



THE DELAWARE LOTTERY

*A Winning Tradition*



TWO THOUSAND ■ ANNUAL REPORT



All of us who

live and work

in Delaware

are winners.



Our schools have more resources  
to educate our children; our health  
care and social services reach  
families in need of help;


# TRADITION

Delaware is steeped in tradition, from our proud Revolutionary past to our years of industrial development and agricultural bounty. Among our more recent traditions is one that is now tightly woven into the fabric of our lives—the Delaware Lottery.

As we celebrate the Lottery's 25th anniversary, our history reveals how all of us—a chemical worker in Wilmington, a poultry farmer in Laurel, a ferry operator in Lewes, a horse breeder in Dover—have benefited from the Lottery.

The State Legislature established the Delaware Lottery in 1975 to generate revenue to supplement the General Fund. Operating within the Department of Finance, the Delaware Lottery is a self-funded entity that has grown into a mature business, more than fulfilling its mission of helping to fund state services without additional tax dollars.

our programs for children, youth  
and families continue to flourish;  
our courts and corrections facilities  
operate efficiently; our highways  
and winding country roads are  
safe and well-maintained.



Since 1975, the Delaware Lottery has generated a grand total of \$3.0 billion in revenue and contributed a total of almost \$1.0 billion to the General Fund, awarding players of traditional Lottery games a total of \$784.0 million in prizes. In the past fiscal year, revenue from traditional and video lottery games has totaled \$556.6 million, with more than \$185.4 million transferred to the General Fund.

But what do all these numbers mean in our daily lives? They mean that our schools have more resources to educate our children; that health care and social services reach families in need of help; that programs for children, youth and families continue to flourish; that courts and corrections facilities operate efficiently; that we can travel safely along our state's well-maintained network of highways and winding country roads.

In short, all of us who live and work in Delaware are winners. For 25 years, the Lottery has enriched our lives while providing players with entertainment, supported by a foundation of integrity.

All Lottery communications carry the dual messages of "Play Responsibly" and "It's The Law." Lottery games are presented in the spirit of fun, yet players are encouraged to spend only what they can afford and they must be at least 18 years of age or older to purchase tickets. To date, \$4.0 million of Delaware's video lottery net proceeds has been used to fund programs for people with gambling problems.

This combination of entertainment and responsibility has come to mean a great deal to our state. For our prizewinners, of course, the Lottery has brought monetary rewards. For all of us, the benefits surround us every day in schools, parks and



towns all around our state. For visitors to Delaware, especially those at our three racetracks, video lottery games add an extra dimension to our state's tourist attractions.

For our network of nearly 500 Retailers, the sale of Lottery tickets is a means to achieve the American dream of successful small business ownership. Consider that many Delaware Lottery Retailers are small businesses employing new members of the workforce. By purchasing Lottery tickets and other items from these stores, we all help to promote the economic health of our local communities.

Finally, for those of us who work at the Delaware Lottery Office, it is an honor to serve the residents of our state by fulfilling our own most cherished winning tradition: helping to build a better Delaware. ■



Delaware Lottery staff members.

## Financial Summary

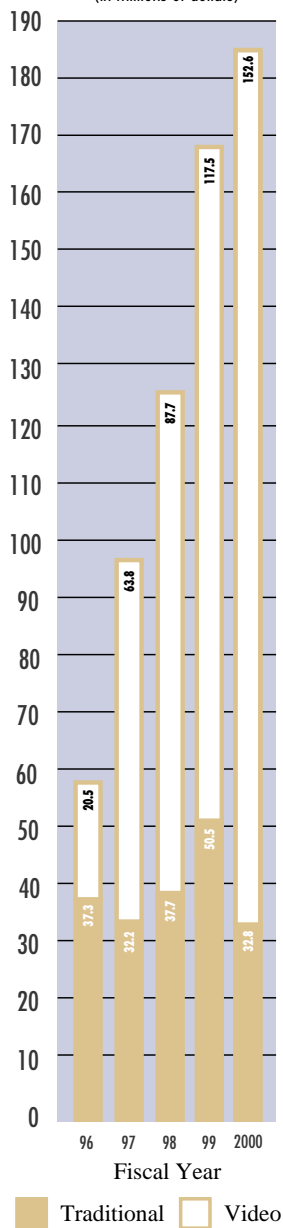
Since 1975 start of  
Lottery operations:

Total Gross Revenue  
\$2,999,800,000

Total Profits for State Services  
\$969,100,000

## General Fund Contributions

(in millions of dollars)



