

# NEW YORK LOTTERY



1998-99 ANNUAL REPORT



# NEW YORK 1998-99 ANNUAL



*New York State Governor  
George E. Pataki*

After 30 years of operation, the Lottery is still best known for creating instant millionaires. Far more important are the revenue, programs and technology resources that the Lottery provides to help prepare our children for the challenges of the 21st century.

## THE LOTTERY CONTRIBUTED MORE THAN \$1.4 BILLION TO EDUCATIONAL FUNDING IN NEW YORK STATE

Over the past year, the Lottery has contributed more than \$1.4 billion to elementary and secondary public schools in New York State.

Through the Lottery's continued support of the New York Wired for Education Initiative, more than \$4 million has been awarded to schools in the form of computer technology to enhance the education of our children.

Also, the Lottery is the primary sponsor of the Empire State Winter Games held in Lake Placid each February. Over 1,200 athletes from all over the state compete in this week-end-long event which, in addition to

well-known medal sports, includes exciting exhibitions of new sports such as snowboarding and aerial skiing.

The Empire State Games are a great way for the Lottery to help fulfill its mission of supporting education while promoting the values of hard work, competition and fair play.

Through these and other successful programs, the Lottery continues to serve as a model agency of state government, and a good neighbor to all of us.

A handwritten signature in black ink that reads "George E. Pataki". The signature is written in a cursive, flowing style.

George E. Pataki

# LOTTERY'S REPORT



*New York Lottery Director  
Margaret R. DeFrancisco*

As a former teacher, I am thrilled to have been appointed Director of an agency whose sole mission is to support education in New York State.

Also as a former business owner, I appreciate the hard work and dedication of our 17,000 retailers across the

## THAT IS WHAT THE NEW YORK LOTTERY IS ALL ABOUT— PROVIDING FUNDING FOR OUR CHILDREN'S EDUCATION

State. Without their commitment to the Lottery, none of our programs would be possible.

When we give our children the tools necessary for both the technological and social challenges of the 21st century, everyone wins. The New York Lottery helps provide these essential tools to our children in the form of educational programs, initiatives, technology and resources such as the New York Wired for Education initiative, Computers for Kids Program and our travelling New York Expeditions bus.

That is what the New York Lottery is all about — providing funding for

our children's education — and I am proud and honored to have the opportunity to be a part of the Lottery team that makes it all possible. I thank you for your support as we continue our mission of supporting education in New York State.

I hope that you will take a few moments to learn more about the New York Lottery.

Remember, the Lottery is just a game. When New Yorkers play responsibly, we all win.

*Margaret R. DeFrancisco*  
Margaret R. DeFrancisco

# WHERE DOES THE MONEY GO?

## WHERE LOTTERY SALES GO

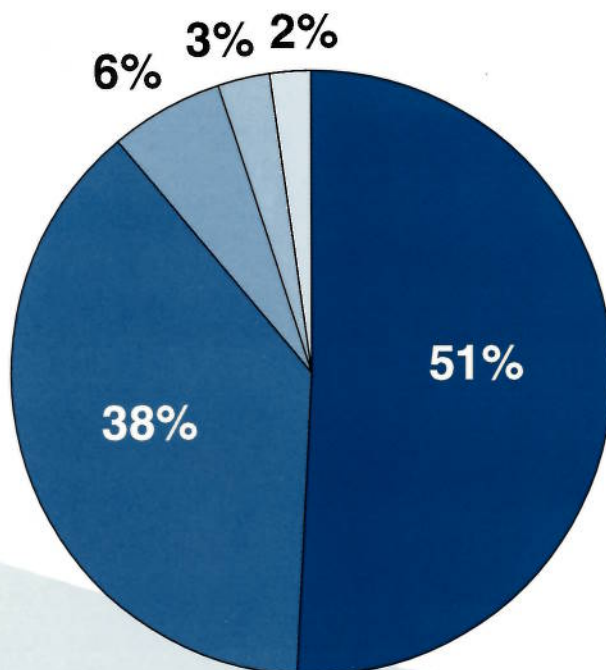
Hovering near the \$4 billion mark in total yearly sales, the New York Lottery is the largest and most successful in the nation. And, no state lottery has ever contributed more to education or any other cause. After deducting monies paid to winners, retailer commissions and the costs of administration, the Lottery contributed more than \$1.4 billion

to New York State's elementary and secondary public schools this past year.

