



# ANNUAL REPORT

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MICHIGAN BUREAU OF STATE LOTTERY





## ANNUAL REPORT

2 0 0 2

MICHIGAN BUREAU OF STATE LOTTERY

# WELCOME FROM THE GOVERNOR



Jennifer M. Granholm  
GOVERNOR



James E. Kipp  
ACTING LOTTERY  
COMMISSIONER

In a challenging year for traditional revenue sources, the Michigan Lottery made solid gains in sales, prize awards, school aid funding contributions, and retailer commissions. With more than \$1.68 billion in ticket sales, and a \$613.5 million school aid fund contribution, the Lottery proved itself to be a stable, reliable asset to Michigan's education system and economy.

- Ticket Sales \$1.68 billion – up 4.5 percent
- School Aid Funding \$613.5 million – up 4.5 percent
- Prizes Awarded to Players \$918 million – up 5.1 percent
- Commissions Paid to Retailers \$120 million – up 5.0 percent

That performance was the result of a year of innovation and achievement by the Lottery and the

retailer network that supports it. A total of 62 new instant games were launched in 2002, which is more than one new game per week. These included Michigan's first-ever two-sided game, and a new \$20 instant game – only the second of its kind in the entire country. Instant game players embraced the new games, boosting instant game sales by 4.6 percent to a new record.

The Big Game also started the year with a bang when Thaddeus Coats of Inkster took home a \$43.9 million lump sum Big Game prize in the January 11th, 2002 jackpot drawing. But that was only the beginning, as the excitement continued to grow in February, and peaked in April when the jackpot hit \$331 million. More than \$94 million in tickets was sold in Michigan alone between February 8th and April 16th when the jackpot was finally won. A dozen Michigan Lottery players each took home \$150,000 prizes in that drawing alone.



The Big Game grew even bigger on May 15th when it became Mega Millions with the addition of two more states – New York and Ohio. This brought the number of participating states to nine, and brought The Big Game/Mega Millions excitement to a fever pitch.

The state of Washington became the tenth state to join the Mega Millions group in September, the same month Jesse Bays, Jr. of Grand Rapids matched all six winning numbers in the September 6th, 2002 Mega Millions drawing, claiming a lump sum prize of \$10,071,089. There were also many \$150,000 Big Game winners, and \$175,000 Mega Millions winners during the year. All in all, the transformation of The Big Game into Mega Millions boosted overall sales by an incredible 35.5 percent.

May also saw the launch of an exciting addition to the Daily 3 & 4 games called Daily 3 & 4 EXTRA.

Daily 3 & 4 EXTRA gives players a chance to win up to an extra \$500 instantly for just one dollar more. The lure of instant rewards, combined with the popularity of the Daily 3 & 4 games, is a winning combination. Daily 3 & 4 EXTRA generated more than \$12.6 million in additional sales for the Lottery's Daily games in 2002.

Finally, Lottery retailers were introduced to a new incentive-based commission system for instant game sales beginning in January 2002. By providing extra rewards for increased sales, the system helps energize instant game sales across Michigan and gives Lottery retailers greater control over how much they earn. An impressive 5.0 percent increase in overall retailer commissions brought the total amount paid to \$120 million for this past fiscal year.

By every measure, FY 2002 was a good year for Michigan Lottery players and retailers, but the real winners were Michigan's schoolchildren. More than \$613.5 million was contributed to the state School Aid Fund by the Michigan Lottery, a 4.5 percent increase over FY 2001. And, while FY 2003 promises to be at least as challenging as FY 2002 was to traditional revenue sources, the Michigan Lottery is committed to finding ways to make it the best year ever for those who benefit most – the kindergarten through 12th grade public schoolchildren of Michigan.



James E. Kipp  
ACTING LOTTERY COMMISSIONER

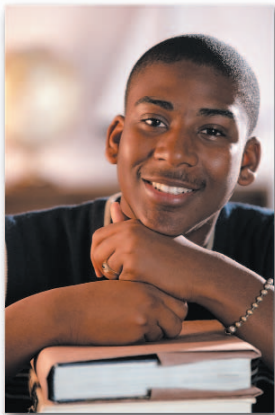


# ANNUAL REPORT

2 0 0 2

MICHIGAN BUREAU OF STATE LOTTERY

## STATEMENT



In 1972, Michigan’s citizens voted by a 2-to-1 margin to amend the state’s constitution and create the Michigan Lottery. Since that day, the Michigan Lottery has been dedicated to the accomplishment of three distinct goals:

### 1. Maximize net revenues to supplement state education programs.

In the last 30 years the Michigan Lottery has contributed more than \$11 billion to Michigan's kindergarten through 12th grade public schools. In FY 2002 the Lottery's contribution was \$613.5 million, a 4.5 percent increase over FY 2001. Many things have changed in Michigan since 1972, but the Lottery's commitment to school funding is not among them.





