



NEW JERSEY LOTTERY ANNUAL REPORT 1987

*We all have
Something to
Celebrate*

Let The Celebration Begin

The confidence demonstrated by Governor Kean in his nomination of me as Executive Director and by my unanimous confirmation by the State Senate made my arrival at the Lottery a very special event in my life. Joining the Lottery "family" during the excitement of the first Billion Dollars sales year made it even more memorable.

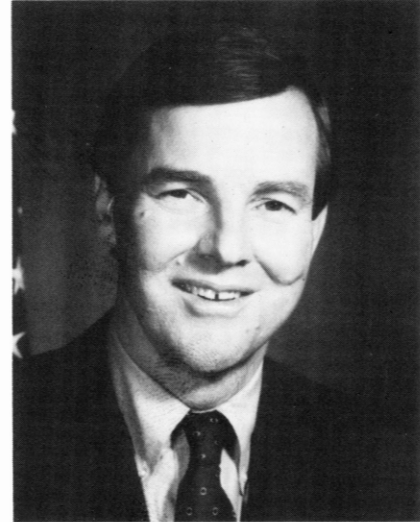
It is important to stress that our pride goes beyond the achievement of a remarkable sales and marketing milestone in this highly competitive environment. We are most proud that a billion dollars translates into so many benefits for the people of New Jersey.

In Fiscal 1987, the Lottery contributed a record \$472.2 million to the state for aid to education and institutions. Without the Lottery, those funds would have had to come from taxes or programs would have to be curtailed or cut... programs like care for the handicapped, the mentally retarded and the disabled veterans, and financial aid for local school districts and state and county colleges.

The Lottery compiled this impressive record without sacrificing its reputation for fairness, integrity and tight business-like operations. No organization, public or private, could accomplish all this



Barbara A. Marrow
Executive Director



Thomas H. Kean
Governor

without the dedication and enthusiasm of everyone involved – from top management to our staff to our more than 4,200 sales agents in every part of New Jersey.

I thank each and every one of them and I want to express special gratitude to the members of the State Lottery Commission, to Governor Kean, to State Treasurer Feather O'Connor and to all members of the Legislature.

As I help to lead the Lottery into my first full year as Executive Director, I look forward to Fiscal 1988 as a year of even bigger and better successes to benefit the people of our State.

Barbara A. Marrow
Executive Director

New Jersey State Library

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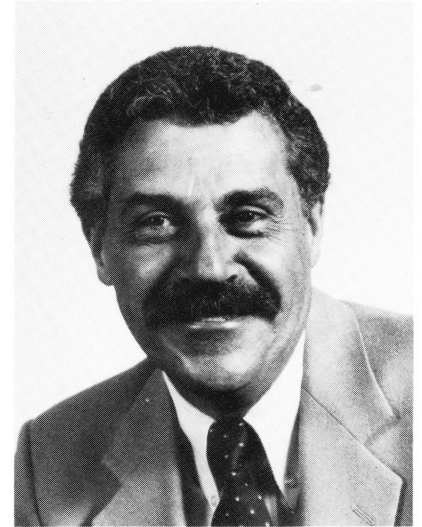
A Billion Thanks

It was my privilege to serve as Chairman of the New Jersey Lottery Commission during a landmark year – the Lottery's first billion dollar sales year.

That achievement would not have been possible without the talents and teamwork of the entire "family" of the New Jersey Lottery. Credit can be shared with pride by everyone from Governor Kean and top management of the Lottery to our employees and field "army" of 4,200 sales agents.

I would like to take this opportunity, however, to especially thank a group who are not always as visible publicly as the others... my colleagues on the Lottery Commission. Serving without compensation, the Commissioners are dedicated, able persons who take time from their own busy lives to help set the policy and guide the Lottery during these eventful times of growth.

As my term as Chairman and Fiscal 1987 ended almost simultaneously, the Chairmanship passed to Peter J. O'Hagan, Jr. who provided me with strong support as Vice Chairman for



James Cicalese
Chairman

two years. I will try to reciprocate in my new role as Vice Chairman.

The Commission recognizes the Lottery's responsibility to provide funds for education and institutions and to keep our products fresh and appealing for our players.

We also will do everything within our capabilities to continue the New Jersey Lottery's nationally recognized record of integrity, fiscal soundness, professionalism and excellence.

James Cicalese

James Cicalese

The Billion Dollar Year

1987

The New Jersey Lottery's first billion dollar sales year in Fiscal 1987 triggered a memorable series of new records.

The most significant record for the people of New Jersey was the \$472.2 million contributed to the state for education and institutions. This translates to approximately \$1.3 million a day. As Fiscal 1987 neared its end, the Lottery passed the \$3 billion mark in total contributions to the state for the first time in its 16½ year history.

