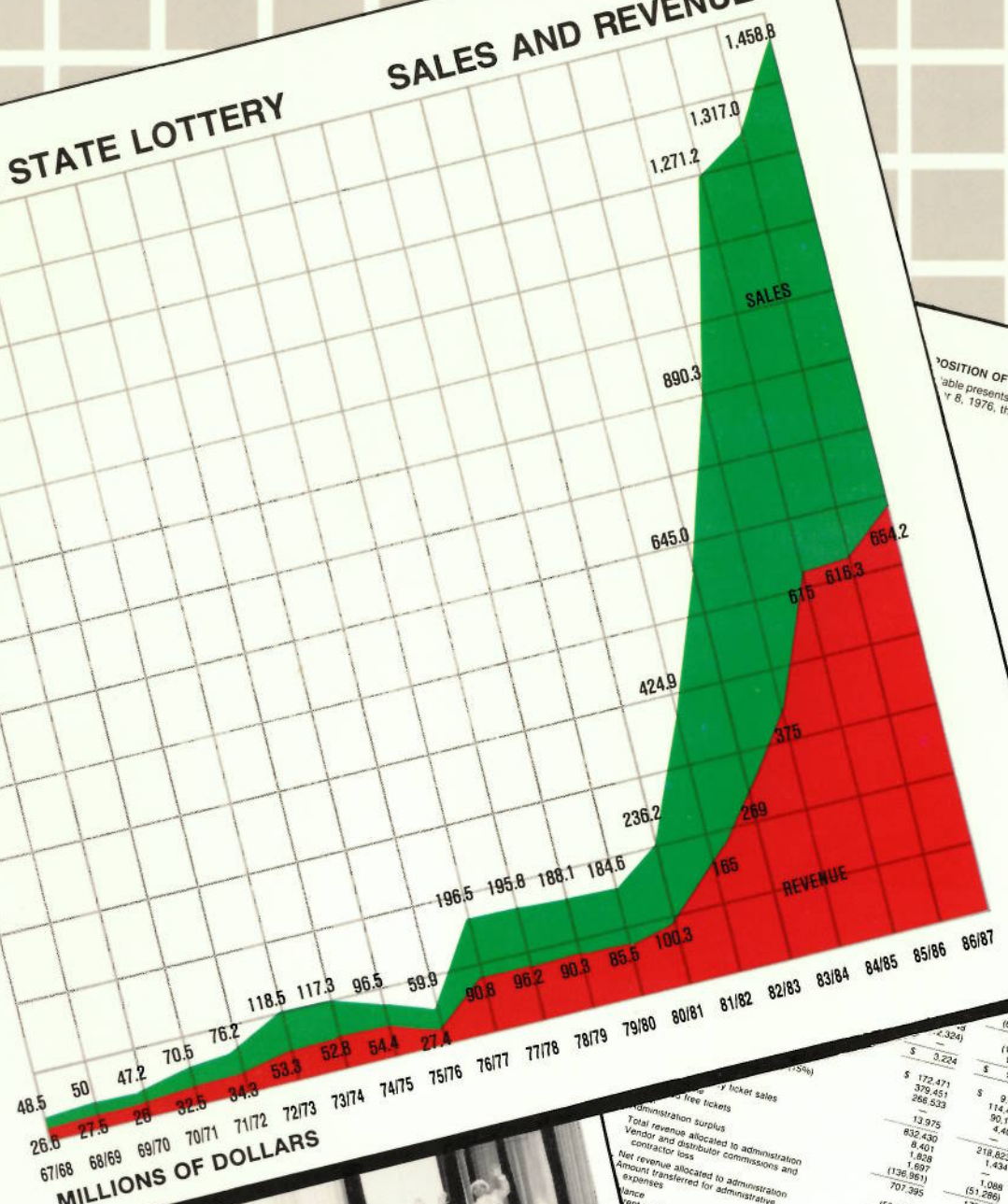


# NEW YORK STATE LOTTERY

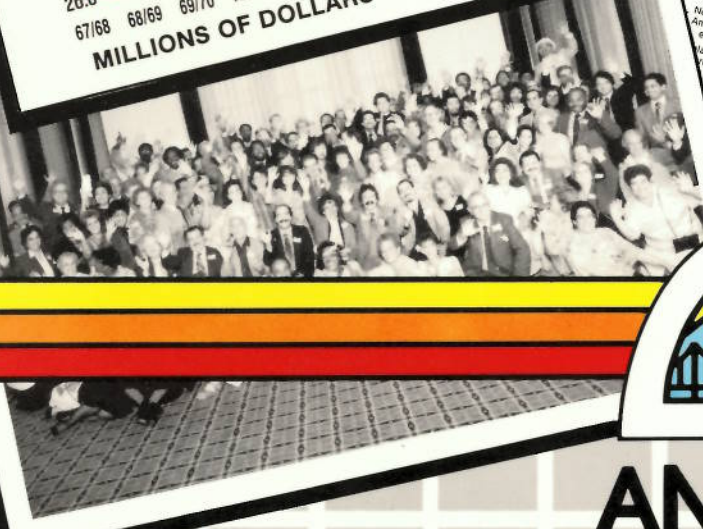
## SALES AND REVENUE



### POSITION OF REVENUE AND REVENUE ALLOCATIONS

Table presents the composition of revenue and revenue allocations for 8, 1976, the start of the current lottery operations, to March 31, 1977.

