



2323 Grand Avenue • Des Moines • Iowa 50312-5307
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Terry E. Branstad • Governor
Kim Reynolds • Lt. Governor
Terry Rich • Chief Executive Officer

AGENDA
IOWA LOTTERY BOARD
September 29, 2011
10:30 a.m.

- I. Call to Order
 - a. Approval of Minutes

- II. Monthly Reports
 - a. Financial
 - i. FY2013 Budget
 - b. Marketing
 - i. Promotions
 - ii. Advertising RFP
 - iii. Research Status Update
 - c. External Relations
 - i. State Advertising Discussion
 - ii. VIP Club Update
 - iii. Unclaimed Jackpot Update
 - d. Security

- III. Fiscal Policy Updates

- IV. CEO Update
 - a. Lottery 5 Year Plan
 - b. Conversion Update
 - c. Organizational Realignment
 - d. Key Employee Pay Plan Update

- V. CLOSED SESSION
 - a. Personnel: Non-Contract/Key Employee Salaries

- VI. Adjournment

If you require the assistance of auxiliary aids or services to participate in or attend the meeting because of a disability, please call our ADA coordinator at 515-725-7864, or if you are hearing impaired, call Relay TTY at 1-800-735-2942.

MINUTES

IOWA LOTTERY BOARD

June 20, 2011

The Iowa Lottery Board convened at 10:30 a.m., Acting Chair Schroeder presiding.

Board members participating: Michael Klappholz, Brad Schroeder, Deb Burnight, Herman Richter, Mary Junge.
Absent: Michael Fitzgerald.

Lottery staff present: Terry Rich, CEO; Kenneth Brickman, Executive Vice President/COO; Teri Wood, Vice President Marketing; Brenda Loy, CFO; Larry Loss, Vice President Sales; Mary Neubauer, Vice President External Relations; Molly Juffernbruch, Vice President Legal Counsel; Steve Bogle, Acting Vice President Security; Dave Van Compernelle, Assistant Attorney General; and Jamie Becker, Board Secretary.

Others present: Dave Berger, Scientific Games and Jerry Fleagle, IGIA.

Acting Chairperson Schroeder called the meeting to order, took roll call and asked the new board members and all meeting participants to introduce themselves.

Minutes

Klappholz moved to approve the minutes of the meeting on April 28, 2011. The motion was seconded by Burnight and carried unanimously.

Monthly Reports

Written reports were included in the agenda package. Staff members reviewed the information and responded to questions from Board members.

Financial

Brenda Loy presented April and May performance measures and stated that the lottery proceeds are 16% ahead of both last year and budget for May. Prize expense for May is a little high due to a million dollar winner. Financials were provided in packet for April and May.

Marketing

Teri Wood presented the Dream Delivery phase of the Dream Campaign, showing the POS materials and the new dream commercial currently airing. Wood stated that the commercial used Iowa talent and was about 60% computer generated images. Wood stated that the Attitudes and Opinions survey was just completed and a full report will be presented at the next board meeting.

Terry Rich reminded the board and participants that, by Iowa Code, the research report is considered proprietary and confidential.

External Relations

Mary Neubauer stated that the legislature is still in session and that if a budget is not approved before June 30th, there could be a government shutdown.

Rich commented that the Minnesota state government is shutting down and the MN lottery will, as well, but the Iowa Lottery is an authority and the lottery could continue operating as such, but will take direction from the governor.

Neubauer also talked about Senate File 526 which deals with horse racing and track payout as well as a change in referendum for race tracks. This change says that if residents approve racing 2 elections in a row then the casino does not need to go through the referendum process.

Also the legislation calls for a study of intrastate internet poker play. The Racing and Gaming Commission will carry out the study with the lottery being consulted. Rich added that the lottery believes it has authority today to do intrastate lottery games of chance on the internet but will work closely on the issue with the Governor's Office and other state lawmakers. Many states in the next few years will have it and the lottery needs to be sure that it can be controlled electronically, Rich said. Rich welcomed feedback from the board and stated that the lottery is not proposing any legislation at this time.

Security

Steve Bogle presented the April and May reports included in packets. Several compliance checks were conducted with high dollar tickets and no integrity issues were reported. Some on-spot training and corrections were made. All 4 corners of the state were covered and compliance checks will continue. Courier infrastructure development continues with the warehouse remodeling and with UPS and FedEx being awarded contracts with the state of Iowa.

Junge inquired about the employee theft in report, Bogle confirmed it was a retailer employee.

Schroeder asked how thefts are identified and Bogle stated that most retailers notify the lottery and several techniques are then used by the lottery.

Rich asked Mary Neubauer how many people are currently participating in Internet gambling and Neubauer stated that by some estimates as many as 150,000 people in Iowa are currently playing poker online, which is illegal. Some estimates also state that an online poker system could generate \$30 million for the state, but Neubauer stated that number is questionable.

Junge moved to approve the monthly reports, Richter seconded and the motion carried unanimously.

CEO Update

Terry Rich stated that currently the lottery has been approving 9-12 conferences per year, but are allowed up to 24 per year. If there are more than 6 per quarter, the Board Chair must be notified. With the NASPL and Smart-Tech conferences approaching, Rich is requesting approval for 7 this quarter and also requests that 24 conferences per year be approved, versus the maximum of 6 per quarter. Written confirmation or policy of the 6 per quarter could not be found.

Junge moved to approve a motion that allows up to 24 conference trips a year within North America with an annual report to the board. Any travel outside of North America would require board chair approval. Klappholz seconded and it carried unanimously.

Larry Loss then gave a brief history and update on the conversion project. Loss stated the lottery is in the final stages of the project and have completed deployment across the state. Over 2300 retailers have been trained and are renovating the warehouse in Ankeny. Software testing continues and a software version freeze is scheduled for this week. The lottery staff will be involved in testing every day now through July 3rd and will also be trained on the GMS (Games Management System). Retailer communications continues. On the night of July 2nd, after the Powerball drawing, the system will be taken down. Approximately 7a.m. July 3rd, systems will be back up. Going forward, there is a 30-60-90 day plan for additional features to be implemented. Loss added that there is a test lab in the basement of the headquarters.

Rich thanked IGIA, Jerry Fleagle and Petroleum Marketers stating the retailers and vendors were phenomenal in working with the Lottery. Rich highlighted that with this new system, the lottery can talk directly to the consumer, the players can check their own tickets, and a new display will make it easier for players. Rich mentioned that a cell phone app is a future feature coming soon. Talk of hunting and fishing licenses and working more with additional state offices to drive consumers to lottery retailers were also mentioned. The lottery is also currently working with retailers to use our equipment to scan drivers' license barcodes for age identification.

Loss stated that as part of the conversion, the team is working on a website of electronic statements for retailers, where retailers can obtain the reports when they choose. The lottery is in the development process of ticket balancing and disabling redemption when store is closed.

Mary Neubauer wanted to add that the lottery participates in the Amber Alert notification process along with the DOT. At the retail level the lottery, with the new equipment in the field, is working to get the important information as well as a picture of the child on the monitors in our retailers.

Neubauer then moved on to the VIP Club update. The lottery has had a VIP Club in some form since 1994 and on May 2nd a new VIP Club site was launched. Since then, nearly 10,000 members have joined. The first VIP Club promotion is called "Play It Again" where VIP Club members can enter non-winning tickets for a second chance drawing to win cash prizes. To date, there are 183,000 entries. This is one of the biggest online promotions in the lottery's history. Bingo and Crossword are some of our higher price point tickets and continue to be the most popular games among lottery players and are also the most popular tickets being entered into the promotion.

Wood added that the lottery did a full media promotion for Play It Again including social media. Wood showed the :30 commercial for Play It Again promotion which started 5/16. The next promotion will begin on July 18th and is a Monopoly promotion which will include an opportunity to win one of 8 great getaways within the state. Wood also addressed the 3rd year for the lottery's holiday promotion for Tech the Halls. The beauty of the VIP Club is all the qualitative and quantitative data being captured which allows the lottery to market effectively to players.

Rich highlighted the aspects of some initiatives the lottery is undertaking to drive the business; Play It Again and Points for Prizes, the Lottery In Motion (LIMs), Courier Service, and additional price points for Lotto.

Administrative Rule Change

Rich asked for a change in administrative rule due to a dilemma with the current rule stating that a player must present a ticket to receive a prize.

Molly Juffernbruch added that presenting a ticket to collect a prize is not practical where people are entering non-winning tickets and getting points and prizes for those tickets online. The lottery feels that since the numbers are unique on each ticket, entering the non-winning ticket online is sufficient for presenting the ticket. Juffernbruch noted that there are no official administrative rules for contests and drawings currently and if approved, Juffernbruch would file the rule as emergency and it would be enacted upon approval by the board and then moved through the administrative committee.

Junge asked if this was a new rule or a change, Juffernbruch stated that it's a new chapter and therefore is also a change.

Juffernbruch asks the board to adopt and approve the language she provided and approve the administrative rule.

Junge moved to approved. Klappholz seconded and it carried unanimously.

Key Employee Hiring and Compensation

Rich introduced Steve Bogle, the candidate he has selected to fill the current vacancy in the office of Vice President, Security. Rich noted that the vacancy, VP Security, is a key position and as such requires Board approval for filling the position and establishing the salary.

Rich also noted that the Key Employee compensation is due for review, and states "Iowa Code section 21.5(1)(i) provides that upon request, the board may go into closed session in order to prevent needless and irreparable injury to an individuals' reputation where the subject matter concerns possible appointment

or performance of that individual. Mr. Bogle, as the candidate for the VP Security position and the current Key Employees whose salaries are to be discussed have requested that any such discussions take place in closed session."

Shroeder states "The Chair is advised that the CEO has a matter to discuss with the Board within the parameters of Iowa Code Chapter 21.5(1) (i); that the matter pertains to prospective hiring and compensation of a Key Employee and that the proposed candidate has tendered a written request that any such review be conducted in closed session, as provided by law. The Chair notes that a vote is required during the public portion of the meeting prior to entering closed session.

The Chair will now entertain a motion to go into closed session pursuant to Iowa Code chapter 21.5(1) (i) which provides for closed session: 'to evaluate the professional competency of an individual whose appointment, hiring, performance or discharge is being considered when necessary to prevent needless and irreparable injury to that individual's reputation and that individual requests a closed session.' Do I hear such a motion?"

Richter motioned to go into closed session. Burnight seconded.

Roll call vote:

Burnight – aye; Junge – aye; Klappholz – aye; Richter – aye; Schroeder – aye
The motion is carried and open session is temporarily closed at 11:45am.

Rich asked that Steve Bogle and Jamie Becker remain present during closed session.

Richter moved to go back into open session, Junge seconded.

Roll Call vote:

Burnight – aye; Junge – aye; Klappholz – aye; Richter – aye; Schroeder – aye
Motion carried.

Open session resume at 12:11pm.

Schroeder offered to entertain a motion regarding the position of VP Security.

Klappholz stated "I move to offer the VP Security position to Steve Bogle at a salary of \$106,496, effective August 19, 2011 with eligibility for such COLA adjustment as may be implemented consistent with the pay plan, effective December 23, 2011."

Burnight seconded and motion carried unanimously.

Junge moved to approve the FY2012 salary plan stating that "the salary plan proposed by the CEO and as may hereafter be adjusted by comparison to any cost of living increases authorized by the legislature and governor for state non-contract employees be adopted; that applicable ranges, be based on performance and be determined by the CEO in consultation with the Board Chair, representing the board."

Burnight seconded and it carried unanimously.

FY2012 Budget

Brenda Loy stated that the preliminary budget approved last fall does not include salary increases. Increased sales are projected to cover salaries and move in line with projected sales. Other items adjusted are:

Prizes line including \$1.95m for VIP Club to be paid to SGI/MDI

New line for Courier @ \$506,000 – moved from operating costs

A portion of the equipment moved into Lottery system line. This was due to jackpot signs that will be part of the percent of sales paid for the system.

Loy stated that on page 2 "Operating Expenses" shows step and cost of living expense increases. \$50,000 of the Supplies line moved to front, Outside Services decreased \$456,000 and moved to first page. Both changes are due to courier delivery of instant tickets.

Proceeds numbers are close to what was approved last fall. Junge commented that Brenda's report was very thorough.

Rich confirmed that performance measures are sent to all staff.

Junge moved to approve the revised FY2012 budget.
Burnight seconded and it carried unanimously.

Loss added that Jerry Fleagle from IGIA relayed to him that through the conversion process they have not received any complaints from retailers.

Klappholz motioned to adjourn. Richter seconded and it carried unanimously.

Meeting adjourned at 12:32 p.m.

