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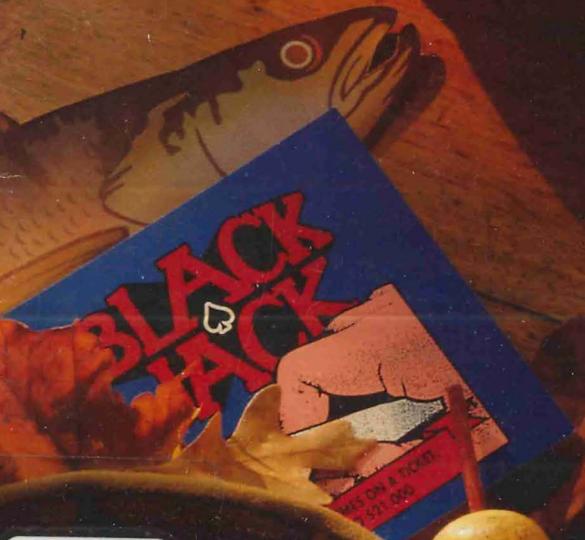
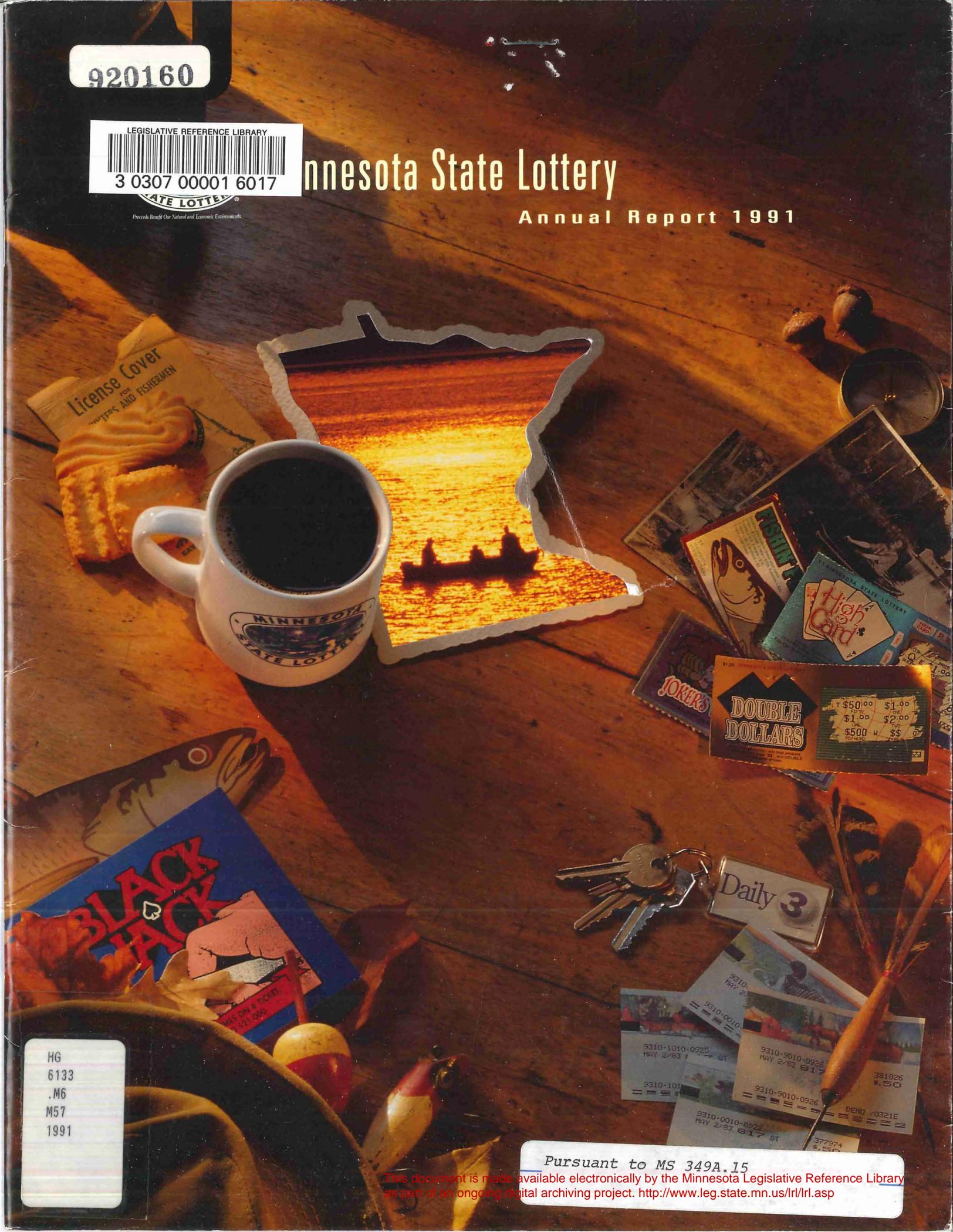
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MINNESOTA STATE LOTTERY

Proceeds Benefit Our Natural and Economic Environments

Minnesota State Lottery

Annual Report 1991



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Environment and Natural Resources Trust Fund Projects

RECREATION

Mississippi River Valley Blufflands Initiative—\$150,000

Land and Resource Management for the Lower St. Croix National Scenic Riverway—\$360,000

