



13001 University Avenue
Clive Iowa 50325-8225
www.ialottery.com
515.725.7900

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

AGENDA

IOWA LOTTERY BOARD

June 20, 2018
10:30 am

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

- I. Call to Order
 - a. Approval of Agenda
 - b. Approval of Minutes – May 15, 2018
- II. Quarterly Reports
 - a. Financial
 - b. Marketing
 - c. Security
 - d. IT Systems
 - e. External Relations
 - f. Legal
- III. Approval of Instant Ticket Printing RFP
- IV. Gambling Compliance – 2018 Award for Outstanding Achievement in Compliance
- V. U.S. Supreme Court Decision in Murphy vs NCAA and the Future of Sports Betting in the U.S.
- VI. Break for Lunch
- VII. FY19 Budget
- VIII. Fiscal Policy Updates
- IX. Personnel – VP of Finance Candidate Recommendation
- X. FY19 Key Employee Pay Plan/Compensation
- XI. Succession Planning
- XII. CLOSED Session – Litigation Update
- XIII. CEO Update
 - a. Ticket Courier Services
 - b. Board Recognition
 - c. Other Updates
- XIV. Election of Officers
- XV. Adjournment

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

MINUTES

IOWA LOTTERY BOARD

May 15, 2018

10:30 a.m.

The Iowa Lottery Board convened at 10:30 a.m. at Lottery Headquarters in Clive; Board Chairperson Connor Flynn presiding.

Board Members Present:

Connor Flynn; Mary Rathje (phone); Mary Junge; Mike Klappholz; Sherrae Hanson (arrived at 10:34 am); John Quinn; Mike Fitzgerald (phone).

Board Members Absent:

None.

Lottery Staff Participating:

Terry Rich, CEO; Brenda Nye, VP, Finance; Teri Wood, VP, Marketing; Cam Coppess, VP, Security; Hale Strasser, VP, Systems Operations; Rob Porter, VP, Legal Counsel; Mary Neubauer, VP, External Relations; David Ranscht, Assistant AG (phone); Deb Bassett, Board Secretary.

Others Present:

David Berger, Scientific Games; Patti Barbalato, Strategic America; John Schreurs, Strategic America; Keri Tipton, Bucket Media; Jocelyn Kilgore; Bucket Media; Meagan Schaffner, Bucket Media; Tom Grady, Bucket Media; Angel Banks-Adams, Legislative Services Agency; Mike Loss, Iowa Lottery; Sally Robson, Iowa Lottery; Michael Conroy, Iowa Lottery; Jason Clayworth, Des Moines Register (phone).

CALL TO ORDER

Chairperson Flynn called the meeting to order at 10:30 a.m. and roll was taken. There was a quorum. Flynn announced the meeting would be held via teleconference in accordance with Iowa Code section 21.8.

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

APPROVAL OF AGENDA

Quinn moved to approve the agenda for the meeting. Hanson seconded. Motion carried unanimously.

APPROVAL OF MINUTES

Junge moved to approve the March 20, 2018, board meeting minutes. Hanson seconded. Motion carried unanimously.

APPROVAL OF NOTICE OF INTENT TO AWARD RFP IL-18-02 – ADVERTISING AND RELATED SERVICES

Porter discussed the RFP for advertising and related services. The RFP split the proposal into two parts – media planning and buying services; and creative advertising services. Vendors were allowed to bid on one or both portions of the RFP. Eleven vendors participated in the mandatory vendor briefing. Two vendors ultimately submitted proposals - Strategic America and Bucket Media. Each vendor bid on both portions of the RFP. Both vendors were determined to be qualified vendors for both portions of the RFP.

Based on the scores and technical proposals for the media planning and buying services portion of the RFP, the Lottery recommended that the Board allow the Lottery to issue a notice of intent to award the media planning and buying services portion of the RFP to Bucket Media and to enter into a contract consistent with the terms of the RFP, contingent upon successful completion of any required background check process.

Based on scores and technical proposals for the creative advertising services portion of the RFP, the Lottery made a recommendation that the Board allow the Lottery to issue a notice of intent to award the creative advertising services portion of the RFP to Strategic America and to enter into a contract consistent with the terms of the RFP, contingent upon successful completion of any required background check process.

There was discussion about the RFP and the vendors who submitted bids.

Quinn moved to approve the recommendations related to the RFP. Hanson seconded. Motion carried unanimously.

APPROVAL OF PERSONNEL CHANGES

Rich stated that in order to ensure the continued smooth operation and development of the Lottery, he wanted to make recommendations for personnel changes related to key employees.

Porter discussed the recommendation to backfill the vacant Director of Retail Services position. The hiring committee and Rich recommended Mike Loss, Regional Manager for the vacancy with a salary of \$3,441.60 biweekly/\$89,481.60 annually (pay grade 01).

Rich recommended Teri Wood Tebockhorst's role change from Vice President, Marketing to Vice President Sales and Marketing. Tebockhorst's salary will be \$5,534.40 biweekly/143,894.40 annually (pay grade 04).

Rich recommended Larry Loss's role change from Executive Vice President of Sales to Executive Vice President and Chief Operating Officer. Loss's salary and pay grade (04) will remain the same.

Hanson moved to approve the three recommendations for personnel changes. Junge seconded. Motion carried unanimously.

ADJOURNMENT

Hanson moved to adjourn. Junge seconded. Motion carried unanimously.

Meeting adjourned at 10:58 am.

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2018
May 31, 2018

		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
MONTH													
Gross Sales	Budget FY 2018	25,040,187	26,514,716	25,199,976	26,063,594	27,126,655	27,334,007	32,204,745	29,923,071	30,850,681	28,329,991	29,995,886	25,836,491
	Actual '18	28,206,485	38,467,880	26,630,836	26,964,621	27,665,819	32,578,758	34,433,194	28,608,687	36,925,652	31,327,694	31,186,583	-
Prize Expense	Budget FY 2018	14,858,996	15,742,543	14,954,742	15,472,229	16,254,469	16,378,716	19,297,294	17,930,100	18,485,931	16,891,189	17,891,887	15,399,545
	Actual '18	17,143,244	22,941,217	16,472,093	16,851,231	16,580,357	20,151,447	20,974,949	17,423,782	23,619,771	19,700,548	18,613,035	-
Operating Expenses	Budget FY 2018	1,221,802	1,311,871	1,222,236	1,291,537	1,273,991	1,224,256	1,316,795	1,174,968	1,259,991	1,221,196	1,322,765	1,428,719
	Actual '18	1,106,067	1,200,084	1,034,238	1,190,849	1,157,260	1,083,851	1,129,592	1,020,082	1,032,280	1,103,192	1,207,401	-
Total Proceeds	Budget FY 2018	5,183,039	5,469,502	5,223,408	5,374,638	5,663,645	5,766,329	6,917,570	6,476,754	6,628,603	6,023,721	6,347,551	5,179,461
	Actual '18	6,524,204	9,995,533	6,097,014	5,957,452	6,396,948	7,579,571	8,030,538	6,883,474	8,149,621	6,784,524	7,657,874	-
YEAR TO DATE													
Gross Sales	Budget FY 2018	25,040,187	51,554,903	76,754,879	102,818,473	129,945,128	157,279,135	189,483,880	219,406,951	250,257,632	278,587,623	308,583,509	334,420,000
	Actual '18	28,206,485	66,674,365	93,305,201	120,269,822	147,935,641	180,514,399	214,947,593	243,556,280	280,481,932	311,809,626	342,996,209	-
Prize Expense	Budget FY 2018	14,858,996	30,601,539	45,556,281	61,028,510	77,282,979	93,661,695	112,958,989	130,889,089	149,375,020	166,266,209	184,158,096	199,557,641
	Actual '18	17,143,244	40,084,461	56,556,554	73,407,785	89,988,142	110,139,589	131,114,538	148,538,320	172,158,091	191,858,639	210,471,674	-
Operating Expenses	Budget FY 2018	1,221,802	2,533,673	3,755,909	5,047,446	6,321,437	7,545,693	8,862,488	10,037,456	11,297,447	12,518,643	13,841,408	15,270,127
	Actual '18	1,106,067	2,306,151	3,340,389	4,531,238	5,688,498	6,772,349	7,901,941	8,922,023	9,954,303	11,057,495	12,264,896	-
Total Proceeds	Budget FY 2018	5,183,039	10,652,541	15,875,949	21,250,587	26,914,232	32,680,561	39,598,131	46,074,885	52,703,488	58,727,209	65,074,760	70,254,221
	Actual '18	6,524,204	16,519,737	22,616,751	28,574,203	34,971,151	42,550,722	50,581,260	57,464,734	65,614,355	72,398,879	80,056,753	-
		Current Month	Year to Date										
Prize Payout - Budget		59.65%	59.68%										
Prize Payout - Actual		59.68%	61.36%										
Sales - Actual increase (decrease) vs. Budget			11.15%										
Proceeds - Actual increase (decrease) vs. Budget			23.02%										