## Statements of Revenues, Expenses and Changes in Retained Earnings for the Years Ended June 30, 2000 and 1999

	2000	1999
<b>Revenues</b>		
Video lottery	\$453,896,926	\$377,649,921
On-line games	82,945,088	129,813,135
Instant games	19,604,567	20,079,583
Other	172,346	190,311
Total revenue	<b>\$556,618,927</b>	\$527,732,950
<b>Cost of games:</b>		
Video lottery commissions	\$221,754,594	\$186,118,275
Prize costs, net of reversions	51,133,407	75,456,949
Gaming vendor fees and costs	32,503,324	38,291,052
On-line and instant games commissions	6,151,098	9,320,940
Total cost of games	<b>311,542,423</b>	309,187,216
Gross profit	<b>\$245,076,504</b>	\$218,545,734
<b>Operating expenses:</b>		
Advertising and promotions	\$2,358,832	\$2,596,987
Payroll and related benefits	1,396,449	1,376,894
Other general and administrative	3,127,828	3,442,486
Total operating expenses	<b>\$6,883,109</b>	\$7,416,367
<b>Operating income</b>	<b>238,193,395</b>	211,129,367
<b>Operating transfers to the Delaware Standardbred Breeder's Program</b>	2,000,000	2,000,000
<b>Operating transfers to the State of Delaware</b>	236,193,395	209,129,367
<b>Net income</b>	—	—
<b>Retained earnings, beginning of year</b>	1,000,000	1,000,000
<b>Retained earnings, end of year</b>	<b>\$1,000,000</b>	\$1,000,000
<b>Balance Sheets as of June 30, 2000 and 1999</b>		
<b>Assets:</b>		
Cash	\$4,284,787	\$13,585,920
Accounts receivable, net of allowance of \$623,099 and \$619,836, respectively	6,920,934	6,996,628
Investments	12,926,375	14,228,648
Prepaid expenses	239,445	223,799
Property and equipment, net	1,032,186	1,237,566
Deposit with Multi-State Lottery	1,567,937	1,678,339
Total assets	<b>\$26,971,664</b>	\$37,950,900
<b>Liabilities and retained earnings</b>		
<b>Liabilities:</b>		
Prizes liability, including \$12,926,375 and \$14,228,648 of prize installment obligation	\$18,115,803	\$23,369,269
Accounts payable and accrued liabilities	6,200,815	9,456,631
Due to Delaware Standardbred Breeder's Program	—	2,000,000
Due to the State of Delaware	1,655,046	2,125,000
Total liabilities	<b>\$25,971,664</b>	\$36,950,900
<b>Commitments</b>		
<b>Retained earnings</b>	1,000,000	1,000,000
Total liabilities and retained earnings	<b>\$26,971,664</b>	\$37,950,900

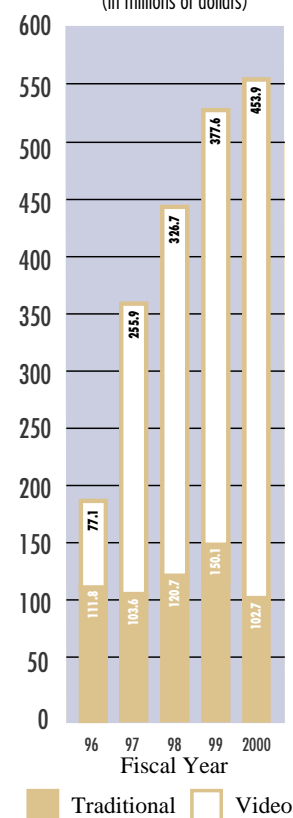
## Statements of Cash Flows for the Years Ended June 30, 2000 and 1999

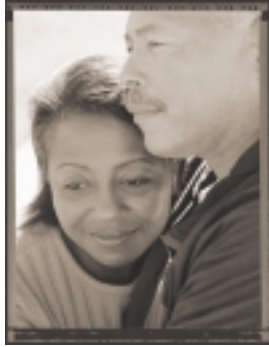
	2000	1999
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$556,522,275	\$530,497,882
Other operating receipts	172,346	190,311
Payments to suppliers for goods and services	(37,678,034)	(43,703,633)
Payments to employees for services	(1,378,132)	(1,343,877)
Payments for prizes	(56,386,873)	(72,498,708)
Payments for commissions	(231,191,639)	(194,123,230)
Net cash provided by operating activities	<b>\$230,059,943</b>	\$219,018,745
<b>Cash flows from noncapital financing activities:</b>		
Transfers to Delaware Standardbred Breeder's Program	(4,000,000)	—
Transfers to the State of Delaware	(236,663,349)	(209,959,259)
Net cash used in noncapital financing activities	(240,663,349)	(209,959,259)
<b>Cash flows from capital and related financing activities:</b>		
Purchases of property and equipment	—	(55,479)
<b>Cash flows from investing activities:</b>		
Proceeds from maturity of investments	1,302,273	1,313,860
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(9,301,133)</b>	10,317,867
<b>Cash and cash equivalents, beginning of year</b>	<b>13,585,920</b>	3,268,053
<b>Cash and cash equivalents, end of year</b>	<b>\$4,284,787</b>	\$13,585,920
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$238,193,395	\$211,129,367
Adjustments to reconcile operating income to net cash provided by operating activities—		
Depreciation expense	205,380	205,380
Effect from changes in operating assets and liabilities:		
Accounts receivable, net	75,694	2,955,243
Deposit with Multi-State Lottery	110,402	(137,504)
Prepaid expenses	(15,646)	19,773
Prizes liability	(5,253,466)	2,958,241
Accounts payable and accrued liabilities	(3,255,816)	1,888,245
Net cash provided by operating activities	<b>\$230,059,943</b>	\$219,018,745

The Delaware Lottery's financial statements are audited by the firm Arthur Anderson, LLP.

If you would like a complete copy of the Lottery's official audited financial statements (including the notes), please write to the Delaware Lottery Office at the address listed on the back of this report to request a copy.

**Gross Revenue**  
(in millions of dollars)





## THE DELAWARE LOTTERY GAMES

THE DELAWARE LOTTERY OFFERS PLAYERS A WIDE VARIETY OF GAMES WITH DIFFERENT PLAY STYLES, PRIZE LEVELS AND DRAWING FREQUENCIES. CURRENT DELAWARE LOTTERY GAMES ARE:

PLAY 3 AND PLAY 4

ALL CASH LOTTO

INSTANT GAMES

ROLLEDOWN®

POWERBALL®

VIDEO LOTTERY

## PLAYER INFORMATION LINE

FOR WINNING NUMBERS AND OTHER DELAWARE LOTTERY INFORMATION, CALL:

1-800-338-6200 IN DELAWARE ■ 302-736-1436 OUT OF STATE

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DOVER, DELAWARE 19904 ■ 302-739-5291 ■ DELOTTERY.COM

