



Minnesota Wins!

HIGHLIGHTS FROM
JULY 2015 - JUNE 2016
Issued September 2016

Please note: This preliminary report provides an overview of our business operations and includes unaudited financial highlights. A comprehensive FY16 annual report with audited financial results will be filed with the Governor and Legislature. To request a copy of the comprehensive annual report for FY16, please contact the Lottery.



Welcome, Readers:

Minnesotans voted overwhelmingly to create the Minnesota Lottery to raise money for the State of Minnesota. Minnesotans have been winning ever since because \$2.7 billion in lottery proceeds have helped make our state an even better place to live—more than \$1 billion has helped preserve, restore and protect Minnesota's environment in each of the 87 counties and \$1.5 billion has helped fund state programs including education, public safety and health & human services.

The Minnesota Lottery delivered a win for Minnesota in fiscal year 2016, which began on July 1, 2015 and ended on June 30, 2016. The Lottery returned record profits to Lottery beneficiaries. Prizes paid to players also hit a new record and the Lottery's retailer partners earned record commissions.

Total sales were a record \$592.9 million. A record \$1.5 billion Powerball® jackpot helped drive record lotto game sales and popular scratch games like Frogger®, Escape to MARGARITAVILLE® and Minnesota-branded High Stakes Lakes helped drive record scratch sales, which were up more than 5 percent from FY15.

Our game plan for FY17, which kicked off with a Vikings scratch game, is to deliver another winning year for Minnesotans.

Sincerely,



Michael Vekich
Acting Executive Director

A WINNING
Year for

Minnesota

**DIRECT &
OPERATING
COSTS**

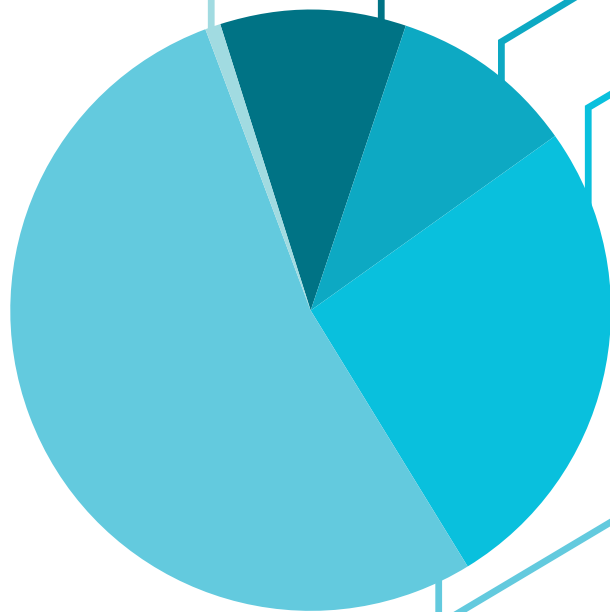
Ticket Cost
\$6 MILLION

Administration
\$25.4 MILLION

Retailer Commissions
\$35.7 MILLION

Lotto Game Vendor Expense
\$13.9 MILLION

Prizes
\$365.9 MILLION



**\$144.7 MILLION
TO THE STATE**

**Problem Gambling
Treatment & Prevention**
\$1.6 MILLION

Natural Resources Fund
\$14 MILLION

Game & Fish Fund
\$14 MILLION

**Environment & Natural
Resources Trust Fund**
\$38.3 MILLION

General Fund
\$76.8 MILLION

**\$2.6
BILLION**
to State Programs
1990-2016

A portion of every lottery dollar helps to preserve, restore, protect and enhance Minnesota's environment. Projects that benefit Minnesota have received lottery dollars in each of Minnesota's 87 counties since the Lottery's inception. Lottery dollars also support state services that include public education, local government assistance and public safety through the state's General Fund.

\$144.7 MILLION

to State Programs
FY16

For the 13th consecutive year, the Lottery contributed more than \$100 million to state programs.

Projects approved to receive funding from the Environment & Natural Resources Trust Fund, which is administered by the Legislative-Citizen Commission on Minnesota Resources, in fiscal year 2016 will benefit Minnesota's environment through:



land acquisition



water resources



**environmental
education**



air quality



renewable energy



research

Lottery Dollars at Work

The Environment & Natural Resources Trust Fund, the Natural Resources Fund, the Game & Fish Fund and Minnesota's General Fund receive lottery dollars.