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Eleven Months Ending Thursday, May 31, 2018

	Month ended 5/31/2018	Month ended 5/31/2017	Year-to-date 5/31/2018	Year-to-date 5/31/2017
Operating revenues:				
Instant-scratch ticket sales	\$21,574,813.00	\$22,024,009.00	\$225,143,013.00	\$217,982,429.00
InstaPlay sales	793,620.00	904,594.00	8,725,074.00	5,211,794.00
Pick 3 sales	644,874.50	664,329.00	7,081,647.00	6,690,682.50
Powerball sales	4,061,965.00	4,874,424.00	55,366,547.50	49,153,247.00
Mega Millions Sales	1,368,487.00	892,479.00	19,555,359.00	13,685,044.00
Hot Lotto sales	-	792,008.00	3,761,425.00	7,467,295.00
Pick 4 sales	349,554.00	347,536.50	4,005,061.00	3,608,934.00
All or Nothing sales	-	260,741.00	-	2,939,862.00
Lucky for Life sales	505,158.00	460,652.00	5,180,164.00	5,163,868.00
Lotto America sales	718,678.00	-	4,218,684.00	-
Pull-tab sales	1,169,433.29	916,619.02	9,959,234.16	10,453,804.98
Application fees	375.00	150.00	3,475.00	3,500.00
Other	1,017.59	797.18	7,691.01	18,221.31
Total operating revenues	31,187,975.38	32,138,338.70	343,007,374.67	322,378,681.79
Operating expenses:				
Scratch ticket prizes	13,127,928.67	13,684,048.92	147,974,606.81	142,944,459.65
InstaPlay prizes	518,512.09	550,335.71	5,698,599.92	3,375,665.42
Pick 3 prizes	384,344.70	394,357.40	4,199,468.20	3,889,388.10
Powerball prizes	2,089,009.63	2,295,534.00	26,960,851.13	23,355,033.00
Mega Millions prizes	702,854.64	426,833.50	9,871,667.54	6,752,689.13
Hot Lotto prizes	207,057.68	387,262.00	1,791,335.18	3,635,797.50
Pick 4 prizes	146,017.40	206,491.90	2,319,121.60	2,128,915.40
All or Nothing prizes	60,941.82	155,199.91	(29,218.00)	1,737,517.34
Lucky for Life prizes	291,940.91	380,053.37	3,075,576.86	3,336,779.69
Lotto America prizes	359,339.00	-	2,109,342.00	-
Pull-tab prizes	731,547.38	573,940.72	6,225,456.81	6,532,689.75
VIP Club prize expense	6,500.00	3,000.00	164,448.44	237,570.70
Promotional prize expense	(12,958.90)	5,138.84	110,415.54	211,775.35
Advertising/publicity	748,812.78	625,085.32	6,646,413.95	6,037,110.08
Retailer compensation expense	2,054,844.11	2,095,363.72	22,402,285.68	20,948,415.65
Ticket expense	235,771.04	317,147.32	2,955,226.17	2,992,026.35
Vendor compensation expense	722,707.33	668,191.96	7,602,154.07	6,560,406.02
Salary and benefits	941,462.53	1,025,822.17	9,738,934.32	9,566,587.96
Travel	32,455.89	19,499.97	232,954.36	258,801.76
Supplies	18,087.05	9,651.57	96,599.96	94,474.90
Printing	-	120.60	10,087.74	3,201.90
Postage	255.26	249.37	5,323.37	5,569.68
Communications	11,923.92	12,810.92	151,692.59	138,986.12
Rentals	25,254.28	25,414.73	279,985.61	279,299.68
Utilities	4,533.16	5,424.03	83,143.74	78,667.88
Professional fees	12,526.64	11,191.03	146,091.40	146,151.81
Vending machine maintenance	21,192.00	37,045.59	274,985.33	489,239.62
Outside services and repairs	80,983.08	70,406.48	741,501.28	719,757.01
Data processing	9,468.70	9,351.44	85,050.04	108,775.73
Equipment	75,469.47	30,987.22	543,233.76	980,192.41
Reimbursement to other state agencies	40,363.80	57,418.12	389,890.15	397,841.21
Depreciation	44,258.05	46,006.19	501,228.54	415,082.56
Other	5,080.60	6,088.66	85,245.43	62,746.85
MUSL/Lotto administrative expense	659.11	12,840.75	7,297.01	141,681.03
Total operating expenses	23,699,143.82	24,148,313.43	263,450,996.53	248,563,297.24
Operating income	7,488,831.56	7,990,025.27	79,556,378.14	73,815,384.55
Non-operating revenue (expenses):				
Proceeds provided to State General Fund	(7,657,873.84)	(8,327,087.05)	(77,556,752.90)	(70,750,915.29)
Proceeds provided to Veteran's Trust Fund	-	-	(2,500,000.00)	(2,500,000.00)
Interest income	23,067.76	19,709.14	204,847.42	133,425.27
Gain (Loss) on disposal of capital assets	-	3,625.00	(139,571.99)	(726,000.06)
Net non-operating revenues (expenses)	(7,634,806.08)	(8,303,752.91)	(79,991,477.47)	(73,843,490.08)
Change in net position	(145,974.52)	(313,727.64)	(435,099.33)	(28,105.53)
Net position beginning of period	6,068,404.90	6,839,699.59	6,357,529.71	6,554,077.48
Net position end of period	5,922,430.38	6,525,971.95	5,922,430.38	6,525,971.95

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Ten Months Ending Monday, April 30, 2018

	Month ended 4/30/2018	Month ended 4/30/2017	Year-to-date 4/30/2018	Year-to-date 4/30/2017
Operating revenues:				
Instant-scratch ticket sales	\$22,598,572.00	\$21,291,870.00	\$203,568,200.00	\$195,958,420.00
InstaPlay sales	1,008,735.00	721,849.00	7,931,454.00	4,307,200.00
Pick 3 sales	650,662.00	629,125.50	6,436,772.50	6,026,353.50
Powerball sales	3,143,434.00	3,269,246.50	51,304,582.50	44,278,823.00
Mega Millions Sales	1,280,959.00	850,699.00	18,186,872.00	12,792,565.00
Hot Lotto sales	-	786,547.00	3,761,425.00	6,675,287.00
Pick 4 sales	359,029.00	336,000.00	3,655,507.00	3,261,397.50
All or Nothing sales	-	257,961.00	-	2,679,121.00
Lucky for Life sales	497,288.00	419,784.00	4,675,006.00	4,703,216.00
Lotto America sales	496,237.00	-	3,500,006.00	-
Pull-tab sales	1,292,777.76	785,046.47	8,789,800.87	9,537,185.96
Application fees	250.00	450.00	3,100.00	3,350.00
Other	602.55	719.09	6,673.42	17,424.13
Total operating revenues	31,328,546.31	29,349,297.56	311,819,399.29	290,240,343.09
Operating expenses:				
Scratch ticket prizes	14,840,506.00	13,786,259.00	134,846,678.14	129,260,410.73
InstaPlay prizes	692,087.73	482,411.71	5,180,087.83	2,825,329.71
Pick 3 prizes	387,267.20	374,665.30	3,815,123.50	3,495,030.70
Powerball prizes	1,533,609.50	1,584,181.00	24,871,841.50	21,059,499.00
Mega Millions prizes	654,453.76	420,272.10	9,168,812.90	6,325,855.63
Hot Lotto prizes	(8,663.00)	386,711.50	1,584,277.50	3,248,535.50
Pick 4 prizes	213,922.40	200,725.00	2,173,104.20	1,922,423.50
All or Nothing prizes	(2,850.00)	153,866.68	(90,159.82)	1,582,317.43
Lucky for Life prizes	285,754.34	249,493.79	2,783,635.95	2,956,726.32
Lotto America prizes	248,118.50	-	1,750,003.00	-
Pull-tab prizes	810,695.05	490,273.36	5,493,909.43	5,958,749.03
VIP Club prize expense	10,000.00	-	157,948.44	234,570.70
Promotional prize expense	35,646.03	13,719.00	123,374.44	206,636.51
Advertising/publicity	476,077.13	458,666.71	5,897,601.17	5,412,024.76
Retailer compensation expense	2,063,847.31	1,910,166.05	20,347,441.57	18,853,051.93
Ticket expense	297,543.17	216,235.39	2,719,455.13	2,674,879.03
Vendor compensation expense	725,292.72	580,850.63	6,879,446.74	5,892,214.06
Salary and benefits	857,787.56	839,681.17	8,797,471.79	8,540,765.79
Travel	26,514.98	26,089.90	200,498.47	239,301.79
Supplies	7,261.58	4,972.04	78,512.91	84,823.33
Printing	1,276.00	-	10,087.74	3,081.30
Postage	239.15	272.67	5,068.11	5,320.31
Communications	34,646.44	12,718.42	139,768.67	126,175.20
Rentals	24,644.30	24,792.75	254,731.33	253,884.95
Utilities	7,664.18	4,943.62	78,610.58	73,243.85
Professional fees	14,312.05	10,678.00	133,564.76	134,960.78
Vending machine maintenance	20,557.00	30,766.65	253,793.33	452,194.03
Outside services and repairs	63,516.21	58,387.56	660,518.20	649,350.53
Data processing	11,697.64	9,685.49	75,581.34	99,424.29
Equipment	24,401.25	18,314.67	467,764.29	949,205.19
Reimbursement to other state agencies	31,069.89	28,547.79	349,526.35	340,423.09
Depreciation	44,258.13	45,392.44	456,970.49	369,076.37
Other	4,672.18	5,150.02	80,164.83	56,658.19
MUSL/Lotto administrative expense	538.75	12,620.16	6,637.90	128,840.28
Total operating expenses	24,438,365.13	22,441,510.57	239,751,852.71	224,414,983.81
Operating income	6,890,181.18	6,907,786.99	72,067,546.58	65,825,359.28
Non-operating revenue (expenses):				
Proceeds provided to State General Fund	(6,784,523.53)	(6,686,311.79)	(69,898,879.06)	(62,423,828.24)
Proceeds provided to Veteran's Trust Fund	-	-	(2,500,000.00)	(2,500,000.00)
Interest income	27,033.52	13,465.35	181,779.66	113,716.13
Gain (Loss) on disposal of capital assets	1,650.00	(28,335.00)	(139,571.99)	(729,625.06)
Net non-operating revenues (expenses)	(6,755,840.01)	(6,701,181.44)	(72,356,671.39)	(65,539,737.17)
Change in net position	134,341.17	206,605.55	(289,124.81)	285,622.11
Net position beginning of period	5,934,063.73	6,633,094.04	6,357,529.71	6,554,077.48
Net position end of period	6,068,404.90	6,839,699.59	6,068,404.90	6,839,699.59

