

NEW JERSEY LOTTERY/Fiscal Year 1996 Annual Report

# And The Winner Is...







CHRISTINE TODD WHITMAN,  
GOVERNOR



VIRGINIA E. HAINES,  
EXECUTIVE DIRECTOR

Dear Friends:

The New Jersey Lottery's long-standing commitment to State Education and Institutions has benefited Garden State residents for the past 26 years and this year is no exception. In fact, in Fiscal Year 1996, the New Jersey Lottery contributed an unprecedented \$662 million to fund educational programs and institutions, a \$14 million increase over last year's contribution.

As the State's fourth largest revenue producer, the New Jersey Lottery has played a significant role in the prosperity of New Jersey's economy since 1971, raising more than \$19.7 billion in revenue and contributing over \$8.2 billion to the State Treasury to support Education and Institutions.

In FY '96, the Lottery raised over \$1.6 billion in total revenues. Of that amount, 41 percent went back to the State to fund Education and Institutions, while only one percent or \$21 million was used to operate and promote the Lottery, making the New Jersey Lottery the most efficient state lottery in the country for the third year in a row.

Over the past 26 years, the New Jersey Lottery has earned a reputation as a leader in the Lottery industry. During the next few years we anticipate the Lottery will experience tremendous growth and that our prominence in the industry will be even greater as we move into the future. We're proud of our accomplishments at the New Jersey Lottery and we look forward to many years of continued success!

Sincerely,

Virginia E. Haines  
Executive Director



# New Jersey

EVERYBODY WINS WITH THE  
NEW JERSEY LOTTERY





# Just Exactly Where Does the Money Go?

## Education

For more than 26 years the New Jersey Lottery has invested in the future of the State's children by contributing funds to important educational programs. In fact, in Fiscal Year 1996, educational programs in the State received more than \$245 million from Lottery revenues.

Thanks to the Lottery, students from pre-school to college are getting the help they need to succeed as tomorrow's leaders. Even disadvantaged students who are often faced with obstacles beyond their control, such as starting the school day without a well-balanced meal or finding the resources to attend college, are getting their opportunity to excel with help from Lottery funds.

For thousands of young children in New Jersey a healthy meal can make the difference between failing and succeeding. Based on the principle that a hungry child cannot learn, the School Nutrition Program provides meals to underprivileged children. With the Lottery's \$65 million contribution in FY '96, plus federal grants, the School Nutrition Program provided more than 2,300 school sites with 125 million meals to feed New Jersey's school children.

The future is looking brighter for New Jersey students pursuing a college education. In addition to funding scholarship programs like Edward J. Blaustein

District Scholars Program and the Garden State Scholarship Fund, the Lottery also raises revenue for State, County and Independent Colleges and Universities. In FY '96 the Lottery contributed more than \$130 million to aid these programs.

The Educational Opportunity Fund (EOF) provides thousands of undergraduate and graduate students in New Jersey a chance to attend college. The program provides access to higher education for economically and educationally disadvantaged New Jersey residents who demonstrate the potential to succeed. The EOF program received \$30.7 million in FY '96.

## Institutions

For thousands of people in New Jersey with physical, mental, and social disabilities, institutional care is necessary for survival and rehabilitation. The New Jersey Lottery supports many of the State's needy citizens with contributions to institutions across the State.

In Fiscal Year 1996, Centers for People with Developmental Disabilities like the Vineland Developmental Center received more than \$82.3 million in Lottery funds. The Vineland Developmental Center treats women with disabilities who are unable to live on their own. Each resident has access to services that promote development and enhance the quality of their lives. Education, vocational training, arts and crafts, and community living experiences are just a few of the many programs and services the Vineland Developmental Center provides for its residents.

The Wharton Tract Juvenile Boot Camp is just one of the programs in the Department of Corrections that is

dedicated to the rehabilitation of juvenile offenders. The Boot Camp is a paramilitary program of discipline and treatment for juvenile offenders. Under the guidance of staff members that serve as role models, cadets participate in programs that include a daily regimen of rigorous physical activity, military bearing, courtesy, drills, physical exercise and community living skills. With help from the New Jersey Lottery many young offenders are getting the opportunity to start over and be productive members of society. Youth and Juvenile Institutions received \$13.9 million in FY '96 for rehabilitation programs.

