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Kim Reynolds · Governor  
Adam Gregg · Lt. Governor  
Terry Rich · Chief Executive Officer

# AGENDA

## IOWA LOTTERY BOARD

June 27, 2017  
10:00 am

Dial In: 1-866-685-1580  
Code: 000 999 0332

- I. Call to Order
  - a. Approval of Agenda
  - b. Approval of Minutes – March 28, 2017
- II. Quarterly Reports
  - a. Financial
  - b. Marketing
  - c. Security
  - d. IT Systems
  - e. External Relations
  - f. Legal
- III. Employee Pay Plan/Compensation
- IV. 2018 Budget – Final
- V. Fiscal Policy Updates
- VI. HVAC System Maintenance - Recommendation
- VII. WLA 2017
- VIII. Self-Exclusion Program – Conforming Change
- IX. Notice of Intended Action – Administrative Rule Change
- X. Collective Bargaining Changes – Impact for ILOT
- XI. Discussion of ILOT Strategic Planning
- XII. Discussion of ILOT Security Practices and Integrity
- XIII. CEO Update
- XIV. Election of Officers
- XV. Adjournment

**\*\*The meeting will include a working lunch\*\***

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

March 28, 2017

10:00 a.m.

The Iowa Lottery Board convened at 10:00 a.m. at Lottery Headquarters in Clive; Board Chairperson Mike Klappholz presiding.

### **Board Members Present:**

Mike Klappholz; Connor Flynn; Mary Rathje; Mary Junge (via teleconference); Mike Fitzgerald (via teleconference).

### **Board Members Absent:**

None.

### **Lottery Staff Participating:**

Terry Rich, CEO; Larry Loss, EVP; Brenda Nye, VP, Finance; Cam Coppess, VP, Security; Hale Strasser, VP, Systems Operations; Rob Porter, VP, Legal Counsel; Mary Neubauer, VP, External Relations (via teleconference); David Ranscht, Assistant AG; John Lundquist, Assistant AG; Deb Bassett, Board Secretary.

### **Others Present:**

David Berger, Scientific Games; Colleen Rowen, IGT (via teleconference).

### **CALL TO ORDER**

Chairperson Klappholz called the meeting to order at 10:00 a.m. and roll was taken. There was a quorum. Klappholz announced the meeting would be held via teleconference in accordance with Iowa Code section 21.8.

Junge moved to conduct the meeting via teleconference. Rathje seconded. Motion carried unanimously.

### **APPROVAL OF AGENDA**

Flynn moved to change the order of the agenda and approve the agenda for the meeting. Junge seconded. Motion carried unanimously.

### **APPROVAL OF MINUTES**

Rathje moved to approve the September 27, 2016, board meeting minutes. Flynn seconded. Motion carried unanimously.

### **QUARTERLY REPORTS**

#### **External Relations:**

Neubauer reported that ILOT and the IDPH have teamed up to participate in National Problem Gambling Awareness month again this year. The initiative was built around public service announcements (PSAs) for television, radio and outdoor billboards. The PSAs highlight the Iowa Gambling Treatment Program and 1-800-BETSOFF, the state's gambling treatment hotline. ILOT also included billboard messages at the regional offices in Cedar Rapids and Mason City; LIM screens in all of ILOT retail locations statewide; and radio spots that ILOT produced for the "Winning Minute" series. The estimated value of radio, TV/cable and outdoor advertising time dedicated to the PSAs in March 2017 is \$200,909.

Neubauer stated that Terry Rich's nomination by Governor Branstad for re-appointment as Lottery CEO is scheduled to be considered during the Senate State Government Committee meeting on March 28. Approval from the committee will then send his nomination on to the full Senate for consideration. Rich is scheduled to be formally introduced in the Senate on March 29.

Neubauer explained SF 442, a bill providing the option of a five-year voluntary self-exclusion from a casino facility in Iowa for those who have concerns about problem gambling. The bill passed the Iowa Senate and now is making its way through the Iowa House. If the bill passes and is signed into law, ILOT will ask the Board to consider changing ILOT's self-exclusion policy to make a similar adjustment.

She also stated that HSB 52, a bill that would allow Iowans to participate in fantasy sports contests, passed the House Ways & Means Committee. It is now eligible for debate in the full House.

Neubauer reminded the board that no one has come forward yet to claim a \$2 million prize that was won in Cedar Rapids for the July 16, 2016 Powerball drawing. ILOT plans to continue to issue further reminders during the coming months in hopes that the prize will be claimed.

### **CEO REPORT**

Rich reminded the board that their Personal Financial Disclosure Reports are due May 1<sup>st</sup>. Powerball is celebrating its 25<sup>th</sup> Anniversary on April 22, 2017. Rich also noted that the FY18 final budget will be ready for approval in June. Rich stated the impact changes to collective bargaining will go into effect on July 1 and ILOT doesn't yet know the full impact of those changes. DAS is currently working thru all the policy and procedures implications of the law change.

Rich stated that ILOT is always looking at the latest technology trends to keep the Lottery current. API is one such electronic advancement that is a hot topic currently. Rich also briefly discussed diversification of products and diversification of distribution.

### **Financial:**

Nye gave a financial report. Performance measures through February show that year-to-date sales are more than 7% ahead of budget and proceeds are more than 13% ahead of budget.

She stated that sales are doing well due, in-part, to Instant-scratch sales that as of the end of February were \$2.5 million ahead of last year's historic number. She also noted that pull-tab sales are down. ILOT has fewer pull-tab vending machines which results in fewer sales. ILOT budgeted for this decrease in sales and expects to exceed the \$10 million budgeted for pull-tab sales. The decrease in pull-tab sales will be offset by InstaPlay sales.

### **Marketing:**

Loss provided a marketing report in Wood's absence. He stated the Jingle Bills holiday promotion wrapped up in January. On average, the promotion yielded 102,500 more entries than the prior year with 2,000 additional, unique players.

Loss also reported that InstaPlay games have proven to be a viable addition to the ILOT portfolio and the \$2 Cherry Twist Progressive game is extremely popular. Jackpots wins thus far have ranged from \$2,263 to \$28,260. More InstaPlay games will launch in the next few months.

The Powerball Power Cruise winter promotion launched in February and will wrap up soon. Iowa will have 25 winners going on the all-expense paid cruise on Royal Caribbean.

Ultimate Riches launched in March and is the first \$30 scratch ticket game. Early indicators show the game is selling well and in the top 3 best launches.

ILOT has been running a series of five :15 second ads designed to illustrate how lottery proceeds benefit the state. The ads received the American Advertising Federation's top honor, the Gold Medal Award, for Regional Television Commercial Campaign at their awards ceremony in February. The "Power for Life" commercial won the Silver Medal Award.

Loss also discussed the upcoming \$5 "Frogger" instant ticket game and summer promotion that will start in May.

**Security:**

Copess gave a security report. Information comes to Security from external and internal customers via mail, phone, email, Facebook messages and person-to-person contact. Security then evaluates the information and address issues. Depending on its significance, the information is documented by call log or it can be entered into the database for a record of contact and then is categorized in case files as necessary. Security also conducts quality-control checks to ensure tickets have the appropriate security features.

Copess also noted that the Lottery is now using PowerDMS, an electronic document management system.

**IT:**

Strasser reported that over 50% of ILOT's web traffic is from mobile devices/tablets. IT is looking into how to make ILOT sites more responsive and mobile friendly. IT is also working with Scientific Games to develop a new ILOT mobile app for IOS and Android for release in May.

Strasser also noted that IT has been working behind the scenes on programming to support the Power Cruise promotion and the upcoming Frogger promotion. IT has posted an Information Technology Specialist 4 vacancy; the position will assist the website team. IT is also working to convert its mass emailing system to "GovDelivery".

**Legal:**

Porter reported that there are currently 9 pending court cases involving Eddie Tipton and the December 29, 2010 Hot Lotto drawing and gave brief updates on the pending criminal and civil cases.

There was discussion about some of the cases.

Rathje moved to approve the Quarterly Reports. Flynn seconded. Motion carried unanimously.

**CONTRACT EXTENSIONS**

*Pull Tab Printing:* Porter asked the board to approve the third and final extension of the contract with American Games/Pollard for the printing of pull-tab tickets. An RFP will be issued later this year for printing of pull-tab tickets after this contract expires.

Junge moved to approve the contract extension. Flynn seconded. Motion carried unanimously.

*Advertising Services and Media Services:* Porter asked the board to approve the fourth and final extension of the contracts with Strategic America for advertising services and media services. An RFP will be issued later this year for advertising services and media services after the current contracts expire.

Flynn moved to approve the contract extensions. Junge seconded. Motion carried unanimously.

**GAME AUDITING SERVICES RFP**

Nye asked the board to approve awarding a contract with RSM US LLP for game auditing services of promotional drawings and other special events. Nye also asked the board to approve the contract consistent with the terms provided in the draft agreement.

Flynn moved to approve the contract. Rathje seconded. Motion carried unanimously.

**MEMBERSHIP DUES:**

Loss asked the board to approve association membership dues for IGA, PMCI, NASPL and WLA.

Junge moved to approve the membership dues. Rathje seconded. Motion carried unanimously.

**SALES FORCE AUTOMATION:**

Porter asked the board to approve granting permission to Scientific Games to enter into an agreement with Lapis Software for the procurement of software for sales force automation solutions.

Rathje moved to approve granting permission to Scientific Games. Junge seconded. Motion carried unanimously.

**BOARD MEMBER RESIGNATION:**

Porter informed the board that Ying Sa resigned from the board in February. The Lottery will work the Governor's Office to identify a replacement.

**ADJOURNMENT**

Flynn moved to adjourn. Rathje seconded. Motion carried unanimously.

Meeting adjourned at 11:39am.

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2017

May 31, 2017

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Gross Sales	Budget FY 2017	23,477,855	24,903,072	23,632,301	25,244,816	26,997,242	27,197,660	31,905,507	29,700,139	30,596,726	27,338,762	28,973,109	24,952,811
	5-year av.	24,456,151	25,940,756	24,617,034	25,486,553	27,312,000	27,520,770	32,424,788	30,127,524	31,061,472	27,667,752	29,370,200	25,182,384
	Actual '17	32,964,786	26,681,566	25,881,328	26,389,149	29,727,840	28,420,548	28,990,640	29,845,160	31,970,423	29,348,128	32,137,392	
Prize Expense	Budget FY 2017	13,956,616	14,803,847	14,048,427	15,007,000	16,048,745	16,167,885	18,966,506	17,655,505	18,188,489	16,251,764	17,223,316	14,833,415
	5-year av.	14,753,208	15,376,630	14,538,122	15,161,469	15,731,423	17,216,882	19,364,442	17,764,470	19,086,348	16,212,399	17,385,913	15,177,272
	Actual '17	19,638,247	16,797,147	15,829,952	16,510,060	17,666,394	18,431,976	17,504,363	17,694,238	20,861,130	18,142,578	19,062,196	
Operating Expenses	Budget FY 2017	1,159,018	1,295,375	1,204,727	1,229,243	1,121,127	1,206,747	1,164,432	1,156,962	1,288,279	1,158,402	1,260,984	1,375,394
	2-year av.	1,076,139	977,545	1,002,983	1,023,962	983,978	1,200,509	1,024,982	995,750	1,063,325	990,392	1,064,393	1,100,706
	Actual '17	1,031,110	1,078,325	997,684	1,035,019	1,103,455	1,089,916	1,080,883	1,014,004	1,088,090	1,021,211	1,241,043	
Total Proceeds	Budget FY 2017	4,936,993	5,170,692	4,931,385	5,325,558	5,888,690	5,855,108	7,119,813	6,554,660	6,656,142	5,940,090	6,261,866	5,103,588
	5-year av.	5,834,699	5,970,453	6,453,205	6,275,145	7,241,802	5,686,223	8,334,905	7,835,507	7,106,183	7,030,221	7,298,430	4,960,522
	Actual '17	8,482,628	5,304,496	6,168,146	5,667,010	7,230,014	5,012,849	6,503,570	7,602,318	6,266,486	6,686,312	8,327,087	

YEAR TO DATE

Gross Sales	Budget FY 2017	23,477,855	48,380,927	72,013,228	97,258,044	124,255,286	151,452,946	183,358,453	213,058,592	243,655,318	270,994,080	299,967,189	324,920,000
	5-year av.	24,456,151	50,396,907	75,013,941	100,500,494	127,812,494	155,333,264	187,758,052	217,885,576	248,947,048	276,614,800	305,985,000	331,167,384
	Actual '17	32,964,786	59,646,352	85,527,680	111,916,829	141,644,669	170,065,217	199,055,857	228,901,017	260,871,440	290,219,568	322,356,960	
Prize Expense	Budget FY 2017	13,956,616	28,760,463	42,808,890	57,815,890	73,864,635	90,032,520	108,999,026	126,654,531	144,843,020	161,094,784	178,318,100	193,151,515
	5-year av.	14,753,208	30,129,838	44,667,960	59,829,429	75,560,852	92,777,734	112,142,176	129,906,646	148,992,995	165,205,393	182,591,306	197,768,579
	Actual '17	19,638,247	36,435,394	52,265,346	68,775,406	86,441,800	104,873,776	122,378,139	140,072,377	160,933,507	179,076,085	198,138,281	
Operating Expenses	Budget FY 2017	1,159,018	2,454,393	3,659,120	4,888,363	6,009,490	7,216,237	8,380,669	9,537,631	10,825,910	11,984,312	13,245,296	14,620,690
	2-year av.	1,076,139	2,053,684	3,056,667	4,080,629	5,064,607	6,265,116	7,290,098	8,285,848	9,349,173	10,339,565	11,403,958	12,504,664
	Actual '17	1,031,110	2,109,435	3,107,119	4,142,138	5,245,593	6,335,509	7,416,392	8,430,396	9,518,486	10,539,697	11,780,740	
Total Proceeds	Budget FY 2017	4,936,993	10,107,685	15,039,070	20,364,628	26,253,318	32,108,426	39,228,239	45,782,899	52,439,041	58,379,131	64,640,997	69,744,585
	5-year av.	5,834,699	11,805,152	18,258,357	24,533,502	31,775,304	37,461,527	45,796,432	53,631,939	60,738,122	67,768,343	75,066,773	80,027,295
	Actual '17	8,482,628	13,787,124	19,955,270	25,622,280	32,852,294	37,865,143	44,368,713	51,971,031	58,237,517	64,923,829	73,250,916	

	Current Month	Year to Date
Prize Payout - Budget	59.45%	59.45%
Prize Payout - 5-Year Average	59.20%	59.67%
Prize Payout - Actual	59.31%	61.47%
Sales - Actual increase (decrease) vs. 5-Year Average		5.35%
Proceeds - Actual increase (decrease) vs. 5-Year Average		(2.42%)
Sales - Actual increase (decrease) vs. Budget		7.46%
Proceeds - Actual increase (decrease) vs. Budget		13.32%

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Nine Months Ending Friday, March 31, 2017**

