



STRATEGIC PLAN

FISCAL YEARS 2017-2020

Submitted this 1st day of July, 2016

**Jeffrey R. Anderson
Director**

Mission

The mission of the Idaho Lottery is to responsibly provide entertaining games with a high degree of integrity to maximize the dividend for Idaho Public Schools and the Permanent Building Fund.

Vision

The vision for the Idaho Lottery is to become the highest performing jurisdiction in North America.

Values

- We operate the Idaho Lottery in accordance with the spirit and letter of the law that established its purpose.
- We conduct business in an ethical and honest manner at all times.
- We continuously strive to exceed the expectations of our customers, each other, and our community.
- We are personally responsible for our individual performance.
- We commit to operational excellence in all disciplines.
- We cooperate with each other to create an environment that is conducive to great work.
- We treat each other with mutual respect and cooperation.
- We have fun.

Internal Agency Assessment

Since inception in 1989, the Idaho Lottery has worked diligently to maximize the dividend for Idaho Public Schools and the Permanent Building Fund. Each year the Lottery executive team, employee team members, and key vendors work to identify, monitor, and successfully implement initiatives to fulfill our mission and vision. Here are some highlights of our accomplishments during FY2016:

1. Changed all of our digital jackpot billboards to accurately reflect the \$1.58 ***Billion*** jackpot on *Powerball*. We were the only Lottery in America to do so.
2. Worked with Lottery retailers and local law enforcement to provide services and comfort stations to retail locations along the Idaho-Utah border for the historic *Powerball* jackpot in January 2016.
3. Updated and modernized all retailer files with current owners and contact information within our Security Division.
4. Sold out the 2015 edition of the *Idaho \$1,000,000 Raffle*. We spent 25% less this year on advertising and set a record gross profit of \$850,000 with an ROI of 50.18%. In terms of profit and ROI, this was our most successful raffle to date.
5. Provided three different Lottery Enforcement training classes to prosecutors, judges, and police officers.
6. Successfully implemented a new Sales Rep Incentive program.
7. Increased our retailer base by 18 new retailers.
8. Ended the Draw Game *Wild Card* in February, creating an opportunity to introduce a new Draw Game in FY17.
9. Launched the *Pick3 Sum it up!* feature in January which increased *Pick 3* sales by over 10%.
10. Reduced "bin out of stock" percentage in *Winstation* vending machines from a statewide average of 15% to 5% by working cooperatively with our retail customers.
11. Introduced an *I Love Lucy Scratch Game™* which sold out in 9 weeks and indexed at 157 (average is 100).
12. Offered promotional support to the Draw Game *Lucky for Life* which achieved a 28.75% ROI, increased sales by 40% during the promotion, and incurred a sustained improvement of 17.6% after its conclusion.
13. Sold tickets for the first time at Boise Towne Square during the holiday season with a 228% ROI.