The Minnesota Constitution requires that 40 percent of net proceeds go to the ENRTF through the year 2024. The ENRTF is intended to provide a long-term, stable source of funding for innovative and far-sighted activities that protect, conserve, preserve, and enhance the state's air, water, land, fish, wildlife, and other natural resources. The remaining 60 percent of proceeds is appropriated at the discretion of the Legislature and is currently dedicated to the General Fund, including a specific appropriation to problem gambling programs.

In addition, a 6.5 percent in-lieu-of-sales tax on lottery tickets is available for legislative appropriation. Under current law, these proceeds are divided between the General Fund (27.6 percent), the Natural Resources Fund (36.2 percent) and Game & Fish Fund (36.2 percent). The Natural Resources Fund appropriation is divided between state parks and trails, metropolitan parks and trails, local parks and the state's three zoos.

Visit facebook.com/MNENRTF and <http://www.lccmr.leg.mn/> to learn more about the LCCMR and the Lottery-funded Environment & Natural Resources Trust Fund.



What's causing the increase in harmful algae blooms in Minnesota lakes and what can be done to mitigate them? ENRTF projects at the University of Minnesota, St. Croix Watershed Research Station and Minnesota Pollution Control Agency are working to answer those questions.



ENRTF projects are helping to protect Minnesota prairies, lakes, rivers, forests and wetlands from invasive plant and pest species, including emerald ash borer, Eurasian Milfoil, Asian carp, Asian longhorned beetle, soybean rust, Dalmatian toadflax, soybean aphid, buckthorn, oak wilt and zebra mussel.



Grazing cows are a familiar sight around Minnesota, but did you know that cows are helping to restore Minnesota's prairies? An ENRTF project at the Minnesota Department of Natural Resources is using careful management of cattle grazing to improve wildlife diversity and soil health. This is just one of the ENRTF projects that are helping preserve or restore Minnesota's prairies.



Minnesota Wins!



Native mussels, which help cleanse the water they live in, are critically important to the health of Minnesota's lakes and rivers. Their presence improves habitat and provides food for many other species. Invasive zebra mussels and water pollution have contributed to native mussels decline. The Minnesota DNR, Minnesota Zoo, University of St. Thomas and others are working to restore and protect native mussels with help from the ENRTF.



ENRTF funded projects are helping bees and native butterflies, which play a vital role in the pollination of agricultural crops and in supporting natural ecosystems, including Minnesota's prairies.



The University of Minnesota is using an ENRTF grant to develop thermoelectric energy generators using advanced, high-performance materials able to more efficiently capture waste heat and transform the heat into electricity.



Powerball Sets World Record

On Jan. 13, 2016, the Powerball jackpot reached a new record of \$1.5 billion. Tickets sold in California, Florida and Tennessee each won one-third of the jackpot.

The big jackpots got many players into the game. More than 2 million adult Minnesotans purchased at least one Powerball ticket in the four weeks leading up to the record jackpot, according to a survey. Ticket sales shattered records and Minnesota's lottery retailers handled the surge in sales incredibly well.

The historic jackpot run generated more than \$20.7 million for Minnesotans.

**\$20.7
MILLION**
TO MINNESOTANS

Sales for the Jan. 9 drawing topped \$13 million, which was a new record. That new record didn't last long because sales for the Jan. 13 drawing surpassed \$19 million.

In the week leading up to the \$1.5 billion jackpot drawing, Minnesota retailers sold 55 percent of what was sold in all of FY15 for Powerball.



Busting Borders

The gigantic jackpots attracted attention from around the world. Two retailers located near the Canadian border and the MSP Airport Foundation were the top three Powerball sellers for the record drawing.

Located just 1/2 mile from the Canadian border, Ryden's Gas in Grand Portage was the state's top Powerball ticket seller during the \$1.5 billion jackpot drawing.



(Pictured left) Metro Transit bus driver Joseph Woods of St. Paul called in "rich" and retired after winning \$1 million.