IOWA LOTTERY AUTHORITY
PERFORMANCE MEASURES
FY 2011

Month	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Gross Sales												
Budget '11	18,722,184	21,125,451	19,513,607	21,220,894	19,642,139	20,464,331	21,420,742	22,054,859	23,025,951	21,590,576	21,385,870	19,933,398
Actual '10	19,040,396	22,285,181	19,614,614	19,964,605	19,460,281	21,080,059	20,100,947	20,998,253	24,902,645	23,682,829	23,458,304	21,667,925
Actual '11	20,683,463	20,526,880	20,268,796	20,707,755	22,414,149	23,638,991	23,868,645	22,592,711	27,156,908	24,150,580	22,962,332	22,421,899
Prize Expense												
Budget '11	10,924,452	12,326,766	11,386,250	12,382,457	11,461,249	11,941,000	12,499,069	12,869,078	13,495,713	12,598,167	12,478,721	11,631,199
Actual '10	11,008,744	12,885,945	11,457,691	11,590,409	11,177,370	12,395,334	12,887,034	12,888,422	13,856,385	14,726,535	12,965,678	12,614,246
Actual '11	12,779,039	11,692,728	11,763,446	12,293,596	12,390,886	14,042,187	13,741,084	14,281,690	15,042,753	13,796,588	13,991,657	13,145,432
Operating Expenses												
Budget '11	595,484	902,980	902,980	902,980	1,309,847	786,732	909,954	909,954	909,954	909,954	1,320,891	1,174,486
Actual '10	542,134	833,300	814,169	832,892	808,120	1,044,094	755,973	872,015	854,294	773,491	913,845	1,680,625
Actual '11	539,097	693,153	884,831	807,776	1,184,565	703,967	828,828	936,391	850,695	888,354	1,287,987	1,548,869
Proceeds Transfer-General												
Budget '11	4,438,166	4,776,813	4,348,452	4,802,474	3,971,142	4,715,312	4,849,230	5,019,719	5,280,807	4,894,892	4,428,918	4,184,811
Actual '10	4,216,491	4,943,188	4,347,444	4,165,398	4,592,408	4,913,856	3,537,410	3,884,803	6,517,645	4,532,576	5,856,542	3,737,751
Actual '11	4,714,318	5,198,524	4,295,667	5,010,008	6,255,411	5,606,161	6,208,866	4,335,482	7,234,879	6,253,580	4,814,963	4,968,521
Proceeds Transfer-Veterans												
Budget '11	82,829	517,578	233,211	143,812	121,555	102,969	151,239	274,763	420,489	185,818	145,864	119,872
Actual '10	69,484	542,277	211,064	141,357	113,846	97,070	133,242	319,374	455,734	231,865	178,455	167,794
Actual '11	131,645	392,640	441,669	251,116	208,123	203,448	184,063	267,748	472,319	229,155	180,589	152,856
Total Proceeds Transfers												
Budget '11	4,520,995	5,294,391	4,576,663	4,946,286	4,092,697	4,818,281	5,000,469	5,294,482	5,701,296	5,080,710	4,574,782	4,304,683
Actual '10	4,285,975	5,485,465	4,558,508	4,306,755	4,706,254	5,010,926	3,670,652	4,204,177	6,973,379	4,764,441	6,034,937	3,905,535
Actual '11	4,845,963	5,581,164	4,737,336	5,261,124	6,463,534	5,809,609	6,392,929	4,603,230	7,707,198	6,482,735	4,995,552	5,121,377
YEAR TO DATE												
Gross Sales												
Budget '11	18,722,184	39,847,634	59,361,241	80,592,135	100,224,274	120,698,605	142,109,347	164,184,206	187,190,156	208,780,732	230,166,602	250,100,000
Actual '10	19,040,396	41,325,577	60,940,191	80,904,796	100,365,077	121,445,136	141,546,083	162,544,336	187,446,981	211,129,810	234,588,114	256,255,637
Actual '11	20,683,463	41,210,343	61,479,079	82,186,834	104,600,963	128,239,974	152,106,619	174,699,328	201,856,234	228,008,812	248,969,142	271,391,047
Prize Expense												
Budget '11	10,924,452	23,251,217	34,637,467	47,019,924	58,481,173	70,422,173	82,921,241	95,790,319	109,226,033	121,824,200	134,302,921	145,994,120
Actual '10	11,008,744	23,894,669	35,352,380	46,342,789	58,120,159	70,515,483	83,402,527	96,290,949	110,147,334	124,873,869	137,839,547	150,463,787
Actual '11	12,779,039	24,471,767	36,235,213	48,528,809	60,919,685	74,961,882	88,702,966	102,984,649	118,027,395	131,823,976	145,815,626	158,961,078
Operating Expenses												
Budget '11	595,484	1,498,464	2,401,444	3,304,424	4,614,271	5,401,003	6,310,957	7,220,911	8,130,965	9,040,819	10,361,710	11,536,196
Actual '10	542,134	1,375,524	2,189,693	3,022,585	3,890,705	4,874,799	5,630,772	6,502,787	7,367,081	8,130,572	9,044,417	10,725,040
Actual '11	539,097	1,232,250	2,117,081	2,924,857	4,109,422	4,813,389	5,642,217	6,578,610	7,429,307	8,317,663	9,605,652	11,154,514
Proceeds Transfer-General												
Budget '11	4,438,166	9,214,979	13,558,431	18,360,905	22,332,047	27,047,359	31,896,589	36,916,308	42,197,115	47,092,007	51,520,925	55,705,796
Actual '10	4,216,491	9,159,679	13,507,123	17,672,521	22,284,929	27,178,785	30,716,195	34,600,998	41,118,643	45,651,219	51,507,761	55,245,512
Actual '11	4,714,318	9,912,842	14,208,509	19,218,517	25,473,928	31,090,089	37,288,955	41,624,438	48,659,318	55,112,899	59,927,863	64,896,382
Proceeds Transfer-Veterans												
Budget '11	82,829	600,408	833,619	977,431	1,098,986	1,201,955	1,353,194	1,627,957	2,048,446	2,234,264	2,380,128	2,500,000
Actual '10	69,484	611,761	822,825	964,182	1,078,028	1,175,086	1,308,340	1,627,714	2,063,448	2,315,313	2,493,768	2,661,554
Actual '11	131,645	514,285	955,954	1,207,070	1,415,193	1,618,641	1,802,704	2,070,452	2,542,771	2,771,926	2,952,515	3,105,371
Total Proceeds Transfers												
Budget '11	4,520,995	9,815,387	14,392,050	19,338,336	23,431,033	28,249,314	33,249,783	38,544,265	44,245,561	49,326,271	53,901,053	58,205,796
Actual '10	4,285,975	9,771,440	14,329,948	18,636,703	23,342,957	28,353,863	32,024,535	36,228,712	43,202,031	47,966,532	54,001,529	57,907,066
Actual '11	4,845,963	10,427,127	15,164,463	20,425,587	26,888,121	32,698,730	39,091,859	43,694,890	51,402,089	57,884,825	62,880,378	68,001,753

1) Actual FY11 compared to Budget FY11
2) Actual FY11 compared to Actual FY10
3) Budget FY11 Prize Payout
4) Actual FY10 Prize Payout
5) Actual FY11 Prize Payout



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DATE: September 14, 2011
TO: Board Members of the Iowa Lottery Authority
FROM: Brenda Loy, Chief Financial Officer

Attached are the final financial statements for June 2011. Previously, you received preliminary financial statements for June 2011.

There was approximately \$55,000 in adjustments primarily related to estimated payables. These factors resulted in a \$54,690 decrease in proceeds payable to the State General Fund.

Attachments

IOWA LOTTERY AUTHORITY
SCHEDULE OF ECONOMIC BENEFITS

June 30, 2011
FINAL

Proceeds to Iowa Plan		\$170,318,439
Proceeds to CLEAN fund		\$35,894,355
Proceeds to Special Appropriations		\$13,773,572
Proceeds to Gambler's Treatment Program		15,732,208
Proceeds to the State General Fund:		
Prior to Fiscal Year 2011	\$1,007,499,420	
Fiscal Year 2011		
Transferred	48,859,318	
Payable	<u>16,037,064</u>	
		1,072,395,802
Proceeds to the Veterans Trust Fund:		
Prior to Fiscal Year 2011	\$5,444,931	
Fiscal Year 2011		
Transferred	2,542,771	
Payable	<u>562,600</u>	
		<u>8,550,302</u>
Total		<u><u>\$1,316,664,678</u></u>

**IOWA LOTTERY AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2011
FINAL**

ASSETS

Current Assets:

Cash	\$19,423,955
Cash on hand	600
Cash - Debt Service Account	11,617
Restricted assets - cash	290,324
Interest receivable	6,894
Prepaid expense	197,965
Accounts receivable - net	4,294,069
Ticket inventories	1,524,132

Total current assets 25,749,556

Noncurrent Assets:

Investment in prize annuities	7,414,898
Reserve on deposit with MUSL	4,854,952
Capital assets - net	3,571,683

Total noncurrent assets 15,841,533

Total assets \$41,591,089

IOWA LOTTERY AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2011
FINAL

LIABILITIES

Current liabilities:

Online games prizes payable	2,111,083
Accounts payable	2,784,333
Current obligation for annuities	1,400
Administrative payroll payable	143,140
Due to:	
State General Fund	16,037,064
Veterans Trust Fund	562,600
Other state agencies	138,994
Interest Payable	3,284
Deferred revenue	331,284
Accrued compensated Absences	1,723,638
State withholding payable	55,055
Federal withholding payable	44,625
	<hr/>
Total current liabilities	23,936,500

Long-term liabilities:

Annuities payable	7,414,898
Bonds payable	1,200,000
Prize reserve fund	4,854,952
	<hr/>
Total long-term liabilities	13,469,850

Total liabilities

37,406,350

NET ASSETS

Invested in capital assets	2,371,683
Unrestricted	1,813,056
	<hr/>
Total net assets	\$4,184,739

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE MONTH AND YEAR ENDED JUNE 30, 2011
FINAL

	Month ended June 30, 2011	Month ended June 30, 2010	Year-to-date June 30, 2011	Year-to-date June 30, 2010
OPERATING REVENUES				
Instant-scratch ticket sales	\$13,978,931	\$12,689,886	\$165,329,031	\$143,759,258
Pick 3 sales	527,397	526,948	6,573,020	6,531,001
Powerball sales	3,997,206	4,555,224	47,124,656	59,190,012
Mega Millions sales	1,053,121	799,092	16,051,016	5,544,128
Hot Lotto sales	887,424	850,680	11,608,730	13,653,746
Raffle sales	0	0	0	789,200
Pick 4 sales	213,615	208,288	2,701,949	2,662,191
\$100,000 Cash Game sales	320,401	302,398	3,687,370	3,908,785
Pull-tab sales	1,443,804	1,735,009	18,315,275	20,217,316
Application fees	775	325	5,575	3,975
Other revenue	796	4,317	138,133	22,147
Total operating revenues	22,423,470	21,672,167	271,534,755	256,281,759
OPERATING EXPENSES				
Scratch ticket prize expense	8,743,308	7,819,890	103,652,725	91,479,848
Pick 3 prize expense	313,978	313,229	3,894,422	3,958,003
Powerball prize expense	1,926,230	2,223,846	22,553,385	28,558,287
Mega Millions prize expense	544,834	469,849	8,365,976	2,879,811
Hot Lotto prize expense	432,118	407,442	5,608,729	6,610,476
Raffle prize expense	0	(1,640)	0	392,876
Pick 4 prize expense	126,549	122,733	1,596,054	1,544,018
\$100,000 Cash Game prize expense	151,945	142,667	1,745,257	2,005,333
Pull-tab prize expense	904,367	1,096,587	11,458,672	12,702,718
Promotional prize expense	2,103	19,643	85,858	322,417
Advertising/publicity	634,514	488,375	6,647,468	7,539,052
Retailer compensation expense	1,421,291	1,378,753	17,284,432	16,109,637
Ticket expense	210,882	232,607	2,784,308	2,683,364
Vendor compensation expense	478,760	682,998	5,848,081	8,168,273
Salary and benefits	1,101,357	1,996,717	8,650,620	9,819,749
Travel	51,093	34,059	415,007	369,153
Supplies	16,926	2,813	110,465	104,863
Printing	500	254	13,830	14,477
Postage	326	327	5,112	6,166
Communications	42,339	51,468	518,708	562,025
Rentals	24,262	23,971	277,163	285,660
Utilities	5,827	6,280	103,438	98,468
Professional fees	60,371	19,962	118,062	165,833
Vending machine maintenance	44,788	40,727	526,196	488,697
Outside services and repairs	40,038	183,013	306,730	403,083
Data processing	3,790	3,822	46,670	37,700
Equipment	81,784	21,621	387,674	152,832
Reimbursement to other				
state agencies	31,315	54,013	432,878	455,697
Depreciation	10,659	12,740	117,508	864,963
Other	4,369	(12,748)	58,006	104,355
MUSL administrative expense	3,377	0	40,528	17,818
Total operating expenses	17,414,000	17,836,018	203,653,962	198,905,652
Operating income (loss)	5,009,470	3,836,149	67,880,793	57,376,107

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE MONTH AND YEAR ENDED JUNE 30, 2011
FINAL

	<u>Month ended June 30, 2011</u>	<u>Month ended June 30, 2010</u>	<u>Year-to-date June 30, 2011</u>	<u>Year-to-date June 30, 2010</u>
Interest Income	6,746	36,906	146,178	364,957
Interest expense	(3,284)	(3,558)	(42,418)	(45,702)
Income before transfers	5,012,932	3,869,497	67,984,553	57,695,362
Transfer to:				
Veterans Trust Fund	(152,856)	(167,784)	(3,105,371)	(2,661,554)
State General Fund	(4,968,521)	(3,737,751)	(64,896,382)	(55,245,512)
	<u>(5,121,377)</u>	<u>(3,905,535)</u>	<u>(68,001,753)</u>	<u>(57,907,066)</u>
Change in net assets	(108,445)	(36,038)	(17,200)	(211,704)
Net assets, beginning of period	<u>4,293,184</u>	<u>4,237,977</u>	<u>4,201,939</u>	<u>4,413,643</u>
Net assets, end of period	<u>\$4,184,739</u>	<u>\$4,201,939</u>	<u>\$4,184,739</u>	<u>\$4,201,939</u>

IOWA LOTTERY AUTHORITY
ANALYSIS OF NET ASSETS
JUNE 30, 2011
FINAL

Cash restricted for vehicle purchases	\$288,924
Ticket inventory	1,524,132
Capital assets - net of related debt	2,371,683
Net Assets	<u>\$4,184,739</u>

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR FISCAL YEARS 2007 THROUGH 2011
FINAL

