



The Honorable  
Jennifer M. Granholm  
Governor, State of Michigan

**T**he Michigan Lottery's Fiscal Year 2010 sales of \$2.36 billion, prizes paid of \$1.38 billion, and contribution to the School Aid Fund of \$701.3 million reflect the continued importance of the Lottery to the state of Michigan.

Each year, 100 percent of the Lottery's profits go to K-12 education. Since the Lottery was created in 1972, it has generated over \$15 billion for K-12 schools in Michigan. We are proud to be a part of our state's education support system.

But more than just players and schools win with the Michigan Lottery. Often overlooked are the commissions earned by our network of retailers. In FY 2010, the Lottery paid over \$170 million in commissions to the 10,000-plus members of our retailer network for selling and redeeming Michigan Lottery tickets. The lucky One Stop Shop in Kalamazoo, which sold a \$36 million Mega Millions ticket, earned a \$50,000 bonus.

In closing out the year, Michigan was the proud host of the 2010 meeting of the North American Association of State and Provincial Lotteries. This event, conducted in Grand Rapids, brought 850 industry professionals from North American lotteries together to learn about the latest trends, ideas and equipment needed to operate a successful lottery. The conference resulted in a significant contribution to the city of Grand Rapids and its businesses, as well as to the economy of the state of Michigan.

We thank everyone, especially players and retailers, who had a role in making the Michigan Lottery the success it was in FY 2010.

Sincerely,

M. Scott Bowen  
Commissioner



M. Scott Bowen  
Lottery Commissioner



Crystal and Kwana R.ugh, January 2010  
Daily 4, \$90,000



Patricia B. Club of Kalamazoo, June 2010  
Mega Millions, \$26 million

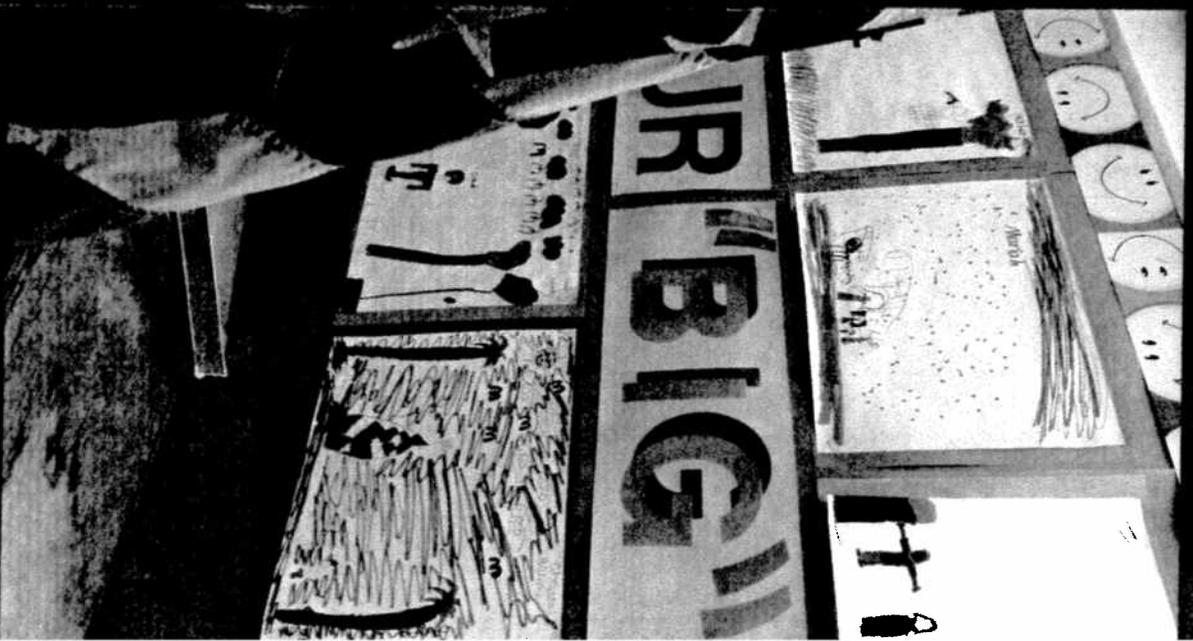


Patricia Harshaw, \$1,000,000  
Make Me Rich, Episode 3



If you bet more than you can afford to lose, you've got a problem.  
Call 1-800-270-7117 for confidential help.