## 2. Provide fun and entertaining games of chance.

The continuing growth of ticket sales, jackpot payouts, and retailer commissions is ample evidence that the Michigan Lottery is providing fun and entertaining gaming options for the state's Lottery players. With hundreds of different opportunities to spend their entertainment dollars, players have consistently recognized the value and rewards offered by the Michigan Lottery.

## 3. Operate all games and bureau functions with nothing less than total integrity.

The people of Michigan placed their trust in the Lottery staff in 1972, and we take that responsibility very seriously. For example, both a Michigan Lottery drawing manager and an independent auditor supervise every on-line game drawing. The equipment used is kept under tight security and thoroughly tested before and after every drawing.

Instant game tickets also are printed under extremely tight security in an environment monitored by cameras, video recording systems, and security guards. The printing process itself ensures that winning tickets are spread randomly throughout the print run to achieve an equitable statewide distribution.

Finally, the ongoing trust and loyalty of Michigan Lottery players is the ultimate measure of the system's integrity. Maintaining that trust is, and always has been, our number one priority.





## ANNUAL REPORT

2 0 0 2

MICHIGAN BUREAU OF STATE LOTTERY

# YOU PLAY, SCHOOLS WIN

Every dollar spent on a Lottery ticket puts over 35 cents directly into Michigan public education. In 2002 that amounted to \$613.5 million – nearly \$12 million per week, or \$1.7 million per day for Michigan K-12 public education.

Since 1981 every dollar of Lottery revenue has been specifically transferred to the state School Aid Fund to help support kindergarten through 12th grade public education in Michigan.

Those funds are "earmarked" for public education, and by law, they cannot be spent on anything else.

The state School Aid Fund is a constitutionally-protected, restricted fund, which means the money can only be used for educational purposes. The Governor's annual budget proposes how the money will be spent, and the Legislature makes appropriations to individual school districts through the foundation grant process. Foundation grants





are made on the basis of pupil count and several other factors. Each district then determines how the money will be spent based on local needs.

Tens of thousands of Michigan schoolchildren benefit directly from Lottery-generated funds each year. Among the needs met by money from the Lottery in local districts are instructional support, administrative costs, operations, maintenance, and transportation. Within each of these categories expenditures may be made for salaries, benefits, supplies, and/or purchased services.

Lottery revenue represents about five percent of total state spending on K-12 public education. The balance comes from a variety of sources, including federal funds, state sales and use taxes, earmarked income tax, state education property tax, local property tax, plus cigarette, liquor, and other taxes. Although it's only five percent of total state spending, Lottery revenue has accounted for more than \$11 billion in school aid over the last 30 years, making Michigan's schoolchildren the real winners.





## ANNUAL REPORT

2 0 0 2

MICHIGAN BUREAU OF STATE LOTTERY

# MICHIGAN LOTTERY GAMES AND



The Michigan Lottery offers games for every player's preference and level of interest, from instant winners to a multi-million dollar multistate jackpot game. This variety of games is one of the primary reasons for the Lottery's continuing popularity with Michigan players.

The multistate Big Game has been a favorite of Michigan Lottery players since its introduction in 1996. In 2002 The Big Game paid out big dollars to a lucky Michigan Lottery player who took home a \$43.9 million lump sum prize on January 11th. The excitement only built from there as the jackpot grew to \$331 million by April 16th. Twelve Michigan players won \$150,000 each in that drawing and more than \$94 million in tickets was sold statewide. More than \$32 million from this single jackpot run was transferred to the state School Aid Fund.

In May, The Big Game became Mega Millions when the states of New York and Ohio joined to raise the number of participating states to nine. Washington became the tenth Mega Millions state in September.

Mega Millions jackpots start at \$10 million, double the \$5 million starting figure of The Big Game. Mega Millions players choose five numbers from a pool of 52 white ball numbers and one number from a different pool of 52 gold ball numbers. Players who match all five numbers and the gold "mega ball" number win the Mega Millions jackpot.

There are eight other ways to win cash prizes ranging from \$2 to \$175,000. Mega Millions tickets are only \$1 per wager with drawings held every Tuesday and Friday. Jackpot prizes are paid as an annuity over 26 years, or as a lump sum equivalent to the present cash value of the prize for that drawing. The Big Game/Mega Millions sales



totalled \$206 million in FY 2002, a 35.5 percent increase over FY 2001.

#### Instant Games

The allure of instant rewards remained strong in FY 2002, and the Michigan Lottery met the demand with the introduction of 62 exciting new instant games during this past fiscal year. With cash prizes as high as \$2,000,000 and an array of non-cash prizes to fit every taste and lifestyle, the Michigan Lottery's instant games enjoyed one of their most successful years ever. This excitement was intensified by the introduction of Michigan's first \$20 instant ticket. The first game, "\$2,000,000 Holiday," offered a \$2,000,000 top prize – the largest ever for an instant game – and with 26 ways to win on every ticket, and overall odds of winning just 1 in 2.37, "\$2,000,000 Holiday" sold out in only three weeks.