	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
OPERATING REVENUES					
Instant-scratch ticket sales	\$165,329,031	143,759,258	136,268,555	\$137,917,848	\$125,147,976
Pick 3 sales	6,573,020	6,531,001	6,534,765	6,373,362	6,282,529
Powerball sales	47,124,656	59,190,012	58,220,203	63,761,024	61,548,520
Mega Millions sales	16,051,016	5,544,128	0	0	0
Hot Lotto sales	11,608,730	13,653,746	14,329,610	11,724,416	14,453,908
Raffle sales	0	789,200	0	1,425,460	0
Pick 4 sales	2,701,949	2,662,191	2,555,237	2,315,469	2,224,092
\$100,000 Cash Game sales	3,687,370	3,908,785	4,113,307	4,291,933	4,362,916
Touch Play Machine (Net Receipts)					(77,671)
Pull-tab sales	18,315,275	20,217,316	21,315,424	21,407,956	21,058,969
Application fees	5,575	3,975	3,680	5,150	6,325
Other revenue	138,133	22,147	65,449	47,962	147,426
Total operating revenues	271,534,755	256,281,759	243,406,230	249,270,580	235,154,990
OPERATING EXPENSES					
Scratch ticket prize expense	103,652,725	91,479,848	81,846,620	85,907,684	76,461,872
Pick 3 prize expense	3,894,422	3,958,003	3,834,735	3,763,710	3,710,127
Powerball prize expense	22,553,385	28,558,287	28,118,140	30,749,779	29,416,275
Mega Millions prize expense	8,365,976	2,879,811	0	0	0
Hot Lotto prize expense	5,608,729	6,610,476	7,015,713	5,668,710	7,097,545
Raffle prize expense	0	392,876	(10,500)	1,200,000	0
Pick 4 prize expense	1,596,054	1,544,018	1,473,587	1,352,661	1,202,769
\$100,000 Cash Game prize expense	1,745,257	2,005,333	2,271,476	2,525,366	2,212,777
Pull-tab prize expense	11,458,672	12,702,718	13,389,649	13,397,429	13,103,358
Promotional prize expense	85,858	322,417	485,921	104,236	152,137
Advertising/Publicity	6,647,468	7,539,052	7,007,617	7,307,529	6,277,829
Retailer compensation expense	17,284,432	16,109,637	15,298,641	15,650,431	14,674,744
Ticket expense	2,784,308	2,683,364	2,674,067	2,444,025	2,626,607
Vendor compensation expense	5,848,081	8,168,273	7,796,934	7,823,721	7,339,692
Salary and benefits	8,650,620	9,819,749	8,759,206	9,435,111	8,412,628
Travel	415,007	369,153	404,876	443,445	396,384
Supplies	110,465	104,863	110,739	107,592	97,168
Printing	13,830	14,477	9,582	17,737	22,485
Postage	5,112	6,166	4,718	4,528	44,942
Communications	518,708	562,025	568,096	574,029	544,149
Rentals	277,163	285,660	290,254	277,173	276,385
Utilities	103,438	98,468	103,240	114,292	91,013
Professional fees	118,062	165,833	121,965	144,953	91,137
Vending machine maintenance	526,196	488,697	489,809	492,495	492,576
Outside services & repairs	306,730	403,083	197,386	264,151	182,157
Data processing	46,670	37,700	40,929	37,998	38,380
Equipment	387,674	152,832	204,598	155,425	238,897
Reimbursement to other state agencies	432,878	455,697	435,976	500,235	350,385
Depreciation	117,508	864,963	1,403,051	1,407,901	1,415,964
Other	58,006	104,355	132,141	129,169	124,649
MUSL administrative expense	40,528	17,818	0	0	(32,454)
Total operating expenses	203,653,962	198,905,652	184,479,166	192,001,515	177,062,577
Operating income (loss)	67,880,793	57,376,107	58,927,064	57,269,065	58,092,413
Non-operating revenue (expense)					
Interest income	146,178	364,957	421,090	699,922	821,922
Interest expense	(42,418)	(45,702)	(48,986)	(109,467)	(175,147)
Income before transfers	67,984,553	57,695,362	59,299,168	57,859,520	58,739,188

IOWA LOTTERY AUTHORITY
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR FISCAL YEARS 2007 THROUGH 2011
 FINAL

	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
Transfers to:					
Gambler's Treatment Program	0	0	(1,219,137)	(1,249,853)	(1,179,883)
Veterans Trust Fund	(3,105,371)	(2,661,554)	(2,783,377)	0	0
State General Fund	(64,896,382)	(55,245,512)	(56,550,792)	(55,296,265)	(56,970,554)
Total Transfers	(68,001,753)	(57,907,066)	(60,553,306)	(56,546,118)	(58,150,437)
Change in net assets	(17,200)	(211,704)	(1,254,138)	1,313,402	588,751
Net assets, beginning of period	4,201,939	4,413,643	5,667,781	4,354,379	3,765,628
Net assets, end of period	\$4,184,739	\$4,201,939	\$4,413,643	\$5,667,781	\$4,354,379



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Terry E. Branstad · Governor
Kim Reynolds · Lt. Governor

Terry Rich · Chief Executive Officer

DATE: August 16, 2011
TO: Board Members of the Iowa Lottery Authority
FROM: Brenda Loy, Chief Financial Officer

Attached are the financial statements for July 2011. During July, we had revenue of \$21,874,486. This sales level resulted in \$5,684,111 of proceeds payable to the State General Fund and \$57,594 of proceeds payable to the Veterans Trust Fund.

Attachments

IOWA LOTTERY AUTHORITY
SCHEDULE OF ECONOMIC BENEFITS

July 31, 2011

Proceeds to Iowa Plan		\$170,318,439
Proceeds to CLEAN fund		\$35,894,355
Proceeds to Special Appropriations		\$13,773,572
Proceeds to Gambler's Treatment Program		15,732,208
Proceeds to the State General Fund:		
Prior to Fiscal Year 2012	\$1,072,450,492	
Fiscal Year 2012		
Transferred	0	
Payable	<u>5,684,111</u>	
		1,078,134,603
Proceeds to the Veterans Trust Fund:		
Prior to Fiscal Year 2012	\$8,550,302	
Fiscal Year 2012		
Transferred	0	
Payable	<u>57,594</u>	
		<u>8,607,896</u>
Total		<u><u>\$1,322,461,073</u></u>

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE MONTH ENDED JULY 31, 2011

	<u>Month ended July 31, 2011</u>	<u>Month ended July 31, 2010</u>
OPERATING REVENUES		
Instant-scratch ticket sales	\$13,356,839	\$12,314,985
Pick 3 sales	533,188	542,796
Powerball sales	4,088,440	4,014,993
Mega Millions sales	1,175,444	805,244
Hot Lotto sales	869,215	892,739
Pick 4 sales	219,012	215,810
\$100,000 Cash Game sales	336,125	312,543
Pull-tab sales	1,295,614	1,584,353
Application fees	300	475
Other revenue	309	22,578
Total operating revenues	21,874,486	20,706,516
OPERATING EXPENSES		
Scratch ticket prize expense	8,188,451	8,433,823
Pick 3 prize expense	316,473	321,948
Powerball prize expense	1,985,341	1,917,446
Mega Millions prize expense	598,834	408,952
Hot Lotto prize expense	424,690	415,755
Pick 4 prize expense	127,068	126,966
\$100,000 Cash Game prize expense	159,255	147,942
Pull-tab prize expense	810,660	993,570
VIP Club expense	112,500	0
Promotional prize expense	30,156	12,637
Advertising/publicity	479,536	403,077
Retailer compensation expense	1,380,883	1,306,780
Ticket expense	168,393	192,279
Vendor compensation expense	413,615	447,337
Salary and benefits	651,587	591,822
Travel	35,910	26,302
Supplies	27,271	22,194
Printing	176	149
Postage	216	352
Communications	14,597	33,582
Rentals	22,512	22,001
Utilities	6,730	7,373
Professional fees	3,034	3,176
Vending machine maintenance	44,847	40,727
Outside services and repairs	24,520	37,427
Data processing	3,990	4,463
Equipment	11,064	11,431
Reimbursement to other		
state agencies	26,741	31,462
Depreciation	11,041	12,740
Other	3,777	6,401
Total operating expenses	16,083,868	15,980,114
Operating income (loss)	5,790,618	4,726,402

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE MONTH ENDED JULY 31, 2011

	<u>Month ended July 31, 2011</u>	<u>Month ended July 31, 2010</u>
Interest expense	<u>(3,284)</u>	<u>(3,558)</u>
Income before transfers	5,787,334	4,722,844
Transfer to:		
Veterans Trust Fund	(57,594)	(131,645)
State General Fund	<u>(5,684,111)</u>	<u>(4,714,318)</u>
	<u>(5,741,705)</u>	<u>(4,845,963)</u>
Change in net assets	45,629	(123,119)
Net assets, beginning of period	<u>4,184,725</u>	<u>4,201,939</u>
Net assets, end of period	<u><u>\$4,230,354</u></u>	<u><u>\$4,078,820</u></u>

Budget for Lottery Fund

	2011 ACTUAL (PRELIMINARY)	2012 APPROVED BUDGET	2013 PROPOSED BUDGET
Resources			
Lottery sales	271,391,047	271,400,000	277,100,000
Interest income	146,178	500,000	500,000
Application fees	5,575	5,000	5,000
Other	138,133	5,000	5,000
Total Resources	271,680,933	271,910,000	277,610,000
Expenses and Change in Net Assets			
Prizes	158,961,078	162,289,381	163,072,678
Retailer compensation	17,284,432	17,061,705	17,648,025
Advertising production and media purchases	6,647,468	10,856,000	11,084,000
Retailer Lottery system/Terminal communications	6,248,081	6,491,856	6,392,184
Instant/Pull-tab ticket expense & machine maintenance	3,380,504	3,259,167	3,400,000
Terminal equipment/Ticket dispensers/Vending machines	185,000	525,000	2,200,000
Courier delivery of instant tickets	-	506,272	683,000
Interest expense (ITVM/PTVM/Building)	42,418	39,408	245,000
Lottery operating expense	10,947,399	12,169,597	12,310,869
Increase (decrease) in net assets	(17,200)	48,341	48,341
Total Expenses and Change in Net Assets	203,679,180	213,246,727	217,084,097
Proceeds			
Proceeds Transfer to General Fund	64,896,382	56,163,273	57,725,903
Proceeds Transfer to Veterans Trust Fund	3,105,371	2,500,000	2,800,000
Total Proceeds Transfers	68,001,753	58,663,273	60,525,903
Total Expenses and Proceeds	271,680,933	271,910,000	277,610,000

Lottery Operations – Budget Detail

	2011 ACTUAL (PRELIMINARY)	2012 APPROVED BUDGET	2013 PROPOSED BUDGET
Administrative payroll	8,650,620	9,711,869	9,711,869 *
Travel	415,007	400,000	420,000
Supplies	110,465	104,500	105,000
Printing	13,830	14,500	15,000
Postage	5,112	6,500	6,000
Communications	118,708	150,000	170,000
Rentals	277,163	300,000	300,000
Utilities	103,438	100,000	105,000
Professional fees	118,062	65,000	135,000
Outside services and repair	236,730	414,228	350,000
Data processing	46,670	40,000	50,000
Equipment	202,674	100,000	170,000
Reimbursement to state agencies	432,878	475,000	450,000
Depreciation	117,508	191,000	223,000
Other expenses	98,534	97,000	100,000
Total operating expenses	\$ 10,947,399	\$ 12,169,597	\$ 12,310,869

* 2013 Proposed Budget for "Administrative Payroll" does not include salary and benefit cost increases.

Consistent with prior years, salary and benefit cost increases will be requested as a budget amendment in June 2012.



Marketing/Sales Board Report, May 2011

Game	Details	May Sales	May Weekly Per Capita*	Fiscal YTD Sales		
				FY2010	FY2011	Change
	There were two \$100,000 winners in the \$100,000 Cash Game in May: Orintha Galella from Moline, Ill. (5.4.11) and Stacey Wright from Des Moines (5.19.11). \$100,000 Cash Game sales for May averaged \$72,172 per week. †	\$319,618	\$0.02	\$3,606,387	\$3,366,969	-6.64%
	The jackpot reached its peak for May and ended the month at \$169.3 million on May 28.	\$4,186,625	\$0.31	\$54,634,788	\$43,127,449	-21.06%
	There was one jackpot winner in Hot Lotto in May: Larry Dawson from Webster City won \$9.09 million (5.23.11). The jackpot reached its peak for May at \$9.09 million on May 7 and ended the month at \$1.25 million on May 28.	\$861,971	\$0.06	\$12,803,066	\$10,721,306	-16.26%
	The jackpot reached its peak for May at \$51 million on May 3 and ended the month at \$12 million on May 31.	\$1,044,477	\$0.08	\$4,745,036	\$14,997,895	216.08%
	Pick 4 sales for May averaged \$52,101 per week. †	\$230,734	\$0.02	\$2,453,903	\$2,488,334	1.40%
	Pick 3 sales for May averaged \$127,390 per week. †	\$564,155	\$0.04	\$6,004,053	\$6,045,624	0.69%

*Based on the Iowa state population of 3,046,355 people (2010 Census).

†Monthly sales divided by the number of days in the month, multiplied times seven (days).

PROMOTIONS FOR MAY 2011



Rock of Ages Promotion

Beginning Feb. 14 non-winning \$2 "Rock of Ages" instant-scratch tickets may be entered in a web-based second-chance promotion that gives entrants a chance to win Rockin' Prize packages. There will be two drawings.

The first prize drawing on April 6 was for ten "Party Like A Rock Star" prize packages. Each of the ten winners' packages included two tickets to the Rock of Ages performance on Friday, April 22, 2011 at 7:30 P.M. at the Civic Center of Greater Des Moines; hotel accommodations for a one-night stay on April 22 at a downtown Des Moines hotel that was within walking distance of the theater; a Meet and Greet Reception with Rock of Ages cast members after the April 22 performance; and a Party Like A Rock Star cool bag of swag/merchandise. Ten packages were given away to the following winners: Abbey Fry from Ollie; Jay Griffey from Muscatine; Shirley Grillet from West Des Moines (shown left with Constantine Maroulis); Andrea Groves from Winterset; Bonnie Martin from Marshalltown; Tisha May from Eldora; Dianne McKenzie from Ocheyedan; Tamara Moseley from Davenport; Tom Pauley from Forest City and Kathleen Schwanz from Breda.

The second prize drawing on June 30 is for the Grand Prize and two electric guitar prizes. The Grand Prize trip for two to New York includes a Broadway ticket certificate to the Rock of Ages production for two, hotel gift certificate to the W New York - Times Square Hotel and \$1,500 travel and spending cash.

The two guitar prizes are Fender Stratocaster electric guitars signed by Rock of Ages cast members.

Play It Again Promotion

Beginning May 16, VIP Club members can enter non-winning, eligible scratch tickets in the enhanced VIP Club for a chance to win one of 46 cash prizes totaling \$30,000. If a player is not already a member of the enhanced free VIP Club, they must become a member before they can enter the Play It Again promotion. Forty names will be drawn on July 12 to each win a cash prize of \$500, five names will be drawn to each win a cash prize of \$1,000 and one lucky name will be drawn to win a cash prize of \$5,000.

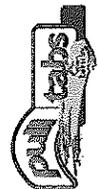
The promotion runs from noon, May 16, 2011 through noon, July 10, 2011. Players **must keep** all tickets they enter and may use each ticket only once as an eligible entry.





