Progress Report

2015

More than $8.5 billion in proceeds to West Virginia since 1986.
Financial Highlights

In the fiscal year 2015, the West Virginia Lottery...

• Exceeded the $1 billion mark in sales for the 13th consecutive year with sales of more than $1.16 billion.
• Transferred more than $508.3 million to the State of West Virginia.
• Transferred $88.7 million for senior citizens, $90.3 million for education, $62.5 million for tourism, $94.5 million to the State’s General Fund, $34 million to the Infrastructure Council, and $100.3 million to other state agencies.
• Transferred $29 million to the PROMISE Scholarship Fund.
• Paid a total of $31.4 million to county and local municipalities across the State from gaming revenue.
• Awarded players a total of $106.5 million in cash prizes from traditional lottery games.
• Kept total operating costs under 2.9 percent.
The Commission was created in 1985 to assist and advise the Director of the Lottery, and to carry on a continuous study of West Virginia Lottery operations throughout the state. Members are appointed by the Governor with the approval of the Senate. In accordance with state law, the Lottery Commission is required to have seven members comprised of a lawyer, a certified public accountant, a computer expert, a marketing specialist, and one member with not less than five years experience in law enforcement. An additional two members represent the “public at large.” No more than four members may be from the same political party. Unless filling an unexpired appointment, members serve overlapping terms of five years and are eligible for successive appointments to the Commission.

The West Virginia Lottery continues to serve as an important source of revenue for the State of West Virginia. Since 1986, the people of West Virginia have benefited from more than $8.5 billion in Lottery proceeds with the largest portion of these funds being directed by the West Virginia Legislature to support Senior Citizens, Education and Tourism.

In fiscal year 2015, Lottery sales exceeded the $1 billion mark for the 13th consecutive year. Despite ever growing competition from surrounding states, Lottery sales totaled more than $1.16 billion for the year. Those sales resulted in a transfer of more than $508.3 million to the State, which was $47.9 million above projections. West Virginia gaming revenue was also responsible for $31.4 million that was paid to county and local municipalities across the State.

The Lottery’s fiscal year-end performance is a direct result of the diligence and hard work of our licensed Lottery retailers, operators, racetrack casinos, the 175 Lottery employees and the Lottery players who collectively make all of our accomplishments possible.

Today, the Lottery continues to operate responsibly with the highest standards of integrity and security to generate revenue for programs that benefit the citizens of our great state.

John A. Myers
Acting Director
West Virginia Lottery proceeds have improved the educational experience of West Virginia students from pre-school through their college years. Since 1986, West Virginia has invested nearly $3 billion from Lottery proceeds into education. These proceeds have significantly improved West Virginia’s public education system by allowing for needed renovations and new school construction through the State School Building Authority and for Higher Education and Community and Technical College bonds. Lottery generated dollars have placed computers and upgraded technology in classrooms across the State through the West Virginia Department of Education and have helped provide higher education opportunities to our best and brightest students through the PROMISE Scholarship program.

West Virginia Lottery proceeds have improved the quality of life for our seniors. Since 1986, the Lottery has generated more than $1 billion in proceeds that has helped the West Virginia Bureau of Senior Services meet the nutritional, health, and long-term care needs of thousands of West Virginia senior citizens. Lottery dollars are used to help provide more than two million meals annually at county nutrition sites and homes across the state. The funding is also used for senior centers, transportation needs, caregiving, matching Medicaid funding for senior services, and to fund a property tax credit for seniors. Overall, West Virginia senior citizens benefited from an estimated $88.7 million in Lottery revenue in FY 2015.
West Virginia’s high school seniors entering college and universities across the State benefit from lottery dollars through funding for the PROMISE Scholarship Fund. In FY 2015, $29 million from limited video lottery revenue was directed to help the PROMISE program reward West Virginia’s best and brightest students with the opportunity to attend an in-state college or university. Since 2002, the West Virginia Lottery has provided $341.5 million to the PROMISE Scholarship Program and in turn given thousands of West Virginians a college education.

"I worked really hard to get the PROMISE scholarship. I worked even harder once I got to Marshall to keep it. The way I see it West Virginia promised me an education and I promised to work hard in return. Now I teach fourth grade at the same school I attended as a child . . . it’s my way of giving back to the state that gave me an education."

Megan Burdick
Cabell Midland HS
Marshall University
Class of 2008
Fourth Grade Teacher
at Milton Elementary School

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Matthew Tyree
George Washington HS
WVU
Class of 2006
Attorney, Morgantown

"The PROMISE Scholarship was new back in 2002 and I was among the first to receive it. I had choices when it came to college. I weighed a lot of factors when it came to choosing WVU but it was the PROMISE Scholarship that tipped the scales. After graduation I went out of state to law school, but it was my experiences at WVU that made me want to return to West Virginia to live and work."

