

NEW YORK LOTTERY

An Enterprise Fund of the State of New York

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended March 31, 2008

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Prepared by

Financial Management Unit

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INTRODUCTORY SECTION



Gordon Medenica, Director

September 17, 2008

To readers of the New York Lottery's Comprehensive Annual Financial Report:

We are pleased to present the Comprehensive Annual Financial Report of the New York Lottery for the fiscal year ended March 31, 2008. This report has been prepared by the Financial Management Unit of the New York Lottery. The New York Lottery is responsible for the accuracy and fairness of all information included in this report. To the best of our knowledge, the report presents fairly in all material respects, the financial position of the Lottery and the results of its operations for the period covered.

The report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section contains this transmittal letter, which provides an overview of the Lottery and its annual report, and the Lottery's organizational chart which lists principal officials and their respective positions within the agency. The Financial Section contains the Lottery's basic financial statements, the notes to the statements, and the independent auditor's report. It also includes Management's Discussion and Analysis which is supplementary information to the statements and offers readers a general overview and analysis of the Lottery's financial position and activities for the years covered by the statements. The Statistical Section includes certain financial, economic, and demographic data for the New York Lottery and the lottery industry in the United States.

The New York Lottery was established in 1967 as a result of a constitutional amendment. It is currently administered by the Division of the Lottery, an independent unit of the Department of Taxation and Finance. It is operated in accordance with provisions of the New York State Lottery for Education Law (Tax Law Article 34). The mission of the Lottery is to raise revenue for education in the state of New York through the administration of lottery games.

The Lottery is included within the financial reporting entity of the State of New York as an enterprise fund. This report represents only the financial position and activities of the Lottery and not the corresponding financial position and activities of the State of New York.

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When New Yorkers Play Responsibly, We All Win.

History of the New York Lottery

In November 1966, a Constitutional Amendment was approved by 61% of New York voters to establish the New York Lottery. Subsequently, Article 1, Section 9 of the Constitution of the State of New York was adopted to allow lotteries operated by the state, with net proceeds to be applied in aid or support of education. A lottery commission was established as a division of the Department of Taxation and Finance and the first lottery ticket was sold in New York in June, 1967. New York was the second state, behind New Hampshire, to conduct Lottery sales.

Administrative responsibilities for the Lottery were later transferred to the New York State Racing and Wagering Board. The Lottery was then reconstituted in 1976, and the Division of the Lottery was established as an independent division of the State Department of Taxation and Finance. Instant ticket sales resumed under this “new” Lottery in September 1976.

In November 1978, a popular European game called “Lotto” was introduced in New York with an initial jackpot of \$250,000. The new game steadily gained in popularity until a computerized or “online” system of play was introduced in 1980 and the excitement of “Lottomania” began in New York. That was followed by the introduction of the Daily Numbers 3-digit game in September, 1980 and the Win 4 four-digit game in 1981. These staple games kicked off a period of unprecedented growth in New York Lottery sales.

In 1987 an online Keno game called “Pick 10” was introduced, followed in January, 1992 by the addition of Take Five – a pari-mutuel game with a smaller, but more winnable jackpot than Lotto. At the beginning of 1994, new instant game technology was integrated into online sales terminals statewide. These new features improved management of instant game tickets, accounting, security, and validation. For the first time, Lottery retailers were able to pay prizes regardless of the place of purchase, order tickets through a telemarketing system, and receive “hassle-free” automatic shipments of all new instant game launches. As a result, instant game sales increased from \$298 million in 1994 to over \$1 billion by 1997.

In 1995, legislation authorized the implementation of Quick Draw, a monitor game offering more play options and prizes than Pick 10. Quick Draw sales commenced in September 1995 at social environment locations throughout the state.

Following the terrorist attacks on the World Trade Center in 2001, the State Legislature permitted New York’s entry into a multi-state lottery game and authorized video lottery gaming at certain pari-mutuel racetracks. As a result, the Lottery joined the multi-state Mega Millions game in May 2002.

In January 2004, the New York Lottery opened the doors of the first video lottery gaming facility in the state. Video lottery gaming terminals operate as electronic instant lottery games. A central determinant computer system draws winners from a centralized finite prize pool. Winning tickets are fixed, secure, and pre-determined while centrally located within the monitoring and

control system. Video gaming facilities are now operational at eight racetracks throughout the state.

Traditional Lottery Games

The New York Lottery offers players the chance to participate in many various online and instant games through a retailer network of approximately 16,000 retailers. Current offerings include seven online games, as well as the introduction of approximately 30 new instant games each year. The wide variety of Lottery games offer different methods of play, ranges of jackpot prizes, and convenience aspects that make playing the games fun, easy, and exciting entertainment.



INSTANT GAMES are played by scratching a covering from pre-printed tickets to reveal prizes. There are a large variety of games and price points available for sale at any given time.



LOTTO is played by choosing 6 numbers from a pool of 59 and is still played for two games for one dollar. A player wins the jackpot by matching all 6 winning numbers drawn, but can also win other prizes by matching at least 3 winning numbers. Players can select to receive the jackpot in annual installments or in one lump sum payment. Lotto includes an **Extra** feature where players can win additional prize levels using a bonus ball for an extra one dollar play. Drawings are held twice per week, every Wednesday and Saturday. Lotto and Lotto Extra are also available by subscription.



TAKE FIVE is played by choosing 5 numbers from a pool of 39. A player wins the jackpot by matching all five winning numbers drawn, but can also win other prizes by matching at least 2 of the winning numbers. Tickets cost one dollar and drawings are held every night.



NUMBERS is played by choosing a 3 digit number. A player wins prizes ranging from \$25 to \$500 by matching the winning numbers drawn. Wagers begin at fifty cents and drawings are held twice per day. **Lucky Sum** is an added feature that allows **Numbers** players to win additional prizes by matching the sum of the player's numbers to the sum of the winning numbers drawn for an extra one dollar wager. An **Instant Win** feature also allows players to win up to \$500 instantly for an additional one dollar wager by matching their numbers to a set of numbers randomly generated at the point of sale terminal.



WIN 4 is played by choosing a 4 digit number. A player wins prizes ranging from \$25 to \$5,000 by matching the winning numbers drawn. Wagers begin at fifty cents and drawings are held twice per day.

Lucky Sum is an added feature that allows Win 4 players to win additional prizes by matching the sum of the player's numbers to the sum of the winning numbers drawn for an extra one dollar wager. An **Instant Win** feature also allows players to win up to \$500 instantly for an additional one dollar wager by matching their Win 4 numbers to a set of numbers randomly generated at the point of sale terminal.



PICK 10 is played by choosing 10 numbers from a pool of 80. A player wins the jackpot of \$500,000 if all 10 of their numbers are included among 20 winning numbers drawn by the Lottery. Wagers begin at one dollar. Other prizes can also be won by matching 0,6,7,8, or 9 of the winning numbers drawn. Drawings are held every night.



QUICK DRAW is played by choosing 1 to 10 numbers from a pool of 80. A player wins prizes ranging from \$1 to \$100,000 based on how many numbers they match to the 20 winning numbers drawn by the Lottery. Wagers begin at one dollar. An **Extra** multiplier feature gives players a chance to increase their prize. Drawings are held every 4 minutes on a daily basis from 10AM to 3PM and from 4PM to midnight.

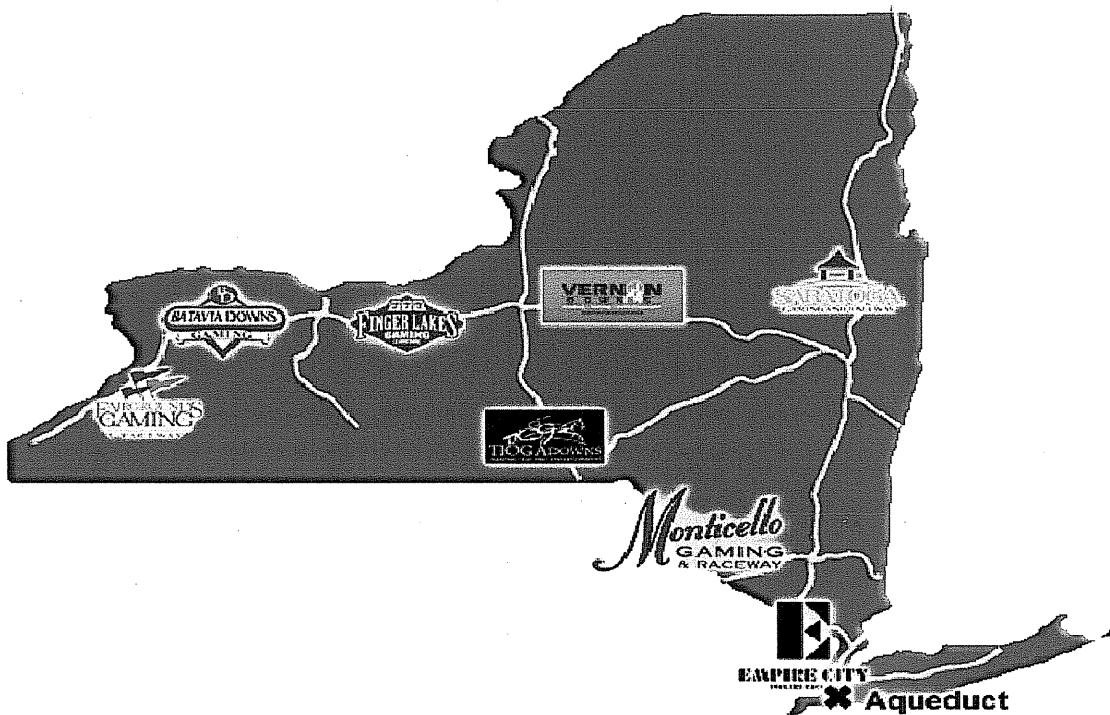


MEGA MILLIONS is a multi-jurisdictional game in which the New York Lottery participates with California, Georgia, Illinois, Massachusetts, Maryland, Michigan, New Jersey, Ohio, Texas, Virginia, and Washington. Players choose 5 numbers from a pool of 56 and 1 number from a pool of 46 numbers. A player wins the jackpot by matching all 6 winning numbers drawn. Smaller prizes ranging from \$2 to \$250,000 can be won by matching 1 to 5 numbers. Players can select to receive the jackpot in annual installments or in one lump sum payment. Tickets cost one dollar and drawings are held twice per week, every Tuesday and Friday. Mega Millions is also available by subscription.

Video Lottery Gaming

On January 28, 2004, the New York Lottery commenced video lottery gaming operations with the opening of Saratoga Gaming & Raceway in Saratoga Springs. Since that date, the Lottery has opened 7 additional video gaming facilities across the state. As of March 31, 2008, these 8 facilities operate a statewide total of approximately 13,000 video lottery terminals.

Video lottery gaming is conducted 16 hours per day at each gaming facility utilizing a central determinant system that draws winners from a centralized finite prize pool, similar to the administration of an instant scratch off game. By statute, video lottery games must pay out a minimum of 90% in prizes.



Batavia Downs Gaming is located in Batavia, New York. Owned and operated by Western Regional Off Track Betting Corporation, Batavia Downs Gaming opened on May 18, 2005 and currently operates 592 video gaming machines.



Fairgrounds Gaming & Raceway is located on the Fairgrounds in Hamburg, New York near Buffalo. Owned by the Erie County Agricultural Society and operated by Delaware North Inc, Fairgrounds Gaming & Raceway opened on March 17, 2004 and currently operates 959 video gaming machines.



Finger Lakes Gaming & Racetrack is located in Farmington, New York. Owned and operated by Delaware North Inc, Finger Lakes Gaming & Racetrack opened on Feb 18, 2004 and currently operates 1,199 video gaming machines.



Monticello Gaming & Raceway is located in Monticello, New York. Owned and operated by Empire Resorts, Monticello Gaming & Raceway opened on June 30, 2004 and currently operates 1,587 video gaming machines.



Saratoga Gaming & Raceway is located in Saratoga Springs, New York. Owned and operated by Saratoga Harness Racing Inc, Saratoga Gaming & Raceway opened on January 28, 2004 and currently operates 1,770 video gaming machines.



Tioga Downs Gaming is located in Nichols, New York. Owned and operated by American Racing & Entertainment LLC, Tioga Downs Gaming opened on July 4, 2006 and currently operates 750 video gaming machines.



Vernon Downs Gaming is located in Vernon, New York. Owned and operated by American Racing & Entertainment LLC, Vernon Downs Gaming opened on October 26, 2006 and currently operates 761 video gaming machines.



Empire City at Yonkers Raceway is located in Yonkers, New York. Owned and operated by Yonkers Racing Corp, Empire City opened on October 11, 2006 and currently operates 5,347 video gaming machines.

Economic Outlook

As a mature lottery, the New York State Lottery expects only incremental growth in most of the traditional lottery games. The only potential for higher growth is in jackpot-driven games like Mega Millions, during intervals when jackpots roll to higher levels. On the other hand, the Lottery expects to see significant growth in video lottery gaming in the future. The Lottery currently operates eight video lottery gaming facilities but negotiations are currently under way to develop a ninth facility at Aqueduct Race Track. Having an additional facility in the middle of a large gaming population should provide a substantial increase to Lottery aid to education. As part of the Lottery's long-term financial planning, the Lottery routinely prepares sales projections and assists the New York State Division of the Budget in preparing Lottery revenue estimates to be used in the State's five-year financial plan.

Accomplishments

In the fiscal year ended March 31, 2008, New York Lottery revenues reached \$7.548 billion while net proceeds earned for aid to education reached \$2.556 billion. These were record-setting amounts not only for the New York State Lottery but set a North American revenue record as well.

