# 2010 Progress Report

## a report to the legislature and our community

WEST VIRGINIA LOTTERY

25 YEARS

1986 - 2011

WEST VIRGINIA LOTTERY

# 25 Years of Winning

It is hard to believe that it has been 25 years since the Lottery was introduced in West Virginia. During this time the Lottery has transformed from an organization selling traditional lottery products such as Instant ticket scratch-offs to a full array of gaming including four racetrack casinos, a limited gaming facility, as well as limited video lottery at more than 1,500 locations across the state.

The Lottery has generated more than $15 billion in sales during this time and has continued to be a critical economic driver with more than $5.2 billion transferred to the State of West Virginia. Funding from the West Virginia Lottery has built hundreds of schools, provided an opportunity for thousands of high school seniors to attend college, put meals in the homes of thousands of Seniors, created economic development opportunities which have translated into thousands of jobs, and enhanced tourism bringing in visitors to the state from the world over.

The Lottery has been so much more than gaming, and it is our hope that this report will help you better understand the importance of Lottery dollars and how those dollars are distributed. In closing, I would like to thank everyone who has supported the Lottery's efforts over the past 25 years, and give a special thanks to the employees of the Lottery who work hard to make this possible for our State.

Sincerely,

John C. Musgrave
West Virginia Lottery Director

## WEST VIRGINIA LOTTERY
2010 FAST FACTS

Gross Revenue: $1,369,544,143

Net Profit: $568.9 million

Instant Games: $97.5 million

Traditional Games: $181.2 million

Operating Costs: $36.5 million

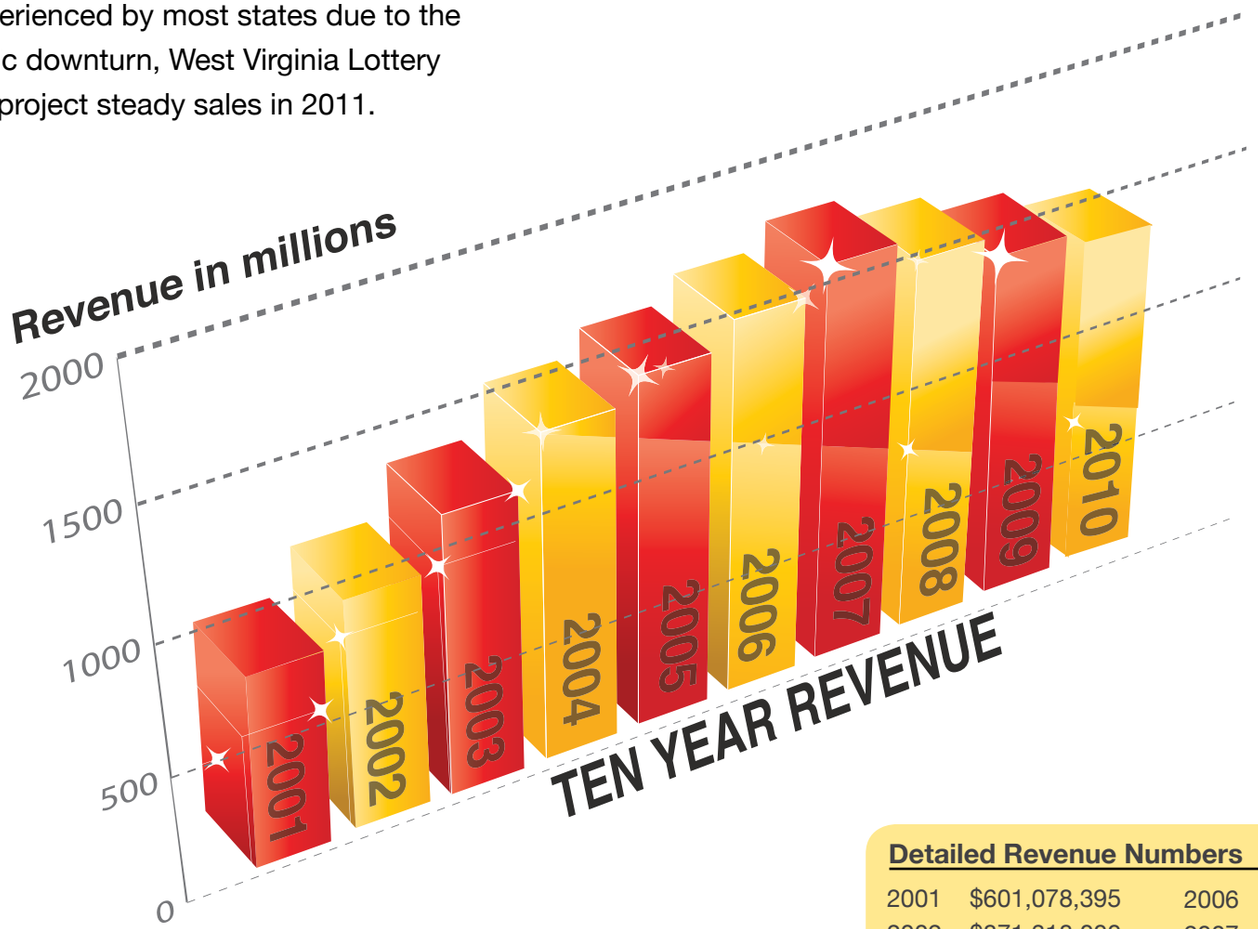
Commissions: $635.6 million (traditional, racetrack and limited video lottery retailers)

