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

AGENDA

IOWA LOTTERY BOARD

September 27, 2012
10:00 a.m.

I. Call to Order
   a. Approval of Minutes

II. Monthly Reports
   a. Financial
   b. Marketing
   c. Security

III. Legislative Update

IV. 2014 & 2015 Budgets

V. Extension for Maintenance of Pull-Tab and Instant Ticket Vending Machines

VI. CEO Update
   a. Industry Updates

VII. Closed Session
   a. Instant Ticket Company DCI Background Reports

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
June 28, 2012

The Iowa Lottery Board convened via teleconference at 10:30 a.m., Board Chairperson Mary Junge presiding.

Board members participating: Mary Junge, Herman Richter, Matt McDermott, Mike Klappholz, Mike Fitzgerald, and Deb Burnight (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 Compernolle, Assistant Attorney General; Jack Schroeder, Vice President Operations and Systems; Jamie Becker, Sr Project Director/Board Secretary, Cindy Weber, Manager Accounting, Michael Conroy, Manager Validations, Tom Warner, Manager Large Accounts; Mark Ryan, Regional Manager; Doug Orr, Director Retail Services.

Others present: Lynn McRoberts, Liaison for Governor's office; Mary Braun, House Democratic Caucus Staff; Theresa Kehoe, Senate Democratic Caucus Staff; Jim Friedrich, Senate Republican Caucus Staff; Lee Roose, WHO-TV; Dar Danielson, Radio Iowa; Rod Boshart, Cedar Rapids Gazette.

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.

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

Junge announced there would be a slight change to the agenda, stating that section VII (a) - "Open Records – Lottery Winners" - would be discussed first.

Rich introduced Michael Conroy, Doug Orr, Tom Warner, Cindy Weber, Lynn McRoberts from the Governor's office, and Mark Ryan from Region 1. Rich then asked the press and others present to introduce themselves for the record.

Neubauer provided the Board with this background: Iowa law says that lottery winner information is public and in the history of the Iowa Lottery, winners' names have always been public. Neubauer pointed out that there have been winners who have claimed the money under a trust, such as the Guiderian Family Trust and the Haskin Family Trust, but the names behind the trust were always known because of the requirements in the law and because of the legislative expectations of total transparency. Neubauer said when the "Shipping 20" came forward to claim their prize their legal counsel advised the lottery that the group wanted to keep their names private and would seek an injunction to do so. To Neubauer's knowledge this is the first time this type of legal action had been taken to protect the winners' names prior to claiming the prize.

Neubauer said Iowa Code Chapter 22.8, the Open Records law, has a provision that allows an individual to go to court to keep private information that would otherwise be considered public if they believe they have a legal reason to do so. The "Shipping 20" group feels they do have a legal reason to do so, so the lottery advised the group they had 10 business days to take action or obtain an injunction, making July 6th the deadline. To date, the lottery has not received any notification of an injunction or other court action. Neubauer stated that to show proper deference to the courts, the lottery should let any legal case run its course and the Board could then come back and examine whether the law worked.

Juffernbruch confirmed that July 6th is the date the lottery could release names of the individuals, if no injunction is filed. Rich stated that it is his opinion the information should be public and that the lottery will abide by the law.

Burnight then moved to approve the minutes, McDermott seconded. Motion carried unanimously.

MONTHLY REPORTS

FINANCIAL

Loy stated that the performance measures through May and the financials for March, April and May are included in your packet. The performance measures show that sales are ahead of budget and last year by 15% and proceeds are ahead of last year by 17% and ahead of budget by 35%. Loy stated the lottery has exceeded both the sales and proceeds goals for the year.

Rich stated that Iowa is the state with the largest online sales growth and the 4th largest in instant ticket sales growth over the past 52 weeks. Rich added that this is a historic year for proceeds in Iowa Lottery history and commended and thanked the staff on a job well done. Junge agreed and echoed the thanks. Richter added his appreciation and asked everyone to pass that information along to the rest of the staff. Fitzgerald also commented on the lottery's success.

MARKETING

Wood notified the board that the Billboard contracts were all moved to renew on the fiscal year so that they could be managed more easily. Wood then moved on to present the board with results from Warehouse Dash, which ran from March 5 – May 24. Wood gave a brief description of the Warehouse Dash promotion and added that the promotion resulted in 120,787 entries, with 25% of our VIP Club members entering. Winners of the Warehouse Dash were from all across Iowa, including Sioux City, Harlan, Marshalltown, Knoxville, Lowden, and Dubuque. Video footage can be viewed at ialottery.com.

Wood also described the upcoming promotion Mystery Millionaire, which will culminate with a live event on Extreme Sunday at the Iowa State Fair, where one player will become a millionaire. This promotion kicks off July 1 and will include an audience and retailer component. More information is available on ialottery.com

Klappholz asked for clarification on the retailer component and Rich stated that the board had approved a revised bonus structure for retailers at a prior meeting and that money will be used to reward the retailers that sell the winning tickets. Wood stated that this is an unusual opportunity.

Wood then showed the Mystery Millionaire commercial then added that the ad agency transition takes place July 1st.

SECURITY

Bogle presented the April and May reports, noting that the focus was on compliance checks in the field. Bogle reported that no retailers tried to take the players' tickets.

McDermott moved to approve the monthly reports, Richter seconded. Motion carried unanimously.

FISCAL POLICIES

Loy stated that as an Authority, the Lottery has its own fiscal policies but mirror the DAS policies making exceptions for items that are unique to the Lottery such as approval authorizations. Loy presented three policies for the board's review, which had minor changes as outlined in the memo included in the packet.

Junge verified that these changes were made to conform to DAS policies and Loy confirmed stating that there were slight language changes because the lottery has the ability to make changes within the lottery with approval from CEO and/or Board.

Burnight moved to approve, Klappholz seconded. Motion carried unanimously.

