

The Minnesota State Lottery has generated over \$1 Billion for the State of Minnesota!



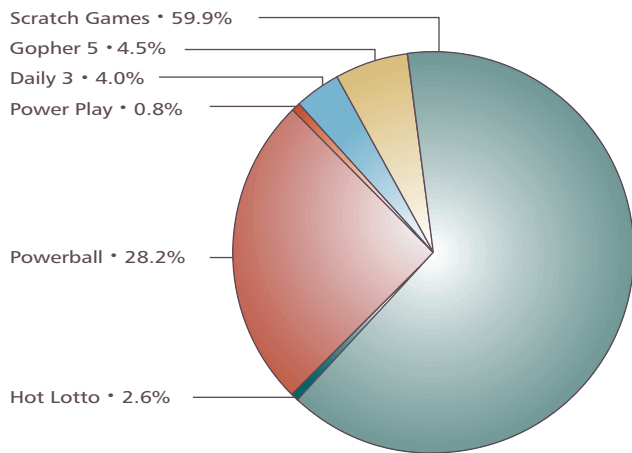
*Proceeds Benefit Our Natural and Economic Environments.*

## FINANCIAL HIGHLIGHTS AND RETAILER INFORMATION

Lottery players saw the Powerball® jackpot reach or exceed \$100 million four times this fiscal year, including a new record jackpot of \$314.9 million on Dec. 25, 2002. These jackpots contributed to lottery sales of \$351.8 million in fiscal year 2003 (July 1, 2002 through June 30, 2003). Online Game sales (Powerball, Gopher 5®, Daily 3®, and Hot Lotto®) totaled \$140.9 million, a new record in Minnesota, while sales of Scratch Games reached \$210.9 million. Fiscal year per capita sales averaged \$71, with a high of \$154 in Polk County and a low of \$32 in Lincoln County.

Players won \$205 million in prizes this year. Three Hot Lotto jackpots were won in Minnesota and more than 110 prizes of \$50,000 or more were claimed during the fiscal year. Thousands of players won smaller but significant prizes playing the Lottery.

### FY 2003 SALES BY GAME



### TOP 10 LOTTERY RETAILERS IN FY 2003

1. M & H Gas, Moorhead
2. Metropolitan Public Airport Foundation - Minneapolis/ St. Paul International Airport
3. Orton's Moorhead Citgo, Moorhead
4. Wally's Holiday Stationstore, East Grand Forks
5. East Grand Station, East Grand Forks
6. Rice Street Spur, St. Paul
7. Hornbacher Foods, Moorhead
8. Holiday, St. Paul (Rice St.)
9. M & H Gas, St. Paul
10. Charlie's Chocolate & Cravings, St. Paul

The approximately 3,000 retailers selling lottery tickets earned \$22.2 million in commissions and incentives. Each store received a 5.5 percent commission on each ticket sold and 1 percent of prizes (up to \$599) paid to players who redeemed tickets in their stores.

Lottery retailers also had the opportunity to participate in special retailer-only incentives during the fiscal year. Each pack of Hit \$50! Scratch Game tickets included a special Retailer Game ticket. For each pack of Hit \$50! tickets sold in their store, the store won \$10, \$25 or \$50 on the Retailer Game ticket.

In addition to the Hit \$50! incentive, all retailers earned a double commission on every Snow Bank, Smash for Cash, Mistle dough Doubler and Jingle Bucks Scratch Game ticket sold in their store.



## BENEFITS TO STATE THROUGH NET PROCEEDS AND IN-LIEU-OF-SALES TAX



Director Phil Kelly cuts the ribbon to reopen Project Turnabout in Granite Falls.

Every time a player purchases a lottery ticket, Minnesota wins. The Minnesota State Lottery transferred over \$79.4 million to the State of Minnesota in FY03. The Legislature determines how this money is distributed. Currently, 6.5 percent of lottery sales is transferred to the State as in-lieu-of-sales tax payments — in FY03, 87 percent of this money was directed to the Game & Fish Fund for activities that improve, enhance or protect fish and wildlife resources in Minnesota; and to the Natural Resources Fund for state and Twin Cities metropolitan area parks and trails, local trails and the Minnesota Zoological Garden, Como Zoo and Duluth Zoo. The Game & Fish Fund and Natural Resources Fund each received more than \$9.9 million in Lottery revenue in fiscal year 2003. The General Fund received the remaining 13 percent of in-lieu-of-sales tax payments.

The Lottery transferred almost \$1.8 million to the State of Minnesota for problem gambling treatment and prevention in FY03. The Lottery has transferred more than \$16.5 million to the State for problem gambling treatment and prevention from April 1990 through June 2003. Of this amount, \$750,000 was dedicated to rebuild Project Turnabout in Granite Falls, one of the United States' premier facilities for the treatment of problem gambling. The in-patient treatment center officially reopened on May 2, 2003 after a tornado destroyed three of the four buildings in July 2000.

On June 21, 2003, the Minnesota State Lottery was awarded the 2003 Government Award by the National Council on Problem Gambling. This award recognizes the government agency or program that has demonstrated superior achievement in addressing issues of problem and pathological gambling.



The Minnesota State Lottery's Government Award from the National Council on Problem Gambling.