(Pictured right) Rochester resident Nick Suchla's wife, Lacey, joked that he should check his Powerball ticket because he might be the \$1 million winner. He was!



This happy group of hospital co-workers from Rochester claimed one of the 12 \$50,000 Powerball prizes won in Minnesota on January 13.



The "Buffalo High School Lunch Ladies" were one of many groups of co-workers that got into the game as the Powerball jackpot reached record territory.



The Lottery partnered with one of Minnesota's most iconic brands for Crazy Cash, a Zubaz themed scratch ticket.



Andrew Zimmern's Minnesota Potlucky added lots of spice to the scratch game lineup. Zimmern is a Minneapolis resident who's not only well known right here in Minnesota, but is recognized internationally as a James Beard award-winning television personality, chef and restaurateur. Minnesotans love potlucks, especially during the summer grilling season, so the timing of this ticket could not have been better. Zimmern also shared nine recipes for us to feature on our blog and social media sites. Zimmern's brand helped engage our players and reach a new audience.

It was GAME ON for fans of the iconic game Frogger—which was released in 1981—the Frogger scratch game and second chance drawing were hits with Lottery players.

Did You Know?

Through the Environment & Natural Resources Trust Fund, lottery proceeds have been used to study farm ponds and natural wetlands to ensure a quality habitat for Minnesota's frogs.

Frog Research

Minnesota Frog Watch, an environmental education project for Minnesota's youth, was formed with help of lottery proceeds through the Environment & Natural Resources Trust Fund. This program led to the collection of hundreds of malformed frogs from across Minnesota for scientific research purposes led by the Minnesota Pollution and Control Agency to help uncover the cause of these deformities.



90,000 WINNING TICKETS EVERY DAY

Players redeemed an average of 90,000 winning tickets every day in FY16.



Shane Koller of White Bear Lake got himself a Christmas gift that keeps on giving. A Lucky for Life ticket that he purchased on Christmas Eve won \$25,000 a year for life!



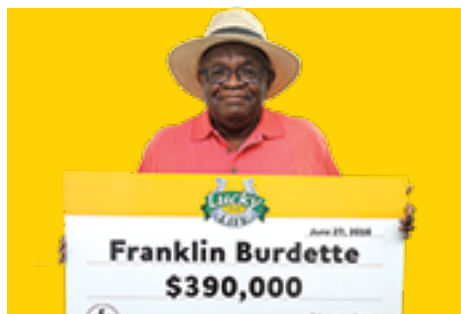
Kelly Taylor of Welch started 2016 with \$1 million reasons to smile thanks to a MN Millionaire Raffle win on January 1.



After taking home a \$77,777 prize, Tanya Hartman of Bloomington was looking forward to using part of her windfall to purchase a new home.

92¢ of every dollar GOES BACK TO MINNESOTANS

During FY16, 92 cents of every dollar played on lottery games was returned to Minnesotans through prizes, Lottery beneficiaries, contributions to problem gambling treatment & prevention programs and retailer commissions.



"You're the guy who won!" an excited sales associate told Franklin Burdette of Minneapolis when he scanned his ticket.



Perhaps working with horseshoes resulted in a little luck rubbing off on professional farrier Joseph Yanish. The Litchfield resident won a \$1 million Powerball prize!

\$6.6 BILLION IN LOTTERY WINNINGS 1990-2016

Lottery players have won more than \$6.6 billion since the Lottery's inception in 1990.

61 percent of adult Minnesotans have played the lottery. 92 percent of adult Minnesotans have participated in a gaming activity (including lottery, casinos, charitable gambling, etc.) Source: St. Cloud State survey.



Malachi Ireland-Covington received the gift of a lifetime on his 21st birthday—a Make My Year scratch ticket worth \$200,000.

Minnesota Artist Turns Scratch Ticket into Art

Lottery is a game of chance. It provides Minnesotans a chance to have some fun and if you're lucky enough, a chance to win. But for one St. Paul artist, the Lottery provided a chance to create a one-of-a-kind piece of art that was showcased at the 2016 Stone Arch Bridge Festival in Minneapolis.

The Lottery partnered with City Pages and searched for a local artist to create an artwork that highlighted the best of Minnesota summers using an unconventional material—scratch tickets.

