

# New Mexico Lottery

## Fiscal Year 2016



**The Hits**  
1996 - 2016





Benefitting New Mexico's Future®



# Fiscal Year 2016 New Mexico Lottery's Greatest Hits...

## FY 2016 Hits

- Celebrated our 20th Anniversary
- Raised \$46.3 million for the Legislative Lottery Scholarship — Highest return ever!
- Highest Sales in a Fiscal Year — \$154.3 million
- Highest Overall Record for sales in one week January 10 – 16, 2016:
  - ♦ Total sales of \$11,099,225
  - ♦ Powerball® tickets amounted to \$9,026,498 of that total
- Record Powerball Jackpot — \$1.586 Billion
- Launched new website
- NASPL “Best New Instant Game of the Year” (2016) for “Dia de Los Muertos” Scratchers™
- \$84.8 million in prizes to winners:
  - ♦ \$47.6 million from Scratchers
  - ♦ \$37.2 million from Draw games
- Paid \$10 million in sales commission to retailers
- Collected \$568,000 in state income taxes from prize winnings

## All-time Hits (20 years of records)

- \$2.6 billion in tickets sold
- \$1.4 billion in prizes, including:
  - ♦ 5 Powerball jackpot winning tickets
  - ♦ 6 Hot Lotto® jackpot winning tickets
  - ♦ 31 prizes of \$1 million or more
  - ♦ 499 prizes of \$100,000 or more
- Paid \$176.7 million in sales commission to retailers
- Collected \$27.5 million in state income taxes from prize winnings



# FY 2016 Annual Report

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# Board Letter



**Dan Salzwedel, Ph.D.**  
*Chair*

In Fiscal Year 2016, the New Mexico Lottery celebrated many accomplishments, including a 20th Anniversary, record sales, a record return and a record jackpot.

In the past 20 years, 109,986 New Mexican students attended college and 59,048 earned their college degrees from a New Mexico state college/university with help from Legislative Lottery Scholarships.

In Fiscal Year 2016, New Mexico Lottery players raised \$46.3 million for the state's Legislative Lottery Scholarship program. This is the highest return to the Legislative Lottery Scholarship program ever, and brings the total amount raised for education since 1996 to more than \$700 million. Part of this success was due to a record Powerball® jackpot of \$1.586 billion. The other part was due to numerous initiatives that

led to an increase in Scratcher™ sales.

Although we would like to continue on this high note, we realize that current issues may impede our efforts. However, we will continue to maximize revenue for the Legislative Lottery Scholarship program and continue to raise the bar for education in New Mexico.

On behalf of my fellow board members, I would like to thank players for choosing to spend their entertainment dollars with the New Mexico Lottery. I also encourage players to continue to support higher education in New Mexico. It is greatly appreciated.

Thank you,  
*Dan Salzwedel*



**Mark Koson**  
*Vice Chair*

## A Brief History...

### 1995

- **April 5:** Governor Gary Johnson signed Senate Bill 853, creating the New Mexico Lottery Authority.
- **November 20:** Ralph Decker, the Lottery's first CEO, reported for work.

### 1996

- **April 8:** The first Scratcher™ tickets arrived at Lottery Headquarters.
- **April 27:** Lottery launch day; Scratcher sales began. Proceeds split 60% Public School Capital Outlay Fund and 40% Lottery Tuition Fund.
- **October 20:** Powerball® launched; Governor Johnson purchased first ticket.

### 1997

- **February 16:** Daily Millions launched.
- **September 23:** Lottery Board of Directors appointed David Miller as CEO.

### 1998

- **February 6:** Roadrunner Cash™ launched; State Senator Roman Maes bought first ticket.
- **October 19:** Mega Match 4 launched.

### 2000

- **February 29:** Lottery Board of Directors appoints Tom Shaheen as CEO.
- **July 1:** Legislature determines Lottery proceeds shall be split 50% Public School Capital Outlay Fund and 50% Lottery Tuition Fund.
- **September 24:** Pick 3 launched.
- **November 30:** Fourteen players from Albuquerque claim New Mexico's first Powerball jackpot of \$131 million.
- **November 30:** November Lottery profits for education break \$100 million.

### 2001

- **June 15:** 100% of Lottery profits directed to the Lottery Tuition Fund.
- **October 11-15:** The New Mexico Lottery hosts World Meet '01, a joint meeting

of North American Association of State & Provincial Lotteries and the World Lottery Association.

### 2004

- **September 26:** "4 This Way!" in-state game launched.

### 2005

- **May 9:** \$20 Scratcher, "\$500,000 Extravaganza" launched. It offered the largest Scratcher prize in New Mexico Lottery history.

### 2006

- **June 1:** Lottery Board of Directors appointed Tom Romero as CEO.

### 2007

- **October 28:** Lottery launched New Year's Eve Raffle game.

### 2010

- **January 31:** Mega Millions launched in New Mexico.
- **December 8:** Lottery joined Facebook and launched a free VIP Club.

### 2012

- **March 25:** Quicksters launched.

### 2014

- **February 14:** Lottery Board of Directors appointed David Barden as CEO.
- **June 9:** Mid-day drawings added to Pick 3.
- **November 7:** Lottery introduced new in-state game, Lucky Numbers Bingo.

### 2015

- **January 13:** VIP Points and Rewards program launched.
- **July 27:** Launched new website

### 2016

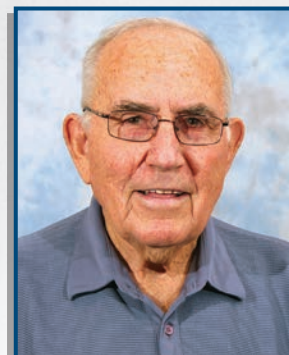
- **January 13:** Powerball sets the new World Record Jackpot at \$1.586 Billion
- **April 27:** 20th Anniversary



**Amy Bailey, Esq.**  
*Assistant Secretary/Treasurer*



**Salvatore Baragiola**  
*Member*



**Claude Austin**  
*Member*



**Paul Guerin, Ph.D.**  
*Member*



# CEO Letter

Fiscal Year (FY) 2016 was a year of records and accomplishments.

## Record Powerball jackpot

Powerball® and Mega Millions® ticket sales are jackpot driven. So, when a jackpot grows to incredible proportions, sales skyrocket. In January 2016, the Powerball jackpot grew to a world record of \$1.586 billion resulting in unprecedented sales nationwide.