The New Jersey Veterans Memorial Home at Menlo Park is one of three veterans homes in New Jersey funded by the Lottery. Honorably discharged veterans who are disabled and unable to procure the means necessary for their care and support are eligible for admission to the home. Over 800 veterans are living with dignity and pride thanks to the caring staff at these facilities. In FY '96, more than \$41 million went to aid programs benefiting veterans.





# New Jersey Programs Supported by New Jersey Lottery Resources for Fiscal Year 1996.

## Department of Education

Non-Public School Aid .....	\$62,906,000
School Nutrition .....	6,565,000
Good Starts .....	5,645,000
Statewide Assessment Program (Grades 4, 8, 11) .....	3,981,000
Marie Katzenbach School for the Deaf .....	2,935,000
Governor's School .....	974,000
Math/Science Initiative .....	530,000
New Jersey School for the Arts .....	185,000

## Department of Military and Veteran Affairs

Operation of Homes for Disabled Soldiers .....	41,086,000
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## Department of Treasury

Aid to County Colleges for Operational Costs .....	100,623,000
Aid to Independent Colleges and Universities .....	20,190,000
Edward J. Blaustein Dist. Scholars Program .....	4,020,000
Garden State Scholarship .....	2,294,000
Higher Education Facilities Trust Fund .....	1,346,000
Veterinary Medicine Education .....	1,264,000
Schools of Professional Nursing .....	316,000
Women's Chair Studies at Douglass College .....	75,000
Small Business Entrepreneurship at Rutgers .....	65,000

## Department of State

Opportunity Program Grants .....	19,717,000
Supplementary Education Program Grants .....	11,000,000
Higher Education for Special Needs Students .....	713,000

## Department of Human Services

Operation of State Psychiatric Hospitals .....	90,516,000
Operation of Centers for Developmentally Disabled .....	82,331,000

## Department of Corrections

Institutional Control, Supervision & Rehabilitation:	
Adult Institutions .....	97,504,000
Youth and Juvenile Institutions .....	32,561,000
Institutional Care, Treatment & Rehabilitation:	
Adult Institutions .....	41,086,000
Youth and Juvenile Institutions .....	13,986,000
Maintenance of Physical Plant .....	17,706,000