That was a challenge that Kristi Abbott was more than ready to take on when she entered the contest. It was Kristi's vision of bringing the chain of the lakes and the iconic Minneapolis skyline to life with her unique collage-style artistry, which stood above the rest.

"I think the city lakes are so unique," said Kristi. "The Lottery tickets are brightly colored and almost kind of reflective in nature, which then made me think of water."

Incorporating scratch tickets in "Afternoon Paddle" was an extension of Kristi's collage-style technique. "All of the buildings have been altered to incorporate the Lottery tickets," Kristi said. "The lines and text of the tickets integrate with that quite nicely."

Kristi's artwork was on display during the Stone Arch Bridge Festival where players had a chance to win the unique piece as well as play games and win prizes.



Scratch tickets were used to create "Afternoon Paddle" by Kristi Abbott.





*Holiday Stationstores Inc. in Duluth
\$500 bonus*



*Kwik Trip #357 in Rochester
\$500 bonus*



*Orton's Point Tesoro in East Grand Forks
\$270 bonus*

Top 10 FY16 Retailers

1. M & H Gas in Moorhead
2. MSP Airport Foundation in St. Paul
3. Cub Foods in Crystal
4. Cub Foods in Maple Grove
5. Cub Foods in Brooklyn Center
6. Kaposia Convenience Center in South St. Paul
7. Bill's Superette #9 in Brooklyn Park
8. Kwik Trip #824 in Winona
9. Cub Foods in St. Louis Park
10. BP on Rice in St. Paul



*SuperAmerica #4180 in Bloomington
\$433 bonus*



*Royalton EZ Stop #38 in Royalton
\$5,000 bonus*

Retailers earned an average of
\$11,719
per business in FY16



*Shell Food Mart in Blue Earth
\$5,000 bonus*

It Pays to be a Lottery Retailer

More than 3,100 lottery retailers located throughout Minnesota play a huge role in the success of the Lottery. Retailers have earned more than \$662.4 million in commissions and bonuses since the Lottery began. Lottery retailers can earn bonuses—up to \$50,000—for selling certain winning tickets.

According to a National Association of Convenience Stores study, 95% of lottery customers buy at least one additional item inside the store.



| FY16 FINANCIAL SUMMARY | 2016 | 2015 |
|--|-----------------|-----------------|
| Scratch Games Sales | \$394.8 million | \$376.2 million |
| Lotto Games Sales | \$198.1 million | \$170.7 million |
| Total Sales | \$592.9 million | \$546.9 million |
| Total Prizes | \$365.9 million | \$335.2 million |
| Total to the State | \$144.7 million | \$135.5 million |
| General Fund | \$76.8 million | \$73.3 million |
| Game & Fish Fund | \$14 million | \$12.9 million |
| Natural Resources Fund | \$14 million | \$12.9 million |
| Environment & Natural Resources Trust Fund (ENRTF) | \$38.3 million | \$34.6 million |
| Problem Gambling Treatment & Prevention Contribution | \$1.6 million | \$1.9 million |
| Administration | \$25.4 million | \$25.7 million |
| Retailer Commissions & Incentives | \$35.7 million | \$32.9 million |
| Ticket Costs | \$6 million | \$6.1 million |
| Lotto Game Vendor Expenses | \$13.9 million | \$10.4 million |

| INCEPTION TO 6/30/2016 | |
|--|-----------------|
| Total Prizes | \$6.6 billion |
| Total to State Programs | \$2.7 billion |
| ENRTF, Game & Fish Fund and Natural Resources Fund | \$1.1 billion |
| General Fund | \$1.5 billion |
| Problem Gambling Treatment and Prevention | \$42.8 million |
| Retailer Commissions & Bonuses | \$662.4 million |

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The Minnesota Lottery is committed to actively supporting responsible gambling and the prevention of problem gambling. Problem gambling treatment and awareness material, like the Lottery-created brochures shown here, are distributed to every lottery retailer in Minnesota. During especially high jackpots, the Lottery has run television and radio ads encouraging responsible play.

The Lottery has contributed \$42.8 million to problem gambling treatment and prevention since inception.

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