

2022



Delivering Results ... Ensuring Operational Integrity
Annual Report 2022

CEO Matthew N. Strawn



On behalf of the people of Iowa, the Iowa Lottery is proud to have generated a near-record \$98 million in proceeds to state causes in fiscal year 2022. FY 2022 completes the most successful two-year period of sales, proceeds and prizes in the history of the Iowa Lottery. Combined with last year’s more than 20 percent increase in sales and proceeds, the Iowa Lottery continues to responsibly generate significant revenues for important Iowa causes – even in the face of challenging economic conditions and increased competition for discretionary entertainment spending.

The Lottery’s proceeds to state causes were the result of strong sales, with the \$430 million annual sales mark eclipsed for just the second time in the 37-year history of the Iowa Lottery.

In an environment of challenging economic conditions, including inflation-driven increases in food and gas prices, several Lottery sales categories trended down for the year. Fuel costs have historically had the most direct impact on the sale of scratch games among the Lottery’s products. Data indicates this was the case in FY 2022.

The Iowa Lottery believes that increased competition for consumer discretionary spending also was a factor in its FY 2022 results. The Lottery will continue its efforts to produce innovative products, responsible promotions and efficient operations that will allow it to remain a meaningful source of proceeds for state causes in Iowa.

There were multiple positives for the lottery during the fiscal year in addition to its strong financial performance. Those included record statewide awareness messages to highlight National Problem Gambling Awareness Month in March, the receipt of a clean audit from the State Auditor’s Office, continued lottery security checks at retail locations, and annual operating expenses that were well below budget.

Thank you to our players, our retail partners, state policymakers, and the Iowa Lottery Board and staff for their roles during a challenging – and rewarding – year of delivering results for our fellow Iowans.

With appreciation,



Iowa Lottery Board



Josh Cook of Ankeny joined the Lottery Board in 2019. He is the president and CEO of the Johnston-based Community Choice Credit Union.



Mary Junge served on the Lottery Board from 1999 to 2014 and was re-appointed in 2016. She is a certified public accountant and practicing tax attorney who resides in Cedar Rapids.



Katie New joined the Lottery Board in 2022. She is the senior tax manager at BerganKDV in Urbandale and lives in Indianola.



Mary Rathje joined the Lottery Board in 2015. She is the office manager and controller at Rathje Construction Co. in Marion, where she also resides.



Dana Wingert joined the Lottery Board in 2022. He is the chief of police in Des Moines, where he also resides.



Michael L. Fitzgerald has been a part of the Lottery Board since 2003. He is Iowa’s State Treasurer and lives in Waukee.

Immediate past members:



Sherrae Hanson of Ankeny joined the Lottery Board in 2018, and her term ended in April 2022.



John Quinn joined the Lottery Board in 2018, and his term ended in April 2022.

Operational Integrity

Throughout FY 2022, the Iowa Lottery’s commitment to operational integrity was demonstrated in its service to the people of Iowa.

One of the highlights was the Lottery’s receipt of another clean audit report from the State Auditor’s Office. Under state law, the Auditor reviews the Lottery’s financial operations each year. Those checks are in addition to the security standards the Lottery uses throughout its operations to ensure the security of its games.

In March, the latest audit report of the Lottery was released. It found that the lottery’s financial statements for FY 2021 were presented fairly and in accordance with U.S. generally accepted accounting principles.

The Iowa Lottery also updated its Administrative Rules in FY 2022 to ensure that they accurately reflect the method of play for lotto games. The rules previously had indicated that a player could only verbally request an easy-pick ticket in a lotto game. The rules now refer to purchasing an easy-pick ticket, accurately indicating that there are multiple ways a player can achieve such a transaction.

In a major step forward in convenience, the Lottery also upgraded its retailer licensing structure to an online application through the state’s new licensing portal called GovConnectIowa.

Through the portal, businesses can register or renew some state licenses and permits, file tax returns and reports, make payments, and communicate with relevant state agencies. Multiple state entities, including the Lottery, collaborated on the project to better serve Iowans through modernized technology.

Throughout each year, the Iowa Lottery’s Security Department conducts unannounced security checks at retail locations across the state to ensure winning tickets are being handled appropriately by retail licensees and that the placement of Lottery equipment is in compliance with requirements.

During the compliance checks, undercover Iowa Lottery investigators visit retail locations and pose as customers presenting Lottery tickets for validation and payment. The Lottery’s annual performance target is for its investigators to conduct compliance checks in at least 20 percent of its approximately 2,500 licensed retail locations. In FY 2022, the Lottery conducted compliance checks at 21 percent of its retail locations.

The Iowa Lottery is committed to conducting its games with fairness and integrity and invites anyone with a question or concern about the Lottery or its products to contact Iowa Lottery Security directly at 515-725-7900 or wmaster@ialottery.com.



Social Responsibility

The Iowa Lottery undertook a number of initiatives in FY 2022 to keep focus on integrity, responsible play and informed choices by its players. The Lottery views these efforts as central to its mission of responsibly providing an entertainment option to Iowans and raising proceeds for state causes.

Responsible play is emphasized every day by the Lottery through the information it prints about 1-800-BETS OFF, the statewide helpline of the Iowa Gambling Treatment Program, on millions of lottery tickets, brochures, point-of-sale materials and other publications.

Additional tools are available at retail locations that can help deliver responsible-play messages to consumers. A “play responsibly” icon is on the screens of lottery terminals and self-service kiosks in Iowa. By touching the icon, retail personnel or customers can print out a message about the help available in our state for problem gambling.

In addition, each March, the Lottery works with the Iowa Department of Public Health to highlight National Problem Gambling Awareness Month through a statewide public-service campaign. The public-service messages are delivered across a wide array of media platforms with the goal of best reaching consumers in today’s fragmented world of information consumption. In March 2022, the Lottery’s messages were delivered through broadcast television, cable, radio, outdoor billboards, online streaming services, and social media. In all, nearly \$446,000 in in-kind media placements were secured during the March initiative. The hashtag used during March was #PGAM2022, with messages from public health officials, treatment providers and lotteries across the country.



And each December, the lottery participates in an annual campaign supported by the National Council on Problem Gambling and the North American Association of State and Provincial Lotteries. It reminds the public to consider the age appropriateness of the gifts they are giving during the holidays and all times of the year.