Marketing/Sales Board Report, June 2011

Game	Details	June Sales	June Weekly Per Capita*	Fiscal YTD Sales		Change
				FY2010	FY2011	
	<p>There was one winner of \$100,000 in June: Carol Lombard from Lehigh (6.22.11). \$100,000 Cash Game sales for June averaged \$74,760 per week.*</p>	\$320,401	\$0.02	\$3,908,784	\$3,687,370	-5.66%
	<p>There was one winner of \$1 million in June: Mary Tillman from Boone (6.8.11). The jackpot reached its peak for June at \$201.9 million on June 1 and ended the month at \$77.1 million on June 29.</p>	\$3,997,206	\$0.31	\$59,189,867	\$47,124,656	-20.38%
	<p>There was one winner of \$30,000 in June: Charles Crawford from Marion (6.17.11). The jackpot reached its peak for June at \$2.24 million on June 15 and ended the month at \$1.05 million on June 29.</p>	\$887,424	\$0.07	\$13,653,746	\$11,608,730	-14.98%
	<p>The jackpot reached its peak for June and ended the month at \$88 million on June 28.</p>	\$1,053,121	\$0.08	\$5,544,128	\$16,051,016	189.51%
	<p>Pick 4 sales for June averaged \$49,844 per week.*</p>	\$213,615	\$0.02	\$2,662,191	\$2,701,949	1.49%
	<p>Pick 3 sales for June averaged \$123,059 per week.*</p>	\$527,397	\$0.04	\$6,531,001	\$6,573,020	0.64%

Game	Details	June Sales	June Weekly Per Capita*	Fiscal YTD Sales		Change
				FY2010	FY2011	
	<ul style="list-style-type: none"> Instant sales for June averaged \$3,262,101 per week.* Two new scratch games were introduced in June: "Ruby Riches" (\$1) and "Tic Tac 2's" (\$2) were introduced on June 20. 	\$13,980,431	\$1.07	\$143,759,258	\$165,330,531	15.01%
	<ul style="list-style-type: none"> Pull-tab sales for June averaged \$336,888 per week.* One new pull-tab game was introduced in June: "Lightning Cash" (\$.50) was introduced on June 13. 	\$1,443,804	\$0.11	\$20,217,316	\$18,315,275	-9.41%
Totals		\$22,423,399	\$1.72	\$255,466,291	\$271,392,547	6.23%

*Based on the Iowa state population of 3,046,355 people (2010 Census).

*Monthly sales divided by the number of days in the month, multiplied times seven (days).

PROMOTIONS FOR JUNE 2011

Rock of Ages Promotion

Beginning Feb. 14 non-winning \$2 "Rock of Ages" instant-scratch tickets could be entered in a web-based second-chance promotion that gave entrants a chance to win Rockin' Prize packages. There were two drawings.

The first prize drawing on April 6 was for ten "Party Like A Rock Star" prize packages. Each of the ten winners' packages included two tickets to the Rock of Ages performance on Friday, April 22, 2011 at 7:30 P.M. at the Civic Center of Greater Des Moines; hotel accommodations for a one-night stay on April 22 at a downtown Des Moines hotel that was within walking distance of the theater; a Meet and Greet Reception with Rock of Ages cast members after the April 22 performance; and a Party Like A Rock Star cool bag of swag/merchandise. Ten packages were given away to the following winners: Abbey Fry from Ollie; Jay Griffey from Muscatine; Shirley Grillet from West Des Moines (shown left with Constantine Maroulis); Andrea Groves from Winterset; Bonnie Martin from Marshalltown; Tisha May from Eldora; Dianne McKenzie from Ocheyedan; Tamara Moseley from Davenport; Tom Pauley from Forest City and Kathleen Schwanz from Breda.

The second prize drawing was held on June 30 for the Grand Prize trip and two electric guitar prizes. The Grand Prize trip for two to New York included a Broadway ticket certificate to the Rock of Ages production for two, hotel gift certificate to the W New York - Times Square Hotel and \$1,500 travel and spending cash. The two guitar prizes were Fender Stratocaster electric guitars signed by Rock of Ages cast members.

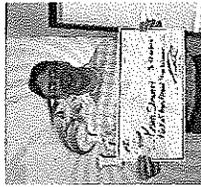
Our second Rockin' Prize Drawing winners:

- **Grand Prize Trip Winner:** Kevin Stewart from Des Moines (shown left)
- **Electric Guitar Winner:** Lori Bridgewater from Belle Plaine
- **Electric Guitar Winner:** Diane Morgan from Omaha, Neb.

Play It Again Promotion

Beginning May 16, VIP Club members can enter non-winning, eligible scratch tickets in the enhanced VIP Club for a chance to win one of 46 cash prizes totaling \$30,000. If a player is not already a member of the enhanced free VIP Club, they must become a member before they can enter the Play It Again promotion. Forty names will be drawn on July 12 to each win a cash prize of \$500, five names will be drawn to each win a cash prize of \$1,000 and one lucky name will be drawn to win a cash prize of \$5,000.

The promotion runs from noon, May 16, 2011 through noon, July 10, 2011. Players **must keep** all tickets they enter and may use each ticket only once as an eligible entry.





Marketing/Sales Board Report, July 2011

Game	Details	July Sales	July Weekly Per Capita*	Fiscal YTD Sales		
				FY2011	FY2012	Change
	There was one winner of \$100,000 in July: Alan Lage from Iowa City (7.14.11). \$100,000 Cash Game sales for July averaged \$75,899 per week.*	\$336,125	\$0.02	\$312,543	\$336,125	7.55%
	There was one winner of \$200,000 in July: Anthony Swim from Clinton (7.1.11). The jackpot reached its peak for July and ended the month at \$135 million on July 30.	\$4,088,440	\$0.30	\$4,014,993	\$4,088,440	1.83%
	The jackpot reached its peak for July and ended the month at \$1.95 million on July 30.	\$869,215	\$0.06	\$892,739	\$869,215	-2.64%
	There was one winner of \$250,000 in July: Sara Holmes from Guthrie Center (7.22.11). There was one winner of \$1 million in July: Kenneth Booth from Palo (7.14.11). The jackpot reached its peak for July at \$105 million on July 1 and ended the month at \$74 million on July 29.	\$1,175,444	\$0.09	\$805,244	\$1,175,444	45.97%
	Pick 4 sales for July averaged \$49,454 per week.*	\$219,012	\$0.02	\$215,810	\$219,012	1.48%
	Pick 3 sales for July averaged \$120,397 per week.*	\$533,188	\$0.04	\$542,796	\$533,188	-1.77%

Game	Details	July Sales	July Weekly Per Capita*	Fiscal YTD Sales		
				FY2011	FY2012	Change
	Instant sales for July averaged \$3,016,060 per week.* Three new scratch games were introduced in July: "Veterans Hot \$50" (\$1), "Pink Panther" TM (\$2) and "MONOPOLY" TM (\$5) were introduced on July 18.	\$13,356,839	\$0.99	\$12,314,985	\$13,356,839	8.46%
	Pull-tab sales for July averaged \$292,558 per week.* One new pull-tab game was introduced in July: "Veterans Pride" (\$1) was introduced on July 25.	\$1,295,614	\$0.10	\$1,584,353	\$1,295,614	-18.22%
Totals		\$21,873,877	\$1.62	\$20,683,463	\$21,873,877	5.76%

*Based on the Iowa state population of 3,046,355 people (2010 Census).

*Monthly sales divided by the number of days in the month, multiplied times seven (days).

PROMOTIONS FOR JULY 2011

Play It Again Promotion

Beginning May 16, VIP Club members could enter non-winning, eligible scratch tickets in the enhanced VIP Club for a chance to win one of 46 cash prizes totaling \$30,000. If a player wasn't already a member of the enhanced free VIP Club, they had to become a member before they could enter the Play It Again promotion. Forty names were drawn on July 12 to each win a cash prize of \$500, five names were drawn to each win a cash prize of \$1,000 and one lucky name was drawn to win a cash prize of \$5,000. The promotion ran from noon, May 16, 2011 through noon, July 10, 2011. Players **had to keep** all tickets they entered and could use each ticket only once as an eligible entry.

Official \$5,000 Cash Winner (1 winner)

Andrew McCullough, Pleasant Hill (shown left)

Official \$1,000 Cash Winners (5 winners)

Decotis Bolden, Waterloo; Lisa Dana, Cedar Rapids; Jason Gantz, Dubuque; Ron Kotaska, Cedar Rapids

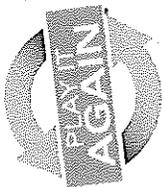
Official \$500 Cash Winners (40 winners)

Tyler Ahrens, Ames; Tamie Albert, Cedar Falls; Barb Bailey, Altoona; Nancy Beghtel, Des Moines; Betty Berg, Ankeny; Lacy Brown, Morton Mills; Victoria Cobb, Marengo; Sandra Cole, Dubuque; Rose Denny, Johnston; Christine Earp, Buffalo Center; Tamara Edwards, Pleasant Hill; Evelyn Einck, Ossian; Pam Fern, Farley; Theresa Fichter, Council Bluffs; Tina Fleming, Alta; John Franklin, Des Moines; Wanda Ganeff, Lehigh; Jodi Haws, Ankeny; Briony Haynes, Brooklyn; David Janssen, Sibley; Kimberly Kirkpatrick, Cedar Falls; Fran Kleineberg, Crawfordville; John Lammer, Dubuque; Taresina Lato, Dyersville; Richard McCrady, Davenport; Mary Moore, Mason City; Bob Newlin, Center Point; Tom O'neal, Ames; Joe Parham, Burlington; Nancy Pecchio, Clinton; Sarah Scheib, Davenport; Debra Schlegel, Indianola; Karen Schneider, Kellogg; Evelyn Slonczewski, Mason City; Dennis Smith, Des Moines; Barbara Starr, Eldridge; Sue Trusty, Eagle Grove; Randy Williamson, Knoxville and Timothy Wisor, Camanche

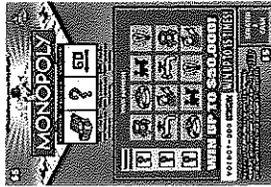
*\$500 Cash Winner**

720-105641-032 K. Jordan, Coralville

*NOTE: One of the 40 prizes has not yet been claimed. The remaining prize winner will be added to this list after their claim has been processed and they are deemed an official winner.



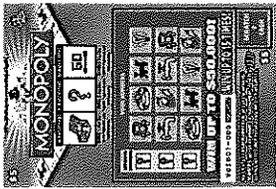
Great Iowa Getaway Promotion



The MONOPOLY™ – “Great Iowa Getaway” promotion is an enhanced Iowa Lottery VIP Club Member web-based promotion that gives Iowa Lottery VIP Club Members an opportunity to win Great Iowa Getaway prize packages. The promotion runs from noon, July 18, 2011 through noon, Sept. 6, 2011. The value of each Great Iowa Getaway package is between \$500 and \$599 and includes Lottery merchandise. Players are only allowed to select one prize package per entry. Players enter the promotion by entering non-winning MONOPOLY™ scratch tickets in their VIP Club accounts. There is a daily limit of a maximum of 30 entries per entrant.

The eight prize packages are:

- 1) Boone & Scenic Valley Railroad dinner train tickets for four and an overnight stay at the Hilton Garden Inn in Ames.
- 2) Harrah's Casino and Hotel in Council Bluffs, a two-night stay in a suite, four tickets to the Squirrel Cage Jail, four tickets to the RailsWest Museum and \$50 in Council Bluffs Chipper Coins.
- 3) Hotel Blackhawk in Davenport, two-night stay in a luxury suite with a parlor room, four admission passes to the Figge Art Museum and a \$50 certificate to the Figge Museum Store.
- 4) Hotel Julien in Dubuque, two-night stay in a premier suite, \$80 in credit for services at Potosa Spa and four Total Experience tickets to the Mississippi River Museum & Aquarium including tickets to see both films in the 3D/4D theater.
- 5) Frank Lloyd Wright-designed Historic Park Inn in Mason City, suite for a two-night stay, admission for four to the Music Man Square and ice cream certificate.
- 6) Honey Creek Resort near Moravia, gift card redeemable for great amenities – which include: hotel accommodations, golf or



waterpark passes.

7) The Inn at Okoboji, two-night stay with the guest's choice of a lakefront, poolside or captain's quarters and \$100 in Okoboji Chamber coupons.

8) King's Pointe Waterpark Resort in Storm Lake, two-night stay in a Lakeside Family Suite with five waterpark passes.

Great Iowa Getaway Promotion Cont.

There will be a random-number generator drawing held on Sept. 7 to determine the winners for the MONOPOLY™ – Great Iowa Getaway promotion. Alternates for the prizes will also be drawn. The winners will be posted on the Lottery's website by the end of the day Sept. 7. Winners must complete a VIP Club, MONOPOLY™ – Great Iowa Getaway promotion claim form and present it to the Iowa Lottery Authority by 4:00 p.m. on Oct. 7.

To: Members of the Legislative Fiscal Committee
From: Iowa Lottery CEO Terry Rich
September 2011

Achieving Greater Efficiencies In State Advertising

Overall Thoughts For Maximizing State Efficiencies In Advertising

- Several state entities that make some of the state's largest advertising purchases – including the Iowa Lottery, Regents Universities, Department of Economic Development, Department of Public Health and Department of Transportation – have met throughout the spring and summer to discuss ways they could better coordinate efforts and thereby achieve increased efficiencies in advertising purchased for state causes.
- The conversations have continued even though legislation relating to the topic did not pass during the FY 2011 session. State executives agreed that it is a valuable topic matter that should continue to be investigated even without passage of legislation.
- The goal of the discussions is to achieve the broadest purchase with the best-targeted reach for the state advertising dollars spent.
- The group plans to continue to meet once a quarter to share ideas and continue cooperation.
- The group is working to develop a list of advertising contacts for state entities to maximize communications.
- The group also plans to lend its expertise and resources whenever possible to other priority state initiatives, such as the current “healthiest state” project.
- Targeted Iowa small businesses are currently utilized whenever possible and that should continue to be a focus.
- Emerging marketing trends (such as the latest platforms receiving attention within social media) should continue to be evaluated by state entities to keep staff up to date on communication trends and costs.

Creative Development

- State entities use different advertising companies based upon the creative expertise needed and the size of a particular project.
- Having one advertising company for all state creative advertising work is not recommended because advertising agencies have different marketing expertise (ie., expertise in agriculture vs. commercial vs. retail) and competition amongst agencies achieves the best pricing for the state as a whole.
- The state should not impede business by making decisions that would cut some advertising agencies out of the bidding process.
- State entities involved in the discussions have agreed to share their advertising RFPs to garner future ideas for contract negotiations.

Media Placement

- State entities making the larger advertising purchases believe they are getting good media cost placement with media buys appropriately placed in all areas of the state so as to provide messages to all citizenry.
- Those involved in the discussions agreed that attempting to achieve one central advertising contract for state advertising/marketing would cost the state more in media buys because there would no longer be competition amongst advertising agencies or an incentive amongst media entities to offer the “value-added” spots that state entities currently receive at various times of the year.
- Larger state entities have agreed to work with smaller state entities that may receive “one-time” advertising funds for a particular project. The goal would not necessarily bring cost savings, but rather, greater media coverage for the message due to better purchasing power.
- Those involved in the discussions also do not recommend having one advertising company do all media buys. Such a move would hurt smaller Iowa companies that might want to compete for state business and limit negotiation power for better ad rates/buys during off-peak times.

Other Notes:

- Some state entities protect their advertising plans and budgets due to their competitive environments (ie., universities competing with each other for students).
- Marketing via social media is the new frontier.
- Advertising dollars are often earmarked for specific messages, so there is little leeway in how the money can be spent.