Video Gaming was particularly impressive. For the first time, the Lottery had eight video gaming facilities in operation for the entire year. This resulted in net machine income of \$875.3 million, an increase of \$352.6 million over the previous year. Direct aid to education was \$480.0 million, an increase of 206.5 million over the previous year.

In addition to the amounts earned for education from Lottery games, the Lottery also provides Leaders of Tomorrow Scholarships to eligible high school students who demonstrate leadership skills and commitment to community service. Initiated in 2000, these scholarships now provide \$5,000 awarded in four annual \$1,250 installments which are available to one graduating senior from every high school in New York State.

Future Projects

The Lottery will soon issue a request for proposals for a Full Service Lottery Gaming System. In addition to providing online and instant ticket sales capability, the successful vendor will be required to provide an Internet Protocol (IP) communications network. It is anticipated that a contract award will be made by March, 2009 and a full conversion of the Lottery network will be completed by February, 2010.

During fiscal year 2008-09, the Lottery will undertake an aggressive expansion of the retailer network with plans to add up to 1,000 new retailers by March, 2009. The expansion will include the addition of 2nd terminals at “best selling” retail locations, as well as the installation of terminals at each Lottery customer convenience center around the state and at each video gaming facility.

The passage of recent amendments to the Lottery tax law will greatly impact the video gaming landscape in New York. Existing gaming facilities were apportioned a larger share of net win through increased commissions and marketing allowance, and for the first time will receive a capital award for capital improvement projects which encourage increased patronage at the video gaming facility and increased revenue in support of education aid. The amendments also extended the sunset date of the legislation to December 2033 for Aqueduct Racetrack and to 2050 for Monticello Gaming & Raceway.

An additional amendment to the video gaming tax law allows for the relocation of the Monticello Gaming & Raceway from its current site to the Concord Resort in Sullivan County. Legislative amendments provide significant incentives in the form of increased commission for the operators of Monticello Gaming & Raceway if certain operating and job creation thresholds are met. The expansion at the Concord Resort is expected to be completed by June, 2010.

It is anticipated that a gaming operator will be named for the Aqueduct Racetrack facility this fiscal year and additional video gaming revenues will be generated in the last quarter of fiscal year 2009-10 once construction of the gaming facility is complete.

Financial Information

Internal Controls

Lottery management is responsible for designing and maintaining a system of internal controls to safeguard assets and ensure accurate financial information. All managers conduct annual internal control reviews within their units. During these reviews, controls are documented, evaluated, and tested. The Lottery's Internal Audit Unit regularly reviews and evaluates all activities of the Lottery from an internal control perspective and issues reports to management recommending improvements to the system of internal controls as necessary.

Beyond these internal reviews, the Lottery's financial statements are audited on an annual basis by a certified public accounting firm. As a state agency, the Lottery is also subject to periodic audits by the Office of the State Comptroller.

Budgetary Controls

New York State law limits administrative expenditures on Lottery operations to 15% of traditional lottery game sales and 10% of video lottery gaming net win. In addition, the legislature sets appropriation limits in the annual state budget which establish maximum amounts that can be spent on administrative costs other than sales-based agent commissions and vendor fees. Payment of expenditures is made through the Office of the State Comptroller which verifies compliance with budgetary appropriations. Historically the New York Lottery has efficiently controlled spending well below its statutory limit, allowing for unused administration funds to be transferred to the education account as surplus. For the year ended March 31, 2008, administrative surplus amounted to \$380.0 million.

Debt Administration

The Lottery's long-term liabilities consist primarily of installment payments due to winners of lottery jackpots. This debt is funded by United States government securities whose maturities are timed to correspond with payments due to prize winners. As of March 31, 2008 the accrued value of the Lottery's installment prizes payable was \$1.364 billion, with \$190 million payable within one year and \$1.174 billion classified as long-term.

Cash Management

Lottery deposits are made in accordance with New York State statutes. Lottery sales from traditional and video lottery games are allocated separately to accounts for education, administration, and prizes. Each of these accounts is under the joint custody of the State Comptroller and the Commissioner of Taxation and Finance. These funds are held as part of a short-term investment pool administered by the State Comptroller. In order to minimize uninvested funds, the Lottery also uses sole custody accounts for daily cash management.

Risk Management

On March 31, 2008, the Lottery maintained accounts receivable of \$472 million. The majority of this receivable is sales revenue due to be collected after the close of the fiscal year. To ensure these receivables are collected timely, payment terms have been minimized. Video gaming receipts are collected two business days after the gaming day. Online game receipts are collected four days after the end of a sales week. Instant game receipts are collected within 45 days from the activation of a book of tickets. All collections are made by electronic transfer. In the event of default, all retailers and video lottery gaming facilities are bonded. Delinquent retailer debts are certified to the Civil Recoveries Bureau of the State Attorney Generals office for collection.

Independent Audit

The New York State Lottery's annual financial statements are audited by a certified public accounting firm. The statements include pertinent footnotes and Management's Discussion and Analysis. The statements for the year ended March 31, 2008 were audited by KPMG LLP. The auditors report and the financial statements are included in the Financial Section of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the New York Lottery for its comprehensive annual financial report for the fiscal year ended March 31, 2007. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The New York Lottery believes that our current comprehensive annual financial report continues to meet the requirements of the Certificate of Achievement Program, and is submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

This Comprehensive Annual Financial Report reflects our continued commitment to maintain the highest standards of public accountability and to maintain the public trust through accounting transparency. Preparation of this report could not have been accomplished without the efforts and dedication of the entire Financial Management Unit.

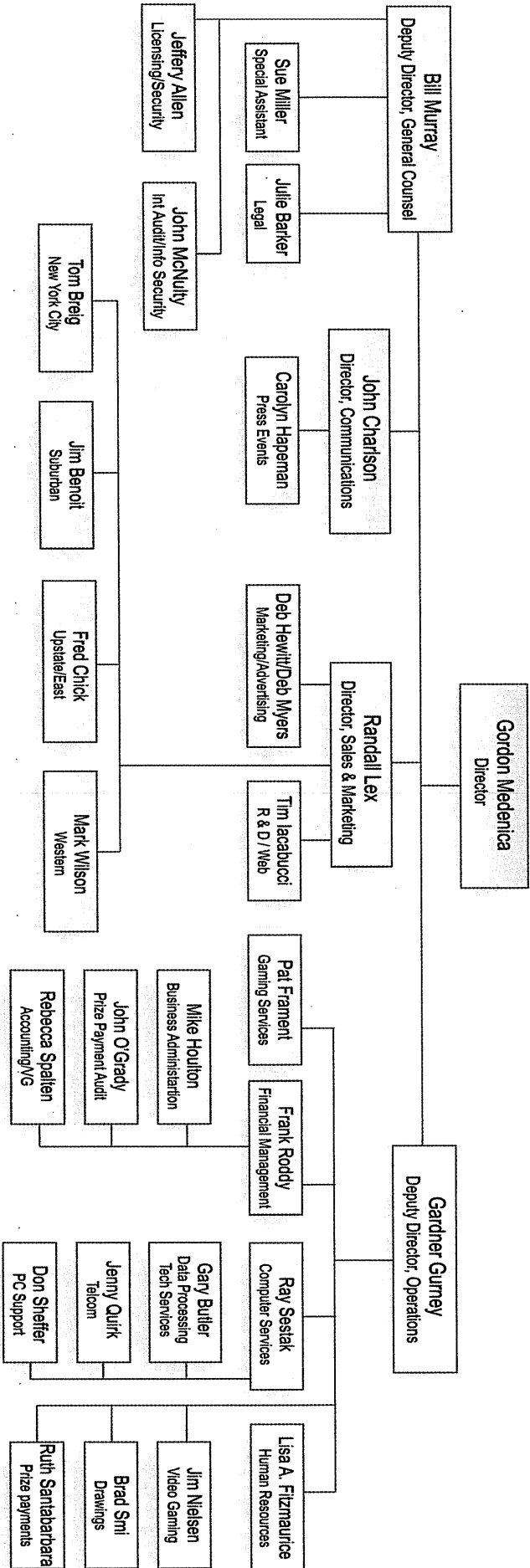
Respectfully submitted,

Frank L. Roddy Jr
Administrative Officer

Gardner S. Gurney
Deputy Director, Operations

Gordon Medenica
Director

New York Lottery



Certificate of Achievement for Excellence in Financial Reporting

Presented to

New York Lottery

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emmer

Executive Director

FINANCIAL SECTION



KPMG LLP
515 Broadway
Albany, NY 12207

Independent Auditors' Report

New York State Lottery:

We have audited the accompanying statements of net assets of the New York State Lottery (Lottery) as of March 31, 2008 and 2007, and the related statements of revenue, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Lottery's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lottery's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1, the financial statements of the New York State Lottery are intended to present the financial position, and changes in financial position and cash flows, of only that portion of the financial reporting entity of the State of New York that is attributable to the transactions of the Lottery. They do not purport to, and do not, present fairly the financial position of the State of New York as of March 31, 2008 and 2007, and the changes in financial position and its cash flows, where applicable, for the years then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the New York State Lottery as of March 31, 2008 and 2007, and changes in net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The Management's Discussion and Analysis, listed in the accompanying table of contents, is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Lottery's basic financial statements. The introductory section and statistical section, listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

July 23, 2008

NEW YORK STATE LOTTERY

Management's Discussion and Analysis (Unaudited)

March 31, 2008 and 2007

The management of the New York State Lottery (New York Lottery or Lottery) offers readers the following general overview and analysis of the New York Lottery's financial position and activities for the fiscal year ending March 31, 2008 and 2007. We encourage readers to consider this information in conjunction with the detailed financial statements and explanatory notes that follow. The New York Lottery's basic financial statements for the fiscal years ending March 31, 2008 and 2007 have been prepared in accordance with U.S. generally accepted accounting principles.

Financial Highlights

- New York Lottery revenues totaled \$7.548 billion, the highest total ever for the Lottery, while net proceeds earned for Lottery Aid to Education reached a record high \$2.556 billion for fiscal year 2008.
- New York Lottery revenues in fiscal year 2008 surpassed the revenues of 2007 by \$373.4 million or 5.2%. In fiscal year 2007, the annual revenue increase was \$372.3 million or 5.5%.
- Net proceeds earned for Lottery Aid to Education in fiscal year 2008 surpassed the net proceeds of 2007 by \$196.0 million or 8.3%. Comparatively, the annual increase in earnings for education in fiscal year 2007 was \$157.7 million or 7.2% over the earnings of 2006.
- Prize expense decreased by \$18.0 million or 0.5% during fiscal year 2008. In fiscal year 2007 this amount increased by \$117.5 million or 3.0%.
- Operating income increased by \$267.9 million or 11.6% during fiscal year 2008. During fiscal year 2007, this increase was \$145.4 million or 6.7%.
- Nonoperating income increased by \$38.6 million during fiscal year 2008. This increase follows a \$59.0 million increase in fiscal year 2007. The increase is due largely to the impact of lower bond yields on the unrealized fair market value of the securities purchased by the New York State Lottery for the purpose of paying long-term prizes. The 2008 nonoperating income increase was offset by the \$38 million reserve placed on the total amount due from NYRA.
- Working Capital (current assets minus current liabilities) decreased to \$136.2 million at the end of fiscal year 2008. This was a decrease of \$77.4 million or 36.2% compared to fiscal year 2007. At the end of fiscal year 2007, working capital increased by \$38.5 million or 22.0% over the fiscal year ended 2006.

Overview of Financial Statements

The New York Lottery presents its financial statements using the accrual basis of accounting, which is comparable to the method used by many private sector businesses. The accrual basis recognizes revenues when earned, not when received. Likewise, expenses are recognized when incurred, not when paid. The Lottery prepares the following three financial statements for fiscal years 2008 and 2007:

Statements of Net Assets

The statement on page nine provides information on the nature and amount of the Lottery's assets, liabilities and net assets at the close of fiscal years 2008 and 2007. The relationship of assets to liabilities and resulting net assets is one indicator of the financial condition of the Lottery and can also be a reflection of changes within the Lottery.

NEW YORK STATE LOTTERY

Management's Discussion and Analysis (Unaudited)

March 31, 2008 and 2007

Statements of Revenues, Expenses, and Changes in Net Assets

The statement on page 10 reflects the Lottery's operating and non operating revenues and expenses for the year. Also illustrated in this statement is the change in net assets for the year.

Statements of Cash Flows

The comparative statement on page 11 is presented on the direct method of reporting and reflects cash flows from operating activities as well as capital and noncapital financing and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash and cash equivalents for the year.

The above mentioned financial statements, the footnotes and this management discussion and analysis provide information about the Lottery's overall financial condition.

This management discussion and analysis is meant to be an introduction to the financial statements and to assist readers in understanding the results of the operation and the financial condition of the New York Lottery. The notes to the financial statements are an integral part of the statements and include additional data and explanations which are to be used in concert with the financial statements.

The New York Lottery deposits its net proceeds into six accounts held in joint custody with the New York State Office of the State Comptroller. These six accounts and the purpose of the funds are as follows:

- Lottery Education Account – Accumulates the required deposits for Aid to Education from revenues, not including video gaming revenues.
- Prize Pending Account – Consists of Lottery prizes that have not yet been paid from revenues, excluding video gaming revenues.
- Administration – Utilized to pay for the Lottery's administrative costs that are not related to or funded by video gaming revenues.
- Video Gaming Education – Accumulates the required deposits for Aid to Education from video gaming operations.
- Video Gaming Prize Pending – Consists of video gaming prizes awarded that have not yet been claimed.
- Video Gaming Administration – Utilized to pay the administrative costs of video gaming.

