

Annual Report 1976
and a 6-year summary of
"where the lottery money has gone"



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**New
Jersey
State
Lottery**

A great success ... thanks to you!

Message from the Director

Fiscal '76 was the year the New Jersey Lottery passed from a period of transition to a year of outstanding success. The potential for the future I discussed in the last Annual Report was translated in Fiscal '76 into reality as the Lottery's gross revenues and contribution to State aid to education and institutions nearly doubled.

The Lottery looks forward to an even better year in Fiscal '77. This optimism is based on the remarkable continuing success story and expansion of "Pick-It" and strong public acceptance of new instant and special games introduced by the Lottery.

For the inspiration, dedication and hard work necessary to accomplish this record, I express my deep appreciation to the members of the New Jersey Lottery Commission and the staff of the Lottery. We are also grateful to Governor Brendan T. Byrne and the State Treasurer for their support and encouragement. And I thank you, the consumer, for your support and confidence.

Henry N. Luther III
Executive Director

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Financial Summary

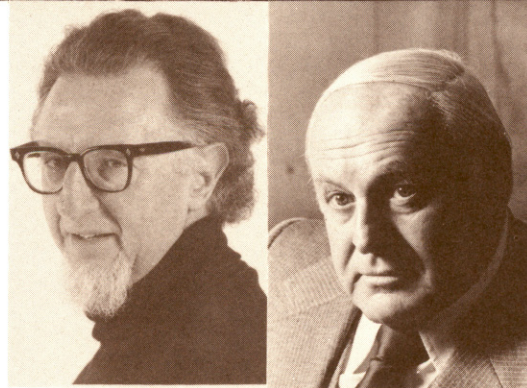
Gross Revenue	\$ 158,364,188
Prize Allocations	75,833,447
Funds Available for Contribution to Education and State Institutions for Fiscal Year Ended June 30, 1976	.....	66,118,322

This report contains audited fiscal 1976 (July 1, 1975-June 30, 1976) figures and editorial content updated through February 1, 1977.

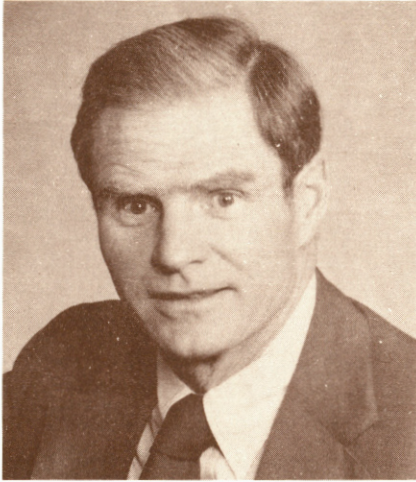


Members of the New Jersey State Lottery Commission, shown here, are:

- (top left)
Donald B. Valk
of Madison, Chairman
- (top center)
James J. Flynn, Jr.
of Perth Amboy
Vice Chairman
- (top right)
John L. Keaveney
of Shrewsbury
- (bottom left)
Reese Palley of Atlantic City
- (bottom right)
Jerome Seiden of
West Orange



The most successful year in Lottery history.



Brendan Byrne, Governor

... "Imaginative and efficient administration has given New Jersey the most successful State Lottery in the Nation."

Source: Governor's annual budget message for fiscal year 1978.



Henry N. Luther III, Executive Director

"The success of the New Jersey Lottery is a story of dedication by many members of the Lottery's official "family" and of a public that has responded with support and confidence. To all of them, I extend my sincere gratitude."

Fiscal '76 was the most successful year in the history of the New Jersey State Lottery!

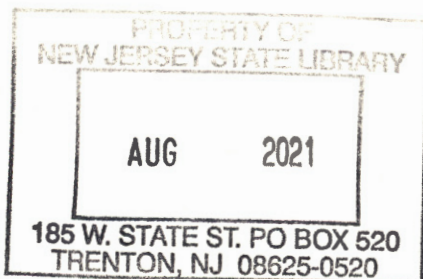
Total gross revenues were \$158,364,188, more than double those of the previous fiscal year. Prizes also more than doubled to a total of \$75,833,447. And, most importantly, the amount of money contributed by the Lottery to education and State institutions reached \$66,118,322 — nearly double that of the previous year. This amounted to 41.8 per cent of all lottery revenues, exceeding by one-third the legal minimum of 30 per cent.

This proud record was made possible by the enthusiastic response of the public to the Lottery's continuing efforts to provide exciting and innovative new games.

The Instant Lottery, of course, was a winner from the very beginning, with the successful introduction in June 1975 of "7-11-21". This first Instant Lottery game featured a spectacular Grand Prize of \$1,000 a week for life, with a minimum of \$1 million, plus numerous other prizes ranging from two free tickets to \$50,000. Three Grand Prize Drawings were held in Atlantic City; Great Adventure Amusement Park in Jackson Township; and Jersey City, achieving the Lottery's goal of bringing major events to all geographic areas of the State. Winning instant fortune as the three Grand Prize winners were Robert Shanholtz of Pompton Lakes; Richard Glita of Clifton and Ernest Gorab of North Haledon. Approximately 29 million tickets were sold and another 19 million tickets were given away as free prizes during the first instant game's three-month duration. Approximately \$13 million, or 45 per cent of receipts, was turned over to the State Treasury for aid to education and State institutions.

Rapidly following this resounding success came the second Instant game, "1776", in November of 1975. Its colorful theme of New Jersey history during the Bicentennial year added even more popular appeal to the winning "instant" idea. The "1776 Instant" held out the hope of winning the richest prize ever awarded by any Lottery in history: \$1776 a week for life, with a minimum guarantee of 20 years of payments or \$1,847,040! From the first day of sale on November 17, the momentum continued to build, culminating in the first Grand Prize Drawing at Montclair State College on May 4. The winner of instant fame and lifetime financial security was 26-year-old Eric Leek of North Arlington. The two other "1776" Grand Prize winners were Mrs. Marie McNair of Woodbury and Henry Smykowski of Parsippany-Troy Hills. The "1776 Instant Lottery" sold 37 million tickets during a 14-week period, and contributed \$16,400,000 to the State for education and institutions. Per capita sales for the "1776" game were the highest of any instant lottery in the country.

Yet another addition to the Lottery stable of new games was introduced on April 14, "The Garden Stakes". It combined a weekly game with 16 different ways to win up to \$50,000, along with a Grand Drawing Lottery horse race with a top prize of \$1 million. The game



lasted 11 weeks, ending in the Grand Prize Drawing and race at Monmouth Park on July 21. The results transformed Stanley Wapinski of Elizabeth and his daughter, Mrs. James Oughton, into the Lottery's newest millionaires. "The Garden Stakes" produced approximately \$9 million in sales, and \$4,300,000 for education and institutions.

