



EDUCATING LEADERS OF TOMORROW



Margaret R. DeFrancisco
Director, New York Lottery

The New York Lottery conducted its first random drawing on June 17, 1967. The jackpot? \$100,000. Lottery sales for that inaugural year totaled \$53.6 million.

Fast-forward to 2003. Sales for our fiscal year ending March 31 totaled a record \$5.4 billion. We saw New York's Mega Millions jackpot soar to \$168 million and launched New York's first \$5 million Instant Game. We awarded cash prizes to a record 61 Lottery millionaires representing 20 different counties, and paid out more than \$3 billion in prizes statewide. Our retailers earned \$325 million in commissions. And, for the 2nd year in a row, we posted record earnings. Our success allowed us to contribute more than \$1.8 billion to the State Aid to Education Fund in FY 2002-03.

We provided a total of \$4.7 million in college tuition assistance to 1,181 graduating high school seniors statewide as part of our \$4,000 Leaders of Tomorrow Scholarship program. And, we continued our efforts to recognize the everyday achievements of educators and students alike through our popular Educator of the Week and Winter Achievers programs as well as our support of the Empire State Games.

We are often asked, "How is all of this possible?" The answer is simple. Our success is rooted in our commitment to New York's schools and achieved through our dedication to strategic planning and operational efficiency. We understand that our success lies ultimately in the public's trust, which is why I thank you for taking the time to learn more about the Lottery and what we're doing every day to help schools in your community.

If you would like more information, visit nylottery.org. You may also call 518-388-3415 or e-mail questions@nylottery.org. Thank you for your continued support of the New York Lottery. United we stand.

Very Truly Yours,

Margaret R. DeFrancisco

Margaret R. DeFrancisco



The Leaders of Tomorrow Scholarship program offers a \$4,000 college scholarship paid in \$1,000 annual increments to one graduating senior from every high school in New York State. The scholarship may be applied toward the cost of attendance at any New York accredited college, university, trade school or community college. For more information, visit nylottery.org.



The New York Lottery Winter Achievers program challenges New York's 6th through 8th grade students to write an essay to showcase their personal experiences and achievements as young participants in sports. The program highlights the positive impact that sports has on the lives of New York's young people. For a complete list of 2003 Winter Achievers, visit nylottery.org.



The New York Lottery proudly supports the Empire State Games, the first and largest state-run amateur athletic competition in the country. The Games embody Governor George Pataki's belief that learning doesn't take place solely in the classroom, but in gymnasiums and on athletic fields as well. The Games promote the values of hard work and fair play. For additional information about the Games, visit empirestategames.org.



The New York Lottery Educator of the Week program publicly recognizes the accomplishments of the State's outstanding teachers and administrators. The Lottery partners with TV stations statewide to broadcast the winning efforts of the educators right in their own communities. For a complete list of New York Lottery Educator of the Week TV stations, visit nylottery.org.

HOW MUCH DID YOUR COUNTY RECEIVE?