NEW YORK STATE LOTTERY

Management's Discussion and Analysis (Unaudited)

March 31, 2008 and 2007

Financial Analysis

Summary of Net Assets

The comparative summary of net assets represents the Lottery's financial position as of the fiscal years ended for 2008, 2007, and 2006 (in millions):

	FY 2008	FY 2007	FY 2006	FY 2008 vs. FY 2007		FY 2007 vs. FY 2006	
				Dollar change	Percent change	Dollar change	Percent change
Current assets	\$ 773	1,019	982	(246)	(24.1)%	\$ 37	3.8%
Noncurrent assets	1,319	1,126	1,173	193	17.1	(47)	(4.0)
Total assets	\$ 2,092	2,145	2,155	(53)	(2.5)	\$ (10)	(0.5)
Current liabilities	\$ 637	805	807	(168)	(20.9)	\$ (2)	(0.2)
Noncurrent liabilities	1,182	1,150	1,132	32	2.8	18	1.6
Total liabilities	\$ 1,819	1,955	1,939	(136)	(7.0)	\$ 16	0.8
Restricted net assets	\$ 110	104	130	6	5.8	\$ (26)	(20.0)
Unrestricted net assets	163	86	86	77	89.5	—	—
Total net assets	\$ 273	190	216	83	43.7	\$ (26)	(12.0)

Current Assets

Current assets consist of cash and cash equivalents, accounts receivable, instant ticket inventory and the current portion of annuity investments. The total current assets decreased by 24.1% during the fiscal year 2008. The majority of the change was due to a decrease of \$269.9 million in cash.

The cash decrease was mainly caused by a decrease in the balance of the Prize Pending account of \$134.6 million, a decrease of \$64.4 million in the Administration account, and a decrease in the Education account of \$76.1 million. In comparison, fiscal year 2007 current assets increased by 3.8% over the prior fiscal year. The increase was attributable to an increase of \$133.9 million in the Prize Pending account, an increase of \$48.0 million in the Administration account, and a decrease of \$144.4 million in the VLT Education account.

Noncurrent Assets

Noncurrent assets consist primarily of investments held in United States Treasury Securities utilized to fund installment payments to the Lottery's Lotto, Mega millions and select instant game top-prize winners. The total market value for these securities increased by 20.9% to a balance of \$1.31 billion as of March 31, 2008. This change is attributable to a decrease in long-term U.S. Treasury yields. Comparatively, the total market value of these securities as of March 31, 2007 was \$1.08 billion (a decrease of \$84.4 million from March 31, 2006). This 7.2% decrease was related to the increase in the yield on held securities and the overall market for this investment type.

\$1.31 billion and \$1.08 billion were invested in securities at March 31, 2008 and 2007, respectively, for prizes that are payable beyond one year from these dates. The remaining value of securities at each fiscal year end is related to prizes that are due during the next fiscal year and that value is reflected in current assets.

NEW YORK STATE LOTTERY

Management's Discussion and Analysis (Unaudited)

March 31, 2008 and 2007

Noncurrent assets also include other receivables in fiscal year 2007, consisting of principal and interest on advances of video gaming commissions and a \$23 million secured loan paid to the New York Racing Association (NYRA). Terms of the agreements require repayment with interest at 4% per annum from video gaming proceeds, which are not expected to commence prior to March 2009.

Current Liabilities

Current liabilities consist of the current portion of long-term prizes payable, prizes awarded in the past year that remain unclaimed, amounts due to education, accrued expenses, accounts payable, the value of Lottery tickets purchased in advance of game drawings (deferred ticket sales), the short-term portion of capitalized leases and amounts due to employees for unused vacation leave. In 2007, current liabilities also included a loan due to NYRA. In total, these accounts decreased by \$167.9 million during fiscal year 2008 due in large part to a \$127.7 million decrease in due to education and the payment of the \$23 million loan payable to NYRA. These changes can be compared to the fiscal year ended March 31, 2007 when there was only a relatively small \$2.1 million annual decrease in total current liabilities.

Noncurrent Liabilities

Noncurrent liabilities consist of installment prizes due to be paid more than one year after the close of the fiscal year, amounts due to employees for unused vacation leave, and the long-term portion of capitalized leases. During fiscal year 2008, this category of liabilities increased by \$31.5 million. The increase was caused mainly by a \$36.2 million increase in the amount of long-term prizes payable outstanding. In fiscal year 2007 long term prizes payable increased by \$11.5 million. The increase in the dollar value of installment prizes payable in both fiscal year 2008 and 2007 is the result of an increase in the number of instant game top prize winners to be paid over an extended period of time.

Net Assets

Unrestricted Net Assets listed on the statement of net assets are largely the cumulative result of increased fair market value of United States guaranteed marketable securities held by the Lottery to pay prize winners on an annuity basis. The New York Lottery's policy and practice is to hold these investments to maturity to meet the prize payment obligations. As such, the Lottery does not expect to realize any fair value gain on these investments. Investments consist of United States Government-backed obligations of zero coupon bonds and stripped securities that equal the face amount of the bond or security upon maturity.

Restricted Net Assets for future prizes consist of prize funds that are in excess of prizes actually claimed at the fiscal year end, but which are necessary to ensure future prize payments. For example, prize funds from past sales, which are to be utilized to pay an accumulating or future New York Lotto or Mega millions jackpot or contributions toward a created but unclaimed instant ticket prize. These amounts are available by statute for this purpose.

NEW YORK STATE LOTTERY

Management's Discussion and Analysis (Unaudited)

March 31, 2008 and 2007

Summary of Revenues, Expenses, and Changes in Net Assets

The following summary compares the Lottery's operating revenues, expenses and changes in net assets for the fiscal years 2008, 2007 and 2006 (in millions).

	FY 2008	FY 2007	FY 2006	FY 2008 vs. FY 2007		FY 2007 vs. FY 2006	
				Dollar change	Percent change	Dollar change	Percent change
Operating revenue:							
Lottery revenue, net	\$ 7,548	7,175	6,803	373	5.2%	\$ 372	5.5%
Operating expenses:							
Direct expenses	(4,838)	(4,723)	(4,513)	(115)	2.4	(210)	4.7
Indirect expenses	(131)	(140)	(124)	9	(6.4)	(16)	12.9
Total operating expenses	(4,969)	(4,863)	(4,637)	(106)	2.2	(226)	4.9
Operating income	2,579	2,312	2,166	267	11.5	146	6.7
Nonoperating income (expenses)							
Nonoperating income	175	102	47	73	71.6	55	117.0
Nonoperating expenses	(115)	(81)	(84)	(34)	42.0	3	(3.6)
Total nonoperating income (expenses)	60	21	(37)	39	185.7	58	(156.8)
Income before required allocation	2,639	2,333	2,129	306	13.1	204	9.6
Required allocation – contribution for aid to education	(2,556)	(2,360)	(2,202)	(196)	8.3	(158)	7.2
Change in net assets	\$ 83	(27)	(73)	110	(407.4)	\$ 46	(63.0)

Revenues

The New York Lottery exists for the sole purpose of raising revenue to help support Aid to Education. The Lottery achieves its mission through the sale of Lottery tickets at approximately 16,000 licensed retail locations across the state and through video lottery gaming at eight licensed video lottery gaming facilities in operation in fiscal year 2008 located in Saratoga, Monticello, Farmington, Hamburg, Batavia, Tioga, Vernon, and Yonkers, New York. Eight of these facilities were also operating in fiscal year 2007 and five were operating in fiscal year 2006.

During the fiscal year 2008, the Lottery achieved \$3.079 billion in on-line sales, \$3.594 billion in instant sales, and \$875 million in video lottery gaming net machine income for a total of \$7.548 billion, a 5.2% (\$373 million) increase over the previous fiscal year. This record year eclipses the record set the previous year when 2007 revenues reached \$7.175 billion, a \$372 million or 5.5% increase. Significant growth was reflected in video lottery during both fiscal years and in the instant games in 2007. In fiscal year 2006 total revenues were \$6.803 billion.

NEW YORK STATE LOTTERY

Management's Discussion and Analysis (Unaudited)

March 31, 2008 and 2007

The following compares the Lottery's revenues by game and the percentage of total revenues by game for the fiscal years 2008, 2007, and 2006 (in millions).

Game	FY 2008		FY 2007		FY 2006	
	Revenue	Percent of total revenues	Revenue	Percent of total revenues	Revenue	Percent of total revenues
Mega Millions	\$ 482	6.4%	\$ 455	6.3%	\$ 563	8.3%
Lotto	208	2.8	217	3.0	253	3.7
Take 5	320	4.2	327	4.6	336	4.9
New York's Numbers	857	11.4	855	11.9	827	12.2
Win 4	718	9.5	702	9.8	663	9.7
Quick Draw	444	5.9	445	6.2	460	6.8
Pick 10	32	0.4	32	0.4	32	0.5
Promotion Raffle Game	18	0.2	26	0.4	—	—
King Kong Millions **	—	—	75	1.1	155	2.3
Instant (excl. King Kong)	3,594	47.6	3,518	49.0	3,198	47.0
Subtotal traditional lottery	6,673	88.4	6,652	92.7	6,487	95.4
Video Gaming, net *	875	11.6	523	7.3	316	4.6
Total revenues	\$ 7,548	100.0%	\$ 7,175	100.0%	\$ 6,803	100.0%

* Video Lottery revenue represents net machine income after awarding prizes. Video Lottery credits played and won were as follows:

	FY 2008	FY 2007	FY 2006
Credits played	\$ 10,683	6,461	3,967
Credits won	(9,808)	(5,938)	(3,651)
Net machine income	\$ 875	523	316

** King Kong Millions consisted of an instant game and a single high-jackpot online drawing in 2006, but only an instant game in 2007.

Direct Expenses

Direct Expenses in fiscal year 2008 consist of prize expense for traditional Lottery games, commissions to Lottery retailers and video lottery gaming facilities, fees to gaming contractors, expenses of providing instant tickets to players, and telecommunications. The largest expenditure in this category is prize expense. This expense decreased by \$18.0 million to \$3.953 billion in fiscal year 2008. At the same time, traditional retailer commissions increased by \$2.4 million to \$400.8 million, video lottery gaming commissions to facilities increased by \$110.8 million to \$307.7 million, and gaming contractor fees increased by \$20.3 million to \$120.9 million, which accounted for the increase in this category.

During fiscal year 2007, prize expense increased by \$117.5 million to \$3.971 billion and, along with retailer commissions, which increased by \$9.5 million to \$398.4 million and commissions to video lottery gaming facilities which increased by \$74.8 million to \$196.9 million accounted for nearly all of the increase in direct expenses.

NEW YORK STATE LOTTERY

Management's Discussion and Analysis (Unaudited)

March 31, 2008 and 2007

Other Operating Expenses

Other operating expenses include marketing, state agency charges, personal services, fringe benefits and other administrative costs. These costs decreased by \$9.7 million during the fiscal year due to the ending of state police security details which had been maintained at video lottery gaming facilities during the initial stages of the program. As stated previously, these facilities generated \$875.3 million in net machine income for the fiscal year.

Nonoperating Revenues (Expenses)

Nonoperating revenues and expenses consist of miscellaneous income plus the net growth or decline in the fair market value of the United States Treasury Securities used to fund long-term prizes. Investment income (\$175.0 million in 2008, \$102.3 million in 2007 and \$47.2 million in 2006) consists of both the fair value adjustments of investments plus the normal growth of the value of Lottery investments as the securities move closer to maturity. The market driven, fair value adjustment is the primary factor in the fluctuation in this amount from year to year. Investment expense is a reflection of the Lottery expending the investment income to increase the valuation of the long-term prizes payable to winners. The annual fair value adjustments of investments (shown here as income) flows to the unrestricted net assets balance on the statement of net assets. This fair value adjustment is unrealized by the Lottery since it expects to hold investments to maturity.

Income Before Required Allocation and Change in Net Assets

The revenues and expenses for fiscal year 2008 resulted in income before required allocation totaling \$2.639 billion. This amount consists of a required allocation for Aid to Education of \$2.556 billion that transfers out as a contribution for Aid to Education and an \$83.5 million increase in net assets for the year. The \$83.5 million increase in net assets is a combination of a \$6.2 million increase in net assets restricted for prizes, a \$0.7 million decrease in net assets invested in capital assets, and a \$78.0 million increase in unrestricted net assets. The revenues and expenses for fiscal year 2007 resulted in income before the required allocation totaling \$2.333 billion. This amount consists of a required allocation for Aid to Education of \$2.360 billion and a \$26.5 million reduction in net assets for the year. The \$26.5 million reduction in net assets is a combination of a \$26.3 million decrease in net assets restricted for prizes and a \$.2 million decrease in unrestricted net assets.

Summary and Outlook

The revenues reported here include those from eight video lottery gaming facilities. This included the facilities at Tioga, Vernon, and Yonkers, NY which opened in fiscal year 2007 and were operational for their first full year during fiscal year 2008. One more facility is expected to open in Queens, NY, at the Aqueduct Racetrack but the date of its opening has yet to be determined.

Contacting New York Lottery's Financial Management of the New York State Lottery

This financial report is designed to provide the State of New York, the public and other interested parties with an overview of the financial results of the New York State Lottery and an explanation of the Lottery's financial condition. If you have any questions about this report or require additional information, email Questions@Lottery.state.ny.us or write to The New York Lottery Communications office, One Broadway Center, P.O. Box 7500, Schenectady, NY 12301-7500.