9/8/76 to 3/31/86	4/1/86 to 3/31/87	9/8/76 to 3/31/87
\$1,149,806	\$ 65,354	\$1,215,159
2,529,674	762,981	3,292,056
1,776,880	601,110	2,377,990
	29,377	39,377
93,168		93,168
5,549,527	1,458,820	7,008,349
101,087	51,558	152,645
2,560		2,560
1,729	1,086	2,815
\$9,654,603	\$1,511,464	\$7,166,387
\$ 459,822	\$ 26,142	\$ 486,064
1,011,870	305,192	1,317,062
886,439	11,751	1,189,904
		11,751
37,267		37,267
17,498		17,498
825		825
27		27
9		9
643,600	3,081,138	3,724,738
50,619	127,444	178,063
(19,042)		(19,042)
674,617		674,617
(536,525)	3,103,285	2,566,760
136,092	(2,517,770)	(1,381,678)
(5,599)		(5,599)
3,820		3,820
136,313		136,313
		\$ 579,908
6,129		6,129
9,188		9,188
313		313
		\$ 579,908
		\$ 546,822
		1,481,696
		832,294
		13,220
		41,926
		2,915,057
		14,964
		2,560
		83,869
		168,247
		32
		3,185,928
		(3,157,519)
		28,110
		(15,034)
		\$ 9,852
		\$ 13,076
		\$ 9,803
		\$ 182,274
		493,898
		356,699
		4,407
		13,975
		218,823
		1,051,253
		9,836
		1,828
		2,783
		(186,247)
		877,452
		(632,916)
		244,536
		(238,199)
		866
		6,337
		(2,321)
		\$ 332
		\$ 4,016



# ANNUAL REPORT

## 1986-87

# Letter from The Director



Director, John D. Quinn



THE NEW YORK STATE LOTTERY

SWAN STREET BUILDING  
EMPIRE STATE PLAZA  
ALBANY, NEW YORK 12223

JOHN D. QUINN  
DIRECTOR

January 29, 1988

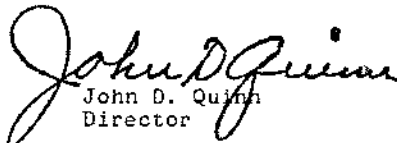
The Honorable Roderick Chu  
Commissioner  
New York State Department of Taxation and Finance  
State Campus  
Tax and Finance Building  
Albany, New York 12227

Dear Commissioner Chu:

In accordance with the provisions of subdivision c of section 1604 of the law, I am pleased to submit herewith a copy of the annual report of the Division of the Lottery for fiscal year 1986-87.

The information in this report will provide the "summary of Lottery revenues, prize disbursements and other expenses," for fiscal year 1986-87 required in your report to the Governor and Legislature as specified in the above statute.

Sincerely,

  
John D. Quinn  
Director

# The Lottery



New York's Lottery completed its eleventh year of operation, with Fiscal Year 1986-87.

It was the best ever. Sales reached record

highs.

So, too, did revenues for education.

### Sales

Fiscal Years 1976-86	\$5,549,527,000
Fiscal Year 1986-87	1,458,822,000
<b>Total</b>	<b>\$7,008,349,000</b>

### Revenues Earned For The State

Fiscal Years 1976-86	\$2,503,291,000
Fiscal Year 1986-87	654,228,000
<b>Total</b>	<b>\$3,157,519,000</b>

In 11 years, sales exceeded \$7 billion; earnings for education passed the \$3.1 billion mark.

Sales in Fiscal Year 1986-87 totaled \$1.459 billion.

It was the third straight year in which Lottery sales exceeded the billion dollar mark; and seventh consecutive year in which sales set a new record high.

Earnings for the State – which benefit education – soared to \$654.2 million, also a record high performance, for the seventh year in a row.

Each day, on average, in Fiscal 1986-87, the Lottery earned \$1.8 million to help fund the State's financial assistance to the local elementary and secondary schools.

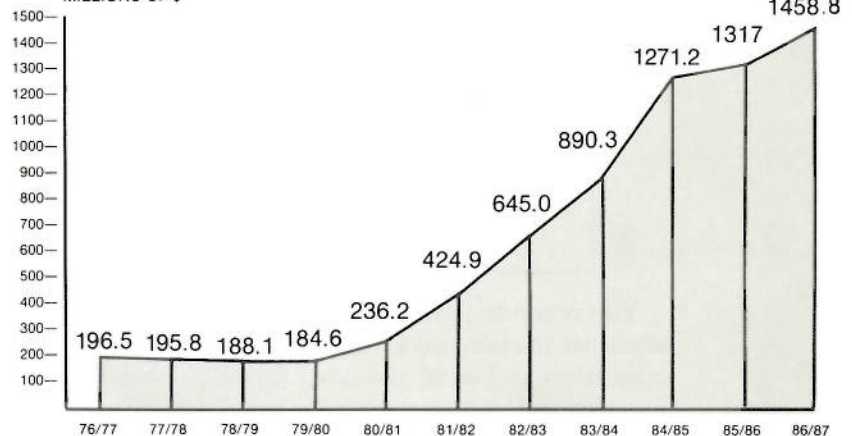
In Fiscal 1986-87, Lottery aid represented ten cents of every State financial aid dollar to local school districts.

From its first year – 1976-77 through 1986-87 – the Lottery is able to report:

- \$7 billion in sales.
- \$3.157 billion earned for New York State.
- Prizes valued at \$3.7 billion awarded.
- 506 winners of prizes of one million dollars or more.
- \$420 million in commissions to ticket sellers.
- A \$41 million Lotto prize in 1985, the largest up to then ever offered on the North American continent.