Matthew Tyree

"West Virginia is a huge source of inspiration to me. Our state has so much to offer. The PROMISE Scholarship is a great example. Both my brother and I received the PROMISE. I found my passion for painting at West Virginia Wesleyan and he studied at Fairmont State. Now I am a working artist. The PROMISE made it possible for my brother and I to follow our dreams and I will always be grateful."

Tierra Floyd
Braxton County HS
West Virginia Wesleyan
Class of 2012
Freelance Artist

"I grew up in Grafton, West Virginia. As a student at Grafton High I had no idea how I would get the money to pay for college. Then came the PROMISE Scholarship and Fairmont State University. Four years later I graduated with dual degrees and no student loans. The PROMISE set me on a path to law school and back home as a magistrate and educator."

Robert Bolton
Grafton HS
Fairmont State
Class of 2011
Taylor Co. Magistrate and Educator

"I'm a West Virginia girl . . . born and raised in coal country. The PROMISE Scholarship made it possible for me to attend WVU and earn my degree. I feel blessed to have received an education that's allowed me to find a job I love here at home. I will always be grateful to our state for the opportunity I now have to serve the people of southern West Virginia and stay close to family and friends."

Sarah Vance
Burch HS
WVU
Class of 2008
Occupational Therapist
at Logan General

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"I was raised by a single mom who always stressed the importance of an education. I worked hard at school and brought home straight As. I played hard at basketball and became state high school basketball champions. Thanks to the PROMISE Scholarship I earned my degree from West Virginia State University where I work today as an admissions counselor. I’m applying to dental school but for now I’m happy helping other students realize their promise."

Asia Greeleaf
Parkersburg South HS
WV State
Class of 2014
Admissions Counselor at WV State

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West Virginia has striking natural beauty and offers a wide-range of outdoor activities and adventure that attracts visitors from around the world. Since 1994, more than $203 million in revenue generated by Racetrack Video Lottery has been directed to advertising funds for the state’s tourism industry through a matching grants program established with the West Virginia Division of Tourism. In addition, Lottery revenue appropriated from other gaming sources is used to help the Division of Tourism, the Division of Natural Resources and the State Park Improvement Fund. In FY 2015, $16.3 million in lottery proceeds were directed to tourism, bringing the total amount of lottery proceeds invested into State Parks and Tourism since the Lottery was created to $920.6 million.

More than $920 MILLION For Tourism and Parks Since 1986

The West Virginia Lottery’s instant ticket game, Veterans’ Cash, was created through special legislation in 2000 to help support funding for veterans projects. The initiative has generated up to $1 million each year to support a skilled nursing facility and a cemetery for West Virginia’s veterans. In FY 2015, a total of $510,503 was generated for veterans.
Our Traditional Games

The West Virginia Lottery offers an array of instant and on-line games that are available for sale at 1,511 retail locations across the state.

The West Virginia Lottery introduced 61 new instant games during fiscal year 2015 and those games were responsible for approximately 8.9 percent of total fiscal year sales, bringing in $103.3 million.

On-line games include the in-state drawing games of Daily 3, Daily 4 and Cash 25. They also include the popular multi-state games of Powerball®, Mega Millions® and Hot Lotto® as well as West Virginia’s Travel Keno product that is restricted to lottery retailers with specific types of ABCA licenses. The most popular of these games is Powerball® which accounted for $34 million in sales in FY 2015.

Instant Game sales for FY 2015 totaled more than $103.3 million which was 57.4% of traditional Lottery sales.

Mega Millions® sales for FY 2015 was $13.6 million which accounted for 7.6% of traditional Lottery sales.

HOT LOTTO SIZZLER® sales for FY 2015 was $5.7 million which accounted for 3.2% of traditional Lottery sales.

POWERBALL® sales for FY 2015 totaled $34.1 million which represented 18.9% of total traditional Lottery sales.

Daily 3 sales for FY 2015 totaled $8.1 million which accounted for 4.5% of traditional Lottery sales.

Cash 25 sales for FY 2015 totaled more than $5.2 million which was 2.9% of traditional Lottery sales.

Travel Keno sales for FY 2015 totaled $5.1 million which was 2.8% of traditional Lottery sales.

Daily 4 sales for FY 2015 totaled more than $4.9 million which was 2.7% of traditional Lottery sales.

The Lottery launched a new advertising campaign promoting Hot Lotto during the summer of 2015. The ad also promoted the Hot Lotto Home Makeover Contest ‘N Win promotion in which winners could win gift cards for The Home Depot®.
Lottery Promotions

The West Virginia Lottery marketing staff stays busy throughout the year with a wide-range of special promotions and events across the state. The Lottery has a presence at events such as the Upper Ohio Valley Italian Festival in Wheeling, the West Virginia Italian Heritage Festival in Clarksburg, the Forest Festival in Elkins, the Chilli Fest in Huntington, the West Virginia International Auto Show in Charleston, and the State Fair of West Virginia in Fairlea.