How significant a sum is \$1.4 billion? Among other things, \$1.4 billion is enough money to pay 10,000 teachers' salaries for a year, to heat every classroom in New York State for that same year, to purchase 20 million textbooks and still have \$100 million left over for gym equipment, computer

software, library books, chalk and erasers.

However, despite the Lottery's incredible record of success at raising funds for public schools, the main source of funding for education continues to be local property taxes. The truth is that \$1.4 billion represents about 5% of the \$26 billion it takes to fully fund elementary and secondary public education in New York State.

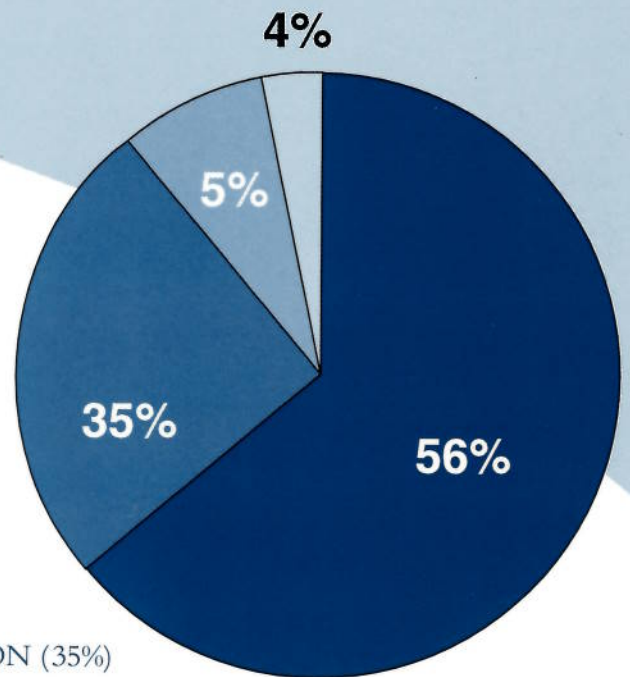


### SALES DOLLAR ALLOCATION

- \$1.872 BILLION PAID TO WINNERS (51%)
- \$1.413 BILLION PAID TO STATE AID TO EDUCATION (38%)
- \$222 MILLION PAID TO RETAILERS AS COMMISSIONS (6%)
- \$101.6 MILLION TO ADMINISTRATIVE COSTS (3%)
- \$89.0 MILLION PAID IN CONTRACTOR FEES (2%)

## SCHOOL FUNDING BREAKDOWN

- \$15.3 BILLION FROM LOCAL REVENUE (56%)
- \$1.41 BILLION FROM NEW YORK LOTTERY (5%)
- \$1.10 BILLION FROM FEDERAL AID (4%)
- \$9.47 BILLION FROM OTHER STATE AID TO EDUCATION (35%)



## WHERE SCHOOLS GET THEIR MONEY

The Lottery benefits New York State's elementary and secondary public schools by contributing 100% of its profits to New York State Aid to Education. The Lottery's success over the years has caused our public officials to come to rely on the Lottery's contribution to

State Aid to Education, and Lottery funds have been made a part of the overall education budget.

As a result, the Lottery contribution does not represent extra or supplemental funds for schools. What the Lottery contribution does mean is that last year our

public schools could enjoy the benefits of a larger school budget while at the same time saving New Yorkers the extra \$1.4 billion in income, sales and property taxes that would have been necessary to support that budget. That is a good deal for all New Yorkers.

