



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***

**June 28, 2012  
10:30 a.m.**

- I. Call to Order
  - a. Approval of Minutes
  
- II. Monthly Reports
  - a. Financial
  - b. Marketing
    - i. Billboard Contracts
  - c. Security
  
- III. Fiscal Policies
  
- IV. FY13 Budget
  - a. Key Employee Compensation Approval
  
- V. NACS Membership Approval
  
- VI. CEO Update
  - a. Goals, Objectives & Recap of FY12 and FY13
  
- VII. Election of Officers
  
- VIII. 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**  
**May 31, 2012**

The Iowa Lottery Board convened via teleconference at 10:00 a.m., Board Chairperson Mary Junge presiding.

Board members participating: Deb Burnight, Herman Richter, Mary Junge, Matt McDermott, Mike Klappholz, and Mike Fitzgerald. All board members were present via teleconference.

Lottery staff present: Terry Rich, CEO; Larry Loss, EVP; Brenda Loy, CFO; Mary Neubauer, Vice President External Relations; Teri Wood TeBockhorst, Vice President Marketing; Molly Juffernbruch, Vice President General Counsel; Steve Bogle, Vice President Security; Dave Van Compernelle, Assistant Attorney General; Jack Schroeder, Vice President Operations and Systems; Jamie Becker, Sr Project Director and Board Secretary; Tammy Cooper, Purchasing Agent; Michael Conroy, Validations Manager; Sally Robson, Advertising Manager; Deirdre Demmerly, Instant Product Manager.

Others present: Dave Berger, Scientific Games; Carol Van Der Hart, Strategic America; Patti Barbalato, Strategic America.

Chairperson Junge called the meeting to order, took roll call and noted that the board members were participating by means of a conference call, with the provisions of Iowa Code section 21.8 governing the conduct of electronic meetings in effect.

Richter moved to conduct the meeting by electronic means. The motion was seconded by Burnight and carried unanimously.

Junge began by welcoming new board member, Matt McDermott.

**Minutes**

Klappholz moved to approve the minutes of the meeting held on March 29, 2012. The motion was seconded by Burnight. McDermott abstained since he was not present at the meeting. Motion carried.

**McGladrey & Pullen, LLP Contract Extension**

Brenda Loy requested an approval for the extension of the game auditing services contract. The contract would be extended through April 30, 2013. This contract is for audit services related to Iowa's \$100,000 Cash Game for observing compliance. Loy stated that the total value of the contract would be \$31,655 minimum - that amount includes a CPI increase, which was allowed per the contract. The Lottery typically spends an additional \$1,200 for promotional type drawings.

Junge asked for a clarification of the increase and Loy responded stating that the contract allowed the CPI increase of 3.53% percent, which means the per-hour rate changed from \$98 to \$101.46. Loy confirmed that this is a one-year extension.

McDermott inquired how long the lottery had had this contract and Loy responded one year. Loy added that this extension would make it two years total and could be up to six years if the lottery chose to exercise all the options.

Junge asked for a motion to approve the extension to the contract. McDermott moved to approve and Richter seconded. Motion carried unanimously.

### **Advertising RFP Recommendation**

Board Members were provided agenda packets prior to the meeting and these packets contained the following written recommendations from Teri Wood, which Wood read aloud:

The current contracts for Creative Advertising Services and Media Planning, Buying Services and Products will expire June 30, 2012. The Creative Advertising Services contract is held by the Integer Group Midwest, and Strategic America is contracted for the Media Planning, Buying Services and Products service. Both contracts were issued in July 2007 and all extensions have been utilized. Accordingly, the Iowa Lottery issued Request for Proposal (RFP) # IL-12-01 for Advertising and Related Services on January 13, 2012.

The purpose of the RFP was to solicit proposals from qualified vendors (advertising agencies) to assist the Iowa Lottery in its brand building and strategic marketing efforts.

### **Background Information**

The RFP team met initially in September 2011 to establish a process and timeline for this procurement and to distribute RFP's from other state lotteries for review. The evaluation committee members were assigned RFP's from Kansas, Nebraska, Missouri, Minnesota, Michigan and Idaho for research. After reading these plus the past Iowa Lottery advertising RFPs, the team met in October and November to aggregate feedback and develop a "best practices" document and strategy. The committee then chose to issue a single advertising RFP in January 2012 that would include opportunities for vendors to bid on one or both portions of the business – Creative Services and Media Services. In December the committee began drafting the RFP, and published it on the Iowa Lottery website on January 13th.

### **Dates Within RFP**

RFP Publication	January 13, 2012
Mandatory Vendor Briefing	10:30 a.m. - January 27, 2012
Mandatory Vendor Briefing - inclement weather date	10:30 a.m. - January 31, 2012
Vendor's Written Questions	3:00 p.m. – February 6, 2012
Lottery's Written Responses	February 10, 2012
Deadline for Submission of Proposals – Phase 1	3:00 p.m. – February 20, 2012
Proposal Opening	February 20, 2012
Finalists Designated	March 9, 2012
Deadline for Submission of Proposals – Phase 2	April 6, 2012
Agency Presentation/Site visits	April 18 - 20, 2012

Apparent Successful Vendor Designated	May 2012 (estimate)
Contract Executed	June 2012 (estimate)
Assumes Responsibility under the Contract	July 1, 2012

**New Process**

There were three significant differences with the 2012 RFP from past Iowa Lottery Advertising RFP's:

- 1) There was a single RFP issued that would result in contracts for Creative Services and Media Services instead of asking for vendor responses to two separate RFP's.
- 2) A Mandatory Vendor Briefing was held in late January. Vendors were required to have a representative at the meeting if planning a response to the RFP.
- 3) The RFP responses were separated into two phases. All respondents needed to first complete a written response to Phase 1 which included detailed corporate information and addressed the vendor's financial stability. The highest ranking, qualifying vendors that met the pass/fail criteria were invited to submit in Phase 2. In the second Phase the vendors provided written responses to case exercises specific to Creative Services and/or Media Services. The evaluation committee also planned a three-hour site visit to each for an oral presentation and facility tour.

**Proposal Responses**

There were four respondents for the RFP. Three were interested in both contracts, and one submitted for Creative Services only.

- Strategic America, West Des Moines
- Trilix Marketing Group, Inc., Johnston
- ZLR Ignition, Des Moines
- Gazette Communications, Inc. (DBA Fusionfarm), Cedar Rapids – Creative Services only

After scoring Phase 1 of the proposal process, the evaluation team invited Strategic America, Trilix Marketing Group and ZLR Ignition to complete Phase 2 by end of day April 6, 2012. The team met to review the written responses to the case exercises, and plan site visits for oral presentations and facility tours.