To view the complete 2010 Annual Report, go to [www.michigan.gov/lottery](http://www.michigan.gov/lottery)  
This report was produced by the Public Relations Division of the Michigan Bureau of State Lottery. Photography by the Michigan Lottery and [www.domagalskiphotography.com](http://www.domagalskiphotography.com)



2010 Annual Report

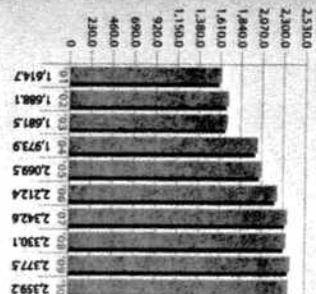
# 2010 Financials

## Statement of Revenues, Expenses and Transfers (In Thousands)

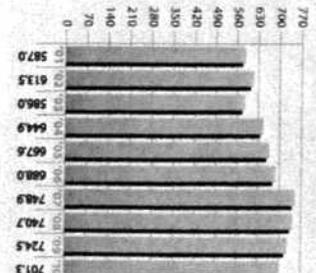
|   | FY 2010             | FY 2009             |
|---|---------------------|---------------------|
| <b>Operating Revenues</b>                                     |                     |                     |
| Daily 3   | \$ 344,198          | \$ 350,999          |
| Daily 4   | \$ 359,024          | \$ 335,907          |
| Classic Lotto 47  | \$ 43,830           | \$ 64,232           |
| Fantasy 5   | \$ 56,051           | \$ 51,310           |
| Mega Millions   | \$ 173,462          | \$ 222,690          |
| Powerball   | \$ 64,460           | \$ —                |
| Kenol   | \$ 12,979           | \$ 13,987           |
| Raffle Games  | \$ 19,048           | \$ 41,296           |
| Instant Games   | \$ 750,853          | \$ 749,052          |
| Club Keno   | \$ 490,509          | \$ 519,926          |
| Lucky Lines   | \$ 15,739           | \$ —                |
| Pull Tabs   | \$ 29,075           | \$ 28,038           |
| <b>Total Ticket Sales</b>                                     | <b>\$ 2,359,228</b> | <b>\$ 2,377,437</b> |
| Other Revenue   | \$ 2,009            | \$ 895              |
| Charitable Gaming Revenue                                     | \$ 18,737           | \$ 20,663           |
| <b>Total Operating Revenue</b>                                | <b>\$ 2,379,974</b> | <b>\$ 2,398,995</b> |
| <b>Operating Expenses</b>                                     |                     |                     |
| Prizes Awarded  | \$ 1,408,918        | \$ 1,436,373        |
| Less Unclaimed Prizes   | \$ 27,293           | \$ 28,730           |
| Net Prizes Awarded  | \$ 1,381,625        | \$ 1,407,643        |
| <b>Other Operating Expenses</b>                               |                     |                     |
| Retailer Commissions  | \$ 170,494          | \$ 174,162          |
| Vendor/Bank Commissions                                       | \$ 31,956           | \$ 35,464           |
| Direct Game Expenses  | \$ 21,052           | \$ 18,383           |
| Advertising   | \$ 28,986           | \$ 26,965           |
| Administrative Expenses                                       | \$ 20,250           | \$ 20,793           |
| Charitable Gaming Expenses                                    | \$ 7,402            | \$ 8,899            |
| <b>Total Operating Expenses</b>                               | <b>\$ 1,661,765</b> | <b>\$ 1,692,309</b> |
| <b>Net Operating Revenue</b>                                  | <b>\$ 718,209</b>   | <b>\$ 706,686</b>   |
| <b>Non-Operating Revenue (Expenses)</b>                       |                     |                     |
| Investment Income (Loss)                                      | \$ 10,663           | \$ 48,940           |
| Unrealized Investment Revenue (Loss)                          | \$ 6,620            | \$ (29,137)         |
| Prize Amortization  | \$ (15,219)         | \$ (18,402)         |
| Net Non-Operating Revenue                                     | \$ 2,064            | \$ 1,401            |
| <b>Net Income Before Disbursements</b>                        | <b>\$ 720,273</b>   | <b>\$ 708,087</b>   |
| Net Income Disbursed to General Fund                          | \$ 11,335           | \$ 11,764           |
| Net Income Disbursed to DCH for<br>Compulsive Gaming Helpline | \$ 990              | \$ 990              |
| Reserved Unrealized Loss on Investments                       | \$ 6,620            | \$ (29,137)         |
| <b>Net Income Disbursed to School Aid Fund</b>                | <b>\$ 701,328</b>   | <b>\$ 724,470</b>   |

## Financial Trends: 2001 through 2010

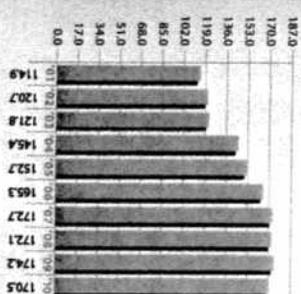
Ticket Sales History  
(In Millions)



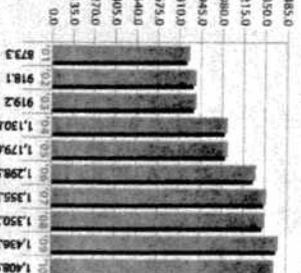
Net to Education  
(In Millions)



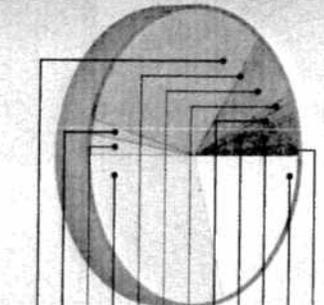
Retailer Commissions  
(In Millions)



Prizes Won  
(In Millions)



Total Revenue (in Thousands)



Where the Money Goes (in Thousands)