Rails-to-Trails Acquisition and Development—\$1,000,000

WATER

Stream and Watershed Information System—\$200,000

South Central Minnesota Surface Water Resources Atlas and Data Base—\$300,000

County Geological Atlas and Groundwater Sensitivity Mapping—\$1,400,000

Clean Water Partnership Grants to Local Units of Government—\$700,000

Minnesota River Basin Quality Monitoring—\$700,000

Cannon River Watershed Grants—\$60,000

Ecological Evaluation of Year-Round Aeration—\$100,000

Erosion Control Cost-Sharing—\$250,000

Environmental Education Program—\$790,000

Environmental Exhibits Collaborative—\$400,000

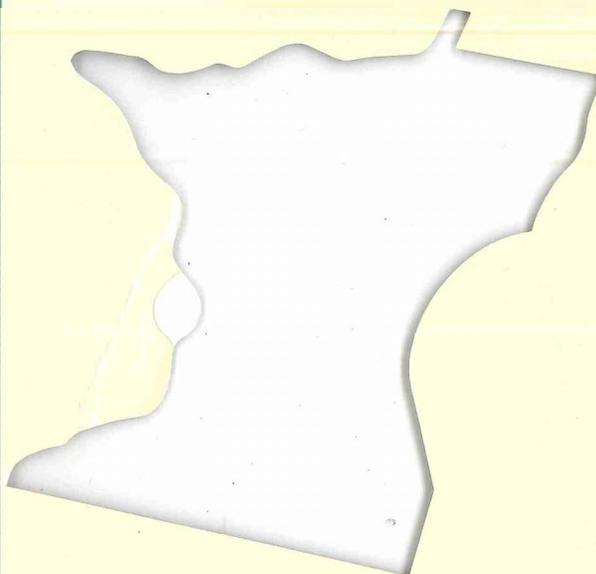
Minnesota County Biological Survey—\$1,000,000

A Computerized Data Base for the Plants of Minnesota—\$130,000

Aquatic Invertebrate Assessment Archive—\$130,000

Wetlands Forum—\$40,000

Easement Acquisition on Restored Wetlands—\$400,000



Restore Thomas Sadler Roberts Bird Sanctuary—\$50,000

Effect of Change in the Forest Ecosystem on the Biodiversity of Minnesota's Northern Forest Birds—\$300,000

Well Sealing Cost-Share Grants—\$750,000

Mitigating Mercury in Northeastern Minnesota Lakes and Streams—\$300,000

AGRICULTURE

Biological Control of Pests—\$650,000

Conservation Reserve Easements—\$600,000

Biological Control of Eurasian Watermilfoil—\$100,000

EDUCATION

Video Education Research and Demonstration Project—\$100,000

Integrated Resource Management Education and Training Program—\$300,000

FORESTRY

Generic Environmental Impact Statement—\$400,000

LAND

Base Maps for the 1990s—\$1,900,000

Statewide National Wetlands Inventory, Protected Waters Inventory, Watershed Map Digitization—\$750,000

WILDLIFE

Insecticide Impact on Wetland and Upland Wildlife—\$650,000

Summary

The introduction of three on-line games and an expansion of existing scratch-off games in fiscal year 1991 resulted in significant financial contributions to the State of Minnesota. Minnesota State Lottery sales reached \$321.5 million for combined instant and on-line sales in its second fiscal year of operation. Despite a nationwide economic recession and the Gulf War, Lottery sales remained strong, contributing millions of dollars to the Lottery's three beneficiaries and the state General Fund.

Higher-than-expected sales, combined with a reduced operating budget, allowed the Lottery to contribute more than \$66.9 million to beneficiaries, including \$3.5 million from unspent operating budget reserves. The Environment and Natural Resources Trust Fund received \$26.8 million in total Lottery proceeds; the Infrastructure Development Fund for State Institutions of Higher Education received \$14.1 million; the Infrastructure Development Fund for State Environment and Natural Resources received \$2.9 million; Debt Service for Environment received \$1.6 million; Debt Service for Higher Education received \$4.8 million; and the Greater Minnesota Corporation received \$7.7 million. The State General Fund received \$9 million from the net proceeds, plus \$19.3 million, or 6 percent of sales, in lieu of sales tax.

Under the debt-offset law, and in conjunction with the Department of Revenue, the Lottery also collected \$62,853 from prize winners who owed

delinquent taxes and other court-ordered payments. The Lottery also transferred its share of \$200,000 to the Minnesota Department of Human Services to fund a hotline for compulsive gamblers.

During the fiscal year (July 1, 1990 to June 30, 1991), the Lottery introduced three on-line games and nine instant games. Lottery players tried their hand at card-related themes with the instant games Joker's Wild, High Card and Black Jack, while Double Dollars and Jackpot gave players a second chance to win cash prizes through drawings held statewide. Even the official state fish joined the fun with Fishin' Fever, launched just before the walleye fishing opener. The Lottery introduced three on-line games: Lotto Minnesota and Daily 3, in August and Gopher 5 in May.

And with the games came the winners, who collected \$179.4 million in prizes. Three lucky Minnesota families stepped forward to claim multi-million dollar Lotto Minnesota jackpots in November, February and March. And two engineering colleagues also shared the Lottery's first Gopher 5 jackpot, worth more than \$616,000, in May.

The 4,000-member Lottery retailer network was instrumental in the success of the past fiscal year. In partnership with the Lottery, retailers continue to play a key role in promoting multiple instant games, new play styles and player education. For their efforts, they collectively earned \$18,236,198 in sales commissions and incentives.

Instant Games

In fiscal 1991, the Lottery expanded its instant product line, providing nine instant games, each with a different theme, play style and prize structure. Multiple instant games appealed to the variety of preferences among Minnesotans, and players collected \$144.9 million in instant-game cash prizes. Total sales reached \$248.8 million, or \$56.87 average per capita annually. Two games, Three Times Lucky and Holiday Cash, were introduced as special features to offer additional variety.