## BENEFITS TO STATE THROUGH NET PROCEEDS AND IN-LIEU-OF-SALES TAX

Forty percent of lottery net proceeds (the money remaining after the in-lieu-of sales tax, prizes, retailer commissions and operating costs are paid) are directed to the Environment and Natural Resources Trust Fund, a permanent fund established in the Minnesota Constitution. The Trust Fund will receive lottery proceeds through December 2024.

The Trust Fund is used to fund projects of long-term benefit to Minnesota's environment and natural resources. The Trust Fund may not be used as a substitute for traditional sources of environmental or natural resource funding.

Lottery proceeds are used to build the principal of the Trust Fund; the Minnesota Constitution provides that up to 5.5 percent of the market value of the fund can be utilized for projects each year. Through the end of FY03, the Environment and Natural Resources Trust Fund has provided funding to 239 projects, worth \$141 million, to improve Minnesota's environment and natural resources.

Applications for funding are made to the Legislative Commission on Minnesota Resources (LCMR), which makes project recommendations to the full Legislature. The Legislature must pass a bill allocating the funds. Once passed, the bill may be signed or vetoed by the Governor. The Minnesota State Lottery has no input into how or where the money is spent.

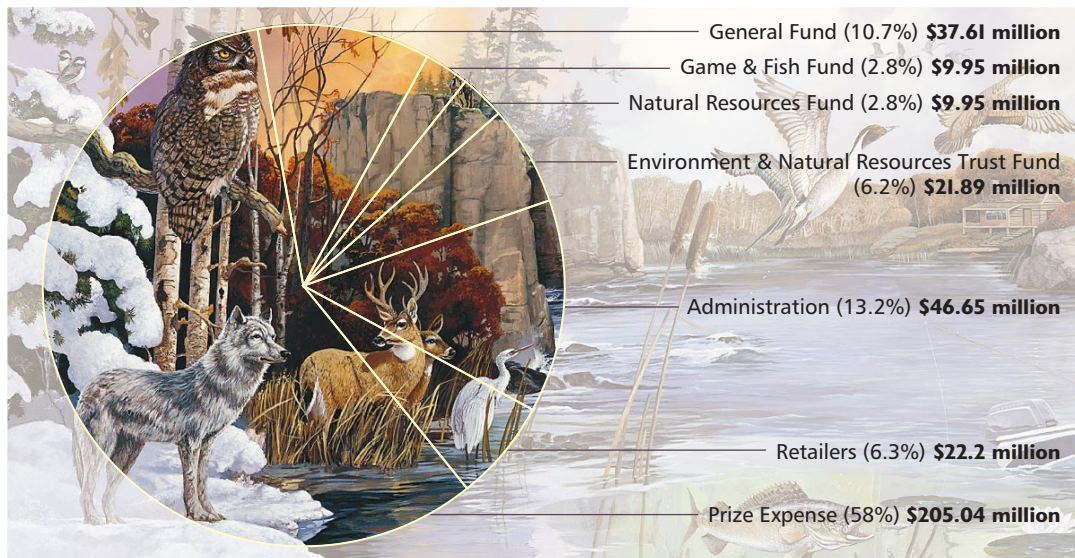
The Environment and Natural Resources Trust Fund received \$21.9 million in lottery net proceeds (and a portion of unclaimed prizes) in FY03. From April 1990 through June 2003, the Lottery has transferred over \$311.8 million to the Trust Fund.



## BENEFITS TO STATE THROUGH NET PROCEEDS AND IN-LIEU-OF-SALES TAX

Each of Minnesota's 87 counties has received money from the Environment and Natural Resources Trust Fund. These projects include the construction of hiking and biking trails, like the Gitchi Gami Trail from Two Harbors to Grand Marais and the Mesabi Trail from Grand Rapids to Ely; land acquisition and improvements at the Minnesota Landscape Arboretum in Chanhassen; programs to help landowners better manage their property; helping people with disabilities enjoy the outdoors; restoring prairies; controlling exotic species like Eurasian water milfoil; educating school children about the environment; and improving hunting and fishing opportunities throughout Minnesota.

### FY 2003 Revenue: \$353.29 million



The remaining 60 percent of lottery net proceeds is transferred to the State General Fund. K-12 and higher education, health and human services and criminal justice are just a few of the programs that receive funding from the General Fund. The Lottery transferred \$37.6 million to the General Fund in FY03. This amount included a portion of the 6.5 percent in-lieu-of-sales tax and unclaimed prizes, along with funds used for problem gambling treatment and prevention. The Lottery has transferred \$685.8 million to the General Fund since 1990.

Minnesota companies received more than \$14.5 million for products and services they provided to the Lottery in fiscal year 2003. The Lottery is proud to support local businesses throughout the state.

## NEW TECHNOLOGY AT THE LOTTERY

The Lottery initiated several cost-saving initiatives during fiscal year. On Feb. 9, 2003, the Lottery introduced a new Online Game system that features touch-screen terminals and satellite technology with IP communications. In addition to providing new technology and exciting new possibilities for players and retailers, the new system, operated by GTECH Corporation, will cost about \$4 million per year less than the previous system.