People & Programs Supported:
- Schools and Education
- West Virginia Tourism
- Senior Citizens

John C. Musgrave
Director
West Virginia Lottery

# Financial Impact

Lottery revenue grew impressively in the last decade. Despite a slight dip in sales, also experienced by most states due to the economic downturn, West Virginia Lottery officials project steady sales in 2011.

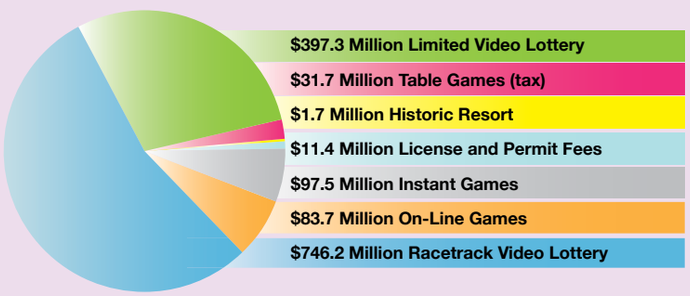



**Detailed Revenue Numbers**

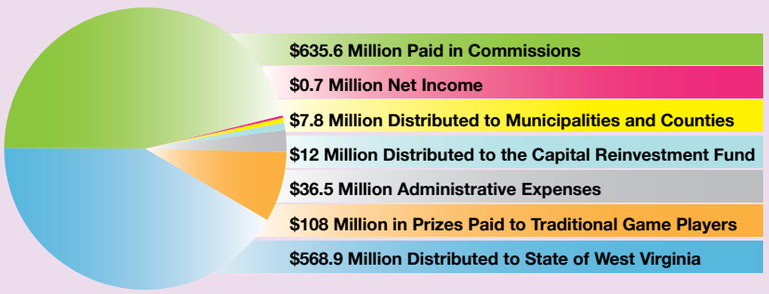
| | | | |
|---|---|---|---|
| 2001 | $601,078,395 | 2006 | $1,538,860,148 |
| 2002 | $871,318,000 | 2007 | $1,580,212,381 |
| 2003 | $1,094,813,672 | 2008 | $1,545,423,630 |
| 2004 | $1,318,024,729 | 2009 | $1,507,156,589 |
| 2005 | $1,417,365,230 | 2010 | $1,369,544,143 |

## FISCAL YEAR 2010:

**$1,369.5 Million in Gross Revenue**




**$1,369.5 Million in Total Expenses & Distributions**



### Where Does The Money Go?

# Schools and Education

In the past year, Lottery dollars once again made a substantial difference in the quality of our children's education and, in turn, their lives. In fiscal year 2010, $158 million in Lottery revenue was put to exceptional use in the West Virginia educational system.