PLAYER PREFERENCES

The Lottery's instant game strategy took into account findings from research among players. Conducted by an independent firm, the "focus groups" revealed a preference for games with card- and Minnesota-related themes. One result was the popular Fishin' Fever game featuring a fishing-related theme, which coincided with the start of Minnesota's walleye opener and the summer tourist season.

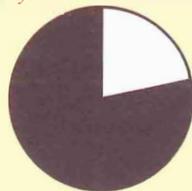
As an added player incentive, instant games Double Dollars and Jackpot incorporated bonus drawings for cash prizes. With Double Dollars, 30 semi-finalists won a total of \$360,000 in six player drawings statewide. Jackpot drawing semi-finalists won cash prizes ranging from \$1,000 to \$4,000, and one lucky finalist won \$1,000 a week for life.

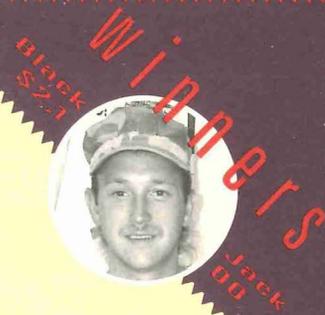
SECURITY

The Lottery assures the integrity of all its games with a sophisticated network of security controls. Before retailers pay out prizes, the Lottery's computer system confirms prize amounts and verifies that tickets have not been previously paid, and were not reported as lost or stolen. The computer also maintains an audit trail of each individual ticket and provides full accounting for retailers. Lottery Security works with local law-enforcement officials to investigate all incidents of fraud, misrepresentation and theft.

A sophisticated network of security controls maintains an audit trail of each Lottery ticket, while Lottery security officials investigate all incidents of fraud, misrepresentation and theft.

Scratch-off games made up 77 percent of total sales in fiscal year 1991.





Fiscal Year 1991
Instant Game
Sales in Millions:



Players had their choice of nine new instant, or scratch-off, games in fiscal year 1991, each with a different theme, play style and prize structure. Total sales for instant games reached \$248.8 million, with players winning \$144.9 million in instant cash prizes.

MOTLEY BROOKLYN CENTER FARMINGTON CROOKSTON BROWNS VALLEY ST. LOUIS PARK CHATFIELD VADNAIS HEIGHTS CYRUS NEW ULM OLIVIA BLOOMING PRAIRIE

On-line Games

The Minnesota State Lottery launched three computerized number-selection games in fiscal year 1991: Lotto Minnesota, Daily 3 and Gopher 5. Its simultaneous launch of Lotto Minnesota and Daily 3 in August put Minnesota in the industry's forefront of innovation and gaming technology. Opening day for Lotto Minnesota and Daily 3 was preceded by free "play days" events statewide that offered players the chance to practice new games and win merchandise prizes. The kick-off event featured a fireworks display, and a free concert at Bloomington's Met Center by the Four Tops and the Rockin' Hollywoods.

SALES

First-day sales of Daily 3 and Lotto Minnesota reached nearly \$885,000, while first-week sales exceeded \$2.3 million, motivated, in part, by a \$21 million Lotto Minnesota jackpot. Total Lotto Minnesota, Daily 3 and Gopher 5 sales for the fiscal year reached \$72.7 million. Minnesota also awarded three winning Lotto Minnesota jackpot tickets in fiscal year 1991 worth \$31.6 million in prizes.

Lotto Minnesota is part of the Lotto America network with a guaranteed minimum jackpot

of \$2 million. Players select six numbers from 1 to 54 and win by matching four, five or six numbers in any order. Lotto America is comprised of 16 member lotteries, and is the largest population-based lotto game in North America. Drawings are held Wednesdays and Saturdays at 9:59 p.m.

Daily 3 is a daily numbers game where players pick three numbers from 0-9 and win by matching three numbers in exact order or any combination, depending on the method of play selected. Drawings are held every evening.

Minnesota's own cash lotto game, Gopher 5, debuted May 22, 1991, and offers a guaranteed minimum jackpot of \$100,000. Total sales reached \$2.7 million for fiscal year 1991. To play, players select five numbers from 1 to 39 and win by matching three, four or five numbers in any order. The all-cash jackpot payout is split evenly among all winners. Drawings are held Tuesday and Friday evenings. During fiscal 1991, Gopher 5 generated one jackpot ticket worth \$616,000, shared by two players. Total sales reached \$2.8 million for Gopher 5.

Approximately 1,400 retailers statewide sell on-line tickets using the terminals manufactured by Minnesota-based Control Data Corp. On-line retailers can use their terminal to validate both instant and on-line tickets and to generate daily and weekly sales reports for each game. All terminals are connected, through the Control Data™ CYBER 932 system, to the Lottery's AS400 system, which verifies that instant tickets are valid.

DRAWINGS SECURITY

Drawings for all on-line games are conducted under tight security. Daily 3 and Gopher 5 drawings, conducted at WCCO-TV studios, Minneapolis, are held in a secured, restricted-access area with surveillance cameras monitoring all activity. An independent auditor from Schecter, Dokken, Kanter, Andrews and Selcer certified public accountants attends every drawing and certifies the results. The Lottery drawings team holds additional drawings before and after the televised drawing to verify the randomness of numbers selected at the drawings.

During the fiscal year, drawings were broadcast live on WCCO-TV in Minneapolis/St. Paul; KTTC-TV, Rochester; KEYC-TV, Mankato; and KDLH-TV, Duluth.

