

WEDNESDAY, JANUARY 13, 1988

Lottery mania sweeps Florida



Lottery sales on first day: 13.5-million

By LUCY MORGAN
Times Staff Writer

TALLAHASSEE — An estimated 13.5-million lottery tickets were sold in Florida during the first 24 hours of play — a \$1.12 expenditure for every man, woman and child living in the state.



Educators show little enthusiasm for lottery — 11-A

First-day sales began at 12:01 Tuesday and shortly after Beach Boys performed on opening day entertainment for a crowd of about 40,000 people gathered at the Orange Bowl in Miami for a lottery kickoff party.

Some retailers, especially among the 2,400 in Dade County, ran out of lottery tickets and were calling for emergency deliveries to meet the demands of crowds who wanted to take advantage of the new Millionaire game.

"The response from the people of Florida has been special and it will mean more money to finance education," said Lottery Secretary Rebecca Paul. "It was very successful."

The first day saw 76 winners claim \$5,000 prizes. Another 74 winners stepped forward by 4 p.m. Wednesday. The 250-million ticket game contains 3,126 randomly scattered \$5,000 winners and 1-million entry tickets that qualify the buyer to enter a \$1-million grand prize drawing.

The first-day sales figures place Florida's second only to California's startup in 1985, when

Please see **LOTTERY 11-A**

20th
Anniversary
Special Edition



Florida Lottery sales begin



20 years of success

12:01 a.m. Scratch-off will start

By LARRY KING
Times Staff Writer

Got an itch to gamble a buck? Scratch it at midnight.

That's when Floridians are free to bare their dimes, their keys and their fingernails and scrape the latex coating from millions of \$1 lottery tickets.

Tuesday marks the day Florida officially opens shop in an endeavor now shared by a majority of states — the lottery business.

The chances of winning large sums are slim. The chances those odds will dampen the first-day zeal are



for the first wave of winners. To further quicken the pulse, Florida lottery officials are spending about \$800,000 on a statewide string of first-day celebrations.

Throughout the morning and afternoon in 13 Florida cities, bands play, balloons will fly, skywriters scrawl, skydivers will fall. Noon festivities are scheduled at each site.

Just after noon, dignitaries at each celebration mark the occasion by scuffing the coating from seven-foot lottery ticket — an endeavor known to promoters as the "Statewide Simultaneous Scratch-Off."

MILLIONAIRE
Florida's first lottery game

the money goes

- 50 percent to prizes
- 25 percent to education
- 10 percent to general fund
- 5 percent to research

odds of winning

1st drawing	1,250	\$5,000
2nd	1,150	\$10,000
3rd	1,100	\$15,000
4th	1,000	\$25,000
5th	1,000	\$50,000
6th	1,100	\$1,000,000

The overall odds of winning a prize are 1:4.47

Instant Lottery tickets go on sale at 12:01 a.m. Monday, January 12, 1988. Play "Millionaire" or "Mega Millions" for a chance to win big!



THE FLORIDA LOTTERY presents
THE BEACH BOYS
WITH GUEST HOST DAVID BRENNER
TUESDAY, JANUARY 12, 1988



Florida Lottery Launch



Rebecca Paul

The Gainesville Sun, Thursday, January 21, 1988

Lottery sets U.S. record for ticket sales

By LLOYD DUNKELBERGER
Sun capital bureau

TALLAHASSEE — Lottery Secretary Rebecca Paul announced Wednesday the Florida Lottery sold more than 85 million tickets in its first week, setting a national record for sales.

Florida, which began its lottery at 12:01 a.m. Jan. 12, surpassed the California lottery, which sold 80 million tickets in its first week, Paul said.

Florida, the nation's fourth largest state, also exceeded California, the nation's largest state, in per capita ticket sales, Paul said. California had recorded slightly more than \$3 in per capita sales its first week. Florida had \$3.79 in per capita sales, Paul

Nearly eight \$1 tickets for every man, woman and child in the state were sold.

estimate, the first day sales may have been as high as 20 million tickets.

Paul attributed the early success of the lottery to several factors, including the fact that 40 million tourists annually visit the state. By starting the lottery in January, Paul said the state was able to get the

Celebrate America and the Florida Lottery



The drawings of the Florida Lottery's CASH 3 and PLAY 4 games will be held live on the Lottery's stage at Celebrate America at 8 p.m. at Tom Brown Park in Tallahassee.

held live on the Lottery's stage at Celebrate America at 8 p.m.

Visitors will have the opportunity to observe firsthand the security and safeguards that go into ensuring the integrity and fairness of all Florida Lottery games.

For example, did you know we weigh all the lottery balls prior to every drawing to ensure that accumulated dust and dirt don't interfere with the randomness of the drawing? Players will also have the opportunity to win prizes and even purchase tickets for their favorite games.

We also hope that Florida residents are able to participate in some of the exciting activities we are planning in observance of our upcoming 20-year anniversary. Not only will we celebrate what the Lottery has contributed already, we will reveal enhancements that are designed to keep the Florida Lottery in a position to continue as an industry leader and as a strong partner for education in Florida.

In 2008, the Florida Lottery will celebrate its past and its future, and we hope you will join us in celebrating this unique institution.

Table of Contents

Message from the Governor.....	2
Message from the Secretary.....	3
20 Years of...	
Supporting Education	4
Winning.....	8
Successful Partnerships.....	12
Dedicated Service	14
Financial Statements	19
Notes to Financial Statements	34

The Lottery has achieved unparalleled success. Over the years, more than 900 million players have become millionaires and thousands have won smaller prizes every day. Millions of Floridians regularly enjoy "serene-cooler dreaming" with family and friends about what they would do if they got lucky and won the jackpot.

For education, more than \$12 billion in each of the last four years have benefited Florida students and schools statewide, representing approximately 5 percent of the state's total education budget.

While the Lottery was never intended to fully fund Florida's educational system, Lottery contributions

additional taxes. Critics often call a lottery a hidden tax. Not an issue that is

indeed fully funded by the Florida Lottery, as are all Florida Lottery schools.

operations to the public on the 4th of July during the Florida Lottery

A winning bet

At age 20, Florida's Lottery is a success

Was it only 20 years ago that Florida sold its first lottery tickets?

In 1986, voters approved an amendment to the state constitution allowing the state to create the Lottery, and on Jan. 12, 1988, the Florida Lottery was born.

with some who feel the Lottery has allowed the Legislature to divert money from education rather than enhance education. That complaint was even part of a lawsuit filed in 1994 by 43 school districts — including Leon County — against the Legislature.

Lottery can do. After all, it supplies only about 5 percent of all the state spending on education.

Opponents also say the Lottery is a tax on the poor. But Lottery Department surveys show that about half of Lottery players have an annual household

Kickoff

Lottery is ready to be
with a \$1-million ba

Bill Carravell
For the past six months, lot
department employees at
ing at work each morning
has been greeted by large
two green numbers posted at
of their desks.
last week, the numbers fell
to 10 and 23. Tomorrow,
number will be a
be each number to the
back of Florida's lot, main
has been an ever present
number in getting together a
Florida's government acce
tionally from the ground
The number was 11. I was
did fall of other times when
the Education Commission
John Tarlington said he would
make a decision and work for
years of a state lottery in
Florida, the years of public
education, shared business
and mutual success.



Charlie Crist
Governor

A Message from Governor Charlie Crist

Dear Friends:

I'm pleased to share that the Florida Lottery successfully generated more than \$1.28 billion for the Educational Enhancement Trust Fund (EETF) during fiscal year 2007-2008, making this the sixth consecutive year that Lottery funds have exceeded \$1 billion in transfers to benefit Florida's students and schools. Over the past 20 years the Florida Lottery has generated more than \$18 billion for education in our state.

The Lottery continues to rate among the top state lotteries in efficiency; functioning as much as possible as an entrepreneurial business enterprise. The agency's successful business model focuses on offering the best product mix to maximize profits, resulting in a greater investment in public education for our students.

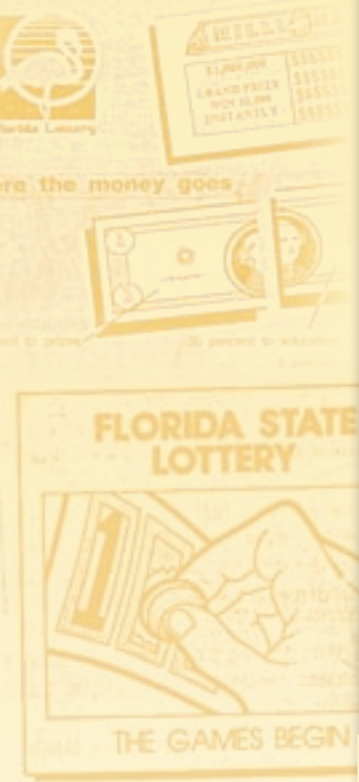
In fiscal year 2007-2008, the Florida Lottery celebrated 20 years of service to Florida residents, Lottery players and Florida students. I applaud every Lottery employee for their commitment to education, and I am confident the Lottery will continue to serve our state's students by providing the additional funding needed for our schools.

Sincerely,

Charlie Crist

THE CAPITOL

Tallahassee, Florida 32399 • (850)488-2272 • Fax (850)922-4292





Leo DiBenigno
Secretary

A Message from Secretary Leo DiBenigno

Dear Friends:

When the Lottery's creation was approved by a two-to-one margin in 1986, Florida voters wanted a lottery that offered a chance to win big prizes while contributing to the support of public education. With the start of ticket sales in January 1988, the Lottery quickly became a regular part of everyday life in Florida and a dependable contributor to education.

Over the years, the Lottery has made more than 1,000 lucky players new millionaires and has provided hundreds of thousands more with other prizes – from merchandise prize packs to new vehicles to cash prizes.

Through ticket sales of our five core On-line games, hundreds of Scratch-Off games and countless promotional games, the Lottery has generated more than \$18 billion for education. During fiscal year 2007-2008, the Lottery funded 159,170 Bright Futures scholarships, provided more than \$709.80 million to K-12 programs at public schools statewide and more than \$400.43 million to Florida's community colleges and state universities.

Lottery dollars have helped fund essential educational programs throughout the state – all without the need for additional tax dollars. In the years to come, the Lottery will continue to do everything possible to remain an industry leader and a strong partner for education in Florida.

Sincerely,

Leo DiBenigno

Ad campaign for lottery starts Monday

By CHARLES HOLMES
Coa News Service

TALLAHASSEE — The soft sell is the hard cash begins Monday. Officials of Florida's new lottery offered reporters a glimpse of two 30-second commercials Wednesday that aim for both the funny bone and the pocketbook in promoting the state's new games.

The spots, produced at a cost of \$25,000, will begin airing Monday on television stations throughout the state as a prelude to the start of Florida's lottery Jan. 12.

The commercials use oddball millionaires and fierce alligators to inform viewers of the lottery's start.

"They're introductory, to remind people the lottery is coming," said spokesman Ed George. "They are lighthearted because the lottery is supposed to be fun and entertaining."

The average TV viewer will see the commercials three to four times per week thanks to air time purchased for \$175,000.

The inaugural game, Millionaire, offers an instant cash prize for winning tickets and a chance to win \$1 million in a Feb. 14 drawing.

Gov. Bob Martinez and other state officials, concerned about the state's entry into the wagering business, ordered that the promotional effort avoid the hard sell.

Tacky millionaire tourists, stopping drinks on their beachside chaise longue, comprise one commercial. They talk about how they won lotteries in Northern states like Michigan and New York and have come to Florida to enjoy the sun.

"We won our million up in New Jersey, didn't we, Morris?" a woman says.

"I don't remember," replies her bespectacled husband, dumbfounded as he stares at a bilingual woman walking by.

"For years, lottery winners have come to Florida to enjoy their fortunes," the narrator says. "It's about time the people of Florida had a similar opportunity."

In another spot, which was duplicated with a Spanish narration for Hispanic television viewers, a man reading a newspaper in his back yard unwittingly is surrounded by alligators, which have crawled out of the flurs nearby. Eventually, the man looks up from his reading to discover the alligators.

"Before long, the state of Florida will be crawling with a different kind of greenback," says the narrator.

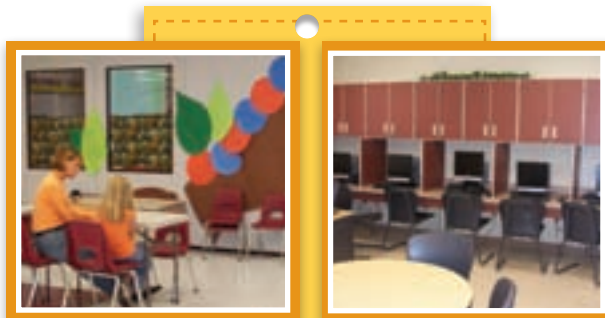
20 Years of... Supporting Education

Two great decades have passed since the Florida Lottery was created by constitutional amendment for the purpose of generating additional monies for public education. Over this 20-year period, profits from ticket sales have touched every facet of Florida's public education system, helping support schools, teachers and students statewide.

For more than a decade, Lottery dollars benefited Florida's youngest students through the nationally-recognized Pre-Kindergarten Early Intervention Program; and, since the agency's inception, Lottery profits have continued funding K through 12 programs at public schools in all 67 Florida school districts.

Since fiscal year 2002-2003, the Florida Lottery's education contributions have exceeded \$1 billion per year – surpassing the \$18 billion mark during fiscal year 2007-2008.

In 1997, funding for the Classrooms First Program began, and along with the Classrooms for Kids Program, close to 800 public schools statewide have been built, renovated or expanded with Lottery funds. That same year, the popular Bright Futures Scholarship Program was created, which beyond brick and mortar, has provided college scholarships to more than 400,000 Florida students, helping to lay the foundation for their careers.



Paul is confident of lottery success

In August, Wilhelms Paul began her duties as Florida's first director of the lottery, a position she held for 26 years in Illinois. She is charged with getting the lottery up and running by Jan. 11, a task she views as building a Fortune 500 company from the ground up in 120 days. Paul, a champion of former beauty queens, gamblers, teachers, and newswomen, has revealed secrets about promoting the lottery and avoiding controversy since recently before the University of Florida's Board of Trustees. She then took a few minutes to discuss the lottery with the editor-in-chief of the Florida Times-Union, a newspaper in Jacksonville. Excerpts from that discussion are included in this Q&A.

Question: You're predicting \$1 billion in lottery sales the first year. Do you have to make that for the lottery to be a success?

Answer: I think the Florida lottery will be an early success. Certainly part of that success will be judged on total sales. I would estimate \$1 billion in the first year. That's a very aggressive number. If we did \$200 million, I'd probably be happy. If we did \$500 million, I don't think I'd be happy.

Q: Do you have to make that \$1 billion to be successful? You've treated that figure as...

A: I think the lottery will be successful and I think we will reach that \$1 billion goal. If we don't, I depend on how far from there we are whether or not I say we're successful.


Q: You've also predicted that at least 25 percent of all Floridians will play the lottery at least the first time to see what it's like. What percentage do you think will continue playing?


A: I would anticipate that somewhere in the neighborhood of 40 to 45 percent of all Floridians will play our products on a regular basis, with 60 percent playing our product once a month.



1986 1987

November 4
By a two-to-one margin, Florida voters approve a constitutional amendment authorizing the state to operate a lottery for the purpose of generating additional funds for education.

June 4
 Governor Bob Martinez signs the Florida Public Education Lottery Act creating a new state agency.

June 5
 Governor Martinez appoints Lieutenant Governor Bobby Brantley as interim Secretary of the Florida Lottery, in charge of creating the new department and recruiting a permanent secretary.

From the first \$1 billion to education, reached in October 1989, to topping the \$10 billion mark in May 2000, the Florida Lottery has continued reaching new milestones in education funding. Over the past six years, the Florida Lottery has experienced tremendous success resulting in increased contributions to education, each year transferring more than \$1 billion to the Educational Enhancement Trust Fund (EETF). Fiscal year 2007-2008 was no different, producing record-breaking sales revenue and contributions to Florida's public education system, totaling \$1.28 billion for the EETF. Florida Lottery profits comprise approximately five percent of the state's total education budget, and with this money, the Lottery continues to make a difference in Florida's public education system.

During fiscal year 2007-2008, more than \$1.53 billion* in EETF funding was appropriated by the Florida Legislature to public schools, community colleges, state universities and student financial aid, as follows:

- **\$709.80 million to public schools**
 - o \$423.20 million to programs specifically benefiting grades K-12.
 - o \$286.60 million to the Classrooms First and Classrooms for Kids programs for school construction and renovation needs, and to help Florida school districts meet the constitutional class-size reduction requirements.
- **\$400.43 million to Florida's community colleges and state universities**
 - o \$161.40 million to the state's 28 community colleges.
 - o \$239.02 million to the state's 11 public universities.
- **\$422.30 million to student financial aid**
 - o \$383.19 million to the Bright Futures Scholarship Program.
 - o \$39.11 million to other state student financial aid.



What program do Florida Lottery employees participate in with schools in their communities?

Florida Mentoring Partnership

*The Florida Legislature's appropriations of monies from the Educational Enhancement Trust Fund (EETF) are based on the Revenue Estimating Conference's projections for the year. Revenue sources for the EETF include net proceeds from lottery games (approximately 90%) and slot machine revenue tax (approximately 10%). EETF funds are appropriated by the Florida Legislature and administered by the Florida Department of Education.

1988

July 16



Governor Martinez appoints Rebecca Paul the first Secretary of the Florida Lottery.