SECURITY REPORT

JUNE 2011

INVESTIGATIONS

Cases opened: 5
Cases closed: 1
Record of Contact: 10

TYPES

Theft: 2
Burglary: 2
Ticket concern: 1

EVENTS

Provide security for the \$100,000 Cash Game and all second change and promotional drawings. 26 drawings and 1 Twitter Contest assist.

WAREHOUSING

Attached.

MISCELLANEOUS

Assist Validations Department: 25
Law Enforcement contacts: 6
ABD reports: 9
2 regional camera installs
3 game print in Georgia

Date: June 29th, 2011

To: Steve Bogle
Vice President Security

From: Kevin Jones
Central Warehouse

Ref: **Warehousing & Distribution – June 2011**

Warehousing

1. Received and stored the following instant games:

Game No. 726 – Veteran's Hot \$50

Game No. 727 – Pink Panther

Game No. 731 – Monopoly

2. Received and stored the following pull-tab game:

Game No. 57 – Lightning Cash

Distribution

1. Shipped tickets, marketing materials and supplies to all regional distribution centers as required.

Security Report July 2011

INVESTIGATIONS

Cases opened: 5
Cases closed: 0

TYPES

Burglary: 2
Theft: 2
Customer concern: 1

EVENTS

Provide security for the \$100,000 Cash Game and all second chance and promotional drawings. 26 drawings, 2 Twitter Contests, 1 Rock of Ages assist.

WAREHOUSING

See attached

MISCELLANEOUS

Assist Validations Department: 31
Law Enforcement contacts: 14
ABD Reports: 13
Records of Contact: 15

Date: August 3, 2011

To: Steve Bogle
Vice President Security

From: Kevin Jones
Central Warehouse

Ref: Warehousing and Distribution – July 2011

Warehousing

1. Receive and stored the following instant games:

Game No. 729 – Sunny Money
Game No. 730 – Triple Cherry Twist

2. Received and stores the following pull-tab games:

Game No. 58 – Veteran's Pride
Game No. 59 – Sour Grapes
Game No. 60 – The Pickle

Distribution

1. Shipped tickets, Marketing materials, and supplies to all regional distribution centers as required.

Security Report August 2011.

INVESTIGATIONS

Cases opened: 7
Cases closed: 0

TYPES

Ticket Concerns: 2
Theft: 4
Employee Theft: 1

EVENTS

Provide security for the \$100,000 Cash Game and all second chance and promotional drawings. 27 drawings, 1 Twitter Contests.

WAREHOUSING

See attached

MISCELLANEOUS

Assist Validations Department: 29
Law Enforcement contacts: 15
ABD Reports: 9
Records of Contact: 9
Ticket printing: 2

Date: September 1, 2011

To: Steve Bogle
Vice President Security

From: Kevin Jones
Central Warehouse

Ref: **Warehousing & distribution – August 2011**

Warehousing

1. Received and stored the following instant games:

Game no. 728 – Twisted
Game no. 732 – Loose Change
Game no. 733 – Spooky Loot
Game no. 734 – 5X the Money
Game no. 735 – Lucky Jar Bingo
Game no. 746 – Great State Tailgate
Game no. 980 – Iowa Lottery VIP Club

2. Received and stored the following Pull-tab game

Game no. 61 – Fiery Gemstones

Distribution

1. Shipped tickets, marketing materials and supplies to all regional distribution centers as required.



2323 Grand Avenue • Des Moines • Iowa 50312-5307
Telephone: 515-725-7900 • Fax: 515-725-7882
www.ialottery.com

Terry E. Branstad • Governor
Kim Reynolds • Lt. Governor
Terry Rich • Chief Executive Officer

DATE: September 19, 2011
TO: Board Members of the Iowa Lottery Authority
FROM: Brenda Loy, Chief Financial Officer
RE: Summary of Changes to Iowa Lottery Fiscal Policies

The Iowa Lottery's financial management policies are based on the financial management policies utilized by the State of Iowa Department of Administrative Services (DAS) State Accounting Enterprise. DAS has updated several policies primarily due to the elimination of employee's reimbursement of taxable meals and the implementation of the Online Travel Authorization process. Two of these policies, after the update, leave no substantive difference to the Lottery policy. Therefore, I am recommending that the Iowa Lottery fiscal policy be deleted and that the DAS policy be used. For six existing Iowa Lottery policies, I am recommending updates as summarized below.

Iowa Lottery policies to be deleted – use DAS policy:

204.100 General Provisions – Authorized Signatures

- Allows the CEO to authorize employees to sign for payments. The DAS policy allows the department head to make the same authorization.

204.101 General Provisions – Authorized Signatures

- Allows the CEO to authorize employees to pre-audit claims. The DAS policy allows the department head to make the same authorization.

Iowa Lottery policies to be updated:

204.200 General Provisions – Original Invoice

- Adds references to other policies
- Minor wording changes to mirror DAS policy

204.400 General Provisions - Miscellaneous

- Adds references to other policies
- Minor wording changes to mirror DAS policy

210.205 Travel – In-State - Subsistence Allowance

- Deletes references to reimbursement for meals without an overnight stay

210.305 Travel – Out-of-State – Subsistence Allowance

- Adds references to other policies
- References the Travel Department Authorization process

210.315 Travel – Out-of-State – Travel Authority

~~Iowa Lottery Authority—Financial Management~~

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	204.100	1 of 4	July 1, 2003
Subject			
General Provisions—Authorized Signatures			

- ~~1. The “Authorized Signature Form” is used by the CEO to authorize employees to sign for payment of payment vouchers, payrolls, payroll documents, and expenditures or transfer of funds on the CEO’s behalf.~~
- ~~2. A new authorized signature form must be submitted each time the CEO adds or deletes employees authorized to sign claim vouchers, payrolls, payroll documents, or transfers for expenditure of funds. A letter adding one name and/or deleting another is not acceptable. A new signature list must also be submitted each time a new CEO has been appointed to assure the employees who were authorized in the past will still be authorized by the new CEO. This should be submitted as soon as possible after the appointment of a new CEO. At the discretion of the state of Iowa Daily Processing Program Manager, the ILA will be required to review and/or update its authorized signature form.~~
- ~~3. The number of employees authorized to sign on behalf of the CEO should be kept to the lowest practical level to allow for proper administrative control. All individuals authorized to sign should be familiar with the laws and rules relevant to the documents they are signing.~~
- ~~4. Instructions for completing the Authorized Signature Form: See page three for an example of the form. The letters below correspond to the letters on the example.~~
 - ~~a. Name of department. Enter “Iowa Lottery Authority”~~
 - ~~b. Agency #. Enter “627”~~
 - ~~c. Date form completed.~~
 - ~~d. Effective date of authorized signatures listed.~~
 - ~~e. All employees (except CEO) who are authorized to sign PV 1's, TP's, PVQ's, MW's.~~
 - ~~f. All employees (except CEO) who are authorized to sign centralized payroll documents.~~
 - ~~g. All employees (except CEO) who are authorized to sign II 2's, II 3's, PV 2's, PV 3's, EC's, and CRQM's.~~
 - ~~h. List fund number, agency number, and organization which the employees listed above are authorized to approve. There may be more than one involved. Please provide all of the information.~~
 - ~~i. CEO's signature.~~
 - ~~j. Name of CEO-TYPED.~~
 - ~~k. Send one original and one copy to the Department of Administrative Services—Daily Processing, 3rd Floor, Hoover Building.~~

Iowa Lottery Authority Financial Management

General Provisions—Authorized Signatures 204.100 Page 2 of 4 Eff. July 1, 2003

AUTHORIZED SIGNATURE FORM

Department (a) _____ Effective Date (e) _____
Agency # (b) _____
Date (c) _____

The following employees are hereby authorized to sign/initial (in ink), on my behalf, all vouchers, payrolls, payroll documents and accounting transaction documents pertaining to these funds which are listed below by account number.

PV1's/TP's/PVQ's/AMW's EXTERNAL DOCUMENTS (e)

Signature _____
Name (type) _____
Fund _____ Agency _____ Orgn _____

PAYROLLS & PAYROLL DOCUMENTS (f)

Signature _____
Name (type) _____
Fund _____ Agency _____ Orgn _____

I12's/I13's/IPV2's/IPV3's/EC's/ICRQM's INTERNAL DOCUMENTS (g)

Signature _____
Name (type) _____
Fund _____ Agency _____ Orgn _____

(h) _____

APPROVED BY DEPARTMENT HEAD _____ (i)

DEPARTMENT HEAD (type) (j) _____

Send one (1) original
(k) _____ and one (1) copy to:

Department of Administrative Services
Daily Processing
3rd Floor, Hoover Building
Des Moines, IA 50319

Iowa Lottery Authority Financial Management

General Provisions—Authorized Signatures 204.100 Page 3 of 4 Eff. July 1, 2003

Note: The CEO is the only employee authorized to sign an appropriation transfer

AUTHORIZED SIGNATURE FORM

Department Iowa Lottery Authority Effective Date _____
Agency # 627
Date _____

The following employees are hereby authorized to sign/initial (in ink), on my behalf, all vouchers, payrolls, payroll documents and accounting transaction documents pertaining to these funds which are listed below by account number.

PV1's/TP's/PVQ's/AMW's EXTERNAL DOCUMENTS

Signature _____
Name (type) _____
Fund _____ Agency _____ Orgn _____

PAYROLLS & PAYROLL DOCUMENTS

Signature _____
Name (type) _____
Fund _____ Agency _____ Orgn _____

#2's/#13's/PV2's/PV3's/EC's/CRQM's INTERNAL DOCUMENTS

Signature _____
Name (type) _____
Fund _____ Agency _____ Orgn _____

APPROVED BY DEPARTMENT HEAD _____

Send one (1) original
and one (1) copy to:
Department of Administrative Services
Daily Processing
3rd Floor, Hoover Building

Iowa Lottery Authority Financial Management

General Provisions—Authorized Signatures 204.100 Page 4 of 4 Eff. July 1, 2003

~~DEPARTMENT HEAD (type) Edward J. Stanek, Ph.D.~~

~~Note: The Department Head is the only employee authorized to sign an appropriation transfer~~

Department of Administrative Services - State Accounting Enterprise

Section PRE-AUDIT	Procedure No. 204.100	Page No. 1 of 2	Effective Date July 1, 2003 Pg. Revised 7/1/11
Subject GENERAL PROVISIONS – AUTHORIZED SIGNATURES			

1. The “Authorized Signature Form” is used by the department head to authorize other employees to sign or electronically approve payment for payment vouchers, payrolls, payroll documents, and expenditures or transfer of funds on his or her behalf. The signature is to be entered, and the name typed on the next line. If a rubber stamp is used, it is to be entered on the “Authorized Signature Form” as it will be used (i.e. the stamp and initials of the employee using the stamp) with the name of the using employee typed on the next line. This authorization does not relieve the department head from his or her responsibility of these documents.
2. A new authorized signature form must be submitted each time a department head adds or deletes employees authorized to sign or electronically approve payment vouchers, payrolls, payroll documents, or expenditures or transfer of funds. (A letter adding one name and/or deleting another is not acceptable.) A new signature list must also be submitted each time a new department head has been appointed to ensure the employees who were authorized in the past will continue to be authorized by the new department head. This should be submitted as close as possible to the date of when the new department head starts. At the discretion of DAS-SAE-Daily Processing Program Manager, each department will be required to review and/or update their authorized signature form.
3. The number of employees authorized to sign or electronically approve on behalf of the department head should be kept to the lowest practical level to allow for proper administrative control. The individual authorized to sign or electronically approve should be familiar with the laws and rules relevant to the document they are signing.
4. Instructions for completing the Authorized Signature Form - The letters below correspond to the letters on the example form on page 2 of this policy.
 - a. Name of department
 - b. Department number
 - c. Date form completed
 - d. Effective date of authorized signatures listed
 - e. All employees (except department head) who are authorized to sign or electronically approve GAXs, TAs, TPs, TPOs, PRCs, MDs, and other external documents.
 - f. All employees (except department head) who are authorized to sign centralized payroll documents.
 - g. All employees (except department head) who are authorized to sign or electronically approve IETs, PRCIs, JVs, CDEs, CDRs, CR Modifications, and other internal documents.

Department of Administrative Services - State Accounting Enterprise

Section PRE-AUDIT	Procedure No. 204.100	Page No. 2 of 2	Effective Date July 1, 2003 Pg. Revised 7/1/11
Subject GENERAL PROVISIONS – AUTHORIZED SIGNATURES			

- h. List fund number, department number and unit (when needed), which the employees listed above are authorized to approve. There may be more than one involved. Please provide all of the information.
- i. Department head's signature
- j. Name of department head - TYPED
- k. Send one (1) original and one (1) copy to the Department of Administrative Services- State Accounting Enterprise-Daily Processing, Hoover Building, 3rd Fl.

AUTHORIZED SIGNATURE FORM								
Department _____ (a)			Effective Date _____ (d)					
Department Number _____ (b)								
Date _____ (c)								
<p>The following employees are hereby authorized to sign / initial in ink, on my behalf, all documents, payrolls, payroll documents and accounting transaction documents pertaining to those funds which are listed below by account number.</p>								
(e) GAXs / TAs / PRCs / MDs EXTERNAL DOCUMENTS			(f) PAYROLLS & PAYROLL DOCUMENTS			(g) IETs / PRCIs / JVs / CDEs / CDRs INTERNAL DOCUMENTS		
Signature _____			Signature _____			Signature _____		
Name (type) _____			Name (type) _____			Name (type) _____		
Signature _____			Signature _____			Signature _____		
Name (type) _____			Name (type) _____			Name (type) _____		
Signature _____			Signature _____			Signature _____		
Name (type) _____			Name (type) _____			Name (type) _____		
Signature _____			Signature _____			Signature _____		
Name (type) _____			Name (type) _____			Name (type) _____		
FUND	(h) DEPARTMENT	UNIT	FUND	DEPARTMENT	UNIT	FUND	DEPARTMENT	UNIT
APPROVED BY DEPARTMENT HEAD _____ (i)						(k) Send one (1) original and one (1) copy to: Department of Administrative Services State Accounting Enterprise Daily Processing 3 rd Fl, Hoover Building Des Moines, IA 50319		
DEPARTMENT HEAD (type) _____ (j)								
Note: The Department Head is the only employee authorized to sign an appropriation transfer.								

- 5. Blank forms are located on the DAS-SAE website using this link:
http://das.sae.iowa.gov/images/word_docs/Authorized_Signature_Form.doc
- 6. Questions on authorized signatures should be directed to DAS-SAE-Daily Processing.