3 TIMES
\$10
Winners
Lucky
00



Daily **3**



GOPHER 5

Minnesota's Own Cash Lotto Game

Lotto Minnesota sales made up 12 percent of Lotto America sales in fiscal year 1991, scoring second among the 16 Lotto America states. With three Lotto Minnesota winners in fiscal year 1991, Minnesota made up 9 percent of Lotto America winners.



Players and Winners

The fun and excitement of playing the Lottery continued, as expanded product lines encouraged crossover play and attracted new players. An estimated 68 percent of adult Minnesotans make up the player base, in addition to tourists and residents of towns near state boundaries.

SOMEBODY'S ALWAYS WINNING

With a selection of nine instant games and three on-line games, Lottery players won a total of \$179.4 million in prizes in fiscal 1991. Prize payouts averaged 56 percent of total sales. Prizes included \$144.9 million for instant games and \$34.5 million for numbers games. Among the lucky players were three Minnesota families who became the state's newest millionaires, matching all six numbers in three Lotto Minnesota/Lotto America drawings worth a total of \$31.6 million; and two mechanical engineering colleagues who claimed the first Gopher 5 cash lotto jackpot worth \$616,877.

Thirty semi-finalists shared a total of \$360,000 in cash at six Grand-Prize Drawings held across the state as part of the Double Dollars instant game. Five of those players each won \$25,000 in cash. Twenty-four players shared \$105,000 during

special grand-prize drawings held as part of the Jackpot instant game. In addition, Judy Erpenbach, Willmar, won the grand prize of \$1,000 a week for life.

MARKET RESEARCH

The Lottery commissioned a marketing segmentation study in April that included four focus groups and 1,021 in-home interviews to determine the profile attitudes and playing habits of Minnesotans. Research shows 68 percent of adult Minnesotans play the Lottery, and per capita play is \$1.50 per week. Players' spending patterns show instant games, with their smaller, more frequent prizes, outsell all other Lottery products combined, averaging 70 percent of total Lottery sales.

Of Lottery players, the median household income is \$30,000. The study also revealed two-thirds of Lottery players live in urban areas, and 65 percent of rural and 50 percent of farm residents play. Lottery players also tend to be younger, with 71 percent of 18 to 34 year olds playing, versus 44 percent of people over 65. Lottery players also are slightly more likely to be male. The study also showed strong agreement that the Lottery is conducted fairly and is easy to play.

Pat Kamphake, Parkers Prairie, developed her own winning formula for Daily 3: She always plays at her own store, P.J.'s Gas & Grocery, Parkers Prairie; and she always plays highway numbers. Pat started out playing 2-3-5 since she grew up near Highway 235. After winning \$500 with those numbers, she switched to 1-3-6, because a good friend lives near Highway 136. So far, she's hit two "straight bet" Daily 3 plays to win a total of \$1,000. Pat used her winnings for a winter vacation.



\$1,000 A WEEK FOR LIFE

Judy Erpenbach, Willmar, had a lot to celebrate May 22, 1991. Not only was it her daughter's birthday, it was also the date of the Jackpot Grand-Prize Drawing where she won \$1,000 a week for life. The mother of six children, Erpenbach receives \$720 a week after taxes for the rest of her life.

WINDY
STORM
EVERY
BODY



\$9 MILLION JACKPOT

It was a twist of fate when Howard and Beverly Lamson, Bloomington, bought the \$9 million winning Lotto Minnesota ticket Feb. 27, 1991. The Lamsons were supposed to be vacationing in Texas, but stayed home to attend a funeral. That evening they stopped at Hyland Liquors in Bloomington and purchased some Lottery tickets — one of which won the jackpot. For the next 20 years, the Lamsons will receive annual installments of \$325,440 after taxes. That's \$888 per day, or \$37 per hour. Howard and Beverly, both retired, planned to use their winnings to buy a new car "without bucket seats" and to travel.

Helen Peter, Rochester, received an unexpected Mother's Day treat May 12, 1991, when she purchased five Fishin' Fever tickets, one of which was a \$10,000 winner. Helen purchased the winning ticket with money left over from a special Mother's Day brunch provided by daughter Tara and a family friend.

In typical Minnesota fashion, Rita Oberg, Roseville, was about to write out a check for a couple of dollars when she decided to "pad" the check with two Lotto Minnesota tickets, a newspaper and gum. That decision at the SuperAmerica #4210, Roseville, left Rita \$18.5 million richer Nov. 13, 1990, and made her Minnesota's first-ever Lotto Minnesota Lotto America jackpot winner. ▲ For the next 20 years, Rita will receive annual installments of approximately \$921,000, or \$663,120 per year after taxes. That's \$76 an hour, 24 hours a day. A former postal clerk, Rita's plans included a new car and travel with her family.

Betty Staggemeyer, Eitzen, captured the luck of the draw Nov. 24, 1990, winning \$25,000 in the Lottery's Double Dollars Grand-Prize Drawing. Betty purchased the tickets at Maggie's Dugout, Eitzen, where she works part-time as a bartender. She planned to buy a new car. ▲ Thanks to Betty, Maggie Kruse, owner of Maggie's Dugout, also won a special prize. For selling the winning entry Lottery ticket, Maggie received a cash prize amount equal to 10 percent of Betty's prize, or \$2,500, as part of a special Lottery retailer incentive program.



\$4.2 MILLION JACKPOT

March 6, 1991, started out like any other day. Bill DeJarlais, Hugo, had gone to work early and was skimming the morning newspaper when he read the winning numbers and compared them to the ticket he had purchased at Erickson Post, Stillwater, the day before. The DeJarlais family, including wife Marilyn and four daughters, won a \$4.2 million Lotto Minnesota jackpot. For the next 20 years, the DeJarlais will receive \$150,480 per year after taxes, \$412 per day, or \$17 per hour after taxes. Part of those winnings went toward a group summer fishing trip, a new car and travel.