Prizes to the Lottery's consumers soared well over a half-billion dollars for the first time in history, highlighted by

the four highest individual prizes ever and the crowning of the Lottery's 300th millionaire. To give some perspective on how far the Lottery has come, we need only to remember that in its first full year, Fiscal 1972, the Lottery had sales of \$137.5 million, returned \$61.9 million in prizes and contributed \$69 million to the state.

Importantly, all the records of Fiscal 1987, as in previous years, were accomplished without sacrificing the New Jersey Lottery's nationally acclaimed reputation for integrity, fiscal soundness, business-like operations and commitment to excellence.



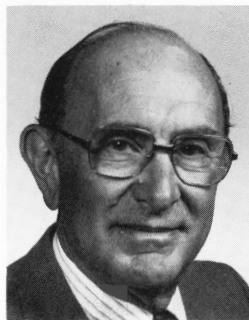
*Peter J. O'Hagan, Jr.
Vice-Chairman*



*Feather O'Connor
State Treasurer*



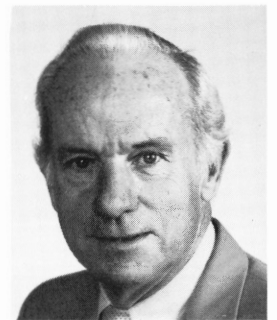
*Donald B. Valk
Commissioner*



*Philip Gelber
Commissioner*



*Jerome Seiden
Commissioner*



*Eugene E. McNany
Commissioner*

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Another Milestone Reached

With a little more than a month to go in Fiscal 1987, the Lottery zoomed past the long-awaited milestone of a billion dollars in sales... and then kept going. By year's end, the new record stood at \$1,116,940,611, a handsome increase of \$126.8

\$435.2 million for the year, a big increase of 35.3 percent, or \$113.6 million over the previous year.

Pick-3, which had been the perennial sales leader since its introduction in 1975 as the nation's first legal numbers game, continued to make an impressive contribution, with gross revenues of \$407.1 million for the year.

The Lottery's other online daily game, Pick-4, hit \$204.2 million in sales, an increase of better than \$10 million over the previous year.

The overwhelming dominance of the Lottery's on-line numbers games was demonstrated with even greater force in Fiscal 1987. The cumulative total of sales for the three games alone topped the billion dollar mark. The total of \$1,046,563,407 was up more than \$124.7 million over

Fiscal 1986. The dramatic performance of the online numbers games was demonstrated by the fact that they accounted for approximately 94 percent of all Lottery sales for the year.

The Lottery's continuing series of innovative instant rub-off games contributed \$70.4 million to the first billion dollar-plus sales year. This represented an increase of nearly \$2 million over the previous year.



The first week's winner of the North Jersey Herald News Birthday Game Promotion, Margaret Lovell, is presented with 1,000 New Jersey Lottery Baseball '86 instant game tickets by circulation manager Bruce Hannem (r). Also pictured is New Jersey Lottery District One Manager Jack Hanily.

John Kocher (l) owner of Livingston Liquors, New Brunswick, shows his July Retailer of the Month award to Sheri Lockley, one of three full-time Green Machine operators.



Vincent Cuprewich of Linden (l) was the third place winner in the New Jersey Lottery Pick-3 "Roll It Rich" Bowling Tournament. He received \$2,000 in cash and \$1,000 in New Jersey Lottery Pick-3 tickets. An additional \$44,647 was shared by 248 other New Jersey bowlers for a total of \$47,647 in prizes. Also pictured is (center) H. Robert Musser, Executive Director of the Bowling Proprietors' Association of NJ, the sanctioning authority of the event, and Peter J. O'Hagan, Jr., Vice Chairman, New Jersey Lottery Commission.

million, or nearly 13 percent, over Fiscal 1986.

Leading the way and moving into first place in sales was the dynamically popular Pick-6 Lotto twice-weekly game. Sales of Pick-6 skyrocketed to



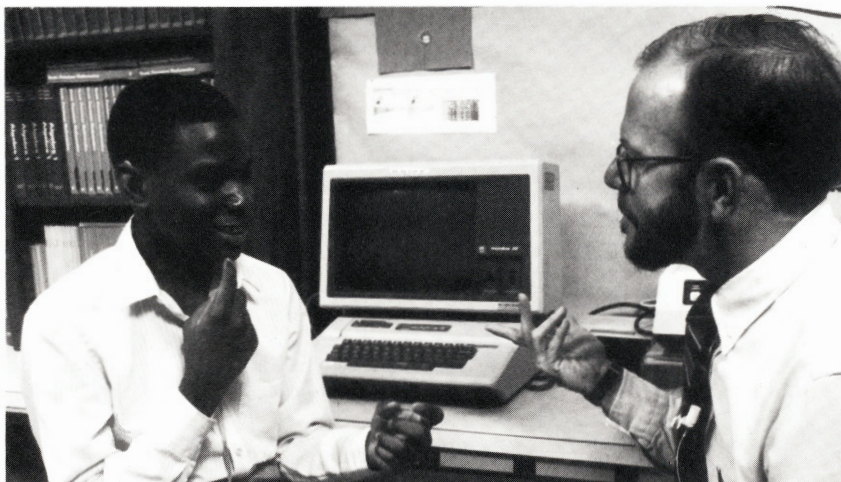
Cause For Celebration

The Lottery in Fiscal 1987 maintained its lofty position as the fourth largest source of revenue for the State of New Jersey – and the largest source not based on taxation.