## Highest Overall Record for Sales in one week

Between January 10 and 16, 2016, New Mexico Lottery retailers sold \$9,026,498 million in Powerball tickets, contributing to the new record of \$11,099,225 in sales for one week.

## Highest Overall Sales in a Fiscal Year

Along with several successful initiatives to increase Scratcher™ sales, the sales from the record-breaking jackpot helped to create the New Mexico Lottery's highest sales year ever – \$154.3 million.

## Highest Return Ever

One hundred percent of New Mexico Lottery net proceeds fund the Legislative Lottery Scholarship program. So, with a record-breaking year in sales, New Mexico raised its highest return ever to the Legislative Lottery Scholarship program — \$46.3 million.

## Launched New Website

FY 2016 was a year of change and accomplishments in other areas, too. The Lottery's website, [www.nmlottery.com](http://www.nmlottery.com), was

completely rebuilt and relaunched. The new site adapts to user screen size and allows staff to update content quickly and efficiently.

## NASPL “Best New Instant Game of the Year” (2016) for “Dia de Los Muertos” Scratchers

We are so proud to have teamed up with local artist, Sean Wells, to produce a new series of Scratchers named “Dia de Los Muertos.” These colorful tickets have been loved by players and have garnered national attention. See page 16 for the full story.

## 20th Anniversary

Since the Lottery began on April 27, 1996, approximately \$2.6 billion in tickets have been sold and more than \$1.4 billion in prizes have been won.

For the past 20 years, the Lottery has been very proud to help raise funds for New Mexico education and help students get a college degree.

We thank our players, legislators and the Legislative Lottery Scholarship recipients for allowing us to be a part of your lives and we look forward to continuing to maximize revenue for education.

Thank you,  
*David Barden*



**David M. Barden, Esq.**  
*Chief Executive Officer*



**Sylvia A. Jaramillo, CPA**  
*Chief of Staff  
Director of Administration*



**J. Vince Torrez**  
*Executive Vice President  
for Security*



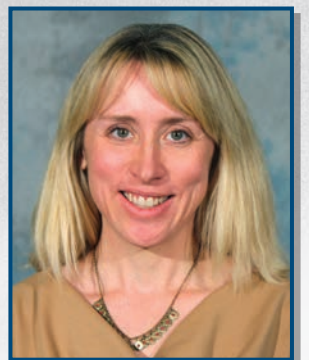
**Pam Poteat**  
*Director of Sales*



**Evelyn McKnight**  
*Director of Human Resources*



**Karla Wilkinson**  
*Director of Gaming Products*



**Wendy Ahlm**  
*Director of Advertising and Marketing*





# Historical Review

Fiscal Year	Gross Revenues**	Net Revenues for Public Education**
FY 1996*	\$28.5 Million	\$6.3 Million
FY 1997	\$82.4 Million ↗	\$21.9 Million ↗
FY 1998	\$85.4 Million ↗	\$20.1 Million ↘
FY 1999	\$89.7 Million ↗	\$19.6 Million ↘
FY 2000	\$111.2 Million ↗	\$24.5 Million ↗
FY 2001	\$113.7 Million ↗	\$25.9 Million ↗
FY 2002	\$129.5 Million ↗	\$29.6 Million ↗
FY 2003	\$133.6 Million ↗	\$33.1 Million ↗
FY 2004	\$142.6 Million ↗	\$35.9 Million ↗
FY 2005	\$134.7 Million ↘	\$32.2 Million ↘
FY 2006	\$150.6 Million ↗	\$36.9 Million ↗
FY 2007	\$148.8 Million ↘	\$34.8 Million ↘
FY 2008	\$147.8 Million ↘	\$40.8 Million ↗
FY 2009	\$142.6 Million ↘	\$40.8 Million →
FY 2010	\$143.6 Million ↗	\$43.6 Million ↗
FY 2011	\$135.6 Million ↘	\$41.3 Million ↘
FY 2012	\$133.9 Million ↘	\$41.3 Million →
FY 2013	\$141.8 Million ↗	\$43.7 Million ↗
FY 2014	\$136.1 Million ↘	\$40.9 Million ↘
FY 2015	\$137.1 Million ↗	\$41.1 Million ↗
FY 2016	\$154.4 Million ↗	\$46.3 Million ↗
Totals	\$2.622 Billion	\$700.9 Million

Lottery Tuition Fund: \$634,326,605 (1996 to present)

Public School Capital Outlay Fund: \$66,553,850 (1996 to 2001)

Raised for public education through Fiscal Year 2015: \$700,880,455

\* Represents partial fiscal year of November 1995 - June 30, 1996  
 \*\* Rounded



# Where the Money Goes

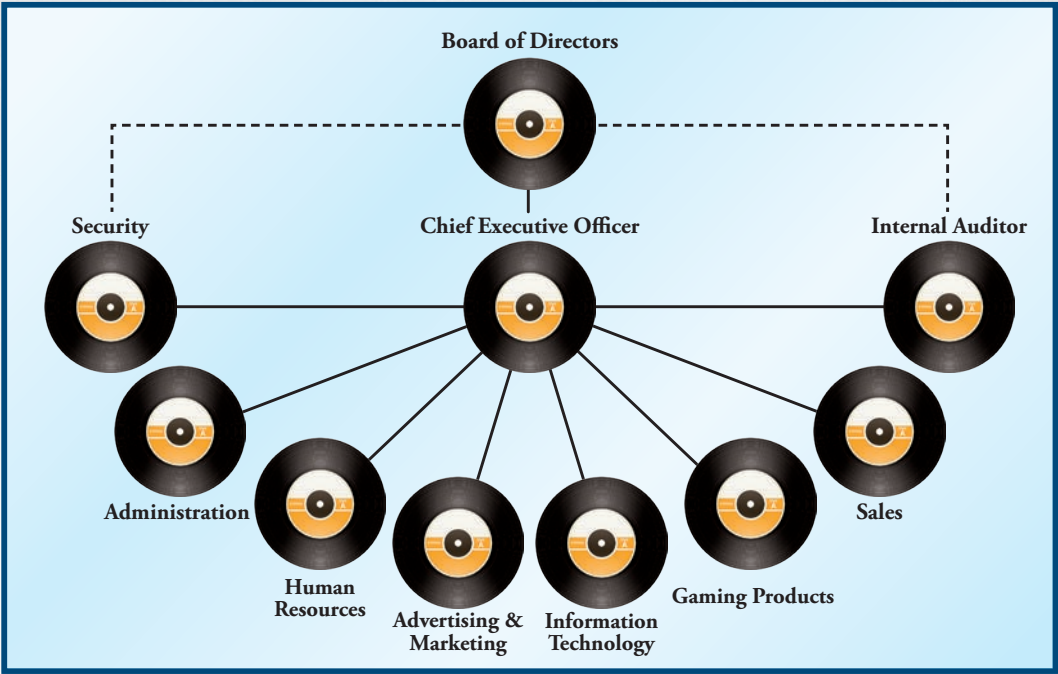
\$154.4 Million in Gross Revenues  
(numbers are rounded)



\*Cost of Product includes: On-line vendor fees, advertising, ticket vendor fees, retailer equipment, promotions, shipping and postage, responsible gaming, game membership and drawing game costs.