14. Introduced five new games to the *InstaPlay*[™] portfolio, including a \$10 rolling jackpot game called *Big Money Jackpot* which contributed 39% of sales for the entire *InstaPlay* portfolio.
15. Successfully migrated our website to a new hosting vendor.
16. Issued a Request for Information (RFI) on September 18, 2015 for Lottery Gaming Systems. The current ten-year agreement with the incumbent, Intralot, expires on October 1, 2017. Intralot has been a valued partner for almost 10 years. The RFI was published to provide the Idaho Lottery with information on the latest, state-of-the-art technology in a technology-centric business. All four companies who are capable of providing these services responded.
17. Issued a Request for Proposal (RFP) on June 22, 2016 for a Lottery Gaming System. Responsible and transparent contracting for government services necessitated the need for the RFP. We anticipate that all four companies who are capable of providing these services will respond. Our goal is to have a recommendation regarding the most responsive bidder to the RFP for Idaho State Lottery Commission consideration in November 2016.
18. Received national recognition for advertising from the North American State and Provincial Lottery Association:
 - a. BEST:
 - TV Campaign: Triple Platinum “Appraisal”
 - TV Advertising Lotto/Spiel Games: “B-I-N-G-O”
 - Radio Advertising, Coordinated Campaign: Bucks ‘N Trucks “Who Gives an F-150” and “Buck Tape”
 - b. FINALIST:
 - Best Radio Advertising Lotto/Spiel Games: “B-I-N-G-O”
19. Won the following awards at the Idaho Advertising Federation Rockie Awards:
 - a. GOLD: \$300K Triple Platinum TV: “Appraisal”
 - b. SILVERS:
 - Money Makeover TV: “Nagging Projects”
 - Merry and Bright Mall Cart
 - From Frank Retailer Note Cards
 - Bucks ‘N Trucks Dirty Truck Facebook contest – Social Media
 - From Frank Social Media Campaign
 - From Frank Online Banner
 - From Frank Email – Digital Advertising
 - c. CITATIONS:
 - From Frank Billboards
 - Treasure Hunt Bandana – Direct Marketing
 - Treasure Hunt Brochure
 - From Frank Complete Campaign – Consumer Regional/National Campaign
 - Treasure Hunt/Pirate Ship Event Trailer Wrap: Guerilla/Ambient Advertising

Key Success Areas

The Idaho Lottery works on behalf of the people of Idaho to continue our responsible and goal-oriented efforts. We operate this agency with sound business principles. Team Lottery, which includes our team of employees and our vendor partners, participates in strategic planning sessions with all participants throughout the year continuing to work toward the goals and initiatives established during planning sessions. We are focused, aligned, and committed to operating at a consistently high level.

We take our mission seriously, from responsible weekly compliance monitoring of every contract to ensure all parties are delivering on contract terms, to evaluating every purchase and respecting the competitive bidding process. We rigorously manage our costs each day as the budget we are entrusted with is the people's money. We work diligently to solidify our connections with existing customers and reach new ones through data-driven, responsible marketing programs and new product offerings.

TEAM LOTTERY:

. . . is a mission and values driven enterprise. We appreciate and respect the responsibility entrusted to us by the People of Idaho.

. . . believes that security and integrity are our number one focus.

. . . is consistently mindful of contractual obligations and deliverables. These are the things that guarantee an efficient, productive, and cost effective operation.

. . . is creative and innovative, while respecting governing Statutes and Administrative Rules. Team Lottery is known in the Lottery industry as innovators who can do amazing things with a small budget.

. . . appreciates our customers: our players, our retailers, our vendors, our dividend recipients, our partners. By working for them and with them, together, they are the reasons behind our success.

Game Portfolio

Lottery game revenue currently comes from three authorized play styles: *Draw Games*, *Scratch Games*[™] and *PullTabs* games. Gross profit and net revenue vary by game and are subject to player prize expense and the cost of goods sold.

Scratch Games and *PullTabs* games continue to interest players as evidenced by solid acceptance in the marketplace. Due to printing costs, shipping charges, and the games' prize expense, these games have a higher overall cost of goods sold than *Draw Games*.

To increase net revenues, we work responsibly to grow total sales, increase the ratio of *Draw Games* to *Scratch Games* and *PullTabs* ticket sales, actively manage gross margins on all games when possible, and implement responsible, comprehensive marketing initiatives to support them.

Draw Games - (*Powerball with PowerPlay, Mega Millions with Megaplier, Wild Card [discontinued in February 2016], Idaho Pick 3, Hot Lotto Sizzler, Weekly Grand, Lucky for Life, and Idaho \$1,000,000 Raffle*)

Performance of big, multi-state jackpot games like *Powerball* and *Mega Millions* is dependent on the size of the advertised annuity jackpot amounts. The Idaho Lottery's goal is to responsibly increase the percentage of total *Draw Game* sales for the secondary, multi-state and in-state games through research, refinement, and promotion of the entire portfolio.