The five-member evaluation team visited the agencies as follows:

- |                       |                              |
|-----------------------|------------------------------|
| April 18, 1 to 4 p.m. | Strategic America            |
| April 19, 9 to Noon   | ZLR Ignition                 |
| April 20, 9 to Noon   | Trilix Marketing Group, Inc. |

**Value of Contracts**

The Iowa Lottery marketing budget for FY12 is approximately \$7 million. Each year the VP Marketing, with input from the management and marketing teams, determines how and when advertising and promotion funds are spent. Most of the budget is generally expended through the advertising agencies though this is not a mandatory arrangement and a portion of the budget is managed internally.

The value of the annual Advertising Services contract in FY 11 was approximately \$81,000 in agency fees with purchases of \$508,000 in creative materials.

The value of the annual Media Services contract in FY 11 was approximately \$286,650 in agency fees, with media placements of \$4,321,000.

Wood then provided detailed recommendations for both creative services and media services, which is also in written form and was included in the board packet which was provided to the board members prior to the meeting.

Upon hearing no questions, Wood stated that the Advertising RFP Committee requests a motion of intent to award the contract for Advertising and Related Services for both creative and media services to Strategic America – subject to negotiation and execution of a written contract.

Richter moved and McDermott seconded. Burnight abstained due to a family member being on staff at Strategic America. Motion carried.

Rich expressed his appreciation and thanks to the RFP committee members for all their hard work. Deb Burnight, Mike Fitzgerald, Herman Richter all expressed their appreciation, as well.

### **Instant Ticket Printing and Related Services RFP Recommendation**

Board Members were provided agenda packets prior to the meeting and these packets contained the written recommendations from Larry Loss.

Loss read aloud the following:

“The Iowa Lottery currently has printing contracts with:

- Scientific Games International, Inc. based in Alpharetta, Georgia (primary)
- Pollard Banknote Limited, based in Winnipeg, MB (secondary)

The current contracts and all extensions for instant ticket printing and related services expire on December 31, 2012. Accordingly, the Iowa Lottery issued RFP IL 12-02, Request for Proposal, Instant Ticket Printing and Related Services on March 2, 2012.

The purpose of this Request for Proposal (RFP) was to solicit proposals from qualified firms or vendors interested in printing instant tickets and providing related services for the Iowa Lottery.

In the RFP, the Lottery stated that it did not intend to grant any Vendor exclusive rights to print all or a majority of Lottery instant games. It is the intention of the Lottery to award game orders to more than one vendor, each of whom will be issued orders to produce games based upon the Lottery’s determination of which vendor can best serve the Lottery’s interests for a particular game.

The RFP called for an initial contract term of 2 years and allowed for up to 4 one-year extensions.

Several Lottery staff members participated in the RFP process:

#### RFP Coordinator

- Tammy Cooper

#### RFP Evaluation Team

- Steve Bogle
- Deirdre Demmerly
- Larry Loss
- Brenda Loy

- Teri Wood

RFP Advisor

- Molly Juffernbruch

The Lottery issued the RFP, accepted questions from Vendors and answered all questions that were received.

Proposals were received from:

- GTECH Printing Corporation of Lakeland, FL
- Pollard Banknote Limited
- Scientific Games International, Inc.

The Evaluation Team used the written materials received from the vendors, information obtained during the site visits and references from other lotteries to complete the Evaluation Sheets. After the Evaluation Sheets were completed, the Price Proposals were opened.

**Technical and Security Evaluation**

Each vendor’s game design, printing process, marketing capability, security controls and references were evaluated using the information that was submitted in the proposals or gathered as part of the site visits.

It is the finding of the Evaluation Team that all three vendors successfully passed the Technical and Security Evaluation. Each vendor is fully capable of securely producing tickets in the sizes and quantities required by the Lottery.

**Pricing**

The Lottery is currently contracted with Pollard Banknote Limited and Scientific Games International, Inc. for instant ticket printing services. As part of this RFP process, the Lottery also received a proposal from GTECH Printing Corporation.

To form a common baseline to compare all vendors’ prices, the Lottery chose forty-one (41) games consisting of various sizes, quantities, features and price points that simulated one year’s worth of instant tickets. The base printing costs for those 41 games were then determined using the calendar year 2012 base pricing from Pollard Banknote Limited and Scientific Games International, Inc. The calendar year 2012 base printing costs were then averaged to produce the baseline cost for evaluation purposes. The calendar year 2012 baseline cost for the price evaluation is \$2,326,001.

Next the Lottery took the 41 games used to establish the baseline cost and applied the base pricing received in the proposals to those games. A price was calculated to show the total base cost of a vendor printing all 41 games. Those total base costs were then compared to the 2012 baseline printing cost. Using the evaluation model that I just described:

Vendor	Price Proposal	2012 Baseline	Variance to 2012 Price
Scientific Games Int. calculated base	\$1,896,878	\$2,326,001	-18% from
Pollard Banknote Ltd base	\$2,091,143	\$2,326,001	-10% from calculated
GTECH Printing Corp base	\$3,001,185	\$2,326,001	+29% from calculated

It is hard to estimate the exact value of the printing contracts because while ticket printing costs have dropped, the volume of tickets printed by the Lottery has been increasing. The estimated total annual value of the contracts is \$2.3 million to \$2.5 million.

**Recommendation**

I would like to thank all three companies for submitting proposals and accommodating our travel requests for the site visits. It is encouraging to have three quality vendors competing to print tickets for the Iowa Lottery.

One of the goals of this RFP was to contract with multiple instant ticket printing vendors so the Lottery had access to as many licensed products, proprietary games and printing techniques as possible. All three vendors possess unique offerings that may aid the Lottery in growing instant ticket sales. Going forward, the Lottery will evaluate several factors when deciding which vendor to use to print a game, including, but not limited to, price, proprietary printing techniques, design and licensed properties. A contract with a vendor for instant ticket printing services is not a guarantee that the Iowa Lottery will print any games with that vendor. Ultimately, the Lottery will determine which vendor can best serve the Lottery's interests for any particular game.

It is the Evaluation Team's recommendation that the Iowa Lottery issue a Notice of Intent to Award, subject to successful completion of DCI investigation, to the following vendors:

- GTECH Printing Corporation
- Pollard Banknote Limited
- Scientific Games International, Inc.

Burnight moved and Klappholz seconded. Motion carried unanimously.