NEW YORK STATE LOTTERY

Statements of Net Assets

March 31, 2008 and 2007

(In thousands)

Assets	2008	2007
Current assets:		
Cash and cash equivalents	\$ 105,361	375,220
Accounts receivable	472,367	452,094
Instant ticket inventory	9,989	12,119
Investments	185,429	179,055
Total current assets	<u>773,146</u>	<u>1,018,488</u>
Noncurrent assets:		
Long-term investments, net	1,307,544	1,081,364
Other receivables	—	29,235
Capital assets	11,257	15,853
Total noncurrent assets	<u>1,318,801</u>	<u>1,126,452</u>
Total assets	<u>\$ 2,091,947</u>	<u>2,144,940</u>
Liabilities		
Current liabilities:		
Prizes payable	\$ 189,792	198,871
Unclaimed prizes	223,978	230,015
Due to education	175,735	303,436
Accounts payable and accrued liabilities	27,004	34,796
Other liabilities	—	23,000
Capital lease obligations	4,531	4,448
Deferred ticket sales	14,688	9,251
Compensated absences	1,216	1,075
Total current liabilities	<u>636,944</u>	<u>804,892</u>
Noncurrent liabilities:		
Compensated absences	291	376
Long-term capital lease obligations	6,895	11,557
Long-term prizes payable	1,174,483	1,138,237
Total noncurrent liabilities	<u>1,181,669</u>	<u>1,150,170</u>
Total liabilities	<u>\$ 1,818,613</u>	<u>1,955,062</u>
Net Assets		
Restricted for future prizes	\$ 110,008	103,815
Invested in capital assets	7,945	8,697
Unrestricted	155,381	77,366
Total net assets	<u>\$ 273,334</u>	<u>189,878</u>

See accompanying notes to basic financial statements.

NEW YORK STATE LOTTERY

Statements of Revenue, Expenses, and Changes in Net Assets

Years ended March 31, 2008 and 2007

(In thousands)

	<u>2008</u>	<u>2007</u>
Operating revenue:		
Lottery revenue, net	\$ 7,548,465	7,175,104
Operating expenses:		
Prize expense	(3,952,761)	(3,970,739)
Retailer commissions	(708,514)	(595,348)
Gaming contractor fees	(120,887)	(100,554)
Instant ticket direct expenses	(28,160)	(28,095)
Telecommunications	(28,013)	(28,441)
Total direct expenses	<u>(4,838,335)</u>	<u>(4,723,177)</u>
Online games/jackpot marketing	(41,812)	(40,706)
Personal service and fringe benefits	(28,606)	(27,023)
Instant games marketing	(25,277)	(28,477)
All games marketing	(14,667)	(14,630)
Other administrative costs	(12,189)	(13,279)
State agency charges	(3,461)	(13,208)
Depreciation	(4,654)	(3,051)
Total indirect expenses	<u>(130,666)</u>	<u>(140,374)</u>
Total operating expenses	<u>(4,969,001)</u>	<u>(4,863,551)</u>
Operating income	<u>2,579,464</u>	<u>2,311,553</u>
Nonoperating revenue (expenses):		
Investment income	175,035	102,316
Other expense, net	(40,104)	(566)
Investment expense, net	(74,804)	(80,206)
Total nonoperating revenue (expense)	<u>60,127</u>	<u>21,544</u>
Income before required allocation	2,639,591	2,333,097
Required allocation for aid to education	<u>(2,556,135)</u>	<u>(2,359,640)</u>
Change in net assets	83,456	(26,543)
Net assets beginning of year	<u>189,878</u>	<u>216,421</u>
Net assets end of year	\$ <u>273,334</u>	<u>189,878</u>

See accompanying notes to basic financial statements.

NEW YORK STATE LOTTERY

Statements of Cash Flows

Years ended March 31, 2008 and 2007

(In thousands)

	<u>2008</u>	<u>2007</u>
Operating activities:		
Cash received from net lottery revenue	\$ 7,530,109	7,175,344
Cash payments for prizes	(4,005,825)	(3,995,741)
Cash payments for commissions	(709,078)	(595,141)
Cash payments for contractor fees	(120,703)	(100,162)
Cash payments for telecommunications	(28,013)	(28,441)
Cash payments for instant ticket direct expenses	(27,425)	(28,009)
Cash payments for other operating expenses	(129,063)	(122,906)
Other cash payments	(1,612)	(566)
Net cash provided by operating activities	<u>2,508,390</u>	<u>2,304,378</u>
Investing activities:		
Proceeds from investment maturities	185,498	194,393
Purchases of investments	(265,782)	(19,591)
Interest on cash and cash equivalents	22,508	21,662
Net proceeds from swaps of investment securities	—	213
Vender fee advance	(32,000)	(6,000)
Net cash provided by investing activities	<u>(89,776)</u>	<u>190,677</u>
Noncapital financing activities:		
Cash transfer to State for Aid to Education	(2,787,034)	(2,615,455)
Cash received from State General Fund for Sound Basic Education	—	100,000
Cash received from State General Fund for Lottery Aid Guarantee	103,198	66,845
Net cash used by noncapital financing activities	<u>(2,683,836)</u>	<u>(2,448,610)</u>
Capital financing activities:		
Cash payments for equipment and capital leases	(4,637)	(2,542)
Net cash used by capital financing activities	<u>(4,637)</u>	<u>(2,542)</u>
Net (decrease) increase in cash and cash equivalents	(269,859)	43,903
Cash and cash equivalents, beginning of year	<u>375,220</u>	<u>331,317</u>
Cash and cash equivalents, end of year	\$ <u>105,361</u>	\$ <u>375,220</u>
Reconciliation of operating income to cash provided by operating activities:		
Operating income	\$ 2,579,464	2,311,553
Adjustments to reconcile operating income to net cash provided by operating activities:		
Other cash payments	(1,612)	(566)
Depreciation	4,654	3,051
Change in operating assets and liabilities:		
(Increase) in accounts receivable, net	(20,273)	(896)
Decrease (increase) in ticket inventory	2,130	(1,936)
Decrease in prizes payable	(47,637)	(65,408)
(Decrease) increase in unclaimed prizes	(6,037)	40,786
Increase in compensated absences	56	97
(Decrease) increase in accounts payable and accrued liabilities	(7,792)	17,579
Increase in deferred ticket sales	5,437	118
Net cash provided by operating activities	\$ <u>2,508,390</u>	\$ <u>2,304,378</u>
Noncash investing activities:		
Increase (decrease) in unrealized gains on investments	\$ 77,263	(228)
Amortization of investment discount	75,007	80,434

See accompanying notes to basic financial statements.

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

(1) Summary of Significant Accounting Policies

The New York State Lottery (Lottery) was established in 1967. The Lottery is currently administered by the Division of the Lottery, an independent unit of the New York State Department of Taxation and Finance, which operates in accordance with the provisions of the New York State Lottery for Education Law (Tax Law Article 34). The purpose of the Lottery is to raise revenue for education in the State of New York (State) through the administration of lottery games.

The Lottery is included in the State of New York's Basic Financial Statements as an enterprise fund. These financial statements present only the Lottery and do not present the financial position of the State nor changes in the State's financial position and cash flows.

The Lottery prepares its financial statements under the economic resources measurement focus whereby all inflows, outflows and balances affecting net assets are reported, and uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The primary operating revenue of the Lottery is ticket sales from games. Nonoperating income consists mostly of investment income and unrealized gains on investments. Operating expenses consist of direct expenses for prizes, commissions to Lottery retailers, fees to gaming contractors, expenses for providing instant tickets to players, and telecommunications. Other operating expenses that are indirect to the results of each game include marketing, state agency charges, personal services, and fringe benefits. Nonoperating expense is the amortization of the discount on long-term prizes payable. The Lottery applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedure. The Lottery has elected the option, under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities that Use Proprietary Funds*, not to apply all FASB Statements and Interpretations issued after November 30, 1989.

The more significant accounting policies of the Lottery are described below:

(a) Revenue Recognition

(i) On-Line Games

Revenue from ticket sales for Lotto, Quick Draw, Take Five, Pick 10, Mega millions, New York's Numbers and Win-4 games, and promotional games (on-line games) is recognized when the related drawing takes place. Receipts from subscription sales and other ticket sales for future drawings are recorded as deferred revenue and recognized when the related drawings take place.

(ii) Instant Cash Games

Revenue from instant cash games is recognized based on the dollar value of the total number of tickets available for sale. Tickets are available for sale upon being activated on the Lottery Validation System at the retailer locations.

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

(iii) Video Lottery

Revenue from video lottery gaming is recognized based on net machine income, which is defined as amounts played less prizes won.

(b) Commissions and Fees

Retailers selling online and instant cash game tickets receive a commission of 6% based on the total tickets sold. For video lottery gaming, the entertainment facilities receive an incremental percent of the annual net machine income at each video lottery gaming facility as follows: 32% of the first \$50 million, 29% of the next \$100 million, and 26% thereafter. In addition, each facility receives a marketing allowance of 8% of the first \$100 million and 5% thereafter with the exception of facilities located in Queens or Westchester County which receive 4% on all net machine income. The on-line game contractor and the video lottery central processing contractor receive fees equal to a contractual percentage of the sales generated through the network maintained by the respective contractor. The instant game contractor is paid a fee equal to a contractual percentage of instant sales. Video lottery terminal contractors receive a fee equal to a contractual percentage of revenue, adjusted for the units of service provided. All other gaming contractors are paid fees based on the units of service provided (see note 13).

(c) Accounts Receivable

Accounts receivable represents amounts due from retailers through a Lottery gaming contractor and video lottery gaming facilities, net of commissions and fees, as well as amounts due from agents for instant cash game tickets which have been activated, but not yet settled. Instant ticket settlements occur within 45 days after a book of tickets is activated. Video lottery gaming receivables are received two business days after each sales day and online games are collected within four business days after the close of each sales week.

(d) Allocation of Revenue from Ticket Sales

The allocation of ticket sales is made in accordance with the provisions of the New York State Lottery for Education Law which requires:

- Allocations of ticket sales revenue to New York for educational purposes to be at least 20% for the New York State Lottery instant cash games, 35% for Take Five, New York's Numbers, Win-4, Mega millions and Pick 10, 45% for Lotto and promotional games, and 25% for Quick Draw. In addition, the Lottery has legislative authority to issue up to three Instant Games per year with at least 10% for educational purposes. For video lottery, the required allocation to education is an incremental percent of each facility's annual sales: the incremental percentages are 50% for the first \$50 million, 53% for the second \$50 million, 56% for the third \$50 million, and 59% thereafter in all counties except Westchester and Queens. In these last two counties the required allocation is 54% of the first \$50 million, 57% of the next \$100 million, and 60% thereafter.
- Allocations of ticket sales revenue for the payment of lottery prizes are not to exceed 65% for the New York State Lottery instant cash games, 50% for Take Five, New York's Numbers, Win-4, Mega millions, and Pick 10, 40% for Lotto and promotional games, and 60% for Quick

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

Draw. In addition, the Lottery has legislative authority to issue up to three Instant Games per year with up to 75% allocated to prizes. Video lottery is required to pay prizes that average no less than 90% of gross sales.

- Allocations of ticket sales revenue from all traditional games for the payment of Lottery administrative expenses (including agent commissions and contractor fees) are not to exceed 15%. For video lottery, 10% of net revenue (the total revenue wagered after payout for prizes) is allocated for Lottery Administration. Unlike traditional games, video lottery administrative expenses do not include commissions and fees which are described separately in note 1b. Any excess of the maximum allocation over actual administrative expenses is allocated to education. Such allocations amounted to approximately \$379,989,000 and \$354,232,000 for fiscal years 2008 and 2007, respectively. Administrative expenses incurred by the Lottery represent telecommunications, advertising, salary and other operating costs.

(e) Cash and Cash Equivalents

For purposes of the statements of cash flows, the Lottery considers cash equivalents to be amounts held with banks and amounts held under the joint custody of the Commissioner of Taxation and Finance and the Comptroller of the State of New York through the Short-Term Investment Pool, which have a maturity of one year or less when purchased, which is used for the temporary investment of funds not required for immediate payments.

(f) Investments

Investments, consisting of U.S. Government-backed obligations (zero coupon bonds and stripped Government securities), are carried at fair value. Investment income represents amortized discount, interest on deposits, realized gains and losses, and change in net unrealized gains (losses) on investments.

(g) Inventory

Instant cash game tickets are purchased from printing vendors. Tickets not activated for sale are held in inventory and are valued at cost by game. Tickets are charged to instant ticket direct expense under the first-in, first-out (FIFO) accounting method when activated for sale by the lottery retailers. At the conclusion of an instant cash ticket game, unused inventory is charged to instant ticket direct expense.

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

(h) Capital Assets

Capital assets consist of equipment and leasehold improvements which are carried at cost. Equipment is capitalized when it has cost in excess of \$40,000 and a useful life of two years or more. Leasehold improvements are capitalized when they have a cost of \$100,000 or more. Depreciation of equipment is computed using the straight-line method over five years, the estimated useful lives of the assets. Leasehold improvements and equipment acquired under capital leases are amortized using the straight-line method over ten and five years, respectively, which is the lesser of their useful lives or the term of the leases. Changes in capital assets and related accumulated depreciation are shown below, by major class of asset, for the years ended March 31, 2008 and 2007 (in thousands).

	<u>2006</u>	<u>Change</u>	<u>2007</u>	<u>Change</u>	<u>2008</u>
Leasehold improvements:					
Cost	\$ 4,526	—	4,526	—	4,526
Accumulated depreciation	<u>(4,526)</u>	—	<u>(4,526)</u>	—	<u>(4,526)</u>
Net value	<u>—</u>	—	<u>—</u>	—	<u>—</u>
Equipment:					
Cost	14,963	10,837	25,800	58	25,858
Accumulated depreciation	<u>(6,896)</u>	<u>(3,051)</u>	<u>(9,947)</u>	<u>(4,654)</u>	<u>(14,601)</u>
Net value	<u>8,067</u>	<u>7,786</u>	<u>15,853</u>	<u>(4,596)</u>	<u>11,257</u>
Total	\$ <u>8,067</u>	<u>7,786</u>	<u>15,853</u>	<u>(4,596)</u>	<u>11,257</u>

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is reflected in other revenues, net in the period of disposal.