Fiscal '76 also witnessed the remarkable continuing success story of the "Pick-It" Lottery — the first legal numbers game in the country. Prizes are awarded on a pari-mutual basis and the winning odds steadily have been far more favorable than those in the illegal numbers game. During Fiscal '76, "Pick-It" generated total sales of \$53,228,351. About 50 per cent of this revenue went directly back to the public in prizes, to the amount of \$26,614,176. State aid totalled \$18,000,000. The sustained public popularity of "Pick-It" demonstrates strongly that the full potential of the game lies ahead.

By seeking to divert funds away from the illegal numbers game and into the State Treasury, "Pick-It" provides New Jersey with a clear double benefit. To keep pace with consumer demand, Fiscal '76 saw a 43 per cent increase in "Pick-It" machines — from the initial 350 to a total of 502 machines by June 30, 1976, in all 21 counties.

The "Jersey Jackpot" Weekly Lottery continued to hold the interest of the public. Highlights were the biggest single Jersey Jackpot drawing in the history of the game on May 15, when 11 finalists shared

\$605,000 in prizes, and the creation of the Weekly Lottery's four newest Millionaires, bringing the total to 43. They were Mrs. Rosa Mullen of Parsippany-Troy Hills; Ruben Belvin of Brooklyn; Nicholas J. Albano of Ventnor; and Stanley Sapinski and Helen Deptuch of Cliffside Park, who shared the millionaire prize.

The readiness to respond quickly and effectively to changing needs and consumer desires continues as one of the greatest strengths of the Lottery.

On December 31, 1975, the New Jersey Lottery Commission terminated the Daily Lottery. Lagging interest in the game, plus the increasing popularity of the "Instant" and "Pick-It" games, made the move inevitable.



Six years of Lottery . . . a remarkable story

Since the Lottery is of key interest to members of the State Legislature and their constituents, we present a 6-year summary of the success of the Lottery.

The credit for the remarkable six-year record of success achieved by the New Jersey State Lottery belongs to the people of New Jersey.

They began it all back on November 11, 1969, when 81.5 per cent overwhelmingly approved the referendum to create a State Lottery. From the day the first 50-cent Weekly ticket was sold on December 16, 1970, the people of New Jersey have provided the support, confidence and enthusiasm that have earned the New Jersey Lottery an enviable national reputation.

Building on this foundation of public support, the Lottery has been able to meet successfully the tests of time, competition and changing consumer tastes through the efforts of many dedicated people. They have included four executive directors, Ralph F. Batch, Charles C. Carella, Beatrice S. Tylutki and Henry N. Luther III, and the two Governors under whom they have served, William T. Cahill and Gov. Brendan T. Byrne. During this time, nine persons have performed with distinction on the non-salaried, bipartisan Commission which governs the Lottery.

Innovation and integrity have been the hallmarks of the six-year history of the New Jersey Lottery. It has richly earned its national reputation as the pioneer and trail-blazer for state lotteries. The record is replete with Lottery "firsts" which were introduced in New Jersey.

The primary goals of the Lottery, of course, are to provide fair, honest and exciting games for its consumers who seek to win prizes and an important source of revenue to the State for aid to education and institutions. The Lottery is proud of its bottom line in both areas.

During its first 5½ years, through the end of the last fiscal year on June 30, 1976, this was the record of the Lottery:

A total of \$307,695,000 contributed to the State for education and institutions.

Prizes totaling \$325,668,600 that were shared by approximately 9,535,000 winners.

Those figures translate into statistics that demonstrate dramatically why the New Jersey Lottery is considered one of the most efficient and economical of all state lotteries.

While the State Lottery Law requires that a minimum of 30 per cent of gross revenues go to education and institutions, the Lottery has far surpassed that figure — contributing to the State approximately 43 cents of every dollar received.

Prizes have accounted for 46 cents of every Lottery dollar received.

Commissions to the Lottery's approximately 4,000 agents and fees to banks for safekeeping of Lottery tickets have cost an average of 7.3 cents per dollar. This means that administrative and promotional costs accounted for only 3.7 cents from every Lottery dollar, an enviable record.

From its very beginnings, innovation has become synonymous with the New Jersey Lottery.

New Jersey was the first State to conduct a weekly Lottery drawing with a 50-cent ticket and all prizes based on one weekly six-digit number. A number of other states have adopted variations of the "New Jersey-style Lottery".

New Jersey was the first state to develop Millionaire Drawings. The first Millionaire Drawing was held on Saint Patrick's Day, March 17, 1971. By the end of calendar year 1976, the Weekly Lottery had created 44 Millionaires and 10 others were created by New Jersey instant lotteries and special games.

In November of 1972, New Jersey pioneered the first Daily Lottery in the nation. It ran for more than three years until it was terminated on December 31, 1975, because the New Jersey Lottery had come up with a more popular and exciting new daily game, "Pick-It."

Continuing to demonstrate its sensitivity to the market place and consumer desires, the Lottery in August of 1974 gave New Jersey its first "Jersey Sweepstakes." It combined big-money Lottery prizes and the excitement and color of a major horse race at Monmouth Park that October.

One month later, in November of 1974, the Lottery completely revised the "Weekly" game and introduced the "Jersey Jackpot". It provides simplicity of play, twice as many winners and a new Jackpot prize of \$250,000 — five times bigger than the \$50,000 top prize the original "Weekly" offered.



On March 12, 1975, "Jersey Sweepstakes II" was introduced, culminating in a major Lottery horse race on April 26 at Garden State Park. For the first time in history, an entire New Jersey Lottery event — the drawing and the race — was televised to every part of the State.

On May 22, 1975, national attention was focused on New Jersey as it became the first State to offer a legal game that gives its customers the opportunity to pick their own numbers. Appropriately, it was named "Pick-It". It was not only an exciting new game to provide critically needed State revenues, but also offered the public for the first time an alternative to the illegal numbers racket.

The story of "Pick-It" has been one of the great successes in Lottery history anywhere. It started with 350 machines located throughout the State for a six-month trial period. So overwhelming has been public acceptance of the game, that it has become a mainstay of the Lottery. The system was expanded in February of 1976 to 500 machines and another expansion is eminent.

As a result of New Jersey's tremendous success, at least six other states have initiated or are preparing to launch similar games.

By the end of calendar year 1976, "Pick-It" had produced ticket sales of approximately \$57,131,000 and the volume of sales continues to rise steadily. And, essential to its potential to compete with the illegal numbers game, the prizes for winning "Pick-It" straight bets have averaged 575 to 1, consistently ahead of illegal payoffs.