Total \$662,120,000



## New Jersey's Economy is the Real Winner.

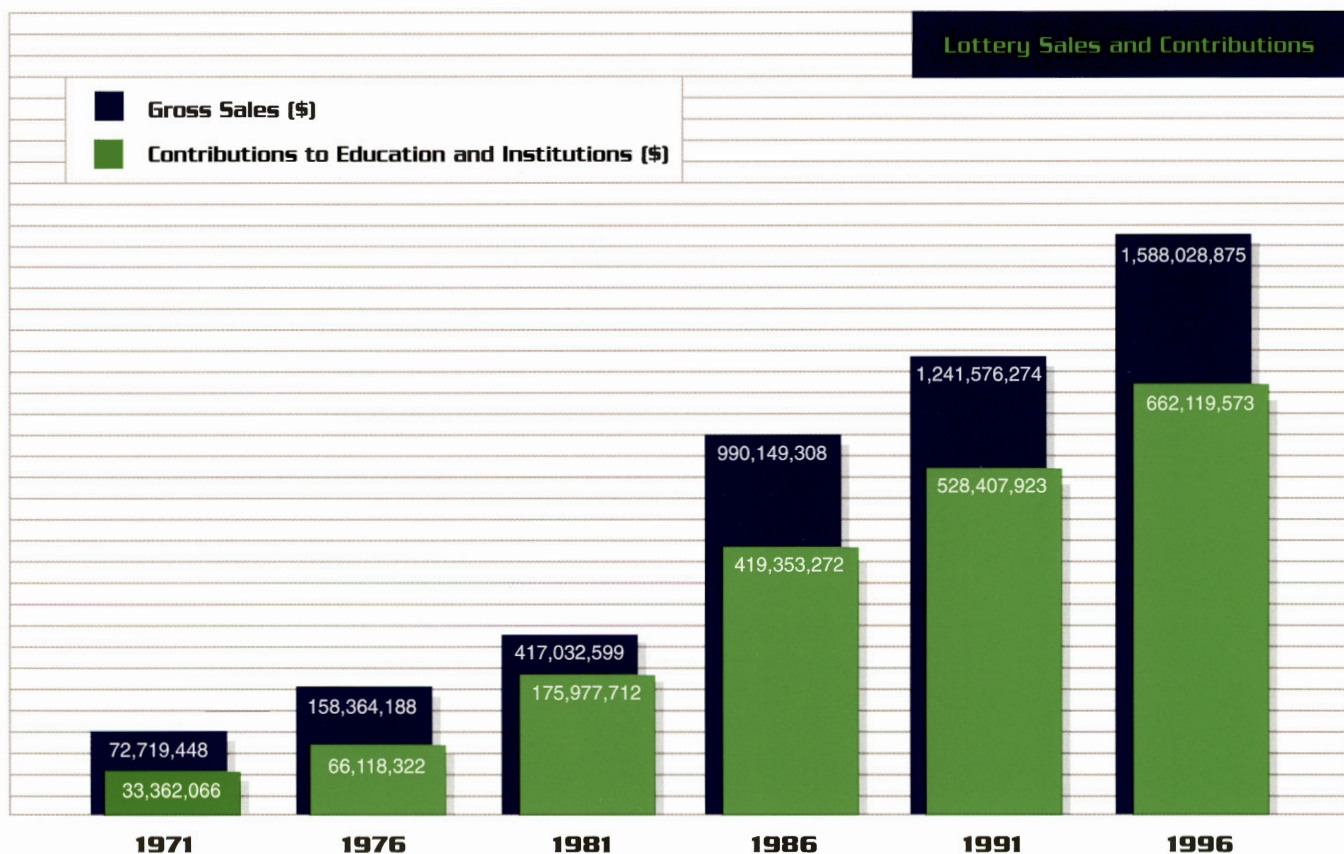
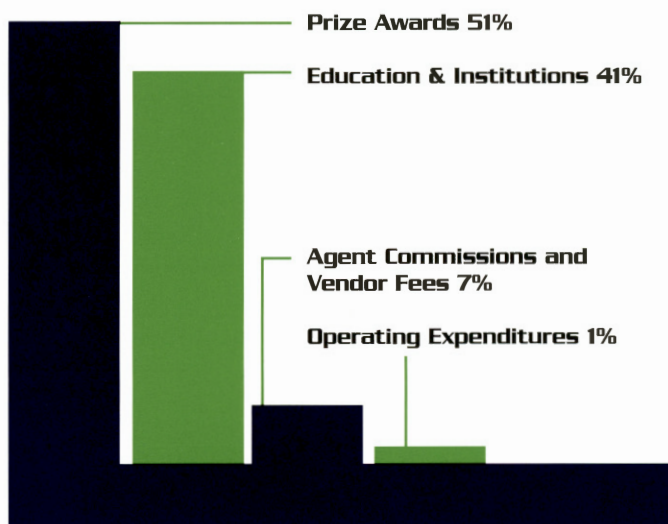
In Fiscal Year 1996, the New Jersey Lottery raised nearly \$1.6 billion in total revenue, a \$32.5 million increase over last fiscal year. Of that amount, only one percent or \$21 million was spent to operate and promote the Lottery, while 41 percent was returned to the State to support Education and Institutions. Lottery agents and vendors that provide specific goods and services to the Lottery received seven percent of the total revenue, while 51 percent of every Lottery dollar went back to players in prizes. Since the Lottery was established 26 years ago, more than \$19.7 billion in revenue has been generated and of that amount \$8.2 billion was contributed to State Education and Institutions.

*"Only one penny of every Lottery dollar is spent to operate and promote the Lottery, making the New Jersey Lottery the most cost efficient Lottery in the nation."*

### New Jersey Lottery

#### Allocation of Revenues

FISCAL YEAR 1996





For almost three decades, the New Jersey Lottery has worked closely with small businesses, convenience stores and supermarket chains that sell Lottery tickets. The Lottery has formed solid partnerships with these businesses by helping agents attract and maintain a loyal customer base, which in turn gives them the opportunity to increase profits on their other products. Since the Lottery's first Fiscal Year in 1971, Lottery agents have earned over \$1 billion in commissions and in FY' 96 alone agents received over \$86.2 million.

The New Jersey Lottery has been turning Lottery players into Lottery winners for more than 26 years. On March 17, 1971 the New Jersey Lottery named its first millionaire and since then more than \$9.7 billion has gone to players in prizes. This fiscal year more than 46 million winners took home in excess of \$825 million in prizes.

One of the reasons for the Lottery's financial success in FY '96 is the growing popularity of the Lottery's instant ticket product line, which experienced a 26 percent increase over last fiscal year.