By statute, the Lottery is required to return a minimum of 50% of proceeds to players in the form of prizes and 30% to the Lottery Tuition Fund. The remaining funds are allocated to cover the cost of product as well as retailer commissions and administrative costs.

## Organizational Chart







# 109,986

Student Count By County Fall 1997 — Spring 2016

## High School Graduates and GED Recipients Have Attended College on Legislative Lottery Scholarships

County	LLS Students	Total Awards	Total Graduates So Far
Bernalillo	34,763	\$ 264,093,313	19,365
Catron	134	1,085,669	84
Chaves	3,709	16,614,265	1,987
Cibola	1,215	6,167,712	672
Colfax	580	3,952,918	302
Curry	2,602	11,276,809	1,390
De Baca	155	825,339	89
Doña Ana	12,915	87,709,647	7,004
Eddy	3,019	15,172,885	1,584
Grant	1,690	10,443,940	981
Guadalupe	257	1,430,186	142
Harding	83	484,488	63
Hidalgo	281	1,773,614	163
Lea	2,218	7,031,663	1,090
Lincoln	1,058	6,102,593	582
Los Alamos	1,663	13,644,359	997
Luna	1,117	7,321,293	556
McKinley	2,737	12,771,321	1,297
Mora	318	1,596,470	205
Otero	3,115	17,803,990	1,771
Quay	586	2,662,978	312
Rio Arriba	2,644	14,131,403	1,417
Roosevelt	1,444	6,616,126	746
San Juan	5,453	22,673,706	2,860
San Miguel	1,786	9,343,855	1,074
Sandoval	6,561	45,488,637	3,387
Santa Fe	6,948	42,696,924	3,548
Sierra	399	2,994,816	220
Socorro	715	5,085,795	411
Taos	1,678	9,625,618	847
Torrance	740	4,725,609	431
Union	226	1,418,188	135
Valencia	4,681	25,895,833	2,321
Other*	2,286	8,733,552	885
No Response**	210	847,773	130
<b>Total</b>	<b>109,986</b>	<b>\$690,243,287</b>	<b>59,048</b>

\*"Other" includes New Mexico students who graduated from a Texas or Arizona high school under a reciprocal agreement with the State Department of Education and Arizona residents on the Navajo Reservation who qualify for Legislative Lottery Scholarships

\*\*"No Response" accounts for students that did not provide county information on their admission forms; this information is requested, but not required

• Source: New Mexico Higher Education Department (NMHED), (800) 279-9777  
www.hed.state.nm.us; table represents Legislative Lottery Scholarship (LLS) draws through Spring 2016

• This report was prepared using the institution-supplied student and student financial aid files

• These figures will always differ slightly in different categories because of official reconciliation adjustments between NMHED and the various institutions

• Some students may be counted more than once because of transfers or other factors, according to NMHED

• Student count is cumulative and includes all students that were awarded a Legislative Lottery Scholarship or Lottery Disability at anytime.

• Graduates so far: non-graduates may still be enrolled, may no longer be on LLS, or may have left the institution

• Graduates and degrees may include duplicates if a student attained more than one degree — i.e., a student received an associate's degree and continued for a bachelor's degree; degrees include bachelor's, associate's, certificate and professional; several graduate students are also included because their Legislative Lottery Scholarships applied to undergraduate tuition that was part of their simultaneous graduate programs

• \$66,553,850 in Lottery revenues were allocated previously to the Public School Capital Outlay Fund for state-awarded school construction and repair grants. Following action by the New Mexico Legislature, the Lottery's contribution to this fund ended in FY 2001 and the last grants made with Lottery revenues occurred in FY 2002

Notes for opposite page:

(1) Some satellite campuses are reflected in main campus information

(2) Legislative Lottery Scholarship (LLS) debits and student count may be adjusted by New Mexico Higher Education Department (NMHED) in subsequent semesters, pending reviews, audits and/or appeals; these may also reflect minor financial differences due to overall decimal point rounding, and are statistically insignificant

(3) The less than 1 percent discrepancy (0.26%) in total LLS awards stems from the difference in data sources

★ Record-breaking Spring semester LLS enrollment (None of the schools had a record enrollment in the 2016 Spring semester.)

Source:  
New Mexico Higher Education Department,  
(800) 279-9777  
www.hed.state.nm.us

Data provided by New Mexico Higher Education Department for the Legislative Lottery Scholarship program through FY 2016.<sup>(2)(3)</sup>

\* As of the time of this writing, Summer 2011 data is unavailable due to reporting issues and under review by NMHED.