Instant lottery games have created a spectacular chapter of their own in New Jersey Lottery history. The first, called "7-11-21", made its debut in June of 1975. It awarded 3 Grand Prizes of \$1,000 a week for life, with a guaranteed minimum of \$1 million. The game produced sales of 29 million tickets and \$13 million for State aid to education and institutions.

Next came the imaginative instant game keyed to a colorful Bicentennial historical theme, "1776", which quickly became the most successful instant game of any state. It awarded the three richest prizes ever presented by any Lottery in history, \$1,776 a week for life for a guaranteed minimum of 20 years (1.8 million). Starting in November of 1975, the game sold 37 million tickets during a 14-week period.

Demonstrating its ability to adopt timely and popular themes for its games, the Lottery in August of 1976 introduced its third instant game, the "Presidential Instant Lottery". Played against the backdrop of the historic Bicentennial presidential election campaign, the game added another outstanding success to the Lottery's record.

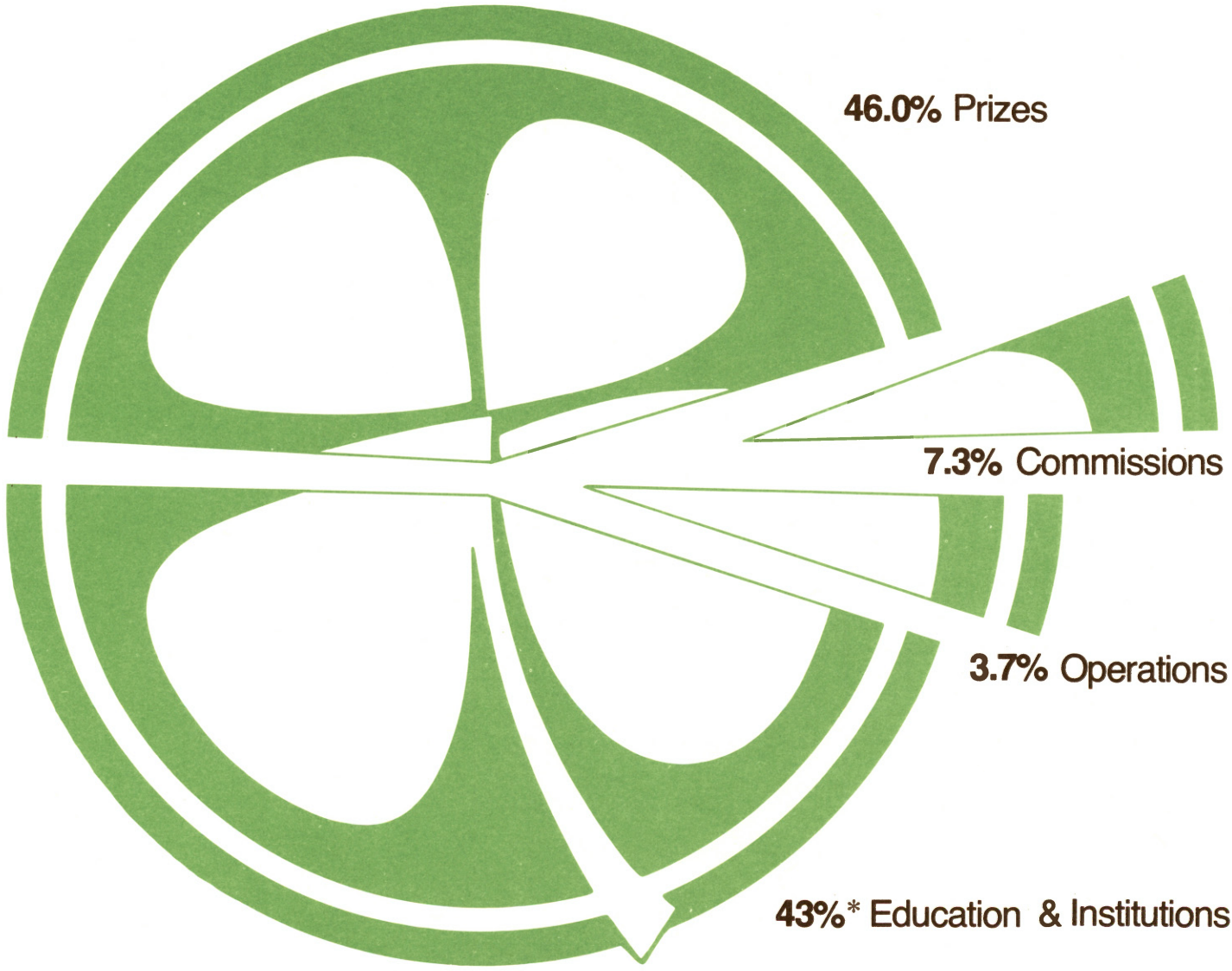
To help maintain consumer interest between instant games, the Lottery in April of 1976 introduced "The Garden Stakes". It combined a weekly game with 16 different ways to win and a Grand Prize drawing and horse race at Monmouth Park on July 21 which awarded a \$1 million top prize.

As 1976 drew to a close, the Lottery continued to innovate with another new, timely and colorful special game. Celebrating the coming of the Giants to New Jersey and the success of the Rutgers team, it had a football theme and was named "Touchdown". It offered a weekly game, plus a "Playoff Drawing" and a special "Super Bowl '77" drawing for a \$1 million grand prize.

But to get back to where this story began, all the hard work and creativity that have gone into the New Jersey Lottery would have been meaningless without the approval and support of the people. Thanks to you, the Lottery has been a tremendous success!



Six Years Financial Review



The above "pie" figures are attributable to the 1971-1976 Fiscal Years.
*Percentage includes interest earned on investments.

COMPARATIVE STATEMENT OF ALLOCATIONS AND REVENUES

	54 Months ended June 30, 1975	12 Months ended June 30, 1976	Total	Percent of Total Revenues
Revenues:				
Gross Sales	488,992,228	158,364,188	647,356,416	100.0
Less: Commissions to Agents and Banks	30,960,587	16,292,586	47,253,173	7.0
Net Revenues	<u>458,031,641</u>	<u>142,071,602</u>	<u>600,103,243</u>	<u>93.0</u>
Allocation of Revenues:				
Aid to Education & State Institutions	146,697,717	47,509,256	194,206,973	30.0
Allotted for Prizes	222,285,193	75,833,447	298,118,640	46.05
Operating Expenses	18,701,809	4,047,946	22,749,755	3.5
Start-Up Costs	686,137	—	686,137	.2
	<u>388,370,856</u>	<u>127,390,649</u>	<u>515,761,505</u>	<u>79.75</u>
Contributions available for aid to Education and State Institutions in excess of statutory mandate before interest income	69,660,785	14,680,953	84,341,738	13.18
Interest earned On Investments and Prepayment of Annuity Contracts	8,679,950	899,449	9,579,399	
Miscellaneous Income	130,117	86,771	216,888	
Miscellaneous Expense	(21,235)	—	(21,235)	
Contributions available for aid to Education and State Institutions in excess of statutory mandate	<u>78,449,617</u>	<u>15,667,173</u>	<u>94,116,790</u>	
30% of Gross Sales	46,697,717	47,509,256	194,206,973	
Unallocated Revenue and Interest	78,449,617	15,667,173	94,116,790	
Forfeited Prize Awards	16,429,387	2,941,893	19,371,280	
	<u>241,576,721</u>	<u>66,118,322</u>	<u>307,695,043</u>	

Details of education and institution costs to which Lottery revenues are applied in 1975-76 state budget.