The Lottery's most popular instant game, Win For Life, which offers players a chance to win \$1,000 a week for life, set sales records within the first three weeks the game was put on the market. The Win For Life game was first introduced in January, 1996; during the last six months of FY '96 Win For Life instant ticket sales exceeded \$60 million. In fact, Win For Life is the New Jersey Lottery's longest running, most successful instant game to date!



## The New Jersey Lottery Commission



**Dr. Stephen T. Boswell**

of Wycoff was elected as Chairman of the New Jersey Lottery Commission in 1996. Boswell was appointed to the Lottery Commission in 1994 by Governor Christine Todd Whitman and was elected to the post of Vice-Chairman in 1995. He is the President and CEO of Boswell Engineering in South Hackensack.



**Gregory J. Romano**

of Basking Ridge was elected as Vice-Chairman of the New Jersey Lottery Commission in 1996. Romano was appointed to the Lottery Commission in 1995 by Governor Christine Todd Whitman. Romano is a partner in the law firm of Norris, McLaughlin & Marcus in Somerville, where he specializes in corporate law and litigation.



**Robert Slater**

of Short Hills was appointed to the Lottery Commission in 1995 by Governor Christine Todd Whitman. He is the founder and former CEO of Channel Home Centers and Chairman of the Board of LRF Slater Companies, Inc., a real estate development company, in Livingston. He also served as a Commissioner for New Jersey Network.



**Dr. Anthony Caputo**

of South Orange was appointed to the Lottery Commission in 1996 by Governor Christine Todd Whitman. He is a Pediatric Ophthalmologist at the United Hospitals Medical Center, where he serves as the Chief of Ophthalmology at the Newark Eye and Ear Infirmary and the Director of the Children's Eye Care Center of New Jersey.



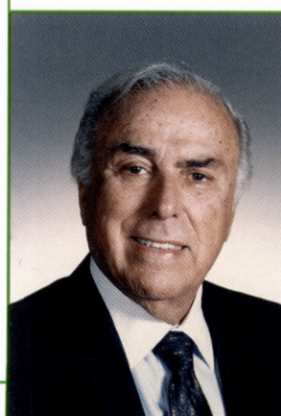
**Brian Clymer, Treasurer**

The New Jersey Lottery is a division of the Department of Treasury. Brian W. Clymer serves as State Treasurer and is a member of the Lottery Commission. Among his major duties are managing the State's budget and overseeing the Taxation Division.



**James Cicalese**

of Point Pleasant Beach, a 14-year veteran of the Lottery Commission, was appointed in 1982. He served five terms as Chairman of the Lottery Commission and three terms as Vice-Chairman. Cicalese is the former Director of the Ocean County Department of Insurance & Risk Management.



**David Goldfarb**

of Verona was appointed to the Lottery Commission in 1991. He has served two terms as Vice Chairman. In 1996 Goldfarb retired after 22 years as the Executive Director and Public Affairs Representative for the Tobacco and Candy Distributors of New Jersey and currently represents the Taxi and Limousine Industry.

**New Jersey Lottery Commissioners are appointed by the Governor for five year terms and do not receive a salary.**



## To the New Jersey State Lottery Commission:

We have audited the accompanying balance sheet of the New Jersey State Lottery Commission (the "Commission") as of June 30, 1996, and the related statement of revenues, expenditures and contributions and changes in fund balance for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission as of June 30, 1996 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

The combined statements of revenues, expenditures and contributions and changes in fund balance for the cumulative 282 months ended June 30, 1994, 12 months ended June 30, 1995, and the Cumulative 306 months ended June 30, 1996, were not audited by us and, accordingly, we do not express an opinion on them.