Because the goal of our state is to have our college-bound seniors attend in-state institutions, the PROMISE Scholarship program – which awards scholarships to qualifying students attending West Virginia colleges and universities – received substantial Lottery funding. Additionally, Lottery revenue has helped purchase more than 110,000 school computers since 1990. The computers both facilitate the students' schoolwork and keep them current with advances in technology, benefiting them significantly when they enter the workforce.

**"In total, West Virginia education programs received more than $158 million from Lottery revenue in 2010."**

## FAST FACTS:

- In fiscal year 2010, the PROMISE scholarship program received $29 million to provide higher education opportunities for many high school graduates across the state.
- An additional $37 million in Lottery proceeds went to the West Virginia School Building Authority for building and improving schools throughout the state.

### Where Does The Money Go?

# West Virginia Veterans

Without question, West Virginia's military veterans are among the most deserving recipients of Lottery funding. It is our privilege and pleasure to support those who have served us so honorably.

It was in 2000 that the West Virginia legislature secured Lottery funding for the state's veterans with an amendment directing funds from a special instant ticket game. Since then, the initiative – the first of its kind in the state – has generated up to $1 million annually and helped fund both a skilled nursing facility and a cemetery for West Virginia veterans.

**"In fiscal year 2010, more than $466,000 in Lottery revenue was distributed to support projects for West Virginia veterans."**

## FAST FACTS:

- For nearly a decade, up to $1 million annually in Lottery funds have been dedicated to services that support West Virginia veterans.
- In the U.S. and Puerto Rico, the total veteran population is about 23 million, including more than 1.8 million female veterans. In West Virginia, the number of female veterans is about 11,700.
- Those 65 and older comprise nearly 40 percent of the U.S. veteran population.

### Where Does The Money Go?

# West Virginia Tourism

For years, the West Virginia Lottery has played a vital role in creating a strong travel industry throughout the state. Proceeds from the Lottery provide the resources necessary for the West Virginia Division of Tourism to attract millions of tourists from around the world each year to our beautiful state.

During fiscal year 2010, nearly $7.6 million in Lottery proceeds were used to promote the state through both advertising and a matching grants program to tourism destinations statewide. Over the last 23 years, Lottery contributions have helped make tourism a nearly $4 billion driving force in West Virginia's economy.

**"On average, the Lottery contributes nearly $9.3 million annually to the West Virginia Division of Tourism."**

## FAST FACTS:

- Since 1994, $162 million generated by Racetrack Video Lottery has been directed to advertising funds for the tourism industry.
- In fiscal year 2010, Lottery revenue appropriated to the Division of Tourism by the Legislature totaled $8 million.When added to appropriations for the Division of Natural Resources and the State Park Improvement Fund, the total was $16.1 million.

## Where Does The Money Go?

# Senior Citizens

One of the West Virginia Lottery's key priorities is improving quality of life for the state's senior citizens. In fiscal year 2010, $57.2 million in Lottery proceeds were put to work doing exactly that. Funds received by The West Virginia Bureau of Senior Services provided in-home health care that emphasized wellness, enhanced mobility and supplied meals to help seniors live independently at home for as long as possible.

Lottery dollars also supported Senior Centers, which provided activities and a place for friendship as well as meals for homebound seniors. Lottery funds also enabled the centers to purchase 55 specially equipped Hot / Cold Trucks now delivering meals to seniors in all 55 counties.