The Lottery also introduced an all-new two-sided ticket in 2002, with

traditional scratch-off areas on one side, and pull tabs on the other. This too was very well received by players statewide who enjoyed the novelty and the extra play value of the two-sided ticket.

Non-cash prizes were a particular favorite with instant game players in FY 2002. Games like "Harley-Davidson®," "Trucks & Bucks" and "Golf & Cash™" which rewarded players with motorcycles, SUVs, and Top-Flite® golf gear, created new excitement among p

Additionally, three times during the past fiscal year, the Lottery inserted discount coupons in major home-delivered newspapers in the state offering a free \$2 instant ticket with the purchase of any \$5 instant ticket. Redemption of these coupons averaged an astounding 10 percent.

The Lottery also ran an instant game cross-promotion with McDonald's restaurants. Purchasers of an adult McDonald's "Lucky Days" Extra Value Meal received a coupon for a free \$1 instant ticket, or \$1 off any instant ticket redeemable at any Lottery retailer. This, too, proved to bring extra value to players.

Instant game sales totaled more than \$655 million this fiscal year, a 4.6 percent increase over FY 2001.





## ANNUAL REPORT

2 0 0 2

MICHIGAN BUREAU OF STATE LOTTERY

# MICHIGAN LOTTERY GAMES AND



Our own in-state jackpot game has been on sale since February 2001. Players choose six numbers between 1 and 51, or exercise the "Easy Pick" option to let the computer select the numbers randomly. During the Wednesday and Saturday drawings, the Lottery selects six winning numbers and anyone matching those six numbers wins the jackpot.

A seventh number, the "Wild Ball" is then drawn from the remaining 45, and any player matching five numbers and the "Wild Ball" wins up to \$20,000. There are four other ways to win Michigan Millions as well. Jackpot prizes are paid as an annuity over 30 years, or as a lump sum equivalent to the present cash value of the prize for that drawing.

Between January 14th and February 9th the Lottery ran a special "Super Play" promotion for Michigan Millions. Any player buying a five-wager ticket automatically received a free sixth "Easy Pick." Over 532,000 free wagers were awarded to delighted players all over Michigan.

Michigan Millions sales totaled almost \$72 million in FY 2002.

### Michigan Rolldown

Michigan Rolldown has quickly become a player favorite since its introduction in 2000. The game offers unique pari-mutuel prizes for Match 5, Match 4, and Match 3 prize levels, plus a \$1 prize for matching just two numbers. Michigan Rolldown players choose five numbers from a field of 33, or exercise the "Easy Pick" option to let the computer select the numbers randomly. Monday through Saturday evenings, the Lottery selects five winning numbers and anyone matching those five numbers wins the jackpot.

If no one matches all five numbers in a drawing, the jackpot "rolls down" to award even bigger cash prizes to those matching four numbers. All of the prize money is awarded each and every night, adding to the fun and excitement of Michigan Rolldown for players all across the state.

From October 22nd to November 17th 2001 and March 4th to March 30th 2002, the Lottery ran Michigan Rolldown Bonus Play promotions in which any players purchasing a five-panel wager received a sixth "Easy Pick" free on the same ticket. Over 726,000 free wagers were awarded in both promotions combined, resulting in an average sales increase of 11 percent per day during this extremely well-received, three-week promotion.

Michigan Rolldown sales totaled more than \$37 million in FY 2002.





# PROMOTIONS

## Daily 3 & 4 / EXTRA

Some of the Michigan Lottery's oldest and still most popular games, Daily 3 and Daily 4 were introduced in the late '70s and early '80s. They account for nearly 40 percent of Lottery sales every year.



Players simply pick three (Daily 3) or four (Daily 4) numbers from 0 to 9 and are eligible to win a top prize of \$500 (Daily 3) or \$5,000 (Daily 4). Daily 3 & 4 drawings are conducted Monday through Saturday, twice a day (midday and evening drawings). There are also optional plays including straight, box, and wheel bets.

In May, a variation on the Daily 3 & 4 game called EXTRA was introduced to Michigan Lottery players. For an additional dollar, EXTRA players can win up to \$500 instantly by matching a randomly generated EXTRA number

on their ticket. Because EXTRA combines the immediate reward of an instant game, with the ability to select exactly the numbers the player wants to bet, the game gives players an appealing new twist on an old favorite.

Between September 2nd and September 21st the Lottery conducted the Daily 3 "Red Ball Double Draw." This promotion provided Daily 3 players a "second chance" to win on the same ticket if the Red Ball fell in a special drawing held after the regular drawing for the evening. This promotion not only made the drawings more exciting, but also created many additional winners.

Daily 3 sales totalled over \$411 million in FY 2002, a 1.7 percent increase over FY 2001.

Daily 4 sales totalled over \$283 million in FY 2002, a 1.0 percent increase over FY 2001.