The Lottery's contribution of \$472.2 million to the state for aid to education and institutions was up approximately \$53 million over the previous year's record of \$419.3 million. This meant that the Lottery gave nearly \$1.3 million a day to the state, including Sundays and holidays.

Just before the end of Fiscal 1987, the Lottery celebrated another milestone. It passed the \$3 billion mark in contributions to the state over its 16½ year history. That's over \$3 billion toward improving the quality of life in New Jersey.

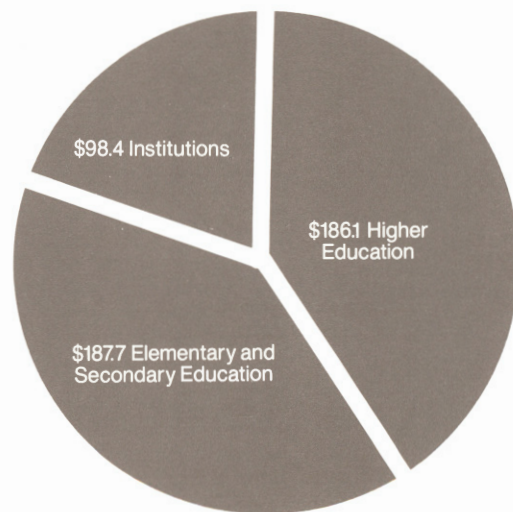
Those Lottery dollars translate into institutional care for such groups as the handicapped, the mentally retarded, disabled veterans and into financial aid toward educational excellence for local school districts, state and county colleges, Rutgers/The



State University and the University of Medicine and Dentistry of New Jersey. Without the Lottery, those funds either would have come from taxes or services would have to be curtailed.

The breakdown of how the Lottery's contributions were allocated by the state in Fiscal 1987 is 20.8 percent to institutions, 39.7 percent to elementary and secondary education and 39.5 percent for higher education.

The stellar performance of the Lottery in its primary mission of supporting education and institutions was demonstrated again in Fiscal 1987. It far surpassed the state law requiring that 30 cents of every Lottery dollar must be contributed to the state. A total of 42.3 cents of each Lottery dollar went to the state, or 41 percent more than the law mandates.



New Jersey State Library



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The Biggest Year Ever



Multi-millionaire Lottery winners, Stanley R. Jurewick and his wife Gertrude of Bayonne proudly hold up their initial check for \$594,672 during a news conference in Trenton. The Jurewicks won \$14,907,840, (payable over 20 years).

The unprecedented excitement in Lottery prizes during Fiscal 1987 began early in the year and never stopped. This was a year in which prize awards exceeded the half billion dollars mark for the first time, with a total of \$557 million, a substantial increase of \$60.7 million over the previous year.

The opening salvo turned out to be the biggest prize in the history of the New Jersey Lottery. In the Pick-6 Lotto drawing of July 24, 1986, Stanley and Gertrude Jurewick of Bayonne surpassed the previous top prize record when they won \$14.9 million, payable over 20 years. Their prize was triple the previous high of \$4.9 million that had stood for three years.



Sara & Teodoro Perez of Paterson won the Pick-6 Lotto prize of \$6.3 million (payable over 20 years) from the May 28, 1987 drawing. Lottery Executive Director Barbara A. Marrow (l) presents Mr. and Mrs. Perez with their first check at a press conference.

That drawing shattered every Lottery record for prize amounts and sales. The Jurewicks owned the only ticket matching 6 out of 6 numbers out of the record 15.5 million tickets sold for that



Shuenn L. Yang of Silverton (center) holds an oversized million dollar check with the Honorable James Usury, Mayor of Atlantic City (l), and Chairman of the Lottery Commission James Cicalese for winning the Million Dollar Bonus Game on April 15, 1987. Yang will receive \$1,000,000 (payable over 20 years).

drawing. However, more than 25,000 other players shared a total of \$4.6 million in cash prizes for picking five or four numbers.

The biggest winner was the State of New Jersey, which received a total of \$16.6 million for education and institutions from the series of six drawings which led to the giant jackpot.

The year began with the biggest prize and closed with the second highest individual award. With only one month to go in the year, Sara Perez of Paterson won \$6,367,314 in the Pick-6 Lotto drawing of May 28, 1987, prize payable in 20 annual installments.

Fiscal 1987 also produced the third and fourth biggest individual jackpots. They were the \$6,267,511 won on October 2, 1986, by George and Rose Marie Moore of Philadelphia and the \$6,107,582 won on December 29, 1986, by the Edison family



of Michael and Evelyn Smoliga and their son, Michael.