\$616,877 JACKPOT

Seven years ago, Pat McLean, North St. Paul, and Will Pitts, Woodbury, made an agreement: If either of them ever hit a lottery jackpot, they'd split the prize money. The two 3M engineers cashed in on their agreement June 14, 1991, when they became the state's first-ever Gopher 5 jackpot winners, splitting a cash jackpot of \$616,877, or \$222,076 each after taxes. ▲ Pat and Will had never played Gopher 5 before, so Pat decided to select his numbers by opening and closing a book five times and playing the page numbers. The two watched the drawing at Pat's house, along with Pat's wife. Pat used his share of the winnings to buy a car, invest and travel. Will paid off his student loans and bought "something nice" for his mother.

MOTLEY BROOKLYN CENTER FARMINGTON CROOKSTON BROWNS VALLEY ST. LOUIS PARK CHATFIELD VADNAIS HEIGHTS CYRUS NEW ULM OLIVIA BLOOMING PRAIRIE

Beneficiaries

Minnesota's lakes, wilderness and beautiful natural resources are an integral part of Minnesota's heritage. For generations, Minnesotans have valued the preservation of our waters, wildlife and air quality. Managing our environmental resources and developing stewardship for future generations are key to the quality of everyday life in Minnesota. The Lottery has played an important part in maintaining and improving "the good life" in Minnesota, funding programs that have benefited all Minnesotans.

In fiscal 1991, the Lottery contributed more than \$66.9 million to beneficiary programs, an increase of \$3.5 million above mid-year projections. The Environment and Natural Resources Trust Fund received \$26.8 million in total Lottery proceeds; the Infrastructure Development Fund for Higher Education received \$14.1 million; the Infrastructure Development Fund for State Environment and Natural Resources received \$2.9 million; Debt Service for Environment received \$1.6 million; Debt Service for Higher Education received \$4.8 million; and the Greater Minnesota Corporation received \$7.7 million. The state General Fund received \$9 million from net proceeds, plus \$19.3 million, or 6 percent of sales, in lieu of sales tax.

In January 1991, the Minnesota Legislature reallocated beneficiary proceeds (\$9 mil-

lion from the Greater Minnesota Corporation to the General Fund and \$6.4 million from the Infrastructure Development Fund to the State Bond Fund) to help balance the budget. The Legislature removed the Greater Minnesota Corporation and the Infrastructure Development Fund as Lottery beneficiaries for the coming fiscal year, redirecting 60 percent of net proceeds to the state General Fund. The Environment and Natural Resources Trust Fund will continue to receive 40 percent of net proceeds until the year 2001, as a result of a voter referendum to amend the state Constitution with this mandate.

In fiscal year 1991, 56 percent of the Lottery sales dollar funded prizes for winners, 21 percent went to Lottery beneficiaries, 12 percent funded Lottery operations, 6 percent was paid in tax in lieu of sales tax, and 5 percent of sales was paid as retailer commissions. On July 1, 1991, sales tax was increased to 6.5 percent.

ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

Forty percent of Lottery proceeds help fund the Environment and Natural Resources Trust Fund for programs that protect and preserve Minnesota's environment. During fiscal year 1991, the Trust Fund received \$26.8 million, approximately \$14.9 million of which will be distributed to 31 envi-

ronmental projects statewide during the 1991-93 funding biennium. The remaining dollars will be used to build the principal of the fund for future Trust Fund projects. The Fund is administered by the Legislative Commission on Minnesota Resources, which recommends the projects to the Legislature for approval.

Thirty-one environmental projects benefit dozens of communities statewide in the areas of recreation, water, forestry, education, agriculture, wildlife and wetlands. For instance, the Department of Natural Resources (DNR) received \$1 million from the Trust Fund, funded by Lottery proceeds, to acquire and develop abandoned railroad property for recreational use in its Rails-to-Trails program. Two trails earmarked for possible development are the Paul Bunyan Trail, which runs from Brainerd to Bemidji, and a former railroad track from Willmar to Richmond. The acquisition and development of this Rails-to-Trails program would extend Minnesota's recreational trail system by 130 miles.

With some waterfowl species at an all-time low and the growing threat of significant water contamination, rural Minnesota will benefit from the \$400,000 appropriation to help save and restore wetlands. Lottery proceeds also will fund Trust Fund appropriations for wetlands conservation in the Twin Cities metro area.



The Minneapolis Park and Recreation Board will receive a \$50,000 appropriation from the Trust Fund to restore and improve public access to the Thomas Sadler Roberts Bird Sanctuary for interpretive and educational opportunities. Part of the Chain of Lakes near Lake Harriet in south Minneapolis, the Sanctuary provides a natural area composed of upland woodland and cattail marshes within an urban environment. The appropriation must be matched by \$50,000 of local money.

Local governments will receive financial assistance in several areas, including watershed management, erosion control and well-sealing. A \$150,000 appropriation from the Trust Fund for the Mississippi River Valley Blufflands Initiative will help protect the outstanding scenic and biological resources of the Mississippi Valley blufflands in southeastern Minnesota. In addition to land-use controls, the project will identify critical habitats in Goodhue, Wabasha, Winona and Houston counties, which are facing encroaching development.

INFRASTRUCTURE DEVELOPMENT FUND

The Infrastructure Development Fund for Higher Education received \$14.1 million in Lottery proceeds for fiscal year 1991 to support capital-improvement projects at state institutions of higher education. The Infrastructure De-

velopment Fund for State Environment and Natural Resources received \$2.9 million to support the development or protection of the state environment and natural resources. Some programs from each area include construction and remodeling of classrooms and libraries, and maintenance costs for state parks and trails.