~~Lottery Authority~~ Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	204.101	1 of 4	July 1, 20032004
Subject General Provisions — Authorized Signatures			

1. ~~The "Pre-Auditor's Authorized Signature Form" is used by the CEO to authorize employees to pre-audit claims. The signature or initial is to be entered as it will be used, with the name typed on the next line. The State's I3 system utilizes electronic signatures which is the sole indication the claim has been approved with the agency authorization and the pre-auditor's approval. This authorization does not relieve the CEO from his/her responsibility for these documents.~~
2. ~~A new authorized signature form must be submitted each time CEO adds or deletes the names of employees authorized to pre-audit payment vouchers or transfers for expenditure of funds. A letter adding one name and/or deleting another is not acceptable. A new signature list must also be submitted each time a new CEO has been appointed to assure the employees who were authorized in the past will still be authorized by the new CEO. This should be submitted as soon as possible after the new CEO is appointed.~~
3. ~~The number of employees authorized to pre-audit on behalf of the CEO should be kept to the lowest practical level to allow for proper administrative control. Also, anyone authorized to pre-audit should be familiar with the laws and rules relevant to the documents he or she is pre-auditing.~~
4. ~~Instructions for completing the Pre-Auditor's Authorized Signature Form:~~

~~See page three for an example of the form. The letters below correspond to the letters on the example.~~

- a. ~~Name of department. Enter "Iowa Lottery Authority"~~
- b. ~~Agency # to be pre-audited. Enter "627"~~
- c. ~~Date form completed.~~
- d. ~~Effective date of authorized signatures listed.~~
- e. ~~All employees (except CEO) who are authorized to pre-audit PV 1's, TP's, PVQ's, MW's, II 2's, II 3's, PV 2's, PV 3's, EC's and CRMQ's.~~
- f. ~~CEO's signature.~~
- g. ~~Name of CEO-TYPED.~~
- h. ~~Send one original to Department of Revenue and Finance—Daily Processing, 3rd Floor, Hoover Building.~~

Lottery Authority — Financial Management

Section Pre-Audit	Procedure No. 204.101	Page No. 1 of 4	Effective Date July 1, 2003 2004
Subject General Provisions — Authorized Signatures			

PRE-AUDITOR'S AUTHORIZED SIGNATURE FORM

Effective Date _____

Document # _____
 Document # _____

Following employees are hereby authorized to sign/initial (in ink) the listed documents as a pre-auditor on my behalf.

GAX's/ITP's/PRC's/MD's **GAX's/ITP's/PRC's/MD's** **GAX's/ITP's/PRC's/MD's**
IET's/PRCI's/JV's/CR2's **IET's/PRCI's/JV's/CR2's** **IET's/PRCI's/JV's/CR2's**
 (CR2's only on attached sheet) (CR2's only on attached sheet) (CR2's only on attached sheet)

Signature _____	Signature _____	Signature _____
Name (type) _____	Name (type) _____	Name (type) _____
Signature _____	Signature _____	Signature _____
Name (type) _____	Name (type) _____	Name (type) _____
Signature _____	Signature _____	Signature _____
Name (type) _____	Name (type) _____	Name (type) _____
Signature _____	Signature _____	Signature _____
Name (type) _____	Name (type) _____	Name (type) _____

Department	Fund	Department	Fund	Department	Fund	Department	Fund	Department	Fund
527	0633	627	0633	1000-9250	0633	1000-9250	0633	800F.800M.800P	0633
627	0633	627	0633	800F.800M.800P	0633	800F.800M.800P	0633	850F.850P	0733
627	0733	627	0733	850F.850P	0733	850F.850P	0733		

Send one (1) original to:
 Department of Administrative Services
 State Accounting Enterprise
 Daily Processing
 3rd Fl, Hoover Building
 Des Moines, IA 50319

APPROVED BY DEPARTMENT HEAD _____
 DEPARTMENT HEAD (type) _____

Lottery Authority — Financial Management

Section Pre-Audit	Procedure No. 204.101	Page No. 1 of 4	Effective Date July 1, 2003 2004
Subject General Provisions — Authorized Signatures			

PRE-AUDITOR'S AUTHORIZED SIGNATURE FORM

Effective Date _____

Signature _____
 Department # _____

allowing employees are hereby authorized to sign/initial (in ink) the listed documents as a pre-auditor on my behalf.

CR2's ONLY

Signature _____

Name (type) _____

CR2's ONLY

Signature _____

Name (type) _____

CR2's ONLY

Signature _____

Name (type) _____

Department	Orgn
627	1000-9250
627	800F-800M-800P
627	850F-850P

Fund	Department	Orgn.
0633	627	1000-9250
0633	627	800F-800M-800P
0733	627	850F-850P

Fund	Department	Orgn
0633	627	1000-9250
0633	627	800F-800M-800P
0733	627	850F-850P

APPROVED BY DEPARTMENT HEAD _____

DEPARTMENT HEAD (type) _____

Send one (1) original to:

Department of Administrative Services
 State Accounting Enterprise
 Daily Processing
 3rd Fl, Hoover Building
 Des Moines, IA 50319

Department of Administrative Services - State Accounting Enterprise

Section PRE-AUDIT	Procedure No. 204.101	Page No. 1 of 2	Effective Date July 1, 2003 Pg. Revised 7/1/11
Subject GENERAL PROVISIONS -- PRE-AUDITOR'S AUTHORIZED SIGNATURES			

1. The "Pre-Auditor's Authorized Signature Form" is used by the department head to allow employees to be authorized to pre-audit and electronically approve claims. The signature or initial is to be entered, with the name typed on the next line. This authorization does not relieve the department head from his/her responsibility for these documents.
2. A new authorized signature form must be submitted each time a department head adds or deletes employees authorized to pre-audit and electronically approve payment vouchers, or transfers for expenditure of funds. (A letter adding one name and/or deleting another is not acceptable.) A new signature list must also be submitted each time a new department head has been appointed to assure the employees who were authorized in the past will still be authorized by the new department head. This should be submitted as close as possible to when the new department head starts. At the discretion of DAS-SAE-Daily Processing, each department will be required to review and/or update their authorized signature form.
3. The number of employees authorized to pre-audit and electronically approve on behalf of the department head should be kept to the lowest practical level to allow for proper administrative control. Also, the individual authorized to pre-audit should be familiar with the laws and rules relevant to the document they are pre-auditing.
4. Instructions for completing the Pre-Auditor's Authorized Signature Form - The letters below correspond to the letters on the example form on page 2 of this policy.
 - a. Name of department
 - b. Department # to be pre-audited
 - c. Date form completed
 - d. Effective date of authorized signatures listed
 - e. All employees (except department head) who are authorized to pre-audit and electronically approve GAXs, TAs, TPs, TPOs, PRCs, MDs, IETs, PRCIs, JV1s, CDEs, CDRs, CR Modifications, and other external and internal documents.
 - f. Department head's signature
 - g. Name of department head-TYPED
 - h. Send one original to DAS-SAE-Daily Processing, Hoover Building, 3rd Fl

Department of Administrative Services - State Accounting Enterprise

Section PRE-AUDIT	Procedure No. 204.101	Page No. 2 of 2	Effective Date July 1, 2003 Pg. Revised 7/1/11
Subject GENERAL PROVISIONS – PRE-AUDITOR’S AUTHORIZED SIGNATURES			

5. Blank forms are located on the DAS-SAE website using this link:
http://das.sae.iowa.gov/images/word_docs/Pre_Auditor_Authorized_Signature_Form.doc

PRE-AUDITOR'S AUTHORIZED SIGNATURE FORM								
Department _____ (a)			Effective Date _____ (d)					
Department Number _____ (b)								
Date _____ (c)								
The following employees are hereby authorized to sign / initial in ink, the listed documents as a pre-auditor on my behalf.								
(e) GAXs / TAs / PRCs / MDs IETs / PRCIs / JV1s / CR2s / CDEs / CDRs			(e) GAXs / TAs / TP's / PRCs / MDs IETs / PRCIs / JV1s / CDEs / CDRs			(e) BAXs / TAs / TP's / PRCs / MDs IETs / PRCIs / JV1s / CDEs / CDRs		
Signature _____			Signature _____			Signature _____		
Name (type) _____			Name (type) _____			Name (type) _____		
Signature _____			Signature _____			Signature _____		
Name (type) _____			Name (type) _____			Name (type) _____		
Signature _____			Signature _____			Signature _____		
Name (type) _____			Name (type) _____			Name (type) _____		
Signature _____			Signature _____			Signature _____		
Name (type) _____			Name (type) _____			Name (type) _____		
FUND	DEPARTMENT	UNIT	FUND	DEPARTMENT	UNIT	FUND	DEPARTMENT	UNIT
APPROVED BY DEPARTMENT HEAD _____ (f)						(k) Send one (1) original to: Department of Administrative Services State Accounting Enterprise Daily Processing 3 rd Fl, Hoover Building Des Moines, IA 50319		
DEPARTMENT HEAD (type) _____ (g)								
Note: The Department Head is the only employee authorized to sign an appropriation transfer.								

6. Questions on authorized signatures should be directed to DAS-SAE- Daily Processing.

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	204.200	1 of 2	July 1, 2004 September 29, 2011
Subject General Provisions—Original Invoice			

1. "Original invoice" shall be defined as the copy of the invoice that any customer, including a department of the state of Iowa, would normally receive from the vendor. A web based or e-billing will be defined as an original invoice. The acceptable invoice received from the vendor may be labeled "customer's copy," "original invoice," "payee copy," or any other designation to denote the invoice was presented by the vendor to the customer.
2. When conducting a purchase over the Internet, first request that the vendor mail an original invoice for payment. If normal business practices of the vendor require credit card payment and an "electronic invoice," then that is an acceptable invoice, provided the electronic invoice includes: the vendor's name, telephone number, address (including state), the purchased items(s) or service, the date of purchase and the cost. A payment voucher, in a proper form, and with proper authorization must accompany an "electronic invoice".

"Electronic Invoice" shall be defined as the printed copy of an invoice or order that is generated electronically from a vendor doing commerce over the Internet. In general, an "electronic invoice" will be acceptable as an original invoice, provided it includes all the usual information about the vendor and the purchased goodsitem/services. This to-allows for the confirmation of the purchase. An "electronic invoice" is acceptable provided the purchase has been made according to the ILA guidelines. This policy is not intended to increase or promote purchases over the Internet.

3. FAX copies or photocopies of original invoices are not acceptable as original invoices except in the following instances;
 - a. The FAX invoice or the photocopy invoice is the normal invoice presented for payment by the vendor.
 - b. The original invoice was lost or accidentally destroyed.

In these situations, the ILA must certify that the invoice is considered to be the original and that no duplicate payment has been made.

4. When employees submit travel claims for reimbursement of expenses, original receipts must be attached to the travel payment (TP). The TP travel payment must also contain an original certification (see procedures 204.150(3), 204.400(2) and 210.102).
5. A voucher, which has been properly certified by the vendor, may be substituted for the original invoice. A "properly certified" voucher shall include an original signature and title of the person signing the voucher as well as the date the claim is certified. See

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	204.200	2 of 2	July 1, 2004 September 29, 2011
Subject General Provisions—Original Invoice			

procedure 204.150.

6. The original invoice shall indicate in detail the items of service, expense, thing furnished, or contract upon which payment is sought, as well as the date the goods/services were received. If the invoice contains only merchandise numbers, or similar information, and does not contain details of what was purchased, then there must be a notation on the claim as to what goods/services item/items were purchased.
7. Credit card receipts may be used for payment or reimbursement of expenses if the receipt contains all of the detailed information included on the usual customer receipt/invoice for that type of purchase. The detailed original receipt/invoice will be required if these criteria cannot be met. Specific examples of acceptable credit card receipts would be the type a customer receives at Menard's, Target, Wal-Mart, K-Mart, etc., which includes a fairly detailed description of each item purchased.
8. If the claimant submits a "generic invoice" (i.e., no typeset letterhead, no company name and address), the invoice must be signed and dated, in ink, by the claimant.
9. When an invoice has been altered and the alteration increases the amount the state will is paying, the change must be signed and dated by the vendor.
10. Transfers to state agencies do not require original invoices. The item purchased may be stated on the payment voucher in place of an invoice.
11. Transfers to the state that reflect the proceeds from lottery operations may be documented with a memo from a supervisor in the accounting section to the person preparing the transfer.

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	204.400	1 of 1	July 1, 2003 September 29, 2011
Subject General Provisions--Miscellaneous			

1. Submission of claims and approval. All claims shall be printed from a computer PC, typewritten, or handwritten in ink.
2. Travel claims. All travel claims submitted shall state the actual expense incurred (even if though the expense may exceed maximum limitations) by the claimant, and shall not include expenses for the purchase of miscellaneous items that are not needed in the performance of official duties. All travel payments shall contain the employee's vendor number social security number of the employee or (or with the approval of the CFO) other individual identification with prior written approval of the CFO. All travel payments must also include the employee's signature and original receipts. See Procedures 204.150(3), 204.200(4) and 210.102.
3. Property claims and real estate claims. Claims for personal property sold, the acquisition of real estate, or services rendered to the state must have the original invoices or other documentation attached whenever possible.
4. Forms for travel claims. All employee travel claims are to be on a travel payment (TP) or on a form approved in writing by the CFO. See Procedure 204.250.

Iowa Lottery Authority—Financial Management

Section Pre-Audit	Procedure No. 210.205	Page No. 1 of 4	Effective Date July 1, 2009 August 15, 2011
Subject Travel—In-State—Subsistence Allowance			

1. The phrase "Subsistence Allowance" used herein includes all charges (including applicable taxes) for meals and lodging (single rate only).
2. Officers and employees shall be allowed lodging and meal expense when required to travel outside their official domiciles and/or outside of their places of residence when different from their official domiciles. Reimbursement shall be within the following limits:
 - a. **Lodging.** The allowance for lodging shall not exceed a maximum of \$55.00 (plus applicable taxes) per day, or the maximum amount allowed by the Iowa Department of Administrative Services, if higher. Any additional charges made by a lodging facility for work related services such as internet, radios, television, telephone, and other similar items are reimbursable and are not to be considered as part of the basic room charge when considering reasonable maximum lodging rates as outlined herein. The "reasonable maximum lodging" rate applies to the entire state.
 - (1) ORIGINAL RECEIPTS for lodging must be submitted in order to receive reimbursement. Lodging receipts consist of the itemized billing obtained from the hotel/motel or any overnight lodging facility and contain such information as the dates, room number, number of guests, name of facility, name of guest, location and additional pertinent information which may be used to verify other sections of the expense voucher claim. A lodging facility "statement" is not the same as invoice and is not acceptable. Cash register tapes are not acceptable, either, as they do not contain the required information. Express/Rapid Check out receipts must also be itemized. The receipt may not necessarily show a zero balance, but must show the method of payment used (e.g., MC/AM/Visa, cash, etc.).
 - (2) Expense for lodging begins on the day the employee checks into the facility.
 - (3) Employees are to seek lodging facilities whose rates are within those prescribed above. Prior approval by the ILA's CEO, CFO, or Executive Vice President is required to exceed the maximum lodging reimbursement rate EXCEPT in the following instances:
 - (a) There is only one lodging facility in the city.
 - (b) The employee is attending an in-state conference held at a lodging facility that has room charges above the maximum rate listed in 2(a) above, and the employee stays at the facility where the conference is being held.