	Budgeted Allocations - Fiscal year 1975-76 Total
General State Operations	
Department of Education:	
Center of Occupational Education, Experimentation and Demonstration (Project COED)	\$ 1,460,058
Regional educational improvement center	270,000
Bilingual education pilot projects	370,000
Department of Higher Education:	
Veterinary medicine education program	80,000
Aid to independent colleges and universities	6,000,000
Schools of professional nursing	1,500,000
Thomas A. Edison College of New Jersey	400,000
Department of Institutions and Agencies:	
Operation of Institutions for Children —	
Training School for Boys, Skillman	1,798,223
Training School for Boys, Jamesburg	3,482,363
Residential Group Centers	410,030
Four group foster homes	80,000
Three units for hard-to-place children	1,728,000
Emergency Reception and Child Care Facilities, Woodbridge	500,000
Operation of Homes for Disabled Veterans —	
Memorial Home for Disabled Soldiers, Menlo Park	2,327,362
Memorial Home for Disabled Soldiers, Vineland	2,804,624
To provide food for patients and inmates in State institutions	9,035,851
To provide educational services to patients, inmates and residents through the Garden State School District	2,529,569
Sub-total, General State Operations	\$ 34,776,530
State Aid	
Department of Education:	
Adult and Continuing Education —	
High school equivalency	\$ 1,264,436
Adult education	1,041,738
Evening schools for foreign born	184,359
Department of Higher Education:	
Grants-in-Aid for County Colleges	8,800,000
Sub-total, State Aid	\$ 11,290,083
Grand Total from State Lottery Fund	\$ 46,066,613

STATEMENT OF REVENUES AND ALLOCATION OF REVENUES NEW JERSEY STATE LOTTERY COMMISSION

12 Months
ended
June 30, 1975

REVENUES:

Gross Sales	\$ 76,819,817
Less: Commissions to Agents and Banks and Game Contractor Fees	5,841,284
NET REVENUE	70,978,533
Less Operating Expenses	3,779,005
Net Operating Revenue	67,199,528

REVENUES NOT SUBJECT TO ALLOCATION:

Interest on Investments	\$ 1,578,042
Other Income (expense)	5,005
	\$ 1,583,047

NET REVENUE BEFORE ALLOCATIONS: \$ 68,782,575

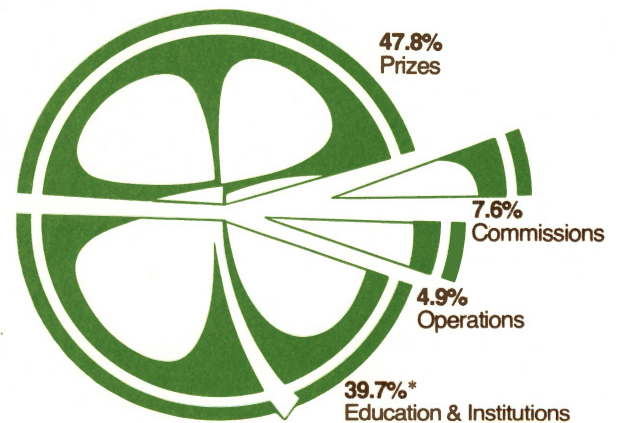
ALLOCATION OF REVENUES:

Aid to Education and Institutions	\$ 23,045,946
Prize Awards	36,719,260
	\$ 59,765,206

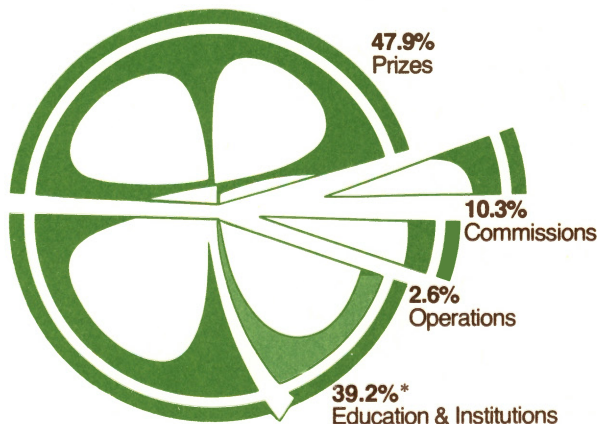
UNALLOCATED REVENUE \$ 9,017,369

**TOTAL LOTTERY CONTRIBUTION TO
EDUCATION AND STATE INSTITUTIONS:**

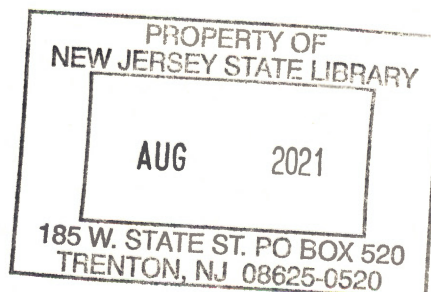
30% of Gross Sales as Required by Law	\$ 23,045,946
Unallocated Revenue	9,017,369
Forfeited Prizes	4,069,848
TOTAL	<u>\$ 36,133,163</u>



▲ The above "pie" figures are attributable to the 1975 Fiscal Year only.
*Percentage includes interest earned on investments.



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*Percentage includes interest earned on investments.