	Month ended 3/31/2017	Month ended 3/31/2016	Year-to-date 3/31/2017	Year-to-date 3/31/2016
<b>Operating revenues:</b>				
Instant-scratch ticket sales	\$23,039,794.00	\$22,749,521.00	\$174,666,550.00	\$171,872,045.00
InstaPlay sales	751,676.00	-	3,585,351.00	-
Pick 3 sales	665,232.00	652,145.50	5,397,228.00	5,543,510.50
Powerball sales	3,511,616.00	3,817,989.00	41,009,576.50	61,023,159.00
Mega Millions Sales	1,394,928.00	1,089,725.00	11,941,866.00	10,976,546.00
Hot Lotto sales	752,483.00	676,949.00	5,888,740.00	6,778,367.00
Pick 4 sales	354,292.00	306,781.50	2,925,397.50	2,616,324.50
All or Nothing sales	274,277.00	327,634.00	2,421,160.00	3,108,782.00
Lucky for Life sales	458,962.00	637,000.00	4,283,432.00	1,382,198.00
Pull-tab sales	767,163.38	1,436,844.75	8,752,139.49	11,429,203.95
Application fees	300.00	400.00	2,900.00	2,925.00
Other	4,495.42	20,205.13	16,705.04	24,265.40
<b>Total operating revenues</b>	<b>31,975,218.80</b>	<b>31,715,194.88</b>	<b>260,891,045.53</b>	<b>274,757,326.35</b>
<b>Operating expenses:</b>				
Scratch ticket prizes	15,963,367.00	16,193,192.00	115,474,151.73	112,852,979.88
InstaPlay prizes	478,109.57	-	2,342,918.00	-
Pick 3 prizes	395,909.20	387,227.30	3,120,365.40	3,281,266.30
Powerball prizes	1,713,871.50	1,824,912.50	19,475,318.00	29,963,823.50
Mega Millions prizes	695,762.50	533,354.50	5,905,583.53	5,322,572.00
Hot Lotto prizes	369,969.50	327,641.50	2,861,824.00	3,265,004.15
Pick 4 prizes	210,420.20	182,853.90	1,721,698.50	1,537,179.70
All or Nothing prizes	161,408.55	195,060.94	1,428,450.75	1,841,145.18
Monopoly Millionaires' Club prizes	-	(6,107.29)	-	(21,052.29)
Lucky for Life prizes	274,250.58	573,638.20	2,707,232.53	1,038,961.86
Pull-tab prizes	479,146.10	896,236.73	5,468,475.67	7,147,552.17
VIP Club prize expense	102,546.36	63.16	234,570.70	155,754.29
Promotional prize expense	16,368.90	23,282.49	192,917.51	141,243.82
Advertising/publicity	500,655.10	299,320.94	4,953,358.05	5,130,867.85
Retailer compensation expense	2,085,561.31	2,055,184.06	16,942,885.88	17,742,762.08
Ticket expense	238,179.41	278,497.00	2,458,643.64	2,539,540.20
Vendor compensation expense	665,622.26	662,626.60	5,311,363.43	5,684,618.34
Salary and benefits	848,293.17	874,241.72	7,701,084.62	7,509,099.07
Travel	26,114.42	27,540.90	213,211.89	210,078.24
Supplies	3,923.16	11,702.10	79,851.29	100,912.71
Printing	-	61.50	3,081.30	717.60
Postage	325.12	358.01	5,047.64	5,692.81
Communications	12,909.00	12,955.15	113,456.78	117,681.25
Rentals	25,883.33	27,027.78	229,092.20	231,350.72
Utilities	6,334.70	6,432.35	68,300.23	62,666.08
Professional fees	30,226.63	6,442.83	124,282.78	70,212.52
Vending machine maintenance	47,499.32	50,390.76	421,427.38	447,789.25
Outside services and repairs	82,951.47	13,656.58	590,962.97	564,139.10
Data processing	9,851.99	10,707.37	89,738.80	92,691.31
Equipment	52,145.47	15,592.00	930,890.52	322,263.92
Reimbursement to other state agencies	28,823.58	18,766.26	311,875.30	307,048.98
Depreciation	45,419.12	28,785.45	323,683.93	248,229.75
Other	8,997.78	3,652.41	51,508.17	42,608.85
MUSL/Lotto administrative expense	12,928.47	(2,170.46)	116,220.12	88,648.72
<b>Total operating expenses</b>	<b>25,593,774.77</b>	<b>25,533,127.24</b>	<b>201,973,473.24</b>	<b>208,046,049.91</b>
<b>Operating income</b>	<b>6,381,444.03</b>	<b>6,182,067.64</b>	<b>58,917,572.29</b>	<b>66,711,276.44</b>
<b>Non-operating revenue (expenses):</b>				
Proceeds provided to State General Fund	(6,266,485.89)	(6,126,771.63)	(55,737,516.45)	(64,388,821.18)
Proceeds provided to Veteran's Trust Fund	-	-	(2,500,000.00)	(2,500,000.00)
Interest income	17,374.71	10,288.93	100,250.78	129,123.50
Gain (Loss) on disposal of capital assets	(282,128.00)	-	(701,290.06)	24,250.00
<b>Net non-operating revenues (expenses)</b>	<b>(6,531,239.18)</b>	<b>(6,116,482.70)</b>	<b>(58,838,555.73)</b>	<b>(66,735,447.68)</b>
<b>Change in net position</b>	<b>(149,795.15)</b>	<b>65,584.94</b>	<b>79,016.56</b>	<b>(24,171.24)</b>
Net position beginning of period	6,782,889.19	5,708,581.60	6,554,077.48	5,798,337.78
Net position end of period	6,633,094.04	5,774,166.54	6,633,094.04	5,774,166.54

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Ten Months Ending Sunday, April 30, 2017**

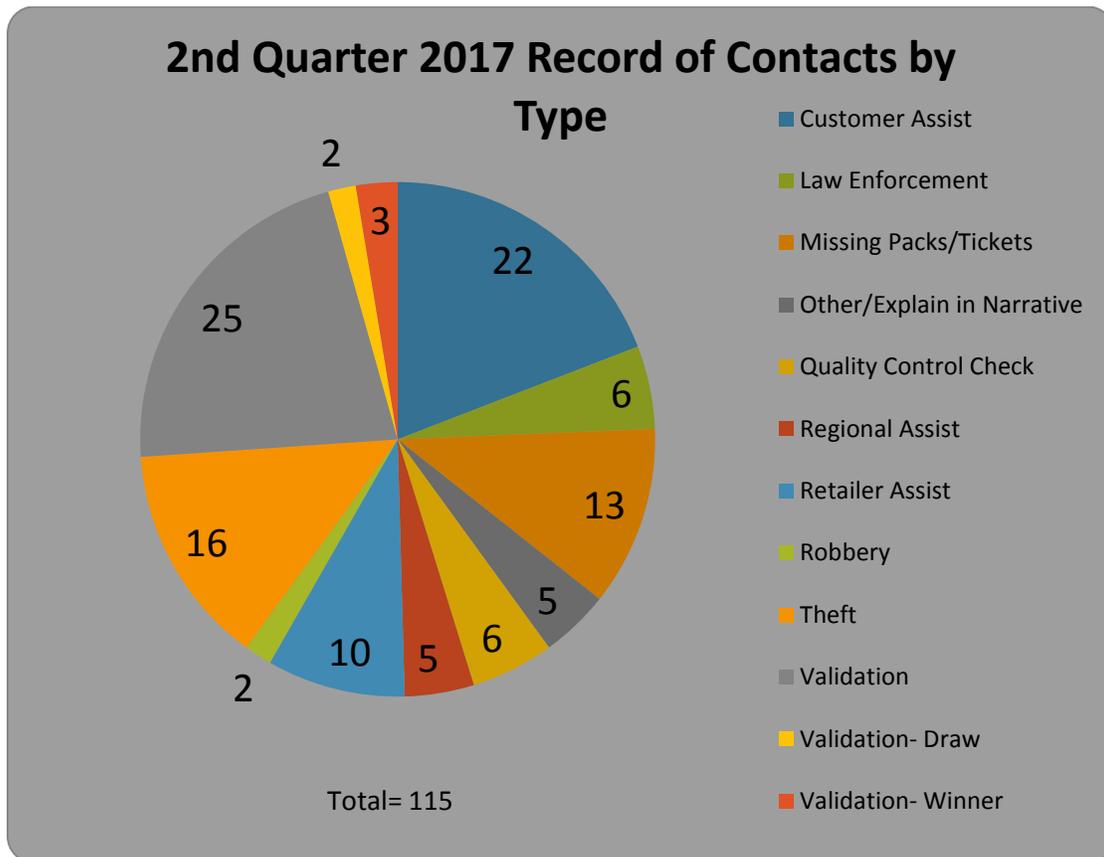
	Month ended 4/30/2017	Month ended 4/30/2016	Year-to-date 4/30/2017	Year-to-date 4/30/2016
<b>Operating revenues:</b>				
Instant-scratch ticket sales	\$21,291,870.00	\$22,005,748.00	\$195,958,420.00	\$193,877,793.00
InstaPlay sales	721,849.00	-	4,307,200.00	-
Pick 3 sales	629,125.50	634,564.00	6,026,353.50	6,178,074.50
Powerball sales	3,269,246.50	5,031,241.50	44,278,823.00	66,054,400.50
Mega Millions Sales	850,699.00	1,054,723.00	12,792,565.00	12,031,269.00
Hot Lotto sales	786,547.00	690,874.00	6,675,287.00	7,469,241.00
Pick 4 sales	336,000.00	304,871.00	3,261,397.50	2,921,195.50
All or Nothing sales	257,961.00	306,733.00	2,679,121.00	3,415,515.00
Lucky for Life sales	419,784.00	572,544.00	4,703,216.00	1,954,742.00
Pull-tab sales	785,046.47	1,240,025.23	9,537,185.96	12,669,229.18
Application fees	450.00	150.00	3,350.00	3,075.00
Other	719.09	125.94	17,424.13	24,391.34
<b>Total operating revenues</b>	<b>29,349,297.56</b>	<b>31,841,599.67</b>	<b>290,240,343.09</b>	<b>306,598,926.02</b>
<b>Operating expenses:</b>				
Scratch ticket prizes	13,786,259.00	13,713,874.00	129,260,410.73	126,566,853.88
InstaPlay prizes	482,411.71	-	2,825,329.71	-
Pick 3 prizes	374,665.30	376,878.40	3,495,030.70	3,658,144.70
Powerball prizes	1,584,181.00	2,490,910.50	21,059,499.00	32,454,734.00
Mega Millions prizes	420,272.10	516,603.50	6,325,855.63	5,839,175.50
Hot Lotto prizes	386,711.50	335,568.00	3,248,535.50	3,600,572.15
Pick 4 prizes	200,725.00	182,142.60	1,922,423.50	1,719,322.30
All or Nothing prizes	153,866.68	181,485.78	1,582,317.43	2,022,630.96
Monopoly Millionaires' Club prizes	-	-	-	(21,052.29)
Lucky for Life prizes	249,493.79	340,283.26	2,956,726.32	1,379,245.12
Pull-tab prizes	490,273.36	774,988.25	5,958,749.03	7,922,540.42
VIP Club prize expense	-	-	234,570.70	155,754.29
Promotional prize expense	13,719.00	5,648.24	206,636.51	146,892.06
Advertising/publicity	458,666.71	444,509.11	5,412,024.76	5,575,376.96
Retailer compensation expense	1,910,166.05	2,069,606.78	18,853,051.93	19,812,368.86
Ticket expense	216,235.39	238,523.52	2,674,879.03	2,778,063.72
Vendor compensation expense	580,850.63	645,855.60	5,892,214.06	6,330,473.94
Salary and benefits	839,681.17	752,062.79	8,540,765.79	8,261,161.86
Travel	26,089.90	23,685.11	239,301.79	233,763.35
Supplies	4,972.04	4,567.64	84,823.33	105,480.35
Printing	-	313.80	3,081.30	1,031.40
Postage	272.67	312.36	5,320.31	6,005.17
Communications	12,718.42	13,078.58	126,175.20	130,759.83
Rentals	24,792.75	26,626.98	253,884.95	257,977.70
Utilities	4,943.62	6,056.17	73,243.85	68,722.25
Professional fees	10,678.00	6,200.65	134,960.78	76,413.17
Vending machine maintenance	30,766.65	50,390.76	452,194.03	498,180.01
Outside services and repairs	58,387.56	123,419.86	649,350.53	687,558.96
Data processing	9,685.49	9,985.88	99,424.29	102,677.19
Equipment	18,314.67	33,820.63	949,205.19	356,084.55
Reimbursement to other state agencies	28,547.79	33,667.61	340,423.09	340,716.59
Depreciation	45,392.44	28,449.22	369,076.37	276,678.97
Other	5,150.02	4,584.45	56,658.19	47,193.30
MUSL/Lotto administrative expense	12,620.16	18,661.55	128,840.28	107,310.27
<b>Total operating expenses</b>	<b>22,441,510.57</b>	<b>23,452,761.58</b>	<b>224,414,983.81</b>	<b>231,498,811.49</b>
<b>Operating income</b>	<b>6,907,786.99</b>	<b>8,388,838.09</b>	<b>65,825,359.28</b>	<b>75,100,114.53</b>
<b>Non-operating revenue (expenses):</b>				
Proceeds provided to State General Fund	(6,686,311.79)	(8,460,633.94)	(62,423,828.24)	(72,849,455.12)
Proceeds provided to Veteran's Trust Fund	-	-	(2,500,000.00)	(2,500,000.00)
Interest income	13,465.35	9,098.48	113,716.13	138,221.98
Gain (Loss) on disposal of capital assets	(28,335.00)	7,950.00	(729,625.06)	32,200.00
<b>Net non-operating revenues (expenses)</b>	<b>(6,701,181.44)</b>	<b>(8,443,585.46)</b>	<b>(65,539,737.17)</b>	<b>(75,179,033.14)</b>
<b>Change in net position</b>	<b>206,605.55</b>	<b>(54,747.37)</b>	<b>285,622.11</b>	<b>(78,918.61)</b>
Net position beginning of period	6,633,094.04	5,774,166.54	6,554,077.48	5,798,337.78
Net position end of period	6,839,699.59	5,719,419.17	6,839,699.59	5,719,419.17

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Eleven Months Ending Wednesday, May 31, 2017**