Loss then added that the Evaluation Team recommends that the CEO, working with the Lottery's Vice President, Security, authorize the completion of background investigations of the three vendors listed above. Investigations should be completed so the Iowa Division of Criminal Investigation (DCI) can present its findings at a Board meeting that is likely to be held in September 2012.

Loss noted that no vote was needed.

Burnight moved to adjourn the meeting. McDermott seconded. Motion carried and meeting adjourned at 10:30 a.m.

IOWA LOTTERY AUTHORITY  
PERFORMANCE MEASURES  
FY 2012

Month	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>Gross Sales</b>												
Budget '12	20,609,581	22,918,806	21,175,340	21,309,099	21,799,177	22,728,637	23,617,742	22,584,290	25,693,244	23,747,534	23,303,424	21,913,126
Actual '11	20,683,463	20,526,880	20,268,736	20,707,755	22,414,149	23,638,991	23,866,645	22,592,711	27,156,908	24,150,580	22,962,332	22,423,397
Actual '12	21,873,877	24,265,848	21,821,737	24,435,865	25,093,494	26,243,111	25,715,692	30,212,168	34,836,028	25,760,263	26,307,787	
<b>Prize Expense</b>												
Budget '12	12,323,936	13,704,786	12,662,243	12,742,227	13,035,280	13,591,070	14,122,729	13,504,755	15,363,820	14,200,341	13,934,776	13,103,418
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	13,145,424
Actual '12	12,753,428	13,913,842	12,543,873	14,418,330	13,955,317	16,548,952	15,632,293	17,991,110	19,681,217	15,101,762	15,850,810	13,145,424
<b>Operating Expenses</b>												
Budget '12	457,565	940,363	940,363	940,363	1,376,859	811,259	946,511	946,511	946,511	946,511	1,386,080	1,530,701
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	1,101,338
Actual '12	460,879	794,576	991,760	874,688	1,261,482	757,874	882,297	963,113	949,752	878,951	1,376,977	
<b>Proceeds to General Fund</b>												
Budget '12	4,731,498	4,830,115	4,391,147	4,424,824	4,111,720	4,911,339	4,999,945	4,739,743	5,522,513	5,032,624	4,481,237	3,986,568
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	5,023,213
Actual '12	5,684,111	6,081,167	5,029,059	5,818,860	7,365,377	5,945,966	5,759,711	7,373,869	9,782,829	6,894,379	5,829,479	
<b>Proceeds to Veterans Trust</b>												
Budget '12	87,190	400,958	282,964	170,140	139,576	130,277	137,554	254,521	402,317	199,855	155,648	139,000
Actual '11	131,645	382,640	441,669	251,116	208,123	203,448	184,063	267,748	472,319	229,155	180,589	152,856
Actual '12	57,594	350,656	391,066	165,122	128,253	155,046	321,611	406,376	267,787	248,021	149,725	
<b>Total Proceeds</b>												
Budget '12	4,818,688	5,231,073	4,674,111	4,594,964	4,251,296	5,041,616	5,137,499	4,994,264	5,924,830	5,232,479	4,636,885	4,125,568
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	5,176,069
Actual '12	5,741,705	6,431,823	5,420,125	5,983,982	7,493,630	5,501,012	6,081,322	7,780,245	10,050,616	7,142,400	5,979,204	
<b>YEAR TO DATE</b>												
<b>Gross Sales</b>												
Budget '12	20,609,581	43,528,387	64,703,727	86,012,826	107,812,003	130,540,640	154,158,382	176,742,672	202,455,916	226,183,450	249,486,874	271,400,000
Actual '11	20,683,463	41,210,343	61,479,079	82,186,934	104,600,983	128,239,974	152,106,619	174,699,330	201,856,238	226,006,818	248,969,150	271,392,547
Actual '12	21,873,877	46,139,725	67,961,462	92,397,327	117,490,821	143,733,932	169,449,624	199,661,792	234,497,820	260,258,083	286,565,870	
<b>Prize Expense</b>												
Budget '12	12,323,936	26,028,722	38,690,965	51,433,192	64,468,472	78,059,542	92,182,271	105,687,026	121,050,846	135,251,187	149,185,963	162,289,381
Actual '11	12,779,039	24,471,767	36,235,213	48,528,809	60,919,695	74,961,882	88,702,966	102,984,656	118,027,409	131,823,997	145,815,654	158,961,078
Actual '12	12,753,428	26,667,270	39,211,143	53,629,473	67,584,790	84,133,742	99,766,095	117,757,145	137,488,362	152,540,124	168,390,934	
<b>Operating Expenses</b>												
Budget '12	457,565	1,397,928	2,338,291	3,278,654	4,655,513	5,466,772	6,413,283	7,359,794	8,306,305	9,252,816	10,638,896	12,169,597
Actual '11	539,097	1,232,250	2,117,081	2,824,857	4,109,422	4,813,389	5,642,217	6,578,608	7,429,303	8,317,657	9,605,644	10,706,982
Actual '12	460,879	1,255,455	2,247,215	3,121,903	4,383,385	5,141,259	6,023,556	6,906,669	7,856,421	8,735,372	10,112,349	
<b>Proceeds to General Fund</b>												
Budget '12	4,731,498	9,561,613	13,952,760	18,377,584	22,489,304	27,400,643	32,400,588	37,140,331	42,662,844	47,695,468	52,176,705	56,163,273
Actual '11	4,714,318	9,912,842	14,208,509	19,218,517	25,473,928	31,080,089	37,288,955	41,624,437	48,859,316	55,112,896	59,927,859	64,951,072
Actual '12	5,684,111	11,765,278	16,794,337	22,613,197	29,978,574	35,324,540	41,084,251	48,458,120	58,240,949	65,135,328	70,964,807	
<b>Proceeds to Veterans Trust</b>												
Budget '12	87,190	488,148	771,112	941,252	1,080,828	1,211,105	1,348,659	1,603,180	2,005,497	2,205,352	2,361,000	2,500,000
Actual '11	131,645	514,285	955,954	1,207,070	1,415,193	1,618,641	1,802,704	1,975,452	2,542,771	2,771,926	2,962,515	3,105,371
Actual '12	57,594	408,250	799,316	964,438	1,092,691	1,247,737	1,569,348	1,975,724	2,243,511	2,491,532	2,641,257	
<b>Total Proceeds</b>												
Budget '12	4,818,688	10,049,761	14,723,872	19,318,836	23,570,132	28,611,748	33,749,247	38,743,511	44,668,341	49,900,820	54,537,705	58,663,273
Actual '11	4,845,963	10,427,127	15,164,463	20,425,587	26,899,121	32,698,730	39,091,659	43,694,869	51,402,087	57,884,822	62,880,374	68,056,443
Actual '12	5,741,705	12,173,528	17,593,653	23,577,635	31,071,265	36,572,277	42,653,599	50,433,844	60,484,460	67,626,860	73,606,064	

1) Actual FY12 compared to Budget FY12  
2) Actual FY12 compared to Actual FY11  
3) Budget FY12 Prize Payout  
4) Actual FY11 Prize Payout  
5) Actual FY12 Prize Payout



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

DATE: April 20, 2012  
TO: Board Members of the Iowa Lottery Authority  
FROM: Brenda Loy, Chief Financial Officer *BL*

Attached are the financial statements for March 2012. During March, we had revenue of \$34,838,819. This sales level resulted in \$9,782,829 of proceeds payable to the State General Fund and \$267,787 of proceeds payable to the Veterans Trust Fund.