In addition West Virginia Lottery promotions are conducted at many retailer locations across the state and at sporting events ranging from Marshall and WVU athletic events to West Virginia Power baseball and Wheeling Nailers ice hockey games.

Random Acts Of Lottery

The Lottery launched a robust advertising, social media and grassroots marketing campaign titled “Random Acts of Lottery” at the State Fair of West Virginia in August of 2014.

The campaign was designed to inspire a “pay-it-forward” spirit among Lottery players. Players were able to go online and enter non-winning West Virginia Lottery on-line game tickets into a series of second chance drawings where players won money not only for themselves, but an individual who they nominated to meet a specific need. In addition, the Lottery conducted a “12 Days of Giving” second-chance promotions where players won prizes and also made a donation to a charity of the choice.

Counties Ranked by Traditional Lottery Sales 2015

<table>
<thead>
<tr>
<th>Counties</th>
<th>Rank</th>
<th>Sales</th>
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<tbody>
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41. Taylor (8) $1,032,007

* Number in parenthesis () represents the number of retailers per county.
The West Virginia Lottery has more than 1,500 retailers who are vital to the Lottery’s success and serve as the true face of the Lottery to our player base.

In towns and cities across our state you will find stores with smiling faces that are selling Lottery tickets. When a customer walks into a store to buy a ticket, they are not greeted by Lottery employees but by clerks and managers of these retail locations, big and small. Their success is key to the Lottery’s success.

The Lottery, through our vendor IGT, uses a network of sales representatives that visit every retailer in the state on a regular basis and works to, not only train retailers about the lottery products they represent, but also assist them in maximizing their return. Just like all products in the retail environment, Lottery tickets require proper placement and support in order to sell.
Video, Racetrack and Table Games

**RACETRACK VIDEO LOTTERY** games were implemented in 1994 when the West Virginia Legislature passed the Racetrack Video Lottery Act, making video lottery terminals available to the four racetracks in the state subject to passage of local referendums. In September 1994, three racetracks (Mountaineer Casino Racetrack & Resort, Wheeling Island Hotel, Casino & Racetrack, and Mardi Gras Casino & Resort) began operating with 1,200 video lottery machines. A fourth racetrack (Hollywood Casino at Charles Town Races) began video gaming in September 1997. West Virginia is one of five state lotteries to regulate video gaming at racetracks. The other four states are Delaware, Rhode Island, New York and Pennsylvania. Games offered are poker, blackjack, keno, and spinning reel types. Effective June 1999, legislative action has allowed mechanical reel coin drop machines.

**LIMITED VIDEO LOTTERY** games were approved by the Legislature in April 2001. The 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. West Virginia is one of three state lotteries to regulate and operate limited video lottery. The other two states are South Dakota and Oregon. The first terminals were enabled for play on December 17, 2001. A total of 6,457 terminals were operating at licensed retail locations throughout the state as of June 30, 2015. Limited video lottery sales were 32.1 percent of total FY 2015 sales at 1,402 operating retailer locations.

**TABLE GAMES** were implemented in fiscal year 2008 when the West Virginia Legislature passed the Racetrack Table Games Act, making table games available to the four racetracks in the state 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 and added full table games in December 2007. In August 2008, a third racetrack (Mardi Gras Casino & Resort) began operating with poker tables only and added full table games in October 2008. The fourth racetrack (Hollywood Casino at Charles Town Races) began operating full table games on July 1, 2010. Games offered are Poker, Blackjack, Caribbean Stud, Craps, Roulette, Three and Four Card Poker, and other miscellaneous games. Racetrack Table Games sales were 4.0 percent of total FY 2015 sales.

**HISTORIC RESORT** implemented video lottery and table games in fiscal year 2010 when the West Virginia Legislature passed the Casino Act, which also required the passage of local referendum. In October 2009, The Greenbrier began operating both video lottery and table games. Table Games offered are Blackjack, Roulette and Three Card Poker.
Lottery Sales By Product
Last Ten Years

Instant Sales

On-Line Sales

Racetrack Video Sales

Limited Video Lottery Sales

Table Game Sales

Historic Resort Sales

Financial Impact
Last Ten Years

Ten Year Revenue
Detailed Revenue Numbers

2006 $1,538,860,148
2007 $1,590,212,381
2008 $1,545,423,630
2009 $1,507,156,589
2010 $1,369,544,143
2011 $1,404,552,377
2012 $1,540,708,011
2013 $1,340,489,489
2014 $1,126 Billion
2015 $1,176 Billion

2006 $1.538 Billion
2007 $1.580 Billion
2008 $1.545 Billion
2009 $1.507 Billion
2010 $1.369 Billion
2011 $1.404 Billion
2012 $1.540 Billion
2013 $1.340 Billion
2014 $1.126 Billion
2015 $1.176 Billion