Powerball underwent a significant game change in October 2015 that produced beneficial results for Idaho and Lotteries nationwide. For the first time in history, a single big jackpot lottery game reached and exceeded the one billion dollar mark for an advertised annuity jackpot. *Powerball* climbed to a \$1.586 billion jackpot on January 13, 2106 when the winning combinations were ultimately hit. *Powerball* sales increased 45% vs. FY2015.

Mega Millions performance, however, was statistically flat in announced daily average jackpot amounts compared to the previous year and realized an 8% decrease in sales, its second consecutive year with declining sales.

During FY2016, *Pick 3*, a twice-daily game, added a new feature, *Sum it up!* This feature allows players to add to their winnings or win when the total of their selected numbers matches the total of the numbers drawn, even if they do not match the individual numbers. The *Sum it up!* feature produced a 14.37% sales increase over the second half of the sales year.

After 19 years on the market, the four states involved in the game *Wild Card* chose to end this niche game on February 27, 2016. The end of *Wild Card* provides the opportunity for the Idaho Lottery to offer a new *Draw Game* during FY2017.

As an entire portfolio, *Draw Game* sales are up 22% over FY2015.

	2016	2015	2014	2013
Powerball	\$42,657,141	\$29,330,831	\$36,526,313	\$45,350,144
Mega Millions	10,407,679	11,295,562	13,379,076	9,253,222
Wild Card	992,239	1,669,886	2,030,710	2,177,861
Idaho Pick 3	2,276,072	2,068,502	1,924,401	1,888,639
Hot Lotto	2,321,953	3,146,396	3,224,267	3,050,816
Weekly Grand	2,138,154	2,398,758	2,800,996	2,723,962
Lucky for Life	3,657,411	1,900,540	-	-
Idaho Bingo	-	490,915	-	-
Raffle	2,500,000	2,500,000	2,500,000	2,500,000
Total Sales	\$66,950,649	\$54,801,390	\$62,385,763	\$66,944,644
Change from prior year	\$12,149,259	(\$7,584,373)	(\$4,558,881)	\$6,675,888
Percentage of Product Sales	28.4%	26.1%	29.9%	33.9%
Percentage Sales Change	22.2%	-12.2%	-6.8%	11.1%

Scratch Games™ – The Idaho Lottery has delivered record *Scratch Games* sales for fifteen of the last sixteen years. *Scratch Games* gross profit margins have been under pressure, however, with growing interest from players in tickets that deliver more prizes for their playing experience. Hence, these tickets are less profitable due to greater prize expense expected by the players. We continue to focus on a portfolio that produces an appealing mix for the player and an optimum yield for the beneficiaries of the Idaho Lottery.

The Lottery’s goal is to responsibly increase *Scratch Games* sales with:

- a. Creative marketing campaigns
- b. Recruitment of additional retail outlets
- c. Unique and entertaining authorized play formats and styles
- d. Persistence in improving the positive trend in \$1, \$2, and \$5 games
- e. Renewed emphasis in implementing our core-game strategy by price
- f. Rigorous and responsible management of the gross margin on the entire product portfolio
- g. Improvements to in-store product presentation through our Retailer Standards of Excellence Program
- h. Effective, in-store inventory management

Players continue to enjoy our latest terminal-based *Scratch Games, InstaPlay™*, especially the Idaho-only, continuously rolling jackpot games, *Idaho Jackpot* and *Big Money Jackpot*.

Players also welcome new, fun play styles, and it’s important to our mission to keep the overall product portfolio fresh.