January 12



Ticket sales begin for the first Scratch-Off game, MILLIONAIRE. Sales exceed \$95 million in the first week, breaking the national sales record previously held by the California Lottery.

House proposal would use lottery to build schools
By Diane Hirth

Perhaps one of the Florida Lottery's greatest accomplishments has been funding the Bright Futures Scholarship Program. In fiscal year 2007-2008, \$379.87 million in scholarships was awarded to Florida students to attain a postsecondary education.



Aleta Kane
Pasco County



Joseph C. Caravello
Escambia County



Colleen Jackson
Duval County



Shamara Gibson
Madison County



Gregory Hilliard
Miami-Dade County



Jenny Bartels
Bay County

Additionally, in fiscal year 2007-2008, Lottery dollars were utilized for the first time to fund the following worth-while programs:

- The Excellent Teaching Program, which provides monetary incentives and bonuses for teaching excellence;
- The School Safety Emergency Preparedness Program, which enhances the safety of school children, parents and staff in emergency situations; and
- The First Generation in College Matching Grant Program, a need-based program that assists undergraduate students whose parents never earned a baccalaureate degree.



As of June 30, 2008, how much has the Florida Lottery contributed to Education?

More than \$18 Billion



1988

January 29

The Lottery repays the \$15.5 million startup loan, plus interest, to the General Revenue Fund.

April 29



The first two On-line games, FLORIDA LOTTO™ and CASH 3™, debut.

September 3



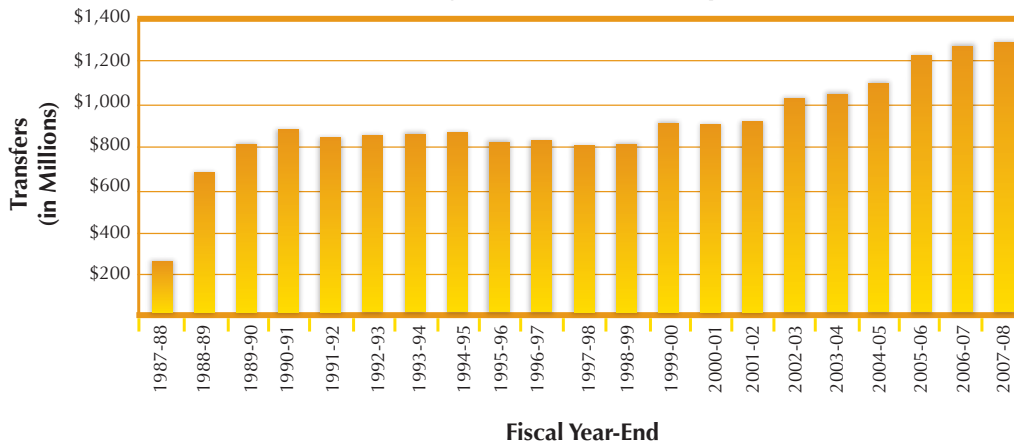
The Florida Lottery sets a world record for the largest jackpot paid to a sole winner. Sheelah Ryan, of Winter Springs, wins the \$55.16 million FLORIDA LOTTO jackpot.



What Lottery-funded education program is a part of the SMART Schools Act of 1997?

Classrooms First Program

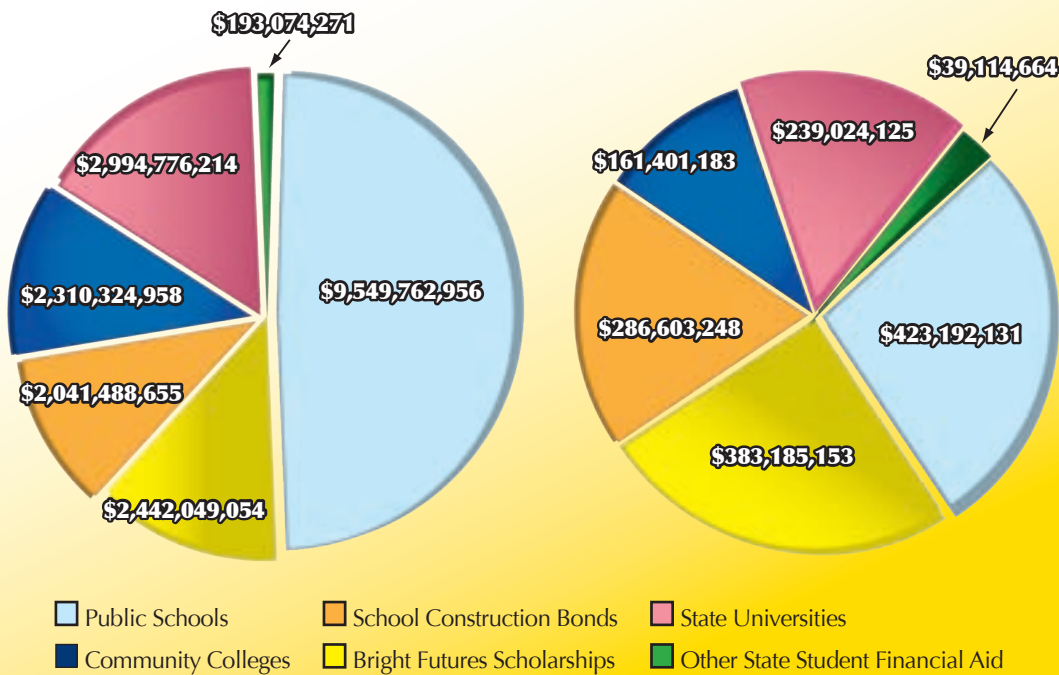
Educational Enhancement Trust Fund Lottery Transfers (Since Inception)



Educational Enhancement Trust Fund Appropriations

Since Inception

2007-2008 Appropriations



Educational Enhancement Trust Fund (EETF) funds are appropriated by the Florida Legislature and administered by the Florida Department of Education. Revenue sources for the EETF include net proceeds from lottery games (approximately 90%) and slot machine revenue tax (approximately 10%).



1989

April 28



The Florida Lottery launches a third On-line game, FANTASY 5®.

1990

September 14

The Florida Lottery sets a single-day ticket sales record of more than \$30 million, as a result of a \$100+ million FLORIDA LOTTO jackpot.

20 Years of...Winning

The Florida Lottery was an instant success from the very beginning. Following the legislative mandate that it function as much as possible as an entrepreneurial enterprise, Lottery tickets went on sale on January 12, 1988. The first game, MILLIONAIRE, exceeded \$95 million in sales – setting a lottery industry record and allowing the agency to pay back the original startup loan from the state's General Revenue Fund of \$15.5 million plus interest in just 17 days.

Lottery fever swept across the state and players enthusiastically embraced the new games, resulting in many ongoing favorites – including FLORIDA LOTTO™, CASH 3™, FANTASY 5®, PLAY 4™, MEGA MONEY™ and a wide variety of Scratch-Off games.

Over the past 20 years, the Florida Lottery has launched a total of five core On-line games, more than 650 Scratch-Off games and 27 limited-time promotional games, which combined have generated more than \$52.22 billion in ticket sales. Resulting from the launch of several new games and enhancements in fiscal year 2007-2008, Florida Lottery ticket sales set a new record at \$4.17 billion, more than \$52.66 million over the previous year – also a record-breaking year.



What Lottery-funded program did the Florida Legislature create in 1997?

Bright Futures Scholarship Program

FLORIDA FOCUS INSIDE STATE
 'Bright Futures' await grad

By LYNETTE NOBLE
 Tallahassee Bureau

Another school year is about to come to a close and qualified school seniors may be looking out into "Bright Futures" as they graduate — providing their Student Aid Forms filled out and on time.

Last year's graduates participated in the...



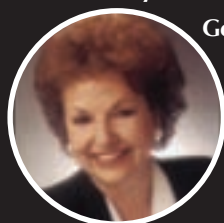
1990

September 15

Six FLORIDA LOTTO players split the highest LOTTO jackpot to date, an estimated \$106.50 million.

1991

January 8



Governor Lawton Chiles appoints Dr. Marcia Mann the second Secretary of the Florida Lottery.

July 4

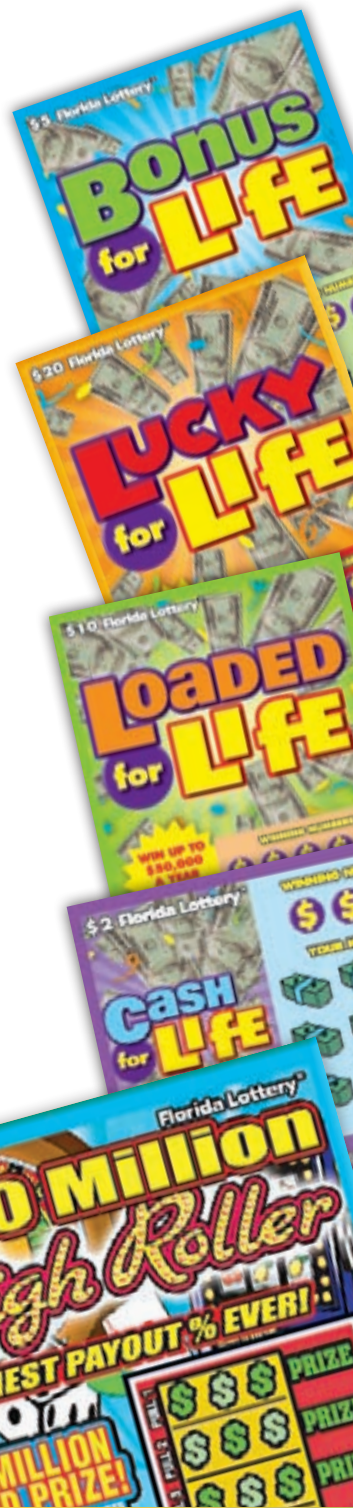


Tickets go on sale for the new On-line game, PLAY 4™.

The year started with the launch of the LIFE family of Scratch-Off games, which quickly became the Lottery's number one performing series for the fiscal year. Ticket sales for the four games – BONUS FOR LIFE, LUCKY FOR LIFE, LOADED FOR LIFE and CASH FOR LIFE – exceeded \$156.72 million in the first 13-week sales period, resulting in \$26.52 million for Florida's public education system.

Just in time for the holidays, *Holiday MILLIONAIRE RAFFLE™* returned for the second time on November 19, 2007 with a limited 1.5 million tickets. The game sold out on December 27, two days before the drawing. *Holiday MILLIONAIRE RAFFLE™* made 12 lucky players new millionaires and generated \$8.3 million in education transfers.

In celebration of the Lottery's 20th anniversary in January 2008, the first-ever \$30 Scratch-Off game, \$600 MILLION HIGH ROLLER, was introduced. With four distinct play areas, the game offered players the highest payout of any Lottery Scratch-Off game at the time, with more than \$600 million in cash prizes, including 20 prizes of \$1 million and more than 2,000 prizes of \$20,000.



Lotto expected to be the most popular game yet for the Florida Lottery. The game is expected to generate \$100 million in sales for the state's public education system. The Florida Lottery is expected to launch the game in the next few weeks. The game is expected to be the most popular game yet for the Florida Lottery. The game is expected to generate \$100 million in sales for the state's public education system. The Florida Lottery is expected to launch the game in the next few weeks.



What was the first game offered by the Florida Lottery?

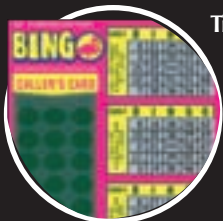
MILLIONAIRE

Lotto, Cash 3 game join instant ticket

From Page 1A
 The Florida Lottery is expected to launch the game in the next few weeks. The game is expected to generate \$100 million in sales for the state's public education system. The Florida Lottery is expected to launch the game in the next few weeks.

1993

September 27



Tickets for the first \$2 Scratch-Off game, BINGO, go on sale and offer a top prize of \$10,000.

1994

May 24



The Lottery launches its first mail-in promotion, The Great LOTTOMOBILE Giveaway, with 50 Ford Mustang GTs as top prizes.



Who was the first winner of the FLORIDA LOTTO?

Sheelah Ryan of Winter Springs

Florida's first lottery game



Where the money goes



odds of winning



odds of winning



odds of winning



LOTTO PLUS™, a new feature offering players the chance to play for higher jackpots, was added to the ever-popular FLORIDA LOTTO game in March 2008. On April 15, the TAXES PAID family of Scratch-Off games gave players the opportunity to win “tax-free” top prizes, with the Florida Lottery paying the taxes on these prizes.

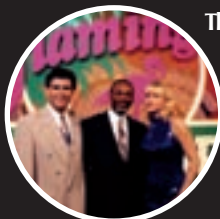
Later that spring, the Florida Lottery added midday draws to PLAY 4 and CASH 3 offering players two chances per day to play and win.

In fiscal year 2007-2008, Lottery players statewide won more than \$2.47 billion in prizes. In addition to cash prizes, players also received a multitude of merchandise, including a Lottery 20th-anniversary-edition golf cart, entry into a World Poker Tour® tournament, Dell® laptop computers, MP4 players, and World Poker Tour® merchandise prize packs.



1995

October 13



The Lottery's new weekly TV game show, "Flamingo Fortune," airs on 11 television stations statewide. The show enjoys a four-year run, ending on October 17, 1999.

1997

May 23



Governor Lawton Chiles signs the bill that creates the Florida Lottery funded Bright Futures Scholarship Program.

First lottery players

20 Years of Playing & Winning!



Who was the Governor when the Lottery started?

Governor Bob Martinez

Nearly eight \$1 tickets for every man, woman and child in the state were sold.

estimate, the first day sales may have been as high as 20 million tickets.

Paul attributed the early success of the lottery to several factors, including the fact that 40 million tourists annually visit the state. He said the state was able to get the game under way during the peak of the state's tourist season.

The fact that the states bordering on Florida — Alabama and Georgia — don't have a lottery meant players from those states helped increase the game play, Paul said.

She also said the state's continued growth — roughly 800 new residents a day — as well as a good job-preparation and promotion helped get the lottery off to a successful start.

"I'll tell you right now we don't expect to do \$30 million in (weekend) sales the rest of the year," Paul said, saying the sales will taper off. "But it's a good start."

But Paul said the Florida Lottery could sell more than \$1 billion worth of tickets over the next year.



1998

February 25



The Florida Lottery introduces the new On-line game, MEGA MONEY™.

October 21

The Florida Lottery offers winners a Cash Option (lump sum) for their jackpot winnings.

November 9



The first \$5 Scratch-Off game, 12 WAYS TO CELEBRATE, launches.

Ad campaign for lottery starts Monday

By CHARLES HOLMES
Coe News Service

TALLAHASSEE — The soft sell for the hard cash begins Monday.

Officials of Florida's new lottery offered reporters a glimpse of two 30-second commercials Wednesday that aim for both the funny bone and the pocketbook in promoting the state's new games.

The spots, produced at a cost of \$225,000, will begin airing Monday on television stations throughout the state as a prelude to the start of Florida's lottery Jan. 11.

The commercials use eddible millionaires and fierce alligators to inform viewers of the lottery's start.

"They're introductory, to remind people the lottery is coming," said spokesman Ed George. "They are lighthearted because the lottery is supposed to be fun and entertaining."

The average TV viewer will see the commercials three to four times per week thanks to air time purchased for \$670,000.

The inaugural game, Millions, offers an instant cash prize for winning tickets and a chance to win a million in a Feb. 14 drawing.

Gov. Bob Martinez and other state officials, concerned about the state's entry into the warring business, ordered that the promotional effort avoid the hard sell.

Tacky millionaires, wearing smoking jackets and holding champagne flutes, and alligators, with commercial that the

20 Years of... Successful Partnerships

Over the past 20 years, Florida Lottery retailers have played an important role in the Lottery's success. Whether serving a first-time player or a longstanding loyal customer, Lottery retailers serve as the Florida Lottery's point of contact with customers statewide.

In the summer of 1987 the Lottery offered all qualified Florida businesses the opportunity to become Lottery retailers, and the response was overwhelming. More than 3,100 Florida businesses served as official Lottery retailers when the first Florida Lottery ticket went on sale in January 1988. By the end of fiscal year 2007-2008, that number had grown by more than four times to more than 13,000 retailers and counting.

Through a strong business model that focuses on new and exciting games, the Florida Lottery has successfully increased sales attracting new retailers from every segment of Florida's population. In 2007, Governor Charlie Crist signed Senate Bill 2800 granting the Florida Lottery budget authority to lease an additional 500 On-line terminals, resulting in the recruitment of new retailers statewide. Additionally, the Lottery's Business Development Office has hosted retailer recruitment seminars throughout the state to educate retailer prospects about the benefits of becoming a Lottery retailer. Business Development staff also conducted workshops that focus on how to effectively market Florida Lottery games, helping our retailers become more profitable than ever. In fiscal year 2007-2008, Lottery retailers earned \$233.47 million in commissions and \$2.18 million in bonus incentives.

Florida Lottery retailers are in many ways responsible for the Lottery's success. They understand that every ticket purchased results in more money for Florida students and schools. Without them, the Florida Lottery would not exist and the state's education system would not benefit from the additional dollars generated by lottery ticket sales.



How many retailers were there during fiscal year 2007-2008?

more than 13,000



1999

January 11

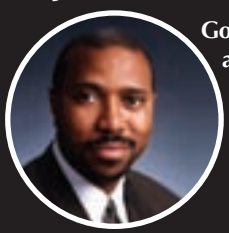


Governor Jeb Bush appoints Miami attorney Sue M. Cobb as Interim Secretary of the Florida Lottery.