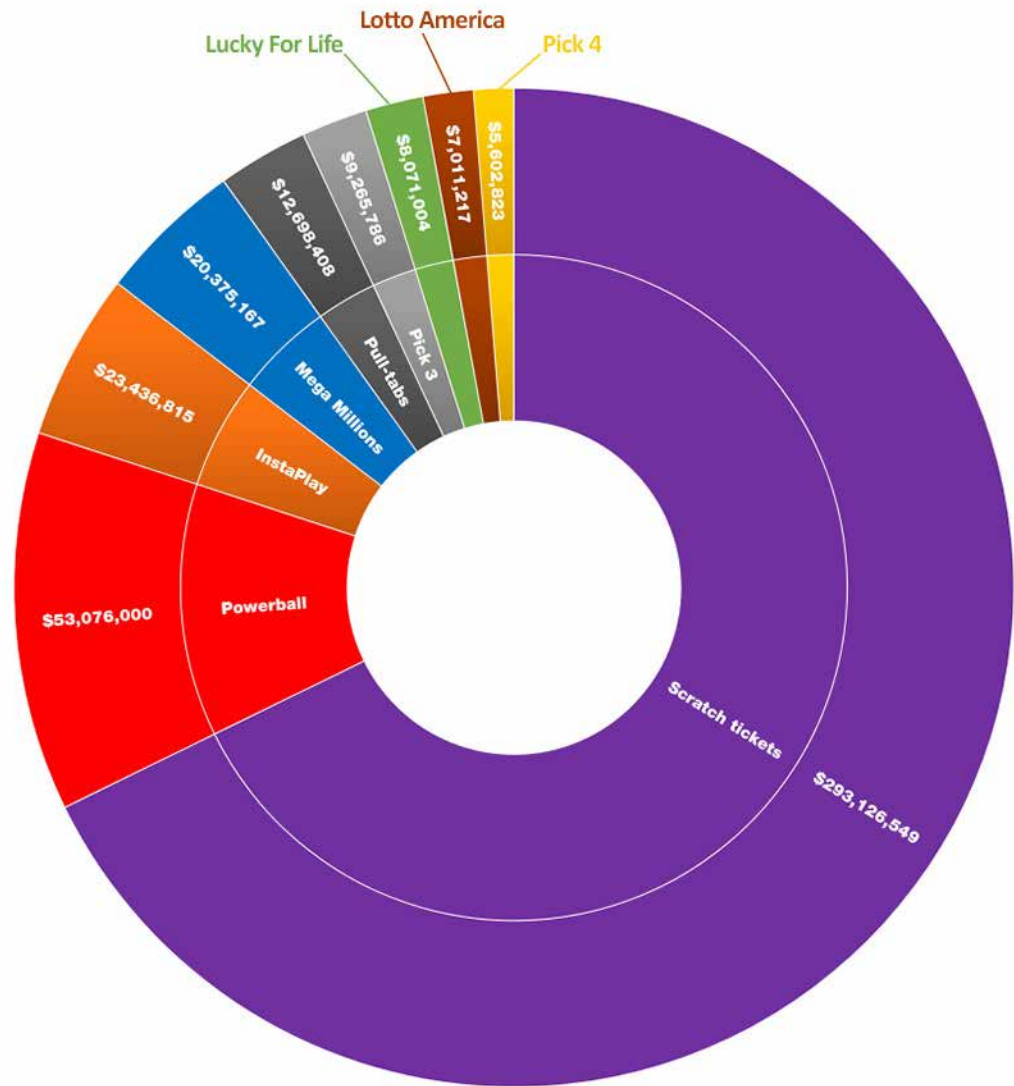
The Lottery’s messages included the reminder that it is important to “gift responsibly”: keep a person’s age in mind when it comes to gift-giving to minimize the risks associated with youth gambling. Youth problem gambling is a growing public health concern. Even though gambling activities are legally restricted to adults, and laws for purchase, play, and redemption vary by state, province, and territory, there is clear evidence that underage youth continue to actively participate in gambling.

For those who have questions about problem gambling, help is available 24/7 in Iowa by calling 1-800-BETS OFF or visiting yourlifeiowa.org, the website of the Your Life Iowa program at the Iowa Department of Health and Human Services.



Sales Notes

- FY 2022 is just the second time that annual Iowa Lottery sales topped \$430 million and its total proceeds to state causes exceeded \$97 million.
- **Lucky For Life** and **Powerball** both saw marked increases in sales in FY 2022, as Lucky For Life transitioned to daily drawings and Powerball to three drawings per week. See Page 5 for more information.
- **Scratch ticket** sales in Iowa were lower in FY 2022, as Iowa households faced strong inflationary headwinds.
- **Pick 4** and **Lotto America** sales increased slightly over the last fiscal year.



Lucky For Life® and Powerball® Add Drawings

Two of the Iowa Lottery’s popular lotto games added additional drawings starting in the summer of 2021.

Powerball moved to drawings three times a week with a new Monday drawing added to those currently held on Wednesday and Saturday nights. And Lucky For Life transitioned to daily drawings, instead of two per week.

The changes were designed to produce more winners, and in the case of Powerball, generate larger, faster-growing jackpots.

The Lucky for Life update happened first, with that game moving to daily drawings beginning on Monday, July 19. Previously, Lucky For Life’s drawings were on Mondays and Thursdays. The change gave that game’s players a daily shot at winning its top prize of \$1,000 a day for the rest of their lives. During this fiscal year, Lucky For Life sales increased more than 44 percent over FY 2021.

In August, Powerball moved from two drawings per week up to three, with its first Monday drawing on August 23. The addition of a third weekly drawing helped Powerball sales improve more than 22 percent in FY 22 over the previous year.

The additional drawings create more chances to win, but did not change the game’s prize levels, odds of winning, or ticket price.

Players in \$2 Powerball still choose their first five numbers from a pool of 69, and another number – called the Powerball – from a separate pool of 26. The Power Play® option is available for an extra \$1 per play.

Lucky For Life players continue to choose their first five numbers from a pool of 48 and another number – called the Lucky Ball – from a separate pool of 18. Lucky For Life is a \$2 game where the top two prize levels are described as “lasting as long as you do,” meaning that they are truly for life. The game has been played in Iowa since 2016.

Lotto Winners

Couple Hoped Winner Was Someone They Knew...



Karla and Keith Elenz of New Hampton, who claimed a \$2 million **Powerball®** prize, said they first got an inkling about the good news when an email was sent out to all employees at their workplace.

Both work at an auto-parts manufacturing facility in New Hampton and said that an interoffice email went out to employees after someone found out that a \$2 million Powerball prize had been won in their Chickasaw County community of about 3,500.

“It said, ‘Oh, my gosh! There’s a winner of \$2 million in New Hampton. Who bought the ticket? Hopefully someone from our office or that we know!’” recalled Karla Elenz.

After reading the email, Karla, 53, said she ran out to her vehicle and got the Powerball ticket that was tucked into the sun visor. Once she checked the numbers on it, she knew she had to find her husband.

Keith Elenz, 55, knew Karla had something big to share, but in the rush of the moment, they had a little trouble communicating.

“She goes, ‘We won!’ And I said, ‘Won what?’” he recalled. “And she goes, ‘Look! Here are the numbers and here’s the ticket!’ And I went, ‘How much did we win?’ She goes, ‘I think \$2 million!’ And I went, ‘Nooo.’”

The Elenzes said that they plan to invest their winnings and help local charities.

“Life is short. I’m going to put my pants on the same way as I did yesterday,” Karla said. “I’m going to work. We’re probably just going to do our regular routine when we leave here.”

Lucky Mistake Led To \$1 Million Mega Millions® Prize

Josh Buster of West Burlington said he thinks a ticket-printing mistake was the lucky break that led to his \$1 million **Mega Millions** win. When he asked for five easy-pick plays for the next Mega Millions drawing, he actually got five separate tickets instead of just one.

“I feel like that changed the numbers that I would have gotten if he had put them all on one instead of making that mistake,” Buster said.

Buster, 40, is a prep chef at a Burlington restaurant. He said he realized very early one morning that he had won big.

“I got up to go to work early in the morning. I opened up the lottery app and scanned my tickets,” he recalled. “I always keep my tickets in the console of my car. And I scanned it in the car and freaked out and ran back inside.”

Buster said that at first, he had trouble believing what he was seeing. He Googled the numbers to make sure they were right.

Buster said he likely will use some of his winnings to pay off his car and the mortgage on his mother’s house, then will put the rest away for retirement.



Iowa Lottery players won \$274.2 million in prizes in FY 2022.

Lucky For Life®



Michael “Micky” Pietz of Adel admits he carried a **Lucky For Life** ticket winning a prize of \$25,000 a year for life around in his wallet for a couple weeks before he ever realized he’d hit big.

Pietz, 37, who works in the gas and utilities industry, said he was using a self-checker at a local store to check the results of his tickets and didn’t notice at first the amount that the machine displayed for one of them. The clerk noticed one of the tickets showed it had won a large amount, so Pietz had the clerk scan the ticket as well. After asking his wife to check the ticket with the lottery app on her phone, he finally believed he had won the big prize.

Pietz chose to receive his winnings in a lump-sum payment of \$390,000. He said that he and his wife planned to use the lottery winnings to pay off debt, invest for their future, and establish educational accounts for their four children.

Doug Schlickman of Davenport was looking forward to having evidence from the Iowa Lottery to prove to his family and friends that he really did win a prize of \$25,000 a year for life in the **Lucky For Life** game.