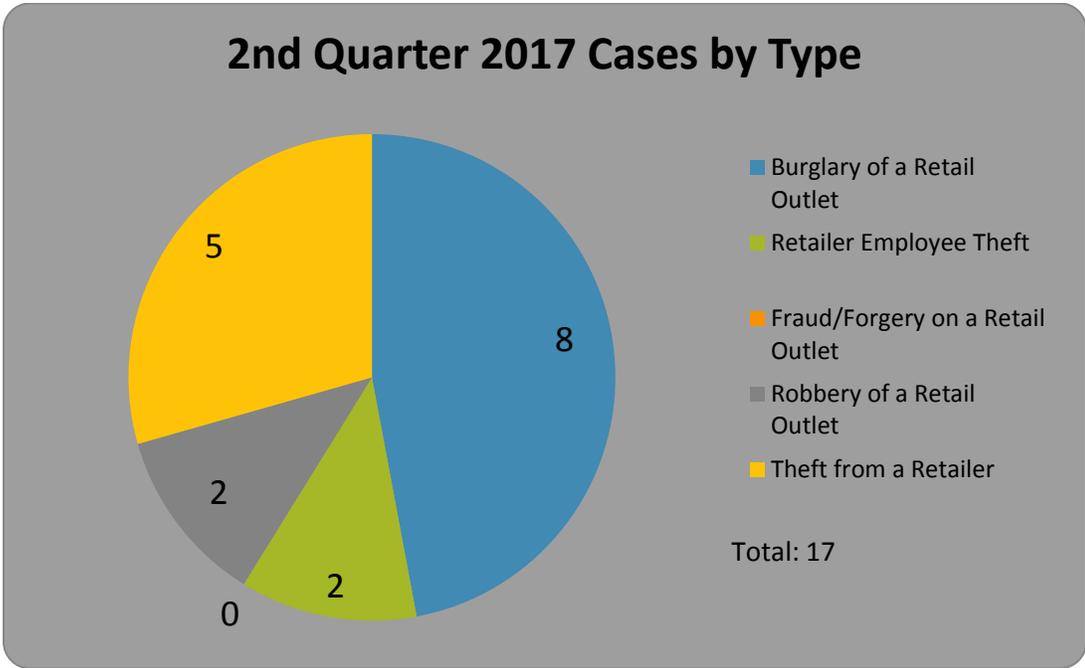
	Month ended 5/31/2017	Month ended 5/31/2016	Year-to-date 5/31/2017	Year-to-date 5/31/2016
<b>Operating revenues:</b>				
Instant-scratch ticket sales	\$22,024,009.00	\$20,758,858.00	\$217,982,429.00	\$214,636,651.00
InstaPlay sales	904,594.00	-	5,211,794.00	-
Pick 3 sales	664,329.00	624,138.50	6,690,682.50	6,802,213.00
Powerball sales	4,874,424.00	4,975,110.00	49,153,247.00	71,029,510.50
Mega Millions Sales	892,479.00	1,655,480.00	13,685,044.00	13,686,749.00
Hot Lotto sales	792,008.00	640,944.00	7,467,295.00	8,110,185.00
Pick 4 sales	347,536.50	325,983.50	3,608,934.00	3,247,179.00
All or Nothing sales	260,741.00	296,650.00	2,939,862.00	3,712,165.00
Lucky for Life sales	460,652.00	639,438.00	5,163,868.00	2,594,180.00
Pull-tab sales	916,619.02	1,211,555.49	10,453,804.98	13,880,784.67
Application fees	150.00	250.00	3,500.00	3,325.00
Other	797.18	8,330.48	18,221.31	32,721.82
<b>Total operating revenues</b>	<b>32,138,338.70</b>	<b>31,136,737.97</b>	<b>322,378,681.79</b>	<b>337,735,663.99</b>
<b>Operating expenses:</b>				
Scratch ticket prizes	13,684,048.92	13,414,679.07	142,944,459.65	139,981,532.95
InstaPlay prizes	550,335.71	-	3,375,665.42	-
Pick 3 prizes	394,357.40	371,923.10	3,889,388.10	4,030,067.80
Powerball prizes	2,295,534.00	2,397,241.00	23,355,033.00	34,851,975.00
Mega Millions prizes	426,833.50	797,319.00	6,752,689.13	6,636,494.50
Hot Lotto prizes	387,262.00	276,839.00	3,635,797.50	3,877,411.15
Pick 4 prizes	206,491.90	190,340.10	2,128,915.40	1,909,662.40
All or Nothing prizes	155,199.91	175,891.54	1,737,517.34	2,198,522.50
Monopoly Millionaires' Club prizes	-	-	-	(21,052.29)
Lucky for Life prizes	380,053.37	380,039.05	3,336,779.69	1,759,284.17
Pull-tab prizes	573,940.72	757,856.75	6,532,689.75	8,680,397.17
VIP Club prize expense	3,000.00	-	237,570.70	155,754.29
Promotional prize expense	5,138.84	12,115.88	211,775.35	159,007.94
Advertising/publicity	625,085.32	667,331.55	6,037,110.08	6,242,708.51
Retailer compensation expense	2,095,363.72	2,032,260.39	20,948,415.65	21,844,629.25
Ticket expense	317,147.32	233,943.66	2,992,026.35	3,012,007.38
Vendor compensation expense	668,191.96	656,758.54	6,560,406.02	6,987,232.48
Salary and benefits	1,025,822.17	872,532.82	9,566,587.96	9,133,694.68
Travel	19,499.97	25,662.48	258,801.76	259,425.83
Supplies	9,651.57	14,355.36	94,474.90	119,835.71
Printing	120.60	-	3,201.90	1,031.40
Postage	249.37	273.90	5,569.68	6,279.07
Communications	12,810.92	12,655.29	138,986.12	143,415.12
Rentals	25,414.73	25,418.39	279,299.68	283,396.09
Utilities	5,424.03	3,938.87	78,667.88	72,661.12
Professional fees	11,191.03	6,811.43	146,151.81	83,224.60
Vending machine maintenance	37,045.59	50,390.76	489,239.62	548,570.77
Outside services and repairs	70,406.48	47,450.60	719,757.01	735,009.56
Data processing	9,351.44	9,856.47	108,775.73	112,533.66
Equipment	30,987.22	57,926.55	980,192.41	414,011.10
Reimbursement to other state agencies	57,418.12	51,204.48	397,841.21	391,921.07
Depreciation	46,006.19	29,242.76	415,082.56	305,921.73
Other	6,088.66	3,842.54	62,746.85	51,035.84
MUSL/Lotto administrative expense	12,840.75	10,112.05	141,681.03	117,422.32
<b>Total operating expenses</b>	<b>24,148,313.43</b>	<b>23,586,213.38</b>	<b>248,563,297.24</b>	<b>255,085,024.87</b>
<b>Operating income</b>	<b>7,990,025.27</b>	<b>7,550,524.59</b>	<b>73,815,384.55</b>	<b>82,650,639.12</b>
<b>Non-operating revenue (expenses):</b>				
Proceeds provided to State General Fund	(8,327,087.05)	(6,809,084.72)	(70,750,915.29)	(79,658,539.84)
Proceeds provided to Veteran's Trust Fund	-	-	(2,500,000.00)	(2,500,000.00)
Interest income	19,709.14	13,573.61	133,425.27	151,795.59
Gain (Loss) on disposal of capital assets	3,625.00	-	(726,000.06)	32,200.00
<b>Net non-operating revenues (expenses)</b>	<b>(8,303,752.91)</b>	<b>(6,795,511.11)</b>	<b>(73,843,490.08)</b>	<b>(81,974,544.25)</b>
<b>Change in net position</b>	<b>(313,727.64)</b>	<b>755,013.48</b>	<b>(28,105.53)</b>	<b>676,094.87</b>
<b>Net position beginning of period</b>	<b>6,839,699.59</b>	<b>5,719,419.17</b>	<b>6,554,077.48</b>	<b>5,798,337.78</b>
<b>Net position end of period</b>	<b>6,525,971.95</b>	<b>6,474,432.65</b>	<b>6,525,971.95</b>	<b>6,474,432.65</b>



# April - June 2017 Security Report



**Other:** (1) Retailer Application Research, (1) Document Ticket Packs assigned to Testing, (1) Vendor Quarterly Inspection (1) Document change of printer paper at vendor location (1) Initial Request to assist Retailer to review records for possible theft, still undetermined



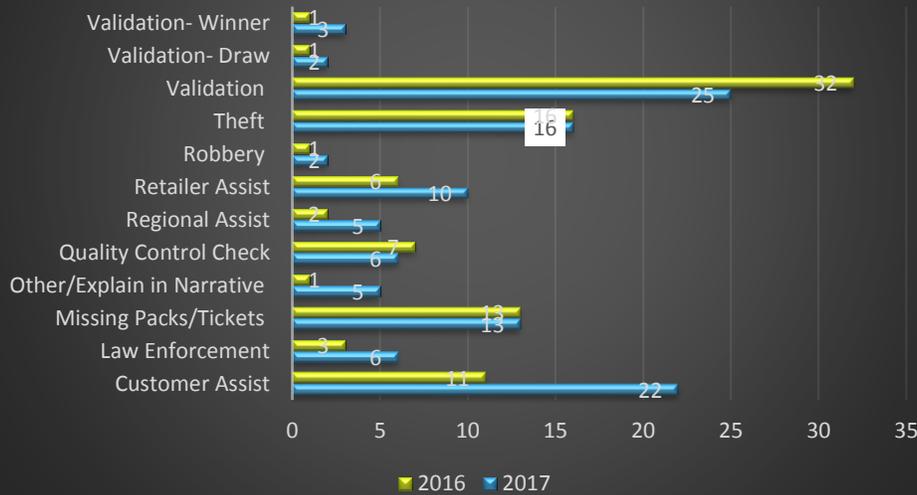
**Other Duties and Activities;**

- Winner Validation for (2) Frogger promotional drawings
- Conducted **177** compliance checks on retail outlets, sent follow up letters to all retailers to provide results of the compliance check at their store
- **58** Retail Employee Claim Verifications
- Quarterly review of Frequent Winners

## Comparison of Cases Second Quarter 2016 to 2nd Quarter 2017



## Comparison of Record of Contacts Second Quarter 2016 to Second Quarter 2017



## Budget for Lottery Fund

	FY 2016 ACTUAL	FY 2017 BOARD APPROVED FINAL BUDGET	FY 2018 BOARD APPROVED PRELIMINARY BUDGET	FY 2018 PROPOSED BUDGET
<u>Resources</u>				
Lottery sales	\$ 366,910,923	\$ 324,920,000	\$ 333,820,000	\$ 334,420,000
Interest income	\$ 194,873	\$ 500,000	\$ 500,000	\$ 500,000
Application fees	\$ 4,175	\$ 5,000	\$ 5,000	\$ 5,000
Other	\$ 33,065	\$ 5,000	\$ 5,000	\$ 5,000
<b>Total Resources</b>	<b>\$ 367,143,037</b>	<b>\$ 325,430,000</b>	<b>\$ 334,330,000</b>	<b>\$ 334,930,000</b>
<u>Expenses and Change in Net Assets</u>				
Prizes	\$ 221,767,401	\$ 193,151,515	\$ 199,136,196	\$ 199,557,641
Retailer compensation	\$ 24,561,634	\$ 20,987,254	\$ 22,347,472	\$ 22,352,605
Advertising production and media purchases	\$ 6,821,537	\$ 12,996,800	\$ 13,352,800	\$ 13,356,800
Retailer Lottery system/Terminal Communications	\$ 7,942,965	\$ 7,593,157	\$ 7,851,213	\$ 9,489,381
Instant/Pull-tab ticket expense	\$ 3,258,644	\$ 3,942,000	\$ 4,142,000	\$ 3,928,000
Vending machines & maintenance/Ticket dispensers	\$ 820,542	\$ 1,819,000	\$ 1,965,800	\$ 508,500
Courier delivery of instant tickets	\$ 563,738	\$ 660,000	\$ 660,000	\$ 660,000
Lottery operating expense	\$ 12,654,373	\$ 14,620,690	\$ 14,996,492	\$ 15,270,127
Increase (decrease) in net assets	\$ 727,584	\$ (85,000)	\$ (332,700)	\$ (447,275)
<b>Total Expenses and Change in Net Assets</b>	<b>\$ 279,118,417</b>	<b>\$ 255,685,415</b>	<b>\$ 264,119,273</b>	<b>\$ 264,675,779</b>
<u>Proceeds</u>				
Proceeds Transfer to General Fund	\$ 85,524,619	\$ 67,244,585	\$ 67,710,727	\$ 67,754,221
Proceeds Transfer to Veterans Trust Fund	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
<b>Total Proceeds Transfers</b>	<b>\$ 88,024,619</b>	<b>\$ 69,744,585</b>	<b>\$ 70,210,727</b>	<b>\$ 70,254,221</b>
<b>Total Expenses and Proceeds</b>	<b>\$ 367,143,037</b>	<b>\$ 325,430,000</b>	<b>\$ 334,330,000</b>	<b>\$ 334,930,000</b>

## Budget for Lottery Fund

	FY 2016 ACTUAL	FY 2017 BOARD APPROVED FINAL BUDGET	FY 2018 BOARD APPROVED PRELIMINARY BUDGET	FY 2018 PROPOSED BUDGET
Administrative payroll*	\$ 9,977,828	\$ 11,302,592	\$ 11,302,592	\$ 11,534,327
Travel	\$ 275,272	\$ 435,000	\$ 435,000	\$ 435,000
Supplies	\$ 104,490	\$ 105,000	\$ 105,000	\$ 105,000
Printing	\$ 4,190	\$ 20,000	\$ 20,000	\$ 20,000
Postage	\$ 6,636	\$ 7,000	\$ 7,000	\$ 7,000
Communications	\$ 263,414	\$ 317,098	\$ 186,000	\$ 186,000
Rentals	\$ 309,412	\$ 320,000	\$ 320,000	\$ 320,000
Utilities	\$ 87,942	\$ 101,000	\$ 101,000	\$ 101,000
Professional fees	\$ 135,660	\$ 220,000	\$ 225,000	\$ 259,500
Outside services and repair	\$ 243,794	\$ 315,000	\$ 334,000	\$ 341,500
Data processing	\$ 122,421	\$ 125,000	\$ 125,000	\$ 125,000
Equipment	\$ 306,251	\$ 436,000	\$ 593,200	\$ 696,200
Reimbursement to state agencies	\$ 430,088	\$ 480,000	\$ 506,000	\$ 506,000
Depreciation	\$ 333,223	\$ 350,000	\$ 650,700	\$ 547,600
Other expenses	\$ 53,751	\$ 87,000	\$ 86,000	\$ 86,000
<b>Total operating expenses</b>	<b>\$ 12,654,373</b>	<b>\$ 14,620,690</b>	<b>\$ 14,996,492</b>	<b>\$ 15,270,127</b>

\* FY 2018 Proposed Final Budget for "Administrative Payroll" includes salary and benefit cost increases per DOM projections

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	204.200	1 of 2	<del>September 29, 2011</del> <u>July 1, 2017</u>
<b>Subject</b> General Provisions—Original Invoice			

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

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

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

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

4. When employees submit travel claims for reimbursement of expenses, original receipts must be attached to the travel payment (TP). The TP must also contain an original certification (see procedures 204.150(3), 204.400(2) and 210.102). For electronic receipts see Procedure 280.200.
5. A voucher, which has been properly certified by the vendor, may be substituted for the original invoice. A “properly certified” voucher shall include an original signature and title

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 204.200	<b>Page No.</b> 2 of 2	<b>Effective Date</b> <del>September 29, 2011</del> <u>July 1, 2017</u>
<b>Subject</b> General Provisions—Original Invoice			

of the person signing the voucher as well as the date the claim is certified. See procedure 204.150.

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

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.130	1 of 3	July 1, <del>2009</del> 2017
<b>Subject</b>			
Travel—General—Lottery Vehicles—Use for Personal Reasons			

1. Vehicles that May be Used. ~~Lottery Authority~~ILA employees shall ~~either~~ utilize ILA owned vehicles whenever possible ~~or a personal vehicle up to a maximum of 14,000 miles annually on a fiscal year basis~~ for the performance of ILA business. However, the Vice-President of Security or designee may approve the payment to an ILA officer or employee for the use of their privately owned vehicle, up to a maximum of 14,000 miles annually on a fiscal year basis, to conduct ILA business at a rate not to exceed the maximum allowable under the federal Internal Revenue Service rules. The ILA establishes the following payment rates for the use of a personal vehicle:
  - a. \$.39 per business mile, or the highest rate approved by ~~the state of Iowa Fleet and Mail Division~~DAS-Central Procurement and Fleet Services Enterprise (DAS-CPFSE), ~~is will~~ be authorized to the ILA employee for a standard automobile the use of their private vehicle when approved by the Vice-President of Security or designee.
  - b. The CEO may authorize ILA business use of privately owned vehicles that have been substantially modified or specially equipped as required for use by persons with disabilities. The CEO will may confer with ~~the state of Iowa Fleet and Mail Division~~DAS-CPFSE when determining the appropriate rate. However, final approval of the rate lies solely with the CEO.
2. Employee Requests for Accommodation. Employees may request a reasonable accommodation for their vehicular requirements for the performance of their essential job functions.

Requests for vehicular accommodation will be authorized by the Vice-President of Security or designee up to 14,000 miles annually on a fiscal year basis. Upon the Vice-President of Security's (or designee) determination that a vehicular accommodation is best provided by the utilization of the ILA employee's personal vehicle for the performance of essential job duties, the ILA employee will receive payment for the business use of their private vehicle at the rate in 1.a. above, unless qualified under the provisions of paragraph 1.b. above. A copy of form CFN 552-0574 shall be furnished to the ILA Human Resources Associate (HRA) for recording purposes.

ILA employees requesting a reasonable accommodation for their vehicular requirements that drive or are anticipated to drive more than 14,000 miles annually on a fiscal year basis, shall forward their request (form CFN 552-0574) to the employee's supervisor where it will be routed to management for determination of the most appropriate method of accommodation.

Annual review of the methods utilized to provide accommodations may be performed by ILA supervisors and a Review Committee established by the ILA CEO.