Attachments

**IOWA LOTTERY AUTHORITY**  
**SCHEDULE OF ECONOMIC BENEFITS**

March 31, 2012

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
<b>Proceeds to the State General Fund:</b>		
Prior to Fiscal Year 2012	\$1,072,395,802	
Fiscal Year 2012		
Transferred	35,324,541	
Payable	<u>22,916,409</u>	
		1,130,636,752
<b>Proceeds to the Veterans Trust Fund:</b>		
Prior to Fiscal Year 2012	\$8,550,302	
Fiscal Year 2012		
Transferred	1,247,738	
Payable	<u>995,774</u>	
		<u>10,793,814</u>
<b>Total</b>		<u><u>\$1,377,149,140</u></u>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED MARCH 31, 2012**

	Month ended March 31, 2012	Month ended March 31, 2011	Year-to-date March 31, 2012	Year-to-date March 31, 2011
<b>OPERATING REVENUES</b>				
Instant-scratch ticket sales	\$17,972,657	\$16,147,600	\$141,258,680	\$122,256,219
Pick 3 sales	606,523	604,376	4,980,711	4,915,858
Powerball sales	4,850,622	4,301,836	43,554,265	34,499,404
Mega Millions sales	8,282,278	2,908,775	18,274,238	12,728,133
Hot Lotto sales	908,688	1,002,210	8,168,226	8,761,828
Pick 4 sales	250,583	243,426	2,087,943	2,023,122
\$100,000 Cash Game sales	410,170	327,197	3,170,289	2,724,071
Pull-tab sales	1,554,507	1,621,488	13,003,468	13,947,601
Application fees	600	450	3,100	3,775
Other revenue	2,191	4,567	171,781	135,986
<b>Total operating revenues</b>	<b>34,838,819</b>	<b>27,161,925</b>	<b>234,672,701</b>	<b>201,995,997</b>
<b>OPERATING EXPENSES</b>				
Scratch ticket prize expense	10,756,199	9,282,470	87,528,919	76,460,425
Pick 3 prize expense	359,254	357,996	2,948,076	2,911,965
Powerball prize expense	2,367,759	2,079,835	21,284,044	16,475,040
Mega Millions prize expense	4,235,787	1,515,899	9,270,195	6,661,489
Hot Lotto prize expense	442,232	489,323	3,979,901	4,229,629
Pick 4 prize expense	148,855	145,056	1,221,086	1,193,249
\$100,000 Cash Game prize expense	221,330	155,307	1,562,999	1,289,140
Pull-tab prize expense	977,549	1,015,676	8,142,347	8,726,757
VIP Club expense	166,071	0	1,419,643	0
Promotional prize expense	6,181	1,191	81,150	79,707
Advertising/publicity	665,475	619,662	5,049,528	4,980,083
Retailer compensation expense	2,205,654	1,733,627	14,953,820	12,846,507
Ticket expense	244,103	233,934	2,340,181	2,140,249
Vendor compensation expense	979,565	575,962	4,952,434	4,359,319
Salary and benefits	777,510	771,334	6,699,546	6,200,795
Travel	36,834	39,092	325,918	287,605
Supplies	13,723	6,245	114,580	72,087
Printing	1,082	1,763	12,938	13,907
Postage	318	293	5,199	4,059
Communications	9,829	57,383	93,192	407,855
Rentals	24,705	22,480	211,512	204,084
Utilities	7,293	8,414	78,342	83,887
Professional fees	6,466	9,675	93,682	45,225
Vending machine maintenance	44,767	44,907	403,488	391,624
Outside services and repairs	22,550	32,684	182,590	222,107
Data processing	4,171	4,584	37,735	35,442
Equipment	34,198	49,364	197,298	162,305
Reimbursement to other				
state agencies	33,977	33,568	312,378	318,997
Depreciation	18,309	7,408	117,411	88,629
Other	1,966	6,924	64,261	47,820
MUSL administrative expense	3,759	3,377	33,829	30,396
<b>Total operating expenses</b>	<b>24,817,471</b>	<b>19,305,433</b>	<b>173,718,222</b>	<b>150,970,383</b>
<b>Operating income (loss)</b>	<b>10,021,348</b>	<b>7,856,492</b>	<b>60,954,479</b>	<b>51,025,614</b>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED MARCH 31, 2012**

	<u>Month ended March 31, 2012</u>	<u>Month ended March 31, 2011</u>	<u>Year-to-date March 31, 2012</u>	<u>Year-to-date March 31, 2011</u>
<b>Non-operating revenues (expenses)</b>				
Proceeds deposited to:				
State General Fund	(9,782,829)	(7,234,879)	(58,240,950)	(48,859,318)
Veterans Trust Fund	(267,787)	(472,319)	(2,243,512)	(2,542,771)
Interest Income	3,126	6,016	84,835	136,611
Interest expense	(3,284)	(3,558)	(29,556)	(32,019)
<b>Net non-operating revenues (expenses)</b>	<u>(10,050,774)</u>	<u>(7,704,740)</u>	<u>(60,429,183)</u>	<u>(51,297,497)</u>
<b>Change in net assets</b>	(29,426)	151,752	525,296	(271,883)
Net assets, beginning of period	<u>4,739,461</u>	<u>3,778,304</u>	<u>4,184,739</u>	<u>4,201,939</u>
<b>Net assets, end of period</b>	<u><u>\$4,710,035</u></u>	<u><u>\$3,930,056</u></u>	<u><u>\$4,710,035</u></u>	<u><u>\$3,930,056</u></u>



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

DATE: May 11, 2012  
TO: Board Members of the Iowa Lottery Authority  
FROM: Brenda Loy, Chief Financial Officer 

Attached are the financial statements for April 2012. During April, we had revenue of \$25,760,942. This sales level resulted in \$6,894,379 of proceeds payable to the State General Fund and \$248,021 of proceeds payable to the Veterans Trust Fund.