FY13 BUDGET

Loy stated The FY13 Budget was originally approved by the Board last September and at that time the salary and benefit increases were not known and were not included in that budget approval. The budget for cost-of-living, step increases and benefit changes that will occur over the next year were updated. Other modifications in the budget:

- Removed costs that were anticipated to replace instant and PT ticket vending machines.
- Adjusted costs for courier delivery based on our expected delivery schedule and the contracted delivery rate

Junge asked about courier and Rich stated that the lottery is about 3-6 months behind on one particular piece. Junge then asked if costs will decrease and Loy stated that costs will actually increase due to the frequency of delivery increasing.

Richter moved to approve the FY13 Budget, McDermott seconded. Motion carried unanimously.

KEY EMPLOYEE COMPENSATION

Rich stated that in the last 3 years the lottery has followed the State of Iowa in cost of living and merit increases. Rich noted there is 1 employee who is at the top of his/her pay range. Rich recommends and asks the board to approve cost of living and step increases if applicable for the key employees.

Junge concurred with that recommendation and also added that it has been ten years since a salary survey was completed. Junge asked for comments or recommendations on that topic. Burnight and McDermott agreed and Klappholz recommended working with Rich to come up with a plan.

Klappholz moved that for the FY 2013 Iowa Lottery Key Employees salary plan:

- That the cost of living increases authorized by the Iowa Legislature and Governor for state non-contract employees be adopted for Iowa Lottery Key Employees;
- That annual merit step increases for Iowa Lottery Key Employees be based on performance and be determined by the CEO in consultation with the Board Chair, representing the board.

McDermott seconded and the motion carried unanimously.

NACS MEMBERSHIP

Loss asked for approval to join the National Association of Convenience Stores (NACS), adding that the lottery has been members of other grocers and lottery associations. Loss asked for membership approval so that the lottery can have access to retailer information and industry discussions. The membership fee is $750.

McDermott asked why the lottery hadn't joined before this year and Rich stated that the national organization is coming out strong against lotteries on one particular issue and because the lottery has worked closely with the Iowa convenience store organization and believes that membership would show the lottery's support while providing the lottery with valuable data about c-stores.

Richter moved to approve the membership, McDermott seconded. Motion carried unanimously.

LEGISLATIVE UPDATE

Neubauer reported that the bill introduced by the legislature for the lottery to do more special cause games did not pass. Neubauer added that there were discussions about the internet gaming, but that legislation also did not pass. She noted that Delaware had just became the first state to approve full-scale Internet gaming, with the governor there signing the proposal into law on June 28.

Neubauer then discussed the Veterans Trust Fund and that an appropriations bill making changes to the way money can be spent from that fund was passed late in the session. When the trust was originally established the economy was better and the idea was that the principle in the fund would be protected and only the interest generated by the fund would be spent. However, the economy has changed and interest rates are low, which has impacted how much in funds is available to be spent. The bill that was passed will allow in addition to the interest, the first $300,000 the lottery raises and transfers to be used for veterans' causes. The Governor signed this bill in May so an additional expenditure could take place yet in FY 2012.

CEO UPDATE

Rich presented a FY12 recap, emphasizing that what is sent to the state in proceeds and keeping the lottery's integrity are what matters most. Rich reviewed what impacted proceeds in 2011, what helped with success in 2012 and the keys for continued success in 2013.

Klappholz thanked Rich for his report and for the work done by the staff. He added that it's important to continue to stress and remind people to play responsibly.

BOARD ELECTIONS

Junge stated that the board chair had been Brad Schroeder and after his term expired April 30, Junge had served as interim chair. Junge then asked for nominations for chair and vice chair.

Klappholz nominated Mary Junge as chair and Richter nominated Mike Klappholz as vice chair. McDermott moved and Burnight seconded the nominations. Motion carried unanimously.

Richter moved to adjourn, Klappholz seconded. Meeting adjourned at 11:58am.

IOWA LOTTERY AUTHORITY
PERFORMANCE MEASURES
FY 2012 - FINAL

Month		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	
Gross Sales	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	20,526,680	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	24,285,855	
Prize Expense	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	59.80% 3)
	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	58.62% 4)
	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	14,051,517	57.86% 5)
Operating Expenses	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	883,113	949,752	878,951	1,376,977	1,919,910	
Proceeds to General Fund	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	5,345,966	5,759,711	7,373,869	9,782,829	6,894,379	5,829,479	5,047,647	
Proceeds to Veterans Trust	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	78,236	
Total Proceeds	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	5,125,883	
YEAR TO DATE														
Gross Sales	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	202,435,916	226,183,450	249,486,874	271,400,000	14.54% 1)
	Actual '11	20,683,463	41,210,343	61,479,079	82,186,834	104,600,983	128,239,974	152,106,619	174,699,330	201,856,238	226,006,818	248,969,150	271,392,547	14.54% 2)
	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	310,851,725	
Prize Expense	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	59.80% 3)
	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	58.57% 4)
	Actual '12	12,753,428	26,667,270	39,211,143	53,629,473	67,584,790	84,133,742	99,766,035	117,757,145	137,438,362	152,540,124	168,390,932	182,442,447	58.69% 5)
Operating Expenses	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	2,924,857	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	10,112,348	12,032,258	
Proceeds to General Fund	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	76,012,455	
Proceeds to Veterans Trust	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	2,070,452	2,542,771	2,771,926	2,952,515	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	2,641,258	2,719,494	
Total Proceeds	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	34.21% 1)
	Actual '11	4,845,963	10,427,127	15,164,463	20,425,587	26,889,121	32,698,730	39,091,659	43,694,889	51,402,087	57,884,822	62,880,374	68,056,443	15.69% 2)
	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	78,731,949	

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

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 12, 2012

TO: Board Members of the Iowa Lottery Authority

FROM: Brenda Nye, Chief Financial Officer BN

Attached are the final financial statements for June 2012. Previously, you received preliminary financial statements for June 2012.