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## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.130	2 of 3	July 1, <del>2009</del> 2017
<b>Subject</b>			
Travel—General—Lottery Vehicles—Use for Personal Reasons			

3. Volunteers and Member of Board and Commissions. Members of boards or commissions and members of the public volunteering their services to the State of Iowa shall receive the higher of \$.39 per mile rate or the highest rate approved by ~~the State Fleet and Mail Division~~DAS-CPFSE for a standard automobile for the use of their private vehicle in the conduct of official business.
  
4. Use of private vehicles. The use of private vehicles up to a maximum of 14,000 miles annually on a fiscal year basis beginning July 1 of each year is authorized for ILA employees and ILA board members who have not been assigned an ILA vehicle. Mileage in excess of 14,000 miles during any fiscal year will not be reimbursed. ILA employees exceeding the 14,000 mileage limit should contact ILA-Security for information regarding the utilization of a motor pool vehicle for any additional necessary ILA business travel beyond 14,000 miles. If more than one claim for mileage reimbursement is anticipated ~~in~~ during a calendar year, the ILA employee shall submit proof of insurance for the vehicle being driven. A wallet or glove compartment insurance card shall be considered adequate documentation. This requirement does not pertain to ILA board members.
  
5. Reporting of Commuting Miles. ~~Federal Internal Revenue Service regulations govern~~The Tax Reform Act of 1984, as revised in 1985 in Public Law 99-44, enacted new regulations concerning the taxability of fringe benefits relating specifically to the non-business use of automobiles. (These rules remain in effect in the Tax Reform Act of 1986.) Under these regulations, the ILA as an employer has the responsibility of reporting mileage in certain instances where ILA employees use ILA vehicles for commuting (non-business) purposes. In such situations, the following guidelines shall be followed:
  - a. When an employee uses an ILA automobile within the city or metropolitan area that is the employee's tax home, the commute from the employee's home to the first stop and from the last stop to the employee's home each day is a taxable fringe benefit. This is analogous-synonymous to commuting from the employee's home to the office or other location of the employer.
  - b. When the employee leaves home and makes the first stop outside the metropolitan area that is the employee's tax home, the use of a ILA automobile is a working condition fringe not subject to tax.
  - c. The taxable fringe benefit is the equivalent of \$3.00 per round trip (\$1.50 one way) each time an ILA vehicle is used for commuting purposes (see item (a) above to see what constitutes commuting). The amount of taxable income from the use of an ILA vehicle is subject to federal and state withholding, as well as FICA. The taxable amounts must

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.130	3 of 3	July 1, <del>2009</del> 2017
<b>Subject</b> Travel—General—Lottery Vehicles—Use for Personal Reasons			

be handled through the Human Resource Information System (HRIS).

- i. HRIS reporting of commuting miles may be on a pay period, monthly or quarterly basis. However, an employee who does commute extensively will have more taxes withheld out of one paycheck if the commuting miles are reported on a quarterly basis. It will be necessary to report at least quarterly in order to have correct taxable wages on the quarterly reports that HRIS must file. The amount to report is \$1.50 for each one-way trip or \$3.00 for each round trip.
- ii. The amount to be reported for an employee should be entered on a P-1 document in the field titled “Commute Miles Pay.” The amount reported on the P-1 document will remain in HRIS as additional earnings to the employee until another P-1 document is submitted to change the amount or to zero out the amount. Any figure reported in this field will be subject to state and federal withholding and FICA.
- iii. After the appropriate taxes have been calculated and deducted on the employee's paycheck, HRIS is programmed to deduct the amount reported in the “Commute Miles Pay” field of the P-1 document from the gross pay amount on the paycheck. A report of this activity is sent to state departments and the ILA quarterly.

It is important to remember that the above mentioned rules and guidelines do not ~~supereede~~ supplant the authority granted to the ILA in the assignment, control, and use of ILA owned vehicles.

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.131	1 of 2	July 1, <del>2003</del> 2017
<b>Subject</b> Travel—General—Lottery Vehicles—Miscellaneous Expenses			

1. The ~~DAS-Central Procurement and Fleet Service Enterprise (DAS-CPFSE) Fleet and Mail Division of the Department of Administrative Services~~ issues a universal fuel credit card for each state vehicle to facilitate the purchase of fuel and may be used for emergency and miscellaneous expenses such as windshield washer solvent and other fluids (no oil changes), car washes and towing up to \$100.00. The card may not be used for mechanical repairs, oil, parts and repairs for State of Iowa fleet vehicles. Reasonable use of the fuel credit cards precludes the necessity for employees to pay for expenses out-of-pocket. Proper use of the card also eliminates the additional paperwork and processing costs associated with travel payment (TP) reimbursements.
2. When it is necessary to reimburse an employee for valid out-of-pocket vehicle-related expenses that are not billed to the ~~DAS-CPFSE fuel Fleet and Mail Division credit~~ card, ILA personnel shall prepare a TP.
  - a. All TPs will be billed and onlined directly by the ILA.
  - b. The ILA may prepare separate travel payments for vehicle and non-vehicle expense at its discretion.
3. All out-of-pocket expenses for fuel and repair services obtained within the boundaries of the state of Iowa and all expenses over the maximum limits noted in 4(c) and 4(d) below require the approval of the ILA's ~~Director~~ Vice President of Security or a designee. An adequate explanation for not using the credit fuel card must be written on or attached to the TP to secure approval.
4. The following out-of-pocket expenses are exempt from approval, by the Vice President of Security or designee, and may ~~(upon ILA approval)~~ be reimbursed on a TP ~~submitted directly to the DAS DAPR~~:
  - a. Any valid fuel or vehicle maintenance service obtained outside the boundaries of the State of Iowa.
  - b. Emergency towing services when not available on the fuel card.
  - c. Emergency road services up to a maximum of ~~\$50.00~~\$100.00 per occurrence.
  - d. Tire repairs, car washes, vehicle fluids (such as brake, transmission, power steering) oil, washer solvent, fuel additives, antifreeze and key duplication up to a maximum of ~~\$20.00~~\$100.00 per occurrence.

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.131	2 of 2	July 1, <del>2003</del> <u>2017</u>
<b>Subject</b> Travel—General—Lottery Vehicles—Miscellaneous Expenses			

5. Vehicle-related expense, whether billed and paid through the ~~Fleet and Mail Division~~ creditDAS-CPFSE fuel card OR reimbursed by a TP, must be reported and accounted to ~~the Fleet and Mail Division~~DAS-CPFSE on the monthly vehicle mileage report.

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.200	1 of 1	July 1, <del>2009</del> 2017
<b>Subject</b> Travel—In-State—Mode of Transportation			

1. Use of privately owned vehicles.
  - a. Authorized use of a privately owned vehicle will be subject to procedure 210.130(4). Where use of a privately owned vehicle is authorized by the Vice President of Security or designee, reimbursement shall be on a mileage basis at a rate not to exceed the statutory rate as established by Iowa Code 8A.363. Reimbursement for travel at the official domicile will be reimbursed at a rate, as established by Code, per mile if on official business. The per mile reimbursement includes all costs incurred in connection with the operation of the automobile. See Procedure 210.130 for when ILA authorizes the use of privately owned automobiles.
  - b. Assignment of more than one employee to a vehicle. Whenever possible, in authorizing the use of privately owned or state-owned vehicles, the CEO will assign more than one employee to the use of one vehicle. See procedure 280.201 for an example of how to denote this on the travel payment.
  - c. Verification of mileage. Travel shall be by the most reasonable and/or direct route. Mileage shall be based on mileage published by the American Automobile Association, charts published by the Iowa Department of Transportation, or from internet sites such as MapQuest or similar sites. Any variation from the published mileage must be documented in writing (see procedure 280.201).
2. ILA vehicles. See procedures 210.130 and 210.131.
3. Rental or charter of special conveyances. The rental or charter of aircraft, automobiles, boats, buses, or other special conveyances shall be held to a minimum but may be authorized in those cases when no public or ordinary means of transportation is available, or when such public or ordinary means of transportation cannot be used advantageously in the best interest of the state. A cost comparison or an explanation detailing extenuating circumstances shall accompany the payment. The cost comparison must include the total costs that would have been incurred using public/ordinary transportation versus all costs incurred using the special conveyance.

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.205	1 of 4	<del>August 15, 2014</del> <u>July 1, 2017</u>
<b>Subject</b> Travel—In-State—Subsistence Allowance			

1. The phrase “Subsistence Allowance” used herein includes all charges (including applicable taxes) for meals and lodging (single rate only).
2. Officers and employees shall be allowed lodging and meal expense when required to travel outside their official domiciles and/or outside of their places of residence when different from their official domiciles. Reimbursement shall be within the following limits:
  - a. **Lodging.** The allowance for lodging shall not exceed a maximum of ~~\$55.00~~ \$65.00 (plus applicable taxes) per day, or the maximum amount allowed by the Iowa Department of Administrative Services, if higher. Any additional charges made by a lodging facility for work related services such as internet, radios, television, telephone, and other similar items are reimbursable and are not to be considered as part of the basic room charge when considering reasonable maximum lodging rates as outlined herein. The "reasonable maximum lodging" rate applies to the entire state.
    - (1) ORIGINAL RECEIPTS for lodging must be submitted in order to receive reimbursement. Lodging receipts consist of the itemized billing obtained from the hotel/motel or any overnight lodging facility and contain such information as the dates, room number, number of guests, name of facility, name of guest, location and additional pertinent information which may be used to verify other sections of the expense voucher claim. A lodging facility "statement" is not the same as invoice and is not acceptable. Cash register tapes are not acceptable, either, as they do not contain the required information. Express/Rapid Check out receipts must also be itemized. The receipt may not necessarily show a zero balance, but must show the method of payment used (e.g., MC/AM/Visa, cash, etc.).
    - (2) Expense for lodging begins on the day the employee checks into the facility.
    - (3) Employees are to seek lodging facilities whose rates are within those prescribed above. Prior approval by the ILA’s CEO, CFO, or Executive Vice President is required to exceed the maximum lodging reimbursement rate EXCEPT in the following instances:
      - (a) There is only one lodging facility in the city.
      - (b) The employee is attending an in-state conference held at a lodging facility that has room charges above the maximum rate listed in 2(a) above, and the employee stays at the facility where the conference is being held.

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.205	<b>Page No.</b> 2 of 4	<b>Effective Date</b> <del>August 15, 2014</del> <u>July 1, 2017</u>
<b>Subject</b> Travel—In-State—Subsistence Allowance			

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

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

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

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

**Maximum Reimbursable Meal Rates:**

- (a) Breakfast   \$ 5.00
- (b) Lunch       8.00
- (c) Dinner      15.00
- TOTAL       \$28.00

**Maximum Reimbursable Conference Meal Rates\*:**

- (a) Breakfast   \$ 7.00
- (b) Lunch       10.00
- (c) Dinner      18.00

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.205	<b>Page No.</b> 3 of 4	<b>Effective Date</b> <del>August 15, 2014</del> <u>July 1, 2017</u>
<b>Subject</b> Travel—In-State—Subsistence Allowance			

TOTAL     \$35.00

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

- (1) ~~Those traveling on ILA business who are required to depart prior to 6:00 a.m. with an overnight stay may be reimbursed actual expenses up to the allowable maximum per day for three meals.~~

Those traveling on ILA business who are required to depart **prior** to 6:00 a.m. and return **after** 7:00 p.m. to their official domicile may be reimbursed actual expenses up to the allowable maximum per day for three meals.

- (2) ~~Those traveling on ILA business who are required to depart after 6:00 a.m. but prior to lunch, with an overnight stay, may be reimbursed actual expenses up to the allowable maximum per day for lunch and dinner. Those traveling on ILA business who are required to depart **prior** to 6:00 a.m. and return **prior** to lunch may be reimbursed actual expenses up to the allowable maximum per day for breakfast.~~

- (3) ~~Those traveling on ILA business who are required to depart after lunch with an overnight stay may be reimbursed actual expenses up to the allowable maximum per day for dinner. Those traveling on ILA business who are required to depart **prior** to 6:00 a.m. and return after lunch, but **prior** to 7:00 p.m. may be reimbursed actual expenses up to the maximum per day for breakfast and lunch.~~

- (4) Those traveling on ILA business who are required to depart **after** 6:00 a.m. and return **prior** to 7:00 p.m. may be reimbursed actual expenses up to the allowable maximum per day for lunch.

- (5) Those traveling on ILA business who are required to depart **after** 6:00 a.m. but prior to lunch, and are required to return **after** 7:00 p.m. may be reimbursed actual expenses up to the allowable maximum per day for lunch and dinner.

- (6) Those traveling on ILA business who depart **after** lunch and return **after** 7:00 p.m. may be reimbursed actual expenses up to the allowable maximum per day for dinner.

- ~~(4)~~(7) The actual amount spent for the meal(s) is to be reported on the employee's TP for reimbursement, even though the amount allowed will be the lesser of the actual or the maximum.

- ~~(5)~~(8) When reporting more than one daily meal the actual expense can be distributed between those meals, and the amount allowed will be the lesser of the actual or the maximum applicable to the combined cost of the meals.

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.205	<b>Page No.</b> 4 of 4	<b>Effective Date</b> <del>August 15, 2014</del> <u>July 1, 2017</u>
<b>Subject</b> Travel—In-State—Subsistence Allowance			

(~~69~~) Receipts for meals are required per Executive Order #13 signed May 26, 2009. See Procedure 210.102 for more details.

~~(7) ILA employees who work at the state fair and are domiciled in Polk County may receive meal reimbursement. Meal reimbursement will be limited to lunch for employees working the first shift and dinner for employees working the second shift. Both meals are limited to a per diem rate equal to the sum of the lunch and dinner per diem rates divided by 2 rounded to the nearest whole dollar. The meals are taxable income to employees domiciled in Polk County.~~

(~~8~~10) Alcoholic beverages are NOT an allowable use of ILA monies.

(~~9~~11) Charges for room service are an allowable reimbursable expense as long as the total of the meals, including the room service charge, is within the maximum allowable limits.

(~~40~~12) When a meal is not purchased by the employee (i.e., if it is part of a registration fee, purchased by another individual, etc.) this should be noted on the TP. When this occurs, the maximum for the day becomes the allowable total of the other meals actually purchased by the employee on that particular day (see procedure 280.201 for an example). Employees shall not pay for meals of other employees. See procedure 210.110.

(~~41~~13) Tips are allowable for no more than 15% of the food bill (not including taxes), ~~and also~~ and up to the maximum allowed for reimbursement.

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

EXAMPLE: Employee is eligible only for lunch reimbursement. The cost of the meal is \$3.00 and the employee leaves a 50¢ tip. Maximum allowed is \$3.45 – the actual spent for the food plus 15% for the tip.

(~~42~~14) Meals included on lodging receipts must be compared to the travel payment and employees must submit the itemized receipt. (A hotel bill which includes meals charged to the room is not acceptable documentation for meal expenses.)

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.245	1 of 3	<del>July 1, 2009</del> <del>July 1, 2013</del> <u>July 1, 2017</u>
<b>Subject</b> Travel—In-State—Board, Commission, Advisory Council, and Task Force Member Expenses			

This procedure outlines the policy governing travel for the board, commission, advisory council, and task force members. It is the published policy of the ILA that all individuals engaged in travel for official ILA business utilize the most economical mode of transportation. Section 1(b) of this policy addresses acceptable alternatives for when unique and unusual situations occur that prevents the most economical mode of transportation from being utilized.

### 1. Mode of Transportation

#### a. Use of Privately Owned Automobile

With the exception noted in 1(b) below, board, commission, advisory council, and task force members normally use their private vehicle while conducting official ILA business.