Other prize highlights during the year included:

- The Lottery created its 300th Millionaire on January 29, 1987, when John C. Moore of Linwood won the top prize in a Pick-6 Lotto Million Dollar Bonus Game Drawing held in Clark.
- A jackpot of \$9.7 million in the Pick-6 Lotto drawing of January 15, 1987, was divided among three top prize ticket holders, including one happy group of ten co-workers at a southern New Jersey oil company.
- There was an even bigger crowd only a few weeks before the year ended when the top prize of

\$1.4 million in the Pick-6 Lotto drawing of June 11, 1987, was shared by 19 co-workers in a Trenton steel plant, the biggest group ever to share a prize in the Lottery's history.

About 50 cents of every dollar the Lottery received in Fiscal 1987 was returned to players in prizes. The big contributors to the record breaking prize year were the online games. Pick-6 Lotto rewarded its players with \$217.5 million in prizes, Pick-3 with \$203.1 million, and Pick-4 with \$102.0 million. Fans of the Lottery's instant games won a total of \$34.4 million in cash prizes.

Pick-6 Lotto winners of June 11, 1987 – One winning ticket shared by 19 workers from United Steel Products, Inc. of Trenton, NJ. Total prize being shared by winners is \$1,387,354 over 20 years. Seated (l to r): Charles Woods, Robert E. Morgan Jr., Paul Melvin, Elton Mathis, Kelly Luther, Benito Gonzales, Bobby Byrd. Standing (l to r): Robert P. Brelsford Sr., Eduardo Abrams, Donna Steckley, Eugene Slebodnick, Michael Messarge, Lottery Executive Director Barbara A. Marrow, Glenn Slebodnick, Laura J. Bennett, Helen Knobel, Richard Feller, Mrs. Barbara Gray, and Willie Byrd. Not in attendance is John Gray, President of United Steel and Joseph J. Katona.

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Instant Success

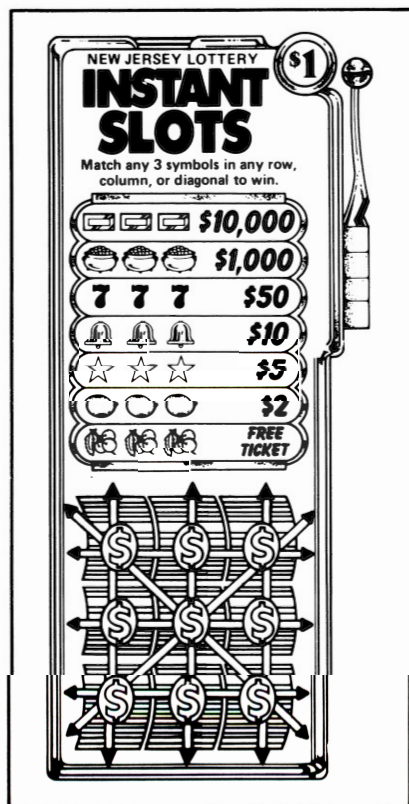
To remain competitive in a dynamic marketplace and to meet the demands of its consumers, the Lottery has an obligation to keep its products fresh and attractive. This requires carefully planned change and innovation, and that was well accomplished in Fiscal 1987.

To introduce Pick-3, the Lottery developed a special program that provided both money and fun to its players. For an introductory three month period ending May 9, the Lottery awarded special \$3 bonus prizes. Bonus prize winners were announced with considerable excitement at the agent locations, as the Green Machines that issued winning tickets played a few bars from the Lottery's theme song, "Im Looking Over A Four-Leaf Clover." The special program generated 41,242 bonus prizes totaling \$123,726. The bonus prizes proved so popular that the Lottery ran the bonus program for another three month period that began on June 8, 1987 before the year's end.



That old favorite, the daily three-digit numbers game, reached its 12th birthday during the year and was given a new look. On March 9, 1987, the name was changed from Pick-It to Pick-3. The change provided an easier identification for the game and differentiated it more clearly from the other two numbers games, Pick-4 and Pick-6 Lotto.

The overwhelming popularity of the online numbers games has had some negative effect on sales of the Lottery's instant games. However, instant sales still netted a \$2 million increase with the introduction of five different games during Fiscal 1987 – a prelude to the even more intensive effort that



is being planned to boost instant sales.