There was approximately $21,000 in net adjustments related primarily to an increase in estimated payables of $25,000 and an increase in interest receivable of $4,000. These factors resulted in a $21,239 decrease in proceeds payable to the State General Fund.

Attachments

IOWA LOTTERY AUTHORITY

SCHEDULE OF ECONOMIC BENEFITS

June 30, 2012
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 2012	$1,072,395,802	
Fiscal Year 2012		
Transferred	58,240,950	
Payable	17,771,505	
		1,148,408,257
Proceeds to the Veterans Trust Fund:		
Prior to Fiscal Year 2012	$8,550,302	
Fiscal Year 2012		
Transferred	2,243,513	
Payable	475,981	
		11,269,796
Total		**$1,395,396,627**

IOWA LOTTERY AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2012
FINAL

ASSETS

Current Assets:	
Cash	$31,861,894
Cash on hand	600
Cash - Debt Service Account	11,344
Restricted assets - cash	297,020
Interest receivable	7,907
Prepaid expense	15,357
Accounts receivable - net	1,898,904
Ticket inventories	2,303,388
Total current assets	36,396,414
Noncurrent Assets:	
Investment in prize annuities	6,430,283
Reserve on deposit with MUSL	7,046,116
Capital assets - net	3,696,952
Total noncurrent assets	17,173,351
Total assets	$53,569,765

IOWA LOTTERY AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2012
FINAL

LIABILITIES	
Current liabilities:	
Online games prizes payable	2,712,402
Accounts payable	2,395,979
Current obligation for annuities	1,400
Administrative payroll payable	254,726
Due to:	
State General Fund	17,771,505
Veterans Trust Fund	475,981
Other state agencies	101,982
Interest Payable	3,010
Deferred revenue	178,725
Accrued compensated Absences	1,850,172
State withholding payable	8,046,524
Federal withholding payable	5,000
Total current liabilities	33,797,406
Long-term liabilities:	
Annuities payable	6,430,283
Bonds payable	1,100,000
Prize reserve fund	7,046,116
Total long-term liablities	14,576,399
Total liabilities	48,373,805
NET ASSETS	
Invested in capital assets	2,596,952
Unrestricted	2,599,008
Total net assets	$5,195,960

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

	Month ended June 30, 2012	Month ended June 30, 2011	Year-to-date June 30, 2012	Year-to-date June 30, 2011
OPERATING REVENUES				
Instant-scratch ticket sales	$14,399,227	$13,978,931	$188,814,325	$165,329,031
Pick 3 sales	560,473	527,397	6,743,717	6,573,020
Powerball sales	5,340,243	3,997,206	57,934,104	47,124,656
Mega Millions sales	1,249,582	1,053,121	22,293,152	16,051,016
Hot Lotto sales	844,273	887,424	10,525,347	11,608,730
Pick 4 sales	230,015	213,615	2,788,613	2,701,949
$100,000 Cash Game sales	372,492	320,401	4,314,098	3,687,370
Pull-tab sales	1,289,550	1,443,804	17,438,369	18,315,275
Application fees	350	775	4,075	5,575
Other revenue	35,263	796	212,884	138,133
Total operating revenues	**24,321,468**	**22,423,470**	**311,068,684**	**271,534,755**
OPERATING EXPENSES				
Scratch ticket prize expense	8,723,307	8,743,308	116,954,213	103,652,725
Pick 3 prize expense	330,894	313,978	3,993,780	3,894,422
Powerball prize expense	2,625,581	1,926,230	28,287,777	22,553,385
Mega Millions prize expense	632,489	544,834	11,307,020	8,365,976
Hot Lotto prize expense	410,880	432,118	5,118,123	5,608,729
Pick 4 prize expense	135,924	126,549	1,634,063	1,596,054
$100,000 Cash Game prize expense	198,412	151,945	2,175,236	1,745,257
Pull-tab prize expense	804,187	904,367	10,912,790	11,458,672
VIP Club prize expense	160,714	-	1,907,142	-
Promotional prize expense	29,129	2,103	152,303	85,858
Advertising/publicity	670,821	634,514	6,605,304	6,647,468
Retailer compensation expense	1,846,422	1,421,291	20,125,497	17,284,432
Ticket expense	229,233	210,882	3,115,487	2,784,308
Vendor compensation expense	468,702	478,760	6,204,116	5,848,081
Salary and benefits	904,861	1,101,357	9,120,063	8,650,620
Travel	36,777	51,093	451,040	415,007
Supplies	11,211	16,926	147,091	110,465
Printing	589	500	15,031	13,830
Postage	289	326	6,238	5,112
Communications	12,967	42,339	130,366	518,708
Rentals	26,900	24,262	290,595	277,163
Utilities	6,377	5,827	97,579	103,438
Professional fees	44,292	60,371	165,225	118,062
Vending machine maintenance	44,818	44,788	537,941	526,196
Outside services and repairs	229,403	40,038	460,445	306,730
Data processing	4,207	3,790	50,320	46,670
Equipment	373,482	81,784	719,188	387,674
Reimbursement to other state agencies	34,876	31,315	433,436	432,878
Depreciation	18,899	10,659	173,611	117,508
Other	(20,387)	4,369	56,009	58,006
MUSL administrative expense	3,759	3,377	45,106	40,528
Total operating expenses	**19,000,015**	**17,414,000**	**231,392,135**	**203,653,962**
Operating income (loss)	**5,321,453**	**5,009,470**	**79,676,549**	**67,880,793**