- (1) The use of a privately owned vehicle will be subject to the ~~rules-fiscal policies~~ of ~~the-ILA~~. Reimbursement shall be on a mileage basis at a rate not to exceed the statutory rate as established by code, and must be for official ILA business. The per mile reimbursement includes all costs incurred in connection with the operation of the vehicle.
- (2) Whenever possible, board, commission, advisory council, and task force members should travel with more than one member to a vehicle.
- (3) Travel shall be by the most reasonable and/or direct route. Mileage shall be based on mileage published by the American Automobile Association (AAA), charts ~~published~~ by the Iowa Department of Transportation, or from internet sites such as MapQuest or similar sites. Any variation from the published mileage must be documented in writing (see procedure 280.201).

#### b. Use of Special Conveyances

In certain instances, aircraft may be utilized when board, commission, advisory council, or task force members travel for official ILA business. Documentation shall be available upon request to substantiate special conveyances. This substantiation in most instances will be from the perspective of cost effectiveness of the ILA and not that of the individual board, commission, council or task force member.

- (1) The use of aircraft is acceptable when a board, commission, advisory council, or task force member resides 150 driving miles or more from the meeting site. Mileage shall be based on most direct route and mileage determined on the Iowa Transportation map as published by the Department of

## Iowa Lottery Authority—Financial Management

<b>Section</b> Pre-Audit	<b>Procedure No.</b> 210.245	<b>Page No.</b> 2 of 3	<b>Effective Date</b> <del>July 1, 2009</del> <del>July 1, 2013</del> <u>July 1, 2017</u>
<b>Subject</b> Travel—In-State—Board, Commission, Advisory Council, and Task Force Member Expenses			

Transportation.

- (2) If a board, commission, advisory council, or task force member resides within 150 miles of the meeting area, but is within the continuous flight pattern of the member who is outside of the 150 mile radius, those members may be picked up along the way, providing the extra stop is the most cost effective mode of transportation. A cost comparison must be attached to the claim relating to the airfare expense when it is submitted for payment.
  
- (3) Because the majority of board, commission, advisory council, and task force meetings are held in Des Moines, below is a listing of major Iowa cities that are 150 miles or more from Des Moines. Please note that this is not an all-inclusive listing.

Burlington	Ft. Madison	Rock Rapids
Clinton	Keokuk	Sabula
Davenport	LeMars	Sioux City
Decorah	Manchester	Spencer
Dubuque	Maquoketa	Spirit Lake
Estherville	McGregor	West Union

### **2. Subsistence Allowance**

Board, commission, advisory council, and task force members are allowed 1 1/2 the rate employees are allowed while on official business for the ILA. Official domicile rules do not apply to meal reimbursements for board members. They are eligible to be reimbursed for meal costs without an overnight stay and regardless of where the meeting is held. These rates are rounded to the nearest dollar.

#### **a. Meals**

- (1) Actual expenses up to a maximum of \$43.00 per day, or the maximum amount allowed by the Iowa Department of Administrative Services, if higher, may be reimbursed for meals, as outlined below.

(a) Breakfast	\$8.00
(b) Lunch	12.00
(c) Dinner	<u>23.00</u>
TOTAL	\$43.00

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.245	3 of 3	<del>July 1, 2009</del> <del>July 1, 2013</del> <u>July 1, 2017</u>
<b>Subject</b> Travel—In-State—Board, Commission, Advisory Council, and Task Force Member Expenses			

- (2) Board, commission, advisory council, and task force members are allowed the same flexibility in regard to meals as are ILA employees.

Specifically, if a board member is in a travel status and is entitled to be reimbursed for all three meals, the board member can claim the amount actually expended, up to \$43 on any combination of meals for that day. He/She is not limited to \$8.00 for breakfast, \$12.00 for lunch and \$23.00 for dinner, only to \$43.00 for the day. If a board member is eligible for only breakfast and lunch, the board member can be reimbursed actual expenses, up to \$20 for those two meals.

- (3) If a meal (such as lunch) is catered, the amount of this meal is included as a part of the \$43 per day maximum.
- (4) Receipts for meals are required per Executive Order #13 signed May 26, 2009. See Procedure 210.102 for more details.

### **b. Lodging**

Maximum reimbursable amount is ~~\$83~~\$98.00, or the maximum amount allowed by the DAS-SAE, if higher plus tax, anywhere in the state.

Except for the reimbursable rates mentioned above, the same rules that apply to ILA employees, as outlined in (1) and (2) of this procedure also apply to board and commission members.

### **3. Other Expenses**

Except for those differences mentioned above, all other travel policies that apply to regular ILA employees also apply to board, commission, and advisory council members. See specific sections of the Accounting Policy and Procedures Manual for more details.

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.310	1 of 2	July 1, <del>2012</del> 2017
<b>Subject</b> Travel—Out-of-State—Travel Advance			

1. ILA employees who are required to travel out-of-state may apply for a travel advance if the anticipated out-of-pocket expenses exceed \$200.00. An advance may include:
  - a. 100% of the registration fees (see procedure 210.320 for more details).
  - b. 100% of the air fare (see procedure 210.325 for further explanation).
  - c. 100% of required hotel deposits or pre-payments, with proper supporting documentation or justification.
  - d. 80% of all other anticipated expenses exceeding \$200.00.
2. To receive a travel advance, a Temporary Out-of State Travel Advance Form (TA) must be completed and submitted to the ILA finance division. The TA must include:
  - a. A ~~copy of memo reference to~~ the approved ILA CEO Travel Department Authorization (TDA) number. (see procedure 210.315 ~~to determine if ILA CEO approval is required~~).
  - b. A copy of the itinerary/invoice from the airline when applicable. See Procedure 210.325 to determine when this is necessary.
  - c. Documentation relating to registration when applicable (see procedure 210.320 for further information).
3. Expenses for out-of-state travel should be estimated as accurately as possible. Approved out-of-state travel claims will be pre-audited to assure final expenditures are reasonable and proper and in accordance with established travel procedures.
4. With the following exceptions, travel advances for the 80% of anticipated out-of-pocket costs will not be processed earlier than seven (7) working days before the trip occurs. In all instances, the request must be submitted on a TA with the appropriate out-of-state travel approvals and appropriate documentation.
  - a. Reimbursement of transportation costs may be requested earlier than seven days before the trip (see procedure 210.325 for further details).
  - b. Registration fees may be reimbursed earlier than seven days before the trip in certain instances (see procedure 210.320 for information on when this is possible).
5. The travel advance shall be deducted from the travel payment with a TP form (not the TA)

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.310	2 of 2	July 1, <del>2012</del> 2017
<b>Subject</b> Travel—Out-of-State—Travel Advance			

submitted by the employee upon completion of the trip. The amounts charged to the various expenditure objective codes on the advance claim should be deducted from the like gross amounts on the final claim. If the travel expenses exceed the travel advance, use event type TR04 on all lines of the claim.

6. If, for any reason, an ILA employee does not make the anticipated trip, ~~the travel advance shall be immediately returned to the ILA's CFO. If the warrant has not been cashed, it should be sent by the ILA, along with the request for cancellation to the DAS-SAE. If the warrant has been cashed, then the employee shall make out a personal check payable to the ILA. The personal check should be deposited on a CR document using expenditure objective codes (see procedure 280.101 for more information on CRs). This documentation will be placed with the original claim for audit purposes.~~ the ILA employee will contact the Vice President of Finance and discuss the handling of the TA.
7. If the employee has been advanced more than the actual out-of-pocket expenses, the employee shall make out a personal check payable to the ILA within thirty (30) calendar days of the completion of the trip. A copy of the personal check, a copy of the ILA's Cash Receipt (CR) and a travel payment overpayment (TPO) documenting the actual expenses (including the original receipts when applicable) shall be sent to DAS-SAE upon completion of the trip. Event type TR03 is used on all lines of the TPO. The CR document should use the CR Event Type of AR61 (Collect Travel Overpayment) and the Balance Sheet Account (BSA) 1418 (Receivable). The CR must use AR61 as the event type to close the receivable and to keep the system in balance. (See procedure 280.205 for more information on preparing TPOs).
8. By certifying the TA form, the employee gives DAS authority to recover funds owed the ILA (through payroll deduction) that have not been repaid within thirty (30) days of completion of the trip. If a final claim is not submitted, it is assumed the entire amount is owed to the ILA. ILA will contact DAS-Central Payroll to start the process.
9. The ILA reserves the right to refuse advances when funds are currently owed to it or when there have been prior abuses.
10. Travel advances are not available for non-ILA employees who are traveling on behalf of the ILA.
11. For an example of the TA form, and instructions on completion of the form, see procedure 280.203.

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.320	1 of 2	July 1, <del>2012</del> 2017
<b>Subject</b> Travel—Out-of-State—Registration			

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

## Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.320	2 of 2	July 1, <del>2012</del> 2017
<b>Subject</b> Travel—Out-of-State—Registration			

(c) A copy of the registration form or something similar to indicate cost. A copy of the agenda and registration form that shows additional information (e.g., meals provided, etc.) is required to ensure ~~the costs associated with~~ the function ~~are is~~ allowable (see procedure 210.315).

~~b(d)~~. The employee may pay the registration fee without receiving an advance and seek reimbursement.

(~~15~~) All the following ~~are is~~ needed to reimburse the employee:

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

(b) The ~~original CEO approval reference number of the approved TDA document~~, ~~and~~.

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

(~~26~~) If the registration fee was prepaid by the employee, and the employee did not request an advance, the employee can seek reimbursement prior to the event upon receipt of the paid receipt, or a copy of the front and back of the employee's cancelled check, or a copy of the employee's credit card statement. Reimbursement must be sought on a Travel Advance (TA). If the employee chooses, reimbursement may be on the follow-up travel claim (~~see (3) below~~).

(~~37~~) If reimbursement of the registration fee was not obtained before event, then the employee must seek reimbursement on the follow-up claim (TP) that is submitted at the end of the trip.

3. Registration fees are to include ONLY the pro-rated costs of conducting the conference, seminar, etc., and not costs connected with entertainment. Group meals included in the registration fees are acceptable. Group meals that are included in the registration fee must be noted on the final travel payment (see procedures 280.201(2)(j),(k), & (l) and 210.305.)

4. When registering for a conference or seminar over the Internet, request a paid receipt be returned. If the sponsor does not provide a paid receipt, a printed copy of the registration form or electronic registration acknowledgment that is matched with a copy of the employee's cancelled check (front and back) or credit card receipt with appropriate information on the credit card statement will be accepted.

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## Iowa Lottery Authority—Financial Management

<b>Section</b>	<b>Procedure No.</b>	<b>Page No.</b>	<b>Effective Date</b>
Pre-Audit	280.200	1 of 1	June 5, 2017
<b>Subject</b> ACCOUNTING TRANSACTIONS TRAVEL PAYMENT (TP) – ELECTRONIC SUBMISSION OF RECEIPTS			

### Electronic Submission of Actual Receipts

1. Travel receipts for meals, lodging and other allowable travel-related expenses may be in the form of electronic copies of the actual receipts provided by the vendor. Electronic receipts must be submitted in date order.
2. Internal policies and procedures will be written, as needed, for the electronic submission of a travel claim (TP). The policies and procedures will include the acceptable method for the electronic certification of the claimant and any other designated signatures.
3. A completed TP signed by the claimant, with receipts and supporting documentation, shall be attached (electronically) in I/3 to the vendor line of the document and approved with the appropriate ILA levels in I/3.
4. Actual paper receipts must be maintained by the Iowa Lottery Authority for a period of one fiscal year after the close of the fiscal year for which the expenses were reimbursed.

Example: For expenses reimbursed for FY 2017, actual paper receipts must be maintained by ILA until June 30, 2018.



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www.ialottery.com  
515.725.7900

Kim Reynolds · Governor  
Adam Gregg · Lt. Governor  
Terry Rich · Chief Executive Officer

**To: Members of the Iowa Lottery Board**

**From: Mary Neubauer  
Iowa Lottery**

**Date: June 21, 2017**

**Re: Proposed Changes To Voluntary Self-Exclusion Program**

This item on the meeting agenda is a continuation of a discussion we've had at previous Lottery Board meetings, most recently in March. At that time, legislation was under discussion by lawmakers at the Statehouse to make changes to the Iowa Code language that specifies a self-exclusion program for state-regulated casinos in Iowa. That legislation, SF 442, was ultimately signed into law in May and will take effect July 1.

When lawmakers were debating the self-exclusion changes on the casino side, lottery representatives said that if the legislation were signed into law, we would ask the Lottery Board to make similar changes to lottery policy so we would utilize a consistent approach.

As background, the Iowa Lottery has had a self-exclusion program since 2005, established by Iowa Lottery Board policy. The goal of the program today remains the same as it was at implementation: to provide one more tool that people can use in their efforts to address the issue of problem gambling.

Under state law, the Iowa Lottery pays prizes for tickets that are valid and are winners, but the Lottery Board is empowered to establish validation criteria. So, for example, some of the security criteria you have established are that tickets cannot be cashed if they are stolen, counterfeit, altered or unreadable. State law also empowers the Board to establish lottery policies, such as this self-exclusion policy we are discussing.

The lottery's self-exclusion policy and that for Iowa casinos utilize slightly different approaches but have the same goal: to provide a deterrent for someone who is being impacted by problem gambling.

On the casino side, a voluntary self-exclusion means that the person signing the ban can't enter the wagering area (defined as the gaming floor) at a state-regulated casino in Iowa. However, should the person still find a way to enter the gaming floor, any prize that he or she tried to claim at the casino would be denied.

On the lottery side, a voluntary self-exclusion bans the person from the lottery's five regional offices and allows the lottery to deny payment of any prize at a lottery office to that person. That eliminates the person's ability to ever claim a big lottery prize, since all prizes of more than \$600 must be claimed directly from the lottery. The lottery also removes from any mailing or promotional lists the names of those players who have entered into its self-ban contract. It is our belief that this approach can help take away the incentive to play lottery games for those who have issues with compulsive behavior.

With the changes in law that will take effect July 1, the self-ban program for state-regulated casinos will involve two separate groups: Those who signed casino self-exclusion forms on June 30, 2017, or before; and those who sign self-exclusion forms on July 1, 2017, or after.

For those who signed a self-exclusion form on June 30 or before:

- The Iowa Racing and Gaming Commission has established a process to allow anyone on the casino self-exclusion list for at least five years to request re-instatement of his/her ability to visit the gaming floor of an Iowa casino. Once the person applies, his/her information has been verified with the statewide self-exclusion list and it is confirmed that the person has been on the list for at least five years, that person would be removed from the list and would again be able to visit the wagering area of a casino.
- Anyone on the self-exclusion list for state-regulated casinos in Iowa for less than five years who requests to be removed will be informed that he/she must wait until at least the five-year mark to apply for re-instatement.

For those who sign a self-exclusion form on July 1 or after:

- Anyone signing a casino self-exclusion form will have two options: a five-year voluntary self-exclusion or a lifetime, irrevocable voluntary exclusion. (*Please note that the lifetime option will still be irrevocable after July 1.*) In an effort to ensure the person applying for self-exclusion is aware of the help available in Iowa for problem gaming, the person making the request will be presented with information about the Iowa Gambling Treatment Program and 1-800-BETSOFF, the program's 24-hour hotline for assistance.

At this time, we are asking that the Iowa Lottery's Voluntary Self-Exclusion Policy be changed on July 1, 2017, to also include a five-year option. With the changes, the self-ban program for the lottery also would involve two separate groups: Those who signed lottery self-exclusion forms on June 30, 2017, or before; and those who sign self-exclusion forms on July 1, 2017, or after.

For those who signed a self-exclusion form on June 30 or before:

- Anyone on the lottery's self-exclusion list for at least five years can request that the lottery remove them from the list. Once the person's information has been verified with the lottery's self-exclusion list and it is confirmed that the person has been on the list for at least five years, that person would be removed from the list and would again be allowed to visit lottery offices.
- Anyone on the lottery's self-exclusion list for less than five years who applies to be removed from it will be informed that he/she must wait until at least the five-year mark to apply for re-instatement.