The 7-11-21 instant game went on sale on September 18, 1986, as the first instant game placed online with the



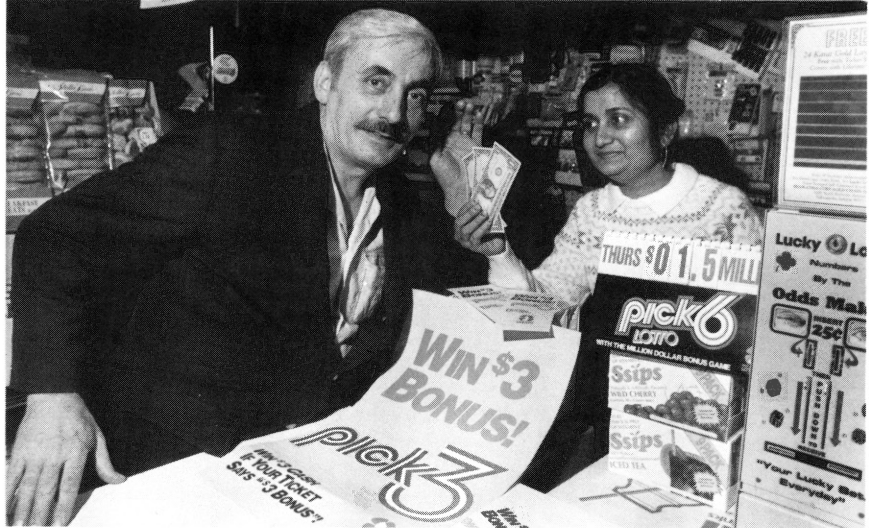
computer for validation of prizes and accounting controls. The game sold 14.8 million tickets.

To greet the holiday season, the Lottery introduced Holiday Cash instant game in November, 1986. The special holiday game featured bright red tickets and eight ways to win cash prizes as high as \$5,000. Sales were 9.3 million tickets.

On December 15, 1986, the Lottery unveiled Triple Deal, an instant game with the popular card theme and three plays on each ticket to win cash prizes as high as \$10,000. The game was very successful,

**Holiday
Cash**

New Jersey State Library



Luigi Marzullo of Bloomfield bought his lucky ticket from Agent Minal Patel of Patty's Deli, Bloomfield.

selling 15.2 million tickets.

Three months later, Triple Deal was succeeded by another instant game with a familiar theme, Instant Slots. With a play area designed like a slot machine, the game went on sale on March 24, 1987, and accounted for sales of 13.2 million tickets.

The Lottery once again recognized America's love for the summer pastime baseball. It introduced the Baseball '87 instant game as the year neared its close on June 1, 1987. This game offered cash prizes up to \$10,000.

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A Billion Dollar Business

While prizes, sales and contributions to the state capture considerable public attention, a less visible aspect of the Lottery's operation helps the New Jersey economy, particularly small businesses.

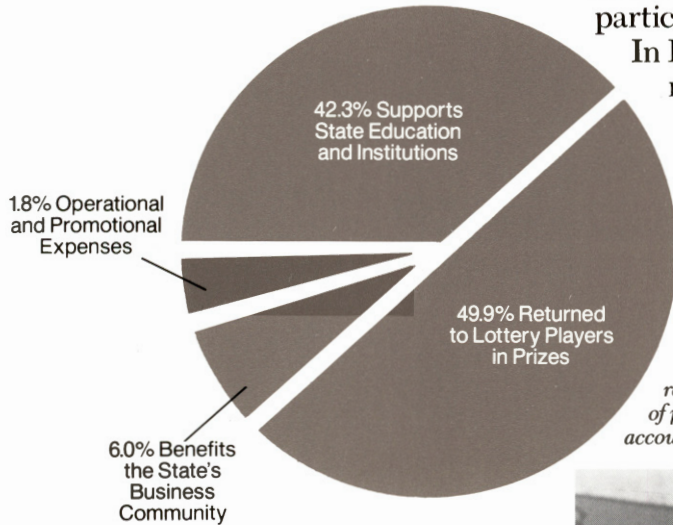
In Fiscal 1987, the Lottery returned approximately \$79 million to the private sector of our economy.

Lottery Sr. Field Rep. Bernie Ridolfino (l) District 4, teaches Tom Armenti, owner of Fred and Pete's Deli in Trenton, how to activate instant tickets with the new LOLA issue card. LOLA will relieve high-sales agents like Tom of paperwork involved with keeping account of instant tickets.

The bulk of this amount, approximately \$59.5 million, was paid in commissions to the Lottery's direct link with its consumers, the 4,200 agent network that sell the tickets. Most are small retail businesses, many of them family owned. Agent commissions were up nearly \$6.5 million over last year. Throughout its history, the Lottery has boosted these small businesses with a total of nearly \$400 million in commissions.

In addition, the Lottery in Fiscal 1987 paid about \$19.4 million in fees to lease the

1987 Distribution of Revenues



sophisticated online computerized sales system and to private contractors who supply and distribute Lottery tickets.

The Lottery's billion dollars in sales would place it well up among the Fortune 500 companies, and its business performance continues to compare favorably with any of those corporate giants. The Lottery generated over a billion dollars in sales in Fiscal 1987 while spending only \$207 million in operating expenses, including the cost of

advertising and promotion. Once again this meant that only 1.8 cents of every dollar received by the Lottery was spent on operations – a record that could only be achieved by a well run, lean-budgeted business.