FISCAL YEAR 2002 - 03

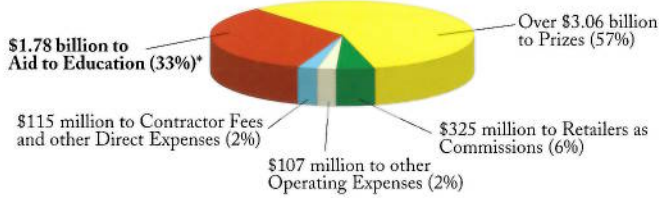
| COUNTY | LOTTERY AID | COUNTY | LOTTERY AID |
|--------------------|------------------|---------------------|------------------|
| Albany County | \$24,044,758.13 | Niagara County | \$29,065,171.18 |
| Allegany County | \$7,884,502.55 | Oneida County | \$33,649,713.27 |
| Broome County | \$27,771,009.88 | Onondaga County | \$62,922,860.46 |
| Cattaraugus County | \$14,756,934.29 | Ontario County | \$13,732,654.31 |
| Cayuga County | \$10,358,058.09 | Orange County | \$46,589,083.86 |
| Chautauqua County | \$20,865,160.83 | Orleans County | \$7,831,238.50 |
| Chemung County | \$12,318,821.56 | Oswego County | \$20,220,187.24 |
| Chenango County | \$9,606,313.37 | Otsego County | \$7,733,595.09 |
| Clinton County | \$11,326,672.93 | Putnam County | \$6,352,162.37 |
| Columbia County | \$5,225,761.09 | Rensselaer County | \$18,806,391.09 |
| Cortland County | \$7,103,086.94 | Rockland County | \$11,104,106.08 |
| Delaware County | \$5,016,147.69 | St. Lawrence County | \$16,425,306.62 |
| Dutchess County | \$27,098,813.72 | Saratoga County | \$24,436,308.85 |
| Erie County | \$108,395,387.91 | Schenectady County | \$16,288,459.58 |
| Essex County | \$1,930,746.44 | Schoharie County | \$4,374,708.45 |
| Franklin County | \$7,363,317.59 | Schuyler County | \$2,162,519.72 |
| Fulton County | \$8,430,374.87 | Seneca County | \$4,426,043.12 |
| Genesee County | \$9,612,984.86 | Steuben County | \$17,038,615.71 |
| Greene County | \$4,292,685.42 | Suffolk County | \$133,186,024.17 |
| Hamilton County | \$10,710.00 | Sullivan County | \$6,331,448.16 |
| Herkimer County | \$10,194,064.36 | Tioga County | \$8,967,565.68 |
| Jefferson County | \$16,553,791.45 | Tompkins County | \$8,924,721.82 |
| Lewis County | \$4,486,576.85 | Ulster County | \$17,025,170.05 |
| Livingston County | \$8,850,406.50 | Warren County | \$6,171,611.68 |
| Madison County | \$10,561,135.21 | Washington County | \$9,501,341.31 |
| Monroe County | \$91,806,440.14 | Wayne County | \$16,072,382.28 |
| Montgomery County | \$7,402,090.13 | Westchester County | \$36,355,999.67 |
| Nassau County | \$59,075,542.16 | Wyoming County | \$5,238,293.37 |
| New York City* | \$717,800,916.61 | Yates County | \$1,989,101.72 |

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.

INVESTING IN THE FUTURE

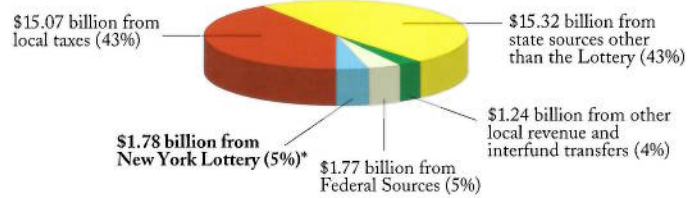
Where do New York Lottery sales go?

Fiscal Year 2002-03



Where do schools get their money?

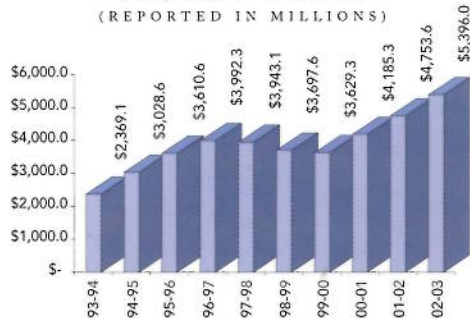
School Year ending 2002-03



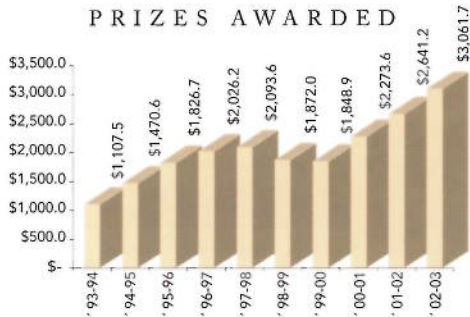
The above amounts are from the Education Department, State Aid Unit, Revenue Table 60.