	2016	2015	2014	2013
One dollar games	\$7,724,145	\$7,064,193	\$7,739,682	\$8,435,978
Two dollar games	\$7,420,804	\$6,808,290	7,130,438	8,183,584
Three dollar games	\$19,559,025	\$18,535,851	20,448,546	20,724,678
Five dollar games	\$41,169,850	\$38,671,645	37,620,580	37,914,565
Ten dollar games	\$18,423,550	\$20,233,990	19,267,770	14,544,960
Twenty dollar games	\$21,384,200	\$16,109,840	30,625,685	18,879,540
Twenty-five dollar games	\$13,263,850	\$19,369,375	-	-
Terminal based scratch games	7,070,613	3,029,440	516,379	-
Total Sales	\$136,016,037	\$129,822,624	\$123,349,080	\$108,683,305
Change from prior year	\$6,193,413	\$6,473,544	\$14,665,775	\$8,848,420
Percentage of Product Sales	57.6%	61.7%	59.0%	55.0%
Percentage Sales Change	4.8%	5.2%	13.5%	8.9%

PullTabs Games – (*PullTabs and TouchTabs*) The Lottery’s goal is to responsibly enhance sales by recruiting additional retailers, evolve the product portfolio, and offer contemporary ways to play traditional *PullTabs* games with multiple dispensers at retail through our full service vendor partner, International Gamco, Inc.

TouchTabs games offer play styles identical to *PullTabs* games and are offered only in age-controlled environments with rigorous oversight and product management.

	2016	2015	2014	2013
PullTabs	\$1,818,957	\$1,977,684	\$1,921,901	\$2,479,690
TouchTabs	\$31,304,459	\$23,593,050	\$21,235,850	\$19,341,600
Total Sales	\$33,123,416	\$25,570,734	\$23,157,751	\$21,821,290
Change from prior year	\$7,552,682	\$2,412,983	\$1,336,461	\$6,245,931
Percentage of Product Sales	14.0%	12.2%	11.0%	11.1%
Percentage Sales Change	29.5%	10.4%	6.1%	40.1%

TOTAL PRODUCT SALES SUMMARY

	2016	2015	2014	2013
Draw Games	\$66,950,649	\$54,801,390	\$62,385,763	\$66,944,644
Scratch Games	\$136,016,037	\$129,822,624	\$123,349,080	\$108,683,305
PullTab Games	\$33,123,416	\$25,570,734	\$23,157,751	\$21,821,290
Total Sales	\$236,090,102	\$210,194,748	\$208,892,594	\$197,449,239
Change from prior year	\$25,895,354	\$1,302,154	\$11,443,355	\$21,621,479
Percentage Sales Change	12.3%	0.6%	5.8%	12.3%

Team Lottery Goals

1. To protect the security and integrity of our games
2. To responsibly increase net revenues
3. To rigorously manage costs
4. To guard the honesty of charitable gaming

Objectives – Strategies – Action Plans

1. **To protect the security and integrity of Idaho Lottery games** by continuing to meet or exceed Multi-State Lottery Association (MUSL), North American Association for State and Provincial Lotteries (NASPL), and internal Idaho Lottery security standards.

We conduct thorough background checks of prospective Lottery and vendor employees (as well as having the option for similar retailer background checks) for criminal, financial, and conflict of interest issues that could affect the integrity of our games.

The Idaho Lottery Security Division investigates and prosecutes theft and fraud relating to Lottery games and, along with the Idaho Lottery Sales Division, is proactive in Loss Prevention training for our retail partners. The Lottery continues to be an effective partner with our retailers, working together to protect the public.

2. **To responsibly increase net revenues** by diligently working to improve the net revenue from our comprehensive portfolio of *Draw Games*, *Scratch Games* and *PullTabs* products. Our focus is on:

- a. Enriching retailer relations
- b. Extending distribution channels
- c. Improving the customer experience
- d. Gaining a better understanding of the marketplace through research
- e. Continuing the responsible distribution of self-service, player activated terminals (Winstation vending machines) and Multi-Play kiosks (MP)
- f. Continuing the distribution of customer friendly dispensing devices for our *PullTab* product line.

- a. **Enriching retailer relations** by:

1. Continuing to seek retailer and customer feedback about our performance
2. Responsibly managing the retailer incentive program
3. Developing an effective training program for retail managers and clerks to ensure they are always fully trained in both selling Lottery products and Loss Prevention
4. Collaborating with our retail partners and chains to focus on working in both of our businesses

- b. **Extend distribution channels** beyond our current Idaho Lottery retailers by consistently and responsibly adding new retail outlets. As of July 1, 2016, our retailer base is 1,188.

