	118.3	324.0	203.0	242.2	1,172.4	90.9	1,119.7	11	Ohio	117.3
Indiana	56.8	118.3	7.6	147.7	74.4	59.8	464.6	72.6	473.8	12	Maine	116.9
Iowa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13	Arkansas	115.7
Kansas	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14	Florida	111.1
Kentucky	44.5	96.3	0.0	144.1	95.4	78.5	458.8	106.7	504.2	15	Texas	110.8
Louisiana	37.2	34.2	13.2	32.2	19.2	0.0	136.0	30.2	141.3	16	Kentucky	106.7
Maine	20.3	32.4	22.5	32.3	21.1	23.4	152.0	116.9	153.4	17	Missouri	106.4
Maryland	44.0	52.0	42.9	197.1	106.7	48.2	490.9	86.1	507.0	18	Illinois	90.9
Massachusetts	147.5	707.5	0.0	914.1	679.7	567.0	3,015.8	456.9	3,069.2	19	Virginia	86.3
Michigan	82.5	336.7	0.0	182.4	101.1	48.1	750.8	75.8	749.1	20	Maryland	86.1
Minnesota	30.1	41.0	70.8	87.8	42.0	66.6	338.3	63.8	325.1	21	North Carolina	84.1
Missouri	82.7	142.2	88.3	147.7	96.4	80.8	638.1	106.4	636.4	22	Michigan	75.8
Montana	2.7	5.6	2.0	2.0	2.0	0.0	14.3	14.3	13.1	23	Rhode Island	74.9
Nebraska	12.8	6.9	18.6	15.8	12.9	0.0	67.0	37.2	64.7	24	Indiana	72.6
New Hampshire	13.5	25.5	22.6	44.8	36.0	18.1	160.5	123.5	170.8	25	Colorado	64.4
New Jersey	61.7	467.2	326.0	344.4	76.6	25.6	1,301.5	149.6	1,270.5	26	Minnesota	63.8
New Mexico	15.6	14.5	14.9	18.4	6.1	9.0	78.5	39.3	80.7	27	W. Virginia	63.2
New York	469.7	1,069.6	0.0	1,013.4	769.3	289.1	3,611.1	184.2	3,666.1	28	Idaho	56.6
North Carolina	119.1	147.9	55.8	211.8	264.0	0.0	798.6	84.1	798.6	29	Arizona	50.3
North Dakota	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30	Wisconsin	48.3
Ohio	191.9	215.0	21.7	422.0	269.2	229.7	1,349.5	117.3	1,349.5	31	Washington	45.8
Oklahoma	33.7	27.6	0.0	16.6	0.0	0.0	77.9	21.1	77.9	32	California	44.5
Oregon	18.7	33.4	22.0	24.9	10.9	2.3	112.2	28.8	112.2	33	New Mexico	39.3
Pennsylvania	151.1	232.6	141.2	450.7	360.6	421.5	1,757.7	139.5	1,757.7	34	Nebraska	37.2
Rhode Island	12.0	21.8	6.2	27.1	11.8	3.5	82.4	74.9	82.4	35	Louisiana	30.2
South Carolina	52.1	93.1	39.4	114.9	350.5	0.0	650.0	141.3	650.0	36	Oregon	28.8
South Dakota	4.5	4.3	3.8	3.3	2.2	2.2	20.3	25.4	20.3	37	South Dakota	25.4
Tennessee	108.8	300.1	8.7	219.5	92.1	112.1	841.3	133.5	841.3	38	Oklahoma	21.1
Texas	237.7	449.9	293.7	983.0	383.7	443.5	2,791.5	110.8	2,791.5	39	Montana	14.3
Vermont	9.2	14.7	4.7	28.3	9.2	7.6	73.7	122.8	73.7	40	Delaware	0.0
Virginia	78.5	128.7	0.0	262.3	130.0	90.9	690.4	86.3	690.4	41	D.C.	0.0
Washington	21.7	70.2	26.2	80.1	47.2	61.6	307.0	45.8	307.0	42	Iowa	0.0
W. Virginia	27.9	54.5	0.0	18.8	12.6	0.0	113.8	63.2	113.8	43	Kansas	0.0
Wisconsin	30.7	62.5	40.5	78.6	36.2	26.8	275.3	48.3	275.3	44	North Dakota	0.0
Total	\$3,205.3	\$6,676.6	\$2,719.0	\$8,091.2	\$5,644.5	\$4,292.1	\$30,628.7	\$104.5	\$30,382.8			

Note: Fiscal Year 2010 is the latest data available. The fiscal year for most states ends on June 30, except for New York (March 31); Texas (August 31); Washington DC and Michigan (September 30).

Source: The 2010 LaFleur's World Lottery Almanac, NH lottery and CT lottery.



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