“I still think there’s a doubt until I come home and I have a check,” he said with a chuckle.

Schlickman, 51, works as a production control supervisor at John Deere Cylinder Works in the Quad Cities.

He said he had three tickets in the game and the numbers on the last one were coming up lucky.

“They were all matching, so of course I had to go back and forth like, ‘Wait a minute, ‘What?’” he said. “Then I pulled up the lottery app to scan the ticket and was like, ‘Oh, wow!’”

After realizing he’d won, Schlickman sent a text to his wife, Sarah, a nurse practitioner, asking her how it felt to be debt free.

“She just sent me some question marks. And then I took a picture on the Iowa Lottery app of when I scanned it and I sent it to her,” he explained.

Schlickman said that he and his wife plan to pay off debt, then invest the winnings for their children’s college expenses and their own retirement.



Chuck Thomas of Cedar Rapids bought a lottery ticket he normally wouldn’t have and won a prize of \$25,000 a year for life in the **Lucky For Life** game.

Thomas, 60, said his good fortune came after a happy accident. He ended up with an extra ticket because he didn’t realize the **Lucky for Life** game had switched earlier in the year to daily drawings instead of twice-weekly drawings. That extra ticket proved to be the big winner. He and his wife checked it after the drawing by scanning it with the Iowa Lottery mobile app.

“We had just ordered carpet,” Sherry Thomas, 55, said with a laugh. “I’m like, ‘Darn, I could’ve got wood floors!’”

The Thomases said they purposely waited to claim the prize until they had a plan in place for their winnings.

The couple chose to receive their winnings in a lump-sum payment of \$390,000. They said they were thinking about buying a hot tub with some of their winnings, but they plan to save and invest most of their winnings with an eye toward retirement.

Scratch and InstaPlay Winners

\$300,000 Win Comes Just in Time for Wedding



Jessica Torres of Estherville won a \$300,000 prize playing the **Colossal Crossword** scratch game and said it couldn't have come at a better time.

"It's a blessing," she said. "We're getting married in October. We just bought a house back in August, but the closing date isn't until October, literally the week of my wedding."

Torres, 28, had taken the day off from work to accompany her son on a school field trip when she bought the ticket. She said the win brought a sense of relief.

"It's nice to know that there's a chunk in savings that will help us down the road," she said. "I'm thankful and I'm grateful. We'll take it slow and do what we can with it."

"I think I'm still in shock and it's been two days," she said. "It's very surreal, pretty much a life-changing moment."

Evan Thomas of Pleasantville bought a My Lucky Day scratch ticket on his way in to work and won a \$50,000 prize.

Thomas, who is a 61-year-old electrician, said he didn't scratch the ticket until he got in to work. He uncovered a winning symbol right away, but waited a minute before he scratched off the prize amount.

"I'm thinking, 'OK, it's probably \$5 or \$10 at the most,' you know?" he said. "I scratched that off. I see the \$50,000, and boy, my heart about stopped."

What was his first thought after he won?

"Oh, I'm taking the day off!" Thomas said with a laugh. "Five minutes later, I was out the door from work."

Thomas said he planned to share his winnings with his two children and use some to pay off his cars.

Electrician Has \$50,000 Lucky Day



Scratch Games

Family Members Split Stocking Stuffer



Bailey Vande Kamp of Knoxville, who won \$20,000 playing the **Ho Oh No!** scratch game she received as a stocking stuffer, said she planned to split the winnings with her brother.

"My brother and I have always gotten scratch-off tickets in our stockings and usually it's like a \$2 ticket, you might win \$2. This year when we scratched it off, we won the \$20,000," she explained. "We just decided to split it because it just as easily could've ended up in his."

Vande Kamp, 22, said that lottery tickets have become an annual stocking stuffer for her and her brother, Ben.

Vande Kamp said she plans to use her portion of the winnings to pay off her car.

InstaPlay

\$303,000 Winner Eyes Retirement



William Bowling of Maquoketa said he has an eye toward retirement after he won \$303,674 playing **Extreme Green Progressive**.

"I've been kind of thinking about retiring at the end of the year. Now, it's going to be a lot easier if I do," the 64-year-old said.

The Extreme Green Progressive jackpot starts at \$20,000 and increases with each ticket sold statewide until it's won. When Bowling saw the jackpot was still climbing, he decided to buy another ticket in the game instead of pocketing winnings from another lottery ticket. He took the ticket to his truck, and that's when he saw his big prize.

"I didn't really get too excited," he said. "I just kept thinking I was going to wake up and I dreamt it, you know? Because I've dreamt stuff before and I woke up and thought, 'Oh no, it isn't real!' That's what I was thinking of for two days."

Besides helping with retirement, Bowling said he is considering using part of his winnings on a family vacation to somewhere warm.

He Won More Than \$100,000 After Watching Jackpot Grow



Terry Burtlow Jr. of Ottumwa said he used FaceTime to tell his wife he'd won \$108,639 playing **JACKPOT PARTY® Progressive**.

"I actually FaceTimed her and just her face on the screen, you could just see her jaw hit the floor," he said of his wife, Ginny. "She couldn't believe it."

Burtlow, a vending technician, purchased his winning ticket when he stopped after completing a job.

The JACKPOT PARTY Progressive jackpot starts at \$10,000 and increases with each ticket sold statewide until it is won.

"I know it's rare to see it go over \$100,000," Burtlow said. "The last week I just kept watching it grow and grow and grow. I'm like, 'Man, is that thing ever going to hit?' It finally hit."

Burtlow, 37, said he and his wife plan to use the winnings to pay off their mortgage and two cars, then save the rest.

She Couldn't Stop Smiling After Lunch-time Win

Ronni Arnold of Fort Dodge bought a lottery ticket on her lunch break and won \$49,628.15 playing **Jumbo Bucks Progressive**.

"I cannot stop smiling. I cannot stop thinking about what I'm going to do with the money and how I can be most responsible with it."

Arnold, 32, said her boyfriend, Ben Palmer, had texted her a screenshot of the Iowa Lottery's mobile app that showed the Jumbo Bucks jackpot was continuing to climb.

She purchased a couple tickets and the first ticket was the big winner.

"I just looked at it and screamed and jumped," Arnold recalled with a laugh.

Arnold said she plans to use her winnings to pay a couple bills and take her sisters and mother to visit another sister in Florida.



Entrants Vie to be Powerball First Millionaire of the Year®



Iowa and 28 other lotteries in the Powerball game participated in the 2021 edition of the First Millionaire of the Year promotion, which gave players the chance to enter their Powerball tickets for a shot at more winnings. Iowa Lottery VIP Club members could enter tickets into the promotion in September, and on Sept. 30, 2021, the Iowa Lottery selected 20 of them as semifinalist winners of \$2,500 each.

Those 20 Iowa winners along with the semifinalists from the other states

in the promotion were then entered into a random drawing to determine five finalists for the \$1 million prize. And Iowa ended up with two of the five!

Iowa's finalists have two very different stories. Shari Beenken of Titonka, a Kossuth County community of about 500, entered Powerball tickets in the promotion she purchased on her own, while Rob Long of Waterloo entered tickets he bought on behalf of a group of his coworkers, friends and family who pool their money to buy tickets. He calls the group Lotto 22.

For being selected as a finalist, Shari and Rob each received a \$10,000 cash prize and a home party package also valued at \$10,000, including a 70-inch LED TV, karaoke system, premium laptop computer, and deluxe dinner for eight.

The \$1 million winner, who was from Pennsylvania, was announced live on air just after midnight EST during ABC's broadcast of Dick Clark's New Year's Rockin' Eve with Ryan Seacrest from New York's Times Square.