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

	Month ended June 30, 2012	Month ended June 30, 2011	Year-to-date June 30, 2012	Year-to-date June 30, 2011
Non-operating revenues (expenses)				
Proceeds deposited to:				
State General Fund	(5,047,647)	(4,968,521)	(76,012,455)	(64,896,382)
Veterans Trust Fund	(78,236)	(152,856)	(2,719,494)	(3,105,371)
Interest Income	8,818	6,746	105,755	146,178
Interest expense	(3,010)	(3,284)	(39,134)	(42,418)
Net non-operating revenues (expen:	**(5,120,075)**	**(5,117,915)**	**(78,665,328)**	**(67,897,993)**
Change in net assets	**201,378**	**(108,445)**	**1,011,221**	**(17,200)**
Net assets, beginning of period	4,994,582	4,293,184	4,184,739	4,201,939
Net assets, end of period	**$5,195,960**	**$4,184,739**	**$5,195,960**	**$4,184,739**

IOWA LOTTERY AUTHORITY
ANALYSIS OF NET ASSETS
JUNE 30, 2012
FINAL

Cash restricted for vehicle purchases	$295,620
Ticket inventory	2,303,388
Capital assets - net of related debt	2,596,952
Net Assets	$5,195,960

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR FISCAL YEARS 2008 THROUGH 2012
FINAL

	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008
OPERATING REVENUES					
Instant-scratch ticket sales	$ 188,814,325	$165,329,031	143,759,258	136,268,555	$137,917,848
Pick 3 sales	6,743,717	6,573,020	6,531,001	6,534,765	6,373,362
Powerball sales	57,934,104	47,124,656	59,190,012	58,220,203	63,761,024
Mega Millions sales	22,293,152	16,051,016	5,544,128	0	0
Hot Lotto sales	10,525,347	11,608,730	13,653,746	14,329,610	11,724,416
Raffle sales	0	0	789,200	0	1,425,460
Pick 4 sales	2,788,613	2,701,949	2,662,191	2,555,237	2,315,469
$100,000 Cash Game sales	4,314,098	3,687,370	3,908,785	4,113,307	4,291,933
Pull-tab sales	17,438,369	18,315,275	20,217,316	21,315,424	21,407,956
Application fees	4,075	5,575	3,975	3,680	5,150
Other revenue	212,884	138,133	22,147	65,449	47,962
Total operating revenues	**311,068,684**	**271,534,755**	**256,281,759**	**243,406,230**	**249,270,580**
OPERATING EXPENSES					
Scratch ticket prize expense	116,954,213	103,652,725	91,479,848	81,846,620	85,907,684
Pick 3 prize expense	3,993,780	3,894,422	3,958,003	3,834,735	3,763,710
Powerball prize expense	28,287,777	22,553,385	28,558,287	28,118,140	30,749,779
Mega Millions prize expense	11,307,020	8,365,976	2,879,811	0	0
Hot Lotto prize expense	5,118,123	5,608,729	6,610,476	7,015,713	5,668,710
Raffle prize expense	0	0	392,876	(10,500)	1,200,000
Pick 4 prize expense	1,634,063	1,596,054	1,544,018	1,473,587	1,352,661
$100,000 Cash Game prize expense	2,175,236	1,745,257	2,005,333	2,271,476	2,525,366
Pull-tab prize expense	10,912,790	11,458,672	12,702,718	13,389,649	13,397,429
VIP Club prize expense	1,907,142	0	0	0	0
Promotional prize expense	152,303	85,858	322,417	485,921	104,236
Advertising/Publicity	6,605,304	6,647,468	7,539,052	7,007,617	7,307,529
Retailer compensation expense	20,125,497	17,284,432	16,109,637	15,298,641	15,650,431
Ticket expense	3,115,487	2,784,308	2,683,364	2,674,067	2,444,025
Vendor compensation expense	6,204,116	5,848,081	8,168,273	7,796,934	7,823,721
Salary and benefits	9,120,063	8,650,620	9,819,749	8,759,206	9,435,111
Travel	451,040	415,007	369,153	404,876	443,445
Supplies	147,091	110,465	104,863	110,739	107,592
Printing	15,031	13,830	14,477	9,582	17,737
Postage	6,238	5,112	6,166	4,718	4,528
Communications	130,366	518,708	562,025	568,096	574,029
Rentals	290,595	277,163	285,660	290,254	277,173
Utilities	97,579	103,438	98,468	103,240	114,292
Professional fees	165,225	118,062	165,833	121,965	144,953
Vending machine maintenance	537,941	526,196	488,697	489,809	492,495
Outside services & repairs	460,445	306,730	403,083	197,386	264,151
Data processing	50,320	46,670	37,700	40,929	37,998
Equipment	719,188	387,674	152,832	204,598	155,425
Reimbursement to other state agencies	433,436	432,878	455,697	435,976	500,235
Depreciation	173,611	117,508	864,963	1,403,051	1,407,901
Other	56,009	58,006	104,355	132,141	129,169
MUSL administrative expense	45,106	40,528	17,818	0	0
Total operating expenses	**231,392,135**	**203,653,962**	**198,905,652**	**184,479,166**	**192,001,515**
Operating income (loss)	**79,676,549**	**67,880,793**	**57,376,107**	**58,927,064**	**57,269,065**

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR FISCAL YEARS 2008 THROUGH 2012
FINAL

	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008
Non-operating revenue (expense)					
State General Fund	(76,012,455)	(64,896,382)	(55,245,512)	(56,550,792)	(55,296,265)
Veterans Trust Fund	(2,719,494)	(3,105,371)	(2,661,554)	(2,783,377)	0
Gambler's Treatment Program	0	0	0	(1,219,137)	(1,249,853)
Interest income	105,755	146,178	364,957	421,090	699,922
Interest expense	(39,134)	(42,418)	(45,702)	(48,986)	(109,467)
Net non-operating revenues(expenses)	(78,665,328)	(67,897,993)	(57,587,811)	(60,181,202)	(55,955,663)
Change in net assets	**1,011,221**	**(17,200)**	**(211,704)**	**(1,254,138)**	**1,313,402**
Net assets, beginning of period	4,184,739	4,201,939	4,413,643	5,667,781	4,354,379
Net assets, end of period	**$5,195,960**	**$4,184,739**	**$4,201,939**	**$4,413,643**	**$5,667,781**