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Nine Months Ending Saturday, March 31, 2018

	Month ended 3/31/2018	Month ended 3/31/2017	Year-to-date 3/31/2018	Year-to-date 3/31/2017
Operating revenues:				
Instant-scratch ticket sales	\$ 23,962,178.00	\$ 23,039,794.00	\$ 180,969,628.00	\$ 174,666,550.00
InstaPlay sales	658,808.00	751,676.00	6,922,719.00	3,585,351.00
Pick 3 sales	703,107.00	665,232.00	5,786,110.50	5,397,228.00
Powerball sales	5,377,327.00	3,511,616.00	48,161,148.50	41,009,576.50
Mega Millions Sales	3,773,138.00	1,394,928.00	16,905,913.00	11,941,866.00
Hot Lotto sales	-	752,483.00	3,761,425.00	5,888,740.00
Pick 4 sales	387,275.50	354,292.00	3,296,478.00	2,925,397.50
All or Nothing sales	-	274,277.00	-	2,421,160.00
Lucky for Life sales	489,664.00	458,962.00	4,177,718.00	4,283,432.00
Lotto America sales	662,443.00	-	3,003,769.00	-
Pull-tab sales	911,711.75	767,163.38	7,497,023.11	8,752,139.49
Application fees	550.00	300.00	2,850.00	2,900.00
Other	516.32	4,495.42	6,070.87	16,705.04
Total operating revenues	<u>36,926,718.57</u>	<u>31,975,218.80</u>	<u>280,490,852.98</u>	<u>260,891,045.53</u>
Operating expenses:				
Scratch ticket prizes	16,755,744.00	15,963,367.00	120,006,172.14	115,474,151.73
InstaPlay prizes	430,938.09	478,109.57	4,488,000.10	2,342,918.00
Pick 3 prizes	416,914.20	395,909.20	3,427,856.30	3,120,365.40
Powerball prizes	2,640,679.00	1,713,871.50	23,338,232.00	19,475,318.00
Mega Millions prizes	1,949,242.92	695,762.50	8,514,359.14	5,905,583.53
Hot Lotto prizes	(7,949.00)	369,969.50	1,592,940.50	2,861,824.00
Pick 4 prizes	230,810.30	210,420.20	1,959,181.80	1,721,698.50
All or Nothing prizes	(2,823.00)	161,408.55	(87,309.82)	1,428,450.75
Lucky for Life prizes	282,276.62	274,250.58	2,497,881.61	2,707,232.53
Lotto America prizes	331,221.50	-	1,501,884.50	-
Pull-tab prizes	570,287.31	479,146.10	4,683,214.38	5,468,475.67
VIP Club prize expense	10,000.00	102,546.36	147,948.44	234,570.70
Promotional prize expense	12,428.94	16,368.90	87,728.41	192,917.51
Advertising/publicity	596,280.13	500,655.10	5,421,524.04	4,953,358.05
Retailer compensation expense	2,411,963.83	2,085,561.31	18,283,594.26	16,942,885.88
Ticket expense	260,091.05	238,179.41	2,421,911.96	2,458,643.64
Vendor compensation expense	835,132.58	665,622.26	6,154,154.02	5,311,363.43
Salary and benefits	810,283.34	848,293.17	7,939,684.23	7,701,084.62
Travel	19,920.00	26,114.42	173,983.49	213,211.89
Supplies	5,853.08	3,923.16	71,251.33	79,851.29
Printing	822.43	-	8,811.74	3,081.30
Postage	296.73	325.12	4,828.96	5,047.64
Communications	11,545.49	12,909.00	105,122.23	113,456.78
Rentals	25,728.83	25,883.33	230,087.03	229,092.20
Utilities	6,486.97	6,334.70	70,946.40	68,300.23
Professional fees	14,989.12	30,226.63	119,252.71	124,282.78
Vending machine maintenance	20,557.00	47,499.32	233,236.33	421,427.38
Outside services and repairs	61,531.83	82,951.47	597,001.99	590,962.97
Data processing	7,062.11	9,851.99	63,883.70	89,738.80
Equipment	114,798.69	52,145.47	443,363.04	930,890.52
Reimbursement to other state agencies	31,842.56	28,823.58	318,456.46	311,875.30
Depreciation	44,805.23	45,419.12	412,712.36	323,683.93
Other	4,646.61	8,997.78	75,492.65	51,508.17
MUSL/Lotto administrative expense	699.24	12,928.47	6,099.15	116,220.12
Total operating expenses	<u>28,905,107.73</u>	<u>25,593,774.77</u>	<u>215,313,487.58</u>	<u>201,973,473.24</u>
Operating income	<u>8,021,610.84</u>	<u>6,381,444.03</u>	<u>65,177,365.40</u>	<u>58,917,572.29</u>
Non-operating revenue (expenses):				
Proceeds provided to State General Fund	(8,149,621.35)	(6,266,485.89)	(63,114,355.53)	(55,737,516.45)
Proceeds provided to Veteran's Trust Fund	-	-	(2,500,000.00)	(2,500,000.00)
Interest income	29,535.70	17,374.71	154,746.14	100,250.78
Gain (Loss) on disposal of capital assets	-	(282,128.00)	(141,221.99)	(701,290.06)
Net non-operating revenues (expenses)	<u>(8,120,085.65)</u>	<u>(6,531,239.18)</u>	<u>(65,600,831.38)</u>	<u>(58,838,555.73)</u>
Change in net position	(98,474.81)	(149,795.15)	(423,465.98)	79,016.56
Net position beginning of period	6,032,538.54	6,782,889.19	6,357,529.71	6,554,077.48
Net position end of period	<u>5,934,063.73</u>	<u>6,633,094.04</u>	<u>5,934,063.73</u>	<u>6,633,094.04</u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Eight Months Ending Wednesday, February 28, 2018