Iowa Lottery Authority—Financial Management

Section Pre-Audit	Procedure No. 210.205	Page No. 2 of 4	Effective Date July 1, 2009 August 15, 2011
Subject Travel—In-State—Subsistence Allowance			

- (c) The employee is staying in a locale where there is a major event that limits available rooms in that city (i.e. state or county fairs, state tournaments, festivals, etc.).

In these three instances, to be considered for reimbursement over the defined maximum allowed, a reasonable explanation for the additional lodging reimbursement must be attached to the claim.

All other requests for lodging reimbursement above the defined maximum must have the prior approval of the ILA's CEO, CFO, or Executive Vice President. When seeking overnight lodging be sure to request the "state," "government," or "commercial" rate, as many facilities offer discounted rates that an ILA employee can and should obtain. If a special rate is not shown on a claim and the reason for this is not noted, the claim must be reduced to the appropriate discount rate that would have been charged if requested by the employee. However, if a facility's discounted rate is in excess of the ILA's reasonable rate, this is not sufficient justification to satisfy complete payment of the claim.

- (4) When employees room together, the cost of the room should be split between the employees equally. If only one receipt is provided, the original receipt should be attached to one employee's TP, copies of the receipt should be attached to the other employees' TPs, and the payments must be adequately cross-referenced and submitted together. If separate receipts are issued, no cross-referencing is necessary.
- (5) When an employee works at one location for a week or more, the weekly or monthly rate of the facility should be reported.
- b. **Meals.** Actual expenses up to a maximum of \$28.00 per day, or the maximum amount allowed by the Department of Administrative Services, if higher, may be reimbursed for meals, as outlined below. See procedure 280.201 for an explanation of when to include time left and time returned on the TP.

Maximum Reimbursable Meal Rates:

(a) Breakfast	\$ 5.00
(b) Lunch	8.00
(c) Dinner	<u>15.00</u>
TOTAL	<u>\$28.00</u>

Maximum Reimbursable Conference Meal Rates*:

(a) Breakfast	\$ 7.00
(b) Lunch	10.00
(c) Dinner	<u>18.00</u>

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Subject Travel—In-State—Subsistence Allowance			

TOTAL \$35.00

*Reimbursable Conference Rate is limited to meals actually furnished by the conference.

- (1) Those traveling on ILA business who are required to depart prior to 6:00 a.m. with an overnight stay and required to return after 7:00 p.m. to their official domicile may be reimbursed actual expenses up to the allowable maximum per day for three meals.
- (2) Those traveling on ILA business who are required to depart after before 6:00 a.m. but and return prior to lunch, with an overnight stay, may be reimbursed actual expenses up to the allowable maximum per day for lunch and dinner breakfast.
- (3) Those traveling on ILA business who are required to depart after lunch with an overnight stay before 6:00 a.m. and return after 1:00 p.m. but prior to 7:00 p.m. may be reimbursed actual expenses up to the allowable maximum per day for dinner breakfast and lunch.
- (4) Those traveling on ILA business who are required to depart after 6:00 a.m. but prior to 11:00 a.m. and return before 7:00 p.m. may be reimbursed actual expenses up to the allowable maximum per day for lunch.
- (5) Those traveling on ILA business who are required to depart after 6:00 a.m. but prior to 11:00 a.m. and are required to return after 7:00 p.m. may be reimbursed actual expenses up to the allowable maximum per day for lunch and dinner.
- (6) Those traveling on ILA business who depart after 1:00 p.m. and return after 7:00 p.m. may be reimbursed actual expenses up to the allowable maximum per day for dinner.
- (47) The actual amount spent for the meal(s) is to be reported on the employee's TP for reimbursement, even though the amount allowed will be the lesser of the actual or the maximum.
- (58) When reporting more than one daily meal the actual expense can be distributed between those meals, and the amount allowed will be the lesser of the actual or the maximum applicable to the combined cost of the meals.
- (69) Receipts for meals are required per Executive Order #13 signed May 26, 2009. See Procedure 210.102 for more details.
- (710) ILA employees who work at the state fair and are domiciled in Polk County may

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Section	Procedure No.	Page No.	Effective Date
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Subject Travel—In-State—Subsistence Allowance			

receive meal reimbursement. Meal reimbursement will be limited to lunch for employees working the first shift and dinner for employees working the second shift. Both meals are limited to a per diem rate equal to the sum of the lunch and dinner per diem rates divided by 2 rounded to the nearest whole dollar. The meals are taxable income to employees domiciled in Polk County.

- (844) Alcoholic beverages are NOT an allowable use of ILA monies.
- (942) Charges for room service are an allowable reimbursable expense as long as the total of the meals, including the room service charge, is within the maximum allowable limits.
- (1043) When a meal is not purchased by the employee (i.e., if it is part of a registration fee, purchased by another individual, etc.) this should be noted on the TP. When this occurs, the maximum for the day becomes the allowable total of the other meals actually purchased by the employee on that particular day (see procedure 280.201 for an example). Employees shall not pay for meals of other employees. See procedure 210.110.
- (1144) Tips are allowable for no more than 15% of the food bill and also up to the maximum allowed for reimbursement.

EXAMPLE: Employee is eligible only for lunch reimbursement. The cost of the meal is \$7.73 and the employee leaves a \$1.15 tip. Maximum allowed is \$8.00 the current allowable rate for reimbursement for lunch.

- (1245) Meals included on lodging receipts must be compared to the travel payment and employees must submit the itemized receipt. (A hotel bill which includes meals charged to the room is not acceptable documentation for meal expenses.)

Iowa Lottery Authority—Financial Management

Section Pre-Audit	Procedure No. 210.305	Page No. 1 of 5	Effective Date July 1, 2009 August 15, 2011
Subject Travel—Out-of-State—Subsistence Allowance			

1. The phrase “Subsistence Allowance” used herein shall be construed to include all charges (including applicable taxes) for meals and lodging (single rates only).
2. Officers, employees, and board members and any others traveling on behalf of the ILA shall be allowed lodging and meal expense when required to travel outside the state with the appropriate approvals. They are reimbursed within the following guidelines:
 - a. **Lodging.** Lodging is not limited outside the state (see procedure 210.330 for exceptions), but the incurred expenditures are to be reasonable and within the amount of the travel approved on the Travel Department Authorization (TDA) document by the ILA Board or the CEO, as appropriate.
 - (1) ORIGINAL RECEIPTS for lodging must accompany the claim in order to receive reimbursement. A credit card slip is not allowable as an original lodging receipt. The lodging receipt must be itemized and contain such information as the date(s) of the stay, room number, number of occupants, name of lodging facility, name of guest, location of lodging facility, charge per night, and additional pertinent information which may be used to verify other sections of the travel payment. Express/Rapid check out receipts must also be itemized. The receipt may not necessarily show a zero balance, but must show the method of payment used (e.g. MC/AM/Visa, cash, etc.).
 - (2) Reimbursement for lodging expense is limited to the night preceding, the nights during, and the night of the ending date of the convention or meeting.
 - (3) When employees room together, the cost of the room should be split between the employees equally. If only one receipt is provided, the original receipt should be attached to one travel payment, copies of the receipt should be attached to the other employees’ travel payments, and the claims must be adequately cross-referenced and submitted together. If separate receipts are issued, no cross-referencing is necessary.
 - (4) When an employee works at one location for a week or more, the weekly or monthly rate of the facility should be reported.
 - (5) When seeking overnight lodging, employees must request “state,” “government,” “commercial,” or “conference” rates as many facilities offer discounted rates, which an ILA employee can and should obtain. Through the Corporate Rate Hotel Directory, the ILA is eligible for discounts at lodging facilities around the world. The directory includes rates, maps of cities and other pertinent information.

Iowa Lottery Authority—Financial Management

Section Pre-Audit	Procedure No. 210.305	Page No. 2 of 5	Effective Date July 1, 2009 August 15, 2011
Subject Travel—Out-of-State—Subsistence Allowance			

- b. **Meals.** The ILA has established reasonable maximum meal reimbursements. The reimbursement rate will increase automatically to a higher rate if the Department of Administrative Services raises its rates for state employees. The allowance for meals shall be actual expenses, not to exceed the following limitations. These limitations parallel the federal government's four-level structure. The limitations are detailed into four (4) levels. See procedure 210.306 for a listing of cities that corresponds to each level.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Level 4</u>
Breakfast	\$7.00	\$7.00	\$8.00	\$9.00
Lunch	\$8.00	\$9.00	\$10.00	\$11.00
Dinner	<u>\$16.00</u>	<u>\$21.00</u>	<u>\$25.00</u>	<u>\$30.00</u>
	\$31.00	\$37.00	\$43.00	\$50.00

- (1) Reimbursement for meals is limited to lunch and dinner the day preceding and breakfast and lunch the day after the meeting. If the employee departs from the official domicile before 6:00 a.m. the day of the meeting, the employee is eligible to be reimbursed for breakfast. A notation to this effect must be included on the travel payment. If there is no notation on the travel payment, reimbursement for breakfast will not be allowed (see procedure 280.201 for an example). If returning on the same day as the last day of the meeting, and arrival back at the official domicile is after 7:00 p.m., reimbursement for dinner is allowable. A notation to this effect must be included on the travel payment. If there is no notation on the travel payment, reimbursement for dinner will not be allowed (see procedure 280.201 for an example).
- (2) The actual amount spent for the meal(s) must be reported on the employee's travel payment for reimbursement, even though the amount allowed will be the lesser of actual or the maximum.
- (3) Employees are not eligible for reimbursement of a meal if the meal is provided by an outside source (i.e., meals provided in the conference registration, or purchased by other outside sources, etc.). However, employees are eligible for a meal reimbursement even if the meal was provided on the airplane as part of the cost of the airfare.

When the employee is not eligible for a meal, this must be noted on the travel payment. When this occurs, the maximum for the day becomes the allowable total of the other meals for which the employee is eligible on that particular day. (See

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
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Subject Travel—Out-of-State—Subsistence Allowance			

procedure 280.201 for an example.)

- (4) When the employee is eligible for more than one daily meal, the actual expense can be distributed between those eligible meals, and the amount allowed will be the lesser of actual or maximum applicable to the combined cost of the eligible meals. If a meal is provided by an outside source, the employee is not eligible for that meal and the maximum reimbursable amount is the combined total of only the eligible meals.

EXAMPLE: An employee is attending a two-day conference in Miami, FL (Level 4). The first day, lunch and dinner are provided as part of the registration fee. The employee is eligible for reimbursement for breakfast only. Therefore he/she is eligible for the lesser of the actual cost of breakfast or the maximum allowed (\$9.00 in this case).

- (5) If an allowable meal is part of the conference, but is not included in the registration fee, the actual amount of the meal should be listed on the travel payment. To determine if reimbursement for the meal is allowable, see Procedure 210.315(4). See Procedures 240.150 or 240.171. Documentation that supports this meal must be attached to the travel payment. As in (3) above, the meal is then deducted from the allowable reimbursable total of the other meals claimed.

EXAMPLE: Employee attends a conference in Kansas City, MO (Level 3). Cost of an allowable lunch, which is not included in the registration fee is \$11.50 (\$1.50 more than the maximum allowed). The employee should list the \$11.50 on the travel payment for lunch that day.

Documentation supporting the \$11.50 lunch must be included with the travel payment. In addition to reimbursement for his meal, the employee is also eligible for reimbursement of the lesser of actual or \$33.00 (the maximum allowed for reimbursement for a level 3 city breakfast and dinner), provided the employee was eligible to receive reimbursement for 3 meals that day.

- (6) A tip of no more than 15% per meal is allowable, and is allowable only up to the maximum allowed for reimbursement.

EXAMPLE #1: Employee is eligible for dinner while attending a conference in Toledo, OH (Level 2). The actual cost of dinner was \$18.57. The employee left a 15% tip which amounted to \$2.79. The employee may claim reimbursement of \$21.00, which is the lesser of the maximum allowed (\$21) and the actual spent,

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.305	4 of 5	July 1, 2009 August 15, 2011
Subject Travel—Out-of-State—Subsistence Allowance			

including tip (\$21.36).

EXAMPLE #2: Employee is eligible for lunch while performing her normal job duties in Baltimore, MD (Level 4). The actual cost of the lunch was \$4.67. The employee left a 15% tip which amounted to \$.70. The employee may claim reimbursement of \$5.37, which is the lesser of the maximum allowed (\$11.00) and the actual spent, including tip (\$5.37).

- (7) Charges for room service are an allowable reimbursable expense as long as the total of meals, including the room service charge, is within the maximum allowable limits.
 - (8) Alcoholic beverages are NOT an allowable use of ILA monies.
 - (9) Meals included on lodging receipts will be compared to the travel payment.
 - (10) When traveling out-of-state and ~~but~~ there is no overnight lodging, the meals are taxable and therefore are not eligible for reimbursement ~~will be coded to object code 2119 on the travel payment~~ (see procedure 210.109 for the definition of travel status).
 - (11) Exceptions to the above limitations may be requested in writing. Requests should be directed to the CEO.
 - (12) Receipts for meals are required per Executive Order #13 signed May 26, 2009. See Procedure 210.102 for more details.
3. Reimbursement for lodging and meals preceding and following a meeting, as outlined above, generally are adequate for going to or returning from any point in the continental United States. However, when scheduling problems necessitate additional meals or lodging away from the domicile, these exceptions must be noted on the claim.
 4. In certain instances, it is less expensive to leave earlier or return later than what would be required to attend the conference, meeting, etc. In these situations, reimbursement of expenses is allowable up to the lesser of the actual or the cost to the ILA had the employee left when necessary to attend to attend the conference, meeting, etc. A cost comparison must accompany the travel claim that is submitted for reimbursement.
 5. When traveling within 50 miles of the border of Iowa, in-state subsistence rates apply. See

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Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.305	5 of 5	July 1, 2009 August 15, 2011
Subject Travel—Out-of-State—Subsistence Allowance			

procedure 210.330 for additional information.