NEW YORK LOTTERY FINANCIAL SUMMARY FY2002-03

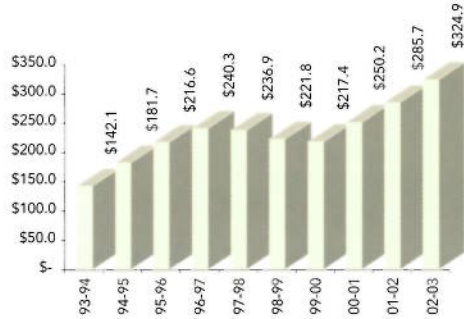
TICKET SALES (REPORTED IN MILLIONS)



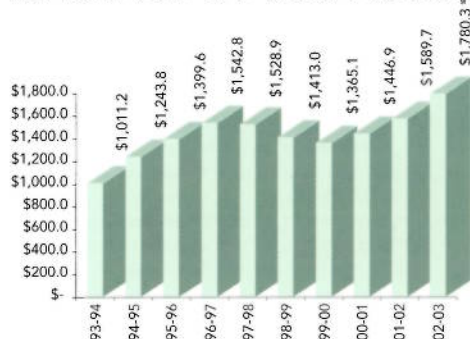
PRIZES AWARDED



RETAILER COMMISSIONS



REVENUES TO EDUCATION



Statements of Revenues, Expenses, and Changes in Net Assets

Years ended March 31, 2003 and 2002
(In thousands)

| | 2003 | 2002 |
|---|--------------|-------------|
| Operating revenue: | | |
| Ticket sales | \$ 5,395,955 | 4,753,618 |
| Operating expenses: | | |
| Prize expense | (3,061,744) | (2,641,181) |
| Retailer commissions | (324,891) | (285,702) |
| Gaming contractor Fees | (55,647) | (63,700) |
| Instant Ticket direct expenses | (32,259) | (21,981) |
| Telecommunications | (27,063) | (25,952) |
| Total direct expenses | (3,501,604) | (3,038,516) |
| Online games/jackpot marketing | (33,985) | (31,297) |
| Personal service & fringe benefits | (22,097) | (21,078) |
| Instant games marketing | (20,722) | (20,504) |
| All games marketing | (17,277) | (17,528) |
| Other administrative costs | (9,566) | (9,927) |
| State agency charges | (3,514) | (2,459) |
| Total operating expenses | (3,608,765) | (3,141,309) |
| Operating income | 1,787,190 | 1,612,309 |
| Nonoperating revenue and expenses: | | |
| Investment income | 230,381 | 65,506 |
| Other revenues, net | 647 | 367 |
| Investment expense | (107,581) | (115,043) |
| Total nonoperating income | 123,447 | (49,170) |
| Income before transfers out | 1,910,637 | 1,563,139 |
| Transfers out—contribution for aid to education | (1,780,355)* | (1,589,714) |
| Change in net assets | 130,282 | (26,575) |
| Net assets beginning of year | 203,023 | 229,598 |
| Net assets end of year | \$ 333,305 | 203,023 |

Statements of Net Assets

Years ended March 31, 2003 and 2002
(In thousands)

| | 2003 | 2002 |
|--|------------|-----------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 130,830 | 181,325 |
| Accounts receivable | 324,770 | 284,215 |
| Instant ticket inventory | 7,982 | 7,966 |
| Investments | 224,464 | 218,389 |
| Total current assets | 688,046 | 691,895 |
| Long term investments, net | 1,460,099 | 1,389,151 |
| Other assets | 247 | 165 |
| Total assets | 2,148,392 | 2,081,211 |
| Liabilities | | |
| Current liabilities: | | |
| Prizes payable | 221,890 | 217,550 |
| Unclaimed prizes | 212,159 | 179,260 |
| Due to education | 108,562 | 154,453 |
| Accounts payable and accrued liabilities | 14,038 | 19,835 |
| Deferred ticket sales | 10,277 | 8,697 |
| Total current liabilities | 566,926 | 579,795 |
| Compensated absences | 5,049 | 4,742 |
| Long term prizes payable | 1,243,112 | 1,293,651 |
| Total liabilities | 1,815,087 | 1,878,188 |
| Net Assets | | |
| Restricted for future prizes | 91,474 | 80,235 |
| Unrestricted | 241,831 | 122,788 |
| Total net assets | \$ 333,305 | 203,023 |

*Represents revenue earned on an accrual basis. On a cash basis, which includes earnings from the previous year, the Lottery transferred \$1.826 billion during the fiscal year ending March 31, 2003.

If you have questions about this report or require additional financial information, contact the Press & Community Relations Office at The New York Lottery, One Broadway Center, P.O. Box 7500, Schenectady, NY 12301-7500, 518-388-3415 or visit us at nylottery.org

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