For those who sign a self-exclusion form on July 1 or after:

- Anyone signing a lottery self-exclusion form will have two options: a five-year voluntary self-exclusion or a lifetime, irrevocable voluntary exclusion. (*Please note that the lifetime option will still be irrevocable after July 1.*) In an effort to ensure that the person applying for self-exclusion is aware of the help available statewide for problem gaming, the person making the request will be presented with information about the Iowa Gambling Treatment Program and 1-800-BETSOFF, the program's 24-hour hotline for assistance.

To provide perspective about the numbers as they relate to problem gaming here in Iowa, the latest figures available are for fiscal year 2016 and come from the Office of Problem Gambling Treatment and Prevention at the Iowa Department of Public Health. Of clients admitted to treatment for problem gambling in FY 2016, they identified their primary form of wagering in the six months prior to their admission to be:

Slots	145	51.24%
Table games	51	18.02%
Video	19	6.71%
Lottery/scratch tickets	28	9.89%
Sports	27	9.54%
Internet	5	1.77%
Other	37	13.07%

## Iowa Lottery Policy Regarding Voluntary Self-Exclusion

In an effort to provide another tool to those seeking help with problem gambling, the Board of the Iowa Lottery Authority offers members of the public the option of entering into a voluntary self-exclusion agreement with the Iowa Lottery. The goal of this policy is to help those who have issues with compulsive behavior by taking away the incentive to play Iowa Lottery games.

As of July 1, 2017, members of the public have the option of entering into a voluntary self-exclusion agreement with the Iowa Lottery for: 1.) a period of five years; or 2.) a lifetime, irrevocable exclusion. Any subsequent request following a five-year exclusion would be for another period of five years or life.

### For those who signed a self-exclusion form on June 30 or before:

- Anyone on the lottery's self-exclusion list for at least five years can request that the lottery remove them from the list. Once the person's information has been verified with the lottery's self-exclusion list and it is confirmed that the person has been on the list for at least five years, that person would be removed from the list and would again be allowed to visit lottery offices.
- Anyone on the lottery's self-exclusion list for less than five years who applies to be removed from it will be informed that he/she must wait until at least the five-year mark to apply for reinstatement.

### For those who sign a self-exclusion form on July 1 or after:

- Anyone signing a lottery self-exclusion form will have two options: a five-year voluntary self-exclusion or a lifetime, irrevocable voluntary exclusion. *(Please note that the lifetime option will still be irrevocable after July 1.)* In an effort to ensure that the person applying for self-exclusion is aware of the help available statewide for problem gaming, the person making the request will be presented with information about the Iowa Gambling Treatment Program and 1-800-BETSOFF, the program's 24-hour hotline for assistance.

Senate File 442 - Enrolled

Senate File 442

AN ACT  
CONCERNING PERSONS VOLUNTARILY EXCLUDED FROM GAMBLING  
FACILITIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 99D.7, subsection 23, Code 2017, is amended to read as follows:

23. To require licensees to establish a process to allow a person to be voluntarily excluded ~~for life~~ from the wagering area of a racetrack enclosure and from the gaming floor, as defined in section 99F.1, of all other licensed facilities under [this chapter](#) and [chapter 99F](#) as provided in this subsection. The process shall provide that an initial request by a person to be voluntarily excluded shall be for a period of five years or life and any subsequent request following any five-year period shall be for a period of five years or life. The process established shall require that a person requesting to be voluntarily excluded be provided information compiled by the Iowa department of public health on gambling treatment options and shall also require that a licensee disseminate information regarding persons voluntarily excluded to all licensees under [this chapter](#) and [chapter 99F](#). The state and any licensee under [this chapter](#) or [chapter 99F](#) shall not be liable to any person for any claim which may arise from this

process. In addition to any other penalty provided by law, any money or thing of value that has been obtained by, or is owed to, a voluntarily excluded person by a licensee as a result of wagers made by the person after the person has been voluntarily excluded shall not be paid to the person but shall be credited to the general fund of the state.

Sec. 2. Section 99F.4, subsection 22, Code 2017, is amended to read as follows:

22. To require licensees to establish a process to allow a person to be voluntarily excluded ~~for life~~ from the gaming floor of an excursion gambling boat and from the wagering area, as defined in section 99D.2, and the gaming floor of all other licensed facilities under [this chapter](#) and chapter 99D as provided in this subsection. The process shall provide that an initial request by a person to be voluntarily excluded shall be for a period of five years or life and any subsequent request following any five-year period shall be for a period of five years or life. The process established shall require that a person requesting to be voluntarily excluded be provided information compiled by the Iowa department of public health on gambling treatment options and shall also require that a licensee disseminate information regarding persons voluntarily excluded to all licensees under [this chapter](#) and [chapter 99D](#). The state and any licensee under [this chapter](#) or [chapter 99D](#) shall not be liable to any person for any claim which may arise from this process. In addition to any other penalty provided by law, any money or thing of value that has been obtained by, or is owed to, a voluntarily excluded person by a licensee as a result of wagers made by the person after the person has been voluntarily excluded shall not be paid to the person but shall be credited to the general fund of the state.

Sec. 3. GAMBLING SELF-EXCLUSION — REVOCATION. A person who has been voluntarily excluded for life from a racetrack enclosure, an excursion gambling boat, and all other licensed facilities under Code chapters 99D and 99F pursuant to the process established in Code sections 99D.7 and 99F.4 prior to the effective date of this Act may revoke the exclusion by filing a form with the racing and gaming commission in a manner as prescribed by the racing and gaming commission. A person

may revoke the voluntary exclusion only if the person has been voluntarily excluded for a period of at least five years.

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JACK WHITVER  
President of the Senate

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LINDA UPMEYER  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 442, Eighty-seventh General Assembly.

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W. CHARLES SMITHSON  
Secretary of the Senate

Approved \_\_\_\_\_, 2017

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TERRY E. BRANSTAD  
Governor

**IOWA LOTTERY AUTHORITY  
SELF-EXCLUSION FROM PLAY  
AND PRIZE PAYMENT AGREEMENT**

Attach Recent Photo Here

**The Parties,** \_\_\_\_\_, of \_\_\_\_\_, in the State of \_\_\_\_\_, hereinafter "Player," and the Iowa Lottery Authority, hereinafter "Lottery;" in consideration of the mutual benefits derived by the parties from Player's cessation of lottery game play, do hereby agree as follows:

1. Player acknowledges that s/he is a compulsive or problem gambler.
2. Player acknowledges that access to payment of prizes won as a result of playing lottery games is an unwelcome incentive to play such games.
3. Player desires to reduce the incentive to play by entering into a voluntary self-exclusion agreement restricting Player's access to lottery prizes to which s/he would otherwise be entitled by virtue of playing lottery games and/or otherwise possessing lottery tickets presented for payment.
4. Player acknowledges that the Player has two options for voluntary self-exclusion: a five-year exclusion period, or a lifetime exclusion period. Once made, the election by the Player is irrevocable and cannot be rescinded.
5. Lottery intends to honor Player's commitment to abstain from playing Lottery's games by denying player access to redeem prizes for tickets or chances at any one of the five Lottery regional offices (Lottery location) whenever such denial is feasible. By this agreement Player acknowledges Player is banned from any Lottery location for the entirety of the self-exclusion period selected by the Player. Player acknowledges enforcement of this agreement at retailer locations is currently not feasible.
6. Lottery represents and Player acknowledges that compulsive or problem gambler participation in games offered by Lottery is contrary to the policy and objectives of Lottery management; is detrimental to the health and well-being of the problem player and is not in the best interests of state government and the citizens of Iowa.
7. Lottery agrees to take reasonable steps to remove Player's name from any mailing lists, web-based players' club or other promotional listings during the voluntary self-exclusion period selected by the Player. Player acknowledges that any lottery promotional materials sent in error to player by mail or electronically during the period selected by the Player are not an invitation to play Lottery games. Player agrees to immediately notify the Lottery's Vice President of External Relations by phone at 515.725.7900 if Player receives any promotional materials from Lottery and Lottery agrees to take corrective action upon receipt of such notification. Player understands and agrees that although Lottery will endeavor to exclude Player's name from all such mailings, electronic communications, web-based players' club and other promotional listings and despite Lottery's reasonable efforts to prevent any such occurrence, Lottery cannot guarantee that Player's name will not be included in such a mailing or listing. Player understands and agrees that inclusion of Player's name in any such lottery listing, club or promotional listing shall neither create nor be construed to create in Player any right, claim or cause of action for damages against Lottery.

**NOW, THEREFORE**, Player requests that from this date forward, , Player be deemed ineligible to play any Iowa Lottery game and barred from claiming and/or receiving any cash payment or non-cash prize whatsoever that might be won as a result of Player's purchase of a ticket or chance or of Player's playing any Iowa Lottery game for the entirety of the voluntary self-exclusion period selected by Player; and further that Player be barred from entering any Lottery office facilities for any purpose whatsoever for the entirety of the voluntary self-exclusion period selected by Player. To that end, and to facilitate Lottery's implementation of my agreement to be banned from Lottery gaming, Player furnishes the following information:

**My Full Name (and any nickname(s)):** \_\_\_\_\_

**My Address:** \_\_\_\_\_

**Apartment #** \_\_\_\_\_

**City** \_\_\_\_\_ **State:** \_\_ \_\_ **Zip:** \_\_\_\_\_

**Telephone #:** (\_\_\_\_) \_\_\_\_\_

**Driver's License # :** \_\_\_\_\_ **State:** \_\_\_\_\_

**Date of Birth: mm/dd/yr:** / \_\_ \_\_ / \_\_ \_\_

**Social Security #:** \_\_\_\_\_

**Email Address:** \_\_\_\_\_

**I (PLAYER) ACKNOWLEDGE THAT I AM CHOOSING THE FOLLOWING VOLUNTARY SELF-EXCLUSION PERIOD (check only one)**

\_\_\_\_\_ a five year exclusion period from the date of my signature on this form.

\_\_\_\_\_ (player initials)

**-OR-**

\_\_\_\_\_ a lifetime, irrevocable exclusion period from the date of my signature on this form.

\_\_\_\_\_ (player initials)

**I (Player) acknowledge that by signing this Self-Exclusion Request and Release Agreement, I knowingly and intentionally enter into a contractual relationship in which I relinquish and release any right, title, claim and chose in action on behalf of myself, my heirs, executors, administrators and assigns to any and all prize winnings that might otherwise accrue to me as a result of my purchase and/or play of Iowa Lottery gaming products. Specifically, I acknowledge that by this contract I agree to waive any right to claim a prize pursuant to Iowa Code section 99G.31 and 531 Iowa Administrative Code chapter 11, as well as any other applicable sections of Iowa Code Chapter 99G or Chapter 531 of the Iowa Administrative Code. I understand and agree that any lottery prize that would otherwise be due me shall be deemed void and uncollectible as derived from a ticket or share purchased or sold in violation of Iowa Code chapter 99G and that any such prize shall be deemed to be an unclaimed prize within the meaning of Iowa Code section 99G.31.2(f) and handled in accordance with**

**the requirements for disposition of all such funds held by Lottery.**

**I understand and agree that I will not seek to hold Lottery liable in any way should I continue to play lottery games at any venue in the State of Iowa despite this Agreement. I further understand and acknowledge that I am not entitled to a refund of any purchase price even though any Iowa Lottery product purchased by me is deemed void and uncollectible. In other words, I understand and agree that I cannot collect any prize nor can I receive a refund for any product purchased contrary to this Agreement.**

**I agree to indemnify Lottery, its board members, business partners, officers, employees, agents, retailers, affiliates, contractors, licensees, their heirs, successors and assigns for any liability Lottery, or any of those persons or entities named may incur relating to this request. Specifically, I, for myself, my family members, heirs and legal representatives hereby release and forever discharge Lottery, its board, business partners, officers, employees, agents, retailers, affiliates, their heirs, successors and assigns, and those with whom Lottery and those persons or entities named may lawfully share information regarding this Agreement, including any contractor or Internet Services Provider that offers services on behalf of these persons and entities (collectively, the “Released Parties”), from any and all claims in law or equity that I now have or may have in the future against any or all of the Released Parties arising out of, or by reason of, the performance or non- performance of this Self-Exclusion Request, or any other matter relating to it, including the release of information contained in this Agreement. I further agree, in consideration for the Released Parties’ efforts to implement my exclusion, to indemnify and hold harmless the Released Parties to the fullest extent permitted by law for any and all liabilities, judgments, damages, and expenses of any kind, including reasonable attorneys’ fees, resulting from or in connection with the performance or non-performance of this self-exclusion request.**

**I understand and intend that this release be general in nature, broadly construed and that it shall extend to the Iowa Lottery Authority, its officers, board members, business partners, employees, agents, retailers, affiliates, contractors, licensees and their heirs, successors and assigns.**

I further request that should any prize payment be made to me in error or as a result of deception on my part, that to the extent practical and feasible, the Iowa Lottery Authority, its officers, board members, business partners, employees, agents, retailers, affiliates, contractors, licensees and their heirs, successors and assigns be, and they hereby are authorized to confiscate or stop any such payment, and to pursue any appropriate legal remedies for breach of this Agreement, thereby depriving me of the benefit of the prize payment.



IOWA LOTTERY AUTHORITY [531]

Notice of Intended Action

Pursuant to the authority granted in Iowa Code 99G.9(3), the Board of Directors of the Iowa Lottery Authority hereby gives Notice of Intended Action to amend Chapters 1, 2, 3, 4, 5, 11, 12, 13, 14, 18, 19, 20 and 21 of Chapter 531, Iowa Administrative Code. This rule making results from the comprehensive five-year rules review conducted pursuant to Iowa Code section 17A.7. This rule change is intended to identify and eliminate outdated, redundant or inconsistent rules, thereby making the Lottery's administrative code easier to understand.

By way of background, the Legislature established the Iowa Lottery Authority as a "nonprofit authority" endowed with "comprehensive and extensive powers" to operate in "an entrepreneurial and businesslike manner". Iowa Code 99G.2(2). In creating the Iowa Lottery Authority, the Legislature determined that the Lottery should "exercise all powers generally exercised by private businesses engaged in entrepreneurial pursuits." Iowa Code 99G.21(2)(q).

In furtherance of that goal, the Board through this Notice seeks to amend or rescind rules that create unnecessary regulatory requirements, as well as to remove references to outdated and defunct Lottery programs and initiatives.

These modifications were identified through a review of the Iowa Lottery Authority's administrative rules, which included solicitations of input from stakeholders and the public. The Board does not intend to grant waivers under the provisions of these rules. After analysis and review of this rule making, the Board finds that there is no adverse fiscal impact or impact on jobs from the adoption of these amendments. These amendments are intended to implement Iowa Code Chapter 99G.

Twenty-five interested persons, a governmental subdivision, an agency or association of 25 or more persons may demand an oral presentation hereon as provided in Iowa Code section 17A.4(1)(b). Notice is also given to the public that the Administrative Rules Review Committee may, on its own motion or on written request by any individual or group, review this proposed action under section 17A.8(6) at a regular or special meeting where the public or interested persons may be heard.

Interested persons may submit comments orally or in writing by 4:00 p.m. on August 22, 2017, to Rob Porter, Vice President/General Counsel, Iowa Lottery Authority, through the following methods:

- Via mail, to 13001 University Avenue, Clive, Iowa, 50325-8225;
- Via email, to [rkporter@ialottery.com](mailto:rkporter@ialottery.com); or
- Via phone; to (515) 725-7851.

The following amendments are proposed.

Incorporate new subrule 531-1.29(4)(99G) as follows:

**1.29(4) Continuing Obligation.** Lottery employees have a continuing obligation to notify the lottery of any arrest or conviction occurring during employment with the lottery. The lottery will take appropriate action, consistent with applicable law, relating to any such report.

Amend rule 531-2.1(99G) as follows:

**531—2.1(99G) General Provisions.**~~Applicability of competitive bidding.~~

**2.1(1) Applicability of competitive bidding.** All "major procurements" shall be obtained as a result of competitive bidding, except in cases where a single vendor has an exclusive right to offer a particular product or service.