## Keno

The Lottery's Keno game has been a steady performer since 1990. Players select 10 numbers from a pool of 80, or exercise the "Easy Pick" option to let the computer select the numbers randomly. The Lottery then draws 22 numbers on Monday, Tuesday, Thursday, and Friday. If the player matches 10 of the 22 numbers they win the \$250,000 guaranteed top prize.

A player can also win Keno by matching six, seven, eight, or nine of the numbers drawn. In addition, Keno is the only game that pays a prize for matching no numbers at all, awarding a free \$1 instant ticket which gives those players a second chance to win.

Keno sales totalled just over \$10 million in FY 2002, a 2.6 percent increase over FY 2001.





## ANNUAL REPORT

2 0 0 2

MICHIGAN BUREAU OF STATE LOTTERY

## RETAIL AND VENDOR PARTNERS



Without the more than 9,000 licensed retailers who promote and sell Lottery products to players all across Michigan, the \$613.5 million contribution the Lottery made to education this year could not have happened.

The Lottery depends upon retailers for its success, and Lottery retailers depend upon Lottery commissions for an important part of their income. It is a mutually beneficial relationship.

Lottery retailers receive a six percent commission on all Michigan Lottery tickets sold; two percent of in-store redemptions on winning tickets valued up to \$600; two percent bonus commission on redeemed winning tickets sold in their stores valued from \$601 to \$100,000; and a flat \$2,000 bonus commission for redeemed tickets valued over \$100,000 sold in their stores. In 2002 Lottery retailers

received more than \$120 million in commissions on Lottery ticket sales, a result of one of the highest-paying commission structures in the nation.

Those numbers, however, do not tell the entire story. Lottery sales are a significant source of in-store traffic, and those customers buy at least one additional item per visit more than 95 percent of the time.

Those visits are encouraged by Lottery advertising and promotional efforts which also drive additional traffic to Lottery retailers. This is particularly important during peak periods, including large jackpots in the multistate Mega Millions game. The Lottery also conducts promotions including coupons and cross-marketing programs that benefit retailers by building in-store traffic and increasing commissions by up to 53 percent.



On January 1st, 2002, Lottery retailers were introduced to a new incentive-based commission structure for instant games that gave them much greater control over how much they earn on ticket sales each year. In addition to the six percent commission on instant game sales – one of the highest rates in the nation – retailers can now earn an additional one percent commission for meeting predetermined quarterly sales goals. The quarterly goals are announced 30 days prior to the beginning of each quarter to give retailers plenty of advance notice for their ticket marketing efforts. This new commission structure is

just one of the reasons FY 2002 instant game sales were an impressive \$655 million. Retailers are only part of the Lottery’s overall success story. Without the vendors who produce the tickets, the retailers wouldn’t have any products to sell. GTECH and Pollard Banknote Ltd., produce on-line and instant game tickets for the Lottery, and provide terminal maintenance to retailers all across the state. These companies together employ approximately 200 Michigan residents who in turn purchase millions of dollars in Michigan goods and services annually.



Every year there is a group of licensed Lottery retailers who sell over \$1 million in Lottery tickets. The following list includes the 2002 members of this elite million-dollar retailer club.

**ONE MILLION DOLLAR  
RETAILERS LIST**

- Oak Liquor & Wine – Oak Park
- MGM Food Center – Detroit
- Shoppers Market – Warren
- New Northend Market – Oak Park
- Action Liquor Shop – Warren
- Glass Bottle Shoppe – Detroit
- Angelo’s Food Specialties – Benton Harbor
- Stop N Shop – Saginaw
- Abbey Wine & Liquor Shop – Southfield
- Cox Beer Store – Temperance
- Shoppers Market – Center Line
- Boulevard Food Center – Detroit
- Smokers Best Buy – Oak Park
- Livernois McGraw Party Store – Detroit
- Toma Foods – Dearborn
- New Super Fair Foods – Detroit
- Barrel & Bottle Party Store – Detroit
- Treasure Island – Southfield
- Oakland Liquor Party Shoppe – Southfield
- Meijer Inc., #23 – Lansing
- Levan Wine & Deli Shoppe – Livonia
- College Liquor Shoppe – Detroit
- Meijer Inc., #123 – Southgate
- Joe’s Liquor & Wine Shop – Detroit
- Sax Discount – Taylor
- Meijer Inc., #28 – Flint
- Cherry Belt Party Store – Inkster
- Light House Liquor – Oak Park
- Larry’s Market – Detroit
- Friendly Neighbor Convenience – Wyandotte



## ANNUAL REPORT

2 0 0 2

MICHIGAN BUREAU OF STATE LOTTERY

# WINNERS

Michigan Lottery players won \$918 million in prizes during 2002, money that changed their lives and strengthened local economies all over the state.

There were big winners in every game category from instant tickets to Mega Millions, and they came from every corner of Michigan. There were 168 Michigan Rolldown jackpot prizes; 59 Big Game \$150,000 prizes; 24 Mega Millions \$175,000 prizes; three Keno \$250,000 top prizes; two Big Game/Mega Millions jackpot prizes and four Michigan Millions jackpot prizes awarded this past fiscal year. Every one of them is a success story for the player, the Lottery, and Michigan's schools. Here are just a few of the exciting winner stories from FY 2002.