Winners Dash For Prizes in Warehouse Dash Holiday Promotion

VIP Club members entered nonwinning holiday scratch tickets for their chance at a once-in-a-lifetime shopping spree or up to \$100,000 cash in the Warehouse Dash holiday promotion Oct. 11, 2021 - Jan. 4, 2022.

Four winners got an exclusive VIP trip to Chicago for a Warehouse Dash. After a welcome dinner at Michael Jordan's Steak House, they each made their warehouse dash the following day.

Angela McClelland of Des Moines, Shelby Nyweide of Tipton, Mike Thompson of Storm Lake and Fawn Berstler-McCrabb of Marengo were the shopping spree winners. Gina Satern of Klemme won the \$100,000 grand prize. Twenty other lucky winners took home \$5,000 cash prizes in the promotion.



Alyn Redlinger and Shelby Nyweide of Tipton begin their 90-second dash.

During the dash, each winner had a partner with them, and their goal was to grab all the items they could fit into two giant wheeled laundry carts.

Popular items this year were drones, big-screen TVs, laptops and portable speaker systems, along with camping gear and premium cooking sets. In the end, each winner ended up with an entire pallet piled high with items from their dash. And hopefully, memories of a very fun and unique trip.



Prize Zone Gives Players Chance to Enter Ongoing Promotions

The Prize Zone gives Iowa Lottery VIP Club members the opportunity to enter eligible tickets in designated Iowa Lottery games for a chance to win select prizes. Often those prizes are Iowa-specific experiences like concerts or sporting events, other times they can win free plays in lotto games or scratch tickets. The Lottery offered cash prizes ranging from \$300 to \$500 in Prize Zone promotions held during fiscal year 2022.



Music Lovers Win Tickets to Attend Concerts

In the summer of 2021, VIP Club members could enter lotto tickets for the chance to win concert tickets:

- In July, players could enter Lucky For Life® tickets for a chance to win tickets to see Justin Moore live in concert at Stir Cove at Harrah's Council Bluffs
 - 20 winners received two VIP concert tickets, a room at Harrah's Council Bluffs the night of the concert, food credit and merchandise
- In August, nonwinning Cherry Twist Progressive InstaPlay tickets gave players a chance to win tickets to see Brett Young perform at the Alliant Energy Power House in Cedar Rapids
 - 20 winners - the VIP prize package included two concert tickets, an exclusive 2-song pre-show performance, a room at the Cedar Rapids Doubletree by Hilton the night of the concert, spending cash and merchandise (This concert was canceled - winners received cash as their prize.)



Hawkeye Fans Get Chance to Enjoy Football Game in Iowa Ironmen Suite

A nonwinning scratch ticket provided the opportunity for VIP Club members to win a VIP Ironmen Suite package to attend an Iowa football game at Kinnick Stadium in Iowa City in October or November.

To enter, VIP Club members could Play It Again® with nonwinning Electric 7's tickets Aug. 16 through Sept. 14, 2021.

Thirty-four lucky Iowa Lottery players and their guests won a VIP experience to the Iowa Ironmen Suite at Kinnick Stadium. Those 34 players each won two tickets to their choice of either the Oct. 9 or Nov. 13 Iowa football game, two bags with University of Iowa and Iowa Lottery swag, food and non-alcoholic beverages during the game and withholding taxes paid. Each package was valued at more than \$1,000.



VIP package winners enjoy the Oct. 9 Iowa vs. Penn State football game in the Iowa Ironmen Suite.

Cyclone Faithful 'Fly With Cy' to Las Vegas



Fifty lucky Iowa Lottery players and their guests who won a once-in-a-lifetime VIP experience to Las Vegas in the Fly With Cy promotion in June 2021 made the trip in September. A portion of their prize was tickets to the Iowa State vs. University of Nevada Las Vegas football game on Sept. 18, 2021, at Allegiant Stadium.

Happy Cyclone fans watched their team defeat the UNLV Rebels 48-3. Some of the 50 winners and their guests are shown here at the game.



Players Win Exclusive Access to INDYCAR Race Weekend With Powerball® Tickets



The lottery's promotion winners had a great view from the suite.



The INDYCAR Series returned to the Iowa Speedway with back-to-back races in Newton in July 2022, and Iowa Lottery players had the chance at tickets to the race weekend through a Powerball promotion that ran April 1 - May 3, 2022.

VIP Club members could enter eligible Powerball tickets in the promotion with 190 prize packages to the INDYCAR Race Weekend. Up for grabs were 20 VIP Suite Experiences and 75 single-day prize packages for the Hy-VeeDeals.com 250 at the Iowa Speedway on July 23, and 20 VIP Suite Experiences and 75 single-day prize packages for the Hy-Vee Salute to Farmers 300 on July 24.

Each VIP Suite Experience included two suite tickets (for either the Saturday or Sunday race), food, non-alcoholic beverages, \$100 spending cash, lottery swag and concert tickets. Each single-day prize package included two grandstand race tickets (for either Saturday or Sunday), concert tickets, food vouchers, \$100 spending cash and lottery swag.

All promotion winners also enjoyed the day's pre- and post-race concerts. Tim McGraw and Florida Georgia Line highlighted Saturday concerts, and Gwen Stefani and Blake Shelton performed on Sunday.



The lottery's promotion winners who had suite tickets for Sunday had a chance to ride along in a race car before the race.

'Think Outside' was Motto for Summer-Long Explore Iowa Promotion

The Iowa Lottery offered Iowans a summer-long celebration that focused on getting outside – and provided players the chance to win some memorable prizes.

The Explore Iowa promotion ran May 1 - Sept. 13, 2022 allowing lottery players to enter nonwinning scratch tickets from the \$5 Explore Iowa scratch game into the promotion for a chance to win gift certificates for Polaris® recreational vehicles and cash prizes. A total of \$400,000 in prizes were awarded in the promotion.

The Explore Iowa scratch game was easy to identify: Its tickets featured Iowa landmarks and a Polaris® recreational vehicle on the front! In addition, our Iowa Lottery Explorers promotional team traveled around the state as ambassadors and hosted dozens of events statewide, some of which allowed Iowans to see the exciting Polaris® vehicles up-close.

The lottery held drawings in June, July and August; each of those drawings awarded three \$25,000 Polaris® gift certificates and five cash prizes of \$5,000. Those who weren't drawn as winners during the summer were eligible for the grand-prize drawings on Sept. 15 in which we awarded a \$50,000 Polaris® gift certificate and a \$50,000 cash prize. (Each Polaris® gift certificate prize included state and federal withholding taxes paid on behalf of the winner.)



Polaris® vehicles on display during an event at Principal Park in Des Moines.

Our Retail Partners

Our retail partners' diligence and support in assisting lottery customers and selling tickets helped us exceed our sales goals. Annual lottery sales commissions to local businesses across Iowa totaled \$28.3 million in FY 2022.



Left, Joey, the manager at Casey's in Eldridge shows off a \$100,000 scratch ticket winner sold in her store.



Right, Regina at the Hy-Vee on SE 14th St. in Des Moines is happy about a \$100,000 winner sold in her store.



Right, Diane and Store Leader Sharon at the Kwik Star in Decorah celebrate an InstaPlay progressive jackpot winner sold in their store.



Miley at Dale's Corner Store in Fort Dodge shows off the big winners sold in her store.

Digital Licensing System GovConnect Iowa Goes Live



Manage State of Iowa Licenses

Apply or renew licenses with various State of Iowa agencies.

- > Iowa Alcoholic Beverages Division Licenses
- > Iowa Department of Inspections and Appeals Licenses (food and lodging)
- > Iowa Lottery Authority Licenses

A new one-stop electronic option for businesses applying for licenses and permits from the Iowa Lottery and other state entities went live in late 2021. Called GovConnectIowa, the new state licensing portal provides access to the licensing process for the Lottery, Iowa Department of Revenue, Iowa Alcoholic Beverages Division and the Iowa Department of Inspections and Appeals.