March 18

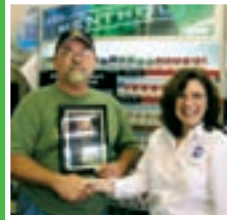
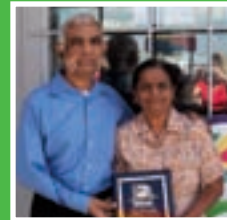
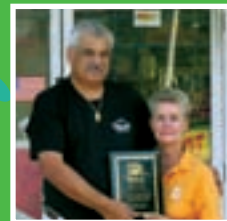
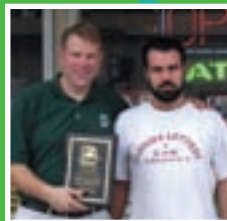
The Florida Lottery sets a North American state lottery record for transferring \$9 billion to the EETF after only 11 years of operation.

June 17



Governor Jeb Bush appoints David Griffin as the third Secretary of the Florida Lottery.

Thank You For Your 20 Years of Service!



AT WORK FOR EDUCATION

Thanks to our Florida Lottery players, we're helping to earn more than \$7 billion for the state's education!



How many Florida Lottery retailers were there at startup?

More than 3,100



TEAM PLAYER: Gov. Bush and David Griffin, new lottery secretary. AP photo

Bush aims high for lottery director

David Griffin, 36, assistant executive director of the Ohio lottery, is a Cleveland native and former professional basketball player.

LOCAL 18

2000

October 24

FLORIDA LOTTO's game matrix changes from 49 to 53 numbers, Wednesday night drawings are added to the game, and lower-tier prizes substantially increase. As a result, LOTTO sales for the 2000 calendar year increase by more than \$109 million.

October 26

Florida Lottery sales reach a life-to-date total of \$25 billion for all Scratch-Off and On-line games.

March 29

The largest FLORIDA LOTTO jackpot won by a single winner, an estimated \$81.6 million, breaks the previous single winner record set by Sheelah Ryan, of Winter Springs, who won \$55.16 million on September 3, 1988. The ticket was later claimed by Whispering Pines Lottery Trust of New Port Richey.

20 Years of... Dedicated Service

As required by subsection 24.105(4), Florida Statutes, the following information reflects the organizational structure of the Florida Lottery on June 30, 2008.

The Office of the Secretary directs the operations of the Florida Lottery, and is responsible for the effective management of the Lottery in accordance with directives identified in statute and corresponding rules, regulations, policies and procedures.

The Office of the Chief of Staff assists the Secretary in providing overall organization, direction and coordination, both in day-to-day activities and in long-range planning.

- **Legislative Affairs** is responsible for promoting and securing the passage of the Secretary's and the Governor's legislative objectives by the legislature.
- **Security** provides security services for the Lottery, including protection of buildings and facilities, investigative activities, game drawing security, and background investigations for vendors, retailers and employees. The Division of Security also manages the department's safety awareness program and the Lottery's Continuity of Operations Plan (COOP).
 - **Investigations and Operations** monitors the physical security of all Lottery facilities and investigates security breaches. This unit also investigates problem claims and other allegations of potential illegal activity, and is responsible for managing the nightly draw process.
 - **Intelligence and Administrative Support** conducts background investigations on potential vendors, contractors, retailers and employees, and provides analytical support for other criminal investigations. This section provides maintenance and hardware support for the Integrated Security System and manages the Agency's loss prevention program, which aids retailers in reducing ticket theft and informs the general public of Lottery-related scams and other fraudulent activity.
 - **Information Security Management (ISM)** develops and coordinates the information security infrastructure and program to provide protection and ensure integrity for the Department's computers, data and networks.

The Office of the Deputy Secretary assists the Secretary in the development and implementation of business strategies, and provides direction, oversight and evaluation of daily business functions related to Research, Product Development and Business Development – with the primary focus of managing programs aimed at increasing Lottery sales and transfers to the Educational Enhancement Trust Fund.

- **Research** initiates and oversees consumer market studies primarily contracted through the Lottery's research vendor of record. This unit's projects center on consumer, retailer, retail environment and advertising campaign analysis. The Research unit also provides valuable data used to determine products to be developed, revenue forecasting and overall program effectiveness.



What was
the first \$2
Scratch-Off game?

ONGNB



14

2000

May 12

The Florida Lottery becomes the first state lottery to transfer \$10 billion (to Education) in a 12-year span of operation.

July 31

The Florida Lottery teams up with several Florida police departments to combat Lottery scams. As a result of TV and radio public service announcements and local news media coverage, the incidence of Lottery-related scams is reduced.

- **Product Development** provides direction and oversight in the creation, design, development and management of both On-line and Scratch-Off Lottery products.
- **Business Development** works to expand the channels or venues through which Lottery products are sold and seeks new ways to generate sales and income from Lottery products and programs. This office also oversees the retailer contracting and renewal process.
 - **Retailer Contracting** evaluates and approves retailer applications and enters into contracts with retailers that will best serve the public interest and provide adequate and convenient availability of Lottery tickets. The unit directly supports the Lottery's efforts in the recruitment and retention of retailers. Through its application and contract renewal process, this unit ensures the integrity, reputation and financial responsibility of all Lottery retailers.
 - **ADA Office** ensures that all policies and directives relating to the Americans with Disabilities Act (ADA), as they pertain to Lottery retailers, are implemented and upheld. Through geographically located coordinators, this unit ensures compliance with the ADA for all Lottery retail locations.

The Office of Public Affairs assists the Secretary in the development and implementation of public relations strategies, and provides direction, oversight and evaluation of daily business functions related to Communications, Customer Service, and Education Information. Public Affairs manages public awareness and player relations by providing current and historical information to players, retailers, news media and the general public through the following units:

- **Communications** coordinates all Lottery activities with the news media, including spokesperson interviews, public records requests, news conferences and press releases. Communications also oversees the Lottery's Web site, in both English and Spanish, and produces official Lottery publications.
- **Customer Service** serves as the Lottery's direct liaison to players, responding to inquiries regarding games and various other facets of operations. It also manages customer correspondence and e-mail, and serves as a clearinghouse for Lottery records.
- **Education Information** promotes awareness of the state's use of Lottery monies in providing enhancements to public education in Florida.

The Office of Information Technology & Operations provides strategic and automated solutions to fulfill the Lottery's business needs through the efficient and effective development and deployment of the Lottery's information technology resources, including excellence in customer service, optimizing the sale of Lottery tickets and ultimately enhancing contributions to education. Operations consist of the following units:

- **Software and Data Services** automates and improves the Lottery's business processes by building information applications that enable and optimize the development of new Lottery products, payment of winners, electronic payment by retailers, retailer incentive programs and other mission-critical initiatives.



What was the fourth On-line game added to the Lottery's game portfolio?

▶ XVT▶



15

2002

March 10

The PLAY 4 winning numbers, 0-0-0-0, produced a record 1,182 winners and a record \$4,402,500 payout.



August 20

The first \$10 Scratch-Off game, CASH BONANZA, launches.

2003

March 5

Governor Jeb Bush appoints Rebecca D. Mattingly the fourth Secretary of the Florida Lottery.





Who was the first Florida Lottery Secretary?

Rebecca Paul

LOTTO / 2nd game added each week

4 From Page 1

"Nobody is gonna be happy about it because they have to play the same numbers two times a week," Patel said.

Jeff Rabbin of Tampa didn't like the idea.

"I hate that. It's too often," Rabbin said. "The jackpots won't get as big."

Lottery officials say the Oct. 27 jackpot, the first under the new rules, will be smaller at about \$3 million, but after that there should be more rollovers, resulting in larger jackpots.

"The higher the jackpot, the more people play," Lottery Secretary David Griffin said.

One plus is cash prizes for players who pick three, four or five of six winning numbers will be doubled.

Statistically, the odds just aren't good for grabbing the big pot.

"In plain and simple math, that's a large decrease in your chance of winning," said Pete Kerner of Las Vegas.

Kerner said, "You're really doubling the odds against you."

However, the lottery is...



- **Software Quality Assurance** is responsible for researching gaming system functional requirements and performing formal user acceptance testing on all gaming system software prior to implementation.
- **Systems and Operations Services** maintains a secure, power redundant data center environment, provides telecommunications systems and services, desktop computing and technology infrastructure services for the Lottery. This unit also maintains the Lottery's Information Technology Disaster Recovery plan.
- **Games Administration** manages all retailer accounting issues and systems related to game transactions, including inventory. This unit coordinates all on-line gaming functions for CASH 3™, PLAY 4™, FANTASY 5®, MEGA MONEY™ and FLORIDA LOTTO™, including closing games for draws, entering the winning numbers into the online gaming system and setting the games to pay winners. Games Administration serves as the system coordinator and liaison to all Lottery retailers.

The Office of the Inspector General assists the Secretary with internal control systems necessary to ensure the fiscal accountability and integrity of the Lottery. The office is responsible for performing financial, compliance and performance audits of the Lottery, and preparing audit reports of said findings and investigations.

The Office of the General Counsel provides consultation, direction and representation in all legal matters affecting the Lottery.

The Office of Administration assists the Secretary with strategic leadership relative to employee relations, procurement, contract administration and management, and general support services. The division oversees labor relations matters including collective bargaining agreements, the handling of grievances and disciplinary actions.

- **Employee Relations** administers comprehensive employer services in the following program areas: Compensation and Payroll, Benefits (retirement), Attendance and Leave (sick leave transfer program, Family Medical Leave Act), employee records, worker's compensation, unemployment compensation, service awards, dual/secondary employment and some collective bargaining issues.
- **Employee Development** administers comprehensive employer services in the following program areas: recruitment and selection, policy coordination, classification (e.g., organization restructure, class studies, position descriptions, salary analysis), professional development, performance excellence and management report generation.
- **General Services** manages and administers the contract management process as well as provides resources in the monitoring of contract deliverables. Provides direction to ensure the minority business community participates in the Lottery's procurement and contracting processes.

2003

November 11

The largest unclaimed FLORIDA LOTTO jackpot, an estimated \$53.70 million, expires after the 180-day redemption deadline. A special one-time deposit was made to the EETF in the amount of \$30.15 million, the jackpot's cash option value.

2004

June 29



GOLD RUSH, the first \$20 Scratch-Off game launches. Players have a chance to win up to \$500,000 as an annuity or cash option. GOLD RUSH produces more than \$6.35 million in sales the first full week after launch.

State ups ante to draw more Lotto players

Dramatic change to boost sales

By [Name]

Flamingo Fortune



What was the name of the Florida Lottery's game show?

Flamingo Fortune

Lotto expected to be most popular game yet for lottery

By [Name]

Flamingo Fortune

- **Purchasing Office** provides strategic resources in the acquisition of commodities and contractual services necessary in the operation of the Florida Lottery. Additional responsibilities include administering general and routine activities that result in the issuance of purchase orders and execution of contracts.
- **Support Services** provides the day-to-day operational services including facilities management, fleet management, property/inventory control, warehousing operations, records management and mail operations. The unit oversees janitorial and other contracted services.

The Office of Finance and Budgeting assists the Secretary with providing effective leadership for the Lottery to grow responsibly in a profitable and sustainable manner. The division is responsible for the development and monitoring of the department's budget, all financial reporting, disbursements and monitoring of cash flows.

- **The Budget** unit prepares the annual legislative budget request and any necessary budget amendments for the Lottery, monitors expenditures to ensure budgetary compliance, and coordinates the development of the Lottery's long-range plan.
- **Claims Processing** processes the prize payments of tickets submitted to Lottery headquarters and assists the district offices with the payment of tickets presented at those offices.
- **Vendor Disbursements** is responsible for making payments to vendors supplying goods and services to the Lottery.
- **General Accounting** administers and oversees the accounting data systems, and coordinates duties of the Financial Reporting and Accounts Receivable and Cash Management units.
- **The Financial Reporting** unit prepares financial statements and reports the results of Lottery operations. This unit also oversees the reconciliation of all accounting data systems.
- **The Accounts Receivable and Cash Management** unit is responsible for coordinating all cash activities. This includes collecting funds from retailers, tracking delinquencies, coordinating financial reviews, covering required disbursements, coordinating all banking activities and managing all investments.

The Office of Marketing assists the Secretary with all areas relating to the promotion and sale of Lottery products, including Strategic Alliance Marketing, special events and promotions, graphics, and advertising, Lottery nightly drawings and carrier station management. The division works directly with the advertising vendors to develop informative advertising campaigns for customers (consumers, retailers and the general public), introducing them to Lottery programs, products and messages.

2007

March 20

The Florida Lottery introduces an exciting new play option called EZmatch™ to enhance FANTASY 5, allowing players to win up to \$500 instantly.

January 1



The first-ever *Holiday* MILLIONAIRE RAFFLE™ drawing takes place on New Year's Day, awarding 130 winners more than \$13 million in prizes. Ten lucky players receive \$1 million each, the highest number of millionaires in a single drawing in the history of the Florida Lottery. The game, which started Nov. 20, sold out in 11 days.

TODAY,
A NEW GAME
WILL CHANGE
THE WAY
YOU PLAY.



January 12, 2008

- **Strategic Alliance Marketing** drives the growth of the Lottery beyond its core business, and initiates and manages key promotional business and marketing initiatives. Responsibilities also include identifying, evaluating, negotiating and implementing new strategic alliances and corporate sponsorships.
- **Special Events and Promotions** increases the awareness of Lottery products and contributions to education through special promotions, promotional merchandise and participation in special events held in communities throughout Florida. Responsibilities also include On-line game live drawings held at public venues throughout the state, retailer promotions and Lottery Show van scheduling.
- **Graphics** provides overall art design and direction for the Lottery, including quality control for Scratch-Off ticket design, publications, promotional items and graphic presentations.

The Office of Statewide and Corporate Sales assists the Secretary by increasing Lottery sales statewide through the implementation of a strong sales and marketing plan. The division plans effective sales strategies and training in advance of all new product launches, in addition to overseeing the activities and disseminating policies and procedures to the nine statewide district offices.

- **Corporate Sales** is responsible for the growth and development of the Lottery's corporate business. The unit serves as a liaison between the Lottery and main corporate offices of retailers statewide.
- **The Nine District Offices** manage the sale, promotion and redemption of Lottery products through a statewide network of more than 13,000 Lottery retailers. In addition to the office management staff, each district office employs a staff of sales representatives who assist in the promotion and sale of Lottery products at the retail level.



Governor Bob Martinez scratches an oversized lottery ticket.



2007

January 2



Governor Charlie Crist appoints Leo DiBenigno the fifth Secretary of the Florida Lottery.

June 13

Governor Crist signs Senate Bill 1376, granting the Florida Lottery authority to apply for and hold patents for unique lottery games, play styles, methods and systems that are developed by the agency.

July 10

The Florida Lottery launches the LIFE family of Scratch-Off games, which broke the sales record for any preceding family of games, generating \$158.1 million in sales in the first 13-week sales period alone.

The 2 days that shook the state

Lottery players spent \$31 million on tickets in the first two days.

By Donna O'Neal

SENTINEL TALLAHASSEE BUREAU

TALLAHASSEE — Lottery players kept scratching tickets and the Florida Lottery reported \$31 million in ticket sales for the first two days.

Meanwhile, the Lottery Department received about 10,000 requests from players who had a chance to enter the first grand prize drawing scheduled for next month.

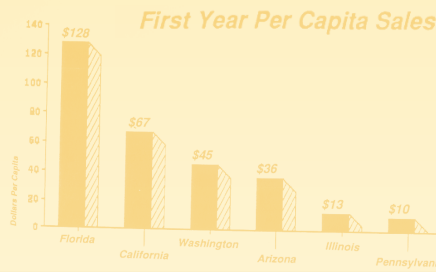
Most entry tickets are sent by regular mail, but eight

Winner's luck runs

were so eager to enter the drawing that they paid out at least \$11 apiece to send their \$1 tickets by overnight mail. "It's been amazing," said Ed George of the Lottery Department. "We can't continue to sell lottery tickets at this rate. In 24 days we'd be out." The first game, Millionaire, is expected to last eight to 10 weeks.

Lottery officials initially estimated that 13.5 million tickets were sold on opening day. However, George said Thursday that the two-day total could not be broken down because some players bought a ticket Tuesday but didn't claim their prizes until

Lottery Record: First Year Per Capita



Lottery Record: Instant Game

First Week Instant Ticket Sales



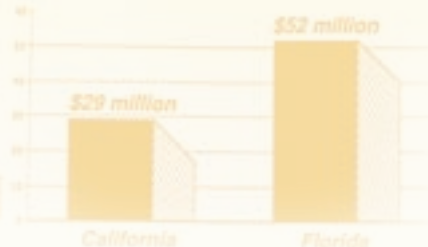
First Week Instant Sales Per Capita



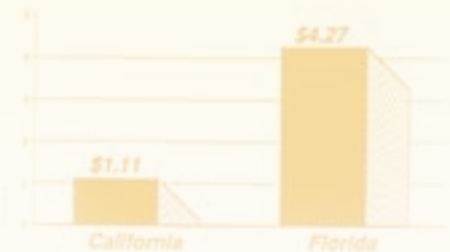
Financial Statements June 30, 2008 and 2007

Lottery Record: On-line Games

First Month On-line Sales



First Month On-line Sales Per Capita



2008

January 12



The Florida Lottery celebrates its 20th anniversary! Events are held in district office locations throughout the state for players to join in the celebration.

March 2



FLORIDA LOTTO began offering \$2 and \$3 LOTTO PLUS™ tickets, which allow players to add millions more to their jackpot!