# HOW MUCH DOES YOUR COUNTY RECEIVE?

## NEW YORK LOTTERY 1998/1999 COUNTY DISTRIBUTION

ALBANY	\$16,004,748.11	NIAGARA	\$25,515,003.76
ALLEGANY	\$7,414,088.06	ONEIDA	\$27,797,355.09
BROOME	\$22,668,002.51	ONONDAGA	\$50,113,644.59
CATTARAUGUS	\$14,335,746.54	ONTARIO	\$11,553,563.96
CAYUGA	\$9,654,663.29	ORANGE	\$36,189,957.51
CHAUTAUQUA	\$19,554,905.70	ORLEANS	\$6,966,710.61
CHEMUNG	\$11,500,226.56	OSWEGO	\$16,800,742.09
CHENANGO	\$8,525,583.46	OTSEGO	\$6,932,007.31
CLINTON	\$10,127,312.34	PUTNAM	\$4,596,798.31
COLUMBIA	\$4,444,709.78	RENSSELAER	\$15,151,764.56
CORTLAND	\$6,435,248.15	ROCKLAND	\$10,288,139.64
DELAWARE	\$4,675,757.81	ST. LAWRENCE	\$15,616,843.54
DUTCHESS	\$19,530,788.49	SARATOGA	\$20,274,788.89
ERIE	\$86,964,747.00	SCHENECTADY	\$12,145,563.72
ESSEX	\$1,878,890.72	SCHOHARIE	\$3,656,642.32
FRANKLIN	\$6,603,295.92	SCHUYLER	\$1,987,256.02
FULTON	\$7,306,212.82	SENECA	\$3,982,712.73
GENESEE	\$8,626,263.02	STEUBEN	\$15,191,260.23
GREENE	\$3,300,034.07	SUFFOLK	\$102,102,562.23
HAMILTON	\$11,190.00	SULLIVAN	\$5,098,499.60
HERKIMER	\$9,347,030.71	TIOGA	\$8,119,817.49
JEFFERSON	\$14,966,742.66	TOMPKINS	\$7,531,201.70
LEWIS	\$4,157,953.83	ULSTER	\$12,615,340.48
LIVINGSTON	\$7,973,111.40	WARREN	\$5,392,165.79
MADISON	\$9,414,053.20	WASHINGTON	\$8,073,421.74
MONROE	\$72,811,713.24	WAYNE	\$14,136,102.58
MONTGOMERY	\$6,206,919.49	WESTCHESTER	\$24,363,579.51
NASSAU	\$48,329,450.16	WYOMING	\$4,881,847.61
NEW YORK CITY*	\$485,404,861.39	YATES	\$1,713,377.48

The above amounts are based on the New York State Education Department's Division of Aid to Localities for Education from the State Lottery Fund as stated in the New York State Budget. For a complete listing contact the Lottery Press & Community Relations office at 518-388-3415.

\*Includes Bronx, Queens, Kings, New York and Richmond Counties.

# LOTTERY WINNERS

EVERY YEAR, THOUSANDS OF NEW YORK LIVES ARE CHANGED BY THE LOTTERY.

The Lottery produces winners all over the state. This past year, almost \$2 billion was won by holders of over 200 million winning Lottery tickets! The number of Lottery millionaires increased by 70, bringing the total number of millionaires created in the Lottery's history to 1,434.



Louis Perez of Queensbury and his two sisters, Letty of Queens and Melissa, of the Bronx, were winners of the \$8 million *Lotto* jackpot of Saturday, January 23, 1999.

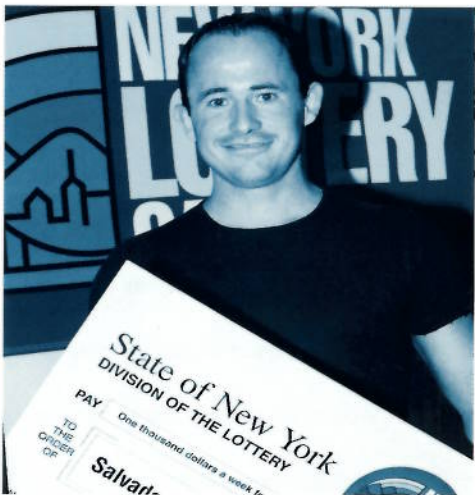


(In the back row from left to right) Eugene Thomas, Marvin Cornish, David John Lambert, Joseph Russo, William Fredenburg, Paula Odell

(In the front row from left to right) Frank Doughty III, Paul Covey, Samuel Russo, Sharon Andrus; ten co-workers from the Purolator Products Company of Elmira became ten co-winners of the \$3 million *Lotto* jackpot on Wednesday, October 7, 1998.



Vladislav Sochor of Rochester, winner of the Saturday, August 28, 1998, \$4 million *Lotto* jackpot, and his wife.