The electronic portal is designed to streamline business interactions with the state by providing applications and license renewals for all agencies involved in one convenient location. The idea for the project began with a survey from the Governor's Office about ideas to make Iowa government more efficient and customer friendly.

The concept that emerged was for a central portal where businesses seeking tax permits or state licenses could file their applications in one spot.

New Statewide Gaming System Launched in September 2021

In late September 2021, the Iowa Lottery transitioned to a new central gaming system, which links lottery equipment in the state in real time. This significant technology upgrade occurs about once every 10 years here in Iowa due to the complexity of the undertaking.

Like any other technology, the equipment used to sell and cash lottery tickets must be replaced over time. The previous central gaming system had been in use since 2011 and the lottery's contract for it expired in 2021. Lottery staff was preparing nearly two and a half years for the conversion.

At the retail store level, the change-over saw the previous red lottery terminals replaced with new black-and-white terminals.

Following a brief outage to allow the updates to be done, players were able to purchase and redeem tickets on the new system.

As a result of the upgrade, retailers have the latest technology with faster processing speeds to help lottery transactions be completed as smoothly as possible.

Retailers and lottery sales representatives can utilize the new system to quickly access reports, activate tickets for sale, and provide information to the public, including Play Responsibly messages.

The new system includes new self-service kiosks in an expanded number of retail locations to serve public convenience. For the first time, the kiosks feature debit-card readers that allow customers to complete lottery purchases through cashless transactions, an increasingly important consideration in today's retail environment.

And with the system upgrade, the lighted jackpot signs in retail locations can now display amounts in the billions of dollars, an important update with today's larger top prize amounts.



Kim Knight, now Iowa Lottery Chief Financial Officer, holds the first lottery ticket printed on the new statewide gaming system. At around 2:50 p.m. on Sept. 27, Scientific Games activated just that one terminal at lottery headquarters in Clive on the new system so the lottery could verify that things were working correctly.

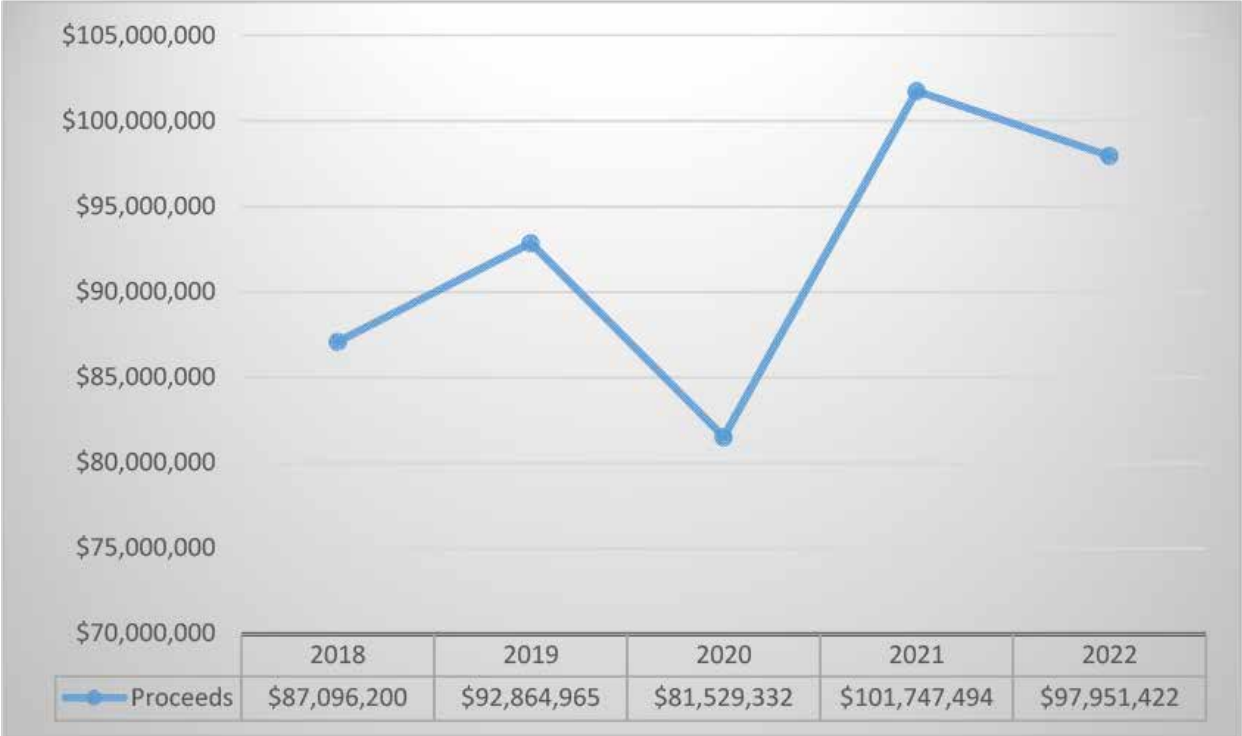
Sales Reports

FY 2022 Net Sales By County

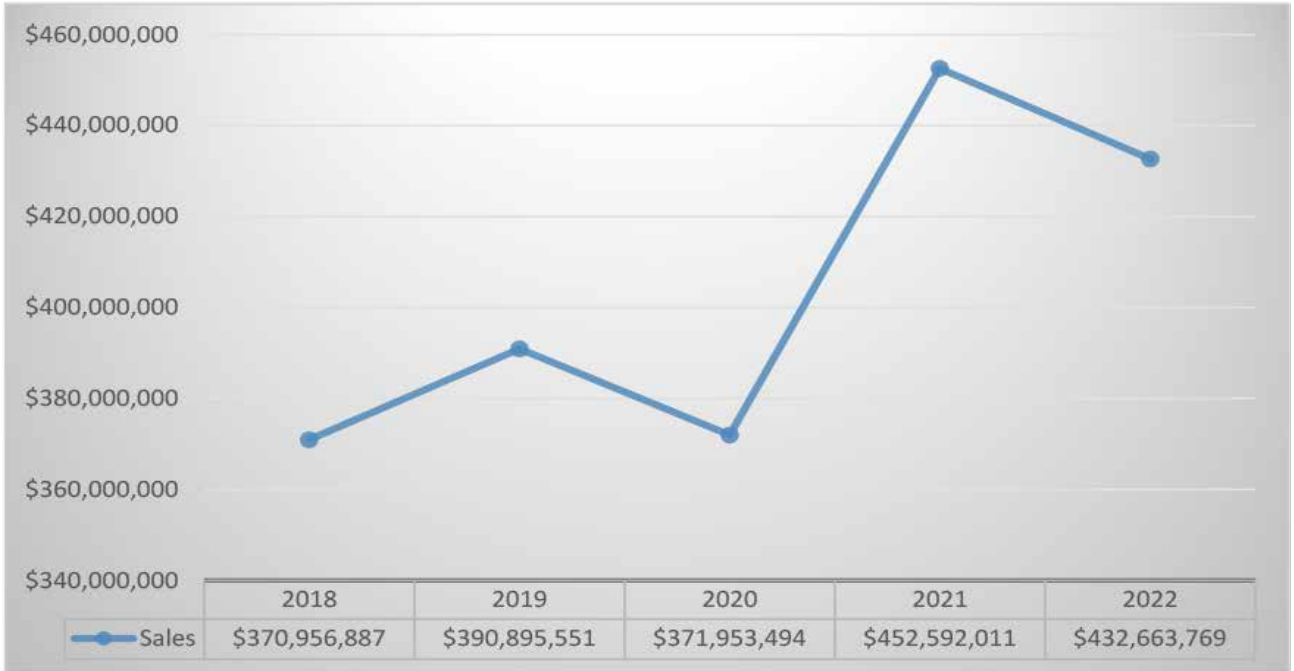
County	Net Total Sales
Adair	\$1,361,244
Adams	\$280,843
Allamakee	\$1,958,696
Appanoose	\$2,505,637
Audubon	\$478,144
Benton	\$2,991,276
Black Hawk	\$24,928,952
Boone	\$3,285,150
Bremer	\$2,623,963
Buchanan	\$2,606,032
Buena Vista	\$4,227,060
Butler	\$1,666,659
Calhoun	\$1,028,714
Carroll	\$2,859,555
Cass	\$1,670,945
Cedar	\$2,328,286
Cerro Gordo	\$9,915,877
Cherokee	\$1,579,968
Chickasaw	\$1,947,054
Clarke	\$1,272,345
Clay	\$2,459,709
Clayton	\$2,539,697
Clinton	\$8,383,057
Crawford	\$2,960,720
Dallas	\$7,279,533
Davis	\$589,234
Decatur	\$396,604
Delaware	\$2,123,598
Des Moines	\$5,828,673
Dickinson	\$4,167,491
Dubuque	\$12,351,658
Emmet	\$1,699,558
Fayette	\$2,548,762
Floyd	\$2,882,190