# 16,270

## Legislative Lottery Scholarships

### Spring Semester 2016

	Spring 2016 LLS Students	Total Students (Fall '97 - Spring '16)	Total LLS Awards (Fall '97 - Spring '16)
<b>Research Universities</b>			
New Mexico Institute of Mining and Technology — Socorro	588 ★	2,847	\$ 24,454,905
New Mexico State University — Las Cruces (Main Campus)	3,405	23,886	\$ 195,470,572
University of New Mexico — Albuquerque (Main Campus)	7,384	43,330	\$ 382,995,947
<b>Comprehensive Universities</b>			
Eastern New Mexico University — Portales (Main Campus)	827	6,531	\$ 29,117,414
New Mexico Highlands University — Las Vegas(1)	270	2,489	\$ 8,923,623
Northern New Mexico College — Española & El Rito	107	1,563	\$ 3,027,010
Western New Mexico University — Silver City	175	1,690	\$ 6,567,463
<b>Two-Year Branch Colleges</b>			
Eastern New Mexico University — Roswell	178	2,468	\$ 2,578,518
Eastern New Mexico University — Ruidoso	17	600	\$ 318,997
New Mexico State University — Alamogordo	69	1,529	\$ 2,027,209
New Mexico State University — Carlsbad	85	1,298	\$ 1,303,089
New Mexico State University — Doña Ana	598	5,681	\$ 7,916,827
New Mexico State University — Grants	22	585	\$ 714,728
University of New Mexico — Gallup	62	1,263	\$ 1,488,859
University of New Mexico — Los Alamos	57	794	\$ 820,472
University of New Mexico — Taos	53	650	\$ 812,942
University of New Mexico — Valencia (Los Lunas)	205	2,386	\$ 2,967,519
<b>Independent Community/Junior Colleges</b>			
Central New Mexico Community College — Albuquerque	1,430	12,846	\$ 10,413,463
Clovis Community College	68	1,444	\$ 1,004,757
Luna Community College — Las Vegas(1)	52	512	\$ 396,843
Mesalands Community College — Tucumcari	21	351	\$ 493,451
New Mexico Junior College — Hobbs	111	1,661	\$ 927,191
New Mexico Military Institute — Roswell	4	196	\$ 229,538
San Juan College — Farmington	290	3,671	\$ 2,969,631
Santa Fe Community College	192	2,555	\$ 2,302,319
<b>Total Campuses — 25<sup>(1)</sup></b>			
<b>Total Students Spring 2016 Semester<sup>(2)</sup></b>		<b>16,270</b>	
<b>Total Since Inception Through Spring 2016<sup>(2)(3)</sup></b>			<b>\$690,243,287</b>

#### Legislative Lottery Scholarship Recipients and Amounts Awarded by Semester

Not Reported '97 (88 students)	\$ 65,260	Spring '03 (11,273 students)	\$ 11,724,857	Fall '07 (11,513 students)	\$ 17,671,062	Fall '12 (14,279 students)	\$ 28,446,213
Summer '97 (45 students)	\$ 11,641	Summer '03 (2 students)	\$ 2,328	Spring '08 (14,395 students)	\$ 21,106,409	Spring '13 (17,758 students)	\$ 33,524,756
Not Reported '98 (5,208 students)	\$ 4,327,019	Fall '03 (9,470 students)	\$ 10,840,562	Summer '08 (41 students)	\$ 82,164	Summer '13 (101 students)	\$ 490,689
Summer '98 (46 students)	\$ 11,683	Spring '04 (12,023 students)	\$ 13,142,538	Fall '08 (12,053 students)	\$ 19,450,166	Fall '13 (14,527 students)	\$ 30,828,123
Fall '99 (6,293 students)	\$ 5,088,456	Summer '04 (3 students)	\$ 4,083	Spring '09 (15,576 students)	\$ 23,723,559	Spring '14 (17,371 students)	\$ 35,194,296
Not Reported '99 (8,037 students)	\$ 8,029,942	Fall '04 (10,014 students)	\$ 12,775,860	Summer '09 (40 students)	\$ 86,960	Fall '14 (14,181 students)	\$ 29,708,613
Spring '00 (9,804 students)	\$ 7,639,693	Spring '05 (12,770 students)	\$ 15,531,521	Fall '09 (12,879 students)	\$ 21,404,865	Spring '15 (16,462 students)	\$ 31,936,768
Fall '00 (7,377 students)	\$ 6,712,523	Summer '05 (3 students)	\$ 3,129	Spring '10 (16,360 students)	\$ 25,655,114	Summer '15 (69 students)	\$ 158,470
Spring '01 (10,249 students)	\$ 8,814,067	Fall '05 (10,657 students)	\$ 14,802,211	Summer '10 (31 students)	\$ 133,462	Fall '15 (12,800 students)	\$ 26,715,387
Summer '01 (1 student)	\$ 978	Spring '06 (13,067 students)	\$ 17,345,946	Fall '10 (13,653 students)	\$ 24,433,638	Spring '16 (16,263 students)	\$ 31,343,170
Fall '01 (8,133 students)	\$ 8,327,143	Summer '06 (16 students)	\$ 23,394	Spring '11 (17,062 students)	\$ 28,714,616	Summer '16 (70 students)	\$ 165,538
Spring '02 (10,602 students)	\$ 10,423,916	Fall '06 (11,032 students)	\$ 16,259,849	Fall '11 (13,941 students)	\$ 26,815,581	<b>Total</b>	<b>\$690,243,287</b>
Summer '02 (1 student)	\$ 1,074	Spring '07 (13,788 students)	\$ 19,540,205	Spring '12 (17,138 students)	\$ 31,226,643		
Fall '02 (8,753 students)	\$ 9,551,759	Summer '07 (43 students)	\$ 81,740	Summer '12 (32 students)	\$ 143,648		







## New Mexico Lottery Turns 20!

On April 27, 2016, the New Mexico Lottery celebrated its 20th anniversary.

Since its launch, the New Mexico Lottery has sold approximately \$2.6 billion in tickets with prizes of more than \$1.4 billion. And, New Mexico Lottery sales resulted in many positive economic impacts, among which were:

- 31 prizes of \$1 million or more – including five Powerball® jackpots totaling \$317.7 million;
- \$176.7 million in retail commissions;
- \$27.5 million in state taxes from prize winnings;
- 109,986 Legislative Lottery Scholarship recipients; and
- 59,048 Legislative Lottery Scholarship graduates (as of Spring Semester 2016)

To kick off the year-long milestone, the Lottery created a

special anniversary logo that features a banner draped over the Lottery's roadrunner icon. The logo was displayed on Lottery advertising, including Point of Sale and digital ads throughout the year.

There was also a bonus in the Lottery's VIP Points and Rewards promotion, where members earned 10X entries on April 27, so that the Lottery's VIP members could join in the celebration.



## Powerball® World Record Jackpot

In January 2016, Powerball® broke all the records (and billboards) with a World Record Jackpot of \$1.586 billion.

And, the New Mexico Lottery broke its record for overall sales in one week. During the week of January 10–16, 2016, the Lottery sold \$11,099,225 in Lottery tickets — \$9,528,059 in Powerball tickets. That's an additional \$3.3 million for Legislative Lottery Scholarships.