Attachments

**IOWA LOTTERY AUTHORITY**  
**SCHEDULE OF ECONOMIC BENEFITS**

April 30, 2012

<b>Proceeds to Iowa Plan</b>		\$170,318,439
<b>Proceeds to CLEAN fund</b>		\$35,894,355
<b>Proceeds to Special Appropriations</b>		\$13,773,572
<b>Proceeds to Gambler's Treatment Program</b>		15,732,208
<b>Proceeds to the State General Fund:</b>		
Prior to Fiscal Year 2012	\$1,072,395,802	
Fiscal Year 2012		
Transferred	58,240,950	
Payable	6,894,379	
	<hr/>	1,137,531,131
<b>Proceeds to the Veterans Trust Fund:</b>		
Prior to Fiscal Year 2012	\$8,550,302	
Fiscal Year 2012		
Transferred	2,243,513	
Payable	248,021	
	<hr/>	11,041,836
<b>Total</b>		<hr/> <hr/> <b>\$1,384,291,541</b>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED APRIL 30, 2012**

	Month ended April 30, 2012	Month ended April 30, 2011	Year-to-date April 30, 2012	Year-to-date April 30, 2011
<b>OPERATING REVENUES</b>				
Instant-scratch ticket sales	\$16,280,072	\$14,810,633	\$157,538,752	\$137,066,852
Pick 3 sales	598,566	565,611	5,579,277	5,481,469
Powerball sales	4,640,322	4,441,421	48,194,587	38,940,824
Mega Millions sales	1,348,183	1,225,285	19,622,421	13,953,418
Hot Lotto sales	729,264	1,097,507	8,897,490	9,859,335
Pick 4 sales	236,862	234,477	2,324,805	2,257,600
\$100,000 Cash Game sales	380,239	323,280	3,550,528	3,047,351
Pull-tab sales	1,546,755	1,452,366	14,550,223	15,399,967
Application fees	375	575	3,475	4,350
Other revenue	304	715	172,085	136,701
<b>Total operating revenues</b>	<b>25,760,942</b>	<b>24,151,870</b>	<b>260,433,643</b>	<b>226,147,867</b>
<b>OPERATING EXPENSES</b>				
Scratch ticket prize expense	9,966,832	8,954,721	97,495,751	85,415,146
Pick 3 prize expense	356,720	335,767	3,304,796	3,247,731
Powerball prize expense	2,259,779	2,143,164	23,543,823	18,618,204
Mega Millions prize expense	683,645	628,360	9,953,840	7,289,849
Hot Lotto prize expense	349,381	531,808	4,329,282	4,761,437
Pick 4 prize expense	138,962	139,847	1,360,048	1,333,095
\$100,000 Cash Game prize expense	204,420	153,118	1,767,419	1,442,258
Pull-tab prize expense	967,975	908,195	9,110,322	9,634,952
VIP Club expense	160,714	0	1,580,357	0
Promotional prize expense	13,334	1,608	94,484	81,316
Advertising/publicity	458,504	523,015	5,508,032	5,503,098
Retailer compensation expense	1,654,435	1,526,973	16,608,254	14,373,480
Ticket expense	236,178	224,646	2,576,359	2,364,894
Vendor compensation expense	249,403	513,981	5,201,837	4,873,300
Salary and benefits	736,440	696,347	7,435,986	6,897,143
Travel	46,125	36,350	372,043	323,955
Supplies	2,244	8,092	116,823	80,179
Printing	1,281	92	14,219	13,999
Postage	433	407	5,632	4,466
Communications	13,951	26,201	107,142	434,057
Rentals	27,951	25,882	239,464	229,966
Utilities	5,196	5,291	83,538	89,178
Professional fees	20,580	7,516	114,262	52,741
Vending machine maintenance	44,818	44,907	448,305	436,531
Outside services and repairs	20,761	32,044	203,352	254,150
Data processing	4,165	3,572	41,900	39,014
Equipment	59,481	49,319	256,779	211,624
Reimbursement to other state agencies	39,825	35,332	352,204	354,330
Depreciation	18,650	7,968	136,061	96,597
Other	5,045	2,632	69,306	50,452
MUSL administrative expense	3,759	3,377	37,588	33,774
<b>Total operating expenses</b>	<b>18,750,987</b>	<b>17,570,532</b>	<b>192,469,208</b>	<b>168,540,916</b>
<b>Operating income (loss)</b>	<b>7,009,955</b>	<b>6,581,338</b>	<b>67,964,435</b>	<b>57,606,951</b>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED APRIL 30, 2012**

	<u>Month ended April 30, 2012</u>	<u>Month ended April 30, 2011</u>	<u>Year-to-date April 30, 2012</u>	<u>Year-to-date April 30, 2011</u>
<b>Non-operating revenues (expenses)</b>				
Proceeds deposited to:				
State General Fund	(6,894,379)	(6,253,580)	(65,135,329)	(55,112,898)
Veterans Trust Fund	(248,021)	(229,155)	(2,491,534)	(2,771,926)
Interest Income	5,259	522	90,094	137,134
Interest expense	(3,284)	(3,558)	(32,840)	(35,577)
<b>Net non-operating revenues (expenses)</b>	<u>(7,140,425)</u>	<u>(6,485,771)</u>	<u>(67,569,609)</u>	<u>(57,783,267)</u>
<b>Change in net assets</b>	(130,470)	95,567	394,826	(176,316)
Net assets, beginning of period	<u>4,710,035</u>	<u>3,930,056</u>	<u>4,184,739</u>	<u>4,201,939</u>
<b>Net assets, end of period</b>	<u><u>\$4,579,565</u></u>	<u><u>\$4,025,623</u></u>	<u><u>\$4,579,565</u></u>	<u><u>\$4,025,623</u></u>



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

DATE: June 20, 2012  
TO: Board Members of the Iowa Lottery Authority  
FROM: Brenda Loy, Chief Financial Officer 

Attached are the financial statements for May 2012. During May, we had revenue of \$26,313,573. This sales level resulted in \$5,829,479 of proceeds payable to the State General Fund and \$149,725 of proceeds payable to the Veterans Trust Fund.