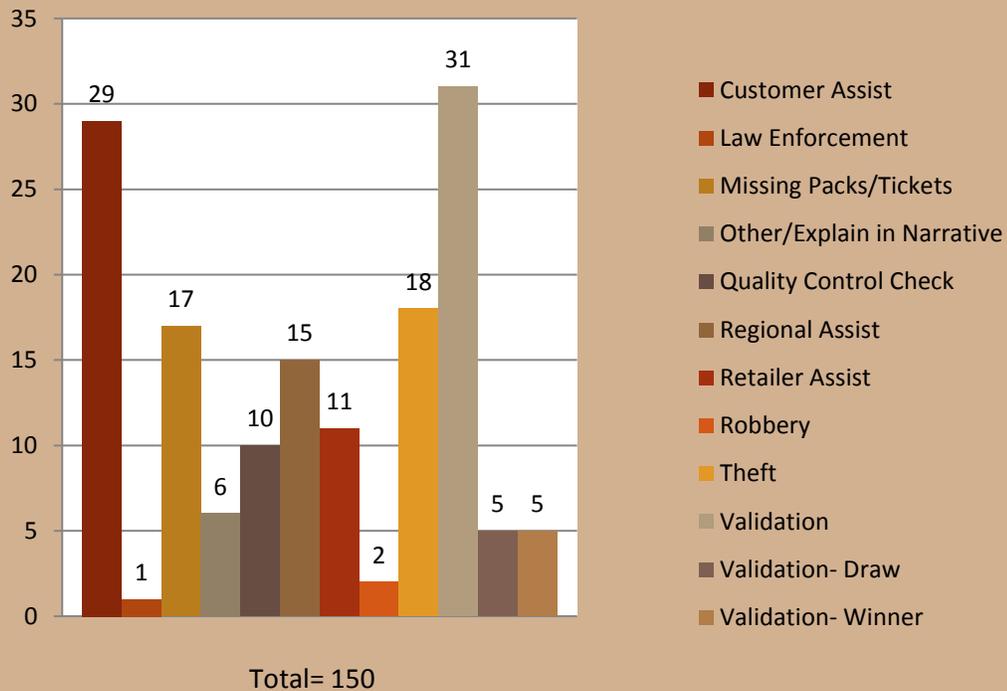
	Month ended 2/28/2018	Month ended 2/28/2017	Year-to-date 2/28/2018	Year-to-date 2/28/2017
Operating revenues:				
Instant-scratch ticket sales	\$19,903,832.00	\$19,449,529.00	\$157,007,450.00	\$151,626,756.00
InstaPlay sales	807,827.00	787,062.00	6,263,911.00	2,833,675.00
Pick 3 sales	628,496.50	578,915.00	5,083,003.50	4,731,996.00
Powerball sales	3,714,696.00	5,966,548.00	42,783,821.50	37,497,960.50
Mega Millions Sales	1,364,413.00	860,553.00	13,132,775.00	10,546,938.00
Hot Lotto sales	-	639,521.00	3,761,425.00	5,136,257.00
Pick 4 sales	351,310.50	308,401.00	2,909,202.50	2,571,105.50
All or Nothing sales	-	237,883.00	-	2,146,883.00
Lucky for Life sales	411,286.00	414,176.00	3,688,054.00	3,824,470.00
Lotto America sales	665,156.00	-	2,341,326.00	-
Pull-tab sales	761,670.00	602,572.46	6,585,311.36	7,984,976.11
Application fees	250.00	500.00	2,300.00	2,600.00
Other	1,861.57	643.34	5,554.55	12,209.62
Total operating revenues	28,610,798.57	29,846,303.80	243,564,134.41	228,915,826.73
Operating expenses:				
Scratch ticket prizes	12,788,552.00	12,187,758.26	103,250,428.14	99,510,784.73
InstaPlay prizes	525,961.19	504,853.22	4,057,062.01	1,864,808.43
Pick 3 prizes	373,587.90	344,599.00	3,010,942.10	2,724,456.20
Powerball prizes	1,777,356.50	2,933,326.00	20,697,553.00	17,761,446.50
Mega Millions prizes	700,285.64	428,580.39	6,565,116.22	5,209,821.03
Hot Lotto prizes	(10,326.00)	312,545.50	1,600,889.50	2,491,854.50
Pick 4 prizes	209,756.30	182,635.60	1,728,371.50	1,511,278.30
All or Nothing prizes	(2,582.00)	140,250.51	(84,486.82)	1,267,042.20
Lucky for Life prizes	234,502.85	246,159.00	2,215,604.99	2,432,981.95
Lotto America prizes	332,578.00	-	1,170,663.00	-
Pull-tab prizes	473,928.00	375,833.97	4,112,927.07	4,989,329.57
VIP Club prize expense	10,000.00	20,532.64	137,948.44	132,024.34
Promotional prize expense	10,181.72	17,163.52	75,299.47	176,548.61
Advertising/publicity	592,785.46	671,460.78	4,825,243.91	4,452,702.95
Retailer compensation expense	1,808,537.44	1,941,210.55	15,871,630.43	14,857,324.57
Ticket expense	427,631.03	498,728.30	2,161,820.91	2,220,464.23
Vendor compensation expense	654,276.81	615,341.22	5,319,021.44	4,645,741.17
Salary and benefits	817,828.27	823,012.71	7,129,400.89	6,852,791.45
Travel	19,113.89	23,355.03	154,063.49	187,097.47
Supplies	3,282.98	4,199.05	65,398.25	75,928.13
Printing	1,985.07	-	7,989.31	3,081.30
Postage	288.49	323.73	4,532.23	4,722.52
Communications	11,458.30	12,027.46	93,576.74	100,547.78
Rentals	25,260.28	25,368.36	204,358.20	203,208.87
Utilities	6,936.62	6,882.66	64,459.43	61,965.53
Professional fees	10,173.62	12,286.65	104,263.59	94,056.15
Vending machine maintenance	20,557.00	49,601.13	212,679.33	373,928.06
Outside services and repairs	66,310.94	49,817.52	535,470.16	508,011.50
Data processing	7,073.98	10,240.01	56,821.59	79,886.81
Equipment	80,863.95	38,622.83	328,564.35	878,745.05
Reimbursement to other state agencies	28,897.53	29,363.48	286,613.90	283,051.72
Depreciation	44,891.86	44,167.42	367,907.13	278,264.81
Other	4,748.85	4,547.02	70,846.04	42,510.39
MUSL/Lotto administrative expense	699.24	12,911.46	5,399.91	103,291.65
Total operating expenses	22,057,383.71	22,567,704.98	186,408,379.85	176,379,698.47
Operating income	6,553,414.86	7,278,598.82	57,155,754.56	52,536,128.26
Non-operating revenue (expenses):				
Proceeds provided to State General Fund	(6,883,474.00)	(7,602,318.29)	(54,964,734.18)	(49,471,030.56)
Proceeds provided to Veteran's Trust Fund	-	-	(2,500,000.00)	(2,500,000.00)
Interest income	17,196.28	13,264.16	125,210.44	82,876.07
Gain (Loss) on disposal of capital assets	-	(88,372.06)	(141,221.99)	(419,162.06)
Net non-operating revenues (expenses)	(6,866,277.72)	(7,677,426.19)	(57,480,745.73)	(52,307,316.55)
Change in net position	(312,862.86)	(398,827.37)	(324,991.17)	228,811.71
Net position beginning of period	6,345,401.40	7,181,716.56	6,357,529.71	6,554,077.48
Net position end of period	6,032,538.54	6,782,889.19	6,032,538.54	6,782,889.19



April - June 2018 Security Report

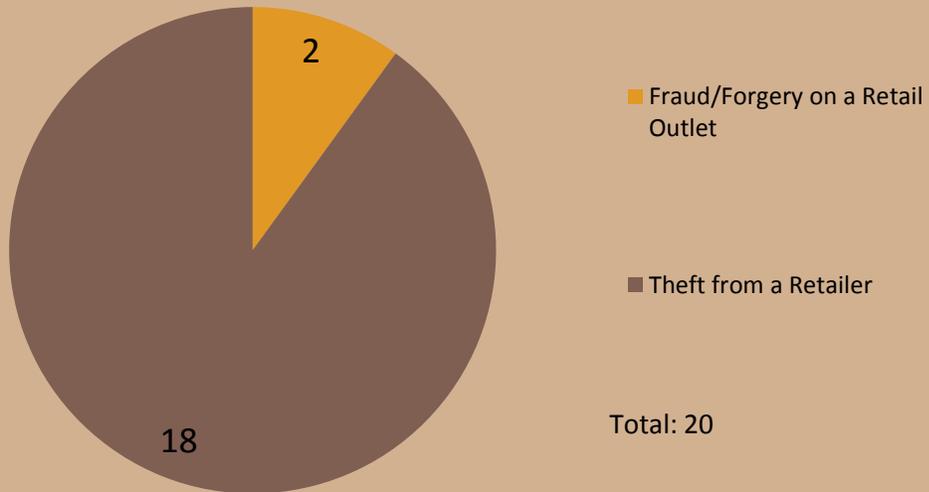


April -June 2018 Record of Contacts by Type



Other: (1) Documentation of Contractor Injury, (3) Security Information Reports, (1) Documentation of Security Readiness drill, (1) Documentation of Kiosk Field Testing.