County	Net Total Sales
Franklin	\$1,665,678
Fremont	\$964,346
Greene	\$1,126,997
Grundy	\$1,035,811
Guthrie	\$447,533
Hamilton	\$3,176,710
Hancock	\$1,144,600
Hardin	\$2,770,380
Harrison	\$1,669,885
Henry	\$2,897,864
Howard	\$1,197,414
Humboldt	\$1,829,201
Ida	\$1,161,532
Iowa	\$1,598,047
Jackson	\$3,472,869
Jasper	\$4,340,480
Jefferson	\$1,915,713
Johnson	\$12,044,033
Jones	\$3,176,913
Keokuk	\$1,248,912
Kossuth	\$2,492,803
Lee	\$4,643,782
Linn	\$34,204,850
Louisa	\$979,428
Lucas	\$1,197,621
Lyon	\$746,825
Madison	\$1,805,291
Mahaska	\$2,951,882
Marion	\$4,197,745
Marshall	\$7,136,938
Mills	\$1,375,476
Mitchell	\$1,419,613
Monona	\$1,061,584
Monroe	\$1,359,214

County	Net Total Sales
Montgomery	\$1,492,127
Muscatine	\$7,043,151
O'Brien	\$1,662,436
Osceola	\$652,135
Page	\$1,560,718
Palo Alto	\$1,295,580
Plymouth	\$2,503,648
Pocahontas	\$843,776
Polk	\$68,715,026
Pottawattamie	\$14,029,009
Poweshiek	\$2,262,688
Ringgold	\$318,508
Sac	\$1,582,985
Scott	\$26,377,408
Shelby	\$1,114,451
Sioux	\$2,108,163
Story	\$7,041,418
Tama	\$1,741,052
Taylor	\$673,134
Union	\$1,562,468
Van Buren	\$643,174
Wapello	\$8,416,248
Warren	\$5,361,477
Washington	\$2,859,654
Wayne	\$841,312
Webster	\$8,636,222
Winnebago	\$1,679,450
Winneshiek	\$2,299,757
Woodbury	\$12,775,845
Worth	\$1,190,423
Wright	\$2,799,534



5-Year Fiscal Year Proceeds to State



5-Year Fiscal Year Sales

The Iowa Lottery Gives Back

General Fund: \$1,987,694,601 — Since 1992, a majority of Lottery profits have been directed into the state general fund, where they are used to pay for programs that benefit all Iowans like education, natural resources, health and family services and public safety. In the Iowa Lottery's latest fiscal year, it raised more than \$95 million in proceeds that were deposited in the General Fund. The Governor and Iowa Legislature allocate money from the General Fund based on where they believe those funds are needed most.

Iowa Plan: \$170,318,439 — The Iowa Plan was a long-term economic development program. Lottery profits were dedicated to the Plan from FY 1986 through FY 1990.

CLEAN Fund: \$35,894,355 — The CLEAN Fund stood for Committing the Lottery to Environment, Agriculture and Natural Resources. Lottery profits were dedicated to the Fund during FY 1991.

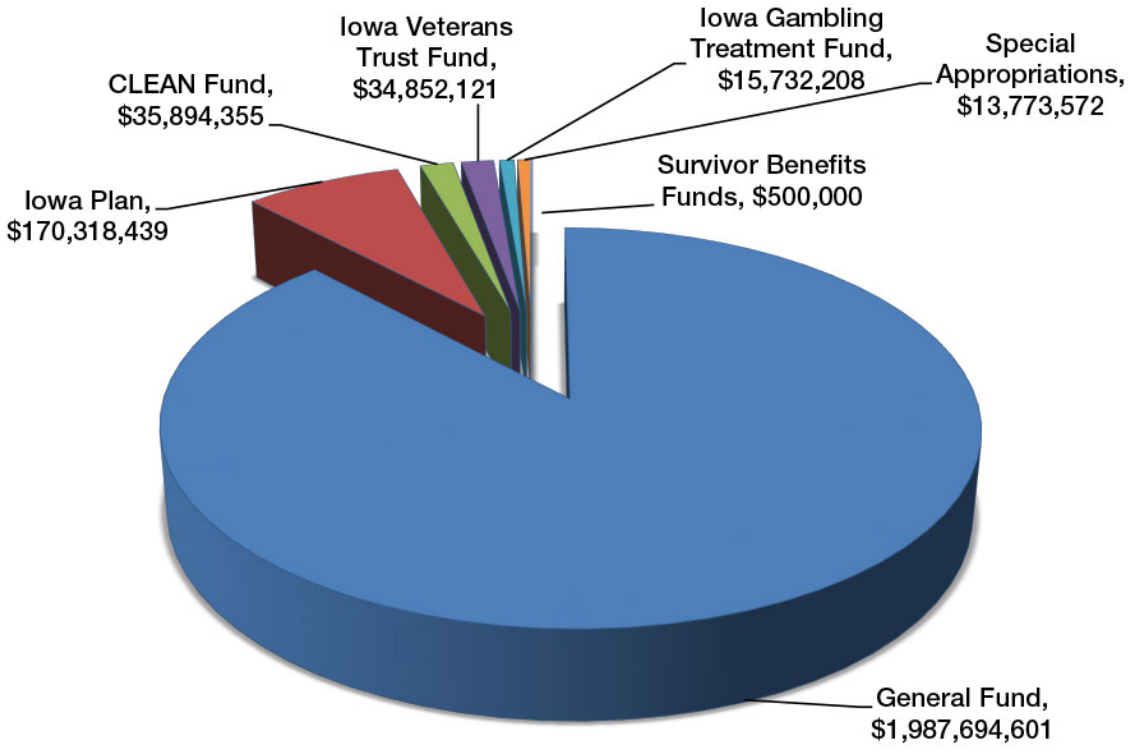
Iowa Veterans Trust Fund \$34,852,121 — Since July 2008, a portion of Lottery proceeds has been dedicated to the Iowa Veterans Trust Fund, where they are used to support our state's veterans. The Iowa Lottery currently provides \$2.5 million annually in proceeds to the Iowa Veterans Trust Fund. The Iowa Veterans Trust Fund was created to provide assistance to qualified veterans to help pay for expenses such as job training or college tuition assistance; some dental, vision and hearing assistance; and individual or family counseling programs.

Iowa Gambling Treatment Fund: \$15,732,208 — The Iowa Gambling Treatment Program provides treatment, counseling and outreach programs for those concerned about gambling as well as the 1-800-BETS OFF helpline. The Iowa Lottery is committed to responsible play and helps address the issue of problem gambling. Each year, the Lottery provides the public with information about 1-800-BETS OFF by including messages about the helpline on millions of lottery tickets, brochures and point-of-sale materials as well as other publications. In 2009, the Gambling Treatment Fund was eliminated, with the Gambling Treatment Program now receiving its funding from the state General Fund.