## Sales

MILLIONS OF \$



Sales and earnings of the Lottery in 1986-87 exceeded the total sales and revenues achieved in the first six years of Lottery operations – from Fiscal Year 1976-77 through 1981-82.

At the beginning of the 1976-77 fiscal year, the Lottery was re-established with two publicly announced goals:

1. To raise revenues for the benefit of education in New York State; and
2. To do so in a manner which would earn and deserve public confidence and trust.

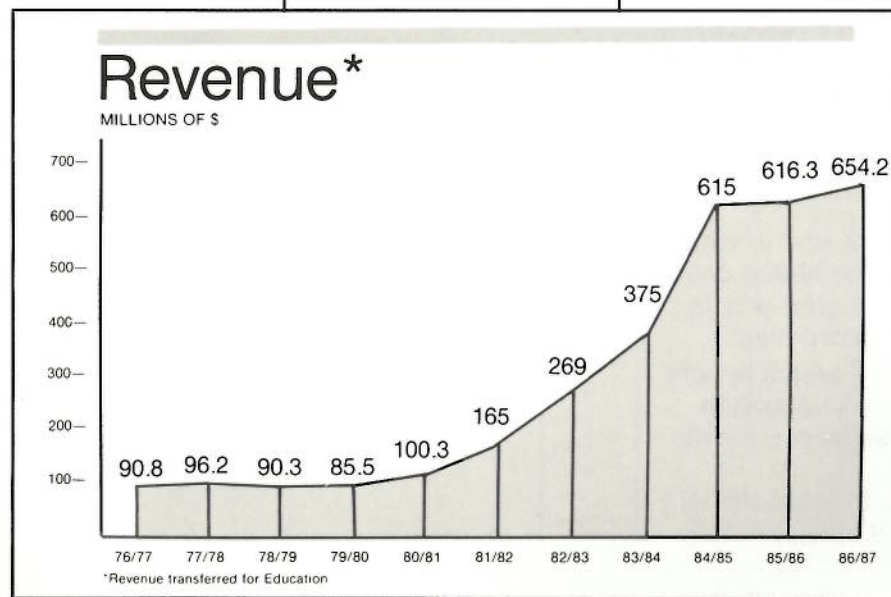
At the end of the 1986-87 fiscal year the Lottery is able to report:

1. It has raised in excess of \$3.1 billion for New York; accounting in Fiscal Year 1986-87 alone for ten cents of every State financial aid dollar distributed to local school districts; and

2. Three consecutive billion dollar sales years and seven consecutive years of increased sales and profits clearly demonstrate that the person who buys Lottery tickets has confidence and trust in the credibility of the New York State Lottery.

The Lottery was restored by enabling legislation enacted by the 1976 Legislature and signed into law by Governor Hugh L. Carey.

The immediate necessity was to organize a professionally skilled administrative staff that could meet head-on the obligation to raise the \$60 million targeted by budget projections for the 1976-77 fiscal year in a way that day-to-day operations would convey to the ticket buying public the assurance that what was being promised was being delivered.



The revenue figures represent the amounts transferred for the benefit of education and were allocated to the local school districts annually, based on the formula used to determine regular

state aid to the districts. The annual totals represent the amount of lottery aid distributed to the school districts as lottery aid during that year.

The appointment of John D. Quinn, a native New Yorker, was made on April 26, 1976.

On that date, the Division of the Lottery existed in name only; it had a Director but no staff, only the counsel of a handful of advisors on loan from the Division of the Budget.

By September 8, 1976, it reached the marketplace and its first week's sales set a national record at the time.

Using only seven months of that first fiscal year, the "new" New York State Lottery earned \$90.8 million for the State, exceeding by almost sixty percent its tar-

geted goal of \$60 million, which, when set, was considered "optimistic".

Since then, the Lottery's sales and earnings have risen dramatically, while the number of its employees dropped from 320 to 215.

In Fiscal Year 1986-87, New York's Lottery emerged as a billion-dollar plus organization, whose earnings if measured in private business terms would have ranked it high among Fortune's 500.



# Aid To Education

**T**he most definitive measure of the New York Lottery's success has been the increasing role it is playing in helping to fund the financial assistance the State provides to its more than 700 local school districts.

In 1977-78, the first full year of sales by the new lottery to benefit education, it accounted for less than three cents of every State school aid dollar.

In 1986-87, the record high of \$654.2 million raised by the Lottery accounted for more than ten cents of every dollar of financial assistance the State provided to the local schools - an increase of more than 200 percent in ten years.

Over the years, the Lottery has raised more than \$3.1 billion.

Each day, on average in Fiscal Year 1986-87, the Lottery earned \$1.8 million to help fund the State's financial assistance to the local schools.

It was the seventh straight year in which earnings benefiting education set a new record.

The 1986-87 educational earnings of \$654.2 were more than 550 percent greater than the first full year of Lottery earnings of \$96.2 million for education in 1977-78.