May 19

The Florida Lottery adds midday draws to CASH 3 and PLAY 4, offering players two daily chances to play and win!



David W. Martin, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



850/488-5534
Fax: 850/488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Department of the Lottery (the Lottery), an enterprise fund of the State of Florida, as of and for the fiscal years ended June 30, 2008, and 2007. These financial statements are the responsibility of the Lottery's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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.

As discussed in Note 1, the financial statements present only the Lottery and do not purport to, and do not, present fairly the operations of the State of Florida as of June 30, 2008, and 2007, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lottery as of June 30, 2008, and 2007, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

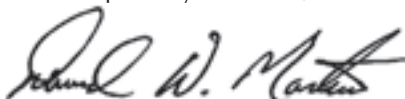
In accordance with *Government Auditing Standards*, we have also issued a report on our examination of the effectiveness of the Lottery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND**



ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS. One purpose of that report is to describe the scope of our testing of internal control over financial reporting and to provide an opinion thereon. With respect to compliance, the purpose of that report is not to provide an opinion on compliance, but rather to describe the scope of our testing of compliance and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The MANAGEMENT'S DISCUSSION AND ANALYSIS (pages 22 through 30) is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



David W. Martin, CPA
December 23, 2008

Ad campaign for lottery starts Monday

By CHARLES HOLMES
Sun News Service
TALLAHASSEE — The soft sell of the hard cash begins Monday. Officials of Florida's new lottery offered reporters a glimpse of two 30-second commercials Wednesday that aim for both the funny bone and the pocketbook in promoting the state's new games. The spots, produced at a cost of \$250,000, will begin airing Monday on television stations throughout the state as a prelude to the start of Florida's lottery Jan. 12. The commercials use cartoonish illustrations and direct addresses to inform viewers of the lottery's start. "They're introductory, to remind people the lottery is coming," said spokesman Ed George. "They are lighthearted because the lottery is supposed to be fun and entertaining." The average TV viewer will see the commercials three to four times per week through early February.

Lotto, Cash 3 games join instant ticket

From Page 1A
...to be less than \$2 million. ...days before ...announcement ...\$10 million was ...compared to ...the day of ...in October 1989. ...Paid also a ...week, is ...For the ...1989, the ...Lotto and Cash ...remained in ...instant ticket. ..."Manufacturers ...bring in new ...million total ...Leonard, a ...entire & ...marketing firm. ...By mid-1990 ...Cash 3 are expected ...than the instant ...These two ...be the last ...first months ...and lottery. ..."There are ...for the future," ...1990-1991 ...\$100 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2008, AND JUNE 30, 2007

As management of the Florida Lottery, we offer readers of the Florida Lottery's financial statements this overview and analysis of the Lottery's financial results and position for the fiscal years ended June 30, 2008, and 2007. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements, which begin on page 31.

FINANCIAL HIGHLIGHTS

The Florida Lottery has as its mission the maximization of revenues for the benefit of education in a manner consistent with the dignity of the state and the welfare of its citizens. The Florida Lottery is considered a mature lottery with a full complement of both Scratch-Off and On-line products. The Department has maintained ticket sales in excess of \$2 billion for nineteen consecutive fiscal years and has transferred a minimum of \$800 million annually to the Educational Enhancement Trust Fund (EETF) during this same period, with the fiscal year 2008 transfer exceeding \$1 billion for the sixth consecutive year.

For the fiscal year ended June 30, 2008:

- Transfers to the EETF increased from approximately \$1.26 billion to approximately \$1.28 billion or 1.6%, over the prior fiscal year.
- Florida Lottery's ticket sales increased 1.2 % over the prior fiscal year from approximately \$4.12 billion to \$4.17 billion.
- Prize expense decreased \$8.5 million (0.3%) during fiscal year 2008. The Lottery has the authority to vary the prize expense in order to maximize transfers. This expense represented approximately 59.3% of net ticket sales.
- The gaming vendors' fees and retailer commissions are based on sales and therefore fluctuate in parallel with sales revenue. Fiscal year 2008 expenses for these items increased over the prior year expenses by 1.5%.
- Administrative operating expenses, which includes advertising, salaries and benefits, rent, utilities and maintenance, professional fees, depreciation and other administrative expenses, experienced a minor increase. Administrative operating expenses for fiscal years 2008 and 2007 were \$73.3 million and \$73.2 million, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Lottery is accounted for as an enterprise fund, reporting transactions using the accrual basis of accounting similar to a business entity. This discussion and analysis is intended to serve as an introduction to the Lottery's basic financial statements, along with the notes to the financial statements. The Statement of Net Assets on page 31, the Statement of Revenues, Expenses and Changes in Net Assets on page 32, and the Statement of Cash Flows on page 33 report the Lottery's net assets and changes therein. The notes to the financial statements provide additional information that is essential to a reader's understanding of the data provided in the financial statements.

The Lottery transfers its net profits each fiscal year to the EETF. As a result, the Lottery's net assets consist of funds invested in fixed capital assets and restricted assets. The restricted assets consist of the twenty percent for unclaimed prizes designated for future prizes, a reserve fund established to pay set prize amounts, and



investments being held by the Lottery to fund deferred prize payouts. The investments do include the cumulative effect of periodic adjustments to recognize the fair value of the grand prize investments despite the fact that Lottery purchased the investments with the intention of holding the investments until maturity in order to meet the future obligations and, therefore, would not realize any gains or losses related to these investments for distribution as net proceeds.

SUMMARY OF NET ASSETS

Table 1 presents the Lottery's condensed Statement of Net Assets as of the current fiscal year ended June 30, 2008, and the prior fiscal years ended June 30, 2007, and 2006, as derived from the Statement of Net Assets.

Table 1
Condensed Statement of Net Assets
As of June 30, 2008, 2007, and 2006
(In Thousands)

	2008	2007	2006
Assets			
Current Assets	\$ 188,200	\$ 223,108	\$ 178,017
Restricted Assets	2,306,205	2,553,972	2,879,757
Capital Assets, Net of Depreciation	1,279	1,908	1,244
Total Assets	2,495,684	2,778,988	3,059,018
Liabilities			
Current Liabilities	187,526	218,842	175,955
Current Liabilities Payable from Restricted Assets	1,310,654	1,488,254	1,665,130
Noncurrent Liabilities	837,694	979,115	1,118,217
Total Liabilities	2,355,874	2,686,211	2,959,302
Net Assets			
Net Investment in Capital Assets	1,279	1,908	1,244
Restricted Net Assets	158,531	90,869	98,472
Total Net Assets	\$ 159,810	\$ 92,777	\$ 99,716

Assets

Total assets at the end of fiscal year 2008 decreased by \$283 million from \$2.8 billion at June 30, 2007, to \$2.5 billion at June 30, 2008. At the end of fiscal year 2007, total assets were \$280 million less than the \$3.1 billion at the end of fiscal year 2006.

- Current assets decreased from \$223.1 million in 2007 to \$188.2 million in 2008, representing a decrease of \$34.9 million. This decrease is primarily due to a decrease of \$40.0 million in cash and cash equivalents and a \$5.2 million increase in retailer accounts receivable due to the timing of billing and collections from our retailers at year-end cutoff. In fiscal year 2007, current assets had increased \$45.1 million from \$178.0 million at June 30, 2006. That increase was primarily due to the increase of \$36.5 million in cash and cash equivalents and a \$10.1 million increase in retailer accounts receivable due to the timing of billing and



Thanks to our Florida Lottery players helping to earn more than \$7.5 billion for Florida's classrooms!

collections from our retailers at year-end cutoff.

- Restricted assets decreased \$247.8 million from \$2.5 billion in 2007 to \$2.3 billion in 2008. This decrease is mostly attributable to the continuing decrease in the size of the deferred payment investment portfolio. The net appreciation in fair value of the grand prize investments increased \$116.2 million. However, the size of the total portfolio continues to decrease due to a consistent pattern of jackpot prizewinners selecting the cash option when they have the option of selecting either an annuity or cash. This pattern resulted in a payout of annuities for the current fiscal year of \$246.3 million and purchases of only \$3.4 million in new investments. In fiscal year 2007, payouts of annuities were \$246.5 million and purchases of new investments consisted of \$19.5 million. As a result of the diminishing size of the investment portfolio, the value of the collateral from the lending of those securities was also less than in the prior year. At June 30, 2008, the Lottery held \$1.1 billion in collateral versus \$1.2 billion at June 30, 2007, and \$1.4 billion at June 30, 2006.

Liabilities

Total liabilities at June 30, 2008, were \$2.3 billion, which is \$350 million lower than the total liabilities of \$2.7 billion at June 30, 2007. The total liabilities at June 30, 2007, were \$273 million lower than the June 30, 2006, amount of \$2.9 billion.

- Current liabilities decreased from \$218.8 million on June 30, 2007, to \$187.5 million on June 30, 2008. The decrease of \$31.3 million is largely due to a decrease in the year-end payable to EETF of \$4.6 million and a decrease in prizes payable of \$27.1 million. The decrease in prizes payable resulted primarily from a Raffle game with prizes payable on June 30, 2007, of \$16.5 million and none on June 30, 2008, as well as a reduction in prizes payable for Scratch-Off games of \$16.3 million. The June 30, 2007, current liabilities of \$218.8 million were higher than the June 30, 2006, amounts of \$175.9 million. The primary reasons for the \$42.8 million increase was the increase in transfers to EETF of \$23.5 million and the increase in prizes payable of \$17.6 million.
- Current liabilities from restricted assets decreased \$177.6 million from \$1.49 billion at June 30, 2007, to \$1.31 billion at June 30, 2008. This decrease can be primarily attributed to a net decrease in obligations under security lending of \$152.6 million. The June 30, 2007, current liabilities from restricted assets balance of \$1.49 billion was \$176.8 million less than the June 30, 2006, balance of \$1.66 billion. Again, this decrease can be primarily attributed to a net decrease in obligations under security lending of \$177.2 million. Noncurrent liabilities principally consist of grand prizes payable, which represents the amount to be paid to grand prizewinners over future years. Grand prizes payable experienced a decrease of \$141 million from year-end 2007 to 2008 and a decrease of \$139 million from year-end 2006 to 2007.

Net Assets and Changes in Net Assets

Net assets increased by \$67.0 million from June 30, 2007, to June 30, 2008. Net assets at June 30, 2008, 2007, and 2006 were \$159.8 million, \$92.8 million, and \$99.7 million, respectively. The fiscal year 2008 increase is primarily due to increases in restricted net assets for future prizes and promotions of \$10.2 million and in restricted net assets for undistributed appreciation on restricted investments of \$12.8 million, as well as the newly established reserve for the new Lotto Plus game of \$44.7 million.



SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The most important element demonstrated with the Lottery's financial statements is the transfer of net income to the EETF. Accordingly, the primary focus of these financial statements is determining net income available for transfer, rather than the change in net assets of the Lottery, which reflects the changes in fair value of restricted investments and restricted reserves.

Table 2 presents a condensed Summary of Revenues, Expenses and Changes in Net Assets for the current fiscal year ended June 30, 2008, and the prior fiscal years ended June 30, 2007, and June 30, 2006, as derived from the Lottery's Statement of Revenues, Expenses and Changes in Net Assets.

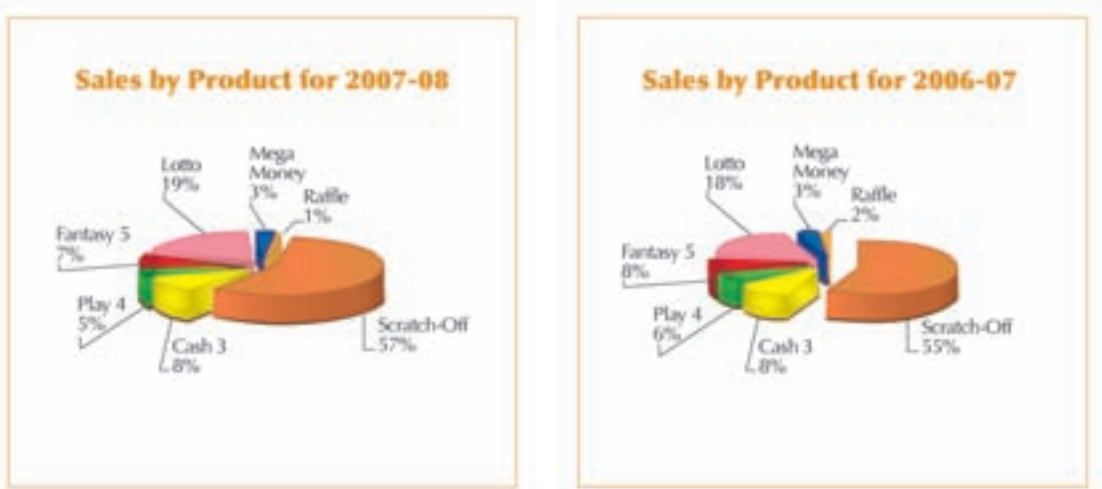
Table 2
Condensed Statement of Revenues, Expenses and Changes in Net Assets
As of June 30, 2008, 2007, and 2006
(In Thousands)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating Revenues			
Ticket Sales	\$4,174,776	\$4,122,116	\$3,929,030
On-Line & Retailer Fees and Miscellaneous	7,724	7,438	7,291
Total Operating Revenues	<u>4,182,500</u>	<u>4,129,554</u>	<u>3,936,321</u>
Operating Expenses			
Prizes	2,476,032	2,484,519	2,340,859
Retailer Commissions	235,651	234,291	224,570
Vendor Commissions	81,300	78,090	75,047
Other Expenses	73,261	73,219	71,994
Total Operating Expenses	<u>2,866,244</u>	<u>2,870,119</u>	<u>2,712,470</u>
Income from Operations	<u>1,316,256</u>	<u>1,259,435</u>	<u>1,223,851</u>
Nonoperating Revenue, net of expenses	<u>34,191</u>	<u>(3,102)</u>	<u>(105,001)</u>
Income Before Operating Transfers	<u>1,350,447</u>	<u>1,256,333</u>	<u>1,118,850</u>
Transfers to EETF from Revenue	(1,216,839)	(1,224,524)	(1,182,763)
Transfers to EETF from Unclaimed Prizes	(66,575)	(38,748)	(41,888)
Total Transfers to EETF	<u>(1,283,414)</u>	<u>(1,263,272)</u>	<u>(1,224,651)</u>
Change in Net Assets	67,033	(6,939)	(105,801)
Net Assets, Beginning of Year	<u>92,777</u>	<u>99,716</u>	<u>205,517</u>
Net Assets, End of Year	<u>\$ 159,810</u>	<u>\$ 92,777</u>	<u>\$ 99,716</u>

Sales

For the fiscal year ended June 30, 2008, overall ticket sales increased \$52.7 million due primarily to the growth in the Scratch-Off market. Sales for On-line products decreased. The \$4.17 billion sales figure represents the highest sales in the history of the Florida Lottery. Fiscal year 2007-08 is the second year in which the Lottery has surpassed its \$4 billion sales goal, although the sale of lottery tickets has been affected by the downturn in the economy.

The following chart shows sales by product for the various Lottery games during the June 30, 2008, and 2007 fiscal years:

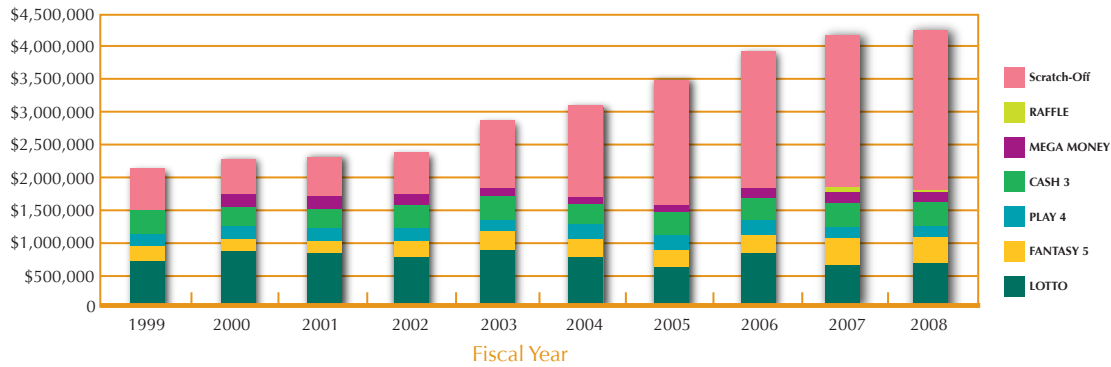


Sales of Scratch-Off tickets for the fiscal years ending June 30, 2008, and 2007, were \$2.37 billion or 57% and \$2.28 billion or 55% of combined sales in each of the two years. The continuing increase in Scratch-Off sales is attributed to the introduction of higher price point Scratch-Off games introduced over the last three years, record sales of holiday-themed games, utilization of central-themed games across price points and, more generally, the effects of the variable prize payouts, implemented in September 2002.