Special Appropriations: \$13,773,572 — A portion of Lottery profits have been earmarked for specific purposes within the state budget.

Iowa Survivor Benefits Funds: \$500,000 — Since 2019, a portion of lottery proceeds has been dedicated to the Public Safety Survivor Benefits Fund to help with the cost of accident or health insurance for the families of Iowa peace officers and fire fighters killed in the line of duty. And since 2021, a portion of Lottery proceeds has been dedicated to the Department of Corrections Survivor Benefits Fund to help with those same insurance costs for the families of Iowa Corrections employees who die in the line of duty.

For more information on where Iowa Lottery proceeds go, visit ialottery.com.



Note: All of the amounts listed here are from FY 1986 through the end of FY 2022.

Since 1985, the Lottery has raised more than \$2.2 billion for important state causes.

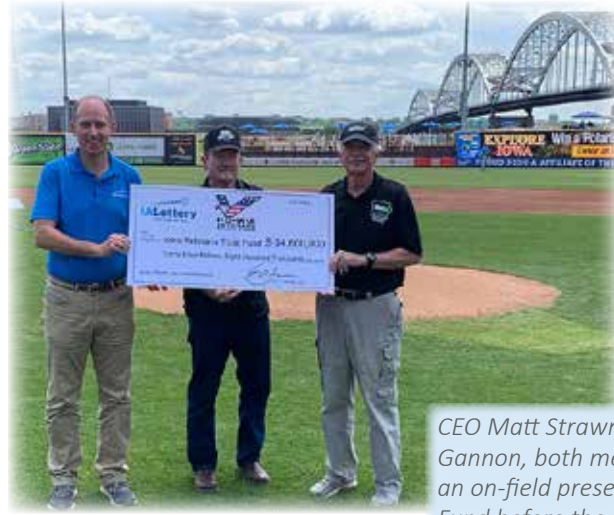
To date, the Iowa Lottery has raised more than \$2.2 billion for our great state. That money supports everything from veterans and law enforcement to education, parks and conservation, agriculture, and human services. And each year, the lottery raises millions more to help make Iowa even better.

Here is how each \$1 spent on lottery products makes a difference in Iowa (fiscal year 2022 totals).



State Funds That Benefit From Lottery Proceeds

Since 1992, a majority of lottery proceeds has gone into the state General Fund to benefit programs including education, natural resources, agriculture, health and family services and public safety. The Governor and Iowa Legislature allocate money from the General Fund to the areas they believe need it most.



CEO Matt Strawn, left, joined Jerry Campbell and Dan Gannon, both members of Disabled American Veterans, for an on-field presentation highlighting the Iowa Veterans Trust Fund before the Quad Cities River Bandits game in Davenport.

Since 2008, a portion of lottery proceeds has been dedicated to the Iowa Veterans Trust Fund. The IVTF was created to help Iowa veterans and their families with expenses such as job training or college tuition; some dental, vision and hearing assistance; and individual or family counseling.

Since 2019, a portion of lottery proceeds has been dedicated to the Public Safety Survivor Benefits Fund to help with insurance costs for the families of Iowa peace officers and fire fighters killed in the line of duty. And since 2021, a portion of lottery proceeds has been dedicated to the Department of Corrections Survivor Benefits Fund to help with those same insurance costs for the families of Iowa Corrections employees who die in the line of duty.



Overview & Key Results

The Iowa Lottery was established in 1985 and began ticket sales on Aug. 22 of that year. Since the Lottery’s inception, its players have won more than \$5.2 billion in prizes while the Lottery has raised more than \$2.2 billion for the state programs that benefit all Iowans.

The guiding principles of the Iowa Lottery are:

- Maintaining integrity, fairness and transparency in operations and product offerings;
- Maintaining the “Iowa” nature of the Iowa Lottery in the organization’s product offerings, marketing and communications;
- Consistently offering an innovative and entertaining portfolio of products to Iowans;
- Being thoughtful stewards of Lottery revenues by increasing operational efficiencies through consistent monitoring and control of business processes;
- Responsibly increasing sales; and
- Delivering robust proceeds annually to the State of Iowa through adherence to all the above.

Today, lottery proceeds help our state in multiple ways. They help Iowa veterans and their families through the Iowa Veterans Trust Fund. They help the families of Iowa peace officers, firefighters and corrections employees who die in the line of duty. And they provide help for a variety of significant projects through the state General Fund.

The Lottery has approximately 108 employees in the following departments: administration, external relations, finance, marketing, systems, sales and security. That number does not include the board members.

The Lottery’s headquarters office is in Clive, and it maintains a warehouse facility in Ankeny and three regional offices in Cedar Rapids, Mason City and Storm Lake. The lottery has four product categories: scratch tickets, pull-tab tickets, InstaPlay and lotto games. Lottery products are sold through approximately 2,400 licensed retailers across Iowa.

In 2003 the Legislature recognized that as an entrepreneurial entity, the Iowa Lottery could operate more efficiently and established the Iowa Lottery Authority, a public instrumentality of the state. As a result of that change, combined sales for the Lottery’s traditional products have continued to climb in the fiscal years since then.

The Iowa Lottery develops an annual budget, which requires approval by the Board of Directors. The budget is monitored through a series of performance measures.

The goals and results discussed in this report cover the following core functions of the Iowa Lottery’s operations: sales and distribution; resource management; and enforcement and investigation.



Iowa Lottery headquarters is located at 13001 University Avenue in Clive.

Agency Mission:

“The Iowa Lottery continually strives to deliver value to the State of Iowa by providing entertainment to the public, responsibly maximizing revenues, and maintaining the highest standards of integrity, security, and accountability. The Iowa Lottery is a nonprofit authority that operates the state’s lottery in an entrepreneurial and business-like manner, accountable to a public Board of Directors, the Governor, the General Assembly, and the People of the State.”



Sales and Distribution

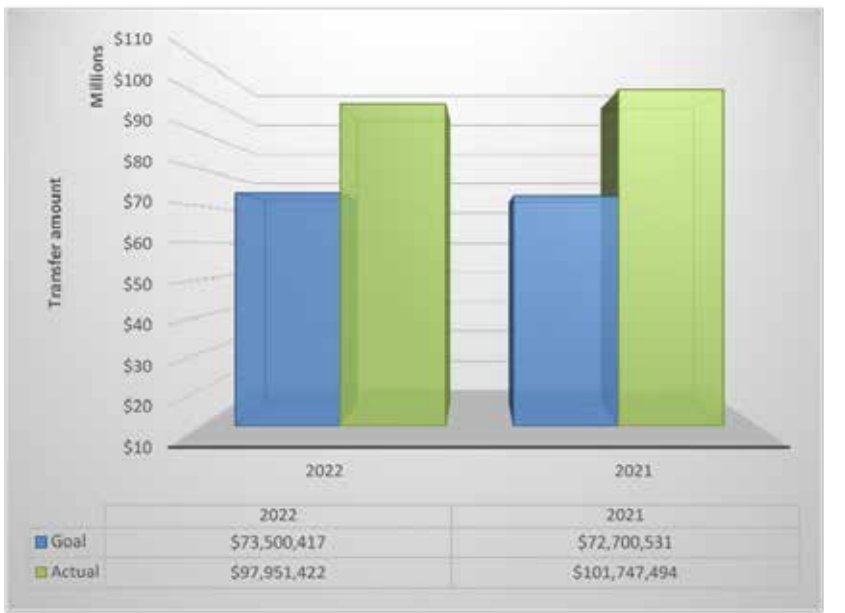
	Goal	Actual
Scratch Tickets	\$240.5M	\$293.1M
Lotto Tickets	\$101.0M	\$103.4M
Pull-tab Tickets	\$9.5M	\$12.7M
InstaPlay Tickets	\$20.0M	\$23.4M

The Legislature, the Governor and the public use sales data to generally determine how the Lottery is performing. Sales of different products are analyzed by the Lottery on a yearly basis in order to assess progress.