Attachments

**IOWA LOTTERY AUTHORITY**  
**SCHEDULE OF ECONOMIC BENEFITS**

May 31, 2012

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
<b>Proceeds to the State General Fund:</b>		
Prior to Fiscal Year 2012	\$1,072,395,802	
Fiscal Year 2012		
Transferred	58,240,950	
Payable	<u>12,723,858</u>	
		1,143,360,610
<b>Proceeds to the Veterans Trust Fund:</b>		
Prior to Fiscal Year 2012	\$8,550,302	
Fiscal Year 2012		
Transferred	2,243,513	
Payable	<u>397,745</u>	
		<u>11,191,560</u>
<b>Total</b>		<u><u>\$1,390,270,744</u></u>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED MAY 31, 2012**

	Month ended May 31, 2012	Month ended May 31, 2011	Year-to-date May 31, 2012	Year-to-date May 31, 2011
<b>OPERATING REVENUES</b>				
Instant-scratch ticket sales	\$16,876,346	\$14,283,248	\$174,415,098	\$151,350,100
Pick 3 sales	603,967	564,155	6,183,245	6,045,624
Powerball sales	4,399,274	4,186,625	52,593,861	43,127,449
Mega Millions sales	1,421,149	1,044,477	21,043,570	14,997,895
Hot Lotto sales	783,584	861,971	9,681,074	10,721,306
Pick 4 sales	233,793	230,734	2,558,598	2,488,334
\$100,000 Cash Game sales	391,078	319,618	3,941,606	3,366,969
Pull-tab sales	1,598,596	1,471,504	16,148,819	16,871,471
Application fees	250	450	3,725	4,800
Other revenue	5,536	636	177,620	137,337
<b>Total operating revenues</b>	<b>26,313,573</b>	<b>22,963,418</b>	<b>286,747,216</b>	<b>249,111,285</b>
<b>OPERATING EXPENSES</b>				
Scratch ticket prize expense	10,735,155	9,494,271	108,230,906	94,909,417
Pick 3 prize expense	358,090	332,713	3,662,887	3,580,444
Powerball prize expense	2,118,374	2,008,950	25,662,197	20,627,155
Mega Millions prize expense	720,691	531,293	10,674,531	7,821,142
Hot Lotto prize expense	377,961	415,175	4,707,243	5,176,611
Pick 4 prize expense	138,091	136,410	1,498,139	1,469,505
\$100,000 Cash Game prize expense	209,404	151,054	1,976,824	1,593,312
Pull-tab prize expense	998,282	919,352	10,108,604	10,554,304
VIP Club prize expense	166,071	0	1,746,428	0
Promotional prize expense	28,691	2,439	123,174	83,755
Advertising/publicity	426,450	509,856	5,934,482	6,012,954
Retailer compensation expense	1,670,820	1,489,660	18,279,074	15,863,141
Ticket expense	309,894	208,533	2,886,253	2,573,427
Vendor compensation expense	533,577	496,020	5,735,414	5,369,320
Salary and benefits	779,216	652,119	8,215,202	7,549,262
Travel	42,219	39,959	414,262	363,915
Supplies	19,056	13,360	135,880	93,539
Printing	224	(669)	14,443	13,330
Postage	317	320	5,949	4,786
Communications	10,256	42,313	117,399	476,370
Rentals	24,232	22,934	263,695	252,900
Utilities	7,664	8,434	91,202	97,612
Professional fees	6,671	4,950	120,933	57,691
Vending machine maintenance	44,818	44,877	493,123	481,408
Outside services and repairs	27,691	12,541	231,042	266,691
Data processing	4,213	3,867	46,113	42,881
Equipment	88,927	94,267	345,706	305,890
Reimbursement to other				
state agencies	46,356	47,233	398,559	401,562
Depreciation	18,650	10,252	154,711	106,849
Other	7,091	3,185	76,398	53,637
MUSL administrative expense	3,759	3,377	41,347	37,151
<b>Total operating expenses</b>	<b>19,922,911</b>	<b>17,699,045</b>	<b>212,392,120</b>	<b>186,239,961</b>
<b>Operating income (loss)</b>	<b>6,390,662</b>	<b>5,264,373</b>	<b>74,355,096</b>	<b>62,871,324</b>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE MONTH AND YEAR ENDED MAY 31, 2012**

	<u>Month ended May 31, 2012</u>	<u>Month ended May 31, 2011</u>	<u>Year-to-date May 31, 2012</u>	<u>Year-to-date May 31, 2011</u>
<b>Non-operating revenues (expenses)</b>				
Proceeds deposited to:				
State General Fund	(5,829,479)	(4,814,963)	(70,964,808)	(59,927,861)
Veterans Trust Fund	(149,725)	(180,589)	(2,641,258)	(2,952,515)
Interest Income	6,843	2,297	96,937	139,431
Interest expense	(3,284)	(3,557)	(36,124)	(39,134)
<b>Net non-operating revenues (expenses)</b>	<u>(5,975,645)</u>	<u>(4,996,812)</u>	<u>(73,545,253)</u>	<u>(62,780,079)</u>
<b>Change in net assets</b>	415,017	267,561	809,843	91,245
Net assets, beginning of period	<u>4,579,565</u>	<u>4,025,623</u>	<u>4,184,739</u>	<u>4,201,939</u>
<b>Net assets, end of period</b>	<u><u>\$4,994,582</u></u>	<u><u>\$4,293,184</u></u>	<u><u>\$4,994,582</u></u>	<u><u>\$4,293,184</u></u>

SECURITY REPORT  
APRIL 2012

**INVESTIGATIONS**

Cases opened: 3  
Cases closed: 0

**TYPES**

Theft : 2  
Employee theft: 1

**EVENTS**

Provide security for the \$100,000 Cash Game and all second chance and promotional drawings, 25 drawings, 1 promotional drawing.

**MISCELLANEOUS**

Assist Validations Department: 21  
Law Enforcement contacts: 9  
County Attorney contact: 1  
ABD: 13  
Records of Contact: 22  
Juvenile: 0  
MGIR  
RPF: 1  
Compliance Checks: 4  
Retailer Inspections: 8

SECURITY REPORT  
MAY 2012

**INVESTIGATIONS**

Cases opened: 4  
Cases closed: 0

**TYPES**

Theft: 3  
Employee theft: 1

**EVENTS**

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

**MISCELLANEOUS**

Assist Validations Department: 18  
Law Enforcement contact: 10  
ABD: 12  
Records of contact: 24  
Juvenile: 0  
Compliance checks: 150  
Ticket print: 1



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

**DATE:** June 28, 2012  
**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.

The following policies are being updated to mirror language included in DAS policies:

210.310 Travel - Out of State - Travel Advance

- Replaces references to "ILA Board" approval with "CEO" approval only to comply with the Travel Department Authorization process
- Adds a reference to another policy
- Several wording changes to mirror DAS policy

210.320 Travel - Out of State - Registration

- Replaces references to "ILA Board" approval with "CEO" approval only to comply with the Travel Department Authorization process
- Minor wording changes to mirror DAS policy

210.325 Travel - Out of State - Reimbursement for Tickets

- Adds references to "airline" tickets
- Deletes item 3

I request that the Board approve these policy changes effective July 1, 2012.