The following chart and table shows sales by game for the last ten fiscal years:



Department of the Lottery
Historical Lottery Sales by Game
(In Thousands)



Department of the Lottery
Historical Lottery Sales By Game
Last Ten Fiscal Years
(In Thousands)

Fiscal Year Ended June 30	FLORIDA LOTTO™	FANTASY 5®	PLAY 4™	CASH 3™	MEGA MONEY™	MILLIONAIRE RAFFLE™	Scratch-Off Tickets	Combined Sales
1999	\$737,687	\$241,799	\$169,415	\$339,273	\$ 14,861		\$593,691	\$2,096,726
2000	864,983	216,303	158,620	318,972	121,266		568,352	2,248,496
2001	845,433	191,614	163,157	326,471	108,842		639,209	2,274,726
2002	806,023	262,923	170,708	329,830	98,315		662,566	2,330,365
2003	925,474	259,999	182,716	330,001	95,930		1,073,861	2,867,981
2004	785,415	259,728	192,580	349,227	125,944		1,358,068	3,070,962
2005	689,820	252,467	206,982	345,598	131,248		1,844,619	3,470,734
2006	835,028	306,679	215,529	343,174	128,502		2,100,118	3,929,030
2007	735,585	326,241	225,285	348,694	130,142	72,549	2,283,620	4,122,116
2008	778,954	309,445	227,940	336,096	122,742	30,818	2,368,781	4,174,776

As shown, Scratch-Off ticket sales have continued to increase dramatically (74.42%) over the past five years while On-line ticket sales have increased only 5.44%. The Lottery has been able to “ride the coattails” of its Scratch-Off ticket boom, and is focusing efforts on cultivating and ensuring its continuance. However, at the beginning of fiscal year 2008, game sales began showing declines when compared to prior years. The rapid rise in gasoline prices and the resulting drop in available funds for discretionary spending in products like lottery tickets seem to be the key factors for the declines; however, other economic conditions, most notably the dramatic decline in the housing market, the credit crisis, and the increase in grocery prices, are also likely contributors.



Bright Futures Faces Change

Lawmakers want the scholarship's minimum qualifying college entrance exam scores raised.

By Gary Fineon
DEMOCRAT CAPITOL BUREAU

Fredreka Irvine, a FAMU High School senior, plans to attend Florida State University in the fall with the help of the state's popular lottery-funded scholarship.

With good grades and a 21 on the American College Test, Irvine meets this year's requirements for the Bright Futures Scholarship.

LEGISLATIVE SESSION

But she and thousands of other students would not qualify for the program in the future if House Republicans are successful in pressing ahead with changes this year. In a move that would have denied scholarships to as many as a third of this year's recipients, the House Colleges and Universities committee on Thursday approved a bill to raise the scores needed to earn the Bright Futures Scholarship.

Irvine's test scores are just

Expenses

Section 24.121, Florida Statutes, stipulates that funds remaining in the Operating Trust Fund after the transfer to EETF shall be used for the payment of administrative expenses of the Department. These expenses include On-line game expenses, Scratch-Off ticket expenses, advertising, and other expenses required for the day-to-day operations of the Lottery.

The following chart shows the major components of Lottery operating expenses and transfers as a percentage of ticket sales for the June 30, 2008, and 2007 fiscal years:



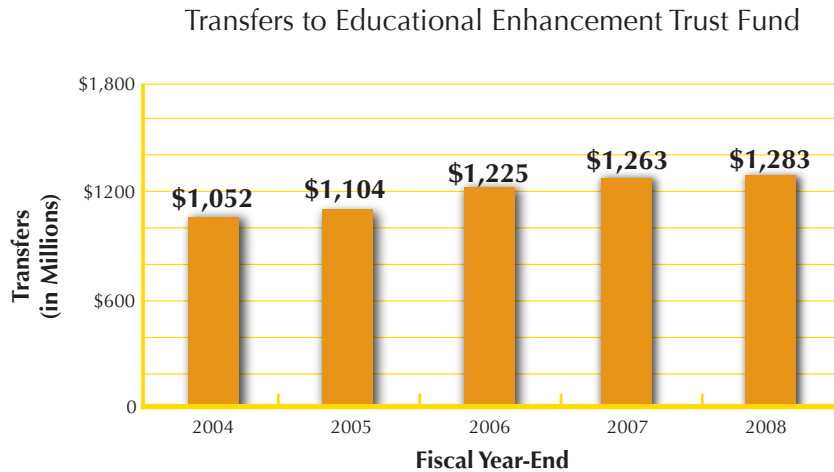
Prizes, commissions, and vendor fees directly relate to sales and fluctuate accordingly. In fiscal year 2008, these expenses increased proportionally, yet as a percentage of total expenses they remained constant. The other expenses, which consist of advertising, salary and benefits, professional fees, rent, maintenance, bad debt, and depreciation, have remained relatively stable. Fiscal year 2008 and 2007 administrative expenses were \$73.3 million and \$73.2 million, respectively.

Transfers

The Lottery's contribution to the EETF for the fiscal year ended June 30, 2008, \$1.28 billion, was the highest since the Florida Lottery began making transfers in 1988. Fiscal year 2008 is the sixth straight year in which the Lottery's contribution to EETF has been over \$1 billion. Total transfers to the EETF increased by \$20.1 million from the prior fiscal year. When adjusted for inflation, the Lottery's transfer amount for fiscal year 2008 was lower than the prior year adjusted-for-inflation transfer amount. However, overall the Lottery's transfer rates have increased slightly over the rate of inflation during the 20-year period.



The following chart shows the total transfers to the EETF for the past five fiscal years:



ECONOMIC FACTORS AND FUTURE IMPACTS

The main economic factors affecting lottery sales are population growth, personal income growth, tourism, and competition for discretionary consumer spending. The Lottery must continue to find ways to maintain the annual transfer to EETF of over \$1 billion. The Lottery’s strategies revolve around enhancing On-line product sales and increasing retailer penetration in the state. The following are some of the functional strategies currently being explored by management:

- **Increase the focus of research and product development for the On-line product segment.** This functional strategy will be accomplished through product extensions, redesign of existing On-line games, On-line promotions, etc. Chapter 24.121, Florida Statutes, authorizes the Lottery to utilize variable prize payouts for both On-line games and Scratch-Off games. The Lottery began utilizing higher prize payouts for On-line games in fiscal year 2005. Although the Department did not expect the same rate of return for the On-line games, it has experienced a positive return from applying the variable prize payout strategy. During fiscal year 2007-08, the Lottery utilized the higher payout authority to launch the new Lotto Plus feature, an EZ Match promotion, one complete raffle, and started a second Raffle game. Individually these efforts resulted in increased sales and transfers to EETF and overall helped to offset the negative effects of a downturn in the economy.
- **Improve market penetration through expansion of Lottery retailer network.** As a result of the 2005 On-line vendor contract, approximately 2,000 retailers that were only selling Scratch-Off tickets now sell all On-line products as well. As of the end of fiscal year 2008, the retailer base had grown to approximately 13,400 retailers. The Department has set



AT WORK FOR EDUCATION

Thanks to our Florida Lottery players for helping to earn more than \$7 billion for Florida's classrooms!

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internal goals for continuing to grow the number of retailers over the next two and a half years by another 5%.

FINANCIAL CONTACT

The Florida Lottery's Financial Statements and this Management's Discussion and Analysis are designed to give a general overview to all interested parties. If you have any questions regarding this report or require additional information, please contact the State of Florida, Department of the Lottery, Chief Financial Officer, 250 Marriott Drive, Capitol Complex, Tallahassee, Florida 32399.

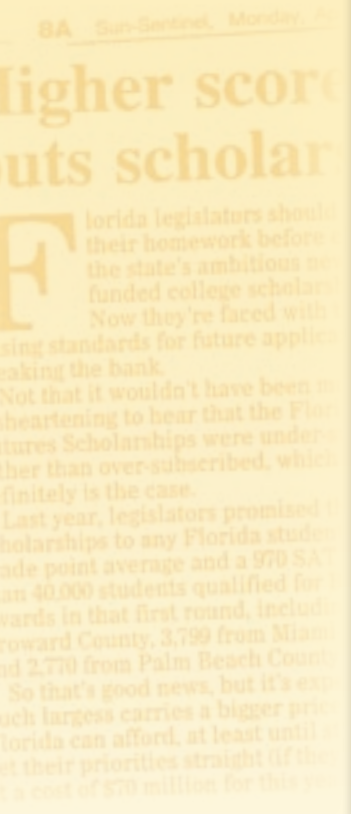
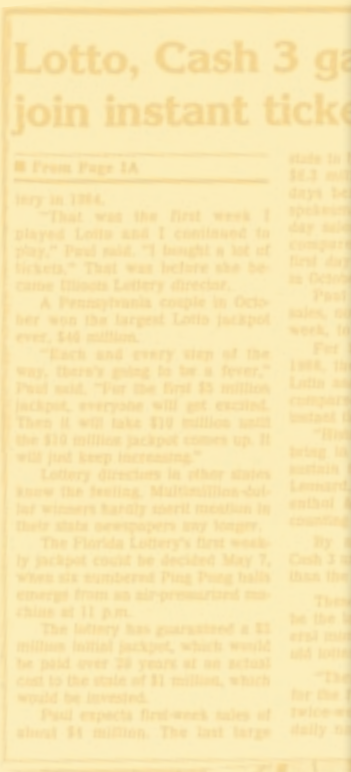


EXHIBIT A
DEPARTMENT OF THE LOTTERY
STATEMENT OF NET ASSETS

As of June 30, 2008, and June 30, 2007
(In Thousands)

Assets	June 30, 2008	June 30, 2007
Current Assets:		
Cash and cash equivalents	\$143,031	\$183,031
Interest receivable	728	1,312
Accounts receivable, net	40,072	34,700
Inventories	844	967
Security deposits	3,525	3,098
Total Current Assets	188,200	223,108
Restricted Assets:		
Cash and cash equivalents	74,348	18,429
Securities lending income receivable	2,338	3,343
Investments, grand prize	1,161,202	1,287,954
Investments, other	1,068,317	1,244,246
Total Restricted Assets	2,306,205	2,553,972
Capital assets, net	1,279	1,908
Total Assets	2,495,684	2,778,988
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	11,792	11,868
Prizes payable	58,478	85,576
Due to Educational Enhancement Trust Fund	112,879	117,433
Deposits payable	3,525	3,098
Compensated absences payable	852	867
Total Current Liabilities	187,526	218,842
Current Liabilities Payable from Restricted Assets:		
Pending purchases payable	1,022	0
Securities lending fees payable	2,005	2,994
Obligations under securities lending	1,095,328	1,247,931
Grand prizes payable	212,299	237,329
Total Current Liabilities Payable from Restricted Assets	1,310,654	1,488,254
Noncurrent Liabilities:		
Grand prizes payable	834,545	976,090
Compensated absences payable	2,897	3,025
Postemployment healthcare benefits payable	252	0
Total Noncurrent Liabilities	837,694	979,115
Total Liabilities	2,335,874	2,686,211
Net Assets		
Invested in capital assets	1,279	1,908
Restricted net assets for undistributed appreciation on restricted investments	85,206	72,440
Restricted net assets for Retricted Prize Pool	44,662	0
Restricted net assets for future prizes or special prize promotions	28,663	18,429
Total Net Assets	\$159,810	\$92,777

See accompanying notes to financial statements.



From Page 3

"Nobody is gonna be happy about it because they have to play the same numbers two times a week," Patel said.

Jeff Rabbia of Tampa didn't like the idea.

"I hate that. It's too often," Rabbia said. "The jackpots won't get as big."

Lottery officials say the Oct. 27 jackpot, the first under the new rules, will be smaller at about \$3 million, but after that there should be more rollovers, resulting in larger jackpots.

"The higher the jackpot, the more people play," Lottery Secretary David Griffin said.

One plus is cash prizes for players who pick three, four or five of six winning numbers will be doubled.

Statistically, the odds just aren't good for grabbing the big pot.

"In plain and simple math, that's a large decrease in your chance of winning," said Pete Korner of Las Vegas Sports Consultants. "Your chances have certainly dwindled."

However, the odds are the same for all players. Each person has as good a shot as the next.

"Any time there's a chance to grab the gold pot at the end of the rainbow, there'll be people willing to throw in a dollar," Korner said.

Lottery officials expect most players to be happy with the changes, said Lottery spokesman Leo Dallenigno.

Even Gov. Jeb Bush, who has said he doesn't support the expansion of gambling in Florida, OK'd the changes, Dallenigno said.

Last year, the Florida Lottery generated \$2.18 billion in sales. The biggest seller was the Lotto game at about \$738 million, followed by Cash 3 at \$339 million. Scratch-off games generated \$504 million.

EXHIBIT B
DEPARTMENT OF THE LOTTERY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Years ended June 30, 2008, and June 30, 2007
(In Thousands)

	June 30, 2008	June 30, 2007
Operating Revenues:		
Ticket sales	\$4,174,776	\$4,122,116
On-line fees and miscellaneous	7,482	7,196
Retailer fees	242	242
Total Operating Revenues	4,182,500	4,129,554
Operating Expenses:		
Prizes	2,476,032	2,484,519
Retailer commissions	235,651	234,291
Scratch-Off tickets	55,135	53,298
On-line games	26,165	24,792
Advertising	34,706	34,575
Personal services	27,240	26,147
Other contractual services	8,546	7,615
Materials and supplies	1,400	3,071
Bad debts	674	1,085
Depreciation	695	726
Total Operating Expenses	2,866,244	2,870,119
Operating Income	1,316,256	1,259,435
Nonoperating Revenues (Expenses):		
Interest	13,465	10,138
Securities lending income	53,189	74,549
Securities lending fees	(44,888)	(71,374)
Investment management fees	(290)	(297)
Net appreciation (depreciation) in fair value of investments	89,149	71,930
Property disposition (loss)	(51)	(97)
Amortization of grand prizes payable	(76,383)	(87,951)
Total Nonoperating Revenues (Expenses), Net	34,191	(3,102)
Income Before Operating Transfers	1,350,447	1,256,333
Transfers to Educational Enhancement Trust Fund:		
Transfers from revenue	(1,216,839)	(1,224,524)
Transfers from unclaimed prizes	(66,575)	(38,748)
Total Transfers to Educational Enhancement Trust Fund	(1,283,414)	(1,263,272)
Change in Net Assets	67,033	(6,939)
Net Assets, Beginning of Year	92,777	99,716
Net Assets, End of Year	\$159,810	\$92,777

See accompanying notes to financial statements.



EXHIBIT C
DEPARTMENT OF THE LOTTERY
STATEMENT OF CASH FLOWS

As of June 30, 2008, and June 30, 2007
(In Thousands)

	June 30, 2008	June 30, 2007
Operating Activities:		
Ticket sales	\$ 4,168,731	\$ 4,110,980
Prizes paid to winners	(2,503,131)	(2,466,776)
Commissions paid and payments to retailers	(235,651)	(234,291)
Paid to vendors for goods and services	(125,904)	(121,703)
Paid to employees	(27,130)	(26,125)
Other operating revenue	7,723	7,439
Net Cash Provided by Operating Activities	1,284,638	1,269,524
Noncapital Financing Activities:		
Payments to Educational Enhancement Trust Fund	(1,287,968)	(1,239,762)
Net Cash Used in Noncapital Financing Activities	(1,287,968)	(1,239,762)
Capital and Related Financing Activities:		
Purchase of capital assets	(116)	(1,488)
Net Cash Used in Capital and Related Financing Activities	(116)	(1,488)
Investing Activities:		
Cash received from maturity of grand prize investments	246,337	246,500
Cash paid to grand prizewinners upon maturity of grand prize investments	(246,337)	(246,500)
Investment income, net of fees	19,365	15,422
Net Cash Provided by Investing Activities	19,365	15,422
Net Increase in Cash and Cash Equivalents	15,919	43,696
Cash and Cash Equivalents, Beginning of Year	201,460	157,764
Cash and Cash Equivalents, End of Year	\$ 217,379	\$ 201,460
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Income from operations	\$ 1,316,256	\$ 1,259,435
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	695	726
Changes in assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(5,371)	(10,051)
Inventories	123	470
Increase (decrease) in:		
Accounts payable and accrued liabilities	(76)	1,178
Prize payable	(27,098)	17,744
Compensated absences payable	(143)	22
Postemployment healthcare benefits payable	252	0
Net Cash Provided by Operating Activities	\$ 1,284,638	\$ 1,269,524
Noncash Investing, Capital and Financing Activities:		
Increased/(decrease) in fair value of investments	\$ (64,268)	\$ (75,543)
See accompanying notes to financial statements.		

State ups ante to draw more Lotto players

Drastic change to boost sales

By David Hirsch
Tallahassee

Florida's lottery is set to undergo a dramatic change in 2009, when the state will raise the minimum age for playing the lottery from 18 to 21. The change is part of a package of measures designed to boost lottery sales and help fund the state's education system.

The Florida Lottery Commission announced the change on Thursday. The commission is a state agency that oversees the lottery, which is one of the state's largest sources of revenue.

The change is expected to increase lottery sales by about \$100 million a year, according to the commission. The additional revenue will be used to fund the state's education system, which is facing a budget deficit of about \$1 billion.

The commission also announced that it will be introducing a new game called "Lotto 6/49" in 2009. The game will have a top prize of \$10 million and will be played every Tuesday night.

The commission also announced that it will be introducing a new game called "Lotto 5/39" in 2009. The game will have a top prize of \$5 million and will be played every Wednesday night.

The commission also announced that it will be introducing a new game called "Lotto 4/26" in 2009. The game will have a top prize of \$2 million and will be played every Thursday night.

The commission also announced that it will be introducing a new game called "Lotto 3/13" in 2009. The game will have a top prize of \$1 million and will be played every Friday night.

The commission also announced that it will be introducing a new game called "Lotto 2/6" in 2009. The game will have a top prize of \$500,000 and will be played every Saturday night.

The commission also announced that it will be introducing a new game called "Lotto 1/3" in 2009. The game will have a top prize of \$100,000 and will be played every Sunday night.