During this jackpot run-up, the Lottery also had one \$2 million winning ticket, one \$100,000 winning ticket, and nine \$50,000 winning tickets.

## Scratchers Made from Scratch!

For the past 20 years, the New Mexico Lottery Graphic Designers have helped design some of the Lottery's Scratchers. Here are a few of the favorites.





## New website

On July 27, 2015, the Lottery revealed a brand new **nmlottery.com** website.

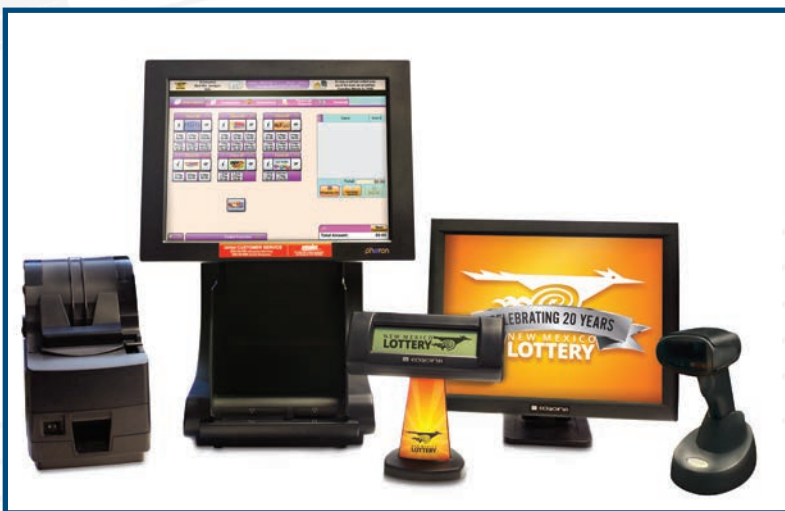
The new website is built on a platform that allows for quick edits and updates to the site. Graphics, news stories, winner photos, promotional information, policies and other content can be posted immediately by department. Additionally, the site adjusts content to adapt to the viewer's screen size.

On December 6, the Lottery also launched a retailer portal. This site links from the Retailers page at **nmlottery.com** and allows our retailers to view reports, sales information, pack status, order details and invoices.



## New Equipment

On June 5, 2016, the New Mexico Lottery updated its sales terminals to new Photon Terminals (provided by Intralot) that were easy to use and sell tickets faster. The new equipment includes a touch-screen sales display that allows retailers to use their fingers or a stylus to place orders. They also feature built-in camera scanners that read play slips and bar codes. Training sessions were held around the state to help prepare Lottery retailers for the upgrade.



## VIP Club Points and Rewards

Added value is important to everyone – including our players. The New Mexico Lottery Points and Rewards promotion provides added value by offering players a chance to win a \$5,000 monthly cash prize or points for prizes.

The Points and Rewards program began in January 2015 and has grown VIP Club membership from 25,533 to 43,319 members. (That's a 69.6% increase!) And our membership continues to grow. Right now, the VIP Club is gaining approx. 500 new members each month.

In April 2016, 'Pop Up' promotions were added. These mini campaigns offer multiple entries on certain games on a specified date. They are only advertised on the day (or days) of the promotion. Ads are displayed on nmlottery.com, the Lottery's Facebook page, digital billboards, Player Advertising Displays in Lottery retailers, ticket messages

and digital ads. Messages are also sent to VIP Club members who are signed up to receive alerts.

These special days resulted in an increase of more than 9% in entries.

*Examples of promo ads: one for the whole month and one for a specific day*





**New Mexico Lottery Authority**  
**STATEMENTS OF NET POSITION**

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 6,381,875	\$ 5,515,045
Accounts receivable (net of allowance for doubtful accounts)	742,846	1,586,110
Reserves on deposit	3,308,537	3,420,292
Inventory	156,721	162,024
Prepaid expenses	<u>179,517</u>	<u>156,355</u>
Total current assets	10,769,496	10,839,826
<b>CAPITAL ASSETS, NET</b>	<u>3,248,070</u>	<u>3,329,832</u>
Total assets	<u><u>\$ 14,017,566</u></u>	<u><u>\$ 14,169,658</u></u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and other current liabilities	\$ 1,760,948	\$ 1,537,100
Current portion of note payable	231,644	223,123
Current portion of capital lease obligation	-	2,595
Prizes payable	6,331,639	8,110,042
Due to Lottery Tuition Fund	<u>3,440,087</u>	<u>3,052,921</u>
Total current liabilities	<u>11,764,318</u>	<u>12,925,781</u>
<b>LONG-TERM LIABILITIES</b>		
Noncurrent portion of note payable	<u>745,248</u>	<u>976,877</u>
Total long-term liabilities	<u>745,248</u>	<u>976,877</u>
Total liabilities	<u><u>\$ 12,509,566</u></u>	<u><u>\$ 13,902,658</u></u>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 2,271,178	\$ 2,129,832
Unrestricted (deficit)	<u>(763,178)</u>	<u>(1,862,832)</u>
Total net position	<u><u>\$ 1,508,000</u></u>	<u><u>\$ 267,000</u></u>



**New Mexico Lottery Authority**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Instant ticket sales	\$ 83,105,873	\$ 79,956,236
Powerball sales	43,321,879	27,722,571
Mega Millions sales	10,509,262	11,161,262
Roadrunner Cash sales	7,394,565	6,240,297
Pick 3 sales	4,891,153	4,621,530
Hot Lotto sales	4,283,277	5,997,386
Quickster sales	691,531	742,509
Lucky Numbers Bingo sales	147,228	153,912
Monopoly Millionaires' Club sales	—	421,020
Net ticket sales	<u>154,344,768</u>	<u>137,016,723</u>
Retailer fees	14,720	19,980
Bad Debts	<u>(21,000)</u>	<u>—</u>
Total operating revenues	<u>154,338,488</u>	<u>137,036,703</u>
GAME EXPENSES		
Prize expense	84,754,383	75,592,325
Retailer commissions	10,035,060	8,941,265
On-line vendor fees	4,284,035	2,193,183
Advertising	2,053,906	2,174,697
Ticket vendor fees	1,314,494	1,265,885
Shipping and postage	276,853	312,134
Retailer equipment	182,538	96,816
Promotions	116,770	134,190
Responsible gaming	69,999	69,998
Game membership	56,878	66,895
Drawing game	—	37,150
Total game expenses	<u>103,144,916</u>	<u>90,884,538</u>
OPERATING EXPENSES		
Salaries, wages, and benefits	2,609,094	3,485,280
Utilities and maintenance	313,846	410,518
Professional fees	229,908	232,028
Depreciation and amortization	225,958	298,547
Leases, property taxes, and insurance	145,591	435,550
Other	54,878	52,281
Materials and supplies	48,743	77,233
Travel	24,607	66,160
Total operating expenses	<u>3,652,625</u>	<u>5,057,597</u>
OPERATING INCOME	<u>47,540,947</u>	<u>41,094,568</u>
NON-OPERATING INCOME (EXPENSE)		
Interest expense	(40,104)	(236)
Other income	47,173	10,516
Interest income	17,141	16,373
Total non-operating income	<u>24,210</u>	<u>26,653</u>
Net income before transfers	47,565,157	41,121,221
Transfers to Lottery Tuition Fund	<u>46,324,157</u>	<u>41,121,221</u>
Change in net position	1,241,000	—
Net position at beginning of year	<u>267,000</u>	<u>267,000</u>
Net position at end of year	<u>\$ 1,508,000</u>	<u>\$ 267,000</u>