IOWA LOTTERY AUTHORITY
FY 2012 - July 2011 thru June 2012
CONFERENCE/SEMINAR OUT OF STATE TRAVEL

DATES	NAME	DESTINATION	TOTAL EXPENSES
7/25/11 - 7/28/11	Teri Tebockhorst	New Orleans, LA	$1,196.42
7/25/11 - 7/28/11	Mary Neubauer	New Orleans, LA	$1,618.90
7/24/11 - 7/28/11	Jack Schroeder	New Orleans, LA	$1,708.88
7/25/11 - 7/28/11	Molly Juffernbruch	New Orleans, LA	$1,567.21
7/25/11 - 7/28/11	Brenda Loy	New Orleans, LA	$1,574.06
7/24/11 - 7/29/11	Steve Bogle	New Orleans, LA	$1,836.05
10/1/11 - 10/4/11	Tom Warner	Chicago, IL	$1,237.77
10/1/11 - 10/4/11	Chuck Ellis	Chicago, IL	$1,432.34
10/25/11 - 10/28/11	Ken Brickman	Indianapolis, IN	$979.04
10/24/11 - 10/28/11	Larry Loss	Indianapolis, IN	$2,482.30
10/24/11 - 10/26/11	Mary Neubauer	Indianapolis, IN	$1,600.16
2/6/12 - 2/10/12	Steve Bogle	Alpharetta, GA	$1,359.73
2/6/12 - 2/10/12	Martha Scanlan	Alpharetta, GA	$1,008.79
2/23/12 - 2/25/12	Chuck Ellis	Kansas City, MO	$279.93
2/23/12 - 2/25/12	Tom Warner	Kansas City, MO	$279.26
2/27/12 - 2/29/12	Deirdre Demmerly	Las Vegas, NV	$33.02
2/27/12 - 2/29/12	Larry Loss	Las Vegas, NV	$125.33
4/23/12 - 4/25/12	Teri Tebockhorst	Washington DC	$1,311.87
4/23/12 - 4/27/12	Brad Wells	Deadwood, SD	$350.66
6/11/12 - 6/14/12	Terry Rich	Atlanta, GA	$500.00
6/12/12 - 6/15/12	Terry Rich	Atlanta, GA	$150.00
6/13/12 - 6/15/12	Larry Loss	Atlanta, GA	$983.95
		TOTAL	$23,615.67

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: August 16, 2012

TO: Board Members of the Iowa Lottery Authority

FROM: Brenda Nye, Chief Financial Officer BN

Attached are the financial statements for July 2012. During July, we had revenue of $24,003,425. This sales level resulted in $5,310,624 of proceeds payable to the State General Fund and $268,863 of proceeds payable to the Veterans Trust Fund.

Attachments

IOWA LOTTERY AUTHORITY

SCHEDULE OF ECONOMIC BENEFITS

July 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
Proceeds to the State General Fund:		
Prior to Fiscal Year 2013	$1,148,429,496	
Fiscal Year 2012		
Transferred	0	
Payable	5,310,624	
		1,153,740,120
Proceeds to the Veterans Trust Fund:		
Prior to Fiscal Year 2013	$11,269,796	
Fiscal Year 2012		
Transferred	0	
Payable	268,863	
		11,538,659
Total		$1,400,997,353

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

	Month ended July 31, 2012	Month ended July 31, 2011
OPERATING REVENUES		
Instant-scratch ticket sales	$14,527,079	$13,356,839
Pick 3 sales	561,001	533,188
Powerball sales	4,706,836	4,088,440
Mega Millions sales	1,161,732	1,175,444
Hot Lotto sales	1,037,656	869,215
Pick 4 sales	241,026	219,012
$100,000 Cash Game sales	364,950	336,125
Pull-tab sales	1,401,878	1,295,614
Application fees	350	300
Other revenue	917	309
Total operating revenues	**24,003,425**	**21,874,486**
OPERATING EXPENSES		
Scratch ticket prize expense	9,616,942	8,188,451
Pick 3 prize expense	331,730	316,473
Powerball prize expense	2,301,338	1,985,341
Mega Millions prize expense	586,822	598,834
Hot Lotto prize expense	506,505	424,690
Pick 4 prize expense	137,151	127,068
$100,000 Cash Game prize expense	194,841	159,255
Pull-tab prize expense	878,430	810,660
VIP Club prize expense	166,071	112,500
Promotional prize expense	5,878	30,156
Advertising/publicity	573,988	479,536
Retailer compensation expense	1,525,623	1,380,883
Ticket expense	226,993	168,393
Vendor compensation expense	489,606	413,615
Salary and benefits	803,063	651,587
Travel	33,817	35,910
Supplies	20,928	27,271
Printing	312	176
Postage	297	216
Communications	9,774	14,597
Rentals	25,665	22,512
Utilities	7,449	6,730
Professional fees	3,324	3,034
Vending machine maintenance	44,818	44,847
Outside services and repairs	23,750	24,520
Data processing	3,914	3,990
Equipment	7,659	11,064
Reimbursement to other state agencies	27,498	26,741
Depreciation	20,283	11,041
Other	4,019	3,777
Total operating expenses	**18,578,488**	**16,083,868**
Operating income (loss)	**5,424,937**	**5,790,618**

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

	Month ended July 31, 2012	Month ended July 31, 2011
Non-operating revenues (expenses)		
Proceeds deposited to:		
State General Fund	(5,310,624)	(5,684,111)
Veterans Trust Fund	(268,863)	(57,594)
Interest expense	(3,010)	(3,284)
Net non-operating revenues (expenses	**(5,582,497)**	**(5,744,989)**
Change in net assets	**(157,560)**	**45,629**
Net assets, beginning of period	5,195,960	4,184,739
Net assets, end of period	**$5,038,400**	**$4,230,368**

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, 2012

TO: Board Members of the Iowa Lottery Authority

FROM: Brenda Nye, Chief Financial Officer

Attached are the financial statements for August 2012. During August, we had revenue of $27,675,064. This sales level resulted in $6,687,662 of proceeds payable to the State General Fund and $450,192 of proceeds payable to the Veterans Trust Fund.