Commissioner of Education, John H. Dewey, said that the change is a "drastic change" and that it is "a bold move" to raise the age limit. He said that the change is necessary to ensure that the lottery is a "responsible" source of revenue for the state.

One supporter acknowledged that the change is the original purpose of a state lottery — to fund education and not just pay for the state's expenses.

"It's true," said Rep. T. K. Weathers, D-Tallahassee, who chairs the Education Appropriations Committee. "If we didn't have the lottery, we'd be in a world of hurt."

Florida's traditional method of funding school construction was through a gross receipts tax on utility companies. The tax was eliminated in 1995, and the state has since been forced to raise taxes on other sources of revenue.

The lottery was created in 1985 and has since become a major source of revenue for the state. In 2007, the lottery generated about \$1.4 billion in revenue for the state.

Weathers, who chairs the Education Appropriations Committee, acknowledged that the change is a "drastic change" and that it is "a bold move" to raise the age limit. He said that the change is necessary to ensure that the lottery is a "responsible" source of revenue for the state.

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The lottery was created in 1985 and has since become a major source of revenue for the state. In 2007, the lottery generated about \$1.4 billion in revenue for the state.

Weathers acknowledged that it is "a bold move" to raise the age limit. He said that the change is necessary to ensure that the lottery is a "responsible" source of revenue for the state.

Meanwhile, an extra \$7,000 students are to crowd into Florida classrooms next school year.

"This proposal will replace the state's current method of funding school construction," said Rep. Frank Messersmith, R-Tallahassee, who chairs the Education Appropriations Committee.

Thirty-five cents of every \$1 spent on lottery tickets goes into a state education fund. In the months ending June 30, the lottery is expected to raise about \$141 million for the state. Next month, the amount is expected to rise to at least \$150 million.

**EXHIBIT D
DEPARTMENT OF THE LOTTERY**

NOTES TO FINANCIAL STATEMENTS

Years ended June 30, 2008, and June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The State of Florida, Department of the Lottery (the Lottery) was established as a State agency with the enactment of the Florida Public Education Lottery Act (the Act) in 1987. The purpose of the Act is "to implement Section 15, Article X of the State Constitution in a manner that enables the people of the State to benefit from significant additional moneys for education and also enables the people of the State to play the best lottery games available."

In evaluating the Lottery as a reporting entity, management has addressed all potential component units for which the Lottery may be financially accountable and, as such, be includable in the Lottery's financial statements. The Lottery is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Lottery. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Management's analysis has disclosed no component units that should be included in the Lottery's financial statements.

b. Basis of Presentation

The Lottery is accounted for as a proprietary type enterprise fund. Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises: (1) where the costs of providing goods and services to the general public on a continuing basis are to be financed through user charges; or (2) where the periodic determination of net income is considered appropriate. The Lottery is reported as an enterprise fund within the State of Florida's Comprehensive Annual Financial Report.

c. Basis of Accounting

Basis of accounting refers to the timing of recognition of revenue and expenses in the accounts and reporting in the financial statements. The financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Governor Bob Martinez scratches an oversized lottery ticket.



The measurement focus of proprietary fund types is on a flow of economic resources method, which emphasizes the determination of net income, financial position, and cash flows. All fund assets and liabilities, current and noncurrent, are accounted for on the Statement of Net Assets. Under Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, proprietary funds have the option to elect to apply all pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989. The Lottery has elected not to apply FASB pronouncements issued after November 30, 1989. As also provided by GASB, the Lottery has elected not to adopt any FASB statements issued after November 30, 1989, unless so directed by GASB.

The Lottery's operating revenues and expenses generally result from the sale and marketing of Lottery tickets and the payment of related prizes. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

d. Cash and Cash Equivalents

The Lottery considers all highly liquid investments with an original maturity of three months or less when purchased, to be cash equivalents. This includes cash in banks, repurchase agreements with financial institutions, petty cash, balances held by the State Board of Administration (SBA), and pooled investments in the State Treasury.

e. Investments

Florida Statutes authorize the Lottery to invest in certain instruments. The Lottery reports investments at fair value. Investments that are not publicly quoted are priced by a third party through a discounted cash flow method. Details of investments are included in Note 2.

f. Allowance for Doubtful Accounts

The allowance for doubtful accounts is based on an analysis of collectibility of accounts receivable, which considers the age of the accounts.

g. Inventories

Supply inventory and promotional items are valued at cost, using the first-in, first-out method. Supply inventory is comprised of game merchandise and prepaid postage.

h. Capital Assets

Capital assets are stated at cost less accumulated depreciation. As required by Chapter 273, Florida Statutes, a capitalization threshold of \$1,000 and useful life extending beyond one year is employed. Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:



Data processing equipment	3 to 5 years
Office furniture and fixtures	3 to 15 years
Vehicles and other equipment	3 to 20 years

When capital assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Assets, in the period of disposal.

i. Net Assets

Net Assets includes categories for net investments in capital assets, restricted net assets for undistributed appreciation on restricted investments, restricted net assets for future prizes or special prize promotions, and restricted net assets for the Restricted Prize Pool.

The net investments in capital assets category represents the investment in capital assets, recorded at cost less accumulated depreciation.

The restricted net assets for undistributed appreciation on restricted investments category represents the undistributed appreciation for all restricted asset accounts.

The restricted net assets for future prizes or special prize promotions category represents the portion of unclaimed prize obligations legally reverted back to the Lottery for the payment of future prize pools or special prize promotions in accordance with Section 24.115(2), Florida Statutes.

The restricted net assets for Restricted Prize Pool category represents the prize expense reserved to support payments to winners of the Florida Lotto \$2 and \$3 jackpots in accordance with Rule 53ER08-12, Florida Administrative Code.

j. Revenue Recognition

Lottery games are sold to the public by contracted retailers. Revenue is recognized when On-line tickets are sold to players and when books of Scratch-Off tickets are settled. Certain games include tickets that entitle the holder to exchange one ticket for another (free tickets). Such tickets are deemed to be replacements and, therefore, are not included in ticket sales.

k. Commissions

Retailers receive a commission of five percent on ticket sales. The commission on ticket sales for Scratch-Off games is based upon total tickets distributed to the players (including free tickets) which, when compared to revenue, causes the percentage to be slightly higher than five percent. Additionally, retailers are paid commissions through a one percent cashing bonus on redemption of tickets (including free tickets).



l. Prizes

In accordance with the Act, variable percentages of the gross revenue from the sale of On-line and Scratch-Off Lottery tickets shall be returned to the public in the form of prizes paid by the Lottery or retailers as authorized. Prior to July 1, 2006, the Act authorized, as nearly as practicable, at least 50 percent of ticket sales must be returned to the public in the form of prizes.

Prize expense for On-line games is recorded based on prizes won by the players, as revenue is recognized. Any prize that remains unclaimed at the end of a 180-day period following a draw is considered unclaimed.

Prize expense for Scratch-Off games is recorded based on the predetermined prize structure for each game, as revenue is recognized. Any prize that remains unclaimed 60 days after a Scratch-Off game is closed is considered unclaimed.

As of July 1, 2005, eighty percent of all unclaimed prize money is deposited in the Educational Enhancement Trust Fund (EETF). The remaining twenty percent of unclaimed prize money is added to the pool from which future prizes are to be awarded or used for special prize promotions and is reported as restricted net assets for future prizes or special prize promotions.

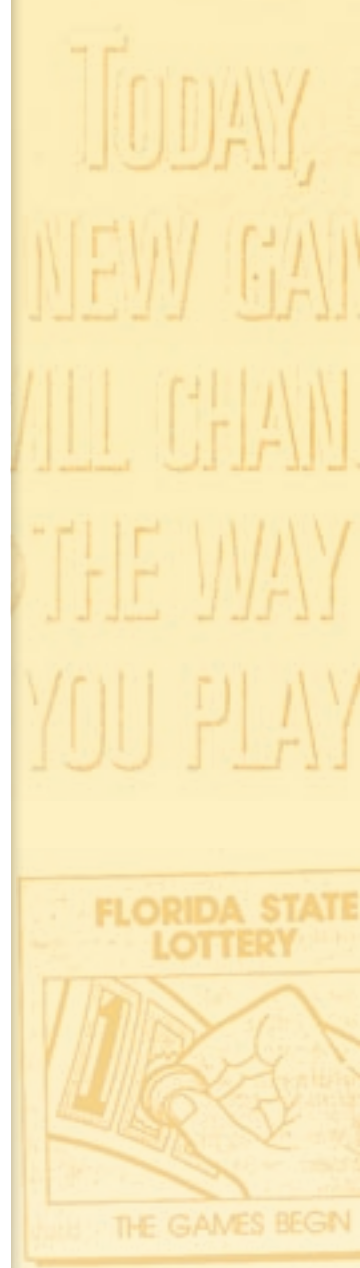
All prizes are recorded at the actual amount except for the annuity-funded prizes, which are paid out on a deferred basis. The actual prize expense for these types of prizes is based on the present value of an annuity using the interest yield on the investments, which were acquired to fund the annuity.

m. Compensated Absences

Employees earn the right to be compensated during absences for vacation, illness, and unused special compensatory leave earned for hours worked on legal holidays. Compensated absences for annual leave are recorded as a liability when the benefits are earned. Compensated absences for sick leave are calculated based on the vesting method. Within the limits established by law or rule, unused leave benefits are paid to employees upon separation from State service. The cost of vacation and calculated sick leave benefits is accrued in the period in which earned. The compensated absences amounts are based on current year-end salary rates and include employer social security and pension contributions at current rates.

n. Self-Insurance

The Lottery participates in the various self-insurance programs established by the State of Florida for property and casualty losses and employee health insurance. Coverages include property, general liability, automobile liability, workers' compensation, court-awarded attorney fees, and federal civil rights actions. Property is self-insured for actual cash value to an aggregate of \$2 million per loss event for all perils except named windstorm and flood. Property losses in excess of \$2 million are commercially insured



up to \$200 million per loss event excluding named windstorm or flooding events. Named windstorm and flood losses have a \$2 million deductible per occurrence, with a \$40 million annual aggregate deductible with commercial insurance coverage up to \$50 million per occurrence. Workers' compensation is provided to comply with the applicable law. The employee health and dental insurance program provides for payment of medical claims of employees and covered dependents.

o. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, restricted net assets, revenues, and expenses, and disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

a. Cash and Cash Equivalents

Cash is held in demand deposits at various financial institutions. These deposits, with a book value of approximately \$1,168,000 at June 30, 2008, and \$3,269,000 at June 30, 2007, were insured by either the State's collateral for public deposits in accordance with Section 280.04, Florida Statutes, or Federal depository insurance.

Chapter 280, Florida Statutes, generally requires public funds to be deposited in a bank or savings association that is designated by the Chief Financial Officer as authorized to receive deposits in the State and that meets the collateral requirements. Collateral in the amount of the greater of the average daily balance of public deposits multiplied by the depository's minimum collateral pledging level, established by the Chief Financial Officer, or 25 percent of the average monthly balance of public deposits or 125 percent of the average daily balance of public deposits greater than capital, is required to be deposited with the Chief Financial Officer as security for public deposits. Collateral may be held by another custodian with approval of the Chief Financial Officer if conditions are met that protect the State's interest. The amount of collateral may be increased to 125 percent of the average daily balance of public deposits if specified conditions exist. Eligible collateral includes federal, federally-guaranteed, state and local government obligations, corporate bonds, and other securities designated allowable under conditions set by the Chief Financial Officer.

Statutes provide that if a loss to public depositories is not covered by deposit insurance and the proceeds from the sale of securities pledged by the defaulting depository, the difference will be provided by an assessment levied against other qualified public depositories of the same type as the depository in default.

Due to the investing policy of the Lottery, book overdrafts were approximately \$2,769,000 at June 30, 2008, and \$4,415,000 at June 30, 2007, representing outstanding prize payment checks and retailer payment checks. These outstanding checks are included



as a component of prizes payable and accounts payable. The Lottery has an agreement with a financial institution to honor prize payments and retailer payments, as they are presented to the bank, up to \$75 million.

Surplus cash is maintained in the State Treasury's general pool of investments. The Chief Financial Officer pools funds from all departments. Included in the pool are primarily time deposits, U.S. Government securities, federal agency securities, bankers' acceptances, commercial paper, corporate bonds and notes, repurchase agreements and reverse repurchase agreements. The Lottery's share of this investment pool was approximately \$216,211,000 and \$198,120,000 at June 30, 2008, and 2007, respectively. No allocation will be made as to the Lottery's share of the types of investments or their risk categories. The Lottery's share of the assets and liabilities arising from the security lending agreements will likewise not be carried on the statement of net assets since the State Treasury operates on a pooled basis and to do so may give the misleading impression that the Lottery itself has entered into such agreements. For further information refer to the State of Florida's Comprehensive Annual Financial Report or publications of the Office of the Chief Financial Officer.

b. Investments, Grand Prize

The grand prize investments primarily consist of U.S. Government obligations held on the Lottery's behalf by the State Board of Administration (SBA). Grand prize investments and related grand prizes payable are not presented in current assets or liabilities. They are not part of current operations but instead are restricted assets and liabilities that are held by the Lottery for grand prize winnings to be paid on a deferred basis if the cash payment option is not selected.

Grand prize investments are shown at fair value, and the related grand prizes payable are adjusted to the net present value using the yield on the investments. The difference between the fair value of the investments and the net present value of the grand prizes payable is reflected as a restriction for undistributed appreciation on investments in net assets. This represents the unrealized gains on the investments. Because these investments are held restrictively for grand prize winners, this balance is not available for transfer to the EETF.

Interest accreted on grand prize investments during the year is reflected as an increase in the carrying value of grand prizes payable on the statement of net assets, and as a nonoperating expense on the statement of revenues, expenses and changes in net assets. Net appreciation in fair value of investments is reflected as a nonoperating revenue on the statement of revenues, expenses and changes in net assets, and takes into account all changes in fair value that occurred during the year, including purchases, maturities, sales, and interest on maturities.

c. Investments, Other

These investments consist of the fair value of investments made with cash collateral held by the SBA on the Lottery's behalf as part of a securities lending program.

Friday, April 3, 1996

Bright Future faces change

Lawmakers want the scholarship's minimum qualifying college entrance exam scores raised.

By Gary Fin
DEMOCRAT CAPITOL BU

Fredreka Irvine, a FAMU senior, plans to attend Florida A&M University in the fall with help of the state's popular lot-funded scholarship.

With good grades and a 2 on the American College Test, Irvine meets this year's requirements for the Bright Futures Scholarship.

LEGISLATIVE SESSION

But she and thousands of other students would not qualify for the program in the future if House Republicans are successful in bringing ahead with changes this year.

In a move that would have reduced scholarships to as many as one-third of this year's recipients, the House Colleges and Universities committee on Thursday approved a bill to raise the scores needed to earn the Bright Futures scholarship.

Irvine's test scores are 1

The SBA, authorized by Section 215.47, Florida Statutes, participates in a securities lending program involving grand prize investments. The Lottery, through the SBA, loans various securities to borrowers for collateral with a simultaneous agreement to return collateral for the same securities in the future. Collateral received from borrowers may be cash or U.S. Government securities. The SBA is contractually limited from pledging or selling collateral except in the event of borrower default. The contract with the lending agent requires it to indemnify the SBA if the borrowers fail to return the underlying securities or fail to pay income distributions on them. No significant violations of legal or contractual provisions occurred, and no losses resulted from borrower or lending agent defaults.

In March 2008, Mellon Bank replaced Dresdner Bank as the agent in lending U.S. Treasury securities to various authorized brokers for cash or U.S. Government securities. Initially, collateral received shall be in the form of cash at 100 percent, or other securities valued at 102 percent, of the fair value of the securities loaned as required by the lending agreement. Borrowers must be approved for lending by Mellon Bank's credit department. Mellon Bank monitors the fair value of collateral provided and the securities on loan on a daily basis. Additional collateral is required if the fair value of the collateral for any loan is less than 100 percent of the fair value of the securities provided for such loan. The SBA had no credit risk exposure to borrowers at year-end.

The SBA received \$1,095,328,000 of cash collateral for the lending program as of June 30, 2008, and \$1,247,931,000 as of June 30, 2007. At June 30, 2008, the collateral that was held for the securities lending transactions exceeded the fair value of the securities underlying the agreements (including accrued interest). The cash was invested in securities authorized by the lending agreement. Authorized securities include primarily certificates of deposit, corporate and medium term notes, asset-backed securities, and repurchase agreements. The invested cash collateral generally has a shorter maturity than the securities on loan.