STATE OF REVENUES AND ALLOCATION OF REVENUES NEW JERSEY STATE LOTTERY COMMISSION

12 Months
Ended
June 30, 1974

REVENUES:

Gross Sales	\$ 89,219,984
Less: Commissions to Agents and Banks and Game Contractor Fees	5,807,963
NET REVENUE	83,412,021
Less Operating Expenses	4,856,703
Net Operating Revenue	78,555,318

REVENUES NOT SUBJECT TO ALLOCATION:

Interest on Investments	\$ 2,569,429
Other Income (expense)	(935)
	\$ 2,568,494

NET REVENUE BEFORE ALLOCATIONS: \$ 81,123,812

ALLOCATION OF REVENUES:

Aid to Education and Institutions	\$ 26,766,041
Prize Awards	40,237,340
	\$ 67,003,381

UNALLOCATED REVENUE \$ 14,120,431

**TOTAL LOTTERY CONTRIBUTION TO
EDUCATION AND STATE INSTITUTIONS:**

30% of Gross Sales as Required by Law	\$ 26,766,041
Unallocated Revenue	14,120,431
Forfeited Prizes	5,507,919
TOTAL	\$ <u>46,394,391</u>

DEPARTMENT OF THE TREASURY DIVISION OF THE STATE LOTTERY PROVIDED FOR AID TO EDUCATION AND STATE INSTITUTIONS FISCAL YEAR ENDED JUNE 30, 1974

Resources

Current Year Revenues Available For Transfer From State Lottery	
Fund For Education and Institutions	\$46,394,391
Prior Year Surplus Available For Transfer From State Lottery	
Fund For Education and Institutions	8,773,609
Total Revenues Available For Transfer From State Lottery	
Fund For Education and Institutions	\$55,168,000

GENERAL STATE OPERATIONS

Department of Higher Education

Drug Control Programs Relating to Education	\$ 79,000
Regional Education Improvement Center	197,000
Services and Costs for the Deaf	109,000
Technology for Children, Magic Muse, and Teen Arts Programs	134,000
Subtotal	519,000

Department of Education	
Thomas A. Edison College	198,000
Council for Higher Education in Newark	107,000
Scholarships and Student Loans	2,079,000
Additional College Students	10,796,000
College of Medicine and Dentistry	1,577,000
Subtotal	14,757,000

Department of Institutions & Agencies	
Dept. Management & Support Services	3,003,000
Division of Correction and Parole	3,109,000
Division of Mental Retardation	5,864,000
Division of Mental Health & Hospitals	2,388,000
Subtotal	14,364,000

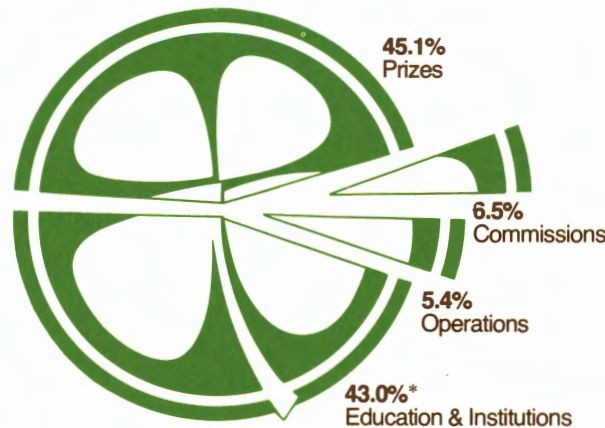
STATE AID

Department of Education	
Career Development	1,329,000
Innovative Education Grants	237,000
State Aid to Local School Districts	17,911,000
Subtotal	19,477,000

Department of Higher Education	
County College Operation Costs Including Provision for 4,323 Additional Students	1,782,000
Subtotal	1,782,000

CAPITAL CONSTRUCTION

Department of Institutions & Agencies	
Institution Advance Planning and Design	118,000
State Prison at Trenton — Renovation	142,000
State Prison at Rahway — Renovation	173,000
Administrative Segregation Units at Trenton and Rahway Prisons at Vroom Building	1,851,000
Additional Fire Protection at Totowa Training School	142,000
Renovation of Food Service Building at Woodbine State School	133,000
New Lisbon State School — Renovation	167,000
Woodbridge State School — Air Conditioning of Cottages	1,306,000
Ancora Psychiatric Hospital — Roof Repairs	158,000
N.J. Neuropsychiatric Institute — Fire Protection Systems	79,000
Subtotal	4,269,000
Grand Total, Fiscal Year 1973-1974	\$55,168,000



← The above "pie" figures are attributable to the 1974 Fiscal Year only.
*Percentage includes interest earned on investments.

STATE LOTTERY FUND SCHEDULES, 1973-74

RESOURCES

Estimated revenues available from State Lottery Fund for Education and Institutions \$69,499,845

DETAILS OF NEW, ADDITIONAL, AND CONTINUED EDUCATION AND INSTITUTION COSTS TO WHICH LOTTERY REVENUES ARE APPLIED

Item	GENERAL STATE OPERATIONS	Amount
Department of Education—		
Drug control programs relating to education		\$ 100,000
Regional Educational Improvement Center		250,000
Services for the deaf pending amendment of P.L. 1941, c. 197		100,000
Additional services and costs of Marie H. Katzenbach School for the Deaf		37,385
Magic Muse Operation		38,000
Technology for Children		116,334
Teen Arts Festival		15,000
Sub-Total		\$ 656,719
Department of Higher Education—		
Thomas A. Edison College		\$ 250,000
Council for Higher Education in Newark		134,500
Scholarships and Student Loans:		
Scholarships		1,667,558
Incentive Grants		484,000
Tuition Aid Grants		430,000
County College Graduate Scholarships		52,000
Additional College Students:		
Glassboro	363	353,199
Jersey City	250	244,750
Newark	1,388	1,240,872
Paterson	1,666	1,754,298
Montclair	2,158	1,937,884
Trenton	381	415,290
Ramapo	749	1,336,965
Stockton	800	1,480,800
Rutgers	2,387	4,196,346
Newark College of Engineering	314	717,804
College of Medicine and Dentistry		1,997,369
Sub-Total		\$18,693,635
Department of Institutions and Agencies—		
Administration of Department		\$ 161,044
Nursing scholarship program		65,000
State school district for institutions		1,000,000
Improved staffing and new nursing units, soldiers homes		892,107
Group foster home administration		33,745
Units for hard-to-place children		1,153,000
Emergency reception and child care facilities		500,000
Division of Correction and Parole—		
Expand parole services		90,315
Additional correction officers (144)		1,156,120
Additional parole officers (49)		423,539
Additional medical support staff		306,353
Administration of correction institutions		1,962,656
Division of Mental Retardation—		
Administration of institutions for the retarded		2,242,910
Purchase of residential care		1,244,000
Day training services		1,988,747
Additional patient care positions		669,449
Additional positions for new facilities:		
Vineland State School		600,362
Woodbine State School		292,880
Hunterdon State School		388,447

Item	Amount
Division of Mental Health and Hospitals—	
Administration of mental health institutions	965,014
Community mental health center at College of Medicine and Dentistry (Rutgers)	2,060,452
Sub-Total	\$18,196,140