**New Mexico Lottery Authority**  
**STATEMENTS OF CASH FLOWS**

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Cash received:		
From retailers — sales net of commissions, incentives, and prize, spoiled, and stolen ticket credits	\$ 145,142,254	\$ 127,841,627
Cash payments:		
To prize winners and related taxes	(69,215,424)	(67,726,913)
To MUSL	(17,317,362)	(10,307,445)
To suppliers of goods or services	(9,135,798)	(8,767,859)
To employees for services and related taxes	<u>(2,259,228)</u>	<u>(2,844,830)</u>
Net cash provided by operating activities	<u>47,214,442</u>	<u>38,194,580</u>
Cash flows from noncapital financing activities		
Transfers to the Lottery Tuition Fund	<u>(45,936,991)</u>	<u>(41,124,750)</u>
Cash flows from capital and related financing activities		
Purchases of capital assets	(167,517)	(1,819,538)
Principal paid on capital debt	(223,108)	—
Interest paid on capital debt	(39,853)	—
Principal payments under capital lease	<u>(2,595)</u>	<u>(27,657)</u>
Net cash used by capital and related financing activities	<u>(433,073)</u>	<u>(1,847,195)</u>
Cash flows from investing activities		
Receipts of interest	8,277	11,464
Other	<u>14,175</u>	<u>274</u>
Net cash provided by investing activities	<u>22,452</u>	<u>11,738</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	866,830	(4,765,627)
Cash and cash equivalents at beginning of year	<u>5,515,045</u>	<u>10,280,672</u>
Cash and cash equivalents at end of year	<u><u>\$ 6,381,875</u></u>	<u><u>\$ 5,515,045</u></u>



**New Mexico Lottery Authority**  
**STATEMENTS OF CASH FLOWS — CONTINUED**

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 47,540,947	\$ 41,094,568
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	225,958	298,547
Vendor's non-cash transactions	52,866	163,353
Interest on MUSL unreserved account	4,335	2,353
Net changes in assets and liabilities:		
Accounts receivable	838,826	(253,811)
Reserves on deposit	123,924	27,331
Inventory	5,303	(39,133)
Prepaid expenses	(23,162)	(48,277)
Accounts payable and other liabilities	223,848	(608,318)
Prizes payable	<u>(1,778,403)</u>	<u>(2,442,033)</u>
Net cash provided by operating activities	<u>\$ 47,214,442</u>	<u>\$ 38,194,580</u>



**New Mexico Lottery Authority**  
**SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON STATEMENTS**  
Years ended June 30, 2016 and 2015

2016					2015			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating revenues								
Instant ticket sales	\$ 81,227,000	\$ 82,376,000	\$ 83,105,873	\$ 729,873	\$ 71,893,000	\$ 77,664,500	\$ 79,956,236	\$ 2,291,736
Powerball sales	29,877,000	41,999,700	43,321,879	1,322,179	37,859,200	29,939,000	27,722,571	(2,216,429)
Mega Millions sales	11,999,000	9,599,800	10,509,262	909,462	8,994,900	11,999,500	11,161,262	(838,238)
Roadrunner Cash sales	6,499,000	7,199,900	7,394,565	194,665	6,992,800	6,499,000	6,240,297	(258,703)
Pick 3 sales	4,799,500	4,799,900	4,891,153	91,253	4,195,700	4,599,500	4,621,530	22,030
Hot Lotto sales	5,999,500	4,299,900	4,283,277	(16,623)	4,988,800	5,999,500	5,997,386	(2,114)
Quickster sales	799,500	749,900	691,531	(58,369)	1,498,500	774,500	742,509	(31,991)
Lucky Numbers Bingo sales	249,500	174,900	147,228	(27,672)	3,396,300	149,500	153,912	4,412
Monopoly Millionaires' Club sales	—	—	—	—	2,992,800	421,000	421,020	20
Net ticket sales	141,450,000	151,200,000	154,344,768	3,144,768	142,812,000	138,046,000	137,016,723	(1,029,277)
Retailer fees	12,000	12,000	14,720	2,720	12,000	15,000	19,980	4,980
Bad debts	(24,000)	(24,000)	(21,000)	3,000	(24,000)	(24,000)	—	24,000
Total operating revenues	141,438,000	151,188,000	154,338,488	3,150,488	142,800,000	138,037,000	137,036,703	(1,000,297)
Total game expenses	93,775,000	101,759,000	103,144,916	(1,385,916)	94,130,000	91,244,000	90,884,538	359,462
Total operating expenses	5,207,000	4,044,000	3,652,625	391,375	5,846,000	5,399,000	5,057,597	341,403
Operating income	42,456,000	45,385,000	47,540,947	2,155,947	42,824,000	41,394,000	41,094,568	(299,432)
Total non-operating income (expense)	(17,000)	(22,000)	24,210	46,210	24,000	24,000	26,653	2,653
Net income before transfers to Lottery Tuition Fund	<u>\$ 42,439,000</u>	<u>\$ 45,363,000</u>	<u>\$ 47,565,157</u>	<u>\$ 2,202,157</u>	<u>\$ 42,848,000</u>	<u>\$ 41,418,000</u>	<u>\$ 41,121,221</u>	<u>\$ (296,779)</u>