(i) Prizes Payable

Lotto and Mega millions jackpot players have the option at the time of ticket purchase of selecting a lump sum payment in lieu of long-term annuity payments. Some Instant Cash Games also have jackpot prizes that are long-term annuity payments. Prizes payable represents the liability for those prizes which are payable in annual installments. Such prize payments are funded by the Lottery's investment in U.S. Government-backed securities. The periodic amortization of discount is recorded as investment expense in these financial statements. Any excess of investment maturities over prize payments is made available for prizes.

(j) Unclaimed Prizes

Unclaimed prizes at March 31, 2008 and 2007 were \$223,978,000 and \$230,015,000, respectively. Prizes unclaimed for one year after the drawing date (lapsed) are forfeited by the ticket holder. Total prizes lapsed amounted to approximately \$62,966,000 and \$73,655,000 for fiscal years 2008 and 2007, respectively. These forfeited prizes are netted against prize expense in the statement of Revenues, Expenses, and Changes in Net Assets.

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

Under the State Tax Law, the Lottery retains forfeited prizes for supplemental prizes in subsequent lottery games. During the fiscal years 2008 and 2007, these supplemental prizes were used for Lotto, Numbers, Win 4, Quick Draw, Take Five, promotional games, and various Instant Games.

(k) *Restricted Net Assets*

Restricted net assets for prizes includes forfeited prizes and other prize assets that are restricted under State Tax Law Sections 1612 and 1614 for the purpose of meeting future prize expense.

(l) *Reclassification*

Certain amounts in the 2007 financial statements have been reclassified to conform to the 2008 presentation.

(m) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and related notes. Actual results could differ from those estimates.

(n) *Adoption of New Accounting Standard*

As disclosed in note 10, effective April 1, 2007, the Lottery adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The adoption did not have an effect on the Lottery's net assets.

(2) *Cash and Cash Equivalents*

Lottery deposits of cash and cash equivalents are made in accordance with State Finance Law Sections 92c and 98a and State Tax Law Sections 1611 and 1612. Lottery sales receipts are allocated and deposited in separate fund accounts for prizes, education, and administration under the joint custody of the Commissioner of Taxation and Finance and the Comptroller of the State of New York. Per Section 98a of the State Finance Law, the accounts for prizes and administration earn interest through participation in a short-term investment pool administered by the Office of the State Comptroller of the State of New York. The prize account interest is used for future lottery prizes. The carrying amount of the accounts included in cash and cash equivalents were \$108,267,000 and \$378,120,000 at March 31, 2008 and 2007, respectively. The carrying value of cash equivalents approximates market value.

The Lottery also maintains sole custody accounts which are used for daily cash management purposes. The Lottery manages the investment of its cash balances to minimize its uninvested funds. At March 31, 2008 and 2007, the amount of accounts included in cash and cash equivalents related to the sole custody accounts were \$(2,906,000) and \$(2,900,000), respectively.

The Lottery's deposits are collateralized under a program administered by the Office of the State Comptroller of the State of New York. To manage custodial credit risk, the State requires that its depository banks pledge collateral based on available bank balances. All securities pledged as collateral are held by the State's fiscal agent in the name of the State. The Lottery's deposits with financial institutions

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

were fully collateralized at fiscal year-end. The Lottery manages custodial credit risk by using several financial institutions and by minimizing balances in the sole custody accounts.

(3) Investments

The Lottery is authorized by State statute to invest in U.S. Government-backed obligations (U.S. Treasury strips), which will provide for the payment of prizes payable (see note 4). The fair value of these investments at March 31, 2008 and 2007 was \$1,492,973,000 and \$1,260,419,538, respectively. During fiscal years 2008 and 2007, approximately \$75,007,000 and \$80,434,000, respectively, of amortized discount was included in investment income.

The amortized costs of these investments consisted of the following at March 31 (in thousands):

	2008	2007
Maturity value	\$ 2,046,520	1,777,423
Less unamortized discount	716,874	603,067
Total at amortized cost	1,329,646	1,174,356
Less investments, maturing within one year, at amortized cost	180,833	177,284
Long-term investments, at amortized cost	\$ 1,148,813	997,072

Maturities of the investments in each of the five fiscal years following March 31, 2008, and five year incremental totals thereafter, are as follows (in thousands):

2009	\$ 186,973
2010	174,887
2011	157,023
2012	141,178
2013	127,029
2014 – 2018	451,073
2019 – 2023	357,050
2024 – 2028	278,899
2029 – 2033	84,101
2034 – 2038	88,307
	\$ 2,046,520

The Lottery periodically enters into certain transactions whereby stripped government securities are exchanged, through sales and purchases, for other stripped government securities with substantially identical terms and characteristics. During fiscal year 2008, no such transactions took place. During fiscal year 2007, the face value of the securities swapped amounted to \$13,944,000 resulting in gains of approximately \$213,000. The gains were included in investment income in the statements of revenue, expenses, and changes in net assets.

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to perform on a transaction, the Lottery will not be able to recover the value of investment securities that are in the possession of an outside party. In order to manage this risk, all of the Lottery's investments are insured or registered securities held by the Lottery or its agent in the Lottery's name.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Lottery's policy for managing this risk is to hold investment securities to maturity, at which time the fair value of the investment is equal to its stated maturity value.

(4) Prizes Payable

Prizes payable consisted of the following at March 31 (in thousands):

	2008	2007
Total obligation	\$ 2,080,347	1,939,168
Unamortized discount	(716,072)	(602,060)
Total carrying amount	1,364,275	1,337,108
Less prizes payable within one year	189,792	198,871
Long-term prizes payable	\$ 1,174,483	1,138,237

The amortized discount on the prizes payable is based on interest rates which range from 1.61% to 10.70% and reflect the interest rates earned by the investments held to fund the related liabilities. The amortization of discount is recorded as investment expense in the statements of revenues, expenses, and changes in net assets and amounted to \$74,804,000 and \$80,206,000 for fiscal years 2008 and 2007, respectively.

The aggregate amount of prizes payable due in each of the five fiscal years following March 31, 2008, and the five year incremental totals thereafter, is as follows (in thousands):

2009	\$	191,354
2010		175,519
2011		159,860
2012		142,060
2013		129,473
2014 – 2018		448,334
2019 – 2023		339,397
2024 – 2028		137,685
2029 – 2033		18,045
Thereafter		338,620
	\$	2,080,347

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

(5) Long-Term Liabilities

The Lottery's long-term liabilities, as of March 31, 2008 and 2007 are comprised of the following, (in thousands):

	<u>Balance at</u> <u>March 31, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>March 31, 2008</u>	<u>Current</u> <u>portion</u>
Capital lease obligations (note 12) \$	16,005	—	(4,579)	11,426	4,531
Compensated absences (note 11)	1,451	1,227	(1,171)	1,507	1,216
Prizes payable (note 4)	1,337,108	224,360	(197,193)	1,364,275	189,792
	<u>Balance at</u> <u>March 31, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>March 31, 2007</u>	<u>Current</u> <u>portion</u>
Capital lease obligations (note 12) \$	7,710	10,837	(2,542)	16,005	4,448
Compensated absences (note 11)	1,353	1,100	(1,002)	1,451	1,075
Prizes payable (note 4)	1,322,310	212,278	(197,480)	1,337,108	198,871

(6) Aid to Education

The required allocation and contribution transferred out for aid to education during the fiscal years ended March 31, 2008 and 2007, are as follows (in thousands):

	<u>2008</u>	<u>2007</u>
Cash transferred to education	\$ 2,787,034	2,615,455
Amount received from the State General Fund for Lottery Aid Guarantee	(103,198)	(66,845)
Amount received from the State General Fund for Sound Basic Education	—	(100,000)
Net cash transferred to education	<u>2,683,836</u>	<u>2,448,610</u>
Prior year payable	(303,436)	(392,406)
Current year payable	<u>175,735</u>	<u>303,436</u>
Required allocation to education	<u>\$ 2,556,135</u>	<u>2,359,640</u>

(7) Pension Benefits

Substantially all employees of the Lottery are members of the State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan (GLIP). The two programs are part of the State and Local Retirement System (System) which is a cost-sharing, multiple employer public employee retirement system. The Comptroller of the State of New York is sole trustee and administrative head of the System. The System issues a publicly available financial report that includes financial statements and required supplementary information which may be obtained by writing to New York State and Local Employees' Retirement Systems, 110 State Street, Albany, New York 12236.

NEW YORK STATE LOTTERY

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The System provides retirement benefits as well as death and disability benefits. All benefits vest after five years of accredited service. Retirement benefits are established by the New York State Retirement and Social Security Law. Retirement benefits and contributory requirements depend upon the point in time at which an employee last joined the System. Most members of the System who joined before July 27, 1976 are enrolled in a noncontributory plan; the Lottery contributes the entire amount determined to be payable to the System. Personnel who joined the System after July 27, 1976 are required by law to contribute 3% of their gross salary for their first ten years of employment; the Lottery withholds and contributes the balance payable to the System for these employees.

The Lottery paid to the Office of the State Comptroller of the State of New York \$1,996,000 for 2008, \$2,034,000 for 2007, and \$1,892,000 for 2006, to cover required employer contributions for retirement benefits and equaled 100% of the required contribution in each of the respective years. These payments made represent 10.84%, 11.65%, and 11.80%, of covered payroll for each of the years, respectively.

(8) Operating Income

Composition of operating income for fiscal 2008 and 2007 by type of lottery game is as follows (in thousands):

	2008					Net
	Expenses					
	Revenue	Prizes**	Commissions	Fees	Instant direct expense	
Mega Millions	\$ 481,636	(222,056)	(28,899)	(6,189)	—	224,492
Lotto	208,400	(94,741)	(11,657)	(2,489)	—	99,513
Take Five	319,809	(159,942)	(19,190)	(4,110)	—	136,567
Pick 10	32,220	(16,786)	(1,933)	(414)	—	13,087
New York Numbers	856,539	(427,860)	(51,390)	(11,006)	—	366,283
Win 4	718,522	(344,201)	(43,109)	(9,232)	—	321,980
Promotion Raffle Game	17,797	(16,475)	(1,128)	(229)	—	(35)
Instants	3,594,005	(2,398,636)	(216,830)	(26,809)	(28,160)	923,570
Quick Draw	444,256	(272,241)	(26,655)	(5,709)	—	139,651
Total traditional lottery	6,673,184	(3,952,938)	(400,791)	(66,187)	(28,160)	2,225,108
Video lottery	875,281*	177	(307,723)	(54,700)	—	513,035
	<u>\$ 7,548,465</u>	<u>(3,952,761)</u>	<u>(708,514)</u>	<u>(120,887)</u>	<u>(28,160)</u>	2,738,143
Telecommunications						(28,013)
Other operating expenses						(130,666)
Total operating income						<u>\$ 2,579,464</u>

* Video Lottery revenue represents net machine income after awarding prizes. Video Lottery credits played and won were as follows:

Credits played	\$ 10,683,021
Credits won	<u>(9,807,740)</u>
Net machine income	<u>\$ 875,281</u>

** Prizes unclaimed after one year are forfeited and are netted against prizes.

NEW YORK STATE LOTTERY
Notes to Basic Financial Statements
March 31, 2008 and 2007

	2007					
	Expenses					Net
	Revenue	Prizes**	Commissions	Fees	Instant direct expense	
Mega Millions	\$ 454,910	(216,578)	(27,243)	(5,830)	—	205,259
Lotto	216,572	(91,148)	(12,039)	(2,592)	—	110,793
Take Five	326,775	(166,802)	(19,605)	(4,199)	—	136,169
Pick 10	31,874	(17,342)	(1,912)	(409)	—	12,211
New York Numbers	854,791	(439,940)	(51,291)	(10,985)	—	352,575
Win 4	702,550	(357,016)	(42,155)	(9,028)	—	294,351
Promotion Raffle Game	26,366	(14,800)	(1,582)	(339)	—	9,645
King Kong Millions***	75,660	(58,349)	(4,540)	(560)	(296)	11,915
Instant (excl. King Kong)	3,517,960	(2,336,626)	(211,370)	(26,221)	(27,799)	915,944
Quick Draw	444,978	(272,177)	(26,699)	(5,718)	—	140,384
Total traditional lottery	6,652,436	(3,970,778)	(398,436)	(65,881)	(28,095)	2,189,246
Video lottery	522,668*	39	(196,912)	(34,673)	—	291,122
	\$ 7,175,104	(3,970,739)	(595,348)	(100,554)	(28,095)	2,480,368
Telecommunications						(28,441)
Other operating expenses						(140,374)
Total operating income						\$ 2,311,553

* Video Lottery revenue represents net machine income after awarding prizes. Video Lottery credits played and won were as follows:

Credits played	\$ 6,461,179
Credits won	(5,938,511)
Net machine income	\$ 522,668

** Prizes unclaimed after one year are forfeited and are netted against prizes.

*** King Kong Millions consisted of an Instant Game and single high-jackpot online drawing in 2006. Only the Instant Game continued in 2007.

(9) Deferred Compensation

The State offers its employees, including Lottery employees, a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan are placed in trust for the participants and their beneficiaries.