In August of 1998, Salvador Oseguera of New Rochelle became the 61st winner of \$1,000 a week for life in the Lottery's *Win For Life* Instant Game. He will receive his prize in the form of quarterly payments of \$13,000.



Richard Gargula, a village of Bliss resident in Wyoming County, may well live the rest of his life in a state of bliss after becoming the sole winner of the \$17 million *Lotto* jackpot of Saturday, January 2, 1999.



Donald and Jean Harwood of Waterford took over a month to claim the \$17 million they won in the Wednesday, January 17, 1999, *Lotto* jackpot.

# EXCELLENCE IN EDUCATION

## 1999 EMPIRE STATE GAMES

Begun in 1978, the Empire State Games is a multi-sport event for amateur athletes, patterned after the Olympic program. Nearly 8,200 athletes participate in the games annually from a pool of approximately 25,000 competing in statewide

tryouts for a chance to be a finalist in scholastic, open or masters divisions.

Through the years, many of the athletes who have been part of the games have moved on to national, international and Olympic competition. Empire State Games'

alumni include world champions, Olympic gold medalists, college and high school All-Americans, professional athletes in the NBA, NFL, MLB and NHL as well as figure skaters, skiers, soccer players and many more. But for every Olympic Dream Team member



## THEODORE ROOSEVELT MOBILE EXHIBIT

The year 1998 marked the 100th anniversary of Theodore Roosevelt's election as Governor of New York State. Theodore Roosevelt—writer, explorer, naturalist, family man, and statesman—was the quintessential New Yorker,

who shared his talents with the nation and the world.

As part of the Lottery's mission to support education, the Lottery converted its mobile education display unit into a Theodore Roosevelt Exhibit that trav-

## EDUCATOR OF THE WEEK

The "New York Lottery's Educator of the Week" program began in October 1996 and is shown on WLNY-TV55. Over the past three years, WLNY, in cooperation with the New York Lottery, has created 96 vignettes of extraordinary educators who excel at their

profession. They have been widely received by the public, schools and educators as a positive reinforcement of the Lottery's support of education. The Lottery is planning to expand its educator stories across the state, to give recognition to our finest educators and build

public awareness that the Lottery supports education. These educator stories help raise public awareness of excellence in the New York State education system.

In a similar educator recognition program in Westchester and Putnam counties, the



# ION

(we've had two), there are thousands of athletes for whom the Empire State Games is the pinnacle of their athletic career. And that is what makes these games so special.

## TWENTIETH ANNUAL EMPIRE STATE WINTER GAMES

A parade of 1,200 athletes kicked off the 1999

Empire State Winter Games in Lake Placid on the same speedskating oval used in the Winter Olympics of 1932 and 1980. The keynote address was delivered by Diann Roffe-Steinrotter, two-time Olympic medalist and youngest ever to win a World Championship.



elled to over 100 libraries, schools and special events across the state. The New York Lottery-sponsored Theodore Roosevelt Mobile Exhibit provided an educational curriculum that included a history lesson with reference materials, a biography

video produced by A&E and a historic field trip through photos of New York State's celebrated governor. The curriculum was designed for instruction at the middle school level (grades 6-8), was interdisciplinary in nature and correlates

with New York State educational standards.

To obtain more information regarding this year's new exhibit, "New York Expeditions: What's in Your Backyard?," contact the Lottery Educational Programming Office at: 518-388-3348.

Lottery, in conjunction with the *Journal News*, sponsors the Golden Apple Awards. In addition to honoring the "Teacher of the Year," the Lottery also presents a deserving school with the New York Wired Applied Technology Award. The award is presented to

a school showing outstanding achievement in successfully applying technology tools that enhance the educational performance of students. The school receiving the award is honored with a gift of \$20,000 to be applied to their technology program.



# COMPUTERS FOR KIDS

Information technology is undeniably the gateway to the future. In recognition of this fact and to further support its primary mission to aid education, the Lottery awards computer technology packages to schools across the state.

Community fairs, festivals and other outdoor events provide some of the Lottery's favorite opportunities for computer giveaways.

Television has been another venue for dispensing computer technology packages. "New York Wired," a Lottery-produced game show, gave contestants the opportunity to compete for computer technology prizes on behalf of schools randomly selected from their communities. By contrast, "The Winner Next Door," the Lottery's news magazine-style show, gave viewers the chance to nominate a school of their choice by sending in the name of the school for a random drawing to win a computer technology package.