**New Mexico Lottery Authority**

**SUPPLEMENTARY INFORMATION**

**SCHEDULES OF PERCENTAGE RETURN TO THE STATE OF NEW MEXICO**

Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Instant ticket sales	\$ 83,105,873	\$ 79,956,236
Powerball sales	43,321,879	27,722,571
Mega Millions sales	10,509,262	11,161,262
Roadrunner Cash sales	7,394,565	6,240,297
Pick 3 sales	4,891,153	4,621,530
Hot Lotto sales	4,283,277	5,997,386
Quickster sales	691,531	742,509
Lucky Numbers Bingo sales	147,228	153,912
Monopoly Millionaires' Club sales	—	421,020
Net ticket sales	<u>154,344,768</u>	<u>137,016,723</u>
Retailer fees	14,720	19,980
Bad debts	(21,000)	—
Total operating revenues	<u>154,338,488</u>	<u>137,036,703</u>
NON-OPERATING INCOME		
Other income	47,173	10,516
Interest income	17,141	16,373
Total non-operating income	<u>64,314</u>	<u>26,889</u>
GROSS REVENUES	<u>154,402,802</u>	<u>137,063,592</u>
GAME EXPENSES		
Prize expense	84,754,383	75,592,325
Retailer commissions	10,035,060	8,941,265
On-line vendor fees	4,284,035	2,193,183
Advertising	2,053,906	2,174,697
Ticket vendor fees	1,314,494	1,265,885
Shipping and postage	276,853	312,134
Retailer equipment	182,538	96,816
Promotions	116,770	134,190
Responsible gaming	69,999	69,998
Game membership	56,878	66,895
Drawing game	—	37,150
Total game expenses	<u>103,144,916</u>	<u>90,884,538</u>
OPERATING EXPENSES		
Salaries, wages, and benefits	2,609,094	3,485,280
Utilities and maintenance	313,846	410,518
Professional fees	229,908	232,028
Depreciation and amortization	225,958	298,547
Leases, property taxes, and insurance	145,591	435,550
Other	54,878	52,281
Materials and supplies	48,743	77,233
Travel	24,607	66,160
Operational Reserve Fund expense	1,241,000	—
Total operating expenses	<u>4,893,625</u>	<u>5,057,597</u>
OPERATING INCOME	<u>46,299,947</u>	<u>41,094,568</u>
NON-OPERATING EXPENSE		
Interest expense	40,104	236
Total non-operating expense	<u>40,104</u>	<u>236</u>
NET INCOME	<u>\$ 46,324,157</u>	<u>\$ 41,121,221</u>
GROSS REVENUE PERCENTAGE RETURN	<u>30.00%</u>	<u>30.00%</u>





# Dia de Los Muertos

## North American Instant Game of the Year

On August 4, 2015, for the first time ever, the New Mexico Lottery worked with a New Mexico artist to create a set of one-of-a-kind Scratchers. Titled "Dia de Los Muertos," the \$2 ticket featured six scenes and chances to win \$10,000 top prizes.

Local artist, Sean Wells, created paintings for the Scratcher scenes that were inspired by New Mexico culture, the traditions of the Day of the Dead, and the turn-of-the-century Mexican printmaker, José Guadalupe Posada. She infused Posada's festive skeleton character style with bright tissue paper backgrounds to create a vibrant New Mexico tale.

The designs represent interests that reflect the traditions and personality of New Mexico. The scenes speak to the spirit and culture of the New Mexican people.

In October 2016, the New Mexico Lottery was recognized nationally by the North American State and Provincial Lotteries (NASPL) for "Best New Instant Game of the Year" (2016) for the Dia de Los Muertos Scratchers.

Karla Wilkinson, Director of Gaming Products and 2016 Powers Award recipient, was instrumental in bringing the game to creation after noticing the work of Sean Wells in various local markets.

This is the first time Dia de Los Muertos has been featured on any Scratcher game in North America, and other states have since created their own Dia de Los Muertos tickets.

The game was so successful that the Lottery launched a second series of tickets, titled "Legends of the Southwest" in August 2016.



Top to bottom:  
"Folklorico," "Dog Is My  
Co-Pilot" & "Balloonists"

Left to right: "The Betrothal,"  
"Mariachis" & "56 Oldsmobile"

## Events, in Style!

In FY 2016, the lottery upgraded the event trolley to a mobile event truck. This drivable vehicle has everything needed to set up and sell Lottery tickets at events, including a generator for power. The art wrapping on the truck was designed, printed & installed by the lottery Graphics team.



Old lottery Trolley - trailer

New event truck, custom-designed by Lottery staff



# Limited Edition Ford Mustang Giveaway

On March 3, 2015, the New Mexico Lottery launched the “Mustang Money” Scratcher. The \$5 game offered players with non-winning tickets a chance to win a Limited Edition 2015 Ford Mustang GT manufactured to celebrate the car’s 50th anniversary. In partnership with Rich Ford, an Albuquerque Ford dealer, the New Mexico Lottery was the only lottery in the world to have one of these cars to give as a prize. There were only 1,964 of these cars made (the Mustang debuted in 1964).

Three finalists were drawn from more than 45,000 entries of non-winning tickets entered into the promotion. The live grand prize giveaway event occurred on Aug. 8, 2015 at an Isotopes baseball game in Albuquerque. Three 5-foot tall Scratchers were created to look exactly like the three real Mustang Money Scratchers.

The finalists chose numbers to determine the order that they



would choose an oversized ticket. After all 3 tickets had been claimed, all three finalists removed the “Play Areas” from their tickets at the same time to reveal their prize. The winner of the car was James Gschwind of Alamogordo. The two other finalists each received \$500.

# Super Ticket™

On April 5, 2016, the New Mexico Lottery launched its biggest ticket ever, “Super Ticket™.”

The ticket was 8" wide by 12" high — physically the largest ticket the New Mexico Lottery has ever sold. The game was so big, it was only sold at retailers with special on-counter dispensers.

The giant \$10 Scratcher featured four Double Diamond™ play areas, 42 chances to win and top prizes of \$100,000.

It was the Lottery’s best-selling Scratcher. The game was so successful that a second “Super Ticket” was launched on October 5, 2016.



OUR  
BIGGEST  
TICKET EVER!