(10) Postretirement Benefits

As a New York State (State) agency, the Lottery participates in the New York State Health Insurance Program (NYSHIP), which is administered by the State as an agent multiple employer defined benefit plan. Under the plan the State provides certain healthcare for eligible retired employees and their dependents under an employer noncontributory healthcare plan. The State's Plan states that employees and/or their dependents become eligible for these benefits at 55 years of age when the employee has 10 years of State service. In calculating the 10 year service requirement, all of the employee's service need not be with the

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

service. In calculating the 10 year service requirement, all of the employee's service need not be with the State, but may be a composite of State service elsewhere, with a minimum of 3 years with the New York State. Employees with no prior State service must work a minimum of 10 years before they and their dependents are eligible for the retirement medical benefits. Generally retirees contribute 10% of the cost of single coverage and 25% of the cost of dependent coverage for health insurance benefits. The State generally covers 100% of the cost of single and dependent coverage for employees retired prior to January 1, 1983. NYSHIP does not issue a stand-alone financial report and NYSHIP's agent activities are included within the financial statements of the State.

During the fiscal year ended March 31, 2008, NYSHIP provided health insurance coverage through the Empire Plan, an indemnity health insurance plan with managed care components; 12 Health Maintenance Organizations (HMOs); and through the Student Employee Health Plan (SEHP). Generally, these include hospital, medical, mental health and substance abuse benefits, and prescription drug benefits

The Lottery's policy regarding retiree healthcare benefits is to pay the amounts billed through the State's fringe benefit rate on a pay-as-you-go basis. The Lottery has no obligation beyond the payment of the State's fringe benefit rate for retiree healthcare benefits. The State's policy is that the State is responsible for recording the annual required contribution and the actuarial accrued liability under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for the Lottery's retiree health care benefits in the State's governmental-wide financial statements.

The Lottery at March 31, 2008 had approximately 140 retired and/or spouses of retired employees receiving these benefits with an annual pay-as-you-go cost of approximately \$789,000.

(11) Employees' Compensated Absences

Under the terms of the Lottery's personnel policies and its union agreements, vacation pay benefits may be paid upon termination up to a maximum of 225 hours. The Lottery recognizes employees' compensated absence benefits when earned. The liability for employees' compensated absences was approximately \$1,507,000 and \$1,451,000 as of March 31, 2008 and 2007, respectively, and is recorded as a liability in the statements of net assets.

(12) Leases

The Lottery leases surveillance equipment at its video lottery gaming facilities under capital leases with various companies. Amounts for capital leases, which are included in capital assets on the statements of net assets, were approximately \$22,672,000 at March 31, 2008 and 2007. Accumulated depreciation on these capital assets was approximately \$11,708,000 and \$7,173,000 at March 31, 2008 and 2007, respectively.

The Lottery has entered into leases for equipment and building space. Rental expense was approximately \$2,173,000 and \$2,105,000 in 2008 and 2007, respectively.

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

Future minimum lease payments under all noncancelable leases having initial or remaining terms in excess of one year as of March 31, 2008 are as follows (in thousands):

	<u>Operating leases</u>	<u>Capital leases</u>
2009	\$ 2,343	4,719
2010	2,191	2,877
2011	1,864	2,377
2012	1,628	2,149
2013	1,474	—
2014 and thereafter	<u>4,522</u>	<u>—</u>
Total minimum payments required	\$ <u>14,022</u>	12,122
Less amounts representing interest		<u>696</u>
Present value of minimum lease payments		11,426
Less current portion		<u>4,531</u>
Long-term capital lease obligations		\$ <u>6,895</u>

(13) Commitments and Contingencies

(a) Contractual Arrangements

The Lottery maintains a gaming network of approximately 16,000 on-line locations where all traditional lottery games are sold. GTECH Holdings Corporation (GTECH) is responsible for operating all traditional Lottery games under a contract expiring on February 28, 2010.

Instant cash game sales are also supported by services provided under additional contracts:

- (1) Under a contract that expires July 23, 2009 Scientific Games, Inc. is the primary supplier of instant cash game tickets.
- (2) Under a contract expiring July 30, 2009 Pollard Banknote Limited is the secondary supplier of instant cash game tickets.
- (3) Under contracts that expire on July 27, 2009 Oberthur Gaming Technologies and Gtech Printing Corporation are tertiary suppliers of instant cash game tickets.
- (4) Instant cash game tickets are also sold through approximately 4,000 vending machines at approximately 2,900 locations. A contract with Gtech which expires on April 30, 2009, provides for maintenance of the vending machines.

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

Video lottery games are offered on approximately 13,000 video gaming machines spread over eight video lottery gaming facilities. Multimedia Games, Inc. provides a central processing system for the operation of video lottery games under a contract expiring on January 27, 2010. Video lottery gaming machines are provided under contracts expiring December 31, 2010 with four different companies (Bally Gaming, International Game Technology, Sierra Design Group, Inc., and Spielo USA, Inc.).

(b) *Litigation*

The Lottery has been named as a defendant in several lawsuits. While the ultimate outcome of these lawsuits cannot be predicted at this time, it is the opinion of management and in-house counsel that the disposition of any litigation in which the Lottery is involved will not have a material adverse effect on the financial position of the Lottery.

(c) *New York Racing Association*

In April 2006, the Lottery provided a \$6 million advance of vendor commissions to the New York Racing Association (NYRA) pursuant to Chapter 108 of the Laws of 2006. Repayment of the advance, including interest at 4% per annum, was to be made from NYRA's share of video lottery revenue, commencing with the start of operation of a video gaming facility at Aqueduct Racetrack.

During April 2007, the Lottery disbursed an additional \$23 million loan to NYRA pursuant to Chapter 9 of the Laws of 2007. Terms of the Debtor-in-Possession Loan and Security Agreement (DIP) between the State of New York and NYRA was to require repayment of the loan, with interest at 4% per annum, by a maturity date which was to be the earlier to occur of:

- 1) June 11, 2008;
- 2) The consummation date of any reorganization/liquidation plan; and
- 3) The first business date following the date on which an order entered by a court of competent jurisdiction has become final determining that NYRA is no longer in existence.

During March 2008, the Lottery disbursed an additional \$9 million in supplemental DIP financing to NYRA pursuant to an amended DIP credit agreement. At March 2008, the Lottery had \$38 million in total loans to NYRA, plus accrued interest outstanding.

Significant uncertainty exists as to the collectability of the NYRA loans, as the State of New York is currently negotiating a franchise agreement with NYRA which may forgive repayment of all State loans paid to NYRA. Due to the uncertainty as to the eventual repayment of these advances and debtor in possession financing, the Lottery has placed a reserve against the outstanding receivable in the current period and shown as a non-operating expense the entirety of the funds outstanding, including accrued interest.

NEW YORK STATE LOTTERY

Notes to Basic Financial Statements

March 31, 2008 and 2007

(14) Subsequent Events

In February, 2008, the New York State Legislature passed Chapter 18 of the Laws of 2008 to be effective April 1, 2008. The legislation increased the commission and marketing allowance provided to each video gaming facility from net video gaming revenues. The law also dedicates a portion of net revenue to a capital improvement fund for most facilities. The increased allocations to the video gaming facilities will decrease the percentage of net revenues dedicated to Education aid from each facility beginning in fiscal year 2009.

Chapter 18 was amended further in June, 2008 by Chapter 140 and Chapter 286 of the Laws of 2008. Chapter 140 clarified provisions of Chapter 18 as they apply to a video gaming facility at Aqueduct Racetrack. Chapter 286 provides increased commissions to the operator of a video gaming facility in Sullivan County (Monticello Gaming & Raceway) if certain capital improvement and economic impact thresholds are achieved. These amendments are not anticipated to have a significant impact on video gaming revenues in fiscal year 2009.

**STATISTICAL SECTION
(UNAUDITED)**

New York Lottery
Net Assets
Fiscal Years 2002 through 2008
(in thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net Assets							
Invested in capital assets	\$ 7,292	\$ 7,157	\$ 11,687	\$ 20,534	\$ 8,635	\$ 8,697	\$ 7,945
Restricted for future prizes	80,235	91,474	141,935	150,905	130,129	103,815	110,008
Unrestricted	115,496	234,674	211,106	118,222	77,657	77,366	155,381
Total	<u>\$ 203,023</u>	<u>\$ 333,305</u>	<u>\$ 364,728</u>	<u>\$ 289,661</u>	<u>\$ 216,421</u>	<u>\$ 189,878</u>	<u>\$ 273,334</u>

Note: Net assets were first established on the New York Lottery's financial statements in fiscal year 2002 with the implementation of GASB Statement 34.

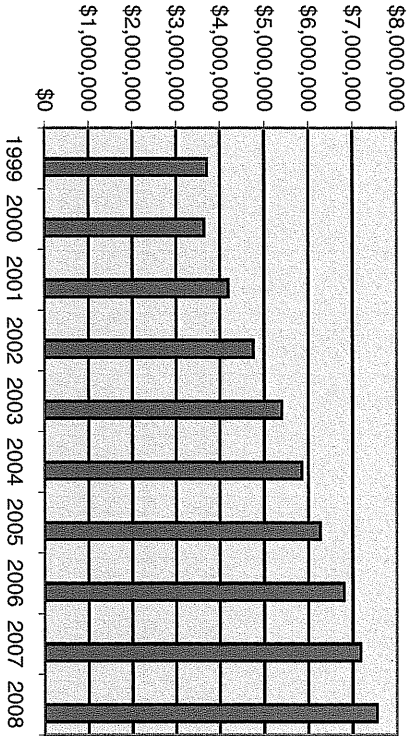
New York Lottery
Changes in Net Assets
Fiscal Years 2002 through 2008
(in thousands)

	2002	2003	2004	2005	2006	2007	2008
Operating revenue	\$ 4,753,618	\$ 5,395,955	\$ 5,847,500	\$ 6,270,487	\$ 6,802,842	\$ 7,175,104	\$ 7,548,465
Lottery games revenue							
Operating expenses							
Prize expense	(2,641,181)	(3,061,744)	(3,306,335)	(3,523,530)	(3,853,270)	(3,970,739)	(3,952,761)
Retailer commissions	(285,702)	(324,891)	(355,656)	(429,182)	(511,059)	(595,348)	(708,514)
Gaming contractor fees	(63,700)	(55,647)	(61,511)	(78,008)	(88,028)	(100,554)	(120,887)
Instant ticket direct expenses	(21,981)	(32,259)	(32,511)	(31,174)	(32,091)	(28,095)	(28,160)
Telecommunications	(25,952)	(27,063)	(31,618)	(29,946)	(28,421)	(28,441)	(28,013)
Online games/jackpot marketing	(31,297)	(33,985)	(31,160)	(32,555)	(38,771)	(40,706)	(41,812)
Personal service and fringe benefits	(21,078)	(22,097)	(21,985)	(24,934)	(25,481)	(27,023)	(28,606)
Instant games marketing	(20,504)	(20,722)	(22,150)	(20,357)	(20,916)	(28,477)	(25,277)
All games marketing	(17,528)	(17,277)	(15,621)	(17,793)	(14,999)	(14,630)	(14,667)
Other administrative costs	(9,862)	(9,465)	(10,570)	(10,801)	(11,015)	(13,279)	(12,189)
State Agency charges	(2,459)	(3,514)	(3,547)	(6,811)	(9,469)	(13,208)	(3,461)
Depreciation	(65)	(101)	(179)	(1,916)	(2,487)	(3,051)	(4,554)
Total operating expenses	(3,141,309)	(3,608,765)	(3,892,843)	(4,207,007)	(4,636,007)	(4,863,551)	(4,989,001)
Operating income	1,612,309	1,787,190	1,954,657	2,063,480	2,166,835	2,311,553	2,579,464
Nonoperating revenue (expenses)							
Investment income	65,506	230,381	83,626	14,957	47,179	102,316	175,035
Other revenues (expense), net	367	647	644	166	(143)	(566)	(40,104)
Investment expense, net	(115,043)	(107,581)	(100,102)	(90,968)	(84,492)	(80,206)	(74,804)
Total nonoperating revenue (expenses)	(49,170)	123,447	(15,832)	(75,845)	(37,456)	21,544	60,127
Income before required allocation	1,563,139	1,910,637	1,938,825	1,987,635	2,129,379	2,333,097	2,639,591
Required allocation for aid to education	(1,589,714)	(1,780,355)	(1,907,402)	(2,062,702)	(2,202,619)	(2,359,640)	(2,556,135)
Change in net assets	\$ (26,575)	\$ 130,282	\$ 31,423	\$ (75,067)	\$ (73,240)	\$ (26,543)	\$ 83,456

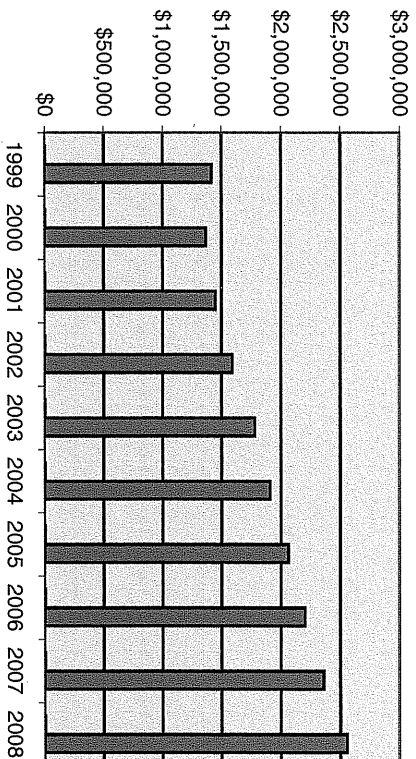
Note: Net assets were first established on the New York Lottery's financial statements in fiscal year 2002 with the implementation of GASB Statement 34.