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.310	1 of 2	July 1, 2012 <del>03</del>
<b>Subject</b> Travel—Out-of-State—Travel Advance			

1. ILA employees who are required to travel out-of-state may apply for a travel advance if the anticipated out-of-pocket expenses exceed \$200.00. An advance may include:
  - a. 100% of the registration fees (see procedure 210.320 for more details).
  - b. 100% of the air fare (see procedure 210.325 for further explanation).
  - c. 100% of required hotel deposits or pre-payments, with proper supporting documentation or justification.
  - d. 80% of all other anticipated expenses exceeding \$200.00.
2. To receive a travel advance, a Temporary Out-of State Travel Advance Form (~~TAP-TEMP~~) must be completed and submitted to the ILA finance division. The ~~TAP-TEMP~~ must include:
  - a. A copy of the approved ILA CEOBoard travel authority when required (see procedure 210.315 to determine if ILA CEOBoard approval is required).
  - b. A copy of the itinerary/invoice from the airline detailing the travel schedule and rates/fees, when applicable. See Procedure 210.325 to determine when this is necessary.
  - c. Documentation relating to registration when applicable (see procedure 210.320 for further information).
3. 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.
4. With the following exceptions, travel advances for the 80% of anticipated out-of-pocket costs will not be processed earlier than seven (7) working days before the trip occurs. In all instances, the request must be submitted on a ~~TAP-TEMP~~ with the appropriate out-of-state travel approvals and appropriate documentation.
  - a. Reimbursement of transportation costs may be requested earlier than seven days before the trip (see procedure 210.325 for further details).
  - b. Registration fees may be reimbursed earlier than seven days before the trip in certain instances (see procedure 210.320 for information on when this is possible).

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.310	<b>Page No.</b> 2 of 2	<b>Effective Date</b> July 1, 201203
<b>Subject</b> Travel—Out-of-State—Travel Advance			

5. The travel advance shall be deducted from the travel payment with (a TP form (not the TA)P, ~~not the TP (TEMP) form~~) submitted by the employee upon completion of the trip. The amounts charged to the various expenditure objective codes on the advance claim should be deducted from the like gross amounts on the final claim. If the travel expenses exceed the travel advance, use event type TR04 on all lines of the claim.
  
6. If, for any reason, an employee does not make the anticipated trip, the travel advance shall be immediately returned to the ILA's CFO. If the warrant has not been cashed, it should be sent by the ILA, along with the request for cancellation to the DAS-~~SAED~~APR. If the warrant has been cashed, then the employee shall make out a personal check payable to the ILA. The personal check should be deposited on a CRQ document using expenditure objective codes (see procedure 280.101 for more information on CRQs). This documentation will be placed with the original claim for audit purposes.
  
7. If the employee has been advanced more than the actual out-of-pocket expenses, the employee shall make out a personal check payable to the ILA. A copy of tThe personal check, a copy of the ILA's Cash Receipt (CR) and a travel payment (TPO) documenting the actual expenses (including the original receipts when applicable) shall be sent to DAS-SAE upon completion of the trip. Event type TR03 is used on all lines of the TPO. The CR document should use the CR Event Type of AR61 (Collect Travel Overpayment) and the Balance Sheet Account (BSA) 1418 (Receivable). The CR must use AR61 as the event type to close the receivable and to keep the system in balancebe deposited on a CRQ document using expenditure objective codes. (Ssee procedure 280.205101 for more information on preparing TPOsCRQs.)). This documentation will be placed with the original claim for audit purposes.
  
8. By certifying the TAP-~~(TEMP)~~ form, the employee gives ~~the DAS-DAPR~~ authority to recover funds owed the ILA (through payroll deduction) that have not been repaid within thirty (30) days of completion of the trip. If a final claim is not submitted, it is assumed the entire amount is owed to the ILA. ILA will contact DAS-Central Payroll to start the process.
  
9. The ILA reserves the right to refuse advances when funds are currently owed to it or when there have been prior abuses.
  
10. Travel advances are not available for non-ILA employees who are traveling on behalf of the ILA.
  
11. For an example of the TAP-~~(TEMP)~~ form, and instructions on completion of the form, see procedure 280.203.

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.320	1 of 2	July 1, 2012 <del>03</del>
<b>Subject</b> Travel—Out-of-State—Registration			

1. Any out-of-state travel to a conference, or in which a registration fee is involved, must be approved by the ILA ~~Board or under specific circumstances the~~ CEO. See procedure 210.315 for more details.
2. ~~All~~ Out-of-state registration fees ~~are to~~may be paid by the employee ~~or by the ILA~~. The employee may choose from the following options to pay the registration fee:
  - a. The employee may request a 100% travel advance on a Temporary Out-of-State Travel Advance (~~TAP~~(TEMP)).
    - (1) If prepayment of the registration fee is necessary to attend the function, or, if there is a savings at least equal to the annual rate of interest earned by the state of Iowa Treasurer's Office, the advance can be requested prior to the applicable due date. A letter or prior approval to prepay is not necessary.
    - (2) If the registration fee can be paid at the door, the employee can receive an advance for 100% of the registration fee up to seven (7) working days before the function begins.
    - (3) The following information must be attached to the ~~TAP~~(TEMP):
      - (a) A copy of the ILA ~~Board's, or under specific circumstances the~~ CEO's, approval.
      - (b) A copy of the registration form or something similar that details the cost of the conference. A copy of the agenda and registration form that shows additional information (e.g., meals provided) is required to ensure the costs associated with the function are allowable (see procedure 210.315).
      - (c) Documentation that indicates that prepayment is allowable per the requirements of provision 2(a)(1) above.
    - (4) The following information **MUST** be attached to the follow-up travel payment (TP):
      - (a) The original paid receipt, or a copy of the front and back of the employee's cancelled check, or a copy of the employee's credit card statement.
      - (b) The original CEO approval.
      - (c) A copy of the registration form or something similar to indicate cost. A copy of the agenda and registration form that shows additional information (e.g., meals

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.320	2 of 2	July 1, 201 <u>2</u> <del>03</del>
<b>Subject</b> Travel—Out-of-State—Registration			

provided, etc.) is required to ensure the costs associated with the function are allowable (see procedure 210.315).