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.315	1 of 8	July 1, 2003 June 20, 2011 (revised 9/29/11)
Subject Travel—Out-of-State—Travel Authority			

- 1. Travel outside the state of Iowa** All requests for out-of-state travel require completion of an Out-of-State Travel Authorization (OTA) Request form. Attendance at conventions or conferences for which the ILA must pay a registration fee must be approved in advance by the ILA Board, except for in the situations noted below. Approval must be obtained for all employees, board members, or any other individual traveling outside the state. This form is required for all out-of-state travel, including but not limited to: (a) employees traveling out-of-state for normal job duties, (b) employees not seeking reimbursement from the State, and (c) employees who receive reimbursement from the State and the State is reimbursed for part or all expenses by a third party. ~~for the above mentioned reasons.~~
- ~~2. ILA Board approval is not necessary for out-of-state travel required as part of an employee's normal or routine job duties.~~
2. Once the OTA form is completed and submitted, a Travel Department Authorization (TDA) document is created. The TDA must be approved by the CEO.

Some of the criteria used to determine normal or routine job duties include but are not limited to:

- ~~a. How frequently the duty is performed and how essential the duty is.~~
 - ~~b. Length of time, the place and the purpose of the travel.~~
 - ~~c. Whether the travel is required as a function of the ILA.~~
 - ~~d. The extent to which the travel departs from the normal method of accomplishing the duty or result.~~
 - ~~e. Whether the travel is discretionary or required by law or rule.~~
 - ~~f. Whether the purpose of the travel is part of the employee's job description and is of the kind that the employee is employed to perform.~~
 - ~~g. Whether the purpose of the travel is related to the employee's assigned tasks based on the similarity of the purpose of the travel to the employee's assigned tasks.~~
- 3. Employees must take advantage of the most economical advanced booking fare offered by the respective airlines or other transportation providers. If the most economical fare is not utilized there must be an explanation on the travel payment voucher or out-of-state travel**

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.315	2 of 8	July 1, 2003 June 20, 2011 (revised 9/29/11)
Subject			
Travel—Out-of-State—Travel Authority			

advance form.

4. Registration fees are to include ONLY the pro-rated costs of conducting the conference or seminar, not costs connected with entertainment. Group lunches and/or dinners included in registration fees are acceptable because the charge for these expenses will not be recorded elsewhere on the travel claim. For more information on registration fees, see procedure 210.320.
5. Expenses for out-of-state travel should be estimated as accurately as possible. Approved out-of-state travel claims will be pre-audited to assure final expenditures are reasonable and proper and in accordance with established travel procedures.
6. Any deviations over 10% (generally, in total) from the approved TDA document out-of-state travel authority must be approved by the CEO via a modified TDA communicated to the ILA Board at the next board meeting.
7. ~~To receive permission for travel outside of Iowa, a Request for Travel Authority (see page 5 of this procedure), must be filled out for each individual and presented to the ILA Board. The ILA Board typically meets once per quarter. Because a board meeting may not be scheduled within the time frame to approve a request, the CEO or a designee is granted the authority to approve up to twenty-four (24) six conference trips per year within North America quarter not to exceed \$2,500 per trip, including registration fees. The ILA Board shall be informed of the trips annually at the next board meeting. If these limitations need to be exceeded, either the chairperson or vice chairperson of the board can grant approval for the trip. In addition, the CEO is entitled to attend one international lottery convention per year outside North America without ILA Board approval.~~
8. The OTA/TDA document travel request must should include the following information: be prepared using the example on page 5 of this policy. The form should be completed before being sent to the ILA Board.
9. The following guideline may be used as an aid in completing the out-of-state “Request for Travel Authority” form.
 - a. Employee Vendor #: 1/3 vendor code of the traveler. ~~Name:~~ Self explanatory
 - b. ~~Social Security Number:~~ Self explanatory
 - be. Title: Enter the Current job title of the traveler.

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- d. **Agency Name:** Enter “Iowa Lottery Authority”
- ce. **Agency #:** Enter the ILA’s agency number used in the state’s accounting system (“627”).
- df. **Division:** Self explanatory.
- e. **Number of previous trips this budget fiscal year:** number of previous trips taken from July 1 to June 30.
- f. **List of additional staff attending same meeting/conference:** first and last name of other staff attending the same meeting or conference or going on the same trip.
- g. **Departure From:** City and state of departure. ~~In most cases departure is from the work domicile or the employee's residence. The out-of-state trip does not begin in the last city or town visited before leaving the state, but rather from the point within the state where the trip commenced. If, for example, an employee with an official domicile of Spencer travels to Keokuk, stays overnight and continues on into Missouri, the departure is from Spencer and not Keokuk. The costs of the out-of-state trip begin in Spencer and not the subsequent day when the employee leaves the state of Iowa.~~
- h. **Traveling To:** City and state. ~~This should reflect the final destination of the trip. All intermediate stops should be noted on the request. This does not include plane transfers, but does include all stops during which ILA business is conducted.~~
- i. **Departure Date:** Enter ~~t~~The day travel is to begin. ~~If this day is two or more days before the beginning date of the meeting, note and explain the departure time.~~
- j. **Return Date:** Self explanatory. ~~If the returning date is two or more days after the end of the meeting, the reason should be noted on the travel claim.~~
- k. **Mode of Travel:** Enter ~~t~~The mode of transportation. ~~If unusual circumstances or additional clarification is needed, enter an explanation in this section. For instance, if a private auto or ILA vehicle is used for the benefit of the ILA, note this fact. Private auto in lieu of the coach class air fare rate or any other unusual circumstances should be noted on the Request.~~
- l. **Name of Conference/Meeting Attending:** Self explanatory.

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- m. **Start Date:** ~~Enter t~~The start date of the conference/meeting.
- n. **End Date:** ~~Enter T~~the ending date of the conference/meeting. ~~In the event an employee's period of absence from the state exceeds the time allowed for the conference or meeting plus an additional day of travel, note this on the travel request.~~
- o. **Reason for Travel:** Self-explanatory (a) Normal job duties; (b) Meeting; (c) Training; (d) Conference/Seminar; (e) Staff Development; (f) Required by Federal; or (g) Other
- p. **Explanation:** Reason why the travel is needed.

q. **Travel Type:** Out of State or International.

rp. **Estimated Costs:**

- a) Level of City (see DAS procedure 210.305)
- b) Personal Vehicle
- c) Rental Vehicle
- d) Airfare
- e) Train
- f) Meals
- g) Lodging: #Nights @ \$
- h) Registration
- i) Cab
- j) Luggage
- k) Parking
- l) Shuttle
- m) Other
- n) Total

Breakdown of funds

- a) State %
- b) Federal %
- c) Other %

Accounting

- a) Fund
- b) Unit

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- c) Sub Object
- d) Activity
- e) Task
- f) Task Order
- g) Dept
- h) Sub Unit
- i) Dept Object
- j) Sub Activity
- k) Sub Task
- a)l) Program

s. A “Travel Itinerary” will be prepared to document additional information concerning the out-of-state travel. These additional items will include but not be limited to:

- 1) **Departure From:** In most cases, departure is from the work domicile or the employee’s residence. The out-of-state trip does not begin in the last city or town visited before leaving the state, but rather from the point within the state where the trip commenced. If, for example, an employee with an official domicile of Spencer travels to Keokuk, stays overnight and continues on into Missouri, the departure is from Spencer and not Keokuk. The costs of the out-of-state trip begin in Spencer and not the subsequent day when the employee leaves the state of Iowa.
- 2) **Departure Date:** If this day is two or more days before the beginning date of the meeting, note and explain the departure.
- 3) **Return Date:** If this day is two or more days after the end of the meeting, note and explain the return.
- 4) **Mode of Travel:** If unusual circumstances or additional clarification is needed, explain the reason on the travel itinerary. For example, if a private auto or ILA vehicle is used for the benefit of the ILA, note this fact. Private auto in lieu of the coach class air fare rate or any other unusual circumstances should be explained.
- 5) **End Date:** In the event an employee’s period of absence from the state exceeds the time allowed for the conference or meeting plus an additional day of travel, note this on the travel itinerary.

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- 6) **Mileage Reimbursement:** The cost of mileage reimbursement cannot exceed the airfare rate.
- 7) **Other:** Any additional costs such as taxis, shuttle charges, etc. will be included on the travel itinerary. ILA employees should take the airport shuttle when available instead of a taxi. This policy is not intended to be a prohibition against taxis but rather to limit the expenditures to that of the shuttle service. It is possible to share taxis with others to defray this cost.
- ~~1. Enter the "Level of City" from the Department of Administrative Services "Summary of Current State Wide Travel Reimbursement Policies." These levels are also listed in procedure 210.305.~~
 - ~~2. Refer to ILA financial management policies for appropriate expenses related to transportation, meals, lodging, etc. Do not include more than the allowed amounts on the estimated costs.~~
 - ~~3. Airfare: Include the price of an airline ticket. All travel by air must be made at the lowest fare.~~
 - ~~4. State vehicle: Include an estimate of the cost of renting a state vehicle based on the estimated number of miles to your destination. The Motor Pool Division of Administrative Services keeps an updated list of vehicle rental prices per mile.~~
 - ~~5. Rental vehicle: Include an estimate of the cost of rental vehicle(s).~~
 - ~~6. Mileage Reimbursement: Estimate the cost of mileage reimbursement based on estimated number of miles at the applicable rate of reimbursement. Mileage cannot exceed the airfare rate.~~
 - ~~7. Lodging: Enter the number of nights anticipated to stay at the hotel, the per night room charge (apply all taxes if information is known), and the total hotel charges that will be incurred. ILA employees are to request the lodging facility to state on the bill the single room rate when other than single room rate was charged. When there is a choice of room rates available and the minimum rate room is satisfactory, the minimum rate room is to be occupied.~~
 - ~~8. Meals: Include an estimate on your meals, not to exceed the ILA's allowable~~

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~~limits. If a meal is provided by an outside source (i.e., conference registration, etc.) employees are not eligible for reimbursement.~~

~~9. Registration: Include the cost of registration for the event. Registration fees are to include only the prorated costs of conducting the conference or seminar, not costs connected with entertainment.~~

~~10. Parking: Include estimates of costs to be incurred for parking.~~

~~11. Other: Include any additional costs you will incur, specify the costs, this may include taxi charges, shuttle charges, etc. IIA employees should take the airport shuttle when available instead of a taxi. This policy is not intended to be a prohibition against taxis but rather to limit the expenditures to that of the shuttle service. It is possible to share taxis with others to defray this cost.~~

~~q. Breakdown of funds: Self explanatory. Out-of-state travel to be reimbursed from other than state funds is to be submitted for approval.~~

~~r. Authorized Signature: Self explanatory~~

~~s. Head of Department: Self explanatory~~

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1. Employees who incur meal expenses within the state while leaving or returning from out-of-state travel will not be subject to the in-state meal limitations. These expenses should be coded to out-of-state travel.
2. Employees who travel within a fifty-mile distance beyond the state border shall be subject to in state expense limitations, unless prior approval is received from the CEO, CFO, or Executive Vice President. These expenses should be coded to out-of-state travel.
3. An approved Travel Department Authorization (TDA) document number is required as noted in Procedure 210.315.
4. Refer to procedure 210.205 and 210.305 for more details.

IOWA LOTTERY

Five-Year Business Plan

Overview:

Although the current product lines of the Iowa Lottery are maturing in their business cycles, the lottery has continued to produce historic revenue and proceeds in recent years. The new paradigm will be "modernization through diversification, sustained engagement, and multi-platform marketing."

Our Current Products:

- **Pull-tabs:** \$18 million in sales per year. A product that is in the mature stage of its business cycle. Sales are declining by \$1 million each year due to competition from bar "gray" machines.
- **Scratch tickets:** \$159 million in sales per year. Peaking in its business cycle due to the need for larger payouts. Our most stable product. Must be refreshed and updated regularly.
- **Lotto:** \$94 million in sales per year. The most profitable but least predictable product. The business model for this product has the greatest potential growth, but sales have leveled off in recent years.

Current ILOT business discussions points:

- 75% of Iowa lottery sales come from one retail category – convenience stores and gas stations – and 40% of our retailers are controlled by 4 corporations.
- The top 20% of our retail base sells 51% of our product.
- The bottom 50% of retailers sells 14% of our product.
- Casino expansion, increased limits for grey machines and high fuel prices have the biggest potential negative impact for ILOT.

ILOT Current Priorities:

- Maximize proceeds for Iowa, while contributing to the growth, innovation and economic development of the state.
- Keep the highest level of integrity and social responsibility.
- Provide a product for Iowans which continues to be "in demand."
- Operate the authority using the best business practices while encouraging professional growth in employees.

Priorities for the next 5 years:

Modernizing the lottery through:

- Diversification of the retailer base.
- Maximizing efficient ticket delivery to retailers.
- Improved communications and merchandise payouts to players through our VIP Club.
- Updating the pull-tab product for universal validation.
- Implementation of new lotto products for adding new retailers.
- Evaluation and implementation of electronic delivery to maintain current proceeds levels while staying updated with current consumer purchasing trends.
- Follow scratch-ticket business model by adding lotto games at new price points.
- Find cooperative ventures with other state entities to further utilize our statewide gaming system.



IOWA LOTTERY

FY 2013

Overview:

We anticipate that ILOT will head into FY 2013 with positive results from another successful year. To have continued growth, we must keep our current products "fresh," test new products, ensure high security and be more aggressive in finding ways to work with other Iowa entities for cooperative ventures.

ILOT business goals:

- Through diversification of the lottery's retailer base, reduce from 75% to 70% the percentage of ticket sales that come from the gas station/c-store retailer category.
- More evenly spread lottery sales across the entire available spectrum of retail locations through increased efficiencies of a new courier delivery system.
- Continue to vet and test new game ideas to bring additional entertainment options to lottery players and position Iowa as a leader in innovation.

Goals, Opportunities and Priorities:

Maximize proceeds with minimum social impact through:

- Updated games in our existing portfolio.
- Encouraging the consortium of U.S. lotteries to add another game to the lotto portfolio.
- Increased emphasis of our sales staff on maximizing distribution and point-of-sale materials.
- Replacement of Lottery vending machines.
- Continued growth in employee morale and succession planning.
- Begin evaluating use of our system for possible things like application and delivery of hunting licenses, fishing licenses, voting, state payments, etc.

Results and Future Planning:

ILOT has budgeted a 3% increase in sales and a 2% increase in state proceeds for FY 2013. Additional and "updated" products will help us reach this goal. We anticipate that smart phone/Internet gaming will be available in many states, so we'll continue to keep abreast of the latest details to provide the management knowledge and operational base for Iowa's discussion.



Iowa Lottery Authority

Iowa Lottery
 Organization Chart
 September 14, 2011