*KPMG Peat Marwick LLP*  
Short Hills, New Jersey  
September 10, 1996

## Balance Sheet June 30, 1996 (with comparative totals for 1995)

	Special Revenue Fund	Agency Fund	Administrative Fund	Total (Memorandum Only)	
				1996	1995
<b>Assets</b>					
Cash	\$ 1,771,378	—	\$ 250	\$ 1,771,628	\$ 2,097,406
Accounts receivable, net of allowance for doubtful accounts of \$150,000	14,063,125	—	—	14,063,125	10,115,189
Interfund receivable-administration	—	—	7,075,517	7,075,517	5,391,939
Investments:					
Deposit Fund contracts (note 2)	—	1,185,501,995	—	1,185,501,995	1,105,120,210
State of New Jersey Cash Management Fund	140,008,728	—	—	140,008,728	106,197,493
Deferred expenses and other assets	5,851,654	—	—	5,851,654	5,940,507
<b>Total assets</b>	<b>\$ 161,694,885</b>	<b>\$ 1,185,501,995</b>	<b>\$ 7,075,767</b>	<b>\$ 1,354,272,647</b>	<b>\$ 1,234,862,744</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 12,771,403	—	\$ 4,882,354	\$ 17,653,757	\$ 21,769,392
Obligation for unpaid prize awards	56,168,898	—	—	56,168,898	35,179,665
Due to State of New Jersey-education and institutions	76,119,573	—	—	76,119,573	57,812,212
Interfund payable-administration	7,075,517	—	—	7,075,517	5,391,939
Installment prize obligations	—	1,185,501,995	—	1,185,501,995	1,105,120,210
<b>Total liabilities</b>	<b>152,135,391</b>	<b>1,185,501,995</b>	<b>4,882,354</b>	<b>1,342,519,740</b>	<b>1,225,273,418</b>
<b>Fund Balances:</b>					
Reserve for encumbrances	—	—	2,193,413	2,193,413	617,630
Reserve for prize awards	9,309,494	—	—	9,309,494	8,721,696
Reserve for bond issuance	250,000	—	—	250,000	250,000
<b>Total fund balances</b>	<b>9,559,494</b>	<b>—</b>	<b>2,193,413</b>	<b>11,752,907</b>	<b>9,589,326</b>
<b>Total liabilities and fund balances</b>	<b>\$ 161,694,885</b>	<b>\$ 1,185,501,995</b>	<b>\$ 7,075,767</b>	<b>\$ 1,354,272,647</b>	<b>\$ 1,234,862,744</b>

See accompanying notes to the financial statements.



# New Jersey State Lottery

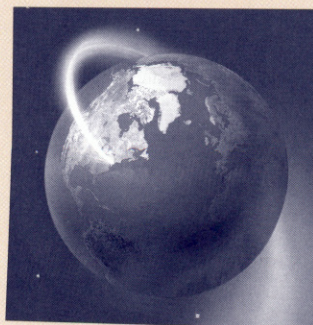
## Comparative Statements

Combined Statements of Revenues, Expenditures, and Contributions and Changes in Fund Balances

	Cumulative 282 Months *Ended June 30, 1994	12 Months *Ended June 30, 1995	12 Months Ended June 30, 1996	Cumulative 306 Months *Ended June 30, 1996	%
<b>Revenues:</b>					
Gross Sales	\$16,275,388,263	\$1,576,045,488	\$1,588,028,875	\$19,439,462,626	98.59
Forfeited Prizes	179,422,627	10,994,164	29,746,510	220,163,301	1.12
Interest Income	45,999,535	3,403,310	4,887,235	54,290,080	0.28
Miscellaneous	3,568,686	499,490	724,266	4,792,442	0.02
<b>Total Revenues</b>	<b>16,504,379,111</b>	<b>1,590,942,452</b>	<b>1,623,386,886</b>	<b>19,718,708,449</b>	<b>100.00</b>
<b>Expenditures:</b>					
Allocation for Prize Awards	8,113,163,889	809,541,436	825,414,404	9,748,119,729	49.44
Commission to Agents & Banks	888,620,387	85,505,607	86,260,993	1,060,386,987	5.38
Operating Expenditures	277,737,409	20,797,568	20,899,714	319,434,691	1.62
Games Contractor Fees	278,968,645	25,431,331	25,639,922	330,039,898	1.67
Courier Collection Fee	10,006,576	790,225	888,699	11,685,500	0.06
Start Up Costs	686,137	—	—	686,137	—
Provision for Doubtful Accounts	299,896	—	—	299,896	—
<b>Total Expenditures</b>	<b>9,569,482,939</b>	<b>942,066,167</b>	<b>959,103,732</b>	<b>11,470,652,838</b>	<b>58.08</b>
Contribution for Aid to Education and State Institutions	6,926,370,919	647,812,212	662,119,573	8,236,302,704	41.77
<b>Total Expenditures and Contribution</b>	<b>16,495,853,858</b>	<b>1,589,878,379</b>	<b>1,621,223,305</b>	<b>19,706,955,542</b>	<b>99.85</b>
Revenues over expenditures and Contributions	8,525,253	1,064,073	2,163,581	11,752,907	0.15
Fund Balances, Beginning of Period	—	8,525,253	9,589,326	—	—
<b>Fund Balances, End of Period</b>	<b>\$ 8,525,253</b>	<b>\$ 9,589,326</b>	<b>\$ 11,752,907</b>	<b>\$ 11,752,907</b>	<b>0.15</b>

See accompanying notes to the financial statements.