Attachments

IOWA LOTTERY AUTHORITY

SCHEDULE OF ECONOMIC BENEFITS

August 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
Proceeds to the State General Fund:		
Prior to Fiscal Year 2013	$1,148,429,496	
Fiscal Year 2012		
Transferred	0	
Payable	11,998,286	
		1,160,427,782
Proceeds to the Veterans Trust Fund:		
Prior to Fiscal Year 2013	$11,269,796	
Fiscal Year 2012		
Transferred	0	
Payable	719,054	
		11,988,850
Total		**$1,408,135,206**

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

	Month ended August 31, 2012	Month ended August 31, 2011	Year-to-date August 31, 2012	Year-to-date August 31, 2011
OPERATING REVENUES				
Instant-scratch ticket sales	$15,439,168	$14,609,029	$29,966,247	$27,965,868
Pick 3 sales	564,238	529,235	1,125,238	1,062,423
Powerball sales	7,556,534	5,043,711	12,263,370	9,132,151
Mega Millions sales	1,253,041	1,069,603	2,414,773	2,245,047
Hot Lotto sales	758,449	954,019	1,796,105	1,823,234
Pick 4 sales	244,962	222,886	485,988	441,899
$100,000 Cash Game sales	380,090	351,717	745,040	687,842
Pull-tab sales	1,473,752	1,485,648	2,875,630	2,781,262
Application fees	250	275	600	575
Other revenue	4,580	750	5,497	1,058
Total operating revenues	**27,675,064**	**24,266,873**	**51,678,488**	**46,141,359**
OPERATING EXPENSES				
Scratch ticket prize expense	9,520,983	8,724,106	19,137,925	16,912,557
Pick 3 prize expense	332,923	311,341	664,653	627,814
Powerball prize expense	3,721,943	2,476,417	6,023,281	4,461,758
Mega Millions prize expense	635,317	537,927	1,222,139	1,136,761
Hot Lotto prize expense	320,038	463,651	826,543	888,340
Pick 4 prize expense	146,667	129,707	283,818	256,774
$100,000 Cash Game prize expense	203,482	166,372	398,323	325,628
Pull-tab prize expense	921,301	932,653	1,799,731	1,743,313
VIP Club prize expense	165,162	165,112	331,233	277,612
Promotional prize expense	10,232	6,556	16,110	36,712
Advertising/publicity	539,961	524,599	1,113,949	1,004,135
Retailer compensation expense	1,777,517	1,533,835	3,303,140	2,914,718
Ticket expense	232,568	197,787	459,561	366,180
Vendor compensation expense	566,022	487,762	1,055,628	901,377
Salary and benefits	847,577	799,536	1,650,640	1,451,122
Travel	40,786	43,339	74,603	79,249
Supplies	4,523	4,604	25,451	31,875
Printing	0	3,013	312	3,189
Postage	465	375	761	591
Communications	10,594	9,207	20,367	23,804
Rentals	24,705	22,002	50,370	44,514
Utilities	7,317	7,714	14,766	14,445
Professional fees	4,640	1,476	7,964	4,510
Vending machine maintenance	44,691	44,847	89,509	89,695
Outside services and repairs	25,662	4,088	49,412	28,608
Data processing	4,227	3,884	8,142	7,874
Equipment	27,751	6,102	35,411	17,166
Reimbursement to other state agencies	27,356	29,976	54,854	56,717
Depreciation	20,283	11,295	40,566	22,336
Other	3,135	7,535	7,154	11,312
MUSL administrative expense	0	7,518	0	7,518
Total operating expenses	**20,187,828**	**17,664,336**	**38,766,316**	**33,748,204**
Operating income (loss)	**7,487,236**	**6,602,537**	**12,912,172**	**12,393,155**

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

	Month ended August 31, 2012	Month ended August 31, 2011	Year-to-date August 31, 2012	Year-to-date August 31, 2011
Non-operating revenues (expenses)				
Proceeds deposited to:				
State General Fund	(6,687,662)	(6,081,167)	(11,998,286)	(11,765,278)
Veterans Trust Fund	(450,192)	(350,656)	(719,054)	(408,250)
Interest Income	0	45,106	0	45,106
Interest expense	(3,010)	(3,284)	(6,020)	(6,568)
Net non-operating revenues (expen	**(7,140,864)**	**(6,390,001)**	**(12,723,360)**	**(12,134,990)**
Change in net assets	**346,372**	**212,536**	**188,812**	**258,165**
Net assets, beginning of period	5,038,400	4,230,368	5,195,960	4,184,739
Net assets, end of period	**$5,384,772**	**$4,442,904**	**$5,384,772**	**$4,442,904**