# NEW YORK EXPEDITIONS

New York Expeditions combines the youthful exuberance of MTV's "Road Rules" with the educational focus of The Learning Channel. A group of outstanding high school students take part in a year-long field trip across New York State. In the process they learn about their home state, each other and themselves.

Ten exceptional high school students are selected from hundreds of applicants from across the state. Applicants are nominated by their schools and must have a minimum grade average of 90. In addition, each scholar hopeful must submit a written essay, a three-minute

self-produced videotape and attend an interview with the Scholars Selection Committee. Scholars are selected on the basis of academics, communication skills, leadership abilities and extracurricular and community activities.

The Empire State then becomes a living classroom for these young scholars as they encounter and explore New York's geography, history, culture and economy. From the towering falls of Niagara to Manhattan's towers of finance, video crews record the young scholars' insights, observations and reactions as they discover the various facets of their great home state. The result is an eight-

part television series that, in addition to airing on PBS, is also offered to schools across New York State. It includes a corresponding curriculum that is prepared by the Capital Area School Development Association (CASDA), a subsidiary of the University of New York State at Albany. New York Expeditions is distributed through the statewide Board of Cooperative Educational Services (BOCES).

Scholars for the millennium school year have been selected and their year-long learning adventure has begun. New York Expeditions began its third broadcast season in October of 1999.

## "NEW YORK EXPEDITIONS" BROADCAST SCHEDULE

<u>MARKET</u>	<u>STATION</u>	<u>DAY</u>	<u>TIME</u>
Albany/Schenectady	<b>17</b> WMHT	SUNDAYS	11:00 am
Buffalo	<b>W</b> NED Buffalo	SUNDAYS	10:00 am *
Long Island	<b>W</b> LW Public Television	SUNDAYS	9:30 am
New York City	<b>thirteen</b> WNET NEW YORK	SUNDAYS	11:00 am
Plattsburgh	<b>Mountain Lake</b> WFS	SUNDAYS	9:30 am *
Rochester	<b>W</b> XOXI	MONDAY-THURSDAY **	6:00 pm
Syracuse	<b>W</b> CNY	SUNDAYS	11:30 am
Watertown	<b>W</b> PBS EXEDITION	THURSDAYS	7:30 pm

\* Beginning November 28.

\*\* December 20th - 30th.

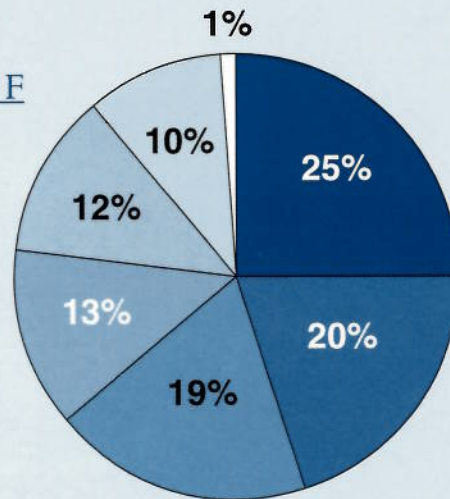
# WHAT GAMES DOES THE LOTTERY OFFER?

Lottery games come in a variety of play styles, prize levels and drawing frequencies. Games such as LOTTO, TAKE FIVE and the "INSTANT GAME" line of products generally involve longer odds, broad customer appeal and widespread participation. These types of Lottery products are advertised through radio, television and print ads in order to promote public awareness of the Lottery. It is through these games that the bulk of the revenue the Lottery contributes to State Aid to Education is generated.

WIN 4, NUMBERS, PICK 10 and QUICK DRAW are Lottery games characterized by shorter odds, more limited participation and more frequent drawings.

## PRODUCT SALES % OF OVERALL LOTTERY SALES

■ 25% INSTANT CASH	■ 13% QUICK DRAW
■ 20% LOTTO	■ 12% WIN 4
■ 19% NUMBERS	■ 10% TAKE FIVE
	□ 1% PICK 10



## INSTANT GAMES

INSTANT GAMES were so-called because you don't have to wait for a drawing to determine if you are a winner. To play you simply scratch off the coating on the play portion of the game card. Prizes can range from \$1 to \$1 million. The wide variety of Instant Games is marketed in response to the diversity of player interests.