\*Figures not covered by report of independent public accountants.





# Notes to Financial Statements June 30, 1996

## (1) Organization and accounting practices:

### Reporting entity

The New Jersey State Lottery Commission (the "Commission") was established in 1970 pursuant to the "State Lottery Law," N.J.S.A. 5:9-1, et seq. The Commission, which is a component unit of the State of New Jersey, operates within the Department of Treasury of the State of New Jersey. The Commission's financial statements include the operations for which the Commission is financially accountable and exercises oversight responsibility. The Commission is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including the price or prices of tickets, the number and size of prizes on winning tickets, the licensing of agents and the apportionment of ticket revenues.

### Basis of accounting

The Commission prepares its financial statements using the modified accrual basis of accounting for governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Expenditures are recorded when the liability is incurred, if measurable. The following is a summary of the significant accounting practices of the Commission.

The various funds of the Commission are included within the financial reporting entity of the State of New Jersey. Within the general purpose financial statements of the State of New Jersey, the Commission is accounted for within three funds. The following funds are included in the Commission's financial statements.

### Special Revenue Fund

This fund is established to account for revenues and expenditures of lottery games and is included in the State's Special Revenue Fund.

### Agency Fund

This fund accounts for installment prize obligations and the related investments held to satisfy those obligations. This fund is included as part of the State's Agency Fund.

### Administrative Fund

This fund accounts for the operating expenditures for the administration of the Commission and is included in the State's General Fund. For financial reporting purposes, the revenues, expenditures and changes in fund balance of the Special Revenue Fund and the Administrative Fund have been combined. For the year ended June 30, 1996, the contribution for administrative expenses and encumbrance obligation aggregated \$22,555,781 of which \$7,075,517 was payable to the State Treasury at June 30, 1996.

### Contributions and prize awards

The State Lottery Law requires at least 30% of gross revenues from ticket sales to be paid to the State Treasury for aid to education and State institutions. Pursuant to this law, the Commission has also designated all unallocated revenues for aid to education and State institutions. Contributions for the year ended June 30, 1996 aggregated \$662,119,573 of which \$76,119,573 was due to the State Treasury at June 30, 1996. The Commission has designated that a minimum of 45% of gross revenues be reserved for prize awards, including agent bonuses. A prize award obligation is established when the winning ticket number is selected for the respective lottery game based on eligible winning tickets sold. The obligation is funded from the respective prize reserve accounts.

### Forfeited prizes

New Jersey Law requires that prizes not claimed within one year from the date of the drawing are forfeited. Effective November 21, 1991, the Commission authorized that 70% of forfeited prizes are to be maintained in a reserve for prize awards. Such funds are available to augment future prize awards or, at the discretion of the Executive Director, to aug-

ment the Lottery's contribution to aid education and State institutions. For the year ended June 30, 1996 unclaimed prizes aggregating \$29,128,712 were forfeited of which \$8,746,510 is included in other income for the year ended June 30, 1996. During June 1996, the Executive Director authorized additional contributions to aid education and State institutions totaling \$21,000,000 which is also included in other income for the year ended June 30, 1996. At June 30, 1996, accounts payable and accrued liabilities include \$1,428,207 related to forfeited prizes.

### Revenue recognition

Revenues from the sale of lottery tickets are recognized as follows:

"Pick-3", "Pick 4", "Pick-6" Lotto and "Jersey Cash 5" on the drawing date.

Instant games, daily based upon the settlement of instant game inventory packs by selling agents.

Sales adjustments are recorded based upon final reconciliations prepared after the termination of a lottery instant game. Lottery tickets claimed and disbursed by agents as free ticket prizes are not reflected as lottery ticket sales or prize awards.

### Cash Management Fund

Investments in the State of New Jersey Cash Management Fund are valued at cost which approximates market. The State of New Jersey Cash Management Fund is a common trust fund administered by the State Department of the Treasury, Division of Investment. Securities in the fund are insured, registered or held by the Division of Investment or its agent in the Commission's name.

### Accounts receivable

Accounts receivable is comprised primarily of amounts due from agents.