- c. **Improve the retailer and player customer experience** through the ongoing implementation of the Idaho Lottery Retailer Standards of Excellence Program and improvements to our website and VIP Club Program. The Standards of Excellence Program is the Lottery's retailer improvement program designed to bring consistency of brand presentation at the transaction point and consists of Six Points of Reference for retail locations:
 - 1. Outside signage
 - 2. Building signage
 - 3. Inside signage
 - 4. Point of purchase
 - 5. Game display
 - 6. Customer service and retailer training

For our retailers, we offer a secure, retailer-only website that makes doing business with us easier, faster, and less expensive for both the Lottery and our retail partners. Retail customers are able to view and download their own accounting information, saving on mailing costs, and allowing anytime access to better fit the needs of our retailer partners.

The Lottery has updated our VIP Club player website where our players can learn more about our games, and, enter sweepstakes and second chance drawings for prizes. This loyalty club now has nearly 165,000 members as of July 1, 2016.

- d. **Continue to utilize responsible market research** for insight into Lottery players' interest in our brand/product offerings and implement actionable plans for creating and responsibly promoting entertaining games.

 - e. **Continue to responsibly deploy Player Activated Terminals**, our secure Lottery dispensing devices, which offer *Scratch Games* and *Draw Games*.

 - f. **Continue to deploy PullTabs game dispensing devices** by responsibly managing our contract and relationship with International Gamco, Inc.
3. **Rigorously manage costs** by controlling and lowering the expense of operating the Lottery through negotiating favorable vendor contracts for services, creating operational efficiencies, and exercising continuous process improvements.
4. **Guard the honesty of charitable gaming** through educating, regulating, licensing, and overseeing charitable gaming operators and their games and by implementing feedback on statutory and administrative rule changes to better serve Idahoans.

Performance Measures - Trends

Measuring an enterprise operation like the Idaho Lottery is effectively done by monitoring our performance to plan as reported in the statement of our revenues, expenditures, net income, and internal yardstick criteria.

		<u>Change</u>	<u>% Change</u>			
	<u>FY-2016</u>	<u>2015 to 2016</u>	<u>2015 to 2016</u>	<u>FY-2015</u>	<u>FY-2014</u>	<u>FY-2013</u>
Revenue	\$ 236,090,102	\$ 25,895,354	12.3%	\$ 210,194,748	\$ 208,892,594	\$ 197,449,239
Other Revenue	780,708	35,327	4.7%	745,381	750,294	720,402
Total Revenue	236,870,810	25,930,681	12.3%	210,940,129	209,642,888	198,169,641
Prize Expense	154,102,106	17,332,828	12.7%	136,769,278	133,232,103	122,888,172
Other Expenditures	31,450,136	2,774,569	9.7%	28,675,567	30,063,461	27,711,935
Total Expenditures	185,552,242	20,107,397	12.2%	165,444,845	163,295,564	150,600,107
Income Before Dividends	\$51,318,568	\$5,823,284	12.8%	\$45,495,284	\$46,347,324	\$47,569,534
Dividends	\$49,500,000	\$4,500,000	10.0%	\$45,000,000	\$49,000,000	\$48,200,000
Change in Net Assets	\$1,818,568			\$495,284	-\$2,652,676	-\$630,466
Total Net Assets, Beginning	(1,712,388)			(2,207,672)	445,004	1,075,470
Total Net Assets, Ending	\$106,180			-\$1,712,388	-\$2,207,672	\$445,004

Idaho Lottery Operational Benchmark Measures

We believe in the strength of our business model which is a balanced mix of the game portfolio. This will deliver consistent sales growth and net income improvement. Our mantra is “it’s not about the ticket, it’s about the transfer”. The forecast factors in anticipated *Draw Game* jackpot delivery based on game matrix modeling. We do not forecast another \$1 billion (or higher) jackpot in FY2017.