There are number-themed games such as 3-3-3, Lucky 7's and Nifty Fifty. There are

games based on movies and TV shows: Wild, Wild West, Wheel of Fortune and Let's Make a Deal. There are holiday games such as Coming Up Roses (Mother's Day), Sweetheart Cash (Valentine's Day) and Christmas in New York. There are bowling games (League Night), baseball games (Pennant Fever) and horse racing games (Saratoga 1-2-3). We have a game for everyone who enjoys playing the Lottery.



The most popular Instant Game in New York Lottery history is *Win For Life*.

This \$2 game offers players a top prize of \$1,000 a week for life. To date, 73 New Yorkers have won the top prize. This one game alone has generated over \$400 million for education in New York State.

**BIG APPLE**  
LOTTO

**WESTERN NY**  
LOTTO

**UPSTATE**  
LOTTO

**LONG ISLAND**  
LOTTO

Local Lotto is a promotional game where players choose 6 numbers from a field of 31. Each ticket is \$1; there are five games per play-card and four prize levels. The regions are Long Island, New York City (Big Apple), Upstate and Western New York. Each region has its own playcard, prize pool and prize winners. There is one statewide drawing each Saturday night right after the regular Lotto drawing.

## NEW YORK LOTTO

For the Lottery's flagship game, players select 6 numbers from a field of 51. Lotto features good overall odds, seven prize levels, and a free play for matching just three numbers.

Lotto drawings are held twice weekly, on Wednesday and Saturday. The Lottery offers jackpot winners the option of receiving their prize money in one lump sum or regular annual payments.

## TAKE FIVE

Originally designed as the complement to Lotto, Take Five is a pari-mutuel game similar in play style to Lotto. Players choose five numbers from a field of 1 through 39. Cash prizes are won for matching five, four and three numbers. Players can win a bonus "Free Play" ticket for matching two numbers. With low odds of 1:8.7, Take Five produces hundreds of thousands of winners with every drawing. Drawings take place on Mondays, Tuesdays, Thursdays and Fridays.

## Quick Draw

Quick Draw is a game that offers players a chance to win up to \$100,000. Players pick ten numbers from a field of 1 through 80. Players match as many of those ten numbers as possible to twenty numbers randomly chosen by the Lottery. There are ten ways to play Quick Draw based upon what odds the customer wants to play. There are 37 different prize levels.

## NUMBERS

Offered daily, New York Numbers players choose three digits from a field of 0 through 9 and match those numbers to three randomly chosen by the Lottery. Prizes range from \$25 to \$500.

## WIN 4

Very similar to New York Numbers, Win 4 challenges players to match a four-digit number randomly chosen by the Lottery. Prizes range from \$100 to \$5,000. The Win 4 and New York Numbers drawings are televised together each evening.

## PICK 10

Also a daily game, Pick 10 offers prizes up to \$500,000. Players choose ten numbers from a field of 1 through 80. Prizes are awarded for matching ten, nine, eight, seven, six, even zero of the 20 numbers drawn.

# PLEASE PLAY RESPONSIBLY

The New York Lottery has game restrictions and safeguards designed to promote socially responsible play and takes pride in its proactive approach.

This year the Lottery continued to expand on its past efforts to address the issue of problem gambling. The New York Council on Problem Gambling's toll-free, 24-hour helpline number (800-437-1611) appears on the back of every Lottery game brochure and play slip. The Lottery has also made it mandatory that the helpline number be visibly posted at the "point of sale" at all Lottery retailer locations.

Of equal importance to the Lottery is the enforcement of the statutory prohibition against ticket sales to minors. Through the initiative known as Project 18+, the Lottery conducts random, unannounced visits to retailer locations throughout the state to ensure compliance with the 18+ statutes.

The Lottery is also instrumental in the enforcement of "set aside" laws for winners owing past-due child support. Past-due child support is required by law to be deducted from all prizes over \$600. The Lottery's Prize Payment Department receives regularly updated information from State Social Services that allows the Lottery to identify offenders and make the

appropriate deductions from their winnings.

The Lottery also requires a rigorous background check of all applicants for a Lottery retailer sales license and exercises the greatest care in reviewing and safeguarding the selection process for granting retail licenses.