**"West Virginia's senior citizens benefited from more than $64 million in Lottery revenue in 2010."**

## FAST FACTS:

- In fiscal year 2010, $7.5 million in annual fees paid by state racetracks funded a variety of much-needed, senior home-health care services.
- In addition, one-time license fees paid by the racetracks have helped to extend home-health care to those who are not typically eligible to receive assistance.
- While Lottery revenue initially helped Senior Centers purchase 28 Hot / Cold Trucks delivering meals to seniors in 34 counties, each of the state's 55 counties now have the vehicles.

# Lottery Products

## The West Virginia Lottery offers 11 entertaining games played in a variety of venues, including racetracks and retail stores.

### POWERBALL®

Introduced: 1992 (revised in 1997, 2002, and 2005)
Percentage of 2010 Sales: 3.58%

Specifics

- Online game jointly operated by 42 state lotteries, the District of Columbia and the Virgin Islands, all members of the Multi-State Lottery Association (MUSL).
- Played at 1,587 retail locations. Drawings held on Wednesdays and Saturdays.
- Powerplay® feature added in 2001, in which winnings may be multiplied from a random number drawn between two and five. In 2005, the matrix increased to "5 of 55" for the first set and remained "1 of 42" for the second. Second and third tier prizes were doubled.
- Jackpots are paid either (1) in a cash lump sum equal to the present value of the annuitized amount or (2) over 30 years with a guaranteed $15 million jackpot.
- Jackpot increases each drawing if no winning ticket has matched the first set of five numbers and the "Powerball®" number of the second set. Powerball® offers eight secondary prizes of fixed amounts ranging from $3 to $200,000.

### DAILY 3

Introduced: 1987
Percentage of 2010 Sales: 0.62%

Specifics

- Online game in which players choose three numbers from zero to nine for prizes ranging from $40 to $500.
- Drawings held six nights a week.

### DAILY 4

Introduced: 1987
Percentage of 2009 Sales: 0.34%

Specifics

- Online game in which players choose four numbers from zero to nine for prizes ranging from $100 to $5,000.

### TRAVEL KENO

Introduced: 1992
Percentage of 2010 Sales: 0.55%

Specifics

- Players select from one to 10 numbers while the Lottery computer randomly picks 20 numbers between one and 80. With the Keno Bonus multiplier option, players may increase their winnings.
- Drawings are held every five minutes from 5:05 a.m. to 2:45 a.m. Winning numbers are displayed on monitors at 287 Travel Keno locations.
- Restricted to lottery retailers with specific types of West Virginia Alcohol Beverage Control Administration licenses.

# Lottery Products cont.

## HOT LOTTO SIZZLER®

Introduced: 2002
Percentage of 2010 Sales: 0.47%
(includes other misc. games)

### Specifics

- Online game jointly operated by 14 states and the District of Columbia, all members of MUSL.
- Players choose five numbers from a field of 39 and one from a field of 19. Drawings held on Wednesdays and Saturdays.
- Jackpots begin at $1 million and increase each drawing if no winning ticket has matched the first set of five numbers as well as the "Hot Ball" number of the second set.
- HOT LOTTO SIZZLER® has eight secondary prizes from $2 to $10,000.

## CASH 25

Introduced: 1990
Percentage of 2010 Sales: 0.41%

### Specifics

- Online game in which players pick six numbers between one and 25 for cash prizes ranging from $1 to $25,000.
- Drawings held four nights a week.

## MEGA MILLIONS®

Introduced: 2010 In West Virginia
Percentage of 2010 Sales: 0.20%

### Specifics

- Online game jointly operated by 41 state lotteries and the District of Columbia with the members belonging to the same groups that operate POWERBALL (MUSL).
- Played at 1,587 retail locations. Drawings held on Tuesdays and Fridays.
- The matrix is "5 of 56" for the first set of numbers and "1 of 46" for the second.
- Jackpots are paid either (1) in a cash lump sum equal to the present value of the annuitized amount or (2) over 26 years with a guaranteed $12 million jackpot.
- Jackpot increases each drawing if no winning ticket has matched the first set of five numbers and the "Megaball" number of the second set. Mega Milions offers eight secondary prizes of fixed amounts ranging from $2 to $250,000.