Major procurements include consulting agreements and the major procurement contract with a business organization for the printing of tickets or for the purchase or lease of equipment or services essential to the operation of a lottery game.

Items, including goods or services, other than major procurements, that are expected to cost in the aggregate in excess of \$50,000 will be obtained as a result of a formal or informal competitive bidding process conducted by the lottery or through the department of administrative services whenever such procurement is in the best interests of the lottery. Items, including goods or services, other than major procurements, that are expected to cost in the aggregate \$50,000 or less may be obtained as a result of an informal competitive bidding process. Items, including goods or services, other than major procurements, expected to cost less than \$50,000 in the aggregate may be obtained in any manner deemed appropriate by the lottery.

Notwithstanding the foregoing, the lottery may exempt an item from ~~competitive bidding~~ a formal or informal competitive bidding process if the item is noncompetitive or is purchased in quantities too small to be effectively purchased through competitive bidding; if there is an immediate or emergency need for the item; if the purchase of the item facilitates compliance with set-aside procurement provisions; or if the lottery determines that its best interests will be served by exemption from the bidding process and the item to be purchased is not a major procurement.

### 2.1(2) Definitions.

For the purposes of this Chapter, the following definitions are utilized:

“Competitive bidding” means a formal competitive bidding process or an informal competitive bidding process.

“Formal competitive bidding process” means a competitive selection process that employs a request for proposals or other means of competitive selection authorized by applicable law and results in procurement of a good or service.

“Informal competitive bidding process” means a streamlined competitive selection process in which a department or agency makes an effort to contact at least three prospective vendors identified by the department or purchasing agency as qualified to perform the work described in the scope of work to request that they provide bids or proposals for the delivery of the goods or services the department or agency is seeking.

Amend rule 531-2.2(99G) as follows:

**531—2.2(99G) Methods of obtaining bids or proposals used by the lottery.** Formal or informal bids or proposals are to be obtained by one of the following methods. If more than one method is applicable to the purchase of a particular item, the lottery shall choose the method of bidding to be utilized. For any method used, the lottery may provide notice of the solicitation electronically and vendors may submit proposals electronically, unless the solicitation materials prepared by the lottery expressly provide otherwise.

**2.2(1) Formal bids** A formal competitive bidding process may be required for any item if cost is the major criterion for selection. Other criteria may also be used, provided that the lottery describes the criteria in the bid documents. If cost is the major criterion for selection, formal bids a formal competitive bidding process shall be required for all items costing in the aggregate more than \$50,000. Further, a formal competitive bidding process shall be utilized for any major procurement as set forth in Chapter 99G. Prior to making an award on a major procurement, the board and chief executive officer shall receive and consider the results of a background investigation conducted by the department of public safety division of criminal investigation.

The lottery shall prepare a written invitation-to-bid document and shall ~~send it~~ transmit the form either via mail, electronically, or digitally the United States Postal Service or electronic mail to selected vendors in the business of providing the goods or services sought by the lottery. Goods or services may also be obtained by the lottery using reverse auction methods via the lottery’s Internet Web site.

The invitation to bid shall contain the due date and time of the bid opening, a complete description of the

item needed, and any other necessary or proper items.

~~Formal bids, other than major procurement sealed bids, received prior to the submission deadline set in the bidding document shall be made available to any interested party on the date and hour designated on the bid form. As the bids are opened they will be tabulated, and the results of the tabulation shall be made available to any interested party. The original bids and the tabulations will be maintained at the lottery for one year following the date on which the bids were opened.~~

~~An award shall be made within 60 calendar days from the date of the bid opening unless a different time frame is stated by the lottery in the invitation to bid or subsequently agreed to by the vendors. The price quoted by the vendors shall remain binding throughout the applicable time period set forth in the formal competitive bidding process. If an award is not made within the applicable time frame set in the bidding materials, all bids shall be deemed rejected.~~

~~2.2(2) An informal competitive bidding process bids may be required for any item if cost is the major criterion for selection and if the item is expected to cost in the aggregate \$50,000 or less. With an informal competitive bidding process, the lottery makes an effort to contact at least three prospective vendors to solicit bids or proposals to provide the goods or services sought by the lottery. Informal bids may be obtained by the lottery through use of a written bid form, over the telephone, via facsimile transmission, or in electronic format, including over the Internet or through electronic mail. When requesting informal bids, the lottery shall contact selected vendors supplying the goods or services sought by the lottery and shall communicate to each vendor the date on which bids must be received, a complete description of the item to be purchased, and the time period during which the bid must remain valid. Goods or services may also be obtained by the lottery using reverse auction methods via the lottery's Internet Web site.~~

~~Written informal bids shall be opened as received, and informal telephone, facsimile, or electronic bids shall be recorded as received. If a bid is received over the telephone, a telephone bid written form shall be used to record the bid received. If an electronic bid is received, the electronic bid shall be printed or stored in a secure electronic format so that the bid can be retrieved and read. ~~a screen print shall be used to record the bid received.~~ Following the submission deadline, the lottery shall tabulate the bids received and make the award. ~~The bids and the tabulations shall be available to interested parties after the submission deadline and shall be maintained by the lottery for one year following the submission deadline.~~~~

~~If an award is not made within the time frame indicated by the lottery when requesting bids, all bids shall be deemed rejected.~~

~~2.2(3) Whenever a requirement exists for an item or a major procurement and cost may not be the sole criterion for selection, the lottery may issue a request for proposals. The purpose of a request for proposals is to provide the vendor with sufficient information about the lottery's requirements and goals to allow the vendor to propose a solution to the lottery's requirements.~~

~~The lottery shall prepare a written request for proposals and shall send the proposal via the United States Postal Service or electronic mail to selected vendors in the business of supplying the goods or services sought by the lottery.~~

~~The lottery requires that bids submitted in response to a request for proposals in a major procurement for award of a contract for the printing of tickets or for the purchase or lease of equipment or services essential to the operation of a lottery game be submitted as sealed bids. The contents of sealed bids shall be made available to any interested party at the time designated in the request for proposals. A bidder shall identify with clear markings the pages, sections, or documents submitted as part of a proposal package that the bidder claims are exempt from disclosure because they contain sensitive business or trade secret information.~~

~~To ensure the fairness and integrity of the evaluation process, the lottery may elect to evaluate and score any of the technical, financial, security, and marketing components of major procurement sealed bid proposals prior to opening and integrating the scoring of the pricing component. When scoring has been completed, the evaluation team shall prepare a recommendation report for an award and, if applicable, for rejection of any or all proposals under consideration. The recommendation report shall be submitted to the chief executive officer and the lottery board for such action as the chief executive officer and board may deem appropriate. The report shall be made available to any interested person immediately upon transmittal to the chief executive officer and the board. Prior to making an award, the board and chief executive officer shall receive and consider the results~~

~~of a background investigation conducted by the department of public safety division of criminal investigation.~~

~~An award shall be made within 60 calendar days from the date of the proposal opening unless a different time frame is stated by the lottery in the request for proposal or subsequently agreed to by the vendors. The terms quoted by the vendor shall remain binding throughout the applicable time frame. If an award is not made within the applicable time frame, all proposals shall be deemed rejected and not binding.~~

~~At a minimum, a request for proposals shall address the following criteria: the need for a proposal conference; the purpose and background of the request; important dates in the proposal and the award process including the submission deadline; administrative requirements for submitting the proposal and the format required by the lottery; the scope of the work to be performed and any specific requirements which the vendor must meet; and any contractual terms and conditions which the lottery anticipates may affect the terms of the vendor's proposal.~~

Rescind and reserve rule 531-2.4.

Amend rule 531-2.11(99G) as follows:

**531—2.11(99G) Tie bids.** The lottery shall resolve ties among bids or proposals which are equal in all respects by utilizing a random number generator or such other random selection method as determined in the lottery's sole discretion, ~~drawing lots~~ unless only one of the tied bidders is an Iowa business. If only one of the bidders tied for an award is an Iowa business, the Iowa business shall be given preference over all tied out-of-state businesses.

~~If it is necessary to draw lots, the drawing shall be held in the presence of the vendors who submitted the tied bids or proposals whenever practical. If the tied vendors are not present, the drawing shall be held in front of at least two persons, and the lottery shall document the drawing.~~

This rule is intended to implement Iowa Code Supplement sections 99G.7, 99G.9, 99G.21, and 99G.23.

Amend rule 531-2.17(99G) as follows:

**531—2.17(99G) Vendor appeals.** Any vendor whose bid or proposal has been timely filed and who is aggrieved by the award of the lottery may appeal the decision by filing a written notice of appeal before the Iowa Lottery Authority Board, 13001 University Avenue, Clive, Iowa 50325-8225, within ~~three~~ five days of the date of the award, exclusive of Saturdays, Sundays, and state legal holidays. The notice of appeal must actually be received at this address within the time frame specified to be considered timely. The notice of appeal shall state the following:

1. The relief demanded and the facts and law relied upon for relief;
2. The particular provisions of the statutes and rules involved with specific reference to the grounds identified in Iowa Code section 17A.19(10);
3. On whose behalf the petition is filed; and
4. The name, address and telephone number of the petitioner and the petitioner's attorney, if any.

~~grounds upon which the vendor challenges the lottery's award. Following receipt of a notice of appeal which has been timely filed, the board shall notify the aggrieved vendor and the vendor who received the contract award of the procedures to be followed in the appeal. The board may appoint a designee to proceed with the appeal on its behalf.~~

Vendor appeals are contested cases within the meaning of rule 531-5.1, and shall be processed accordingly.

Amend rule 531-3.6(1)(99G) as follows:

**3.6(1) Definition of small business.** A "small business" is defined in Iowa Code section 17A.4A(7).

Amend rule 531-3.10(2)(99G) as follows:

~~3.10(2) Reserved. *Categories exempt.* The following narrowly tailored categories of rules are exempt from the usual public notice and participation requirements because those requirements are unnecessary, impracticable, or contrary to the public interest with respect to each and every member of the defined class:~~

~~— a. Rules relating to lottery games.~~

~~— b. Reserved.~~

Adopt new subrule 531-3.10(4)(99G) as follows:

3.10(4) *Game Rules Exempt From Chapter 17A.* The lottery and lottery board may adopt game specific rules governing the operation of lottery games. Consistent with Iowa Code 99G.9(4), game specific rules are exempt from the requirements of Iowa Code Chapter 17A. The formatting and content of game specific rules shall be determined in the lottery’s sole discretion, without regard to the requirements of this chapter.

Amend rule 531-3.16(1)(99G) as follows:

**531—3.16(17A) General statements of policy.**

**3.16(1) *Compilation, indexing, public inspection.*** The lottery shall maintain an official, current, and dated compilation that is indexed by subject, containing all of its general statements of policy within the scope of Iowa Code section 17A.2(~~114~~) “a,” “c,” “f,” “g,” “h,” and “k.” Each addition to, change in, or deletion from the official compilation must also be dated, indexed, and a record thereof kept. Except for those portions containing rules governed by Iowa Code section 17A.2(~~117~~) “f,” or otherwise authorized by law to be kept confidential, the compilation must be made available for public inspection and copying.

Amend rule 531-4.6(3)(99G) as follows:

**4.6(3) *Other.*** If the petition does not relate to a license application or a pending contested case, the petition may be submitted to the lottery, care of the Executive Vice President.~~board’s executive secretary.~~

Amend rule 531-5.12(2)(99G) as follows:

**5.12(2) *Service—how made.*** Service upon a party represented by an attorney shall be made upon the attorney unless otherwise ordered. Service is made by delivery or by mailing a copy to the person’s last-known address or the attorney’s last-known address, as appropriate. Service may also be made transmitting by facsimile (fax) or by electronic mail (e-mail) a copy to the party or attorney at the party’s or attorney’s last-known mailing address, fax number, or e-mail address. Service by mail is complete upon mailing, except where otherwise specifically provided by statute, rule or order. Service by fax or electronic mail is complete upon transmission unless the party making service learns that the attempted service did not reach the person to be served.

Amend rule 531-5.12(4)(99G) as follows:

**5.12(4) *Filing—when made.*** Except where otherwise provided by law, a document is deemed filed at the time it is delivered to the chief executive officer’s office, delivered to an established courier service for immediate delivery to that office, transmitted by facsimile (fax) to (515) 725-7882, by electronic mail (e-mail) to wmaster@ialottery.com, or by other electronic means approved by the lottery, or mailed by first-class mail or state interoffice mail to that office, so long as there is proof of mailing.

Amend subrule 531-11.1(2)(99G) as follows:

**11.1(2)** By submitting a claim, a player agrees that the state, the lottery authority board, the lottery authority, and the officials, officers, and employees of each shall be discharged from all further liability upon payment of

the designated prize.

Amend rule 531-11.3(99G) as follows:

**531—11.3(99G) Invalid tickets not entitled to prize payment.** If a ticket presented to the lottery is invalid pursuant to the terms of these rules or the specific game rules, or if the actions surrounding the purchase, possession, and presentation of the ticket violate Chapter 99G or other applicable law or regulation, the ticket is not entitled to prize payment.

Amend rule 531-11.4(99G) as follows:

**531—11.4(99G) Ticket is a bearer instrument.** A ticket is a bearer instrument until signed in the space designated on the ticket for signature if a signature space is provided. The person who signs the ticket is thereafter considered the owner of the ticket. All liability of the state, the lottery authority board, the lottery authority, the chief executive officer, and the employees of the lottery terminates upon payment of the designated prize.

Amend subrule 531-11.5(1)(99G) as follows:

**11.5(1)** The lottery shall pay all prizes to only one person or one legal entity per winning ticket. A lottery ticket or prize may not be transferred to another person in order to violate any provision of Chapter 99G or other applicable law or regulation.

Amend rule 531-11.7(99G) as follows:

**531—11.7(99G) Time of prize payment.** All prizes shall be paid within a reasonable time after a claim is verified by the lottery and a winner is determined. The date of the first installment payment of any prize to be paid in installment payments shall be the date the claim is validated and processed unless a different date is specified for a particular game in these rules or the specific game rules. Subsequent installment payments shall be made approximately weekly, monthly, or annually, from the date the claim is processed and validated in accordance with the type of prize won and the rules applicable to the prize. The lottery may, at any time, delay any prize payment in order to review a change in circumstances relative to the prize awarded, the payee, or the claim. The lottery may further delay any prize payment for any duration necessary to ensure that a claimant can establish that the ticket or entry leading to the requested lottery prize was legally purchased, legally possessed, and legally presented.

Amend rule 531-11.11(99G) as follows:

**531—11.11(99G) Stolen, ~~or~~ lost, or fraudulent tickets.** The lottery has no responsibility for paying prizes attributable to stolen or lost tickets. The lottery further has no responsibility for paying prizes that relate in any way to forgery or fraud as defined in Iowa Code 99G.36. Any disputes relating in any way to the propriety of a drawing or a disagreement over a designated prize must be pursued through an appeal in accordance with Iowa Code Chapter 17A.

**531—11.12(99G) Effect of game rules.** In purchasing a ticket, the player agrees to comply with Iowa Code Supplement chapter 99G, these rules, the specific game rules, lottery instructions and procedures, and the final decisions of the lottery. The lottery's decisions and judgments in respect to the determination of winning tickets, the amount of any prize to be paid with respect to any lottery game, or any other dispute arising from the payment or awarding of prizes shall be final and binding upon all participants in the lottery. If a dispute between the lottery and a player occurs as to whether a ticket is a winning ticket and the prize is not paid, or if any dispute occurs between the lottery and the player regarding the proper amount of the prize to be paid with respect to any lottery game, the lottery may, solely at the lottery's option, replace the ticket with an unplayed ticket of equivalent price from any game or refund the price of the ticket. This shall be the sole and exclusive remedy of

the player.