### The Big Game – Mega Millions

Twenty-year-old Thaddeus Coats of Inkster wasn't planning to buy a Lottery ticket when his grandmother sent him out to get one for her, but he did. He bought the only winning ticket in seven states for The Big Game drawing on January 11th, 2002. The winning ticket was an "Easy Pick" wager purchased at 7-Eleven #13462 on Cherry Hill in Dearborn Heights. Coats elected to take the \$43.9 million jackpot in a lump sum.

"I actually forgot that I had the ticket until I saw a report on television featuring the 7-Eleven store where I had purchased it," Coats said later. "I read the numbers on my ticket to my mom while she checked them against the numbers shown on television.

Both my mother and my grandmother were ecstatic. My grandmother was so excited that I thought she was going to have a heart attack."

Thaddeus plans to attend college, share with his family, take a trip to Japan, and invest for his future.

"There are so many things I want to do that I just didn't have the money to do before," he said. "I want to visit Japan and learn all about their culture, as well as learn the language, and I would love to learn how to play the piano. Now I can do these things and I am really looking forward to it."

Jesse Bays, Jr. of Grand Rapids wasn't supposed to be working the day he bought his Mega Millions



Mega Millions –  
Chisel TV commercial





ticket, as he was on his honeymoon. Married less than a week, Bays nonetheless responded to his employer's request for help and stopped in at Mother Hubbard #2 in Kentwood on his way to work. The ticket he purchased that day was worth \$10,071,089 in a lump sum payout.

"I always buy Lottery tickets at the same Mother Hubbard store, which is on my way to work," Bays said. "It is so weird to think that had I not been called in on that day I would not have purchased a Mega Millions ticket at that store because I live on the other side of town."

Bays plans to use his winnings to buy a house and new cars for his wife and himself, share with his family, and invest for the future.

"I always thought I'd win the Lottery someday, but it still came as a huge surprise," Bays said. "I am not going to let the money change who I am. I'm not going to quit my job. In fact, I am going back to work tomorrow."

In addition to big winners like Thaddeus Coats and Jesse Bays, Jr. there were dozens of \$150,000 Big Game winners, and \$175,000 Mega Millions winners across Michigan. In fact, in just one drawing on April 16th, when The Big Game jackpot hit \$331 million, a total of 12 Michigan players took home \$150,000 prizes.

The Big Game/Mega Millions paid out more than \$103 million in cash prizes in FY 2002.

Daily 3 & 4 / EXTRA

The addition of EXTRA to the ever-popular Daily 3 and Daily 4 games earned Michigan players an "extra" \$8 million in FY 2002. Added to that was the special "Daily 3 Red Ball Double Draw" promotion in which the Red Ball fell a total of five times, generating \$1.3 million in prizes for more than 9,000 additional "second chance" winners during this three-week promotion alone.

Daily 3 paid out more than \$208 million in cash prizes in FY 2002.

Daily 4 paid out more than \$124 million in cash prizes in FY 2002.



Red Ball Double Draw – Fever TV commercial



## ANNUAL REPORT

2 0 0 2

MICHIGAN BUREAU OF STATE LOTTERY



## WINNERS

### Michigan Millions

Michigan saw four new millionaires in FY 2002, all thanks to winning Michigan Millions tickets. They won jackpots of \$29.6 million, \$23 million, \$4.7 million, and \$3.9 million and all chose lump sum cash payments.

Although they have requested anonymity, the winners represent all corners of the state, hailing from Grand Rapids, Saline, Dryden, and the Manistee area.

Michigan Millions paid out more than \$37 million in cash prizes in FY 2002.

### Michigan Rolldown & Keno

Michigan Rolldown and Keno produced a whole crop of winners in 2002, including 168 Michigan Rolldown jackpot winners and three Keno \$250,000 top prize recipients. Thanks to these two games combined, there were Lottery winners in virtually every town and city in the state.

Combined, Michigan Rolldown and Keno paid out more than \$23 million in cash prizes in FY 2002.

### Instant Games

Michigan Lottery instant game players had a total of 62 new games to choose from and enjoy in 2002, with price points ranging from \$1 all the way up to \$20, merchandise prizes, and a first-ever, two-sided game ticket.

With all of that to choose from, it is no wonder that instant game tickets are one of the most popular Lottery products. There were many lucky instant game top prize winners in FY 2002. Just ask Nicholas Pena of Gowen, who won a cool \$1 million playing "Viva Las Vegas," or Archibald Jagosz of St. Clair Shores who took home \$100,000 playing "Million Dollar Wish." Or Aftab Sheikh of Warren and Anne Kummer of Jackson who each won \$300,000 in the "Livin' Lucky" game last year.