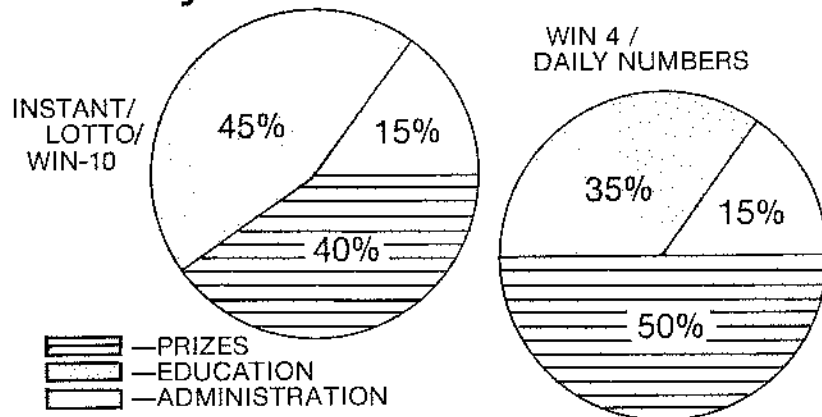
Since 1976-77, there have been only two exceptions to the aid to education benefit. The first was in 1976-77, when legislation directed that the Lottery proceeds (\$90.8 million) be used to help balance the State budget. And from 1978-80, legislation directed that about \$4 million of the proceeds from the

Olympic Lottery be distributed to the Winter Olympic Trust Fund for the benefit of winter sports education in New York. All of the remainder of the revenue earned to date has gone to local school districts in New York State as part of the State aid they receive each year.

While Lottery earnings on behalf of education do not supplement State assistance, they do relieve the burden of reducing services elsewhere or of raising this money from other tax sources. It is money provided voluntarily.

Lottery aid payments made in 1986-87 by county are listed at the right. A complete list of the Lottery payments made to the more than 700 individual school districts is available on request from the Lottery. Mail requests should be addressed to: The New York State Lottery, Public Relations Unit, Empire State Plaza, Albany, New York, 12223.

## Distribution of Lottery Revenues



# Aid to Education by County

COUNTY	DISTRIBUTION	CUMULATIVE
	FY 1986-87 April 1, 1986-March 31, 1987	DISTRIBUTION FY 1977-87 April 1, 1977-March 31, 1987
Albany	\$ 6,619,321.57	\$ 35,186,894.57
Allegany	3,176,076.25	15,602,183.00
Broome	9,174,029.31	49,375,839.40
Cattaraugus	5,673,397.82	28,819,531.70
Cayuga	4,164,409.98	21,137,442.17
Chautauqua	7,428,624.32	37,707,179.30
Chemung	4,317,472.33	22,672,570.67
Chenango	3,770,811.98	18,607,303.33
Clinton	4,433,526.40	22,884,797.56
Columbia	2,339,568.55	11,795,587.77
Cortland	2,799,475.07	13,359,783.94
Delaware	2,098,010.35	10,311,716.0f2
Dutchess	9,358,072.32	50,034,817.10
Erie	37,151,427.28	197,416,463.15
Essex	994,888.82	5,263,842.11
Franklin	2,753,030.72	14,131,815.41
Fulton	3,160,671.83	15,954,963.13
Genesee	3,338,827.18	16,947,704.12
Greene	1,265,240.39	6,398,479.37
Hamilton	4,090.00	44,810.00
Herkimer	4,094,543.86	20,366,604.18
Jefferson	5,334,923.72	25,919,313.55
Lewis	1,651,075.75	8,510,861.65
Livingston	2,963,204.30	14,850,037.57
Madison	4,102,737.52	21,089,888.54
Monroe	24,080,755.81	125,633,914.43
Montgomery	2,696,281.47	13,018,608.01
Nassau	28,827,942.01	165,745,063.49
Niagara	9,927,615.91	52,817,294.34
New York City	234,162,333.25	1,037,552,116.71
Oneida	12,491,524.57	65,739,722.57
Onondaga	20,157,293.53	103,173,563.05
Ontario	4,555,364.07	22,734,696.51
Orange	14,984,633.71	71,790,387.73
Orleans	2,763,324.10	13,844,481.14
Oswego	7,157,633.32	34,386,526.86
Otsego	2,590,607.93	12,955,298.52
Putnam	2,917,697.11	16,090,737.91
Rensselaer	7,539,708.60	37,764,074.82
Rockland	7,490,555.46	42,981,469.45
Saratoga	9,544,648.61	48,591,885.53
Schenectady	5,265,094.48	27,043,463.64
Schoharie	1,580,660.21	7,862,744.20
Schuyler	965,700.20	4,776,766.15
Seneca	1,687,296.84	8,642,935.71
St. Lawrence	6,864,450.82	34,947,897.09
Steuben	6,450,225.37	32,396,858.65
Suffolk	68,113,902.74	355,418,335.96
Sullivan	1,692,573.62	7,870,042.50
Tioga	3,495,341.05	17,427,409.73
Tompkins	3,153,577.50	15,480,894.53
Ulster	5,268,944.99	28,622,310.43
Warren	2,454,882.07	12,540,062.44
Washington	3,789,772.85	19,306,107.98
Wayne	5,847,129.59	28,996,081.17
Westchester	10,719,223.67	70,781,841.97
Wyoming	1,876,380.50	9,358,812.62
Yates	695,891.49	3,602,547.62

# Milestones

## 1976-77

The Lottery comes back with an all-new look. New York discovers the "Instant Lottery." Players



know immediately if they have won when they match three prize amounts when scratching off the covering on the ticket. "New York Scenes," the Lottery's



Robert Netto

first instant game, proves to be its record instant game seller. "New York Scenes" also produces the Lottery's first four "millionaires," starting with 18-year old Bobby Netto of Watertown. He is followed by John Sartoretti of Queens, Erma Easton of North Bingham, Pennsylvania, and Anthony Califano of North Bellmore on Long Island.