This rule is intended to implement Iowa Code Supplement sections 99G.9(3), 99G.21(2), and 99G.31.

Adopt new rule 531-11.15 as follows:

**531—11.15(99G) Designated Prize.**

For the purposes of Chapter 99G, the “designated prize” means the lottery prize amount determined in the sole discretion of the Lottery.

Amend rule 531-12.1(2)(99G,252J) as follows:

**12.1(2)** By submitting an application to become an Iowa Lottery retailer, the applicant represents that the applicant is ~~The applicant shall be~~ current in filing all applicable tax returns to the state of Iowa and in payment of all taxes, interest, and penalties owed to the state of Iowa, excluding items under formal appeal pursuant to applicable statutes.

Amend rule 531-12.2(99G,252J) as follows:

**531—12.2 (99G,252J) Factors relevant to license issuance.** The lottery may issue a license to any applicant to act as a licensed retailer who meets the eligibility criteria established by Iowa Code Supplement chapter 99G and these rules. In exercising its licensing discretion, the lottery shall consider the following factors: the background and reputation of the applicant in the community for honesty and integrity; the financial responsibility and security of the person and business or activity; the type of business owned or operated by the applicant to ensure consonance with the dignity of the state, the general welfare of the people, and the operation and integrity of the lottery; the accessibility of the applicant’s place of business or activity to the public; the sufficiency of existing licenses to serve the public convenience; the volume of expected sales; the accuracy of the information supplied in the application for a license; the applicant’s indebtedness to the state of Iowa, or local subdivisions of the state, ~~or the United States government~~; if an individual, indebtedness owed for child support payments; and any other criteria or information relevant to determining if a license should be issued.

Amend rule 531-12.4(1)(99G,252J) as follows:

**12.4(1)** The lottery has discretion to license a qualified applicant to sell any ~~one of the following~~ lottery products or any combination of lottery ~~the following~~ products: ~~instant tickets; pull tab tickets; and computerized game tickets, if available.~~ The lottery may require an applicant to sell one or more lottery products as a condition of selling any other lottery product. As determined in the sole discretion of the Lottery, a lottery license may authorize ~~authorizes~~ the licensee to sell all lottery products or only the type of lottery products specified by the lottery. ~~on the license.~~

Amend subrule 531-12.4(4) as follows:

**12.4(4)** Retailers who are currently licensed to sell specified lottery products may apply for a license modification to allow the sale of additional lottery products. A current retailer licensed only to sell specified lottery products may be required to complete an additional application or application supplements.

Amend subrule 12.16(1) as follows:

**12.16(1) Sole proprietorship.** The lottery will not require a bond from a sole proprietor if the account history for the applicant for the past two years discloses no more than four accounts past due, ~~and~~ no accounts over 90 days

past due, or no unpaid collections.

Amend subrule 12.16(4)(b) as follows:

b. The license applicant must have a credit risk appraisal provided by a financial and credit reporting entity that indicates the corporation's or limited liability company's financial condition is ~~fair or better~~ moderate to low risk.

Amend subrule 12.16(5) as follows:

**12.16(5)** *Corporations and limited liability companies in existence less than two years or if a credit risk appraisal is not available through a financial and credit reporting entity.* If a corporation has been in existence for less than two years from the date of the application or a credit risk appraisal is not available through a financial and credit reporting entity, the lottery will review the credit history of the corporate officers who hold 10 percent or more of the stock of the corporation. If a limited liability company has been in existence for less than two years or a credit risk appraisal is not available through a financial and credit reporting entity, the lottery will review the credit history of the members of a limited liability company who have contributed 10 percent or more to the capital of the limited liability company. ~~Fifty percent or more of the corporate officers or members of the limited liability company must meet~~ The credit guidelines set forth in subrule 12.16(1) must be met by individuals or entities that own fifty percent or more of the license applicant. ~~If at least fifty percent of the the corporate officers or the members~~ ownership interest is held by persons or entities who ~~of the limited liability company~~ meet the requirements set forth in subrule 12.16(1), the lottery will not require the corporation or the limited liability company to obtain a bond.

Adopt new subrule 531-12.16(8):

**12.16(8)** *Discretion of Lottery.* The lottery may exempt any debt or obligation from financial responsibility consideration requirements when the lottery determines, in its sole discretion, that doing so for the identified debt or obligation is in the best interests of the lottery and the state.

Rescind rule 531-12.17.

Amend rule 531-13.9 as follows:

**531—13.9(99G) Inspection of lottery materials and licensed premises.** Retailers shall allow the lottery to enter upon the licensed premises in order to inspect lottery materials, tickets, and the premises. All books and records pertaining to the retailer's lottery activities shall be available to the lottery upon demand for inspection and copying during the normal business hours of the retailer and between 8 a.m. and 5 p.m., Monday through Friday. All books and records pertaining to the retailer's lottery activities are subject to seizure by the lottery without prior notice.

Rescind and reserve rule 531-13.13.

Rescind and reserve the entirety of Chapter 14.

Amend subrule 531-18.5(1) as follows:

**18.5(1)** The number and amount of prizes shall be determined by the lottery and set forth in the specific game rules. Submission of a claim and payment of a lottery prize constitutes waiver of any claim or dispute the player may have relating to the ticket or prize, in accordance with 531 Iowa Administrative Code Chapter 11.

Amend rule 531-18.11 as follows:

**531—18.11(99G) Board approval of games.** The lottery shall provide board members with a written description of each specific scratch game and each specific instaplay game. The chairperson or a quorum of the board may call a special meeting to review the instant game selection. The board shall not contest the selection of a scratch game or an instaplay game, or the lottery's ability to proceed with the same, more than five days after receiving written notice of the selection.

Amend subrule 531-19.8(1) as follows:

**19.8(1) Claim period.** Prizes must be claimed within 90 days of the announced end of the pull-tab game. Submission of a claim and payment of a lottery prize constitutes waiver of any claim or dispute the player may have relating to the ticket or prize, in accordance with 531 Iowa Administrative Code Chapter 11.

Amend rule 531-19.9 as follows:

**531—19.9(99G) Owner of ticket.** Retailers shall pay prizes only to persons who present winning tickets. The person in physical possession of a pull-tab ticket shall be deemed to be the owner of the ticket who is entitled to prize payment regardless of any signature or other writing that may have been placed on the ticket after purchase. This provision does not in any way limit the ability of the lottery to ascertain whether a ticket has been legally purchased, legally possessed, and legally presented, and to take appropriate action pursuant to Chapter 99G.

Amend rule 531-19.13 as follows:

**531—19.13(99G) Board approval of game.** After selection of a particular pull-tab game, the lottery shall provide board members with written description of that pull-tab game ~~notification that a particular game has been selected.~~ The chairperson of the board or a quorum of the board may call a meeting to review the game selection. ~~If the lottery board does not disapprove of the game within five working days following receipt of notice that the game has been selected, the board may not later disapprove of the game.~~ The board shall not contest the written description of a scratch game or an instaplay game, or the lottery's ability to proceed with the same, more than five days after receiving written notice.

Amend rule 531-20.2 as follows:

**531—20.2(99G) Computerized lottery definitions.** For the purposes of interpreting this chapter, the following definitions are applicable unless the context requires a different meaning.

“*Central computer*” or “*central computer system*” is a computer system designated to control, monitor, and communicate with the terminals and to record the transactions processed by the terminals.

“*Drawing*” means that process that is used to randomly select a winning combination for the game plays.

“*Drawing machine*” means a computer or other device that determines the outcome of the process of selection of winning and losing tickets or shares in a lottery.

“*Easy pick*” means the random selection by the computer terminal of a valid play for the game that was selected.

“*Electronic ticket*” or “*e-ticket*” means a lottery ticket or share for which an electronic visual facsimile on a computer is available from the lottery.

“*Game*” shall mean any computerized game conducted by the lottery.

“*Game ticket*” or “*ticket*” means a ticket or share produced by a terminal or manufacturing process that is the tangible evidence to prove participation in a game.

“*Gaming machine*” means a drawing machine that upon winning dispenses coins, currency, or a ticket, credit, or token that is redeemable for cash or a prize.

“*Instant ticket vending machine*” or “*ITVM*” means a vending machine or self-service kiosk that dispenses printed paper lottery tickets, with or without a scratch-off area.

“*Lotto terminal*” means a vending machine that prints and dispenses tickets or shares that will be determined to be winning or losing tickets or shares either by a predetermined pool drawing machine or by a drawing machine at some time subsequent to the dispensing of the tickets or shares.

~~“*Monitor vending machine*” means a vending machine that dispenses or prints and dispenses lottery tickets or shares that have been determined to be winning or losing tickets or shares by a predetermined pool drawing machine prior to the dispensing of the tickets or shares.~~

“*On-line vending machine*” means a vending machine that prints and dispenses lottery tickets or shares that have been determined to be winning or losing tickets or shares by a predetermined pool drawing machine prior to the dispensing of the tickets or shares.

“*Panel*” or “*game panel*” means that area of a play slip that contains marked squares that may be played.

“*Play*” or “*game plays*” means the selection of an appropriate number of available variables that constitutes a valid entry in the game or the purchase of a ticket or share with a sequentially generated variable appearing on the face of the ticket or share that constitutes a valid entry in a pool exhaustion game.

“*Play slip*” means a card used by the player in marking a player’s game plays.

“*Pool exhaustion game*” means a game where a predetermined pool of plays is established.

“*Predetermined pool drawing machine*” means a computer or other device external to a lotto terminal, instant ticket vending machine, or on-line vending machine, ~~or monitor vending machine~~ that predetermines winning and losing tickets or shares, assigns them to preprogrammed and prepackaged sequential electronic pool files and subsequently utilizes the files in production and distribution of electronic game cards and paper game tickets or shares produced in manufactured packs or through lotto terminals or vending machines.

“*Retailer*” means the person or entity licensed by the Iowa lottery to sell game plays.

“*Specific game rules*” means the rules promulgated by the lottery pursuant to Iowa Code Supplement section 99G.9(4) that contain the features of a particular computerized game or promotion.

“*Terminal*” means a device that is authorized by the lottery to function with a central computer system for the purpose of issuing, entering, receiving, and processing lottery transactions.

“*Vending machine*” means a lottery ticket or share dispensing machine either with a mechanical operating mechanism or with computer components that perform accounting functions and activate the ticket or share dispensing mechanism.

“*Winning numbers*” means the selection of an appropriate number of the variables, ~~randomly~~ selected at each drawing, which shall be used to determine winning plays contained on a game ticket or share.

This rule is intended to implement Iowa Code Supplement sections 99G.3 and 99G.9(3).

[ARC 2781C, IAB 10/26/16, effective 11/30/16]

Amend subrule 531-20.11(2) as follows:

**20.11(2)** Notwithstanding any name or names submitted on a claim form, the lottery shall make payment to the person whose signature appears on the back of the ticket or share in the designated space. If the signatures of more than one person appear in that space, the lottery shall make payment to the person identified on the winner’s claim form to receive payment, which designation shall be made by all persons whose signatures appear on the reverse side of the ticket or share. In the event that all persons whose signatures appear in the appropriate space cannot identify one person to whom payment should be made, the lottery may withhold payment until the proper payee is determined. In no event shall more than one person be entitled to a particular prize. This provision does not in any way limit the ability of the lottery to ascertain whether a ticket has been legally purchased, legally possessed, and legally presented, and to take appropriate action pursuant to Chapter 99G.

Amend rule 531-20.13 as follows:

**531—20.13(99G) Claim period.** All prizes for games not associated with another state’s lottery must be claimed as directed within 90 calendar days of the drawing in which the prize was won, unless otherwise specified in the specific game rules for the game. All prizes for games associated with another state’s lottery must be claimed as directed within the specific game rules. For purposes of determining the claim period, the drawing date shall not be counted. If a prize is claimed by mail, the lottery must actually receive the ticket or share and claim form

within the claim period. Any prize not properly claimed within the specified period shall be forfeited. The claim period for a game may be altered by the lottery in the specific game rules. Submission of a claim and payment of a lottery prize constitutes waiver of any claim or dispute the player may have relating to the ticket or prize, in accordance with 531 Iowa Administrative Code Chapter 11.

This rule is intended to implement Iowa Code Supplement sections 99G.9(3), 99G.21, and 99G.31.

**Amend rule 531-20.17 as follows:**

**531—20.17(99G) Corrections.** The lottery reserves the right, in the sole discretion of the lottery, to correct and adjust, up or down, the amount of any prize or prizes, whether all or part of the prize or prizes has been paid. This authority includes, but is not limited to, circumstances where the lottery determines in its sole discretion, if it is determined that one or more players are entitled to a portion of a prize and were not included in the prize calculations or were included in the prize calculations by mistake, or where there may be any question or dispute about the amount of a lottery prize.

This rule is intended to implement Iowa Code Supplement sections 99G.9(3), 99G.21, and 99G.31.

Amend rule 531-20.23 as follows:

**531—20.23(99G) Prize insurance fund.**

**20.23(1)** The lottery may provide ~~that up to 10 percent of the~~ for funds designated for the jackpot prize level in the prize structure of the specific game rules for a game or that any prize funding not awarded by the conclusion of the relevant claim period for a fixed-prize game shall be transferred to a prize insurance fund.

**20.23(2)** The prize insurance fund may be used for any of the following purposes:

- a. To pay prizes for any on-line game prize obligation if the amount available to fund an on-line game prize is insufficient;
- b. To support a special promotion to retire an on-line game, e.g., a television show or a second chance drawing;
- c. To transfer amounts to a successor game to pay prize obligations for a different on-line game.

Amend subrule 531-21.5(1) as follows:

**21.5(1)** The number and amount of prizes for a drawing or contest shall be determined by the lottery and set forth in the specific drawing rules or contest description. Submission of a claim and payment of a lottery prize constitutes waiver of any claim or dispute the player may have relating to the ticket or prize, in accordance with 531 Iowa Administrative Code Chapter 11.

Amend rule 531-21.9 as follows:

**531—21.9(99G) Owner of a ticket.** The lottery and its VIP club vendor, if any, shall pay prizes in an Internet-based drawing or contest only to persons who present the selected tickets by entering them into the drawing through the online entry form or other entry mechanism. Players are encouraged to sign the original ticket to prevent entry of the ticket by another party into the drawings or contests. The signature on the ticket indicates the owner of the ticket. If no signature is present on the ticket, the owner of the ticket is the possessor of the ticket. If there is a question as to the ownership of a ticket, the chief executive officer's determination as to whether and to whom a prize shall be awarded is final. This provision does not in any way limit the ability of the lottery to ascertain whether a ticket which was submitted for entry in the drawing or contest has been legally purchased, legally possessed, and legally presented, and to take appropriate action pursuant to Chapter 99G.

# Iowa Lottery

Fiscal Year 2018

## Vision

The Iowa Lottery continually strives to deliver value to the State of Iowa by providing entertainment to the public while maintaining the highest standards of integrity, security, and accountability.

## Mission

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 while providing entertainment to the public and maximizing revenues for the state.

## Key Principles and Strategies

### ***Exceed ILOT's Base Proceeds Goal of \$70 Million***

- Refresh the lotto/draw game portfolio
- Pursue diversification of lottery sales, including product types and sales locations
- Manage expenses, research & develop new sales technologies and deliver budgeted ILOT proceeds

### ***Maintain a High Level of Lottery Integrity***

- Maintain open and transparent oversight of lottery operations
- Continue to emphasize responsible play and ongoing security-compliance checks
- Lead and oversee industry integrity standards
- Maintain public and retailer education about Lottery products and policies

### ***Best-in-Class Lottery Operations***

- Meet and exceed player expectations for value, entertainment and game security
- Understand and work to meet player cashless purchasing trends
- Deliver great customer service and sales support by all staff
- Strive for continuous improvement of performance in all areas of the lottery's business
- Provide training and staff redundancy for all aspects of Iowa Lottery operations