And cash wasn't the only reward for playing Lottery instant games. Christian Remington of Bath is now riding a new Harley-Davidson® motorcycle that he won while playing the very popular "Harley-Davidson®" instant game.

Michigan Lottery instant game players took home prizes in FY 2002 totalling more than \$413 million, which is more than ever before! The Michigan Lottery instant games theme for FY 2002 was "Are You A Player?," and the answer from Michigan Lottery players was a resounding "YES!"





## ANNUAL REPORT

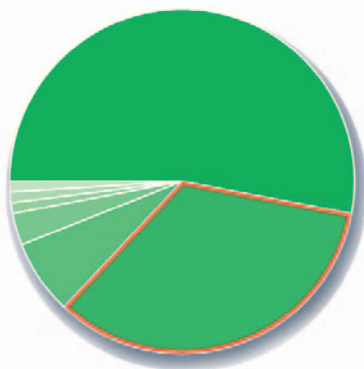
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MICHIGAN BUREAU OF STATE LOTTERY

## MICHIGAN LOTTERY PROFITS AND PUBLIC EDUCATION FUNDING

### Distribution of revenues actual 2002 Lottery sales and other income \$1.726 billion

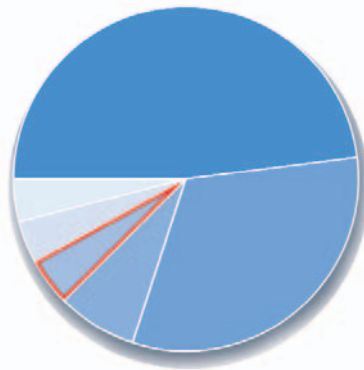
Percentages are based on total  
Lottery sales and other income,  
less \$24.5 million unrealized gain  
on investment.



#### Net Revenue to Education: 35%

- Prizes: **52%**
- Commission to Retailers: **7%**
- Game-Related Expenses: **3%**
- Advertising: **1%**
- Administration: **1%**
- Other Transfers and Expenses: **1%**

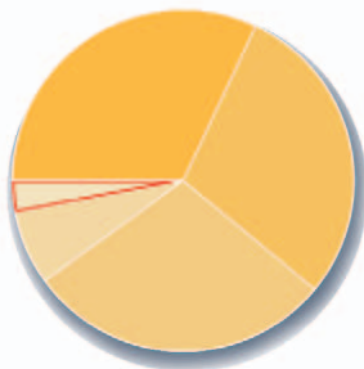
### Sources of school aid 2002 estimated budget \$10.6 billion\*



#### Lottery: 5%

- Sales and Use Taxes: **46%**
- Earmarked Income Tax and State  
Education Property Tax: **30%**
- Other Taxes: **11%**
- Cigarette and Liquor Taxes: **5%**
- Federal Funds and Other Sources: **3%**

### Sources of school operating revenue 2002 estimated budget \$16.8 billion\*



#### Lottery: 3%

- Sales and Use Taxes: **28%**
- General Fund and Other State Sources: **33%**
- Local Source Revenues: **29%**
- Federal Funds: **7%**

\* House Fiscal Agency Estimate



2 0 0 2

MICHIGAN BUREAU OF STATE LOTTERY

STATEMENT OF REVENUES,  
EXPENSES AND TRANSFERS

<i>(in thousands)</i>	2001-2002	2000-2001
REVENUES		
Daily 3	\$ 411,203	\$ 404,195
Daily 4	283,548	280,640
Daily 3 EXTRA	7,059	-
Daily 4 EXTRA	5,604	-
Michigan Millions	71,668	99,996
Michigan Rolldown	37,254	41,102
Big Game	205,983	151,993
Keno	10,324	10,062
Instant Ticket	655,415	626,680
Total Ticket Sales	\$ 1,688,058	\$ 1,614,668
Charitable Gaming Receipts	\$ 19,637	\$ 16,757
Investment Income	(3,554)	5,742
Unrealized Investment Income	24,496	44,829
Other Income	22,243	29,258
Total Revenues	\$ 1,750,880	\$ 1,711,254
EXPENSES		
Retailer Commissions	\$ 120,745	\$ 114,928
Administrative Expenses	15,340	14,699
Advertising	17,097	16,961
Game-Related Expenses	44,090	41,763
Charitable Gaming Expenses	7,571	7,363
Total Operating Expenses	\$ 204,843	\$ 195,714
PRIZES AWARDED	\$ 918,105	\$ 873,325
Allowances for Unclaimed Prizes	(23,150)	-
Net Prizes Awarded	\$ 894,955	-
NET INCOME	\$ 651,082	\$ 642,215
Charitable Gaming Net Income		
Transferred to General Fund	\$ 12,066	\$ 9,393
Transfer to Dept. of Community Health		
For Gambling Addiction Programs	990	984
Reserved Unrealized Gain on Investments	24,496	44,829
NET INCOME TRANSFERRED TO SCHOOL AID FUND	\$ 613,530	\$ 587,009