## 1977-78

The popular Weekly game was renewed and this year the Lottery adds a play-by-mail subscription feature. The first meeting of the Lottery's millionaires is held when 12 of the million-dollar winners come together. A special "Loser's Lottery" offers those who



Celebrity Drawings

send in five non-winning Weekly Lottery tickets a chance at a million dollar prize. Among the finalists was the "700 Club", a television evangelical ministry, which received an anon-

ymous donation of a qualifying ticket from "an unemployed construction worker" in Albany County. The eventual winner of that "Loser" drawing was Aliceanne Johnson of New York City.

## 1978-79

Baseball and Bingo instant games were among the popular offerings this year with the former to become a regular spring feature for several years to come. Instant game sales reached \$155.7 million and a new game called "Lotto" was introduced



to a somewhat puzzled American audience in New York State. It would take a while for the popular European game to catch on but New York's Lottery would stick with it, sensing things to come. Sales this partial year for Lotto were just \$6.4 million. Mickey Mantle would help promote baseball and Matt Snell of the New York Jet's championship team, would help promote a

fall "Football" instant game offering. The Lottery would also be tapped to assist the Olympic movement with a special "Olympic Lottery" starting this year.

## 1979-80



The State Legislature approves a Daily Numbers game with a fifty-percent-of-sales payout. The Lottery also completes the phase out of its network of banks and shifts to a system of licensed distributors to get tickets to agents. In the Lotto game an on-line system of play is begun in September 1980. Players also are given the option of



First Lotto Millionaires Cesar Fernandez John Gronosky

playing Lotto by mail with "Lottomatic." The Instant Lottery features



John McNamara

the "Million Dollar Race" with a \$1 million prize determined by the results of a thoroughbred race at the Belmont Race Track. John McNamara of Flushing is the 'lottery' winner.

## 1980-81

The Daily Numbers game comes on board in September 1980. Control Data Corporation is chosen to operate the on-line game system. The number of on-line agents will about double during the year, growing from 547 to 1,048. An easier to play Lotto game gains steadily in popularity. Numbers sales total \$65.4 million in this first year while Lotto reaches \$77.9. The Instant Lottery continues to be the most popular Lottery offering with sales of \$92.9 million for the



fiscal year. And in Buffalo, Lottery fans are offered their own "regional" televised lottery game, "TV Bingo."

## 1981-82

The Lottery passed the billion dollar mark for sales since September 1976. By July 1982, all Lotto tickets would be sold through agents equipped with the on-line system with opportunity - and cut-off times - uniform across the state. The most dramatic upswing in Lottery sales yet recorded would take place this year, growing from \$236 million in 1980-81 to \$424.9 million in 1981-82, an increase of more than 79 percent. Win-4 - a four-digit numbers game - is

## WIN4

introduced to New York's Numbers fans and ebul-



Bernice and Lou Eisenberg

lient Lou Eisenberg retires from his job changing light bulbs in a Manhattan office building when he becomes Lotto's biggest winner yet, claiming a jackpot of \$5 million in November 1981.

## 1982-83

Lottomania is the year's newest dictionary word as jackpots soar and excitement is contagious. A former dishwasher from the Isle of Cyprus - Andy Tegerides - and a young broker - Gerhardt Schmitz - win back to back \$5 million Lotto jackpots in August. They



Andrew Tegerides, Director Quinn and Gerhardt Schmitz

are followed in November by the Lottery's most engaging winner - Curtis Sharp, Jr. - who arrived with a wife and wife-to-be and a promise to take care of all of his "extended" family. Lotto becomes the Lottery's number one game this year, accounting for more than 43 percent of total sales which reached \$645 million.



Curtis Sharp

## 1983-84

The Instant Lottery has "Cash Plus" which offers prizes ranging from groceries to cars as well as cash prizes, and "Lucky 7's" to celebrate the Lottery's Seventh Anniversary. Just before the Holiday Season, Vincent Coda of Sparrowbush, near the Pennsylvania border, would win the Lottery's newest record jackpot, a prize of \$7 million. Harriet Aibel, 61, a college student took a month to finish a term paper before claiming a \$3 million jackpot. "I was just too busy and didn't need the distraction," she explained.

### THE DAILY NEWS QUEENS MOM OF 5 WINS \$10M LOTTO



Lula Aaron

Lula Aaron of Flushing seemed just as cool when she claimed a record \$10 million prize for the March 17 drawing and the new championship among Lottery millionaires. This year, the Lottery can claim to have provided "a million dollars a day to help support education" with revenues turned over to the State topping \$375 million.

## 1984-85

The Lottery records its first billion dollar sales in a single year - a total of \$1.271 billion in Lottery tickets are sold this

year. The year begins with the biggest tip ever given a waitress when Westchester Police Officer Bob Cunningham offers half his Lotto ticket to waitress Phyllis Penza. It is worth \$6 million, making her tip \$3 million. In May, New York's Lotto excites the entire world as the jackpot climbs to \$22.8 million - a prize eventually shared by four people. By July 20, another mercurial jackpot zooms to \$20 million and this time it is claimed by just



Venero Pagano

one man. Venero Pagano of the Bronx makes the cover of FORTUNE magazine as New York's twenty million dollar man. In all, the Lottery created 63 winners of prizes of at least one million dollars during the year.