STATE AID

Department of Education—	
Career development	\$ 1,684,000
Innovative education grants	300,000
State School Aid:	
School building aid debt service	2,719,702
Pupil transportation aid	5,276,618
Public School Safety Act	768,038
Special education program	11,410,736
Vocational education	200,000
District and regional vocational schools	413,315
New and extended vocational education	1,400,000
Pre-school education for the handicapped	500,000
Sub-Total	\$24,672,409
Department of Higher Education—	
County College operation costs including provision for 4,323 additional students	\$ 2,258,408
Sub-Total	\$ 2,258,408

CAPITAL CONSTRUCTION

Department of Institutions and Agencies—	
Institution advance planning and design	\$ 150,000
State Prison, Trenton—	
Renovation, hospital/infirmary	67,000
X-Ray unit	113,000
State Prison, Rahway—	
Renovation of infirmary	219,000
Administrative segregation units at Trenton and Rahway Prisons and at Vroom building	2,345,000
Additional Fire Protection, North Jersey Training School, Totowa	180,000
Renovation Food Service Building, Woodbine State School	168,000
New Lisbon State School—	
Fire Alarm and Communication System	84,000
Renovations, Sewage Disposal Plant	127,000
Air Condition Cottages, Woodbridge State School	1,655,000
Repair Roofs, Ancora Psychiatric Hospital	200,000
Fire Protection Systems, New Jersey Neuropsychiatric Institute	100,000
Sub-Total	\$ 5,408,000
Grand Total, Fiscal Year 1973-74	\$ 69,885,311

SUMMARY — STATE LOTTERY ALLOCATIONS

Department	General State Operations	State Aid	Capital Construction	Total
Education	\$ 656,719	\$24,672,409	.....	\$25,329,128
Higher Education	18,693,635	2,258,408	.....	20,952,043
Institutions and Agencies	18,196,140	.....	\$5,408,000	23,604,140
Total	\$37,546,494	\$26,930,817	\$5,408,000	\$69,885,311

STATE LOTTERY FUND SCHEDULES

SUMMARY OF REVENUES FROM STATE LOTTERY

Item	Fiscal Year 1972-73
REVENUES:	
Gross Sales	\$112,694,084
Less: Commissions to Agents and Banks and Game Contractor Fees	7,410,047
NET REVENUE	105,284,037
Less Operating Expenses	4,735,340
Net Operating Revenue	100,548,697
REVENUES NOT SUBJECT TO ALLOCATION:	
Interest on Investments	\$ 1,906,614
Other Income (expense)	79,812
	\$ 1,986,426
NET REVENUE BEFORE ALLOCATIONS:	\$102,535,123
ALLOCATION OF REVENUES:	
Aid to Education and Institutions	\$ 33,808,226
Prize Awards	50,712,338
	\$ 84,520,564
UNALLOCATED REVENUE	<u>\$ 18,014,559</u>
TOTAL LOTTERY CONTRIBUTION TO EDUCATION AND STATE INSTITUTIONS:	
30% of Gross Sales as Required by Law	\$ 33,808,226
Unallocated Revenue	18,014,559
Forfeited Prizes	4,866,280
TOTAL	<u>\$ 56,689,065</u>

DETAILS OF NEW AND ADDITIONAL EDUCATION AND INSTITUTION COSTS TO WHICH LOTTERY REVENUES ARE APPLIED GENERAL STATE OPERATIONS

Item	Amount
Department of Education—	
Drug Control Programs relating to Education	\$ 100,000
Regional Educational Improvement Center	250,000
Establish Regional Day School Centers	500,000
Additional Services and Costs at Marie H. Katzenbach School for the Deaf	116,714
Technology for Children Program	109,504
Establishing a \$5,500 minimum salary	3,172
Sub-Total	\$ 1,079,390
Department of Higher Education—	
Council for Higher Education in Newark	\$ 145,500
New Program Objectives:	750,000
Cooperative Education	
External degree (Edison College)	
Master Plan III (Realignment of Curricula Offerings)	
Prisoner Education	
Planning a new State College	150,000
Educational Opportunity Grants	1,302,000
Supplementary Education Program Grants	300,000
Scholarships and Student Loans:	
Incentive Grants	40,632
Tuition Aid Grants	186,000
County College Graduate Scholarships	26,600
Edwin Aldrin Scholarship Fund	100,000

STATE LOTTERY FUND SCHEDULES — Continued

Item		Amount
Additional College Students		
Glassboro	1,218	1,122,996
Jersey City	678	606,810
Newark	339	277,302
Paterson	45	42,705
Montclair	1,165	1,055,490
Trenton	485	473,845
Ramapo	1,281	2,225,097
Stockton	1,050	1,990,800
Rutgers	2,978	4,836,272
College of Medicine and Dentistry	286	7,466,133
Clinical Services at College of Medicine and Dentistry		
Raritan Valley Hospital		281,744
Martland Hospital		1,498,239
Establishing a \$5,500 minimum salary		202,745
Sub-Total		\$25,080,910
Department of Institutions and Agencies—		
Administration of Department	\$	116,521
Nursing Scholarship Program		40,000
Disabled Soldiers' Homes including new facilities at Vineland		216,035
Three Residential Units for hard-to-place children		504,125
Emergency Reception and Child Care Facilities		25,000
Expanded Parole Board Services		75,000
Establishing a \$5,500 minimum salary		1,050,065
Division of Correction and Parole—		
Administration of Parole Activities		244,334
Community Programs		127,058
Administration of Correction Institutions		2,101,153
Expansion of staff development programs (Training Correction Officers)		49,847
Planning a new prison		31,250
Vocational Training programs for inmates		211,634
Narcotic Treatment Program		75,593
Director of Prison Education Programs		11,603
Additional Correction Officers		412,095
Work Release Coordinators		54,264
Division of Mental Retardation—		
Administration of Institutions for the Retarded		461,992
Family Care Services		20,400
Purchase of Residential Care		825,000
Day Care Services		850,313
New facilities		
Vineland State School		604,789
Woodbine State School		596,423
Division of Mental Health and Hospitals—		
Administration of Mental Health Institutions		303,867
Community Mental Health Center at College of Medicine and Dentistry (Rutgers)		1,054,750
Sex Offender Unit at Diagnostic Center		37,106
Hospital for Chest Diseases including opening new facilities		125,238
Sub-Total		\$10,225,455

STATE AID

Department of Education—

Career Development including a K-12 vocational education program	\$ 747,000
Innovative educational grants	300,000
State School Aid	
Formula, Equalization and Incentive Aid	33,529,100
School Building Aid	622,400
School Building Aid Debt Service	5,442,400
Pupil Transportation Aid	4,220,800

Item

	Amount
Public School Safety Act	\$ 353,000
Special Education Programs	9,276,100
Work-Study Program	25,000
Work Study Program	25,000
Adult Literacy	113,400
Evening School for foreign-born	19,200
School Lunch Aid	1,754,000
District and Regional Vocational Schools	494,400
Non-Public School Aid	10,000,000
Local Library Aid	1,037,615
Sub-Total	\$68,034,015