The Lottery's primary mission is to generate revenue to support education in New York State. We at the Lottery believe that no one benefits when something good is abused.

We encourage players and retailers alike to keep things in perspective. The Lottery is, after all, a game designed for a good cause, and when New Yorkers play responsibly, we all win.

# NEW YORK LOTTERY

## STATEMENTS OF REVENUE AND EXPENSES YEARS ENDED MARCH 31, 1999, AND 1998

(In Thousands)

REVENUE:	1999	1998
		(restated)
Ticket sales	\$ 3,697,631	3,943,096
Investment income	132,583	241,089
Other income	534	638
Total revenue	3,830,748	4,184,823
EXPENSES:		
Prizes	1,871,970	2,093,566
Retailer commissions	221,840	236,851
Contractor fees	88,969	95,595
Instant game ticket printing	8,516	9,107
General and administrative expenses	97,500	89,631
Interest expense	128,624	131,219
Total expenses	2,417,419	2,655,969
Net income and required allocation to education	1,413,329	1,528,854

The New York Lottery's financial statements are audited by the firm KPMG Peat Marwick, LLP.

If you would like a complete copy of the Lottery's official audited financial statements, please write to the address listed on the back of this report

# FINANCIAL SUMMARY

## STATEMENTS OF ASSETS AND LIABILITIES YEARS ENDED MARCH 31, 1999, AND 1998

(In Thousands)

ASSETS	1999	1998
		(restated)
Current assets:		
Cash and cash equivalents	\$ 191,560	151,078
Accounts receivable	122,185	175,904
Investments	205,641	201,201
Instant game ticket inventory	5,395	5,842
Total current assets	524,781	534,025
Long-term investments	1,604,321	1,637,888
Equipment and leasehold improvements, net of accumulated depreciation and amortization	1,247	2,345
Total assets	2,130,349	2,174,258
LIABILITIES		
Current Liabilities:		
Prizes payable	205,405	199,192
Unclaimed and future prizes	397,799	396,027
Due to education	41,552	70,650
Due to administration	14,766	15,669
Deferred revenue	2,566	14,851
Other payables	15,558	11,545
Total current liabilities	677,646	707,934
Long-term prizes payable	1,452,703	1,466,324
Commitments and contingencies		
Total liabilities	2,130,349	2,174,258

# NEW YORK LOTTERY

## EXECUTIVE STAFF

### DIRECTOR

Margaret R. DeFrancisco

### DEPUTY DIRECTOR/ DIRECTOR OF PRESS & COMMUNITY RELATIONS

Susan E. Miller

### DIRECTOR OF MARKETING AND SALES

Cornelia H. Laverty

### DIRECTOR OF OPERATIONS

Daniel J. Codden

### DIRECTOR OF ADMINISTRATION

Gerald S. Woitkoski

### DIRECTOR OF REGULATION AND COMPLIANCE

Diane C. Scala

### COUNSEL

Stephen M. Dolan

### REGIONAL DIRECTORS

Charles O'Donnell New York City

James Benoit Long Island

Art DelSignore Eastern New York

William Lonczak Central New York

Joanne Thompson Western New York

## LOTTERY PRIZE CLAIM CENTERS

New York City  
15 Beaver Street  
New York, NY 10004  
212-383-1300

Long Island  
1000 Zeckendorf Blvd.  
Garden City, NY 11530  
516-222-8260

Eastern New York  
One Broadway Center  
Schenectady, NY 12301  
518-388-5420

Central New York  
Deys Centennial Building  
401 South Salina Street  
Syracuse, NY 13202  
315-448-4300

Western New York  
Ellicott Square Building  
295 Main Street, Suite 120  
Buffalo, NY 14203  
716-847-3469

Hudson Valley  
30 Westage Business Center  
Suite 6  
Fishkill, NY 12524  
914-897-2412

*Questions or comments, please write to the Lottery's main office:*

*New York Lottery  
One Broadway Center, PO Box 7500  
Schenectady, NY 12301-7500  
Call 518-388-3300  
or visit us at [www.nylottery.org](http://www.nylottery.org)*

*HELPING EDUCATE NEW YORK'S CHILDREN SINCE 1967.*