## 1985-86



Lotto Fever boils again in August 1985 as New York's Lottery offers the largest prize ever in North America - \$41,000,000. Among the three winners are 21

factory workers who came from almost as many parts of the world to share in the American Dream's biggest cash award. The new year brings another roll for Lotto and another record. This time there is just one winner, Pasquale Consalvo of Staten Island who collects the first installment of his \$30,500,000 prize on the decks of a Staten Island Ferry with the Statue of Liberty in the background. The big Lotto winners would win in the newest game - Lotto 48 was introduced in May 1985 along with a game with smaller odds called Lotto 40 with drawings each Monday. The Instant Lottery has a new feature, too. Ten contestants get to spin the Instant Lottery Jackpot Wheel each week in drawings that are eventually televised. Prizes range from \$2,000 to \$20,000 in cash and are later increased to \$2,500 to \$25,000. The one jackpot slot on the wheel is hit by Caroline Forte of Harrison for the first time. The young mother of two wins \$5.9 million for her effort on February 6, 1986. Lottery sales top \$1.3 billion in the second billion-dollar sales year.

## 1986-87

Lottery sales pass billion dollar mark for third consecutive year; sales and earnings for New York State set new record highs for seventh year in a row. Sales since September 1976 pass \$7 billion mark, revenues for New York State pass \$3.1 billion mark. A new and exciting WIN-10 added to Lottery "menu" in January 1987.

## WIN-10

# Lottery Games



**N**ew games and new looks for old games have been the hallmark of the Lottery over the years. And the introduction of these improvements continued in Fiscal 1986-87.

Over the years, the Lotto offered big, dreams-can-come true jackpots with the top prize that permitted the realization of these dreams paid to the winners over a period of years – a payment procedure that allowed for bigger jackpots.

In response to players who preferred smaller jackpots – paid in a lump sum at the time of winning – and a bigger share of the prize pool in the lower level prizes, the Lottery introduced CASH 40 in August 1986 – giving its Lotto 40 game a new look which made available these preferred features to its players.

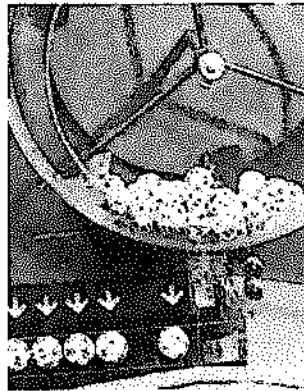
And in January 1987, WIN-10 – the Lottery's own KENO game – was introduced.

In WIN-10, players were given 17 ways to win prizes – from a \$4 consolation prize when none of their ten number match choices were selected – to \$200,000 for matching all ten.

The popularity of the new game was attested by the fact that from its January introduction through the March 31 end of the fiscal year sales totaled \$29.3 million.

LOTTO 48, with Wednesday and Saturday drawings, and CASH 40, with its Monday night drawings, combined to be the most popular of all Lottery games.

They produced \$763 million in sales – 52 percent of all Lottery sales – in Fiscal Year 1986-87.



Lotto Draw Machine

Sixty-nine persons won prizes of a million dollars or more in Lotto during the fiscal year.

Since it was introduced in November, 1978, Lotto has produced \$3,292,655,000 in sales – 47 percent of all Lottery sales in 11 years of operations.

## Actual Sales by Game

MILLIONS OF \$

YEAR	INSTANT	WEEKLY	OLYMPIC	NUMBERS	WIN-4	WIN-10	LOTTO	TOTAL
76/77	186.9	9.6	—	—	—	—	—	196.5
77/78	155.4	40.4	—	—	—	—	—	195.8
78/79	155.7	10.9	15.1	—	—	—	6.4	188.1
79/80	118.2	4.4	12.8	—	—	—	49.2	184.6
80/81	92.9	—	—	65.4	—	—	77.9	236.2
81/82	93.1	—	—	168.8	13.7	—	149.3	424.9
82/83	87.1	—	—	237.0	41.6	—	279.3	645
83/84	85.2	—	—	276.6	68.5	—	460	890.3
84/85	98.4	—	—	330.7	73.3	—	768.8	1271.2
85/86	76.7	—	—	379.4	122.1	—	738.8	1317
86/87	65.4	—	—	446.2	154.9	29.3	763	1458.8
TOTAL	1215	65.3	27.9	1904.1	474.1	29.3	3292.7	7008.4

# Prize Winners

# S

ince the New York State Lottery started in September, 1976, it has awarded prizes valued at \$3.78 billion to 260 million winners.

In Fiscal Year 1986-87, it awarded prizes valued at more than \$712.5 million.

Here is how the \$712.5 million was distributed among the prize winners in the different Lottery games:

Lottery Game	Value of Prizes Awarded (in millions of dollars)
Lotto	\$376
Numbers	226
Win-4	78.1
Win-10	8.4
Instant	24

Seventy-three persons won prizes of a million dollars or more in 1986-87.

Along the way to the \$3.7 billion prize payout milestone, New York's Lottery set new records for individual prizes.

The \$41 million LOTTO 48 jackpot it offered in its August 21, 1985, drawing was the largest Lottery prize ever offered on the North American continent at that time. There were three first prize winning tickets sold for that drawing, including one held by the "Lucky 21", a group of Mount Vernon factory workers, most of whom were immigrants.

The \$30 million LOTTO 48 prize won by Pasquale Consalvo, a mason from Staten Island, on January 18, 1986, was the largest prize ever won by an individual in the New York State Lottery.

But 1986-87 had its big winners, too. Joseph Rappa, 27, and Salvatore Crisafi, 29, plumbers from Long Island, shared the biggest jackpot won in Fiscal 1986-87 - a \$16 million jackpot in the February 25, 1987 drawing.

Rappa, of East Northport, and Crisafi, of Holtsville, were partners in their own plumbing business and were partners in the \$16 million winning LOTTO 48 ticket.