Securities lending activity for the years ended June 30, 2008, and 2007, consisted of (in thousands):

	<u>2008</u>	<u>2007</u>
Securities lending income	\$ 53,189	\$ 74,549
Less broker rebates	(43,106)	(70,582)
Less bank fees	(1,782)	(792)
Net securities lending revenue	<u>\$ 8,301</u>	<u>\$ 3,175</u>

d. Investment Credit Risk

Lottery grand prize winner investments have been limited to U.S. Government guaranteed securities in order to comply with Section 24.120(2), Florida Statutes. The Treasury Investment Pool's current rating by Standard and Poors is AA-f. Listed below are the Standard & Poors credit ratings for the lending program's invested cash collateral (in thousands):



Investment Type	Standard & Poors Credit Rating					Totals
	AAA	AA	A	BB	NR	
Certificates of Deposits	\$ -	\$ -	\$ -	\$ -	\$ 7,966	\$ 7,966
Domestic Corporate Bonds & Notes	9,956	199,833	290,646	-	-	500,435
Domestic Asset-backed Securities	373,148	-	-	5,527	14,833	393,508
International Corporate Bonds & Notes	19,947	-	-	-	-	19,947
International Asset-backed Securities	30,285	-	-	-	-	30,285
International Backed CMO's	108,462	-	-	-	-	108,462
Repurchase Agreements	-	-	-	-	7,714	7,714
Grand Total	\$ 541,798	\$ 199,833	\$ 290,646	\$ 5,527	\$ 30,513	\$ 1,068,317

e. Investment Interest Rate Risk

The investment policy objective is to match maturities of investments with the maturities of the lottery winner annuities. Therefore, investments are held to maturity after they are purchased thereby eliminating interest rate risk. Listed below are the Lottery's investments in U.S. Treasury Strips at June 30, 2008 (in thousands):

Time to Maturity	Fair Value
< 1 year	\$ 217,587
> 1 year to 3 years	358,555
> 3 years to 5 years	251,279
> 5 years to 10 years	239,954
> 10 years to 15 years	40,310
> 15 years to 20 years	34,796
> 20 years to 25 years	17,771
> 25 years	950
Total	\$ 1,161,202

The Lottery contracts with the SBA to execute the securities lending program. The securities lending authorization agreement between Mellon Bank and the SBA requires that the maximum weighted average portfolio maturity not exceed 90 days. The lending program invests a significant amount of its assets in floating rate securities and limits the maximum reset period for interest rate changes to 6 months. Next reset dates are used in the calculation of weighted average maturity. Listed below are the weighted average

sales

early eight \$1 tickets for every man, woman and child in the state were sold.

state, the first day sales have been as high as 20 million

Paul attributed the early start of the lottery to several factors including the fact that 40 million people annually visit the state starting the lottery in January. He said the state was able to get the game under way during the peak of the state's tourist season.

The fact that the states bordering Florida — Alabama and Georgia — don't have a lottery meant that from those states helped in the game play, Paul said.

She also said the state's economic growth — roughly 800 new restaurants a day — as well as a good marketing campaign and promotion helped get the lottery off to a good start.

"I'll tell you right now we do expect to do \$85 million in ticket sales the rest of the year," Paul said, saying the sales will taper off next year's a good start."

But Paul said the Florida Lottery could sell more than \$1 billion of tickets over the next year.

maturities for the lending program's invested cash collateral (in thousands):

Investment Type	Fair Value (Thousands)	Weighted Average Maturity (Days)
Certificates of Deposits	\$ 7,966	0.01
Domestic Corporate Bonds & Notes	500,435	19.63
Domestic Asset-backed Securities	393,508	6.73
International Corporate Bonds & Notes	19,947	0.28
International Asset-backed Securities	30,285	1.18
International Backed CMO's	108,462	4.23
Repurchase Agreements	7,714	0.01
Total	\$ 1,068,317	32.07

A risk factor associated with this lending agreement is the value of the invested cash collateral. If the invested cash collateral is required to be liquidated, any shortfall between the value of the invested cash collateral and the securities lending obligation becomes the responsibility of the Lottery. As of June 30, 2008, the potential unrealized shortfall is \$27 million. Other risk factors include counterparty default and failure of the custodial bank to indemnify the Lottery.

The effective duration of the Treasury Investment Pool is approximately 3.31 years at June 30, 2008.

f. Investment Concentration of Credit Risk

Since all long-term investments (other than in the securities lending program) are in U.S. Government guaranteed securities, the Lottery has not adopted a policy regarding concentration of credit risk. The securities lending program has established investment concentration risk policies that limit the aggregate exposure to any one issuer or guarantor that is not the U.S. Government or guaranteed by the U.S. Government to 10 percent of the book value of the lending program's invested cash collateral. No invested cash collateral exceeded the 10 percent limitation.

g. Investment Custodial Credit Risk

Custodial credit risk is defined as the risk that an entity may not recover securities held by another party. The Lottery does not have a formal policy regarding custodial credit risk. The custodian for the SBA-administered lending program is also the counterparty to the investment transactions. Therefore, \$1,068,317,000 of investments were subject to investment custodial risk at June 30, 2008.

At June 30, 2008, and June 30, 2007, all non-lending investments held were either insured or registered and held by the Lottery or its agents in the Lottery's name and thus were not subject to custodial credit risk.



h. Foreign Currency Risk

The Lottery has no exposure to foreign currency risk as of June 30, 2008, and June 30, 2007.

i. Investment Summary

The following schedule summarizes all investments and investments loaned under security lending agreements at June 30 (in thousands):

Investment Type	June 30, 2008 Carrying Value	June 30, 2007 Carrying Value
Certificates of Deposit	\$ 7,966	\$ -
Repurchase Agreements	7,714	-
U.S. Government Obligations and Federally Guaranteed Obligations	79,413	56,452
Domestic Corporate Bonds and Notes	500,435	-
Domestic Non-Governmental Asset-backed Securities	393,508	-
International Corporate Bonds and Notes	19,947	-
International Non-Governmental Asset-backed Securities	30,285	-
International Non-Governmental CMO's	108,462	-
Investments Held by Others Under Securities Lending Agreements - U.S. Obligations	1,081,789	1,231,502
Pooled Investments with State Treasurer	216,211	198,120
Money Market and Mutual Funds	-	1,244,246
Total Investments	\$ 2,445,730	\$ 2,730,320

The following schedule reconciles cash and investments to the Statement of Net Assets at June 30 (in thousands):

	June 30, 2008			
	Investments	Cash at Financial Institutions	Cash at State Treasury	Total
Cash and cash equivalents	\$ 141,863	\$ 687	\$ 481	\$ 143,031
Restricted cash and cash equivalents	74,348	-	-	74,348
Investments, grand prize	1,161,202	-	-	1,161,202
Investments, other	1,068,317	-	-	1,068,317
Total	\$ 2,445,730	\$ 687	\$ 481	\$ 2,446,898

From Page 3

"Nobody is gonna be happy about it because they have to play the same numbers two times a week," Patel said.

Jeff Rabbia of Tampa didn't like the idea.

"I hate that. It's too often," Rabbia said. "The jackpots won't get as big."

Lottery officials say the Oct. 27 jackpot, the first under the new rules, will be smaller at about \$3 million, but after that there should be more rollovers, resulting in larger jackpots.

"The higher the jackpot, the more people play," Lottery Secretary David Griffin said.

One plus is cash prizes for players who pick three, four or five of six winning numbers will be doubled.

Statistically, the odds just aren't good for grabbing the big pot.

"In plain and simple math, that's a large decrease in your chance of winning," said Pete Kerner of Las Vegas Sports Consultants. "Your chances have certainly dwindled."

However, the odds are the same for all players. Each person has as good a shot as the next.

"Any time there's a chance to grab the gold pot at the end of the rainbow, there'll be people willing to throw in a dollar," Kerner said.

Lottery officials expect most players to be happy with the changes, said Lottery spokesman Leo D'Allegna.

Even Gov. Jeb Bush, who has said he doesn't support the expansion of gambling in Florida, OK'd the changes, D'Allegna said.

Last year, the Florida Lottery generated \$2.18 billion in sales. The biggest seller was the Lotto game at about \$738 million, followed by Cash 3 at \$339 million. Scratch-off games generated \$104 million.

June 30, 2007

	Investments	Cash at Financial Institutions	Cash at State Treasury	Total
Cash and cash equivalents	\$ 179,691	\$ 3,269	\$ 71	\$ 183,031
Restricted cash and cash equivalents	18,429	-	-	18,429
Investments, grand prize	1,287,954	-	-	1,287,954
Investments, other	1,244,246	-	-	1,244,246
Total	\$ 2,730,320	\$ 3,269	\$ 71	\$ 2,733,660

3. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30 consisted of (in thousands):

	2008	2007
Ticket sales receivable	\$ 42,477	\$ 37,237
Other receivables	67	253
Total receivables	42,544	37,490
Less allowance for doubtful accounts	(2,472)	(2,790)
Accounts receivable, net	\$ 40,072	\$ 34,700

4. SECURITY DEPOSITS AND DEPOSITS PAYABLE

The Lottery receives certificates of deposit and cashier's checks from certain vendors and retailers in order to secure contract performance. These instruments are held in trust by the State with any interest earnings being credited to the vendor or retailer. These deposits are established to reduce the potential financial risk to the Lottery in the event of a breach of contract. These certificates and checks appear on the Statement of Net Assets, in assets as security deposits, and in liabilities, as deposits payable.

5. CAPITAL ASSETS

Capital assets at June 30 consisted of (in thousands):

	Balance 30-Jun-06	2006-2007		Balance 30-Jun 07	2007-2008		Balance 30-Jun-08
		Increase	Decrease		Increase	Decrease	
Data processing equipment	\$ 8,532	\$ 1,283	\$ (421)	\$ 9,394	\$ -	\$ (158)	\$ 9,236
Office equipment and fixtures	6,563	5	(608)	5,960	8	-	5,968
Vehicles and other equipment	3,297	200	(325)	3,172	110	(226)	3,056
	18,392	1,488	(1,354)	18,526	118	(384)	18,260
Less: accumulated depreciation	17,148	726	(1,256)	16,618	695	(332)	16,981
Total capital assets, net	\$ 1,244	\$ 762	\$ (98)	\$ 1,908	\$ (577)	\$ (52)	\$ 1,279



6. LONG-TERM LIABILITIES

a. Grand Prizes Payable

Grand prizes payable at June 30 consisted of (in thousands):

	2008	2007
Lotto grand prizes (face value)	\$ 1,351,603	\$ 1,596,403
Mega Money grand prizes (face value)	7,660	5,594
Win for Life grand prizes (face value)	13,386	13,750
Big 10 grand prizes (face value)	-	10
Flamingo Fortune Game Show grand prizes (face value)	1,000	1,100
Monthly Grand game prizes (face value)	36	60
Win a Million grand prizes (face value)	500	550
Yearly Bonus grand prizes (face value)	250	300
Lucky for Life grand prizes (face value)	12,300	12,700
Set for Life grand prize (face value)	2,820	3,000
Cash Spectacular grand prize (face value)	750	800
Cash for Life	250	-
Loaded for Life	3,250	-
Less imputed interest	(346,961)	(420,848)
Net present value of grand prizes payable	<u>\$ 1,046,844</u>	<u>\$ 1,213,419</u>
Current prizes payable from restricted assets	\$ 212,299	\$ 237,329
Noncurrent prizes payable	<u>834,545</u>	<u>976,090</u>
Total grand prizes payable	<u>\$ 1,046,844</u>	<u>\$ 1,213,419</u>

The following depicts by fiscal year the value (in thousands) of the grand prize annuities to pay prizewinners:

Year Ended June 30	Amount
2009	\$ 219,980
2010	200,237
2011	176,977
2012	153,026
2013	131,162
2014-2018	309,807
2019-2023	71,615
2024-2028	79,224
2029-2033	48,495
2034-2037	3,282
Grand prizes (face value)	<u>1,393,805</u>
Less imputed interest	<u>(346,961)</u>
Net present value of grand prizes payable	<u>\$ 1,046,844</u>

State ups ante to draw more Lotto players

Drastic change to boost sales

By David J. Green

Florida's lottery commission on Tuesday announced a plan to increase the number of lottery games and to raise the minimum age for lottery players to 18.

The commission also announced that it will increase the amount of money that can be won in a single drawing of the Florida Lotto from \$10 million to \$20 million.

The commission also announced that it will increase the amount of money that can be won in a single drawing of the Florida Mega Millions from \$10 million to \$20 million.

The commission also announced that it will increase the amount of money that can be won in a single drawing of the Florida Cash for Life from \$10 million to \$20 million.

The commission also announced that it will increase the amount of money that can be won in a single drawing of the Florida Loaded for Life from \$10 million to \$20 million.

House proposal would use lottery to build schools

By Diane Hirth

TALLAHASSEE — Lottery revenues could build schools under a proposal that passed a House Regulated Industries and Lottery committee on Thursday.

One supporter acknowledged that the proposal's original purpose of a state lottery — to raise education and not just pay for school expenses.

"It's true," said Rep. T. K. Weathers, D-13, of lottery monies being raised to fund school needs. "I think now you're looking at a lottery."

Weathers, who chairs the Education, Appropriations and Lottery committee, acknowledged the proposal. "If we didn't have the lottery, we'd be in a world of hurt."

Florida's traditional method of funding school construction from receipts tax on utility shoveling. In the next few years, the Public Education Capital Fund is expected to drop from \$100 million to \$50 million.

Weathers acknowledged that it is political to take from the lottery fund than to raise the gross receipts tax.

Meanwhile, an extra \$7,000 students are expected to be added to Florida classrooms next school year.

"This proposal will replace the shortfall," said Rep. Frank Messersmith, R-Lake Wales, one of the bill's sponsors.

Thirty-five cents of every \$1 spent on lottery goes into a state education fund. In the month ending June 30, the lottery is expected to raise about \$143 million for the state. Next year, the amount is expected to rise to at least \$150 million.

b. Compensated Absences Payable

Compensated absences payable at June 30 consisted of (in thousands):

	2008	2007
Current compensated absences	\$ 852	\$ 867
Noncurrent compensated absences	2,897	3,025
Total	\$ 3,749	\$ 3,892

c. Changes in Long-Term Liabilities

Changes in long-term liabilities are summarized as follows (in thousands):

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Amount Due Within One Year
Grand prizes payable	\$1,213,419	\$79,762	(\$246,337)	\$1,046,844	\$212,299
Compensated absences payable	3,892	1,805	(1,948)	3,749	852
Postemployment healthcare benefits payable	-	252	-	252	-
Total long-term liabilities	\$1,217,311	\$81,819	(\$248,285)	\$1,050,845	\$213,151

See Note 8 for additional information regarding the postemployment healthcare benefits payable.

7. DUE TO EDUCATIONAL ENHANCEMENT TRUST FUND

In accordance with the Act, effective July 1, 2005, variable percentages of the gross revenue from the sale of On-line and Scratch-Off lottery tickets as determined by the Lottery, and other earned revenue, excluding application processing fees, shall be deposited in the Educational Enhancement Trust Fund (EETF) as provided in Section 24.121, Florida Statutes, as amended. Previously, the Act required at least 39 percent of On-line and miscellaneous revenue, net of retailer fees, be transferred to the EETF for the benefit of public education. Effective July 1, 2002, the Department was authorized, pursuant to Section 24.121(1), Florida Statutes, to increase the percentage of Scratch-Off game revenues returned as prizes and transfer a variable percentage to the EETF. The Lottery implemented this strategy in September 2002. The amount transferred for the fiscal year ended June 30, 2008, was \$1,283,414,000, (30.7 percent of revenues) and for the fiscal year ended June 30, 2007, the transferred amount was \$1,263,272,000, (30.6 percent of revenues).

Because the net appreciation in fair value of investments and amortization of grand prizes payable, included in non-operating revenue and expenses, relate to valuations of the restricted grand prize investments and grand prizes payable, they are excluded from the determination of transfers to the EETF.

Effective July 1, 2005, provisions of the Act relating to the allocation of revenues for public education were revised. The changes in the provisions were designed to maximize the transfers of moneys to the EETF. These revisions resulted in changes in the methodology used to calculate the transfer based on a business model of revenue minus expenses rather than a percent of revenue.



During fiscal year 2008, the Lottery established a restricted prize reserve to support prize payments to winners of the Florida Lotto \$2 and \$3 jackpots. This change directly impacted the On-line transfer rate and was the primary reason for the rate reduction.

The amount due to EETF at June 30, 2008, and June 30, 2007, was as follows (in thousands):

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
On-line ticket sales	\$ 1,805,996	\$ 1,838,496
Average percent transferred	37%	39%
Transfer of On-line ticket sales	<u>675,547</u>	<u>717,013</u>
Unclaimed On-line ticket prizes	33,514	32,969
Percent transferred	<u>80%</u>	<u>80%</u>
Transfer of unclaimed On-line ticket prizes	<u>26,811</u>	<u>26,375</u>
Scratch-Off ticket sales	2,368,781	2,283,620
Average percent transferred	<u>22%</u>	<u>21%</u>
Transfer of Scratch-Off ticket sales	<u>512,143</u>	<u>487,396</u>
Unclaimed Scratch-Off ticket prizes	49,705	15,466
Percent transferred	<u>80%</u>	<u>80%</u>
Transfer of Scratch-Off ticket prizes	<u>39,764</u>	<u>12,373</u>
Nonoperating (revenues) expenses, net	34,191	(3,102)
Add:		
Net (appreciation) depreciation in fair value of investments	(89,149)	(71,930)
Amortization of grand prizes payable	<u>76,383</u>	<u>87,951</u>
Total Nonoperating revenue, net	<u>21,425</u>	<u>12,919</u>
On-line fees and miscellaneous revenue	<u>7,724</u>	<u>7,196</u>
Due for the year	<u>\$ 1,283,414</u>	<u>\$ 1,263,272</u>
Balance due, beginning of year	117,433	93,923
Paid during the year	<u>(1,287,968)</u>	<u>(1,239,762)</u>
Due to Educational Enhancement Trust Fund, June 30	<u><u>\$ 112,879</u></u>	<u><u>\$ 117,433</u></u>

8. PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

a. Retirement Programs

Florida Retirement System. The Florida Retirement System (FRS) is primarily a State administered, cost sharing, multiple employer, defined benefit retirement plan (Plan). FRS provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.



Benefits in the Plan vest at 6 years of service. All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits, and annual cost of living adjustments.

A Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The State of Florida establishes contribution rates for participating employers. Contribution rates as a percentage of gross salary were as follows:

Class or Plan	Fiscal Year	Fiscal Year
	Ended June 30, 2008	Ended June 30, 2007
Senior Management	13.12 percent	13.12 percent
Regular Employees	9.85 percent	9.85 percent
Special Risk	20.92 percent	20.92 percent
Deferred Retirement Option Program (DROP) - Applicable to members from all of the above classes	10.91 percent	10.91 percent

Employer rates include 1.11 percent for the post-employment insurance subsidy. Also, employer rates, other than for DROP participants, include 0.05 percent for administrative costs of the Public Employees Optional Retirement Program.

The Lottery's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the Lottery. The Lottery's contributions for the fiscal years ended June 30, 2006, June 30, 2007, and June 30, 2008, totaled \$1,283,000, \$1,605,000, and \$1,575,000, respectively, which were equal to 100 percent of the required contributions for each fiscal year. These contributions represented 7.4 percent, 9.0 percent, and 8.7 percent of covered payroll, for the years ended June 30, 2006, June 30, 2007, and June 30, 2008, respectively.

Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. Lottery employees already participating in DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Required employer contributions made to PEORP for the fiscal years ended June 30, 2008, and 2007, totaled \$281,510 and \$218,759, respectively.

TODAY,
A NEW GAME
WILL CHANGE
THE WAY
YOU PLAY.



Governor Bob Martinez scratches an oversized lottery ticket.



Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

Senior Management Service Optional Annuity Program. Some Lottery employees also participate in the Senior Management Service Optional Annuity Program (SMSOAP). The SMSOAP is a defined contribution plan that provides retirement and death benefits to the participant pursuant to Section 121.055, Florida Statutes. Participants have full and immediate vesting of all contributions paid on their behalf to the participating provider companies to invest as directed by the participants. Employees in eligible State positions may make an irrevocable election to participate in the SMSOAP in lieu of the Senior Management Service Class. Employers contributed 12.49 percent of covered payroll for July 2007 through June 2008. This contribution rate includes a contribution that would otherwise be paid to the Retiree Health Insurance Subsidy (HIS) Program described below so the SMSOAP retiree is not eligible to receive monthly HIS benefits. A participant may contribute by salary reduction an amount not to exceed the percentage contributed by the employer.

Retiree Health Insurance Subsidy (HIS). The Retiree Health Insurance Subsidy (HIS) was created by the Florida Legislature in 1987 to assist FRS retirees in paying health insurance costs. The HIS is a cost-sharing multiple-employer defined benefit pension plan established in Section 112.363, Florida Statutes. For the fiscal years ended June 30, 2008, and 2007, eligible retirees or beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments to individual retirees or beneficiaries were at least \$30 but not more than \$150 per month. To be eligible to receive the HIS, an FRS retiree must apply for the benefit, provide proof of health insurance coverage, which can include Medicare or TRICARE, and be approved.

The HIS is funded by required contributions from FRS participating employers. For the years ended June 30, 2008, and 2007, the Lottery contributed 1.11 percent of payroll for all active employees covered by the FRS. For the year ending June 30, 2008, the Lottery contributed \$185,528 in employer contributions to the HIS Program. This contribution was deposited in a separate trust fund from which HIS payments are authorized. If these contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

The State of Florida's implementation of GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, resulted in a reevaluation of the HIS classification as a "postemployment benefit other than a pension" and its reclassification as a "pension benefit." The accounting and financial reporting for the HIS is now governed by GASB Statements No. 25 and 27, Accounting for Pensions by State and Local Government Employers, which was implemented for the fiscal year ending June 30, 2007, the transition year. Further disclosures and other supplementary information for the HIS are included in the Comprehensive Annual Financial Report of the State of Florida which may be obtained from the Florida Department of Financial Services.





Paul is confident of lottery success

In August, Helene Paul began her duties as Florida's first director of the lottery, a position she held for 26 years in Florida. She is charged with getting the lottery up and running by Jan. 11, a task she views as building a Fortune 500 company from the ground up in 120 days. Paul, a cheerleader, former beauty queen, gymnastics coach, and spokeswoman, has traveled around the state promoting the lottery and made numerous appearances recently before the University of Florida's first Family Association. She then took a few minutes to discuss the lottery with the editorial writer Carl Crawford. Excerpts from that discussion are included in this Q&A.

Q: You're predicting \$1 billion in lottery sales the first year. Do you have to measure that for the lottery to be a success?

A: I think the Florida lottery will be extremely successful. Generally, part of that success can be judged on total sales. I would anticipate \$1 billion the first year. That's a very aggressive estimate. If we did \$200 million, I'm probably being conservative. If we did \$200 million, I don't think I'd be happy.

Q: Did you have to make that \$1 billion to be successful? You've stated that figure will ...

A: I think the lottery will be successful and I think we will reach that \$1 billion goal. If we don't, I depend on how far from there we are whether or not I say we're successful.

Q: You've also predicted that at least 82 percent of all Floridians will play the lottery at least the first time to see what it's like. What percentage do you think will continue playing?

A: I would anticipate that somewhere in the neighborhood of 60 to 65 percent of all Floridians will play our products on a regular basis, with 60 percent playing our product once a month.

Deferred Compensation Plan. The Lottery, through the State of Florida, offers its employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The plan (refer to Section 112.215, Florida Statutes), available to all regular payroll State employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (notwithstanding the mandates of 26 U.S.C.s.457(b)(6), all of assets specified in subparagraph 1) held in trust for the exclusive benefit of participants and their beneficiaries as mandated by 26 U.S.C.s.457(g)(1).

The Lottery does not contribute to the plan. Participation under the plan is solely at the discretion of the employee.

The State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary and prudent investor. Pursuant to Section 112.215, Florida Statutes, the Deferred Compensation Trust Fund is created in the State Treasury.

b. Postemployment Healthcare Benefits

The Lottery participates in the State Employees' Health Insurance Program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of Florida, Department of Management Services, Division of State Group Insurance, to provide group health benefits. Section 110.123, Florida Statutes, provides that retirees may participate in the State's group health insurance programs and assigns the authority to establish and amend benefit provisions to the Department of Management Services. Although premiums are paid by the retiree, the premium cost to the retiree is implicitly subsidized by the commingling of claims experience in a single risk pool with a single premium determination. An actuarial valuation has been performed for the plan and the Lottery's employees were included in the actuarial analysis. For more information on the plan regarding the funding policy and actuarial methods and assumptions, see the State's Comprehensive Annual Financial Report, which is available from the Department of Financial Services.

In accordance with GASB Statement 45, the Lottery is required to record its portion of the implicit post employment health benefit liability beginning in the fiscal year ended June 30, 2008. Post employment health benefits payable at June 30, 2008, was \$252,000.



9. OPERATING LEASES

The Lottery has entered into operating leases for the rental of office and warehouse space for the headquarters and district offices as well as the rental of computer equipment. Certain leases are renewable at the option of the Lottery.

Future minimum rental payments as of June 30, 2008, are scheduled as follows (in thousands):

Year Ending June 30	Headquarters	Districts	Total
2009	\$ 2,562	\$ 946	\$ 3,508
2010	2,587	906	3,493
2011	2,612	803	3,415
2012	2,639	691	3,330
2013	2,666	354	3,020
Total	\$ 13,066	\$ 3,700	\$ 16,766

Rental expense under all operating leases totaled approximately \$3,412,000 and \$3,323,000 for the years ended June 30, 2008, and 2007, respectively.

10. OTHER COMMITMENTS

The Lottery has entered into contractual agreements under which On-line and Scratch-Off lottery game vendors provide gaming systems, tickets, and related services. The Lottery entered into a new contract for an On-line gaming system, which took effect on January 31, 2005. The new contractor is compensated at a rate of 1.1499 percent of sales. The contractor's compensation for On-line games for the fiscal years ended June 30, 2008, and 2007, was \$26,165,000, and \$24,792,000, respectively.

The Lottery is entering into a new contract for Scratch-Off game tickets and related services to take effect on October 1, 2008. The rates under the new contract will range from 0.9744 percent to 2.385 percent based on ticket price point and total annual sales. The current rate is 2.25 percent in effect since October 2006. Compensation under this agreement amounted to \$55,135,000 for the fiscal year ended June 30, 2008, and \$53,298,000 for the fiscal year ended June 30, 2007.

11. LITIGATION

The Lottery is involved in litigation and other claims incidental to the ordinary course of its operations. In the opinion of Lottery management, based on the advice of legal counsel, the ultimate disposition of these lawsuits and claims will not have a material adverse effect on the financial position of the Lottery.





Staff photo/DAVID MURRAY JR.

Mary Anderson, right, a Delray Beach "Breakfast Club" member, asks to take picture of Sheelah Ryan of Orlando.

1st anniversary party brings million laughs to lottery's winners

By STEVE NICHOLS *It's really nice to see



Photo edited by Rich Jurgens, 435-8673 after 4 p.m.



\$10 billion later, Florida Lottery celebrates its fifth birthday today

By Life Ross
Staff writer

Since 1985, taxpayers have given Florida \$10 billion — without a complaint, in fact with a great deal of enthusiasm, and occasionally wild abandon.

It's called the Florida Lottery, and it's 5 years old today.

The first legalized, state-operated lottery game was a scratch-off ticket called Millionaire, with instant cash prizes up to \$5,000 and entries into a million-dollar drawing.

Now there, 52 instant games have been introduced in Florida, an

Lottery facts

The 20th anniversary of the Florida Lottery

County with most ticket sales:
Date County:
1.7 billion

Retailer with the most sales:
Johnson and Johnson convenience store

Unclaimed pots

July 6, 2003 \$2.5 million
Jan. 6, 2002 2.4 million
March 30, 2001 15.4 million

Lotto jackpots with more than one winning ticket

57

5 SUPPORTING EDUCATION

The Lottery Contributes Funds For More Than 400 Statewide School Projects

Every time you play the Lottery, you contribute to education in Florida. The Classroom First Program utilizes Lottery funds to back more than \$2 billion dollars to school districts for new construction, renovation, remodeling, major repair, or maintenance of education facilities. To date, Lottery profits have funded more than 400 public school construction and renovation projects around the state.



Roberts Elementary School in Leon County, established in 2001, is known for its high academic standards, its state-of-the-art technology and its beautiful facility designed with safety in mind.



Jackson County High

VIEWPOINT

Thursday, September 20, 2007

Pensacola News Journal

7A

After 20 years, The Florida Lottery is still working

It's hard to believe it has been almost 20 years since the Florida Lottery sold its first ticket on Jan. 12, 1985. When voters approved the Lottery's creation by a two-to-one margin, they wanted a lottery that offered a chance to win big prizes, while contributing to the support of public education.

"As the secretary of the Florida Lottery, I'm happy to report the promise is being fulfilled.

The Lottery has made more than 900 lucky players millionaires and provided thousands more with smaller prizes. The Lottery has become part of the fabric of Florida, as millions regularly enjoy "water cooler drawing" about what they would do if they won the big jackpot.



LEO
DIBENIGNO

Leo DiBenedetto is the secretary of the Florida Lottery.

dependable contributor to education. More than \$1 billion in each of the last five years has benefited Florida students and schools, representing approximately 5 percent of the state's total education budget.

While it was never intended to fully fund Florida's educational system, Lottery contributions are crucial to ensuring the future

\$17 billion. In Escambia, Santa Rosa and Okaloosa counties, the Lottery has contributed more than \$645.4 million in education funding. That money has benefited preschool and K-12 programs, area community colleges and universities, and the construction/renovation of schools, including Pensacola High and Spencer Bible Elementary.

Though we all wish for more education funding, Floridians should remember that if not for the Lottery, those \$17 billion would have been cut from other programs, or raised from additional taxes. Critics often call lotteries a hidden tax. Not so. For as Thomas Jefferson observed, if a lottery is a tax, it is the only vol-

Lottery drawings coming to Pensacola

The Florida Lottery is bringing one of its most important operations to the public. On Friday and Saturday, during the Pensacola Seafood Festival at Fountain Park in Seville Square, the Lottery will hold five drawings of its popular CASH 3, PLAY 4, FANTASY 5, MEGA MONEY and FLORIDA LOTTO games.

We invite everyone to experience the drawings for themselves. Visitors will have the opportunity to win prizes, purchase Lottery tickets and observe first-hand the safeguards that go into ensuring the integrity and fairness of all Lottery games.

that their entertainment dollars support a good cause, the specifics of those contributions always merit highlighting.

For example, a Lottery player was fortunate to learn that her granddaughter's Bright Futures scholarship award, \$10,000, was

approximately 87 percent of all incoming freshmen at the University of Florida attend on a Bright Futures scholarship, and the numbers are nearly as impressive in our other state colleges: more than 13,000 students

Features

Yet the Florida Lottery is more than a revenue-generating state agency. It is a unique organization that is based on integrity, honesty and openness. The Lottery's operations, expenditures and education contributions are always available for scrutiny. Transparency, the very foundation of any lottery, has received renewed vigor with Gov. Charlie Crist's emphasis on openness in government.

As we approach our 20th anniversary, we will reveal enhancements designed to keep the Lottery as an industry leader and as a strong partner for education in Florida.

In 2005, the Florida Lottery will

Florida Senate Resolution

By Senator Jones

A resolution recognizing January 12, 2008, as the 20th Anniversary of the Florida Lottery's efforts in supporting education and Bright Futures Scholarships for Florida students.

WHEREAS, the Florida Lottery was created in 1986 pursuant to a constitutional amendment that passed by a two-to-one margin, and

WHEREAS, voters gave their approval to create a lottery that uses all its proceeds to enhance public education in Florida, and

WHEREAS, on January 12, 1988, Florida Lottery ticket sales began 6 days ahead of schedule with the launch of the first Scratch-Off game, "MILLIONAIRE," which generated more than \$95 million in sales during its first week and set a record in the lottery industry, and

WHEREAS, the mission of the Florida Lottery is to maximize revenues in a manner consonant with the dignity of the state and the welfare of the public, and

WHEREAS, the Florida Lottery is a multibillion-dollar state revenue resource in which customer value, public trust, and an unwavering commitment to the enhancement of public education are cultivated and celebrated with honesty, creativity, and diversity, and

WHEREAS, the Florida Lottery has consistently remained a reliable contributor to education in the state, having more than tripled its average monthly contribution to the Educational Enhancement Trust Fund since its first transfer of funds in February 1988, and

WHEREAS, the Florida Lottery transferred \$1.26 billion in the 2006-2007 fiscal year, and has transferred more than \$1 billion in each of the last 5 consecutive fiscal years, and


WHEREAS, since its inception, the Florida Lottery has transferred a total of more than \$18 billion to the Educational Enhancement Trust Fund, and

WHEREAS, dollars from the Florida Lottery reach every level of public education in the state, contributing to K-12 programs in Florida's 67 school districts, to the building and renovation of schools throughout the state, and to funding for state universities and community colleges, as well as fully funding more than one million Bright Futures Scholarships to date, NOW, THEREFORE,

Be It Resolved by the Senate of the State of Florida:

That the Florida Senate recognizes January 12, 2008, as the 20th Anniversary of the Florida Lottery's continuing support for education and its full funding of the Bright Futures Scholarship Program to benefit Florida students, and wholeheartedly supports the efforts and vision of the Florida Lottery.

ATTEST:


Fay W. Blandin
Secretary of the Senate



*This is a true and correct copy
of Senate Resolution No. 1230,
adopted by the Florida Senate
on April 10, 2008.*


Ken Pruitt
President of the Senate

Credits

The newspaper articles in this report have been reprinted with permission from each media outlet listed below:

Newspaper/Wire Service Article Title	Publication Date
<i>The Associated Press</i> AP photo: Team Player (Governor Jeb Bush & Lottery Secretary David Griffin)	06/18/1999
<i>Florida Times-Union</i> \$10 billion later, Florida Lottery celebrates its fifth birthday today State ups ante to draw more Lotto players	01/12/1993 10/07/1999
<i>The Gainesville Sun</i> Ad campaign for lottery starts Monday Lottery sets U.S. record for ticket sales Paul is confident of lottery success	12/26/1987 01/21/1988 10/25/1997
<i>The News Herald</i> Lotto expected to be most popular game yet for lottery	04/29/1988
<i>Orlando Sentinel</i> The 2 days that shook the state	01/15/1988
<i>Pensacola News</i> After 20 years, The Florida Lottery is still working	09/20/2007
<i>St. Petersburg Times</i> Lottery sales on first day: \$13.5-million 12:01 a.m. Scratch-off will start Photo: Mega Money is the new ticket	01/14/1988 01/14/1988 02/20/1998
<i>South Florida Sun-Sentinel</i> Bright Futures' await grads Higher score for 'Bright Futures' puts scholarship funds to best use House proposal would use lottery to build schools 1st Anniversary party brings million laughs to lottery's winners Bush aims high for lottery director	04/13/1988 04/13/1988 04/15/1988 01/12/1989 06/18/1999
<i>Tallahassee Democrat</i> Kick-off time Lottery is ready to begin with a \$1-million bang Bright Futures faces change Celebrate America and the Florida Lottery Our Opinion: A winning bet – At age 20, Florida's Lottery is a success	01/10/1988 04/03/1998 07/02/2007 02/21/2008
<i>The Tampa Tribune</i> FLORIDA STATE LOTTERY, The Games Begin Lottery's big game set to go Graduates encouraged to seek lottery scholarships Lotto hopes higher odds lead to higher payouts Lotto/2 game added each week	01/12/1988 04/28/1988 06/24/1997 10/07/1999 10/07/1999