- b. The employee may pay the registration fee without receiving an advance and seek reimbursement.

(1) All the following are needed to reimburse the employee:

(a) The original paid receipt, or a copy of the front and back of the employee's cancelled check, or a copy of the employee's credit card statement.

(b) The original CEO approval.

(c) A copy of the registration form or something similar that details the cost of the conference. A copy of the agenda ~~that shows additional information~~ may be ~~requested~~required if additional information is needed to ensure the costs associated with the function are allowable (see procedure 210.315).

(2) If the registration fee was prepaid by the employee, and the employee did not request an advance, the employee can seek reimbursement prior to the event upon receipt of the paid receipt, or a copy of the front and back of the employee's cancelled check, or a copy of the employee's credit card statement. Reimbursement must be sought on a TAP-(TEMP). If the employee chooses, reimbursement may be on the follow-up travel claim (see (3) below).

(3) If reimbursement of the registration fee was not obtained before event, then the employee must seek reimbursement on the follow-up claim (TP) that is submitted at the end of the trip.

3. Registration fees are to include **ONLY** the pro-rated costs of conducting the conference, seminar, etc., and not costs connected with entertainment. Group meals included in the registration fees are acceptable. Group meals that are included in the registration fee must be noted on the final travel payment (see procedures 280.201(2)(j),(k), & (l) and 210.305.)
4. When registering for a conference or seminar over the Internet, request a paid receipt be returned. If the sponsor does not provide a paid receipt, a printed copy of the registration form or electronic registration acknowledgment that is matched with a copy of the cancelled check or credit card receipt with appropriate information on the credit card statement will be accepted.

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
PRE-AUDIT	210.325	1 of 1	July 1, 2012 <del>04</del>
<b>Subject</b> TRAVEL – OUT-OF-STATE – REIMBURSEMENT FOR <u>AIRLINE</u> TICKETS			

1. Reimbursement of the airline ticket cost may be requested PRIOR to the trip occurring. A copy of the invoice/itinerary and receipt (when available from the airline) must be submitted with the Temporary Out-of-State Travel Advance (TAP-~~TEMP~~). **Upon submitting the final claim relating to the trip, ~~the passenger receipt and a copy of the invoice/itinerary must be attached to that Travel~~ ———Payment.** This claim must be referenced to the claim in which the airfare was paid.
2. A claim for reimbursement of a ticket when no travel advance was issued, must have the ~~A copy of the~~ invoice/itinerary and receipt (when a receipt is available from the airline) attached.
3. ~~Payment for tickets for non-authority employees for which direct bill has been approved must be paid on a General Services Payment Voucher (PVQ).~~
34. When other modes of transportation are used, such as train travel, similar procedures must be followed.

# Budget for Lottery Fund

	2011 ACTUAL	2012 BOARD APPROVED BUDGET	2013 APPROVED PRELIMINARY BUDGET	2013 PROPOSED FINAL BUDGET
<u>Resources</u>				
Lottery sales	271,391,047	271,400,000	277,100,000	277,100,000
Interest income	146,178	500,000	500,000	500,000
Application fees	5,575	5,000	5,000	5,000
Other	138,133	5,000	5,000	5,000
<b>Total Resources</b>	<b>271,680,933</b>	<b>271,910,000</b>	<b>277,610,000</b>	<b>277,610,000</b>
<u>Expenses and Change in Net Assets</u>				
Prizes	158,961,078	162,289,381	163,072,679	163,617,855
Retailer compensation	17,284,432	17,061,705	17,648,025	17,648,025
Advertising production and media purchases	6,647,468	10,856,000	11,084,000	11,084,000
Retailer Lottery system/Terminal communications	6,248,081	6,491,856	6,392,184	6,392,184
Instant/Pull-tab ticket expense & machine maintenance	3,380,504	3,259,167	3,400,000	3,622,000
Terminal equipment/Ticket dispensers/Vending machines	185,000	525,000	2,200,000	200,000
Courier delivery of instant tickets	-	506,272	683,000	455,000
Interest expense (ITVM/PTVM/Building)	42,418	39,408	245,000	45,000
Lottery operating expense	10,947,399	12,169,597	12,310,869	12,592,649
Increase (decrease) in net assets	(17,200)	48,341	48,341	48,341
<b>Total Expenses and Change in Net Assets</b>	<b>203,679,180</b>	<b>213,246,727</b>	<b>217,084,098</b>	<b>215,705,054</b>
<u>Proceeds</u>				
Proceeds Transfer to General Fund	64,896,382	56,163,273	57,725,903	59,104,946
Proceeds Transfer to Veterans Trust Fund	3,105,371	2,500,000	2,800,000	2,800,000
<b>Total Proceeds Transfers</b>	<b>68,001,753</b>	<b>58,663,273</b>	<b>60,525,903</b>	<b>61,904,946</b>
<b>Total Expenses and Proceeds</b>	<b>271,680,933</b>	<b>271,910,000</b>	<b>277,610,000</b>	<b>277,610,000</b>

# Lottery Operations - Budget Detail

	2011 ACTUAL	2012		2013	
		APPROVED BUDGET	APPROVED BUDGET	APPROVED PRELIMINARY BUDGET	PROPOSED FINAL BUDGET
Administrative payroll	8,650,620	9,711,869	9,711,869	9,915,649 *	
Travel	415,007	400,000	420,000	443,000	
Supplies	110,465	104,500	105,000	105,000	
Printing	13,830	14,500	15,000	15,000	
Postage	5,112	6,500	6,000	6,000	
Communications	118,708	150,000	170,000	175,000	
Rentals	277,163	300,000	300,000	300,000	
Utilities	103,438	100,000	105,000	105,000	
Professional fees	118,062	65,000	135,000	135,000	
Outside services and repair	236,730	414,228	350,000	400,000	
Data processing	46,670	40,000	50,000	50,000	
Equipment	202,674	100,000	170,000	170,000	
Reimbursement to state agencies	432,878	475,000	450,000	450,000	
Depreciation	117,508	191,000	223,000	223,000	
Other expenses	98,534	97,000	100,000	100,000	
<b>Total operating expenses</b>	<b>\$ 10,947,399</b>	<b>\$ 12,169,597</b>	<b>\$ 12,310,869</b>	<b>\$ 12,592,649</b>	

\* 2013 Proposed Final Budget for "Administrative Payroll" includes salary and benefit cost increases (per DOM projections).