	FY-2017	FY-2018*	FY-2019	FY-2020	FY-2021
Draw Sales:					
Powerball	\$29,300,000	\$29,300,000	\$29,300,000	\$29,300,000	\$29,300,000
Mega Millions	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000
Idaho Pick 3	2,200,000	2,300,000	2,400,000	2,500,000	2,600,000
Hot Lotto	2,500,000	2,600,000	2,700,000	2,800,000	2,900,000
Weekly Grand	1,800,000	1,900,000	2,000,000	2,100,000	2,200,000
Lucky for Life	3,800,000	3,900,000	4,000,000	4,100,000	4,200,000
Idaho Cash	700,000	800,000	900,000	1,000,000	1,100,000
Raffle	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Total Draw Sales	53,800,000	54,300,000	54,800,000	55,300,000	55,800,000
Scratch™ ticket sales	138,700,000	141,500,000	144,330,000	147,300,000	150,300,000
PullTab ticket sales	33,300,000	34,300,000	35,850,000	36,700,000	37,500,000
Total Sales	225,800,000	230,100,000	234,980,000	239,300,000	243,600,000
Other Revenue	850,000	860,000	870,000	880,000	890,000
Total Expenditures	178,650,000	180,960,000	185,050,000	188,880,000	192,690,000
Net Income	\$48,000,000	\$50,000,000	\$50,800,000	\$51,300,000	\$51,800,000
DIVIDEND ESTIMATE	\$48,000,000	\$48,200,000	\$49,000,000	\$49,500,000	\$50,000,000

*In FY2018, the Idaho Lottery may incur up to \$300,000 in operating expenses related to a potential, negotiated change to its headquarters location. This amount would be deducted from an otherwise \$48,500,000 dividend.

Peer Benchmark Measures

The Idaho Lottery measures our performance against the Lottery industry as a whole and to a select group of peer jurisdictions. Peer group states were selected for similarity in marketplace and product portfolio, not size of population or overall sales. The peer group referenced below is comprised of Kansas, Maine, Minnesota, Montana, Nebraska, New Mexico, South Dakota (less Video Lottery Terminal-VLT- sales), Tennessee, and Vermont. The comparison criteria includes, but is not limited to, our performance compared to the mean and median percentage change in:

1. Retailers per capita
2. Dividend change
3. Dividend to sales
4. Advertising to sales
5. Sales per capita
6. Administration costs to sales
7. Overall sales
8. Draw Games sales
9. Scratch Games sales
10. Prize expense to sales

	FY16		FY15		FY14		FY13		FY12	
	PEER GROUP**	IDAHO	PEER GROUP*	IDAHO						
SALES PER CAPITA	-	\$142.66	\$116.53	\$127.01	113.04	\$127.30	113.50	\$123.74	109.65	\$110.94
ADMINISTRATION COSTS AS A PERCENTAGE OF SALES	-	5.9%	7.2%	6.0%	7.3%	6.3%	7.2%	6.4%	7.4%	6.2%
DIVIDENDS AS A PERCENTAGE OF SALES	-	21.7%	24.4%	21.4%	24.9%	23.5%	24.7%	24.4%	24.4%	24.2%
DIVIDEND INCREASE PERCENTAGE	-	10.0%	1.3%	-8.2%	-1.9%	1.7%	5.7%	16.1%	6.6%	12.2%
* PEER GROUP INCLUDES - KANSAS, MAINE, MINNESOTA, MONTANA, NEBRASKA, NEW MEXICO, SOUTH DAKOTA, TENNESSEE AND VERMONT										
**PEER GROUP FIGURES UNAVAILABLE AT THIS TIME										

At the Idaho Lottery we diligently strive to be an industry leader among our peer states and all North American lotteries. Our per capita sales exceed all of those in our peer group (enhanced by cross-border sales to Utah residents) and we continue to excel in areas we have more control over, for example keeping administrative costs as low as possible.