One of the features of the new Online system is the ability to participate in the statewide Amber Alert system. When an Amber Alert is issued, each of Minnesota's 3,000 retailers will receive information about the missing child, information about the suspect (if known) and information about the suspect's vehicle (if known). When photos of the missing child or suspect become available, they will also appear on the terminal screen. Each retailer is asked to print and prominently post the information in their store. On May 7, 2003, just days after the new technology was tested, the Lottery broadcast the first Amber Alert message on all sales terminals throughout Minnesota.

On March 1, 2003, the Minnesota State Lottery's televised drawing show got a new look when a digital drawing system replaced the in-studio draws. The winning numbers are generated by an independently certified random number generator, then integrated into an animated presentation. An independent auditor continues to oversee each drawing. This new technology also allows players to view the daily drawings on the Lottery's Web site. The new drawing system will save an estimated \$600,000 each year.



Scenes from the Lottery's daily drawing show.





## SCRATCH GAMES AND WINNERS

Scratch Games continued to be the favorite games of Minnesota State Lottery players in fiscal year 2003. Sales of these games reached 60 percent of sales, or \$210.9 million. The Lottery introduced 40 new Scratch Games during the fiscal year. These games featured a variety of themes, play styles, top prizes and price points. Players claimed 28 cash prizes between \$50,000 and \$250,000 during the fiscal year, while six players claimed a non-cash top prize of a Ford Ranger XLT or a Harley-Davidson® Motorcycle.

The \$3 Harley-Davidson® Scratch Game offered a top prize of a Harley-Davidson® Heritage Softail® Classic Motorcycle. Players could mail non-winning Harley-Davidson® Scratch Game tickets to the Lottery for a second-chance drawing to win Harley-Davidson® merchandise and a 100th Anniversary Motorcycle.



Brian Pabst of Sanborn (shown with his wife, Cheryl) won \$77,777 playing Red Hot 7s.



Mary Jo Farhat of Willmar won \$100,000 playing Casino Royale.



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Dan "Dandy" Fleagle of Tower won a Harley-Davidson® 100th Anniversary Heritage Softail® Classic Motorcycle.

## SCRATCH GAMES AND WINNERS

Trucks 'n' Bucks was a \$3 Scratch Game that offered a St. Paul-built Ford Ranger 4 x 4 Super-Cab 2-door 4.0L V6 XLT truck as the top prize. Players could also enter a second-chance drawing to win a Ford Ranger XLT by mailing non-winning Trucks 'n' Bucks tickets to the Lottery.



David Hawkins of Waseca won a Ford Ranger XLT.



David Pagen of Waite Park had never won anything in his life until he scratched a Trucks 'n' Bucks ticket and won a Ford truck.





## ONLINE GAMES AND WINNERS

For the second year in a row, the Lottery set a new sales record for its Online Games. The redesigned multi-state Powerball® game, launched in October 2002, led the sales increase. A record \$314.9 million Powerball jackpot on December 25, 2002, along with three other jackpots that reached or exceeded \$100 million, led to Minnesota's sales record of \$140.9 million.

While Minnesota did not have a Powerball jackpot winner in FY03, fifty-four tickets worth \$100,000 each were sold in Minnesota. Powerball produced over 2.7 million winning tickets in Minnesota during the fiscal year, paying players more than \$19.6 million in prizes. Many players purchased Powerball's Power Play® option which, for an extra \$1 per play, allows them to increase their Powerball prize (except the jackpot) by two to five times the set amount. During the fiscal year, 62,674 ticket holders won almost \$1.3 million in Power Play prizes in Minnesota.

The multi-state Hot Lotto® game produced three jackpot winners in Minnesota in fiscal year 2003. The jackpots ranged from \$1.3 million to \$2.35 million. In addition to the jackpot winners, Hot Lotto paid more than \$5.6 million to the holders of 569,560 winning tickets.

Gopher 5®, Minnesota's own cash lotto game, generated 29 jackpot-winning tickets in FY03. The jackpots ranged from \$100,000 to \$347,073. Gopher 5 paid more than \$9.3 million to 245,602 lucky ticket holders.

Daily 3® continues to be a very steady performer for the Lottery. The three-digit game paid the holders of 58,393 winning tickets more than \$6.9 million during the fiscal year.

## ONLINE GAMES AND WINNERS

Shirley Winston of Bloomington became Minnesota's first Hot Lotto® jackpot winner when one set of numbers on her five-line ticket matched those drawn on September 4, 2002 to win the \$2.35 million jackpot. Winston purchased the ticket at Normandale Citgo, 8331 Normandale Blvd. in Bloomington when she stopped for gas, ice cream and pop. Winston selected the \$1.37 million cash option jackpot.

About four months after Winston claimed her jackpot prize, Jerry Hess of Apple Valley celebrated his Hot Lotto jackpot win. The second line on his two-line ticket matched all five balls plus the Hot Ball on January 18, 2003, netting Hess the \$1.3 million jackpot (he selected the \$794,621 cash option). Hess purchased his winning ticket at PDQ, 14265 Essex Ave. in Apple Valley.

On April 6, 2003, a Minneapolis couple won the \$2.2 million Hot Lotto jackpot with a ticket purchased at Holiday, 7525 Brooklyn Blvd. in Brooklyn Park. The couple chose the cash option of \$1.36 million.