April - June 2018 Cases by Type



Other Duties and Activities;

- Assisted with hosting National State and Provincial Lottery Leadership Seminar
- Drawing and Winner Validation for (1) Tiny Homes/Big Win promotional drawing
- Winner Validation for (3) Power Ball Cruise Promotional Drawings
- Conducted **149** compliance/inspection checks on retail outlets, sent follow up letters to all retailers to provide results of the compliance check at their store

Budget For Lottery Fund

	FY 2017 ACTUAL	FY 2018 BOARD APPROVED FINAL BUDGET	FY 2019 FALL BOARD APPROVED BUDGET	FY 2019 PROPOSED BUDGET
<u>Resources</u>				
Lottery sales	352,242,810	334,420,000	337,300,000	338,300,000
Interest income	182,107	500,000	500,000	500,000
Application fees	3,600	5,000	5,000	5,000
Other	18,841	5,000	5,000	5,000
Total Resources	352,447,359	334,930,000	337,810,000	338,810,000
<u>Expenses and Change in Net Assets</u>				
Prizes	215,620,567	199,557,641	204,057,000	204,672,000
Retailer compensation	22,915,600	22,352,605	22,579,862	22,667,100
Advertising production and media purchases	6,591,778	13,356,800	13,512,000	13,532,000
Retailer Lottery system/Terminal Communications	7,387,578	9,489,381	6,566,227	6,521,491
Instant/Pull-tab ticket expense	3,272,386	3,928,000	3,957,500	3,977,250
Vending machines & maintenance/Ticket dispensers	1,384,720	508,500	548,940	531,928
Courier delivery of instant tickets	594,509	660,000	660,000	660,000
Lottery operating expense	13,379,294	15,270,127	15,228,127	15,367,308
Increase (decrease) in net assets	526,200	(447,275)	(412,100)	(237,100)
Total Expenses and Change in Net Assets	271,672,632	264,675,779	266,697,556	267,691,977
<u>Proceeds</u>				
Proceeds Transfer to General Fund	78,274,727	67,754,221	68,612,444	68,618,023
Proceeds Transfer to Veterans Trust Fund	2,500,000	2,500,000	2,500,000	2,500,000
Total Proceeds Transfers	80,774,727	70,254,221	71,112,444	71,118,023
Total Expenses and Proceeds	352,447,359	334,930,000	337,810,000	338,810,000

Lottery Operations - Budget Detail

	FY 2017 ACTUAL	FY 2018 BOARD APPROVED FINAL BUDGET	FY 2019 FALL BOARD APPROVED BUDGET	FY 2019 Proposed Budget
Administrative payroll*	10,714,713	11,534,327	11,534,327	11,637,508
Travel	273,368	435,000	410,000	410,000
Supplies	77,856	105,000	105,000	105,000
Printing	3,202	20,000	20,000	20,000
Postage	5,817	7,000	7,000	7,000
Communications	253,908	186,000	186,000	186,000
Rentals	304,714	320,000	320,000	320,000
Utilities	90,824	101,000	101,000	101,000
Professional fees	191,334	259,500	259,500	259,500
Outside services and repair	202,040	341,500	419,000	419,000
Data processing	117,021	125,000	125,000	125,000
Equipment	189,281	696,200	494,200	494,200
Reimbursement to state agencies	427,884	506,000	506,000	506,000
Depreciation	460,967	547,600	655,100	691,100
Other expenses	66,365	86,000	86,000	86,000
Total operating expenses	\$ 13,379,294	\$ 15,270,127	\$ 15,228,127	\$ 15,367,308

* FY 2019 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	210.305	1 of 4	June 23, 2018 July 23, 2018
Subject Travel—Out-of-State—Subsistence Allowance			

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

Iowa Lottery Authority—Financial Management

Section Pre-Audit	Procedure No. 210.305	Page No. 2 of 4	Effective Date June 23, 2018 , 2018
Subject Travel—Out-of-State—Subsistence Allowance			

- b. **Meals.** The ILA has established reasonable maximum meal reimbursements. The reimbursement rate will increase automatically to a higher rate if the Department of Administrative Services raises its rates for state employees. The allowance for meals shall be actual expenses, not to exceed the following limitations.

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

- (1) Reimbursement for meals is based upon departure and return times.
- (2) The actual amount spent for the meal(s) must be reported on the employee's travel payment for reimbursement, even though the amount allowed will be the lesser of actual or the maximum.
- (3) Employees are not eligible for reimbursement of a meal if the meal is provided by an outside source (i.e., meals provided in the conference registration, or purchased by other outside sources, etc.). However, employees are eligible for a meal reimbursement even if the meal was provided on the airplane as part of the cost of the airfare.

When the employee is not eligible for a meal, this must be noted on the travel payment. When this occurs, the maximum for the day becomes the allowable total of the other meals for which the employee is eligible on that particular day. (See procedure 280.201 for an example.)

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

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

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.305	3 of 4	June 23, 2018 June 23, 2018
Subject Travel—Out-of-State—Subsistence Allowance			

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

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

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

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

EXAMPLE #1: Employee is eligible for dinner while attending a conference in Toledo, OH (Level 2). The actual cost of dinner was \$18.57. The employee left a 15% tip which amounted to \$2.79. The employee may claim reimbursement of \$21.00, which is the lesser of the maximum allowed (\$21) and the actual spent, including tip (\$21.36).

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

- (7) Charges for room service are an allowable reimbursable expense as long as the total of meals, including the room service charge, is within the maximum allowable limits.
- (8) Alcoholic beverages are NOT an allowable reimbursable expense and are not an allowable use of ILA monies.
- (9) Meals included on lodging receipts will be compared to the travel payment.

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	210.305	4 of 4	June 23, 2018 June 23, 2017
Subject Travel—Out-of-State—Subsistence Allowance			

- (10) When traveling out-of-state and there is no overnight lodging, the meals are taxable and therefore are not eligible for reimbursement without the approval of the Vice President and CEO, or designee. (see procedure 210.109 for the definition of travel status).
 - (11) Exceptions to the above limitations may be requested in writing. Requests should be directed to the CEO, or designee.
 - (12) Receipts for meals are required per Executive Order #13 See Procedure 210.102 for more details.
3. Reimbursement for lodging and meals preceding and following a meeting, as outlined above, generally are adequate for going to or returning from any point in the continental United States. However, when scheduling problems necessitate additional meals or lodging away from the domicile, these exceptions must be noted on the claim.
 4. In certain instances, it is less expensive to leave earlier or return later than what would be required to attend the conference, meeting, etc. In these situations, reimbursement of expenses is allowable up to the lesser of the actual or the cost to the ILA had the employee left when necessary to attend to attend the conference, meeting, etc. A cost comparison must accompany the travel claim that is submitted for reimbursement.
 5. When traveling within 50 miles of the border of Iowa, in-state subsistence rates apply. See procedure 210.330 for additional information.
 6. If it is deemed to be in ILA's best interest, an employee may purchase travel insurance with the approval of the CEO or his/her designee. A Request for Exception to State Wide Policy form shall be completed and signed by the CEO or his/her designee prior to the purchase of the travel insurance. In addition, the travel insurance policy shall be purchased separately from the travel arrangements and should be purchased the same day, after all travel costs (hotel, airfare, etc.) are known and/or can be reasonably estimated. This also applies to International travel. Out of state travel insurance should be coded to object 2129 (Misc Travel Exp Out of State) and International travel insurance to 2169 (Misc Exp – International Travel).

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	240.102	1 of 15	April 25, 2014 June 20, 2018
Subject Purchasing Policies and Services Contracting			

Purchasing Policies

Master Agreements

Prior to purchasing any goods or services, the ILA associate shall review the Department of Administrative Services (DAS) website and/or State Accounting System (I/3) for any available master agreement. Goods or services of general use available on a master agreement may be purchased from a different vendor if the quantity required makes it cost-effective to purchase from a non-master agreement vendor or if there is an immediate or emergency need for an item and the ILA determines that its best interests will be served by exemption from the bidding process.

Competitive Procurement

Above \$50,000

1. A formal (sealed) competitive selection process is required in connection with any “major procurement” except in cases where a single vendor has an exclusive right to offer a product or service. A “major procurement” is defined as any consulting agreement or any contract for the printing of tickets or the purchase or lease of equipment or services essential to the operation of a lottery game. Invitations-to-bid or Requests for Proposal (RFP) must be posted to the DAS bid opportunities website and the Targeted Small Business (TSB) website ~~and shall be advertised in a daily paper in Iowa~~. Award of bid or RFP requires CEO and Lottery Board approval.
2. A formal (sealed) competitive selection process is required in connection with the purchase of goods or services when COST IS NOT the main criterion for selection and the goods or services are expected to cost in the aggregate of \$50,000 or more. Invitations-to-bid or RFPs must be posted to the DAS bid opportunities website and the TSB website. Award of bid or RFP requires CEO approval and Lottery Board approval for services only.
3. A formal or informal competitive selection process (which includes electronic or fax submissions) is required for the purchase of goods that are not essential to the operation of a lottery game, when COST IS the main criterion for selection and the goods are expected to cost in the aggregate of \$50,000 or more. Bids must be posted to the DAS bid opportunities website and the TSB website. Award of bid requires CEO approval.
4. The use of other state or public entity current agreements for goods or services may be utilized to purchase the goods and services by the Lottery instead of issuing a competitive bid or RFP.