Operating & Advertising Budget

	Goal	Actual
Operating Expense (% of total sales)	4.5%	2.93%
Advertising Expense (% of total sales)	4.0%	1.94%

The operating and advertising budget includes all administrative and advertising expenses incurred by the Lottery, but excludes other costs including, but not limited to, prize payments, retailer compensation, lottery system and terminal communications, and instant and pull-tab ticket expense and machine maintenance.



Resource Management

	Goal	Actual
Proceeds to the state (General Fund, Veterans Trust Fund and Public Safety & Corrections Survivor Benefits Funds)	\$73.5M	\$98M

Total proceeds is the ultimate measure of how well the Lottery is operating because it accounts not only for sales, but also for how well resources are being used. The Lottery must ensure its resources are managed wisely in order to achieve maximum benefits for the state.



Performance Plan Results

Core Function: Sales & Distribution			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Total Sales	\$371,000,000	\$432,663,769	What Occurred: Total sales exceeded the goal. Data Source: Iowa Lottery Financial Reports
Service, Product or Activity:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Total Scratch Ticket Sales	\$240,500,000	\$293,126,549	What Occurred: Instant (scratch) ticket sales exceeded the goal. Data Source: Iowa Lottery Financial Reports
Total Lotto Game Sales	\$101,000,000	\$103,401,997	What Occurred: Online (lotto) ticket sales exceeded the goal. Data Source: Iowa Lottery Financial Reports
Total Pull-tab Sales	\$9,500,000	\$12,698,408	What Occurred: Pull-tab sales exceeded the goal. Data Source: Iowa Lottery Financial Reports
Total InstaPlay Sales	\$20,000,000	\$23,436,815	What Occurred: InstaPlay sales exceeded the goal. Data Source: Iowa Lottery Financial Reports
Core Function: Resource Management			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Total Funds Transferred to General Fund, Veterans Fund, and Public Safety & Corrections Survivor Benefits Funds	\$73,500,417	\$97,951,422	What Occurred: Total transfers exceeded the goal. Data Source: Iowa Lottery Financial Reports
Service, Product or Activity:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Percent of Operating Budget* to Total Sales	4.5%	2.93%	What Occurred: Expenses were well controlled and stayed below goal relative to sales. Data Source: Iowa Lottery Financial Reports
Percent of Advertising Budget* to Total Sales	4.0%	1.94%	What Occurred: Expenses were well controlled and stayed below goal relative to sales. Data Source: Iowa Lottery Financial Reports
Total Funds Transferred to General Fund	\$70,900,417	\$95,251,422	What Occurred: General Fund transfers exceeded the goal. Data Source: Iowa Lottery Financial Reports
Total Funds Transferred to Veterans Trust Fund	\$2,500,000	\$2,500,000	What Occurred: Veterans Trust Fund transfers a set amount. Data Source: Iowa Lottery Financial Reports
Total Funds Transferred to Public Safety & Corrections Survivor Benefits Funds	\$100,000	\$200,000	What Occurred: Public Safety & Corrections Survivor Benefits Funds transfers set amounts (\$100,000 each). Data Source: Iowa Lottery Financial Reports
Core Function: Enforcement & Investigation			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Percent of investigated complaints and indicators of concern regarding lottery products	100%	100%	What Occurred: Complaint investigation goal was met. Data Source: Iowa Lottery Security Department
Service, Product or Activity:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Percent of requests from law enforcement agencies and county attorney offices responded to by Security Division	100%	100%	What Occurred: Law enforcement assistance goal was met. Data Source: Iowa Lottery Security Department
Percent of requests from other divisions within the Lottery responded to by Security Division	100%	100%	What Occurred: Intra-lottery assistance goal was met. Data Source: Iowa Lottery Security Department
Percent of all lottery retailers that underwent compliance checks during the fiscal year	20%	21%	What Occurred: Compliance check goal was exceeded. Data Source: Iowa Lottery Security Department
Percent of retailers that underwent compliance checks following a complaint	100%	100%	What Occurred: Follow-up compliance check goal was met. Data Source: Iowa Lottery Security Department

*Lottery Operating & Advertising Budget includes all administrative & advertising expenses incurred by the Lottery, but excludes other costs including, but not limited to, prize payments, retailer compensation, lottery system and terminal communications, and instant and pull-tab ticket expense and machine maintenance.

Financials

Iowa Lottery Authority Statement of Net Position June 30, 2022

Assets

Current assets:	
Cash	\$25,779,955
Restricted assets - cash	706,134
Prepaid expense	237,097
Interest receivable	32,930
Accounts receivable, net	7,053,800
Ticket inventories	3,282,142
Investment in prize annuities	58,608
Total current assets	<u>37,150,666</u>
Noncurrent assets:	
Prize reserve	4,771,772
Investment in prize annuities	834,623
Capital assets:	
Capital assets, net	7,120,640
Lease assets, net	2,386,291
Total noncurrent assets	<u>15,113,326</u>
Total assets	<u>52,263,992</u>

Deferred Outflows of Resources

OPEB related deferred outflows	394,000
Pension related deferred outflows	893,088
Total Deferred Outflows of Resources	<u>1,287,088</u>

Liabilities

Current liabilities:	
Lotto prizes payable	4,054,331
InstaPlay Prize Payable	107,330
Annuity Prizes Payable	58,608
Accounts payable and accruals	26,347,539
Lease liability	473,046
Unearned revenue	404,053
Salary and benefits payable	177,783
Compensated absences and OPEB	1,086,565
Total current liabilities	<u>32,709,255</u>
Long-term liabilities:	
Accounts payable and accruals	67,273
Lease liability	1,912,076
Compensated absences and OPEB	2,079,576
Net pension liability	131,134
Prize reserve	4,771,772
Annuity prizes payable	834,623
Total long-term liabilities	<u>9,796,454</u>
Total liabilities	<u>42,505,709</u>

Deferred Inflows of Resources

OPEB related deferred inflows	448,000
Pension related deferred inflows	5,029,029
Total Deferred Inflows of Resources	<u>5,477,029</u>

Net Position

Net investment in capital assets	7,120,640
Unrestricted	(1,552,298)
Total net position	<u><u>5,568,342</u></u>

Iowa Lottery Authority Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2022

Operating revenues:

Instant-scratch ticket sales	\$293,126,549
InstaPlay sales	23,436,815
Pick 3 sales	9,265,786
Pick 4 sales	5,602,823
Powerball sales	53,076,000
Mega Millions sales	20,375,167
Lucky for Life sales	8,071,004
Lotto America sales	7,011,217
Pull-tab sales	12,698,408
Application fees	5,300
Other	21,083
Total operating revenues	<u>432,690,152</u>

Operating expenses:

Prizes:	
Instant-scratch ticket	195,258,147
InstaPlay	17,081,836
Pick 3	5,559,472
Pick 4	3,361,694
Powerball	26,546,085
Mega Millions	10,185,739
Lucky for Life	4,793,210
Lotto America	3,505,608
Pull-tab	7,922,317
Total prizes	<u>274,214,108</u>

Retailer compensation	28,255,266
Advertising production and media purchases	8,393,217
Retailer lottery system / terminal communications	5,335,129
Instant/pull-tab ticket expense	3,288,224
Vending machines & maintenance / ticket dispensers	487,152
Courier delivery of tickets	1,045,771
Other operating expenses	12,668,005
Total operating expenses	<u>333,686,872</u>

Operating income	<u>99,003,280</u>
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Non-operating revenue (expenses):

Proceeds provided to state causes	(97,951,422)
Interest income	87,823
Interest expense	(19,546)
Gain (Loss) on disposal of capital assets	46,657
Net non-operating revenues (expenses)	<u>(97,836,488)</u>

Change in net position	<u>1,166,792</u>
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Net position beginning of period	4,401,550
Net position end of period	<u><u>5,568,342</u></u>

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