GREATER MINNESOTA CORPORATION

The Greater Minnesota Corporation, which officially restructured and changed its name to Minnesota Technology, Inc. July 1, 1991, assists Minnesota industry in using modern techniques and technologies to compete more effectively in the domestic and global marketplace. Lottery proceeds of \$7.7 million for fiscal year 1991 helped fund these programs. The corporation has six offices around the state that work with companies to help them improve product quality, reduce costs and increase productivity.

GENERAL FUND

The Lottery transferred \$19.3 million in lieu of sales taxes and \$9 million in net proceeds to the state General Fund, which supports all state services, including public education, local government assistance, health and human services, public safety, and environmental protection. Sixty percent of Lottery proceeds are now transferred to the General Fund as a result of the January legislative action.

The Environmental Trust Fund received \$26.8 million, approximately \$14.9 million of which will be distributed to 31 environmental projects statewide during the 1991-93 funding biennium. Turn to the inside front cover for a complete listing of the projects.

Retailers

Much of the success for continuing strong product sales is due to the Lottery's partnership with its network of 4,000 retailers across the state. From small family-owned markets to major metropolitan grocery-store chains, the Lottery's extensive retailer network provides marketing excellence, service and convenience to players. Tickets are sold at a wide range of outlets, from convenience stores to service stations, pharmacies to restaurants, liquor stores to newsstands.

MARKETING TEAM

Lottery retailers receive promotional and operational support, including marketing representatives who regularly contact retailers by phone and with personal visits. The primary focus of these field and phone representatives is to provide the best customer service and marketing sup-

port possible. Lottery marketing representatives help retailers boost ticket sales through promotions and game education, analyze sales figures, and understand new procedures. Minnesota's retailers enjoy a sophisticated inventory-control system that speeds ticket validation and accounting, and provides maximum security.

In addition to earning a total of \$16.5 million in sales commissions, Lottery retailers also won \$1.7 million in various retailer incentives during the fiscal year. Incentive programs during the year included 10 Las Vegas trips, special retailers-only scratch-off ticket games to win Lottery premiums, and a Mystery Shopper program. Lottery sales also help build critical customer traffic, thereby enhancing sales of other store merchandise.



**HORNBACHER FOODS
MOORHEAD**

Ranking third in the state for overall sales, Hornbacher Foods, Moorhead, is a high-volume super store that offers customers Lottery tickets, a full-service deli and bakery, banking facilities, and a pharmacy. Owner Dean Hornbacher credits the store's high Lottery sales to its border location, which attracts customers from five counties, including three in North Dakota. With regular customers who stop by each day to shop and visit with neighbors, Hornbacher's is a high-volume grocery with the small-town feel, according to Steve Evert, manager. Pictured are Kevin Murray, customer service manager; Edie Cousins, assistant manager; and Steve Evert, manager.

Winnings
\$2.9
Lucky
99



**F.W. WOOLWORTH'S #47
MINNEAPOLIS**

They're fondly known around the store as the "Loony Lottery Ladies," radiating the enthusiasm and personality that helps keep F.W. Woolworth's #47 number one in the state in both instant and on-line tickets. Fran Young and Mary Jean Gaustad, often decked out in Lottery T-shirts and homemade Lottery earrings, attribute Woolworth's sales success to high traffic, high energy and a people-oriented attitude. Anchored in the IDS Crystal Court in downtown Minneapolis, the variety store has an estimated 6,000 to 7,000 customers passing through its doors daily.



**SUPERAMERICA #4210
ROSEVILLE**

SuperAmerica #4210 in Roseville, managed by Denny Etham, watched sales soar after Rita Oberg, Roseville, won the first Lotto Minnesota jackpot worth \$18.5 million at that store. The store even displayed a specially designed banner to position the store as a lucky, winning store. The banner read, "One of your Roseville neighbors won \$18 million here. Will the next winner be you?"



**WILLIE'S KORNER STORE
GRANITE FALLS**

With only one gas pump outside and a single cash register inside, Willie's Korner Store, Granite Falls, keeps Lottery business strong, consistently ranking as one of the top 15 retailers in southwestern Minnesota. Owners Willie and Carol Upton's success comes from their policy of putting customers first and ensuring everyone receives personal, attentive service.

MOTLEY BROOKLYN CENTER FARMINGTON CROOKSTON BROWNS VALLEY ST. LOUIS PARK CHATFIELD VAONNAIS HEIGHTS CYRUS NEW ULM OLIVIA BLOOMING PRAIRIE

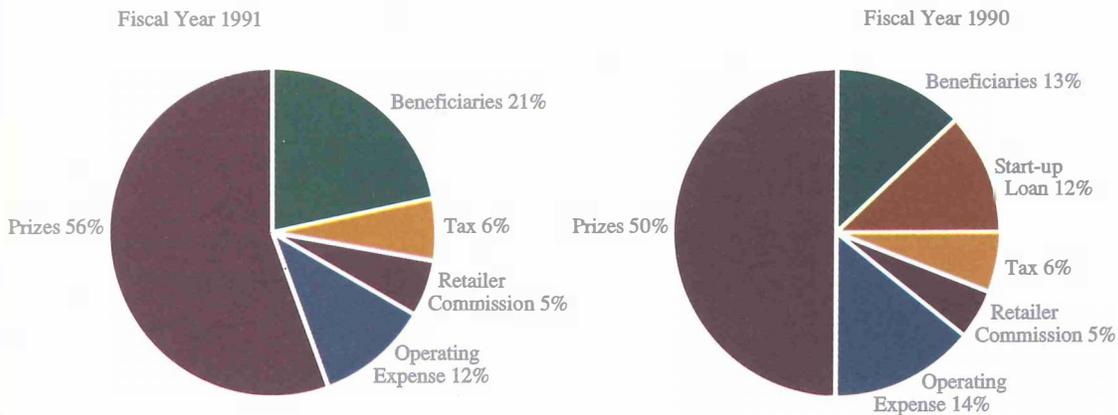
**LOTTERY INCOME TO STATE JUNE 30, 1991
COMPARED TO PARTIAL YEAR ENDING JUNE 30, 1990**