## INSTANT GAMES

Introduced: 1986
Percentage of 2010 Sales: 7.18%

### Specifics

- The lottery's first game, introduced 25 years ago.
- Played at 1,587 retail locations.
- Features a variety of ways to win in an instant or "scratch" game 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 waiting for the results of a drawing.
- In a variety of themes, including 42 new themes introduced in 2010.

# Lottery Products cont.

## TABLE GAMES

Introduced: 2008

Percentage of 2010 Sales: 2.34%

### Specifics

- Recently implemented with the passage of the Racetrack Table Games Act, making table games available to the state's four racetracks, subject to passage of local referendums. In October 2007, two racetracks (Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel, Casino & Racetrack) began operating with poker tables only, adding full table games in December. A third racetrack, Mardi Gras Casino and Resort, launched table games in 2008.
- Games include Poker, Blackjack, Caribbean Stud, Craps, Roulette, Three and Four Card Poker, and other miscellaneous games.

## LIMITED VIDEO LOTTERY

Introduced: 2001

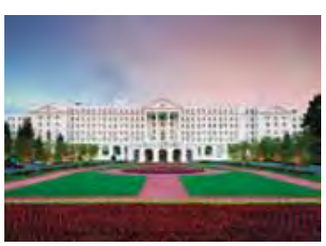
Percentage of 2010 Sales: 29.25%

### Specifics

- Played at 1,622 retailer locations.
- Legislation provides up to 9,000 video lottery terminals to be placed in retailer locations with specific types of West Virginia Alcohol Beverage Control Administration licenses.

### Interesting Facts

- West Virginia is one of three state lotteries to regulate and operate limited video lottery. The others are South Dakota and Oregon.
- The first terminals were enabled for play in 2001. A total of 7,940 are operating at licensed retail locations throughout the state as of June 30, 2010.



## RACETRACK VIDEO LOTTERY

Introduced:1994

Percentage of 2010 Sales: 54.94%

### Specifics

- Introduced via the Racetrack Video Lottery Act, which made video lottery terminals available to the state's four racetracks, subject to passage of local referendums.
- In 1994, three racetracks (Mountaineer Casino Racetrack & Resort, Wheeling Island Hotel, Casino & Racetrack, and Mardi Gras Casino and Resort began operating with 1,200 video lottery machines. A fourth (Hollywood Casino at Charles Town Races) began video gaming in 1997.
- Games include Poker, Blackjack, Keno, and Spinning Reel Types. Since 1999, legislative action has allowed mechanical reel coin drop machines. As of June 30, 2010, an average of 9,938 terminals were available for play at the state's four racetracks.

## HISTORIC RESORT CASINO

Introduced:2010

Percentage of 2010 Sales: 0.12%

### Specifics

The Greenbrier Historic Resort in West Virginia implemented video lottery and table games in fiscal year 2010 when the Legislature passed SB 575 which revised the original Authorized Gaming Facility Act. In October 2009, The Greenbrier Historic Resort began operating both video lottery and table games. Table Games offered are Blackjack, Roulette and Three Card Poker.