# Photo Descriptions

## Page 4-5

- 1. Lottery start-up group, including first CEO, Ralph Decker, November 1995
- 2. Staff photo in front of the new Lottery Headquarters during the delivery of the first New Mexico Lottery Scratchers, April 8, 1996
- 3. Lottery launch party ribbon-cutting ceremony at Coronado Mall parking lot, April 27, 1996
- 4. First \$100,000 Powerball winner, Angie Fernandez, claims prize, December 19, 1996
- 5. First Lucky Landmark ceremony at Anderson Express Lane, March 13, 1997
- 6. The Lottery’s first birthday, celebrated at the Round House in Santa Fe, April 1997
- 7. Selling Lottery tickets from the new trolley at Balloon Fiesta, October 1997
- 8. Roadrunner Cash draw game staff training (CEO, David Miller), February 18, 1998
- 9. Lottery Headquarters building sign installation, April 30, 1998
- 10. Mega Match 4 launch promotion, October 1998
- 11. Trucks & Bucks event at Winrock Mall, January 15, 1998
- 12. World Lottery Conference hosted by New Mexico Lottery & held in Albuquerque, October 2001

## Page 6-7

- 1. Keri Northover (far left) was one of many contestants on the Powerball Game Show, in Las Vegas, Nevada, December 2002.
- 2. The Lottery traveled around the state, holding pet auditions for the Roadrunner Cash Rolling Roadshow, May 2003.
- 3. The New Mexico Lottery hit a milestone by raising \$200 million for the Lottery Scholarship fund. The celebration was held at the State Capitol in Santa Fe, February 11, 2004.
- 4. Lottery 10th Anniversary event at Central New Mexico Westside Campus, April 27, 2006
- 5. Fire & Ice Bike Rally in Grants, July 16, 2006
- 6. Second-chance drawing event for a Space Invaders® arcade game, during the Roswell UFO Festival, July 2007.
- 7. High Rolls Cherry Festival in High Rolls, June 21, 2008
- 8. The NMLA conducted six weeks of retailer training across the state to convert to a new gaming vendor, Intralot, and new equipment, October 2008.
- 9. Production set and “Ball Guy” actors for the Holiday TV ad, September 2009
- 10. Colleges and Careers Day at the New Mexico State Fair in Albuquerque, September 14, 2009
- 11. Lamor Atole of Rio Rancho, winner of the second-chance drawing for the KISS Washburn PS 180 guitar, played by Paul Stanley and signed by all four KISS band members, April 2012.
- 12. Signs installation at Rich Ford in Albuquerque to announce the Trucks & Bucks Scratchers and second-chance drawing, February 7, 2014.

## Page 8-9

- 1. Fourteen players from Albuquerque claim New Mexico’s first Powerball jackpot of \$131 million, November 30, 2000.
- 2. New Mexico Lottery’s second Powerball jackpot winners. Isabell & Rafael Delgado of Las Cruces, claimed their \$32 million jackpot, February 22, 2002.
- 3. New Mexico Lottery’s third Powerball jackpot winner, John San Cartier of Albuquerque claimed his prize of \$93.4 million, August 19, 2005.
- 4. New Mexico Lottery’s fourth Powerball jackpot winner, Felipe Piña of Los Ojos, claimed his prize of \$62.8 million, May 30, 2007.
- 5. New Mexico Lottery’s fifth and largest Powerball jackpot winners was a group of nine family

- members and friends from Roswell. They claimed \$206.9 million, October 3, 2008.
- 6. Powerball Match 5 Bonus Prize Pool winners, February 21, 2006
- 7. New Mexico Lottery’s first Hot Lotto jackpot winner, Edward Boyd of Farmington split a \$2 million prize with a Minnesota player. He claimed his \$1 million prize, August 7, 2007.
- 8. New Mexico Lottery’s second Hot Lotto jackpot winner, David Fort of Albuquerque won \$5.6 million, February 11, 2008.
- 9. New Mexico Lottery’s third Hot Lotto jackpot winner, Aurbra King of Elida, came in with his family to claim his \$1.1 million prize, November 23, 2009.
- 10. New Mexico Lottery’s fourth Hot Lotto jackpot winners, the Swann Family of Ruidoso, claimed \$3.54 million, January 25, 2010.
- 11. Albuquerque resident, Robert Platt became New Mexico Lottery’s fifth Hot Lotto jackpot winner and claimed his prize of \$1.54 million, April 16, 2012.
- 12. New Mexico Lottery’s sixth and largest Hot Lotto jackpot winners, Douglas & Roberta Barnard of Rio Rancho, claimed a prize of \$7.6 million, August 6, 2013.

## Page 16-17

- 1. Richie McDonald, lead singer of country group Lonestar, stopped by Lottery Headquarters to cash his winning Scratcher. While he waited for his winnings, he set up his keyboard and gave an impromptu concert for the Lottery staff and players, April 9, 2014.
- 2. Mother’s Day Music Festival in Taos, May 2014
- 3. New Mexico Lottery night at Isotopes Park in Albuquerque, June 28, 2014
- 4. Trucks & Bucks finalists after Lottery event held at the Isotopes baseball game, June 28, 2014
- 5. Second-chance drawing event for three Harley-Davidson Heritage Softail Classic motorcycles, held in Las Cruces during the city’s Fourth of July Celebration, July 4, 2014.
- 6. Gildan Bowl in Albuquerque, December 20, 2014
- 7. Sean Wells, New Mexican artist, painted the images for the “Dia de Los Muertos” award-winning Scratchers, July 2015.
- 8. Dia de Los Muertos bus art to celebrate the new Scratchers, August 2015
- 9. Finalists and winner for the Limited Edition 2015 Ford Mustang. Photo taken at the second-chance drawing event held after an Isotopes Baseball game in Albuquerque, August 8, 2015.
- 10. Powerball balloon during the Albuquerque International Balloon Fiesta, October 2015
- 11. Jerry Rodriguez of Placitas at the live MONOPOLY MILLIONAIRES CLUB™ show, March 2016
- 12. Ghostbusters bus to promote the new Ghostbusters™ Scratchers, June 2016

Layout and Design	Jessica Quintana
Contributing Photographers	20 years of employee photos, Bus photos courtesy of Lamar Transit
Financial Statements	Sylvia A. Jaramillo, CPA
Additional Assistance	Dina Advani, New Mexico Higher Education Department

Complete financial information for Fiscal Year 2016 and previous New Mexico Lottery Authority financial statements and audit reports, and annual reports are available at **nmlottery.com**