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2013

Month		JUL	AUG			SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Gross Sales	Budget '13	20,704,712	23,236,949			21,008,030	21,964,053	22,422,595	23,240,177	23,369,824	24,166,499	26,112,372	24,460,279	24,080,068	22,334,442
	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	22,421,899
	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	24,285,855
	Actual '13	24,002,158	27,670,234			-	-	-	-	-	-	-	-	-	-
Prize Expense	Budget '13	12,225,406	13,720,606	59.05%	1)	12,404,507	12,969,005	13,239,758	13,722,512	13,799,064	14,269,472	15,418,442	14,442,939	14,218,438	13,187,707
	Actual '11	12,779,039	11,692,728	56.96%	2)	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
	Actual '12	12,753,428	13,913,842	57.34%	3)	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	14,047,112
	Actual '13	14,725,708	15,978,048	57.74%	4)	-	-	-	-	-	-	-	-	-	-
Operating Expenses	Budget '13	458,823	982,362			982,362	1,432,779	849,140	982,362	988,706	988,706	988,706	1,442,295	855,484	1,640,924
	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
	Actual '12	460,879	794,576			991,760	874,688	1,261,482	757,874	882,297	883,113	949,752	878,951	1,376,977	1,385,431
	Actual '13	523,449	891,820			-	-	-	-	-	-	-	-	-	-
Proceeds to General Fund	Budget '13	4,898,370	5,030,028			4,453,312	4,250,259	4,952,542	5,030,864	5,058,065	5,264,198	5,767,679	4,886,623	5,375,057	4,137,949
	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
	Actual '12	5,684,111	6,081,167			5,029,059	5,818,860	7,365,377	5,345,966	5,759,711	7,373,869	9,782,829	6,894,379	5,829,479	5,068,886
	Actual '13	5,310,624	6,687,662			-	-	-	-	-	-	-	-	-	-
Proceeds to Veterans Trust	Budget '13	91,838	462,261			333,090	181,235	149,349	144,787	207,474	316,167	411,416	219,105	160,997	122,281
	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	78,236
	Actual '13	268,863	450,192			-	-	-	-	-	-	-	-	-	-
Total Proceeds	Budget '13	4,990,208	5,492,289			4,786,402	4,431,494	5,101,891	5,175,651	5,265,539	5,580,365	6,179,095	5,105,728	5,536,054	4,260,230
	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
	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	5,147,122
	Actual '13	5,579,487	7,137,854			-	-	-	-	-	-	-	-	-	-
YEAR TO DATE															
Gross Sales	Budget '13	20,704,712	43,941,661			64,949,691	86,913,744	109,336,339	132,576,516	155,946,340	180,112,839	206,225,211	230,685,490	254,765,558	277,100,000
	Actual '11	20,683,463	41,210,343	25.39%	5)	61,479,079	82,186,834	104,600,983	128,239,974	152,106,619	174,699,328	201,856,234	226,006,812	248,969,142	271,391,047
	Actual '12	21,873,877	46,139,725	11.99%	6)	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	310,851,725
	Actual '13	24,002,158	51,672,392	14.96%	7)										
Prize Expense	Budget '13	12,225,406	25,946,012	59.05%	1)	38,350,519	51,319,524	64,559,282	78,281,794	92,080,858	106,350,330	121,768,772	136,211,711	150,430,149	163,617,856
	Actual '11	12,779,039	24,471,767	59.38%	2)	36,235,213	48,528,809	60,919,695	74,961,882	88,702,966	102,984,649	118,027,395	131,823,976	145,815,626	158,961,078
	Actual '12	12,753,428	26,667,270	57.80%	3)	39,211,143	53,629,473	67,584,790	84,133,742	99,766,035	117,757,145	137,438,362	152,540,124	168,390,934	182,438,046
	Actual '13	14,725,708	30,703,756	59.42%	4)										
Operating Expenses	Budget '13	458,823	1,441,185			2,423,547	3,856,326	4,705,466	5,687,828	6,676,534	7,665,240	8,653,946	10,096,241	10,951,725	12,592,649
	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
	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	11,497,780
	Actual '13	523,449	1,415,269												
Proceeds to General Fund	Budget '13	4,898,370	9,928,398			14,381,710	18,631,969	23,584,511	28,615,375	33,673,440	38,937,638	44,705,317	49,591,940	54,966,997	59,104,946
	Actual '11	4,714,318	9,912,842			14,208,509	19,218,517	25,473,928	31,080,089	37,288,955	41,624,438	48,859,318	55,112,899	59,927,863	64,896,382
	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	76,033,693
	Actual '13	5,310,624	11,998,286												
Proceeds to Veterans Trust	Budget '13	91,838	554,099			887,189	1,068,424	1,217,773	1,362,560	1,570,034	1,886,201	2,297,617	2,516,722	2,677,719	2,800,000
	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
	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	2,719,493
	Actual '13	268,863	719,055												
Total Proceeds	Budget '13	4,990,208	10,482,497			15,268,899	19,700,393	24,802,284	29,977,935	35,243,474	40,823,839	47,002,934	52,108,662	57,644,716	61,904,946
	Actual '11	4,845,963	10,427,127	21.96%	5)	15,164,463	20,425,587	26,889,121	32,698,730	39,091,659	43,694,890	51,402,089	57,884,825	62,880,378	68,001,753
	Actual '12	5,741,705	12,173,528	4.47%	6)	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	78,753,186
	Actual '13	5,579,487	12,717,341	17.57%	7)										

1) Budget FY13 Prize Payout
2) Actual FY11 Prize Payout
3) Actual FY12 Prize Payout
4) Actual FY13 Prize Payout
5) Actual FY13 compared to Actual FY11
6) Actual FY13 compared to Actual FY12
7) Actual FY13 compared to Budget FY13

SECURITY REPORT

JULY 2012

INVESTIGATIONS
Cases opened: 4
Cases closed: 0

TYPES
Employee theft: 2
Theft: 1
Robbery: 1

EVENTS
Provide security for the $100,000 Cash Game and all second chance and promotional drawings, 26 drawings.

MISCELLANEOUS
Assist Validations Department: 8
Law Enforcement contacts: 5
ABD: 10
Records of contact: 103
Juvenile: 0
Retailer assist: 2
Customer assist: 4
Ticket reconstruction: 12
Ticket print: 1

AUGUST 2012

INVESTIGATIONS
Cases opened: 1
Cases closed: 0

TYPES
Customer complaint: 1

EVENTS
Provide security for the $100,000 Cash Game and all second chance and promotional drawings, 27 drawings. Assisted in the Mystery Millionaire promotion at the Iowa State Fair.