**Christopher Pearson of Rosemount matched 5 numbers to win a \$100,000 Powerball prize.**



**Shirley Winston of Bloomington claimed Minnesota's first Hot Lotto jackpot prize.**



**Jerry Hess won a \$1.3 million Hot Lotto prize on Jan. 18, 2003.**



**Larry Asperheim of Hibbing (pictured with his wife Gail) was a \$100,000 Powerball® winner.**



**Harold Kielblock of Jackson won \$100,000 playing Powerball.**

## ONLINE GAMES AND WINNERS

Many Minnesota players, especially those who play Powerball®, pool their money with friends and coworkers. Among the holders of 54 Powerball tickets sold in Minnesota that won \$100,000 during the fiscal year were 16 coworkers at Hornbacher Foods in Moorhead. The group, who called themselves “The Sweet 16,” won the prize on Aug. 21, 2002. On April 8, 2003, twenty coworkers at a company in Little Falls, who called themselves the “20 Lucky Bucks,” claimed a \$100,000 prize from the April 2, 2003 drawing.

Gopher 5 paid off for 29 lucky ticket holders, who matched the first five numbers drawn to win the jackpot, which starts at \$100,000 and grows until it is won.



Hanska residents Wanda Larson, Rosemary Melzer and Dorene Olson shared a \$239,345 Gopher 5® prize.



Gene Struck of North Mankato won \$223,834 playing Gopher 5.



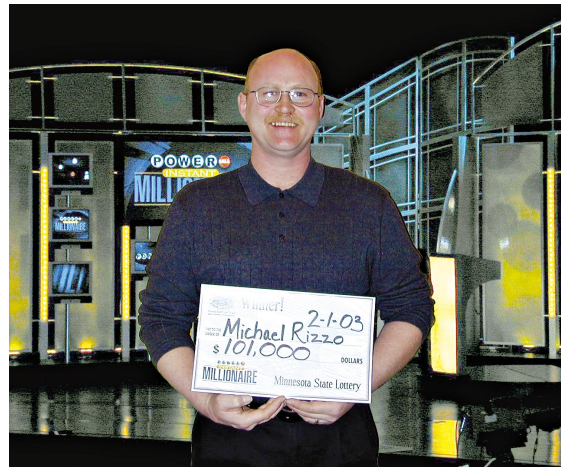
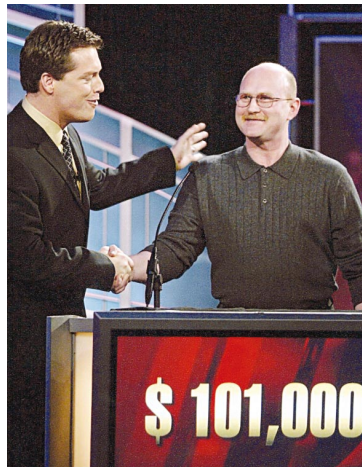
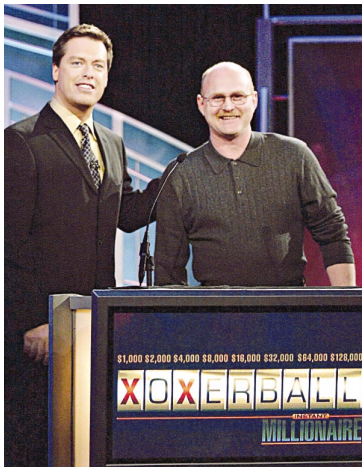
The Sweet 16 won a \$100,000 Powerball prize.



20 coworkers from the Little Falls area claimed a \$100,000 prize from the April 2 Powerball drawing.

## POWERBALL INSTANT MILLIONAIRE™

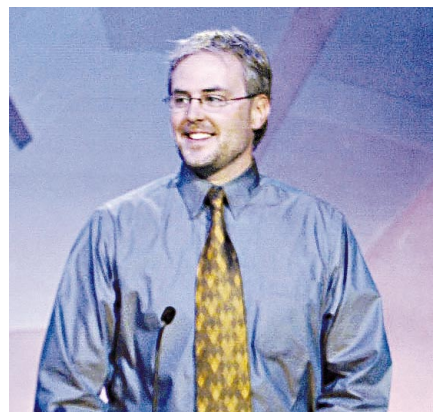
Players continued to represent Minnesota as contestants on Powerball-The Game Show®. Game show viewers saw a revamped show beginning with the episode that aired on Oct. 5, 2002. The show, renamed Powerball Instant Millionaire™, is now filmed at The Venetian® Hotel in Las Vegas. The show features new games and a new host, Todd Newton. Each week, one TV contestant is selected to represent Minnesota on the game show for the chance to win \$1 million, while other players are selected to win cash prizes by playing along at home. Michael Rizzo of Shorewood was Minnesota's biggest game show winner during the fiscal year — he won \$101,000 on the show that aired on Feb. 1, 2003.



Michael Rizzo of Shorewood was Minnesota's biggest game show winner in fiscal year 2003, taking home \$101,000.