Behind the scenes, GTECH staff and computers keep up with the increased demand from five consecutive Pick-6 Lotto jackpot rollovers. At peak hours, computers were processing 10,000 transactions per minute.



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Working Toward The Next Billion

The eventful billion dollar year was marked by key leadership changes at the highest levels of the Lottery.

In March, Governor Kean nominated Barbara A. Marrow as Executive Director to succeed Joan Zielinski, who resigned to return to private industry. In announcing



*DISTRICT MANAGERS:
Front Row (l to r): Lauren Lichtenberger, John Hanily and Joan Altorfer. Back Row (l to r): Andy McMahon, Harris Fried*

Marrow's nomination, the Governor noted that she would bring to the position an impressive background that combines public service and experience in the private sector.

A resident of Trenton, Marrow had served since January 1986 as Clerk to the New Jersey General Assembly. Prior to that, she was Assistant to the Vice President of School and Higher Education Programs for the Educational

Testing Service (ETS) in Princeton.

Marrow took over the operating reins of the Lottery as Acting Executive Director shortly after her nomination. She was unanimously confirmed by the State Senate on April 30 and officially took the oath of office on June 23 in an impressive State House Ceremony, with Governor Kean participating and a large crowd in attendance.

Near year's end, the leadership of the Lottery's policy setting body, the State Lottery Commission, saw the election of a new Chairman, Peter J. O'Hagan, Jr., of Morris Township, on May 21. Previously serving as Vice-Chairman, O'Hagan succeeded James Cicalese of Point Pleasant Beach, who had served as Chairman for two years. Cicalese was elected Vice-Chairman.

A new member also took his place on the Lottery Commission during Fiscal 1987. Eugene E. McNany of Maplewood was nominated by Governor Kean and confirmed by the State Senate to fill a vacancy on the Commission.

The other Commission

Deputy Directors:



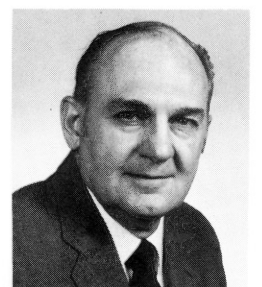
*Joseph A. Mule
Administration*



*Christopher D. Kniesler
Marketing & Sales*



*Barbara W. Steele
Planning & Research*



*John J. Majorwitz
Security, Audit & Licensing*



Barbara A. Marrow, Executive Director of the New Jersey Lottery, talks with Governor Thomas H. Kean about her new responsibilities at the Lottery. Trenton Municipal Judge Paulette Sapp-Peterson administered the oath of office to Ms. Marrow on June 23, 1987, and Governor Kean participated in the ceremonies held in the General Assembly Chambers.

members who helped guide the Lottery through the billion dollar year are Donald B. Valk, Philip Gelber and Jerome Seiden, with State Treasurer Feather O'Connor serving as

ex-officio member.

These leaders joined with Lottery staff to provide the energy and direction needed for this billion dollar year.



Walter Steen
Operations



John L. Gallagher
Controller

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	174 Months Ended June 30, 1985	12 Months Ended June 30, 1986	12 Months Ended June 30, 1987	198 Months Ended June 30, 1987	% Of Sales
Gross Revenues	\$5,126,767,954	990,149,308	1,116,940,611	7,233,857,873	100.00%
LESS:					
Commission Agents & Banks .	286,776,255	53,037,442	59,528,093	399,341,790	5.52%
Game Contractor Fees	98,123,892	16,083,257	18,341,376	132,548,525	1.83%
Courier Collection Fee	1,794,087	1,037,473	1,060,294	3,891,854	0.05%
	386,694,234	70,158,172	78,929,763	535,782,169	7.40%
Net Revenues	4,740,073,720	919,991,136	1,038,010,848	6,698,075,704	92.60%
LESS:					
Prize Awards	2,529,406,366	496,352,846	557,050,922	3,582,810,134	49.53%
Operating Expenses	101,126,294	18,536,641	20,705,456	140,368,391	1.94%
Start Up Costs	686,137			686,137	0.01%
Provision for Doubtful Accounts	200,000			200,000	0.00%
	2,631,418,797	514,889,487	577,756,378	3,724,064,662	51.48%
Net Operating Revenues	2,108,654,923	405,101,649	460,254,470	2,974,011,042	41.12%
Other Income:					
Interest Income	24,731,845	1,957,156	2,215,385	28,904,386	0.40%
Miscellaneous Income	746,281	198,121	166,143	1,110,545	0.02%
Forfeited Prizes	59,669,963	10,992,054	10,015,632	80,677,649	1.12%
	85,148,089	13,147,331	12,397,160	110,692,580	1.54%
Total Contribution Available For Aid To Education, State Institutions & Reserve For Encumbrances	2,193,803,012	418,248,980	472,651,630	3,084,703,622	42.66%
Allocation of Funds:					
Contribution For Aid to Education and State Institutions	2,191,356,772	419,353,272	472,217,797	3,082,937,841	42.64%
Reserve For Encumbrances	2,436,240	(1,104,292)	433,833	1,765,781	0.02%
Total Funds	\$2,193,793,012	418,248,980	472,651,630	3,084,703,622	42.66%

See accompanying notes to
Financial Statements.