Sharon Ann Jaynes, of Elmira, a 45-year old housewife and mother of four, was the second richest winner in FY 1986-87 - and fifth richest ever at the time, when she won the \$13,333,333 jackpot in the May 31, 1986 drawing.

Melanie Richards, a twenty-year old college student from Brooklyn, waited almost three and a half months to claim in February, 1987 a \$12 million jackpot she had won in November, 1986. At the time, she became the 500th person to win a New York Lottery prize of a million dollars or more.



Melanie Richards

Miss Richards shared the \$24 million jackpot offered in the November 8, 1986, drawing with Mrs. Osnat Burdman, 55, of Albertson, in Nassau County, a sales person in a clothing store.

The \$12 million prize that each had won was the seventh richest in Lottery history.

Felipe Hassell, 47, of Jamaica, Queens, a 16-year employee of the New York Transit Authority, and father of three won \$11 million in the June 14, 1986 LOTTO 48 drawing.



Felipe Hassell

Here are the persons who hit "Jackpot" and their prizes when they spun the Instant Lottery Wheel in Fiscal 1986-87:

\$2,100,000

Theresa Dauphin  
November 13, 1986

\$1,700,000

James Urell  
May 22, 1986

\$1,100,000

Henry Patterson  
July 17, 1986

\$500,000

Phil Sansone  
May 29, 1986

## Prizes Awarded

YEAR	INSTANT	OLYMPIC/ WEEKLY	NUMBERS	WIN-4	WIN-10	LOTTO	TOTAL
76-86	\$566,287,905	\$50,465,202	\$696,609,758	\$149,030,700	—	\$1,607,321,500	\$3,069,715,065
86/87	\$24,000,566	—	\$226,033,201	\$78,102,385	\$8,404,709	\$376,036,178	\$712,577,039
TOTAL	\$590,288,471	\$50,465,202	\$922,642,959	\$227,133,085	\$8,404,709	\$1,983,357,678	\$3,782,292,104

# Auditors' Report

	NOTES	1987	1986	
<b>Statements of Revenue and Revenue Allocations</b> for the years ended March 31, 1987 and 1986 (In Thousands)	REVENUE:			
	Ticket sales	1,4	\$1,458,822	\$1,317,011
	Less:			
	Vendor and distributor commissions	7	(87,037)	(80,416)
	Contractor fees	7	(41,297)	(31,907)
	Net revenue from ticket sales		1,330,488	1,204,688
	Interest income	2	51,556	40,639
	Other		1,086	12
	NET REVENUE		<u>\$1,383,130</u>	<u>\$1,245,339</u>
	REVENUE ALLOCATIONS:	1		
	Prizes	3,5	\$ 674,617	\$ 598,562
	Education	6	666,790	607,854
	Administration	7	41,723	38,923
TOTAL REVENUE ALLOCATIONS		<u>\$1,383,130</u>	<u>\$1,245,339</u>	
<b>Statements of Assets and Liabilities</b> March 31, 1987 and 1986 (In Thousands)	ASSETS:			
	Cash (including short-term cash investments)	2	\$ 87,064	\$ 75,383
	Accounts receivable	8	30,065	24,085
	Investments:	2		
	U.S. Government-backed obligations (maturity value, \$1,078,630 in 1987 and \$857,183 in 1986 less unamortized discount of \$586,820 in 1987 and \$494,963 in 1986)		491,810	362,220
	Long-term cash investments (maturity value, \$13,311 in 1987 and \$10,015 in 1986 less unamortized discount of \$9 in 1987 and plus unamortized premium of \$6 in 1986)		13,302	10,021
	TOTAL		<u>\$622,241</u>	<u>\$471,709</u>
	LIABILITIES:			
	Prizes:			
	Allocation of accrued revenue	\$ 5,599	\$ 3,820	
	Unclaimed and future prizes	10	78,919	72,794
	Long-term prize obligations of \$1,084,146 in 1987 and \$862,409 in 1986 less unamortized discount of \$583,157 in 1987 and \$491,608 in 1986	3,10	500,989	370,801
			<u>585,507</u>	<u>447,415</u>
Education:				
Allocation of accrued revenue		15,034	12,324	
Allocation of cash revenue payable	10	13,076	3,224	
		<u>28,110</u>	<u>15,548</u>	
Administration:				
Allocation of accrued revenue		2,321	1,787	
Allocation of cash revenue payable	10	4,016	3,684	
		<u>6,337</u>	<u>5,471</u>	
Deferred revenue for unclaimed free tickets on open games and other payables		2,287	3,275	
TOTAL		<u>\$622,241</u>	<u>\$471,709</u>	

See notes to financial statements.

## Composition of Revenue and Revenue Allocations

The following table presents the composition of revenue and revenue allocations from September 8, 1976, the start of current lottery operations, to March 31, 1987:

(In Thousands)	9/8/76 to 3/31/86	4/1/86 to 3/31/87	9/8/76 to 3/31/87
<b>Revenue:</b>			
Instant games sales	\$ 1,149,805	\$ 65,354	\$ 1,215,159
Lotto games sales	2,529,674	762,981	3,292,655
Daily Numbers/Win-Four games sales	1,776,880	601,110	2,377,990
Win 10 games sales	—	29,377	39,377
Other games sales	93,168	—	93,168
Lottery ticket sales	5,549,527	1,458,822	7,008,349
Interest income	101,087	51,556	152,643
Old lottery interest (1976-77)	2,560	—	2,560
Other	1,729	1,086	2,815
<b>Total revenue</b>	<b>\$5,654,903</b>	<b>\$1,511,464</b>	<b>\$7,166,367</b>
<b>Revenue Allocated to Prizes:</b>			
Instant games (40%)	\$ 459,922	\$ 26,142	\$ 486,064
Lotto games (40%)	1,011,870	305,192	1,317,062
Daily Numbers/Win-Four games (50%)	888,439	300,555	1,188,994
Win 10 games (40%)	—	11,751	11,751
Other games (40%)	37,267	—	37,267
Allocation of Lottery ticket sales	2,397,498	643,640	3,041,138
Interest income	77,825	50,019	127,844
Unclaimed prizes	(44,827)	(19,042)	(63,869)
Unclaimed free tickets	(1,828)	—	(1,828)
Total revenue allocated to prizes	2,428,668	674,617	3,103,285
Lottery prizes paid	(1,981,253)	(536,525)	(2,517,778)
Balance	447,415	138,092	585,507
Current year accrual (included above)	—	(5,599)	(5,599)
Prior year accrual	(3,820)	3,820	—
Prizes to be paid	\$ 443,595	\$ 136,313	\$ 579,908
Allocation of prizes to be paid:			
Unclaimed and future prizes	\$ 72,794	\$ 6,125	\$ 78,919
Long-term prize obligations	370,801	130,188	500,989
	\$ 443,595	\$ 136,313	\$ 579,908
<b>Revenue Allocated to Education:</b>			
Instant games (45%)	\$ 517,412	\$ 29,410	\$ 546,822
Lotto games (45%)	1,138,354	343,341	1,481,695
Daily Numbers/Win-Four games (35%)	621,906	210,388	832,294
Win 10 games (45%)	—	13,220	13,220
Other games (45%)	41,926	—	41,926
Allocation of Lottery ticket sales	2,319,598	596,359	2,915,957
Interest income	14,861	103	14,964
Old Lottery interest (1976-77)	2,560	—	2,560
Unclaimed prizes	44,827	19,042	63,869
Administration surplus	136,961	51,286	188,247
Other	32	—	32
Total revenue allocated to Education	2,518,839	666,790	3,185,629
Revenue transferred for Education	(2,503,291)	(654,228)	(3,157,519)
Balance	15,548	12,562	28,110
Current year accrual (included above)	(12,324)	(15,034)	(15,034)
Prior year accrual	—	12,324	—
Allocation of cash revenue payable	\$ 3,224	\$ 9,852	\$ 13,076
<b>Revenue Allocated to Administration:</b>			
Instant games (15%)	\$ 172,471	\$ 9,803	\$ 182,274
Lotto games (15%)	379,451	114,447	493,898
Daily Numbers/Win-Four games (15%)	266,533	90,166	356,699
Win 10 games (15%)	—	4,407	4,407
Other games (15%)	13,975	—	13,975
Allocation of Lottery ticket sales	832,430	218,823	1,051,253
Interest income	8,401	1,434	9,835
Unclaimed free tickets	1,828	—	1,828
Other	1,697	1,086	2,783
Administration surplus	(136,961)	(51,286)	(188,247)
Total revenue allocated to administration	707,395	170,057	877,452
Vendor and distributor commissions and contractor fees	(504,582)	(128,334)	(632,916)
Net revenue allocated to administration	202,813	41,723	244,536
Amount transferred for administrative expenses	(197,342)	(40,857)	(238,199)
Balance	5,471	866	6,337
Current year accrual (included above)	(1,787)	(2,321)	(2,321)
Prior year accrual	—	1,787	—
Allocation of cash revenue payable	\$ 3,684	\$ 332	\$ 4,016

## Auditor's Opinion

*New York State Lottery:*  
We have examined the statements of assets and liabilities of New York State Lottery as of March 31, 1987 and 1986 and the related statements of revenue and revenue allocations for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the assets and liabilities of the Lottery at March 31, 1987 and 1986 and the revenue and revenue allocations for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

*Deloitte, Haskins & Sells*

July, 1987

# The Lottery is Good for Business

**F**iscal Year 1986-87 was the best year ever in the amount of commissions earned for selling New York State Lottery tickets. The more than 11,000 ticket agents, ranging in size from neighborhood "mom and pop" stores to the chain supermarkets, earned more than \$87 million in commissions in Fiscal Year 1986-87.

This brought to \$420.4 million in commissions ticket sellers have earned since they first went on sale in September 1976.

The importance of Lottery ticket sales to agents is summed up by this agent's comment:

"The money I earn from Lottery tickets is the difference between success and failure for me. In all honesty, the commissions have enabled me to keep my head above water in difficult times and to make a success out of my business."

More than 4,200 agents had automated ticket terminals handling Lotto, Numbers, Win-4, Win-10 and Cash 40 and many of them earned \$60,000 and more over 12 months.

Food stores, newsstands and stationery stores top the list of Lottery ticket sellers.

From Fiscal Year 1976-77 through Fiscal Year 1986-87, the New York State Lottery had pumped more than \$632 million dollars into businesses big and small. And as a result the Lottery's success has been translated into the creation of hundreds of jobs in the private sector.

The benefits of the Lottery have been spread across the entire business spectrum, from the small neighborhood store selling Lottery tickets to the contractors providing the sophisticated technology for a vast network of automated terminals.

### Fees & Commissions September 76 - March 87

Commissions to  
Sales Agents \$420.4  
Contractor  
Fees \$188.7  
Distribution Fees  
to Banks and Distributors \$23.8



Players line-up to play Lotto

## Agent Commissions