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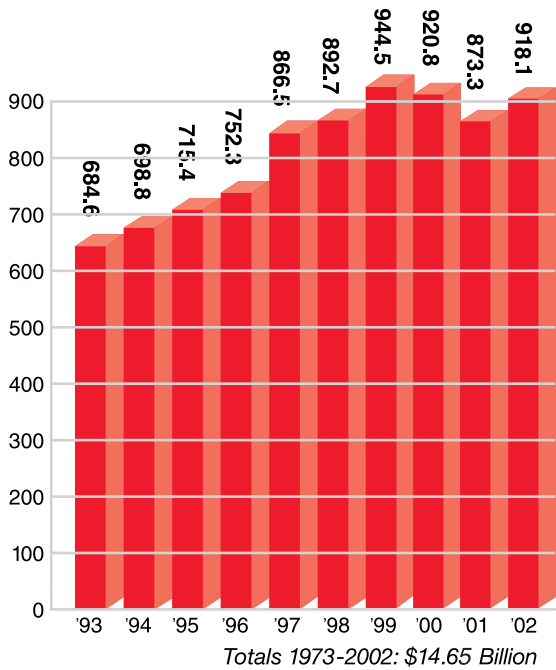
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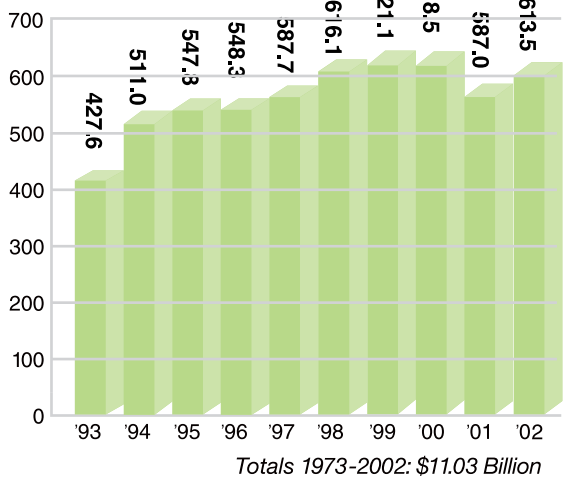
MICHIGAN BUREAU OF STATE LOTTERY

## HISTORY OF REVENUES

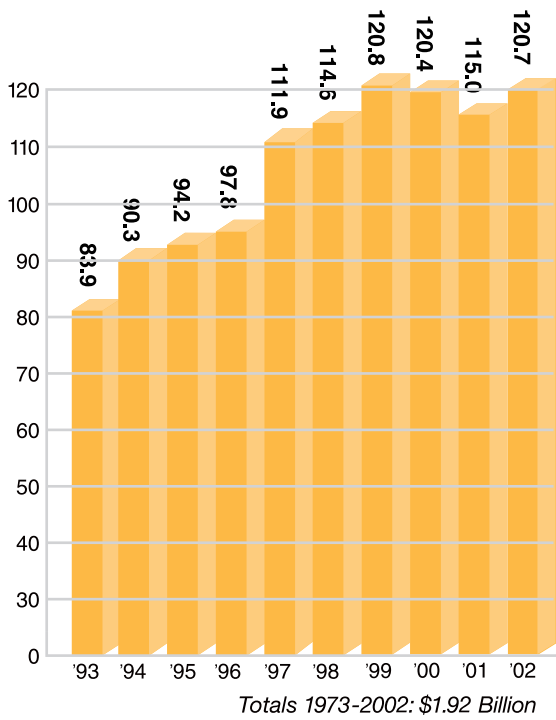
Prizes Won by Fiscal Year\*



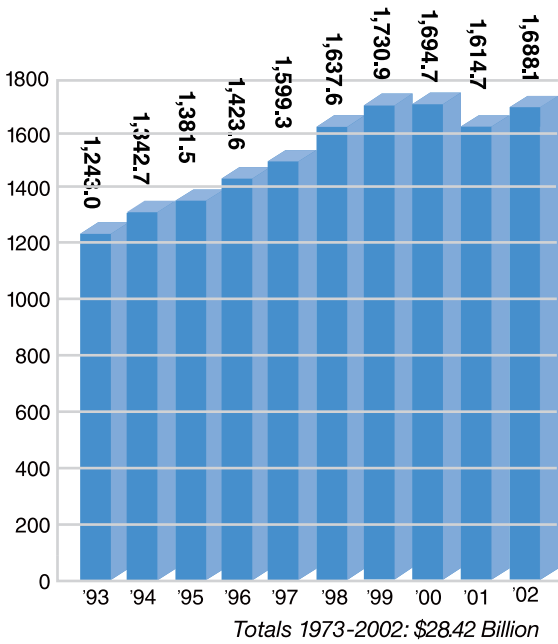
Net Revenues to Education by Fiscal Year\*



Retailer Commissions by Fiscal Year\*



Ticket Sales by Fiscal Year\*



\* Reported in Millions

Compulsive Gambling

Lottery and other games of chance are prevalent in Michigan and worldwide. In Michigan at least 75 percent of our adult residents have purchased a Lottery ticket in the last 12 months.