### Equipment and inventory

Equipment and inventory of the Commission are recorded within the general purpose financial statements of the State of New Jersey in the General Fixed Asset Account Group. The Commission follows the policy of not capitalizing equipment and inventory purchases. Items of this nature are recognized as expenditures by the Commission in the statement of revenues, expenditures and contributions and change in fund balances during the period in which they are acquired.

### Installment prize obligations and amount allocated to prize amounts

Installment prize obligations are recorded based upon the present value of an annuity at terms to yield a series of future payments needed to meet the obligations of the Commission for prize disbursements. The Commission purchases annuity contracts from insurance companies to fund its liability for installment prize obligations. Amounts allocated to prize awards reflect the anticipated cost of annuity contracts necessary to satisfy stated prize awards plus any single payment awards. At June 30, 1996, the projected future costs of installment prize obligations, with a carrying value of \$1,185,501,995, amount to \$2,031,729,949 which are due in installments ranging from ten years to the lifetime of the recipient.

### Vacation and sick leave

Accumulated unpaid vacation, sick pay, and other employee benefits are not accrued. In the event of retirement, an employee is reimbursed for accumulated sick leave equal to one-half of the unused days, not exceeding \$15,000. Upon termination, an employee is reimbursed for accumulated vacation pay. Accumulated vacation and accumulated sick leave are estimated to be immaterial by the management of the Commission.

### Total memorandum only columns

Total memorandum only columns are presented for additional analysis and are not intended to present consolidated financial information of the Commission.

## (2) Annuity contracts:

The Commission purchases annuity contracts from insurance companies to fund its liability for future installment prize obligations. An annuity contract represents an obligation by an insurance company to provide a fixed series of payments over a specified period. Annuity contracts are carried at their current contract values which are based upon their original purchase price adjusted for credited interest and amounts already received. Annuity contracts are subject to credit risk. The Commission seeks to control its exposure to such credit risk by purchasing annuity contracts only from insurance companies which meet certain minimum standards. Such standards include a minimum required rating from A.M. Best & Co., a private rating agency, of at least "A+". However, due to the long-term nature of these contracts, the credit quality of the issuer is subject to change. At June 30, 1996, the Commission held annuity contracts totaling \$1,185,501,995 issued through twelve insurance companies. A significant portion of the Commission's investment in annuity contracts at such date is concentrated among five companies as follows:

Alexander Hamilton Life Insurance Co.  
New York Life Insurance Co.  
Mutual of America  
Ohio National Life  
Great West Life Assurance Co.

Mutual Benefit Life, with whom the Commission has \$15,711,093 outstanding in annuity contracts at June 30, 1996, has been placed in temporary rehabilitation by its respective regulatory authorities. The management of Mutual Benefit Life has stated that they will continue to make all annuity payments in full. Management of the Commission does not believe that the status of Mutual Benefit Life will have a significant impact on the fair value of its annuity contracts or the accompanying statement of revenues, expenditures and contributions and change in fund balance.

The estimated fair value of annuity contracts approximates the carrying value reflected in the accompanying balance sheet at June 30, 1996. Fair value has been estimated by discounting future cash flows using the current rates of annuity contracts with similar credit ratings and maturities.

## (3) Litigation:

The Commission is a party to a number of lawsuits arising out of the conduct of its business. While the ultimate results of the lawsuits or other proceedings against the Commission cannot be predicted with certainty, management of the Commission does not expect that these matters will have a material adverse effect on the financial position or result of operations of the Commission.

## (4) Commitments:

### A. Contractual arrangements

The Commission maintains a gaming network of over 5,000 on-line locations where all games are sold. GTECH Corporation (GTECH) is responsible for operating the on-line games under a contract expiring November 24, 1996. At June 30, 1996, a contract between the Commission and GTECH expiring November 24, 2001 was in the process of being formalized.

### B. Operating leases

The Commission leases certain office facilities under non-cancellable lease agreements expiring through 2005.

Future minimum lease payments are as follows:

1997	698,356
1998	698,356
1999	698,356
2000	698,356
2001	694,268
Thereafter	2,380,767

Rent expense for office facilities in 1996 was \$852,127.



CHRISTINE TODD WHITMAN, GOVERNOR  
VIRGINIA E. HAINES, EXECUTIVE DIRECTOR

SUPPORTING EDUCATION AND INSTITUTIONS SINCE 1970

NEW JERSEY  
LOTTERY