External Factors

1. **Big Jackpot Game Dependency** – The one significant external factor, which is out of our control and may affect performance to plan, is reliance on these types of games. Sales of big-bloc, jackpot *Draw Games* such as *Mega Millions* and *Powerball* are directly related to the size of advertised annuity jackpots. Higher *Draw Game* sales as a percentage of total sales have an inordinately positive impact on the dividend because they deliver significantly higher gross margins. Game matrix modeling indicates huge jackpot cannot be consistently counted on for estimating future sales. We have a revised business model that focuses on success without unpredictable big jackpot game sales variances from year-to-year. Should a big jackpot and the corresponding increase in sales beyond forecast occur, all net revenues will inure to our beneficiaries.

MEGA MILLIONS JACKPOTS

	Avg Announced	Avg Sales	Annual
Year	Jackpot Per Draw	Per Draw	Sales
2016	\$101,730,769	\$100,074	\$10,407,679
2015	\$93,752,381	\$107,577	\$11,295,562
2014	\$98,259,615	\$128,645	\$13,379,076
2013	\$42,865,385	\$88,973	\$ 9,253,222
2012	\$68,780,952	\$133,949	\$14,064,660
2011	\$64,615,385	\$86,182	\$ 8,962,895
2010	\$62,720,930	\$61,002	\$ 2,623,081

POWERBALL JACKPOTS

	Avg Announced	Avg Sales	Annual
Year	Jackpot Per Draw	Per Draw	Sales
2016	\$160,257,143	\$406,258	\$42,657,141
2015	\$105,336,538	\$282,027	\$29,330,831
2014	\$117,846,154	\$351,215	\$36,526,313
2013	\$121,403,846	\$436,059	\$45,350,144
2012	\$85,857,143	\$331,028	\$34,757,979
2011	\$63,019,231	\$285,412	\$29,682,810
2010	\$83,361,905	\$352,521	\$36,662,205
2009	\$68,605,769	\$353,725	\$36,787,378
2008	\$71,146,154	\$379,533	\$39,471,389
2007	\$69,694,286	\$365,226	\$38,348,748
2006	\$82,345,192	\$430,385	\$44,760,077
2005	\$49,202,885	\$289,351	\$30,092,519
2004	\$62,099,048	\$339,498	\$35,647,385
2003	\$49,337,500	\$302,959	\$31,577,648

Mega Millions was launched in Idaho in January of 2010. *Mega Millions* acceptance in the Idaho marketplace continues to grow but remains below *Powerball*. It is played much like *Powerball* and sales are also heavily dependent on the size of advertised annuity jackpots.

2. Health of the Overall Economy

General economic conditions do affect the Idaho Lottery and our retail partners. However, our performance has been remarkably resilient. The improving economy, Idaho's low unemployment rate, along with our consistent portfolio management, will provide an environment for continued improvement to our performance to plan.

3. Cross-border competition

The 2013 Wyoming Legislature passed a bill establishing a state lottery in the Cowboy State. WyoLotto launched in August of 2014 and offer the two big-bloc, multi-state, draw games and a Wyoming only, instate draw game. There is discussion WyoLotto may also begin sales for *Lucky for Life* during the upcoming year. WyoLotto is not authorized to sell scratch tickets but have a strong desire to do so. Through diligent retailer and player relations, the Idaho Lottery has reduced the possible impact from competition at the border of both Wyoming and Utah from the previous year. We estimate approximately \$2.3 million in lost sales in FY2016 to the WyoLotto.

Our sales team will continue to actively engage our retail partners at the border. We believe we can remain competitive due to our *Scratch Game* portfolio, geographically focused promotions, and excellent customer service at experienced Lottery retailers.

4. Other

Other external factors that may impact our ability to deliver performance to plan include, but are not limited to, unpredictable increases in prices for fuel that affects both available consumer income and our cost of goods sold, our ability to be nimble in responding to rapidly changing retail market conditions, unintended changes to our business model and product portfolio as a result of legislative action, and Acts of God.