MISCELLANEOUS
Assist Validations Department: 11
Law Enforcement contacts: 8
ABD: 14
Records of contact: 29
Juvenile: 0
Retailer assist: 1
Compliance checks: 1
Ticket print: 2
VIP assists: 8

Budget for Lottery Fund

	FY 2012 ACTUAL	FY 2013 BOARD APPROVED BUDGET	FY 2014 PROPOSED BUDGET	FY 2015 PROPOSED BUDGET
Resources				
Lottery sales	310,851,725	277,100,000	281,000,000	287,685,000
Interest income	105,755	500,000	500,000	500,000
Application fees	4,075	5,000	5,000	5,000
Other	212,884	5,000	5,000	5,000
Total Resources	**311,174,439**	**277,610,000**	**281,510,000**	**288,195,000**
Expenses and Change in Net Assets				
Prizes	182,442,447	163,617,856	165,430,394	169,357,666
Retailer compensation	20,125,497	17,648,025	18,193,075	18,625,889
Advertising production and media purchases	6,603,456	11,084,000	11,240,000	11,507,400
Retailer Lottery system/Terminal Communications	6,213,722	6,392,184	6,474,240	6,628,262
Instant/Pull-tab ticket expense & machine maintenance	3,705,428	3,622,000	4,085,000	4,185,000
Terminal equipment/Ticket dispensers/Vending machines	213,216	200,000	250,000	250,000
Courier delivery of instant tickets	108,581	455,000	535,000	535,000
Interest expense (ITVM/PTVM/Building)	39,134	45,000	32,840	29,556
Lottery operating expense	11,979,788	12,592,649	13,015,308	14,519,808
Increase (decrease) in net assets	1,011,221	48,341	48,341	48,341
Total Expenses and Change in Net Assets	**232,442,490**	**215,705,055**	**219,304,198**	**225,686,922**
Proceeds				
Proceeds Transfer to General Fund	76,012,455	59,104,946	59,405,802	59,708,078
Proceeds Transfer to Veterans Trust Fund	2,719,494	2,800,000	2,800,000	2,800,000
Total Proceeds Transfers	**78,731,949**	**61,904,946**	**62,205,802**	**62,508,078**
Total Expenses and Proceeds	**311,174,439**	**277,610,000**	**281,510,000**	**288,195,000**
	-	-	-	-

Lottery Operations - Budget Detail

	FY 2012 ACTUAL	FY 2013 BOARD APPROVED BUDGET	FY 2014 PROPOSED BUDGET	FY 2015 PROPOSED BUDGET
Administrative payroll	9,120,063	9,915,649	9,915,649	11,515,649 *
Travel	451,040	443,000	495,000	495,000
Supplies	116,163	105,000	125,000	125,000
Printing	11,022	15,000	16,000	16,000
Postage	6,238	6,000	6,500	6,500
Communications	124,769	175,000	160,000	160,000
Rentals	290,595	300,000	305,000	310,000
Utilities	97,579	105,000	105,000	105,000
Professional fees	161,225	135,000	170,000	230,000
Outside services and repair	340,749	400,000	400,000	400,000
Data processing	50,320	50,000	55,000	55,000
Equipment	500,015	170,000	430,500	250,000
Reimbursement to state agencies	433,436	450,000	475,000	495,000
Depreciation	173,611	223,000	251,659	251,659
Other expenses	102,963	100,000	105,000	105,000
Total operating expenses	**$ 11,979,788**	**$ 12,592,649**	**$ 13,015,308**	**$ 14,519,808**

* Step increases and cost of living adjustments are not included in FY14 or FY15 budgets. Budgets will be adjusted after contract negotiations are complete and salary and benefit increases are known.

FY15 Adminstrative payroll includes an estimated $1.6 million for unfunded pension liability. This will be required to be recorded under a new GASB statement that goes into effect in FY15.

Extension to the Agreement for Maintenance of Pull-Tab and Instant Ticket Vending Machines

THIS EXTENSION, is effective on October 1, 2012 and is made by and between the **IOWA LOTTERY AUTHORITY** (the "Lottery"), and **Pollard Games, Inc. dba American Games Inc.** (Contractor).

In consideration of the premises and the mutual promises and covenants herein contained, the parties hereto agree as follows:

SECTION 1. IDENTITY OF THE PARTIES.

1.1 The Lottery is an instrumentality of the State of Iowa and is authorized by Iowa Code Chapter 99G to conduct a lottery in the State of Iowa. The Lottery's address is 2323 Grand Ave., Des Moines, Iowa 50312.

1.2 American Games, Inc. (Contractor) is a corporation, whose business, is among other things manufacture of vending machines and related services. The address for Contractor is 504 34th Avenue, Council Bluffs, IA 51501.

SECTION 2. STATEMENT OF AGREEMENT AND PURPOSE.

The Lottery and Contractor entered into an Agreement for Maintenance of Pull-Tab and Instant Ticket Vending Machines (Agreement), effective October 1, 2010 through September 30, 2012. The Agreement provides that the Lottery and the Contractor can extend the Agreement for two one-year option periods.

SECTION 3. EXTENSION. Pursuant to Section 4 of the Agreement, the Lottery is hereby extending the Agreement through September 30, 2013.

SECTION 4. RATIFICATION. Except as expressly amended hereby, the Agreement shall remain in full force and effect, and the parties hereby ratify and confirm the terms and conditions thereof.

SECTION 5. AUTHORIZATION. Each party to this Agreement represents and warrants to the other that:

5.1 It has the right, power and authority to enter into and perform its obligations under this Agreement.

5.2 It has taken requisite action (corporate or otherwise) to approve execution, delivery and performance of this Agreement, and this Agreement constitutes a legal, valid and binding obligation upon itself in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency and similar laws.

SECTION 6. EXECUTION.

IN WITNESS WHEREOF, in consideration of mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Agreement and have caused their duly authorized representatives to execute this Agreement.

Iowa Lottery Authority

By:_____

Larry Loss
Executive Vice President

Date:_____

Pollard Games, Inc. dba American Games, Inc.

By:_____

Date:_____