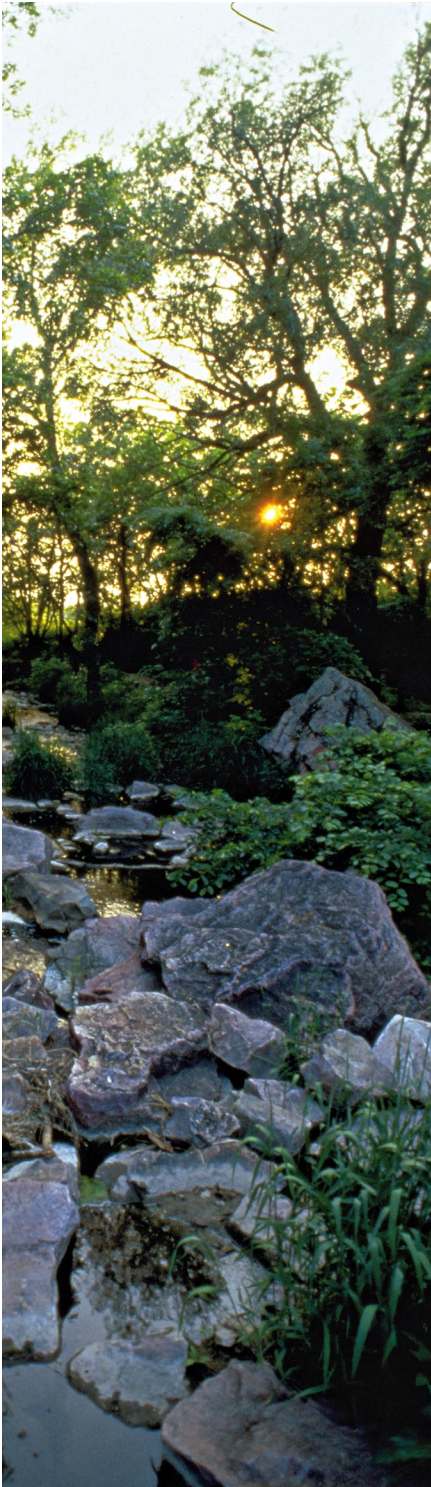


Sharon Olson of Forest Lake, pictured with host Todd Newton, won \$7,042 on the Game Show on May 17, 2003.



Steve Hadley of Big Lake won \$1,200 on Powerball Instant Millionaire™.

## THE ENVIRONMENT AND NATURAL RESOURCES TRUST FUND



The Legislature allocated \$33 million from the Environment and Natural Resources Trust Fund for fiscal years 2002 and 2003. This money is to be spent as follows:

Restoring Minnesota's Fish and Wildlife Corridors - \$11,745,000

Metropolitan Regional Parks Acquisition, Rehabilitation and Development - \$5,645,000

Local Outdoor Recreation Grants - \$3,379,000

Metro Greenways - \$2,730,000

State Park and Recreation Area Acquisition - \$1,110,000

Gitchi Gami State Trail - \$1,000,000

Big Rivers Partnership: Helping Communities to Restore Habitat - \$910,000

Water Recreation Projects - \$910,000

Grays Bay, Lake Minnetonka Public Water Access - \$850,000

Minnesota County Biological Survey - \$800,000

Land Acquisition at the Minnesota Landscape Arboretum - \$730,000

Forest and Prairie Stewardship of Private Lands - \$545,000

Sustainable Inner-City Communities Through Environmental Literacy - \$500,000

Updating Outmoded Soil Surveys - \$500,000

Acquisition of Land as Scientific and Natural Areas - \$455,000

Hydraulic Impacts of Quarries and Gravel Pits - \$320,000

Waterscapes: Outdoor Nonpoint Source Pollution Education - \$265,000

## THE ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

Outdoors for Everyone: Accessing Recreational Trails and Facilities - \$230,000

Denitrification Strategies for Minnesota's Contaminated Aquifers - \$230,000

Burn, Plant and Learn: Restoring Upland Habitats - \$230,000

Agricultural Land Preservation - \$205,000

Biological Control of Eurasian Water Milfoil and Purple Loosestrife - \$90,000

## THE NATURAL RESOURCES FUND

The Legislature allocated \$22.8 million of the in-lieu-of-sales tax to the Natural Resources Fund for FY 2002 and FY 2003. This money funds the following programs:

Metropolitan Parks and Trails - \$9,260,000

State Park Operations - \$3,610,000

State Park and Recreation Area Acquisition - \$1,990,000

State Trail Operations - \$1,704,000

Local Trails - \$1,368,000

State Recreation Areas - \$1,075,000

Como Lake - \$1,000,000

State Park Resource Management - \$826,000

State Park Emergency Maintenance - \$570,000

Como Zoo and Conservatory - \$304,000

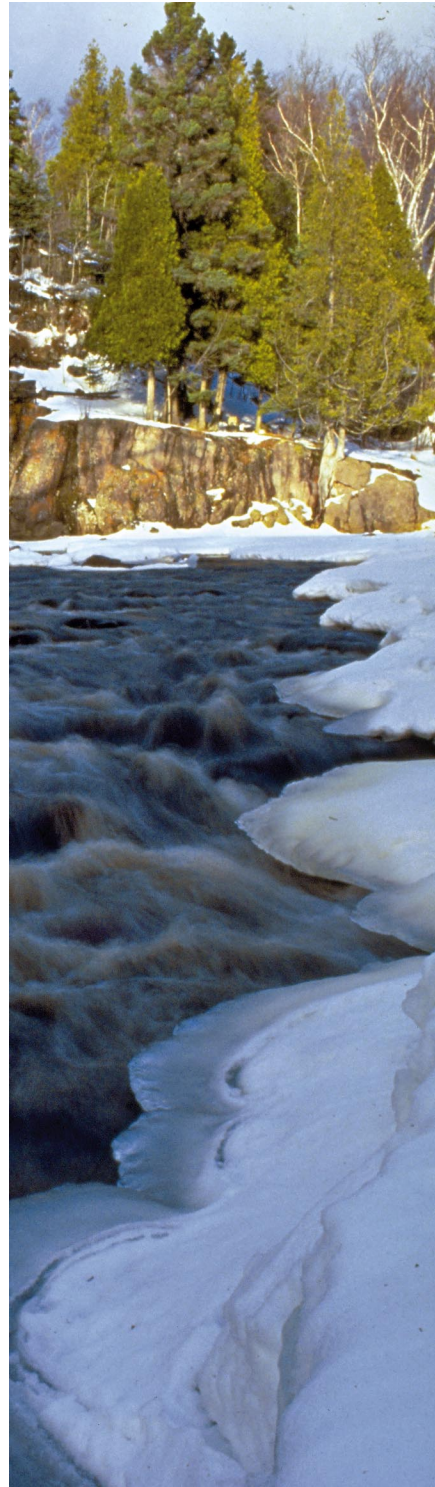
Duluth Zoo - \$304,000

Minnesota Zoological Gardens - \$304,000

State Park Information - \$200,000

Campground Management System - \$185,000

Computer Upgrades in Field and Regional Offices - \$100,000



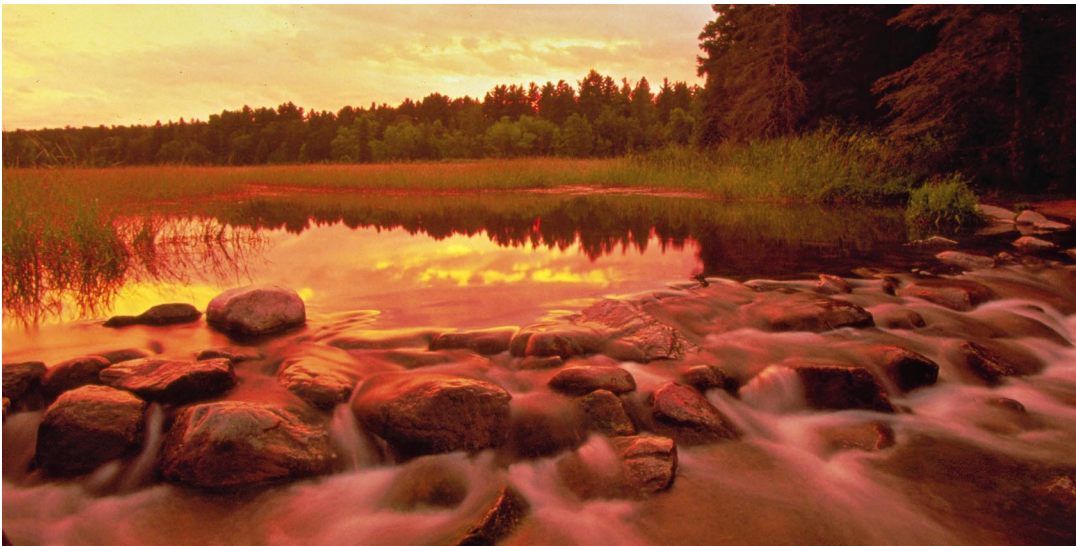
## THE GAME & FISH FUND

The Legislature allocated \$22.8 million of the in-lieu-of-sales tax to the Game & Fish Fund for FY 2002 and FY 2003. This money funds the following programs:

Fishing Habitat Improvements - \$3,960,000

Wildlife Management Areas - \$2,000,000

Enforcement Equipment - \$1,328,000



Minnesota County Biological Survey -  
\$1,300,000

Enforcement Officers - \$1,200,000

Accelerated Walleye Stocking - \$1,106,000

Aquatic Plant Restoration - \$1,036,000

Fish Hatcheries and Rearing Ponds -  
\$1,000,000

Fisheries Land Acquisition - \$1,000,000

Improving Wildlife Habitat on Private Land -  
\$950,000

Stream Protection and Improvement Loans -  
\$850,000

Oak Wilt Protection - \$600,000

## THE GAME & FISH FUND

Wildlife Population Research - \$600,000

Wetland Restoration - \$525,000

Twin Cities Lakes and Ponds - \$500,000

Prescribed Burns - \$500,000

Wolf Management - \$495,000

Prairie Grassland Development - \$475,000

Nongame Wildlife Program - \$440,000

Forest Habitat Improvement - \$400,000

Ecological Information Management - \$374,000

Birds as Ecological Indicators - \$350,000

Enforcement Fuel Costs - \$350,000

Aquatic Habitat Restoration - \$300,000

Fish Management - \$300,000

Brushland Shearing and Burning - \$250,000

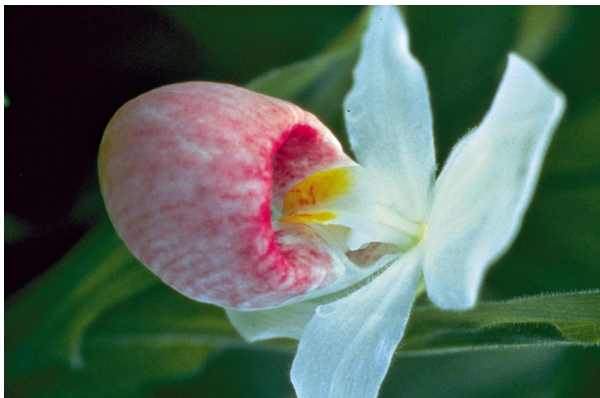
Natural Resource Education - \$200,000

Prairie Stewardship on Private Lands - \$148,000

Powderhorn Lake Restoration - \$134,000

Waterfowl Development - \$70,000

Prairie Chicken Reintroduction - \$60,000





## INCOME STATEMENT

	2003	2002
<b>Operating Revenues</b>		
Sales	\$351,816,604	\$377,132,055
Less In-Lieu-of-Sales Tax	22,868,079	24,513,584
Total Gross Receipts	328,948,525	352,618,471
<b>Direct Costs</b>		
Prize Expense	205,045,784	223,680,164
Retailer Commissions & Incentives	<u>22,192,549</u>	<u>23,945,926</u>
Total Direct Costs	227,238,333	247,626,090
<b>Gross Profit</b>	101,710,192	104,992,381
<b>Operating Expenses</b>		
Online Vendor Expense	9,931,627	10,827,918
Ticket Costs	5,273,205	6,155,242
Advertising	7,503,607	7,550,392
Salaries and Benefits	12,271,807	11,603,278
Promotion	3,299,586	4,100,993
Purchased Services	1,540,656	1,772,269
Communication	850,314	963,867
Occupancy Costs	1,974,079	1,947,856
Supplies and Materials	567,527	889,743
Computer and OmniLink Maintenance	384,216	590,845
Depreciation	1,879,687	1,393,370
Other Expense	<u>1,169,960</u>	<u>1,563,094</u>
Total Operating Expenses	46,646,271	49,358,867
Operating Income	55,063,921	55,633,514
<b>Non-Operating Revenues</b>		
Investment Income	1,329,727	1,342,906
Other Income	141,539	<u>189,616</u>
Total Non-Operating Revenues	1,471,266	1,532,522
<b>Income Before Transfers</b>	<b><u>56,535,187</u></b>	<b><u>57,166,036</u></b>
Transfers		
Net Proceeds	48,120,080	49,507,584
Unclaimed Prizes to State	6,619,107	5,115,452
Problem Gambling Contribution from Prize Fund	<u>1,796,000</u>	<u>2,543,000</u>
Total Transfers	<u>56,535,187</u>	<u>57,166,036</u>
Net Income	0	0
Net Assets at Beginning of Year	<u>0</u>	<u>0</u>
Net Assets at End of Year	<u>\$0</u>	<u>\$0</u>

Year ending June 30, 2003 compared to June 30, 2002

## BALANCE SHEET

	2003	2002
<b>Assets</b>		
Cash and Cash Equivalents	\$19,441,653	\$17,144,787
Accounts Receivable	6,138,421	3,081,883
Interest Receivable	0	47,378
Scratch Ticket Inventory	463,487	822,065
Merchandise Prize Inventory	386,921	3,109
Prepaid Expense	834,190	525,625
Prepaid Problem Gambling Contribution	1,896,000	0
Prize Annuity Investments	3,467,327	3,085,863
Capital Assets, Net	1,588,746	2,428,763
Total Assets	<u>\$34,216,745</u>	<u>\$27,139,473</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Net Proceeds Due to State	\$4,658,550	\$3,010,933
Unclaimed Prizes Due to State	6,619,107	5,115,452
Due to Other State Agencies	29,965	21,627
Accounts Payable	4,540,064	3,030,964
In-Lieu-of-Sales Tax Payable	1,958,163	1,751,274
Prize Liability	9,877,328	8,989,963
Compensated Absences Payable	1,233,186	1,156,003
Deferred Revenue	950,071	227,818
Prize Annuity Payable	<u>4,350,311</u>	<u>3,835,439</u>
Total Liabilities	34,216,745	27,139,473
Net Assets	0	0
Total Liabilities and Net Assets	<u>\$34,216,745</u>	<u>\$27,139,473</u>

## TOTAL PAID TO STATE BENEFICIARIES

	2003	2002
<b>General Fund</b>		
In-Lieu-of-Sales Tax	\$2,972,850	\$3,186,766
Net Proceeds	28,872,048	29,704,551
Unclaimed Prizes	3,971,464	3,069,271
Problem Gambling Contribution from Prize Fund	<u>1,796,000</u>	<u>2,543,000</u>
Total General Fund	37,612,362	38,503,588
<b>Environment and Natural Resources Trust Fund</b>		
Net Proceeds	19,248,032	19,803,034
Unclaimed Prizes	<u>2,647,643</u>	<u>2,046,181</u>
Total Env. & Nat. Resources Trust Fund	21,895,675	21,849,215
<b>Game &amp; Fish Fund</b>		
In-Lieu-of-Sales Tax	9,947,614	10,663,409
<b>Natural Resources Fund</b>		
In-Lieu-of-Sales Tax	9,947,614	10,663,409
<b>Total Paid to State</b>	<u>\$79,403,266</u>	<u>\$81,679,620</u>