Department of Higher Education—

County Colleges Operation including provision for 6,277 additional students	\$ 4,323,000
County College Capital Projects	800,000
Schools of Professional Nursing	11,000
Sub-Total	\$ 5,134,000

CAPITAL CONSTRUCTION

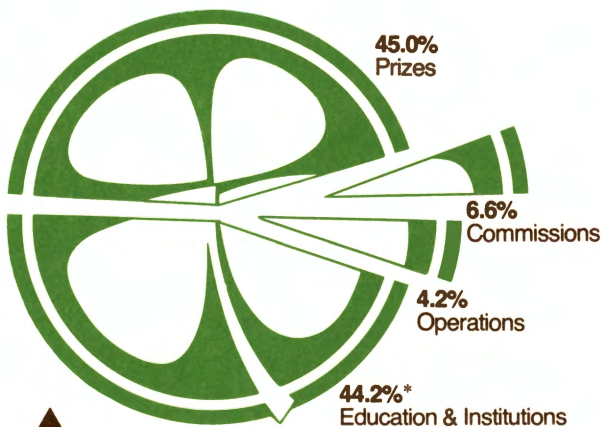
Department of Education—

Renovations to Buildings at the Marie H. Katzenbach School for the Deaf	\$ 100,000
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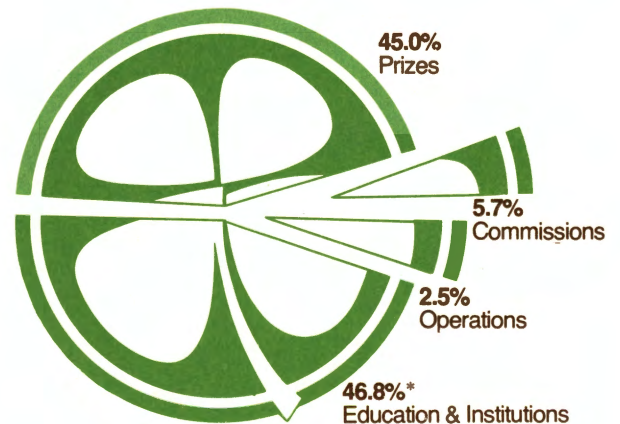
Department of Institutions and Agencies—

Repairs to Institutions for disabled veterans	\$ 88,000
Equipment for Vocational Shop — Trenton Prison	173,000
Vocational Building — Bordentown Reformatory	649,000
Repairs and Renovations to Correction Institutions	70,000
Repairs and Renovations to Institutions for the Retarded	359,000
Repairs and Renovations to State Hospitals	437,000
Sub-Total	\$ 1,776,000

Total Fiscal Year 1972-73



↑ The above "pie" figures are attributable to the 1973 Fiscal Year only.
*Percentage includes interest earned on investments.



→ The above "pie" figures are attributable to the 1972 Fiscal Year only.
*Percentage includes interest earned on investments.

STATE LOTTERY FUND SCHEDULES

SUMMARY OF REVENUES FROM STATE LOTTERY

	Fiscal Year 1971-72
REVENUES:	
Gross Sales	\$137,538,895
Less: Commissions to Agents and Banks and Game Contractor Fees	7,879,085
NET REVENUE	129,659,810
Less Operating Expenses	3,405,475
Net Operating Revenue	126,254,335
REVENUES NOT SUBJECT TO ALLOCATION:	
Interest on Investments	\$ 2,625,865
Other Income (expense)	25,000
	\$ 2,650,865
NET REVENUE BEFORE ALLOCATIONS:	\$128,905,200
ALLOCATION OF REVENUES:	
Aid to Education and Institutions	\$ 41,261,670
Prize Awards	61,892,503
	\$103,154,173
UNALLOCATED REVENUE	\$ <u>25,751,027</u>
TOTAL LOTTERY CONTRIBUTION TO EDUCATION AND STATE INSTITUTIONS:	
30% of Gross Sales as Required by Law	\$ 41,261,670
Unallocated Revenue	25,751,027
Forfeited Prizes	1,985,340
TOTAL	\$ <u>68,998,037</u>

FISCAL YEAR 1971-72

Department of Higher Education—	
Continuation costs of students added in 1970-71	\$ 5,000,000
Additional College Students	
Glassboro	980,700
Jersey City	307,362
Newark	343,000
Paterson	636,956
Montclair	712,850
Trenton	1,372,500
Ramapo	2,117,937
Stockton	2,028,695
Rutgers	7,674,490
College of Medicine and Dentistry	4,218,000
County Colleges	4,475,400
Educational Opportunity Grants	3,132,110
Clinical Programs — College of Medicine and Dentistry	2,000,000
Total Funds applied for aid to Education and Institutions, Fiscal Year 1971-72	\$ 35,000,000

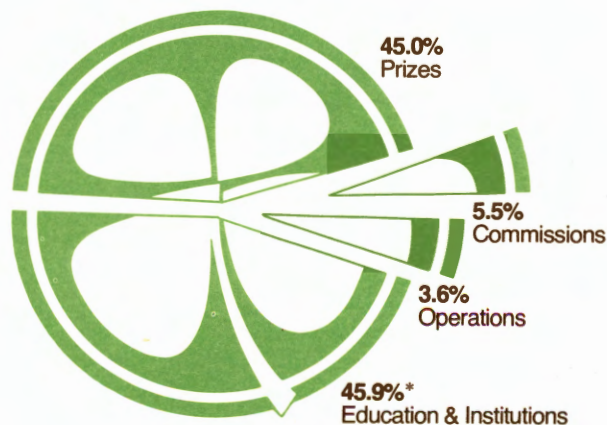
STATE LOTTERY FUND SCHEDULES

SUMMARY OF REVENUES FROM STATE LOTTERY

	Fiscal Year 1970-71
REVENUES:	
Gross Sales	\$ 72,719,448
Less: Commissions to Agents and Banks and Game Contractor Fees	4,022,207
NET REVENUE	68,697,241
Less Operating Expenses	1,925,286
Start-Up Cost	686,137
Net Operating Revenue	66,085,818
REVENUES NOT SUBJECT TO ALLOCATION:	
Interest on Investments	\$
Other Income (expense) .....	.....
NET REVENUE BEFORE ALLOCATIONS:	\$ 66,085,818
ALLOCATION OF REVENUES:	
Aid to Education and Institutions	\$ 21,815,834
Prize Awards	32,723,752
UNALLOCATED REVENUE	\$ <u>11,546,232</u>
TOTAL LOTTERY CONTRIBUTION TO EDUCATION AND STATE INSTITUTIONS:	
30% of Gross Sales as Required by Law	\$ 21,815,834
Unallocated Revenue	11,546,232
Forfeited Prizes .....	.....
TOTAL	\$ <u>33,362,066</u>

APPLICATION OF REVENUES FROM STATE LOTTERY IN PRIOR YEARS FISCAL YEAR 1970-71

Item	Amount
Department of Higher Education—	
Additional College Students	
County Colleges	\$ 3,300,000
Rutgers	700,000
State Colleges	1,000,000
Total Fiscal year 1970-71	5,000,000



The above "pie" figures are attributable to the 1971 Fiscal Year only.
*Percentage includes interest earned on investments.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared on an accrual basis of accounting under generally-accepted accounting principles, with minor variations to conform to the accounting requirements of the State of New Jersey.