Above \$5,000 to \$50,000

1. GOODS - An informal or formal competitive selection process for goods may be used when cost is the main criterion and the goods are expected to cost greater than \$5,000 and less than \$50,000. The following guidelines shall apply:
 - a. The informal or formal invitation-to-bid may be issued electronically to selected vendors known to offer the goods and may be posted to the DAS bid opportunities website and the TSB website.
 - b. Award may require CEO approval depending upon total cost.
 - c. Informal bids shall be documented in writing. If informal bids are obtained via telephone, notes taken by the ILA associate during the telephone call qualify as appropriate documentation; e-mail or fax bids or quotes also qualify as responses. All documentation shall be attached to the purchase file.
 - d. If the goods are expected to cost over \$5,000 but the contract will be awarded to a vendor based on special circumstances or criteria other than cost, the CEO or ~~Executive Vice-President~~ COO may grant a waiver of the bidding requirement. The ILA associate requesting the waiver shall do so in writing.
 - e. If the ILA has a list of vendors that provide the goods, all applicable vendors on the list shall be contacted or provided an invitation-to-bid.
 - f. If there is no vendor list for the goods, but the ILA associate requesting the informal bid knows of three or more vendors who provide the goods, at least three informal bids shall be obtained. If the ILA associate does not know of at least three vendors who provide the goods, then as many bids as possible should be obtained and the ILA associate should document in writing why fewer than three bids were taken.

Iowa Lottery Authority—Financial Management

Section Pre-Audit	Procedure No. 240.102	Page No. 2 of 15	Effective Date April 25, 2014 June 20, 2018
Subject Purchasing Policies and Services Contracting			

- g. If the lowest bidder is not awarded the contract, the reason should be documented in writing, attached to the purchase file and approved by authorized person signing the purchase order or contract.
 - h. If an outside entity (ad agency or other vendors) conducts a competitive bidding process on behalf of the ILA, the policies stated above shall also apply.
 - i. Any goods of \$10,000 and below may be purchased from a DIA certified TSB vendor without any informal quote/bid obtained. The purchase file should contain a screen-print showing the vendor is an authorized company and appears on the TSB website at time of purchase.
 - j. If the goods being purchased are known by the ILA associate to result in possible re-orders during fiscal year and cost in the aggregate over \$5,000, a written contract is required.
 - k. If the goods are a single purchase and cost in the aggregate over \$5,000, a written contract is required.
2. SERVICES - An informal or formal competitive selection process for services may be used when cost is NOT the main criterion and the services are expected to cost greater than than \$5,000 but less than \$50,000 annually and or no more than \$150,000 for a multi-year service. The following guidelines shall apply:
- a. The informal or formal competitive selection may be issued electronically to selected vendors known to offer the services and may be posted to the DAS bid opportunities website and the TSB website.
 - b. Award requires CEO approval over \$20,000 and Lottery Board approval over \$25,000.
 - c. Informal bids shall be documented in writing. If informal bids are obtained via telephone, notes taken by the ILA associate during the telephone call qualify as appropriate documentation; e-mail bids or quotes also qualify as responses. All documentation shall be attached to the purchase file.
 - d. If the services are expected to cost over \$5,000 but the contract will be awarded to a vendor based on special circumstances or criteria other than cost, the CEO or ~~Executive Vice President~~ **COO** may grant a waiver of the bidding requirement. The ILA associate requesting the waiver shall do so in writing.
 - e. If the ILA has a list of vendors that provide the service, all applicable vendors on the list shall be contacted or provided an invitation-to-bid.
 - f. If there is no vendor list for the service, but the ILA associate requesting the informal bid knows of three or more vendors who provide the service, at least three informal bids shall be obtained. If the ILA associate does not know of at least three vendors who provide the service, then as many bids as possible should be obtained and the ILA associate should document in writing why fewer than three bids were taken.
 - g. If the lowest bidder is not awarded the contract, the reason should be documented in writing, attached to the purchase file and approved by authorized person signing the purchase order or contract.
 - h. Any services of \$10,000 and below may be purchased from a DIA certified TSB vendor without any informal quote/bid obtained. The purchase file should contain a screen-print showing the vendor is an authorized company and appears on the TSB website at time of purchase.
 - i. If the service being purchased is known by the ILA associate to result in additional services at a later time during the fiscal year and cost in the aggregate over \$5,000, a written contract is required.
 - j. Refer to services contract section below for additional requirements.

~~\$1,001-1,501~~ - \$5,000 –

- 1. SERVICES – For services costing less than \$5,000 annually or less than \$15,000 for multi-year service, no competitive bids are required. A written contract is required for services above ~~\$1,000~~ **\$1,500**. Refer to services contract section below for additional requirements.
- 2. GOODS - Goods costing less than \$5,000 may be obtained by informal telephone bids/quotes or price comparisons. The following guidelines shall apply:
 - a. Bids from three sources are to be obtained for all items in aggregate at time of order placement.
 - b. Informal bids shall be documented in writing. If informal bids are obtained via telephone, notes

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taken by the ILA associate during the telephone call qualify as appropriate documentation. Internet screen shots, faxes and e-mail bids or quotes also qualify as responses. All documentation shall be attached to the purchase file.

c. If the ILA has a list of vendors that provide the service, all applicable vendors on the list shall be contacted or provided an invitation-to-bid

d. If there is no vendor list for the goods, but the ILA associate requesting the informal bids knows of three or more vendors who provide the goods, at least three informal bids shall be obtained. If the ILA associate does not know of at least three vendors who provide the goods, then as many bids as possible should be obtained and the ILA associate should document in writing why fewer than three bids were taken.

e. P-card may be used for purchases if direct billing is not feasible or for internet purchases, otherwise a purchase order should be issued. Purchases made via P-card should document price paid using a screen shot or e-mail receipt for the purchase file. Approval must be obtained prior to order placement for all purchases above ~~\$1,000~~ \$1,500.

~~\$1 - \$1,000~~ \$1,500

1. Up to ~~\$1,000~~ \$1,500 – Informal quotes/bids are not required for single item purchases only, not aggregate purchases. If goods purchased are greater than ~~\$1,000~~ \$1,500 in aggregate see above requirements. Any documentation regarding purchase to be attached to purchase file or P-card file.
2. P-card may be used for purchases if direct billing is not feasible or for internet purchases, otherwise a purchase order should be issued. Purchases made via P-card should document price paid using a screen shot or e-mail receipt for the purchase file.
3. Goods AND Services - Less than ~~\$1,000~~ \$1,500, no written contract ~~or PCQ~~ is required.

SPECIAL REQUIREMENTS:

Legal Review - All written contracts shall be submitted to the Vice President of General Counsel for review prior to contract execution.

Sole Source - The CEO or ~~Executive Vice President~~ COO must approve the use of all sole-source purchases by approving the sole-source document before any contract is awarded. If a written justification from requesting department is provided it should be attached to the sole-source document. The sole-source document and justification must be submitted to the CEO or ~~EVP~~ COO; once approved, the request must be posted on the State of Iowa bid opportunities website for five (5) calendar days before an agreement or contract for the goods or services is granted. If no vendor responds to the sole-source posting, purchase may proceed with all documentation to be placed with the purchase or contract file. Exception to the website posting shall be for a sole source that is restricted by licensing or trademark agreements and no other source could respond to the posting.

Emergency Purchases – The ILA associate shall attempt to acquire goods and services of general use with as much competition as practicable under the circumstances and should try to obtain the best value for the funds spent under the circumstances. Justification for the emergency purchase shall be documented on the sole source/emergency documentation form and submitted to the CEO or ~~EVP~~ COO for approval.

Purchase Order Approval Levels (not required over \$5,000)

1. All ~~non-sole source~~ purchases
 - a. Purchasing Agent – up to ~~\$1,000~~ \$1,500
 - ~~b. Vice President of Security – up to \$5,000~~
 - ~~bc. Executive Vice President~~ CEO & COO – up to \$5,000
 - ~~d. CEO – up to \$5,000~~

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~~2. Ticket Dispenser related items covered by contract~~

- ~~a. Purchasing Agent—up to \$2,500~~
- ~~b. Vice President of Security—up to \$5,000~~
- ~~c. Executive Vice President—up to \$5,000~~
- ~~d. CEO—up to \$5,000~~

~~23. Approval exceptions~~

~~Vice President of Finance CFO shall be the authorized backup during absences by the Executive Vice President and Vice President of Security CEO and/or COO for purchase order approvals. A Vice President should not approve purchase orders that provide goods or services to their own department, unless circumstances require an immediate signature.~~

Contract Approval Levels

1. All non-sole source contracts

- ~~a. Vice President of Security—up to \$10,000~~
- ~~ab. Executive Vice President CEO or COO – up to \$20,000~~
- ~~be. CEO – up to \$25,000 for services; no limit on goods~~
- ~~cd. Board approval – over \$25,000 (for services only)~~

2. All sole source purchase approvals

- ~~a. Executive Vice President CEO or COO or~~
- ~~b. CEO~~

3. Approval exceptions

~~Vice President of Finance CFO shall be the authorized backup during absences by the Executive Vice President and Vice President of Security CEO and/or COO for contract approvals. A Vice President should not approve contracts that provide goods or services to their own department, unless circumstances require an immediate signature.~~

Receipt of Goods

ILA associates must inspect and/or determine the goods received meet the specifications of the order placed and that the appropriate quantities have been received. Packing slips or receipts describing the item received shall be attached to the purchase order and/or scanned and attached in the general ledger system before payment is made. In the absence of a packing slip or receipt, an e-mail from the receiving location shall be an acceptable form.