# Limited Video Lottery County Proceeds*

| | | | | | |
|---|---|---|---|---|---|
| Barbour County | $19,773.89 | Kanawha County | $345,169.86 | Preston County | $88,843.41 |
| Berkeley County | $364,047.01 | Lewis County | $54,009.66 | Putnam County | $112,779.33 |
| Boone County | $52,880.26 | Lincoln County | $24,775.19 | Raleigh County | $213,869.49 |
| Braxton County | $14,282.32 | Logan County | $132,999.96 | Randolph County | $66,368.37 |
| Brooke County | $202,291.03 | Marion County | $120,555.61 | Ritchie County | $8,382.92 |
| Cabell County | $214,780.88 | Marshall County | $129,202.31 | Roane County | $11,223.42 |
| Calhoun County | $884.94 | Mason County | $139,996.66 | Summers County | $10,584.20 |
| Clay County | $8,444.76 | McDowell County | $18,125.34 | Taylor County | $23,513.67 |
| Doddridge County | $5,395.53 | Mercer County | $172,333.66 | Tucker County | $692.85 |
| Fayette County | $78,482.04 | Mineral County | $148,669.89 | Tyler County | $9,057.40 |
| Gilmer County | $0 | Mingo County | $35,097.64 | Upshur County | $51,986.38 |
| Grant County | $5,731.90 | Monongalia County | $251,472.33 | Wayne County | $145,701.46 |
| Greenbrier County | $86,829.20 | Monroe County | $26,454.09 | Webster County | $835.12 |
| Hampshire County | $36,564.34 | Morgan County | $28,475.16 | Wetzel County | $40,773.36 |
| Hancock County | $179,203.93 | Nicholas County | $37,695.86 | Wirt County | $6,085.52 |
| Hardy County | $22,078.16 | Ohio County | $104,741.52 | Wood County | $260,665.02 |
| Harrison County | $191,340.12 | Pendleton County | $1,668.70 | Wyoming County | $39,359.54 |
| Jackson County | $55,544.62 | Pleasants County | $17,706.14 | | |
| Jefferson County | $110,827.91 | Pocahontas County | $5,320.49 | | |

* *Two percent of gross terminal income is distributed to counties and incorporated municipalities in the manner prescribed by the statute.*

# Fiscal Year 2010 Traditional Retailer Commissions and Bonuses*

| | | | | | |
|---|---|---|---|---|---|
| Barbour County | $188,964 | Kanawha County | $2,831,559 | Preston County | $345,004 |
| Berkeley County | $862,865 | Lewis County | $297,482 | Putnam County | $418,796 |
| Boone County | $335,998 | Lincoln County | $134,861 | Raleigh County | $1,008,533 |
| Braxton County | $192,141 | Logan County | $559,364 | Randolph County | $473,717 |
| Brooke County | $189,928 | Marion County | $694,392 | Ritchie County | $125,145 |
| Cabell County | $920,771 | Marshall County | $252,186 | Roane County | $120,334 |
| Calhoun County | $45,309 | Mason County | $228,104 | Summers County | $90,388 |
| Clay County | $106,632 | McDowell County | $308,775 | Taylor County | $131,707 |
| Doddridge County | $39,444 | Mercer County | $677,080 | Tucker County | $69,129 |
| Fayette County | $805,833 | Mineral County | $307,671 | Tyler County | $74,418 |
| Gilmer County | $82,335 | Mingo County | $169,690 | Upshur County | $283,111 |
| Grant County | $85,710 | Monongalia County | $852,536 | Wayne County | $278,902 |
| Greenbrier County | $585,376 | Monroe County | $97,214 | Webster County | $71,431 |
| Hampshire County | $204,321 | Morgan County | $118,514 | Wetzel County | $145,100 |
| Hancock County | $552,378 | Nicholas County | $337,757 | Wirt County | $25,901 |
| Hardy County | $169,938 | Ohio County | $577,158 | Wood County | $893,770 |
| Harrison County | $847,175 | Pendleton County | $58,968 | Wyoming County | $228,288 |
| Jackson County | $335,190 | Pleasants County | $59,538 | | |
| Jefferson County | $557,676 | Pocahontas County | $159,209 | | |

**Retailer commissions and bonuses paid to Traditional Lottery Retailers for the sale and cashing prizes of Instant tickets and Online games including Powerball, Mega Millions, Hot Lotto, Cash 25, Daily 3 and Daily 4.*

# More Than $5.6 Billion In Proceeds For West Virginia Since 1986

**West Virginia Lottery**
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wvlottery.com