New York Lottery
Major Components of Lottery Revenue
Fiscal Years 1999 to 2008
(in thousands)

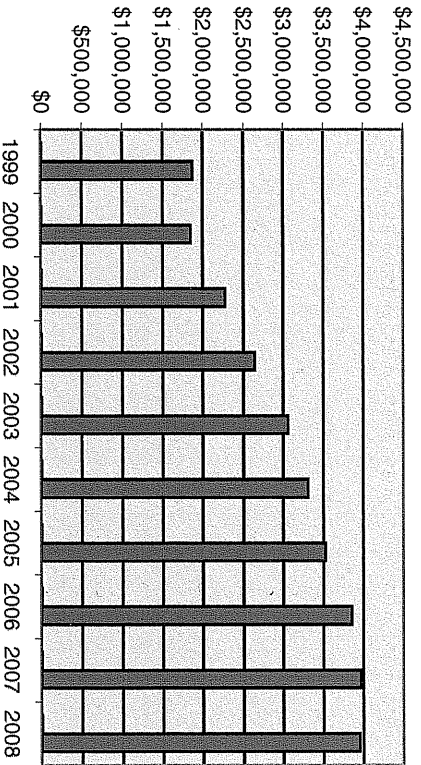
Lottery Sales Revenue, net



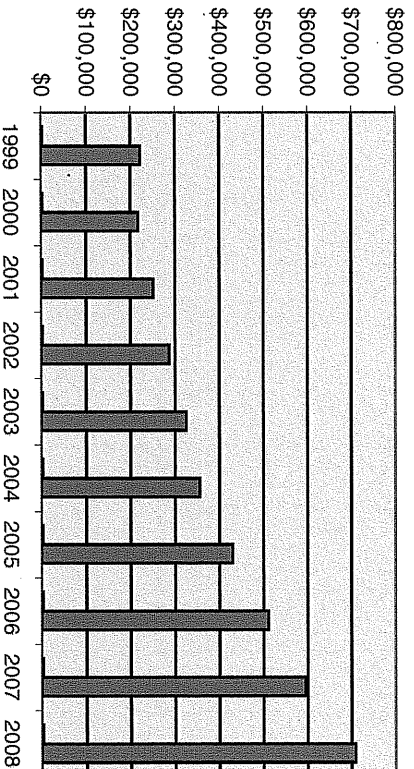
Net Revenues to Education



Lottery Prizes Awarded



Retailer Commissions



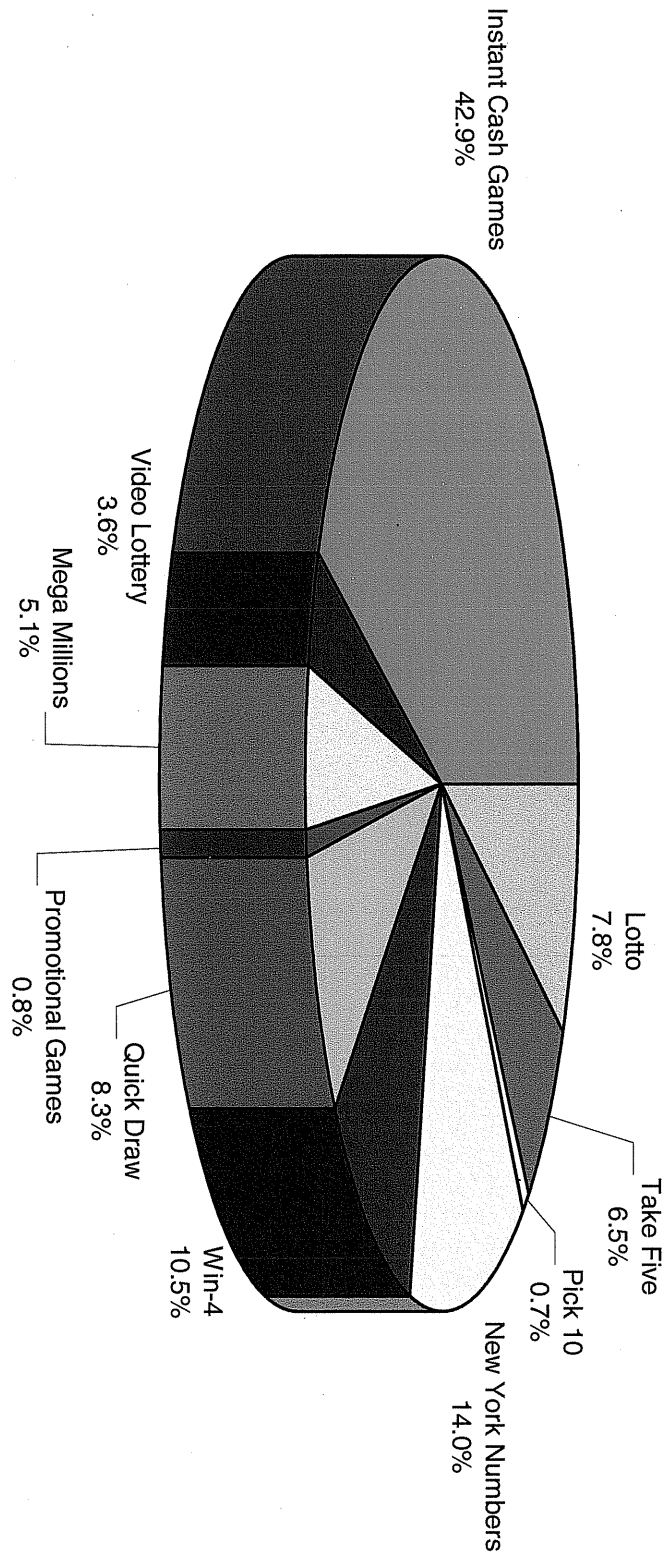
New York Lottery
Revenue from Lottery Games Sales
Fiscal Years 1999 through 2008
(In thousands)

Games	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
On-Line:										
Lotto	\$ 749,245	\$ 686,263	\$ 558,483	\$ 565,287	\$ 392,046	\$ 356,428	\$ 305,863	\$ 252,643	\$ 216,572	\$ 208,400
Take Five	360,871	330,978	388,283	434,856	381,277	363,106	348,179	335,533	326,775	319,809
Pick 10	47,770	43,287	41,575	37,789	34,155	34,111	33,764	32,527	31,874	32,220
New York Numbers	701,126	709,477	709,126	736,534	762,622	764,277	796,032	827,409	854,791	856,539
Win-4	441,651	458,922	472,354	523,789	587,397	599,237	629,543	662,574	702,550	718,522
Quick Draw	485,430	332,088	508,378	488,842	476,294	500,194	473,594	460,528	444,978	444,256
Promotional Games*	0	62,451	121,014	0	0	0	0	154,881	102,026	17,797
Mega Millions	0	0	0	0	373,435	474,432	446,205	563,151	454,910	481,636
Total On-Line	2,786,093	2,623,466	2,799,213	2,787,097	3,007,226	3,091,785	3,033,180	3,289,246	3,134,476	3,079,179
Video Lottery**	0	0	0	0	0	21,776	231,718	315,701	522,668	875,281
Instant Cash Games	911,538	1,005,792	1,386,117	1,966,521	2,388,729	2,733,939	3,005,589	3,197,895	3,517,960	3,594,005
Total Sales	<u>\$ 3,697,631</u>	<u>\$ 3,629,258</u>	<u>\$ 4,185,330</u>	<u>\$ 4,753,618</u>	<u>\$ 5,395,955</u>	<u>\$ 5,847,500</u>	<u>\$ 6,270,487</u>	<u>\$ 6,802,842</u>	<u>\$ 7,175,104</u>	<u>\$ 7,548,465</u>

*Promotional games are special games which are offered for only a limited period of time. The number of these games and their durations vary from year to year.

**Sales revenue for Video Lottery represents net machine income which is the amount left in the video gaming machines after players have taken their prizes.

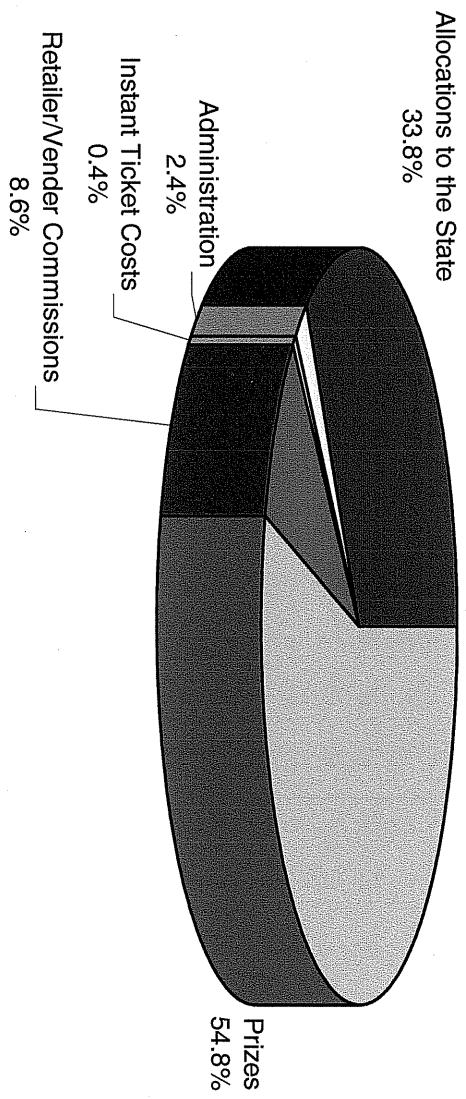
New York Lottery
Revenues
Fiscal Years 1999 through 2008



New York Lottery
Operating Expenses and Allocations to the State for Education
 Fiscal Years 1999 Through 2008
 (in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Operating Expenses										
Prizes	\$ 1,871,970	\$ 1,848,929	\$ 2,273,582	\$ 2,641,181	\$ 3,061,744	\$ 3,306,335	\$ 3,523,530	\$ 3,853,270	\$ 3,970,739	\$ 3,952,761
Retailer/Vender Commissions	310,809	307,263	354,967	349,402	380,538	417,167	507,190	599,087	695,902	829,401
Instant Ticket Costs	8,516	9,215	12,373	21,981	32,259	32,511	31,174	32,091	28,095	28,160
Administration	97,500	99,946	98,598	128,745	134,224	136,830	145,113	151,559	168,815	158,679
Total Expenses	<u>\$2,288,795</u>	<u>\$2,266,353</u>	<u>\$ 2,739,520</u>	<u>\$ 3,141,309</u>	<u>\$ 3,608,765</u>	<u>\$ 3,892,843</u>	<u>\$ 4,207,007</u>	<u>\$ 4,636,007</u>	<u>\$ 4,863,551</u>	<u>\$ 4,969,001</u>
Allocations to the State	<u>\$1,413,329</u>	<u>\$ 1,366,143</u>	<u>\$ 1,446,899</u>	<u>\$ 1,589,714</u>	<u>\$ 1,780,355</u>	<u>\$ 1,907,402</u>	<u>\$ 2,062,702</u>	<u>\$ 2,202,619</u>	<u>\$ 2,359,640</u>	<u>\$ 2,556,135</u>

**New York Lottery
Expenses and Allocations
Fiscal Years 1999 through 2008**



New York Lottery
 Installment Prize Liability
 Fiscal Years 1999 through 2008
 (in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Installment Prizes payable										
Current installment prizes	\$ 210,546	\$ 214,105	\$ 217,590	\$ 221,509	\$ 225,973	\$ 220,259	\$ 205,541	\$ 196,799	\$ 195,840	\$ 191,354
Long-term installment prizes	2,537,199	2,375,328	2,301,589	2,140,278	2,028,450	1,884,107	1,793,200	1,788,560	1,743,328	1,888,993
Total installment prizes payable	<u>\$2,747,745</u>	<u>\$2,589,433</u>	<u>\$2,519,179</u>	<u>\$2,361,787</u>	<u>\$2,254,423</u>	<u>\$2,104,366</u>	<u>\$1,998,741</u>	<u>\$1,985,359</u>	<u>\$1,939,168</u>	<u>\$2,080,347</u>
Assets available to pay Installment Prizes										
Current investments	\$ 210,549	\$ 213,777	\$ 217,006	\$ 221,208	\$ 222,831	\$ 214,711	\$ 203,685	\$ 194,012	\$ 183,684	\$ 186,973
Long-term investments	2,456,128	2,351,871	2,221,088	2,110,195	2,011,496	1,858,205	1,770,991	1,738,973	1,593,739	1,859,547
Total investments	2,666,677	2,565,648	2,438,094	2,331,403	2,234,327	2,072,916	1,974,676	1,932,985	1,777,423	2,046,520
Cash available	81,068	23,785	81,085	30,384	20,096	31,450	24,065	52,374	161,745	33,827
Total available to pay installment prizes	<u>\$2,747,745</u>	<u>\$2,589,433</u>	<u>\$2,519,179</u>	<u>\$2,361,787</u>	<u>\$2,254,423</u>	<u>\$2,104,366</u>	<u>\$1,998,741</u>	<u>\$1,985,359</u>	<u>\$1,939,168</u>	<u>\$2,080,347</u>

Note: All amounts shown for installment prizes and investments are at face value. Cash available is due to investments not yet purchased and investments maturing before their corresponding installment prize is payable. Investments are U.S. government-backed obligations (U.S. Treasury strips).