Fortunately, the vast majority of these Lottery enthusiasts have played responsibly and done so in the spirit the games are intended. However, as with any form of gambling, abuses can and do occur.

At the Michigan Lottery, we believe in offering a fun product at a fair price, all in the name of benefiting a worthy cause. The Lottery is entertaining, it's a game of chance and it's fun. The Lottery is not, and was never intended to be, a stepping stone to success. It's not a good investment, not a retirement plan and was certainly never meant to replace hard work and ambition as a means to a better life.

Because the Lottery understands there are those who may need support in understanding the difference, answers are available. Compulsive gambling can be treated, and help is just a phone call away.

If you would like more information about problem gambling and the programs available, call the Michigan Problem Gambling Helpline at 1-800-270-7117.

In FY 2002, the Michigan Lottery provided \$1 million for compulsive gambling programs including the toll-free Helpline.

Regional Offices

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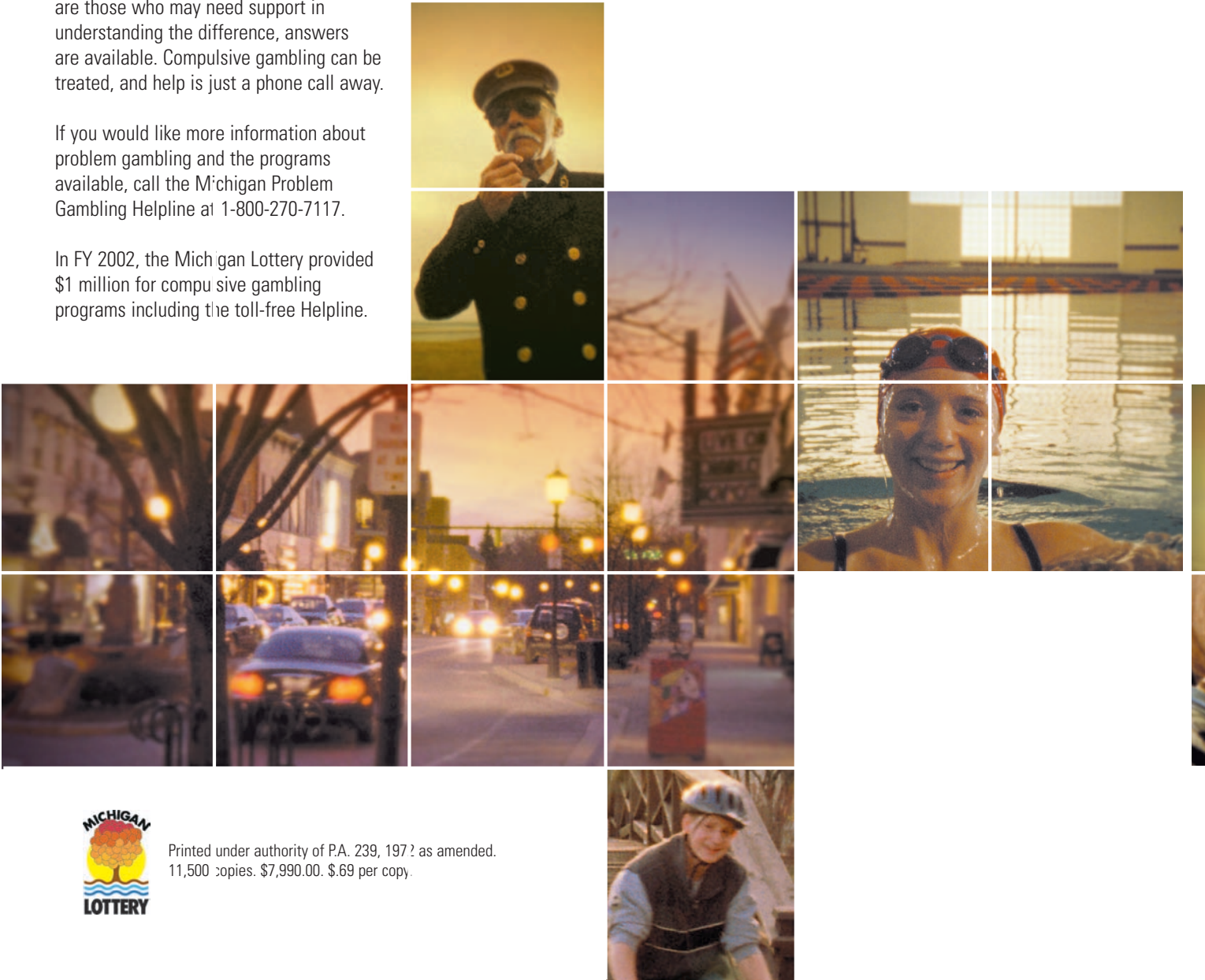
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