NET PROCEEDS	1991	1990**
40% Environment and Natural Resources Trust Fund	\$26,752,109	\$3,645,910
Infrastructure Development Funds:		
For Capital Improvements for State		
Environment and Natural Resources	2,869,733	610,690
For Capital Improvements for State Higher Education	14,124,850	2,579,482
State Bond Fund for Environment and Natural Resources	1,611,245*	-0-
State Bond Fund for State Higher Education	4,802,267*	-0-
Greater Minnesota Corporation	7,720,069	2,278,694
General Fund	9,000,000*	-0-
Subtotal Net Proceeds	\$66,880,273	\$ 9,114,776
Tax (In Lieu of Sales Tax)	19,289,242	4,069,578
Compulsive Gambling	200,000	100,000
Public Safety and Human Services	250,000	-0-
Gaming Department	-0-	125,000
Attorney General		
(of the \$46,000 paid in 1990, \$24,479 used in 1991)	-0-	46,000
Grand Total	\$86,619,515	\$13,455,354

*Minnesota Law 1991 Chapter 2 by the Legislature revised the original distribution of the net proceeds approximately as follows:
 \$1,611,245 Transferred from Infrastructure Development Fund State Environment to State Bond Fund for payment of Debt Service for Environment.
 \$4,802,267 Transferred from Infrastructure Development Fund State Higher Education to State Bond Fund for payment of Debt Service for State Higher Education.
 \$9,000,000 Transferred from Greater Minnesota Corporation to General Fund.

**1990 was the initial start-up year reflecting only a partial year of operation (2 1/2 months) vs. 12 months of operation in 1991.

LOTTERY SALES DOLLAR BREAKDOWN



**FINANCIAL HIGHLIGHTS FOR 12 MONTHS ENDING JUNE 30, 1991
COMPARED TO PARTIAL YEAR ENDING JUNE 30, 1990**

INCOME	1991	1990*
Sales	\$321,487,363	\$67,825,593
Tax	19,289,242	4,069,578
Gross Receipts	302,198,121	63,756,015
Other Income	1,381,107	721,948
Gross Revenue	303,579,228	64,477,963
EXPENSES		
Retail Commissions and Incentives	\$18,236,198	\$ 3,388,000
Prize Expense	179,428,852	34,334,800
Start-up Loan	N/A	8,297,193
Operating Expense		
Advertising	\$12,239,184	\$3,182,916
Salaries and Benefits	6,774,503	2,454,505
Promotion	3,111,985	323,807
Purchased Services	1,020,691	1,537,350
Communications	1,829,679	688,015
Occupancy Costs	1,692,856	630,653
Computer Maintenance	1,553,160	1,291,438
Supplies and Materials	753,909	3,963,732
Other	607,036	502,251
Depreciation	534,508	93,709
On-line Vendor Expenses	4,812,590	N/A
Ticket Costs	3,979,137	993,480
Multi-State Lottery Association Entrance Fee	N/A	1,793,947
Interest Expense	124,667	184,584
Less FY '90 Start-up	N/A	(8,297,193)
Operating Expenses Subtotal	39,033,905	9,343,194
Net Proceeds	\$66,880,273	\$9,114,776

*1990 was the initial start-up year reflecting only a partial year of operation (2 1/2 months) vs. 12 months of operation in 1991.

**MINNESOTA STATE LOTTERY BALANCE SHEET JUNE 30, 1991
COMPARED TO PARTIAL YEAR ENDING JUNE 30, 1990**

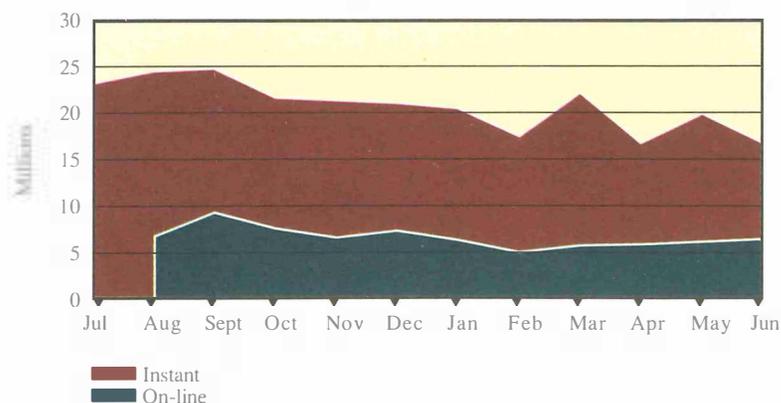
ASSETS	1991	1990*
Cash and Cash Equivalents	\$2,897,592	\$1,939,513
Investments	8,094,292	2,405,971
Accounts Receivable	2,664,519	1,102,499
Interest Receivable	133,077	70,666
Instant Ticket Inventory	544,758	662,764
Fixed Assets	3,772,101	1,890,631
Prize Investments	582,569	N/A
Prepaid Expenses	N/A	115,677
Total Assets	\$18,688,908	\$8,187,721