NEW YORK STATE DEMOGRAPHIC INFORMATION
Last Ten Calendar Years

<u>Year</u>	<u>Population</u>	<u>Change From Prior Year</u>	<u>Personal Income</u>		<u>Change From Prior Year</u>	<u>Unemployment Rate</u>
			<u>Total</u> <u>(in millions)</u>	<u>Per Capita</u>		
1997	18,137,000		\$ 557,024	\$ 30,712		6.4%
1998	18,175,000	0.21%	\$ 591,847	\$ 32,564	6.03%	5.6%
1999	18,197,000	0.12%	\$ 619,659	\$ 34,053	4.57%	5.1%
2000	18,976,000	4.28%	\$ 663,005	\$ 34,939	2.60%	4.6%
2001	19,011,000	0.18%	\$ 679,886	\$ 35,763	2.36%	4.9%
2002	19,158,000	0.77%	\$ 677,604	\$ 35,369	(1.10%)	5.8%
2003	19,190,000	0.17%	\$ 691,123	\$ 36,015	1.83%	6.0%
2004	19,227,000	0.19%	\$ 737,756	\$ 38,371	6.54%	5.5%
2005	19,255,000	0.15%	\$ 805,717	\$ 41,845	9.05%	4.8%
2006	19,306,000	0.26%	\$ 818,426	\$ 42,392	1.31%	4.4%

Sources: Bureau of Economic Analysis
U.S. Department of Commerce
U.S. Census Bureau
New York State Department of Labor,

Compiled by the Office of the State Comptroller of New York

25 LARGEST PRIVATE SECTOR EMPLOYERS
for most recent years available
in alphabetical order

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Bank of New York	Bank of New York	Bank of New York	Bank of New York	Bank of New York
Citigroup	Citibank	Citibank	Citibank	Citibank
Eastman Kodak	Eastman Kodak	Eastman Kodak	Eastman Kodak	Eastman Kodak
Federated Corporate Services	Eckerd (CVS)	Eckerd (CVS)	Eckerd (CVS)	Eckerd (CVS)
Gap	Fleet National Bank	Fleet National Bank	Fleet National Bank	Fleet National Bank
General Electric	Gap	Gap	Gap	Gap
Goldman Sachs	General Electric	General Electric	General Electric	Goldman Sachs
Golub Corporation	Goldman Sachs	Goldman Sachs	Goldman Sachs	Golub Corporation
Home Depot	Home Depot	Home Depot	Home Depot	Home Depot
IBM	HSBC Bank	HSBC Bank	HSBC Bank	HSBC Bank
JC Penney	IBM	IBM	IBM	IBM
JP Morgan Chase	JP Morgan Chase	JP Morgan Chase	JP Morgan Chase	JP Morgan Chase
Kmart	Kmart	Kmart	Kmart	Macy's
Merrill Lynch	Macy's	Macy's	Macy's	Pathmark
Pathmark	Merrill Lynch	Merrill Lynch	Merrill Lynch	Rite Aid
Republic National Bank of NY	Pathmark	Pathmark	Pathmark	Salomon Smith Barney
Rite Aid	Price Chopper	Price Chopper	Price Chopper	Sears
Salomon Smith Barney	Salomon Smith Barney	Salomon Smith Barney	Salomon Smith Barney	Stop & Shop
Sears	Sears	Sears	Sears	Target
Tops	Stop & Shop	Stop & Shop	Stop & Shop	Tops
UPS	Tops	Tops	Tops	UPS
Verizon	UPS	UPS	UPS	Waldbaum
Wal-Mart	Wal-Mart	Wal-Mart	Wal-Mart	Wal-Mart
Wegmans	Wegmans	Wegmans	Wegmans	Wegmans
Xerox	Xerox	Xerox	Xerox	Xerox

Source: New York State Empire State Development Corporation
 Compiled by the Office of the New York State Comptroller

New York Lottery
Operating Information
Fiscal Years 1999 Through 2008
(all dollars in thousands)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
On-line Games										
Sales	\$ 2,786,093	\$ 2,623,466	\$ 2,799,213	\$ 2,787,097	\$ 3,007,226	\$ 3,091,785	\$ 3,033,180	\$ 3,289,246	\$ 3,134,476	\$ 3,079,179
Prizes	\$ 1,367,084	\$ 1,270,070	\$ 1,382,495	\$ 1,371,154	\$ 1,495,540	\$ 1,507,863	\$ 1,539,996	\$ 1,741,777	\$ 1,634,152	\$ 1,554,302
Percent of sales	49%	48%	49%	49%	50%	49%	51%	53%	52%	50%
Retailer commissions	\$ 167,148	\$ 157,081	\$ 166,990	\$ 166,353	\$ 180,385	\$ 184,640	\$ 181,413	\$ 196,857	\$ 187,066	\$ 183,961
Percent of sales	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Contractor fees	\$ 49,044	\$ 46,544	\$ 49,319	\$ 48,008	\$ 38,020	\$ 39,531	\$ 38,782	\$ 41,351	\$ 39,660	\$ 39,378
Percent of sales	2%	2%	2%	2%	1%	1%	1%	1%	1%	1%
Instant Games										
Sales	\$ 911,538	\$ 1,005,792	\$ 1,386,117	\$ 1,966,521	\$ 2,388,729	\$ 2,733,939	\$ 3,005,589	\$ 3,197,895	\$ 3,517,960	\$ 3,594,005
Prizes	\$ 504,886	\$ 578,859	\$ 891,087	\$ 1,270,027	\$ 1,566,204	\$ 1,798,472	\$ 1,983,561	\$ 2,111,635	\$ 2,336,626	\$ 2,398,636
Percent of sales	55%	58%	64%	65%	66%	66%	66%	66%	66%	67%
Retailer commissions	\$ 54,692	\$ 60,348	\$ 83,167	\$ 119,349	\$ 144,506	\$ 164,701	\$ 180,571	\$ 192,094	\$ 211,370	\$ 216,830
Percent of sales	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Contractor fees	\$ 39,925	\$ 43,290	\$ 55,491	\$ 15,692	\$ 17,627	\$ 20,317	\$ 22,336	\$ 23,848	\$ 26,221	\$ 26,809
Percent of sales	4%	4%	4%	1%	1%	1%	1%	1%	1%	1%
Ticket and related costs	\$ 8,516	\$ 9,215	\$ 12,373	\$ 21,981	\$ 32,259	\$ 32,511	\$ 31,174	\$ 32,091	\$ 28,095	\$ 28,160
Percent of sales	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Video										
Sales (net machine income)										
Facility commissions						\$ 21,776	\$ 231,718	\$ 315,701	\$ 522,668	\$ 875,281
Percent of sales						6.315	67,198	122,108	196,912	307,723
Contractor fees						\$ 1,663	\$ 16,890	\$ 22,829	\$ 34,673	\$ 54,700
Percent of sales						8%	7%	7%	7%	6%
All Games										
Sales	\$ 3,697,631	\$ 3,629,258	\$ 4,185,330	\$ 4,753,618	\$ 5,395,955	\$ 5,847,500	\$ 6,270,487	\$ 6,802,842	\$ 7,175,104	\$ 7,548,465
Administrative costs	\$ 97,500	\$ 99,946	\$ 98,598	\$ 128,745	\$ 134,224	\$ 136,830	\$ 145,113	\$ 151,559	\$ 168,815	\$ 158,679
Percent of sales	3%	3%	2%	3%	2%	2%	2%	2%	2%	2%
Number of Employees	341	333	326	340	330	329	335	333	334	342
Number of Retailers	16,300	15,900	15,600	15,100	15,100	15,000	16,000	16,000	16,000	16,135

**UNITED STATES LOTTERIES
SALES AND PROFITS (INCLUDES VLT'S)
(in millions)**

Jurisdiction	Sales				Profit			
	FY 2006	FY 2007	Change \$	Change %	FY 2006	FY 2007	Change \$	Change %
New York	\$6,803.00	\$7,175.10	\$372.10	5.47%	\$2,203.00	\$2,358.35	\$155.35	7.05%
Massachusetts	\$4,534.12	\$4,436.50	(\$97.62)	(2.15%)	\$951.24	\$920.00	(\$31.24)	(3.28%)
Florida	\$4,030.00	\$4,122.12	\$92.12	2.29%	\$1,230.00	\$1,263.27	\$33.27	2.71%
Texas	\$3,774.69	\$3,774.18	(\$0.51)	(0.01%)	\$1,036.11	\$1,093.02	\$56.91	5.49%
California	\$3,585.00	\$3,318.35	(\$266.65)	(7.44%)	\$1,240.57	\$1,176.93	(\$63.64)	(5.13%)
Georgia	\$3,177.59	\$3,178.40	\$0.81	0.03%	\$822.40	\$853.55	\$31.15	3.79%
Pennsylvania	\$3,070.00	\$3,076.34	\$6.34	0.21%	\$975.85	\$949.07	(\$26.78)	(2.74%)
New Jersey	\$2,406.57	\$2,351.28	(\$55.29)	(2.30%)	\$849.25	\$828.33	(\$20.92)	(2.46%)
Michigan	\$2,212.37	\$2,342.60	\$130.23	5.89%	\$688.02	\$748.90	\$60.88	8.85%
Ohio	\$2,221.00	\$2,259.40	\$38.40	1.73%	\$646.30	\$669.33	\$23.03	3.56%
Illinois	\$1,964.83	\$1,998.97	\$34.14	1.74%	\$637.67	\$631.17	(\$6.50)	(1.02%)
Rhode Island	\$1,731.47	\$1,806.22	\$74.75	4.32%	\$323.90	\$320.99	(\$2.91)	(0.90%)
Maryland	\$1,560.91	\$1,577.31	\$16.40	1.05%	\$500.97	\$494.12	(\$6.85)	(1.37%)
West Virginia	\$1,522.00	\$1,562.26	\$40.26	2.65%	\$610.00	\$639.15	\$29.15	4.78%
Virginia	\$1,365.00	\$1,362.34	(\$2.66)	(0.19%)	\$454.90	\$437.18	(\$17.72)	(3.90%)
Oregon	\$1,104.00	\$1,208.13	\$104.13	9.43%	\$483.00	\$644.03	\$161.03	33.34%
South Carolina	\$1,144.60	\$988.16	(\$156.44)	(13.67%)	\$319.40	\$279.24	(\$40.16)	(12.57%)
Tennessee	\$996.27	\$984.88	(\$11.39)	(1.14%)	\$277.66	\$294.69	\$17.03	6.13%
Connecticut	\$970.33	\$957.03	(\$13.30)	(1.37%)	\$284.87	\$278.33	(\$6.54)	(2.30%)
Missouri	\$913.52	\$934.27	\$20.75	2.27%	\$260.67	\$257.88	(\$2.79)	(1.07%)
North Carolina	\$229.53	\$861.67	\$632.14	275.41%	\$64.59	\$315.37	\$250.78	388.26%
Indiana	\$816.40	\$789.06	(\$27.34)	(3.35%)	\$218.00	\$217.57	(\$0.43)	(0.20%)
Delaware	\$727.99	\$753.97	\$25.98	3.57%	\$248.80	\$326.96	\$78.16	31.41%
Kentucky	\$742.30	\$744.22	\$1.92	0.26%	\$204.30	\$196.29	(\$8.01)	(3.92%)
South Dakota	\$686.16	\$692.50	\$6.34	0.92%	\$118.99	\$121.07	\$2.08	1.75%
Wisconsin	\$508.90	\$492.79	(\$16.11)	(3.17%)	\$150.60	\$160.65	\$10.05	6.67%
Washington	\$477.89	\$492.59	\$14.70	3.08%	\$116.95	\$117.89	\$0.94	0.81%
Arizona	\$468.70	\$462.20	(\$6.50)	(1.39%)	\$141.12	\$139.92	(\$1.21)	(0.85%)
Colorado	\$468.80	\$455.92	(\$12.88)	(2.75%)	\$125.60	\$119.00	(\$6.60)	(5.26%)
Minnesota	\$450.00	\$422.61	(\$27.39)	(6.09%)	\$121.30	\$112.35	(\$8.95)	(7.38%)
Louisiana	\$332.12	\$354.19	\$22.07	6.65%	\$118.76	\$128.23	\$9.47	7.98%
New Hampshire	\$262.74	\$263.56	\$0.82	0.31%	\$80.32	\$79.04	(\$1.28)	(1.59%)
District of Columbia	\$266.20	\$256.82	(\$9.38)	(3.52%)	\$73.40	\$65.38	(\$8.03)	(10.93%)
Kansas	\$236.05	\$240.00	\$3.95	1.67%	\$67.09	\$71.02	\$3.93	5.85%
Iowa	\$339.52	\$235.08	(\$104.44)	(30.76%)	\$80.88	\$58.15	(\$22.73)	(28.10%)
Maine	\$229.69	\$230.02	\$0.33	0.15%	\$51.70	\$51.44	(\$0.26)	(0.51%)
Oklahoma	\$204.84	\$215.07	\$10.23	5.00%	\$68.95	\$69.38	\$0.43	0.62%
New Mexico	\$154.71	\$148.14	(\$6.57)	(4.25%)	\$36.86	\$34.88	(\$1.98)	(5.37%)
Idaho	\$131.13	\$130.53	(\$0.60)	(0.46%)	\$33.00	\$34.00	\$1.00	3.03%
Nebraska	\$113.11	\$114.49	\$1.38	1.22%	\$30.32	\$29.27	(\$1.05)	(3.48%)
Vermont	\$104.88	\$104.51	(\$0.37)	(0.35%)	\$22.88	\$23.57	\$0.69	3.03%
Montana	\$39.92	\$41.56	\$1.64	4.12%	\$9.11	\$11.42	\$2.31	25.36%
North Dakota	\$22.33	\$22.64	\$0.31	1.39%	\$6.92	\$6.50	(\$0.42)	(6.07%)
TOTAL	\$57,101.18	\$57,938.00	\$836.82	1.47%	\$16,986.22	\$17,626.85	\$640.63	3.77%

Results are unofficial and unaudited

Data Compiled by the North American Association of State and Provincial Lotteries