Advertising Media Placement

1. All advertising media placements require a purchase order or written contract. For placements exceeding, or expected to exceed, \$5,000 in aggregate per fiscal year, a written contract is required prior to the placement of the advertising.
2. For advertising media placement of \$5,000 or less in aggregate per fiscal year may be placed on a pre-approved Lottery template. If the pre-approved Lottery template is used for the agreement, no legal review is required prior to approval and signature. Any advertising media placement agreements written on any other form require Lottery legal department review before signing.
3. Approval levels for advertising media placement agreements are:
 - a. \$1 to ~~\$1,000~~ \$1,500 in aggregate for fiscal year may be approved by the Advertising Manager/Promotions Manager.
 - b. ~~\$1,000~~ \$1,501 to \$5,000 in aggregate for the fiscal year may be approved by the Vice President of Sales and Marketing.
 - c. \$5,000 and above in aggregate for the fiscal year must be approved by the EVP-COO or other authorized signature.
4. Sole Source
Placement of media advertising is inherently a sole source item. No other identical venue exists for any particular media advertising placement. Therefore, this policy will serve to justify all advertising as

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sole source.

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Services Contracting

1. Defined.

Services contracts are contracts entered into by ILA to aid in carrying out its programs and to provide specialized services through an independent contractor qualified by education, experience and/or technical ability. Services contracts may be with individuals, partnerships, firms, corporations or other business entities.

“Service or services” means work performed for the ILA by a service provider and includes, but is not limited to:

- Professional or technical expertise provided by a consultant, advisor or other technical or service provider to accomplish a specific study, review, project, task, or other work as described in the scope of work. By way of example and not by limitation, these services may include the following: accounting services; aerial surveys; aerial mapping and seeding; appraisal services; land surveying services; construction manager services; analysis and assessment of processes, programs, fiscal impact, compliance, systems and the like, auditing services, communications services; services of peer reviewers, attorneys, financial advisors, and expert witnesses for litigation, architectural services, information technology consulting services; services of investment advisors and managers; marketing services; policy development and recommendations; program development; public involvement services and strategies; research services; scientific and related technical services; software development and system design; and services of underwriters, physicians, pharmacists, engineers, and architects; or
- Services provided by a vendor to accomplish routine functions. These services contribute to the day-to-day operations of the ILA. By way of example and not by limitation, these services may include the following: ambulance service; charter service; boiler testing; bookkeeping service; building alarm systems service and repair; commercial laundry service; communications systems installations servicing and repair; court reporting and transcription services; engraving service; equipment or machine installation; preventive maintenance, inspection, calibration and repair; heating ventilation and air conditioning (HVAC) system maintenance service; janitorial service; painting inside and outside; pest weed control service; grounds maintenance, mowing, parking lot sweeping and snow removal service; towing service; translation services; and travel service.
- "Service contract" means a contract for a service or services where the predominant factor and purpose of the contract as reasonably stated is for the provision or rendering of services. When there is a mixed contract for both goods and services and the predominant factor and purpose of the contract as reasonably stated is for the provision or rendering of services with goods incidentally involved, a service contract exists and these rules apply.

2. Policy Statement and Purpose.

- a. It is the policy of the ILA that the expenditure of lottery funds for service contractors shall, insofar as practicable, be done through an open, competitive process.
- b. This policy is to be used when determining the Employer/Employee Relationships, and working with the PCQ, SS-8 and payment processes.
- c. Contracts with state agencies, political subdivisions of the state of Iowa, federal government agencies, another state government or a political subdivision thereof are exempt from the competitive selection process (see 11 IAC 118.4(8A)).
- d. Contracts under \$1,000.00 (plus allowable expenses) are exempt from the PCQ process.
- e. Contracts with a Corporation, with a signed W9 attached to the claim, are exempt from the PCQ process.

3. Determination of Employer/Employee Relationship, PCQ, SS-8

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a. Prior to signing a contract, DAS-SAE-Daily Processing personnel must make a determination as to whether or not the contractor has an employer/employee relationship with the ILA. Contracts that create an employer/employee relationship are not allowed. See section 3(g), if an employer/employee relationship exists.

Prior to signing a contract, the ILA must review the VCUST (Vendor Customer Table) that is a part of the Iowa statewide accounting system (I/3). When DAS-SAE has reviewed and determined that no employer/employee relationship with the state exists, SAE will enter the SAE CONTROL # in the SAE Control # field on the VCUST table.

If an individual (using a social security number or a tax identification number) or a company has the SAE Control # field populated, enter the SAE Control # on the Pre-Contract Questionnaire and complete other department actions on the contract.

b. If the individual or company does not have an SAE Control #, then PRIOR to signing the contract the ILA MUST prepare and submit the original Pre- Contract Questionnaire (see attached sample form), the completed Internal Revenue Service (IRS) form SS-8, if not contracting with a corporation (see sample form), and the proposed, unsigned contract to DAS-SAE-Daily Processing.

c. When contracting with a corporation, ILA may send to DAS-SAE the PCQ to obtain the SAE Control #, OR, in place of the PCQ attach an original signed W9 to the claim and send the document to DAS-SAE, attention PCQ coordinator, to add the SAE Control # to the VCUST table and write the SAE Control # on the payment claim, OR, to save time, attach the original signed W9 to the claim, and send a photocopy of the claim and W9 to DAS-SAE-attention PCQ coordinator to add the SAE Control # to the VCUST table. For future payments to this vendor, ILA will need to look at the VCUST table to get the SAE Control # to write on future claims for payment.

d. If contracting with a group of individuals who will perform essentially the same function for the State and who will have essentially the same working relationship with the State, only one form SS-8 need be prepared. In preparing a "generic" SS-8, a statement must be attached outlining the estimated number of individuals per contract period. If the generic SS-8 must be later modified, then a new generic SS-8 must be processed through DAS-SAE-Daily Processing for approval.

e. If the contract is between the ILA and an individual, and the service is to be performed in three (3) days or less and sufficient evidence can be presented as part of the Pre-Contract Questionnaire or attachments so that DAS-SAE-Daily Processing can ascertain that no employer/employee relationship exists, no SS-8 need be completed.

f. In addition to the SS-8, a recap of the Twenty Common Law Factors used by the IRS to determine the presence of an employer/employee relationship is attached for guidance below.

g. If the ILA has not pre-determined the existence of an employer/employee relationship and the contractor does not have the SAE Control #, then the completed SS-8 if not contracting with a corporation, along with the proposed, unsigned contract, must be attached to the Pre-Contract Questionnaire when it is submitted to DAS-SAE-Daily Processing. In certain instances, the contractor may be required to complete IRS form W-9, Request for Taxpayer Identification Number Certification.

DAS-SAE-Daily Processing will review the proposed, unsigned contract to determine if an employee/employer relationship will exist. If, after review of the Pre-Contract Questionnaire and supporting documents, DAS-SAE-Daily Processing concludes that an employer/employee relationship will exist, the ILA must either select another contractor that will meet the independent contractor test or use the State's third party contract with Temporary Staffing Services to pay the contractor.

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- h. After DAS-SAE review, the Pre-Contract Questionnaire and supporting materials will be returned.
- i. Contracted services are not to be performed until all signatures are obtained and distribution of contract copies is made to the parties.
- j. The contract should specify a starting and ending date. ILA should not enter into a service contract for a period of longer than six years (including extensions) unless ILA gets a waiver of the duration limitation from the ~~Executive Vice President~~ COO or Lottery CEO.
- k. Contracts should include a termination clause including a non-appropriation clause. Service contracts may cross biennial and fiscal year lines, and, when they do the contract should specifically include a non-appropriation provision.
- l. Create a sufficient number of copies of the contract so that the ILA maintains a copy for its file, a copy can be sent to the DAS-SAE-Daily Processing when the first invoice is remitted for payment, and a copy for the contractor.
- m. Procedures noted in Item #3 shall be followed as deadlines allow. Any exceptions to the procedure timelines shall be noted and documented in the purchase file.

4. Contract Payments:

- a. The payment voucher (GAX or PRC) or the first payment in a series requires:
- a copy of the original contract signed by both parties
 - a copy of the completed signed Pre-Contract Questionnaire (PCQ) with the SAE Control #.
 - a copy of the Report of Sole Source Procurement if applicable (DAS-GSE form)
 - a copy of the Report of Emergency Procurement if applicable (DAS-GSE form)
 - the original invoice or original claimant signature.
- b. Subsequent payments shall include the following information on the voucher:
- The document number and date the initial claim of this contract series was processed through I/3. (The initial claim of the series will have the contract attached.)
 - Original invoice or claimant signature.
- c. Amended contract payment vouchers:
- Attach a copy of the signed amendment.
 - Amended PCQ, only if the Employer/Employee relationship changed.
 - Make a reference to the document number and paid date of the first payment voucher.
 - On any subsequent payments reference the document number and paid date where the amendments are attached.

5. Object Codes:

Proper object codes shall be used. When paying attorneys use: 2462 Legal Fees, 2553 Adult Contract Legal Fees, 2554 Juvenile Contract Legal Fees. For other contractual services use the proper object code found on I/3 on the OBJ table.