LIABILITIES AND RETAINED EARNINGS

Net Proceeds Due to State Treasurer	\$2,953,842	\$3,479,511
Accounts Payable	4,124,787	3,259,285
Tax in Lieu of Sales Tax Payable at 6 percent	1,341,342	701,413
Prize Liability	7,270,031	546,685
Reserve for Prizes and Incentives	1,897,343	N/A
Compensated Absences Payable	370,864	200,827
Deferred Revenue – Advance Purchase	148,130	N/A
Prize Annuity Payable	582,569	N/A
Total Liabilities	18,688,908	8,187,721
Retained Earnings	-0-	-0-
Commitments and Contingencies	-0-	-0-
Total Liabilities and Retained Earnings	\$18,688,908	8,187,721

*1990 was the initial start-up year reflecting only partial year of operation (2 1/2 months) vs. 12 months of operation in 1991.

INSTANT AND ON-LINE SALES BY MONTH
Fiscal Year 1991



MINNESOTA STATE LOTTERY STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 1991 COMPARED TO PARTIAL YEAR ENDING JUNE 30, 1990

	1991	1990*
Cash Flows From Operating Activities:		
Operating Income	\$65,623,833	\$10,371,359
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	534,508	93,709
Changes in Assets and Liabilities:		
Accounts Receivable	(1,562,020)	(1,102,499)
Interest Receivable	(62,411)	(70,666)
Instant Ticket Inventory	118,006	(662,764)
Prepaid Expenses	115,677	(115,677)
Accounts Payable	865,502	3,259,285
Tax in Lieu of Sales Tax Payable at 6%	639,929	701,413
Prize Liability	6,723,346	546,685
Compensated Absences Payable	170,037	200,827
Reserve for Prizes and Incentives	1,897,343	N/A
Deferred Revenue – Advance Purchase	148,130	N/A
Prize Annuity Payable	582,569	N/A
Net Cash Provided By Operating Activities	75,794,449	13,221,672
Cash Flows From Non-capital Financing Activities:		
Proceeds from Loan	-0-	8,131,334
Repayment of Loan	-0-	(8,131,334)
Multi-State Lottery Association Entrance Fee	-0-	(1,793,947)
Proceeds Paid to Beneficiaries	(67,405,942)	(5,635,265)
Retailer Fees	63,368	478,387
Other Income	19,370	-0-
Interest Expense	(124,667)	(184,584)
Net Cash Used in Non-capital Financing Activities	(67,447,871)	(7,135,409)
Cash Flows From Capital Financing Activities:		
Investments in Fixed Assets	(2,415,978)	(1,984,340)
Cash Flows From Investing Activities:		
Proceeds from Sales and Maturities of Investments (terms of over 3 months)	2,405,971	-0-
Purchase of Investments (terms of over 3 months)	(8,094,292)	(2,405,971)
Purchase of Zero Coupon Bonds to Pay Prize Annuity	(582,569)	-0-
Investment Earnings (all terms)	1,298,369	243,561
Net Cash Used by Investing Activities	(4,972,521)	(2,162,410)
Net Increase in Cash and Cash Equivalents	958,079	1,939,513
Beginning of Year Cash and Cash Equivalents	1,939,513	-0-
End of Year Cash and Cash Equivalents	\$2,897,592	\$1,939,513
Supplemental Schedule of Non-cash Investing and Financing Activities		
Net Proceeds due to State Treasurer	\$2,953,842	\$3,479,511

*1990 was the initial start-up year reflecting only a partial year of operation (2 1/2 months) vs. 12 months of operation in 1991.



FISCAL YEAR 1991
MINNESOTA STATE LOTTERY BOARD

Gene Bier, Plymouth, serves as chairman of the Lottery Board. He also is president and chief executive officer of Enhanced Telemanagement Inc., and former vice president and chief executive officer of Minnesota operations for Northwestern Bell.

Tony Bouza served as Commissioner of the Department of Gaming, and previously served as chief of police for the city of Minneapolis.

Wes Lane, Eagan, is a representative for the Teamsters' Democratic-Republican-Independent-Voter Education (D.R.I.V.E.) program.

Sharon Josephson, Detroit Lakes, is an aide to U.S. Congressman Collin Peterson.

Jack Lynch, Willmar, is employed by radio station KWLM-AM, Willmar.

John Milne, Mendota Heights, is sales operations director for the Traffic Control Materials Division of 3M Company.

Veda Ponikvar, Chisholm, is publisher and editor of the Chisholm Free Press.

Kevin Staunton, Special Assistant Attorney General for the State of Minnesota, was counsel to the Lottery Board.

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Eagan, MN 55121
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ROSEVILLE
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Roseville, MN 55113
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(Weekdays 8 a.m. – 5 p.m.)
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297-7456 (metro)
24-hour Player Hotline
1-800-657-3946
297-7371 (metro)

George R. Andersen,
Lottery Director
Judy Hohmann,
Public Relations Manager
Susan Scofield, Editor
Kathy Howe, Staff Writer

Winners featured in corners:
p.3: G. James Creighton,
Northfield; winning ticket
from Cannonball Auto-Truck
Plaza, Cannon Falls.
p.5: Cheryl Bergren,
Lindstrom; winning ticket
from Holiday, Lindstrom.
p.7: William Wuollet, Cloquet;
winning ticket from B&B
Market, Cloquet.
p.9: Lisa Taylor, Cottage
Grove; winning ticket from
Super America, Cottage Grove.
p.11: Steve Anderson, Kenyon;
winning ticket from Casey's
General Store, Northfield.

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