Year ending June 30, 2003 compared to June 30, 2002

## STATEMENTS OF CASH FLOWS

	2003	2002
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$349,482,320	\$377,683,695
Cash Received from Other Income	188,917	227,431
Payments to State (In-Lieu-of-Sales Tax)	(22,661,190)	(24,530,243)
Payments to Employees	(12,194,624)	(11,554,178)
Payments to Suppliers	(31,311,138)	(35,801,748)
Payments to Retailers	(22,192,549)	(23,945,926)
Payments to Prize Winners	(203,643,547)	(221,438,864)
Net Cash Provided by Operating Activities	<u>57,668,189</u>	<u>60,640,167</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Net Proceeds Paid to State	(46,472,463)	(51,761,730)
Problem Gambling Contribution Transfer	(3,692,000)	(2,543,000)
Unclaimed Prizes Transfer	(5,115,452)	(5,761,308)
Net Cash Used by Non-Capital Financing Activities	<u>(55,279,915)</u>	<u>(60,066,038)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchases of Capital Assets	(1,039,670)	(542,295)
Net Cash Used by Capital Financing Activities	<u>(1,039,670)</u>	<u>(542,295)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Redemption of Prize Annuity Investments	232,000	232,000
Investment Income	716,262	1,053,912
Net Cash Provided by Investing Activities	<u>948,262</u>	<u>1,285,912</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>2,296,866</b>	<b>1,317,746</b>
<b>Beginning of Year Cash and Cash Equivalents</b>	<b>17,144,787</b>	<b>15,827,041</b>
<b>End of Year Cash and Cash Equivalents</b>	<b><u>\$19,441,653</u></b>	<b><u>\$17,144,787</u></b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$55,063,921	\$55,633,514
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,879,687	1,393,370
Other Income	141,539	189,616
Net Change in Assets and Liabilities:		
Inventory	(25,234)	17,933
Other Assets	(3,317,725)	390,595
Current Liabilities	2,523,763	1,421,223
Prize Awards Payable	1,402,237	1,593,916
Net Cash Provided by Operating Activities	<u>\$57,668,189</u>	<u>\$60,640,167</u>
<b>Noncash Investing Activities</b>		
Net Increase in the Fair Value of Investments	<u>\$613,464</u>	<u>\$288,994</u>

Year ending June 30, 2003 compared to June 30, 2002

## LOTTERY ADDRESSES AND INFORMATION

### **Lottery Headquarters**

2645 Long Lake Road, Roseville, MN 55113  
(651) 635-8100 • (651) 635-8268 TTY

### **Customer Service**

Weekdays 8 a.m. - 5 p.m.  
(651) 297-7456

### **24-hour Pre-Recorded Player Hotline**

(651) 634-1111

### **Regional Offices**

**Virginia** • (218) 748-2450  
5463 Mountain Iron Dr., Virginia, MN 55792

**Detroit Lakes** • (218) 846-0700  
1111 Highway 10 E., Detroit Lakes, MN 56501

**Marshall** • (507) 537-6041  
750 W. College Dr., Marshall, MN 56258

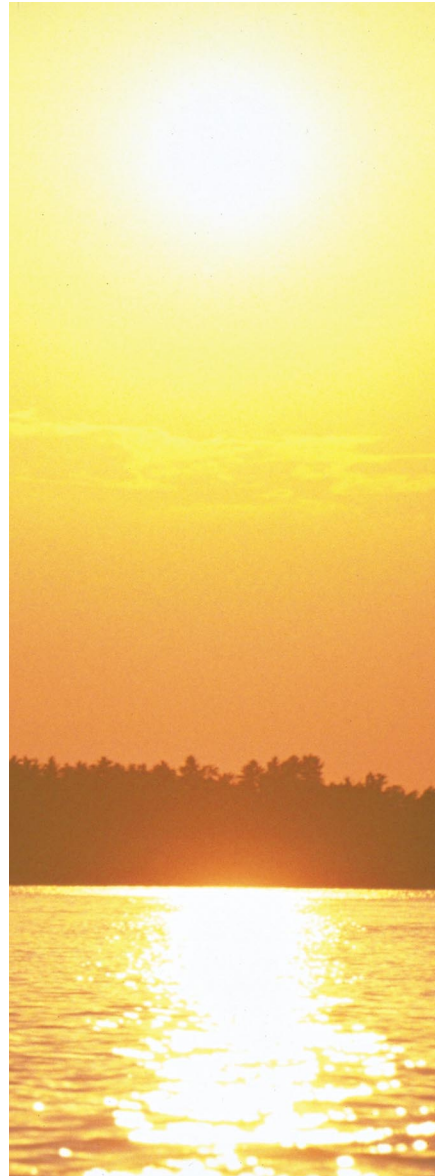
**Brainerd** • (218) 828-2722  
523 S. 6th St., Brainerd, MN 56401

**Owatonna** • (507) 444-2400  
205 Cedardale Dr., Owatonna, MN 55060

**Eagan** • (651) 688-1800  
1060 Lone Oak Rd., Eagan, MN 55121

E-mail: [lottery@winternet.com](mailto:lottery@winternet.com)

Web site: [www.mnlottery.com](http://www.mnlottery.com)



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