(1) Organization and Accounting Practices**Authorizing legislation:**

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 is within the Department of Treasury of the State of New Jersey. The Commission is authorized and empowered to promulgate rules and regulations regarding the conduct of Lottery games, including the price or prices of tickets and 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 a special revenue fund. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable. The following is a summary of the more significant accounting practices:

1. Allocation of revenue – The State Lottery Law requires at least 30 percent 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.

The Commission has designated that a minimum of 45 percent of gross revenues be reserved for prize awards, including agent bonuses. A prize award liability is established when the winning ticket number is selected for the respective Lottery game based on eligible winning tickets sold. The liability is funded from the respective prize reserve accounts.

2. Unclaimed prizes – New Jersey Law requires that prizes not claimed within one year from the date of the drawing are forfeited and designated for aid to education and state institutions. For the year ended June 30, 1987, unclaimed prizes aggregating \$10,015,632 were forfeited.
3. Revenue recognition – Revenues from the sale of lottery tickets are recognized as follows:
 - a) Pick-Three, Pick-Four and Pick-Six Lotto games, on the drawing date.
 - b) Instant games, on a daily basis.

Sales adjustments are recorded based upon final reconciliations prepared after the termination of a lottery instant game.

4. Installment prize obligation – The Commission records the present value of fixed or determinable installments at amounts required to purchase annuities, at specified rates, which will yield a series of annuity payments equal to the future benefits payments. The present value of the lifetime portion of the deferred payments is recorded at the original purchase price of the annuity contract adjusted for interest appreciation.
5. Equipment and inventory – The Commission follows the State of New Jersey's policy of not capitalizing equipment and inventory because such items are deemed immaterial. Items of this nature are recognized as an expense during the period in which they are acquired.

6. Vacation and sick leave – Accumulated unpaid vacation, sick pay, and other employee benefits are not accrued. In the event of retirement or termination, an employee is reimbursed for accumulated sick leave equal to one-half of the unused days, not to exceed \$15,000, and the employee is reimbursed for accumulated vacation pay not to exceed one year's vacation. Accumulated vacation and accumulated sick leave is estimated to be immaterial.

(2) Contribution to the General Fund of the State of New Jersey

The annual Lottery Commission funded appropriations for aid to education and state institutions are budgeted on the basis of the current-year contributions. Contributions for the years ended June 30, 1987, and 1986 aggregated \$472,217,797, and \$419,353,272, respectively.

(3) Pension Plan

Employees of the Lottery Commission are covered by the Public Employees Retirement System of the State of New Jersey. Pension expense for the year ended June 30, 1987, and 1986 amounted to \$371,326 and \$424,003, respectively is based on the pro-rata portion of the annual billings received from the Retirement System. The Plan, under the Retirement System, does not maintain separate records for each reporting unit and, accordingly, the actuarial data for the Commission is not available. Lottery Commission employees are also covered by the Federal Social Security Act.

Auditors' Report

Peat Marwick Main & Co.
Certified Public Accountants
Princeton Pike Corporate Center
P.O. Box 7468
Princeton, New Jersey 08540

Ms. Barbara A. Marrow
Executive Director
and the Commissioners
New Jersey State Lottery Commission:

We have examined the statements of revenues and allocation of revenues of the New Jersey State Lottery Commission for the twelve months ended June 30, 1987 and 1986. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the results of operations of the New Jersey State Lottery Commission for the twelve months ended June 30, 1987 and 1986 in conformity with generally accepted accounting principles applied on a consistent basis.

Peat Marwick Main & Co

September 11, 1987

**State of New Jersey Programs
Supported by State Lottery Resources
for the Fiscal Year Ended June 30, 1987**

**Fiscal 1987
Contributions**

**State of New Jersey Programs
Supported by State Lottery Resources
for the Fiscal Year Ended June 30, 1987**

**Fiscal 1987
Contributions**

Department of Corrections	
State Prison, Trenton	\$8,273,462
State Prison, Rahway	6,587,777
State Prison, Leesburg	3,857,499
Southern State Correctional Facility	5,045,000
Mid-State Correctional Facility	1,189,000
Camden Correctional Facility	1,933,527
Correctional Institution for Women, Clinton	1,702,000
State Prison, Newark	177,929
Adult Diagnostic and Treatment Center, Avenel	1,356,498
Youth Reception and Correctional Center, Yardville	3,604,645
Youth Correctional Institution, Bordentown	3,522,233
Youth Correctional Institution, Annandale	3,146,000
Training School for Boys, Skillman	1,592,507
Training School for Boys, Jamesburg	1,515,030
Juvenile Medium Security Center	1,349,364
Highfields Residential Group Center	186,000
Warren Residential Group Center	210,000
Ocean Residential Group Center	332,000
Turrell Residential Group Center	820,000