Appointment of Gross Revenues

New Jersey State Lottery Law requires that no less than 30% of gross revenues must be dedicated for aid to education and State institutions. The State Lottery Commission has designated that unallocated revenues be reserved for aid to education and State institutions.

The State Lottery Commission has designated that a minimum of 45% of gross revenues be reserved for awards for participants as prizes and bonuses.

Allocated and Unallocated Revenues

These are the contributions for aid to Education and State Institutions at the prescribed statutory mandate rate of 30% of gross revenues. Unallocated revenues are the contributions available for Education and State Institutions in excess of the statutory mandate rate of 30%.

Unclaimed Prize Awards

As required by the New Jersey State Lottery Law, prize monies not claimed within one year from date of drawing are forfeited and designated for aid to education and State institutions.

Recognition of Income and Expense

Revenues are recognized for weekly lotteries in the month during which the related lottery drawing is held, and for daily lotteries in the month during which the related daily lottery reporting period ends (the daily lottery reporting period ends on Wednesday of each week). Operating expenses are recognized in the period during which the expense was incurred.

Deferred Revenue

The Lottery sells Clover Club memberships which entitled the member to participate in 12 to 52 weekly lottery drawings. The revenue from the sale of these memberships is prorated over the drawings in which the members participate. The portion of the revenue pertaining to drawings to be held subsequent to June 30, 1976 has been recorded as deferred revenue.

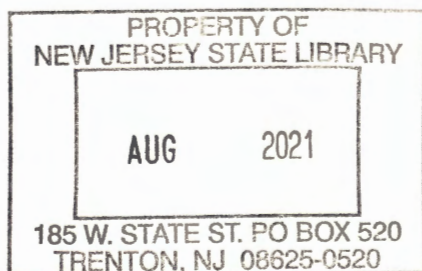
Obligation for Millionaire Prizes

The obligation for millionaire prize awards payable in installments at June 30, 1976 has been recorded at the present value of the future payments utilizing discount rates of 8% to 9.08% (amount required at June 30, 1976 to purchase an annuity at the specified rates which will yield a series of benefit payments equal to the prize award installment payments).

Annuity contracts with discount rates of 8% to 9.08% have been purchased for all the millionaire prize awards payable in installments for which the final drawing has been held. These annuities are valued at cost plus the discount earned to June 30, 1976 less any benefit payments received before June 30, 1976 (the present value of the remaining installment payments).

Property and Inventory

The Commission follows the State of New Jersey's policy of not capitalizing personal property and inventory. Items of this nature are recognized as an expense during the period in which they are received.



Winners Scorecard

The following prizes were generated by the State Lottery from January 1, 1971 through June 30, 1976.

“Millionaire” Lottery Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$ 1,000,000	43	\$43,000,000
\$ 200,000	32	6,400,000
\$ 100,000	52	5,200,000
\$ 50,000	11	550,000
\$ 10,000	630	6,300,000
\$ 500	10,255	5,127,500
\$ 100	92,515	9,251,500
Sub-Total	103,538	\$75,829,000

Daily Lottery Grand Prize Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$ 75,000	8	\$ 600,000
\$ 5,000	40	200,000
\$ 100	514	51,400
\$ 50	4,780	239,000
Sub-Total	5,342	\$ 1,090,400

Weekly Lottery Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$ 50,000	740	\$37,000,000
\$ 10,000	77	770,000
\$ 5,000	110	550,000
\$ 4,000	5,862	23,448,000
\$ 2,500	1,970	4,925,000
\$ 400	58,123	23,249,200
\$ 250	19,670	4,917,500
\$ 40	581,265	23,250,600
\$ 25	722,086	18,052,150
Sub-Total	1,389,903	\$136,162,450

Sweepstakes Lottery Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$ 100,000	5	\$ 500,000
\$ 50,000	6	300,000
\$ 25,000	3	75,000
\$ 10,000	35	350,000
\$ 5,000	37	185,000
\$ 2,500	33	82,500
\$ 1,000	333	333,000
\$ 500	306	153,000
\$ 250	322	80,500
Sub-Total	1,080	\$ 2,059,000

Jersey Jackpot Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$ 250,000	40	\$ 10,000,000
\$ 50,000	58	2,900,000
\$ 25,000	40	1,000,000
Sub-Total	138	\$ 13,900,000

Garden Stakes Winners

\$ 3,017,550

Daily Lottery Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$ 10,000	358	\$ 3,580,000
\$ 2,500	969	2,422,500
\$ 1,000	356	356,000
\$ 225	25,102	5,647,950
\$ 25	413,478	10,336,950
\$ 2.50	3,695,900	9,239,750
Sub-Total	4,136,163	\$ 31,583,150

Pick-It Lottery Winners

May 22, 1975 -
June 30, 1976..... \$ 28,432,144

Instant Lottery Winners

June 16, 1975 -
June 30, 1976..... \$ 33,937,000

GRAND TOTALS..... \$326,010,694

New Jersey State Lottery



Pictured below, in green tint, are (top left) Gloria Decker, Deputy Director/Planning & Research; (top center) Col. Vincent Olsen, Deputy Director/Security; (top right) Richard Berns, Deputy Director/Sales & Marketing; (2nd row left) William Carmody, Deputy Director/Operations; and (2nd row center) Joseph A. Mulé, Deputy Director/Finance. All other photos on pages 19, 20 and back cover show a few of the over 9.5 million winners in the Lottery's 6-year history.





6
 INSTANT LOTTERY
 JERSEY
 JACKPOT
 PICK-IT
 CLUB
 MONAIRE SWEEPSTAKES
 TOUCHDOWN!
 Daily
 JERSEY
 JACKPOT
 The Garden Stakes
 JERSEY
 "The Week!
 INSTANT LOTTERY
 SWEEPSTAKES
 JERSEY
 The N.J. Presidential
 INSTANT LOTTERY
 The N.J. Presidential
 INSTANT LOTTERY