Department of Education	
Project COED	2,525,000
Marie H. Katzenbach School for the Deaf	7,265,444
Statewide Testing Program	887,731
Urban Initiative Broad Based Support	122,141
Academy for Advancement of Teaching and Management	473,569
Governor's School	275,000
Urban Initiative Operation School Renewal	84,921
Programs for the Gifted and Talented	108,063
New Jersey School of the Arts	145,424
Teen Arts Program	101,000
Pupil Transportation Aid	10,313,264
School Building Aid	82,696,866
Minimum Teacher Starting Salary	35,000,000
Non-Public School Aid	8,219,000
School Building Aid Debt Service	19,300,000
Projects for Handicapped Infants	10,023,287
School Nutrition	5,981,415
Teacher Recognition Program	700,000
Broad Based Component	1,337,700
Operation School Renewal Component	1,156,322
Alternative Programs for Disruptive Pupils	508,315
Pupil Attendance Improvement Program	289,304
Computer Literacy	150,000

Department of Higher Education	
Aid to Independent Colleges and Universities	17,127,000
Supplementary Education Program Grant	4,848,651
Dental School Aid	4,104,000
Garden State Scholarships	3,340,817
Schools of Professional Nursing	1,232,124
Veterinary Medicine Education	1,349,000
Vietnam Veterans Tuition Aid	90,682

College Outcomes Evaluation Program	301,110
Learning Disabled Program	25,000
Optometric Education	323,000
Compulsive Gambling Research	75,000
Small Business and Entrepreneurship Chair at Rutgers	65,000
Women's Studies Chair at Douglass College	65,000
Technology Engineering Education	629,812
Computers in Curricula	1,277,018
Math-Science-Computer Training	493,009
Center for Information Age Technology	500,000
Marine Science Consortium	650,000
Pre-Collegiate Remedial Programs	150,000
Pre-College Academic Programs	276,972
Humanities Program	1,685,182
Foreign Language - International Education	317,183
Thomas A. Edison State College	1,129,000
Glassboro State College	8,595,000
Jersey City State College	4,133,000
Kean College of New Jersey	7,719,000
The William Paterson College of New Jersey	6,681,000
Montclair State College	8,251,000
Trenton State College	5,380,000
Ramapo College of New Jersey	2,123,000
Richard Stockton State College	3,076,000
Rutgers, The State University	43,922,000
Rutgers, Agricultural Experiment Station	4,539,000
University of Medicine and Dentistry of New Jersey	27,871,000
New Jersey Institute of Technology	9,264,000
Aid to County Colleges for Operational Costs	14,563,000

Department of Human Services	
Greystone Park Psychiatric Hospital	7,266,000
Trenton Psychiatric Hospital	6,036,000
The Forensic Psychiatric Hospital	1,316,000
Marlboro Psychiatric Hospital	4,171,000
Ancora Psychiatric Hospital	5,952,000
Arthur Brisbane Child Treatment Center	1,790,000
Senator Garrett W. Hagedorn Center for Geriatrics	1,512,000
Green Brook Regional Center	165,000
Vineland Developmental Center	3,248,000
North Jersey Developmental Center	2,369,000
Woodbine Developmental Center	2,883,000
New Lisbon Developmental Center	1,622,000
Woodbridge Developmental Center	2,927,000
Hunterdon Developmental Center	3,106,000
Edward R. Johnstone Training and Research Center	1,168,000
North Princeton Developmental Center	2,017,000
New Jersey Memorial Home for Disabled Soldiers at Menlo Park	1,418,000
New Jersey Memorial Home for Disabled Soldiers at Vineland	1,674,000
New Jersey Memorial Home for Disabled Soldiers at Paramus	1,342,000
Total	\$472,217,797

RESOURCES:

Revenues Collected July 1, 1986, to June 30, 1987	\$472,217,797
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**NEW JERSEY LOTTERY
COMMISSION HEADQUARTERS**
One Lawrence Park Complex
Brunswick Avenue Circle
Lawrenceville, NJ 08648
(609) 599-5800

DISTRICT OFFICES:

DISTRICT 1

925 Clifton Avenue
Clifton, NJ 07013
(201) 773-9523

DISTRICT 2

20 Evergreen Place
Box 15, Third Floor
East Orange, NJ 07018
(201) 266-1906

DISTRICT 3

155 Adamsville Road
Somerville, NJ 08876
(201) 725-3000

DISTRICT 4

Lawrence Park Complex
Brunswick Avenue Circle
Lawrenceville, NJ 08648
(609) 599-5800

DISTRICT 5

Boardwalk Arcade Building
Boardwalk & Tennessee Avenue
Atlantic City, NJ 08401
(609) 441-3033



Thomas H. Kean
Governor

James Cicalese
Chairman

Barbara A. Marrow
Executive Director