6. Expense Reimbursements:

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When part of the contract includes specifically reimbursing individuals for expenses, the reimbursement shall not exceed the limits established for board members (see ILA Procedures #210.245 (3) and 210.305). It is the ILA's responsibility to ensure the appropriate rates are written into the contracts.

7. Payment vouchers for contracts with individuals must contain the Taxpayer Identification Number (TIN).
8. When payment is made on a PRC where a DAS-GSE contract is referenced, the ILA is responsible for the PCQ and the ILA should attach the Pre-Contract Questionnaire referencing the SAE Control #.
9. Contracts in which the dollar amount is unknown, such as when payment is based on a percent of recoveries, certain generic contracts, etc., MUST have the Pre-Contract Questionnaire and the contract signed by the ILA CEO, or designee.
- 10. Advance Payments:**
See ILA procedure 230.550 #2.g. (1)

11. Twenty Common Law Factors

- A. Indicators of control by employer
 1. Set hours of work
 2. Full-time work requirement
 3. Set order or sequence of work
 4. Oral or written reports required
- B Other indicators of employer/employee relationship
 5. Personal service required
 6. Hiring, supervising, and paying helpers
 7. Payment of business or travel expense
 8. Work performed on employer's premises
 9. Furnishing of tools and materials
- C. Indicators common to independent contractors
 10. Significant investment
 11. Realization of profit or risk of loss
 12. Work performed for more than one firm
 13. Services made available to the public
- D. Strong indicator of employer/employee relationship
 14. Continuing work relationship
 15. Paid by hour, week, month, or piece-work
 16. Right to discharge
 17. Right to terminate
- E. Indicators of control by employer
 18. Training provided
 19. Instructions given
 20. Integration

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SERVICES PRE-CONTRACT QUESTIONNAIRE

Prepare and submit this form prior to entering into a Services Contract. If the Contractor is listed on the VCUST with the SAE Control Number under Organization, enter the SAE Control Number from VCUST in the space below and submit this form with the first invoice for payment.

1. Department _____
 Contact _____ Phone _____ Fax _____

2. Contractor _____
 Federal Tax ID or Social Security Number _____
 Address _____

3. Contracted Service/Product _____

4. Contract Period From _____ To _____

5. Contract Cost: \$ _____
 Source of Funds: State ___% Fed ___% Other ___% Explanation _____
 Account Codes: Fund ____ Dept ____ Unit ____ Sub-Unit ____ Object ____

6. New Contract Amended Contract Previous Contract Date _____

For Department Use

(Attach form SS-8 if not contracting with a corporation)

Generic Contract Number

Sole Source? Yes No

SAE Control Number

Employer/Employee Relationship? Yes No

If Yes, attach PCQ and signed contract, & forward to DAS-SAE

Signature of Department Director or Designee

For Department of Administrative Services Use

Typed Name

Employer/Employee Relationship? Yes No

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Title

DAS-SAE Signature

Date

Date

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Form SS-8
(Rev. May 2014)

Department of the Treasury
Internal Revenue Service

**Determination of Worker Status for Purposes
of Federal Employment Taxes and
Income Tax Withholding**

► Information about Form SS-8 and its separate instructions is at www.irs.gov/Forms8.

OMB No. 1545-0044

For IRS Use Only:
Case Number:

Earliest Receipt Date:

Name of firm (or person) for whom the worker performed services		Worker's name	
Firm's mailing address (include street address, apt. or suite no., city, state, and ZIP code)		Worker's mailing address (include street address, apt. or suite no., city, state, and ZIP code)	
Trade name	Firm's email address	Worker's daytime telephone number	Worker's email address
Firm's tax number	Firm's website	Worker's alternate telephone number	Worker's tax number
Firm's telephone number (include area code)	Firm's employer identification number	Worker's social security number	Worker's employer identification number (if any)

Note. If the worker is paid for these services by a firm other than the one listed on this form, enter the name, address, and employer identification number of the payer. ►

Disclosure of Information

The information provided on Form SS-8 may be disclosed to the firm, worker, or payer named above to assist the IRS in the determination process. For example, if you are a worker, we may disclose the information you provide on Form SS-8 to the firm or payer named above. The information can only be disclosed to assist with the determination process. If you provide incomplete information, we may not be able to process your request. See Privacy Act and Paperwork Reduction Act Notice in the separate instructions for more information. If you do not want this information disclosed to other parties, do not file Form SS-8.

Parts I-V. All filers of Form SS-8 must complete all questions in Parts I-IV. Part V must be completed if the worker provides a service directly to customers or is a salesperson. If you cannot answer a question, enter "Unknown" or "Does not apply." If you need more space for a question, attach another sheet with the part and question number clearly identified. Write your firm's name (or worker's name) and employer identification number (or social security number) at the top of each additional sheet attached to this form.

Part I General Information

- 1 This form is being completed by: Firm Worker, for services performed _____ to _____.
(beginning date) (ending date)
- 2 Explain your reason(s) for filing this form (for example, you received a bill from the IRS, you believe you erroneously received a Form 1099 or Form W-2, you are unable to get workers' compensation benefits, or you were audited or are being audited by the IRS). _____

- 3 Total number of workers who performed or are performing the same or similar services: _____
- 4 How did the worker obtain the job? Application Bid Employment Agency Other (specify) _____
- 5 Attach copies of all supporting documentation (for example, contracts, invoices, memos, Forms W-2 or Forms 1099-MISC issued or received, IRS closing agreements or IRS rulings). In addition, please inform us of any current or past litigation concerning the worker's status. If no income reporting forms (Form 1099-MISC or W-2) were furnished to the worker, enter the amount of income earned for the year(s) at issue \$ _____.
If both Form W-2 and Form 1099-MISC were issued or received, explain why. _____
- 6 Describe the firm's business. _____

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 95100T **Form SS-8** (Rev. 5-2014)

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Part I General Information (continued)

7 If the worker received pay from more than one entity because of an event such as the sale, merger, acquisition, or reorganization of the firm for whom the services are performed, provide the following: Name of the firm's previous owner: _____
 Previous owner's taxpayer identification number: _____ Change was a: Sale Merger Acquisition Reorganization
 Other (specify) _____
 Description of above change: _____
 Date of change (MM/DD/YY): _____

8 Describe the work done by the worker and provide the worker's job title. _____

9 Explain why you believe the worker is an employee or an independent contractor. _____

10 Did the worker perform services for the firm in any capacity before providing the services that are the subject of this determination request?
 Yes No N/A
 If "Yes," what were the dates of the prior services? _____
 If "Yes," explain the differences, if any, between the current and prior services. _____

11 If the work is done under a written agreement between the firm and the worker, attach a copy (preferably signed by both parties). Describe the terms and conditions of the work arrangement. _____

Part II Behavioral Control (Provide names and titles of specific individuals, if applicable.)

1 What specific training and/or instruction is the worker given by the firm? _____

2 How does the worker receive work assignments? _____

3 Who determines the methods by which the assignments are performed? _____

4 Who is the worker required to contact if problems or complaints arise and who is responsible for their resolution? _____

5 What types of reports are required from the worker? Attach examples. _____

6 Describe the worker's daily routine such as his or her schedule or hours. _____

7 At what location(s) does the worker perform services (for example, firm's premises, own shop or office, home, customer's location)? Indicate the appropriate percentage of time the worker spends in each location, if more than one. _____

8 Describe any meetings the worker is required to attend and any penalties for not attending (for example, sales meetings, monthly meetings, staff meetings). _____

9 Is the worker required to provide the services personally? Yes No

10 If substitutes or helpers are needed, who hires them? _____

11 If the worker hires the substitutes or helpers, is approval required? Yes No
 If "Yes," by whom? _____

12 Who pays the substitutes or helpers? _____

13 Is the worker reimbursed if the worker pays the substitutes or helpers? Yes No
 If "Yes," by whom? _____

Form **SS-8** (Rev. 5-2014)

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Part III Financial Control (Provide names and titles of specific individuals, if applicable.)

- 1 List the supplies, equipment, materials, and property provided by each party:
 The firm: _____
 The worker: _____
 Other party: _____
- 2 Does the worker lease equipment, space, or a facility? Yes No
 If "Yes," what are the terms of the lease? (Attach a copy or explanatory statement.) _____
- 3 What expenses are incurred by the worker in the performance of services for the firm?

- 4 Specify which, if any, expenses are reimbursed by:
 The firm: _____
 Other party: _____
- 5 Type of pay the worker receives: Salary Commission Hourly Wage Piece Work
 Lump Sum Other (specify) _____
 If type of pay is commission, and the firm guarantees a minimum amount of pay, specify amount. \$ _____
- 6 Is the worker allowed a drawing account for advances? Yes No
 If "Yes," how often? _____
 Specify any restrictions. _____
- 7 Whom does the customer pay? Firm Worker
 If worker, does the worker pay the total amount to the firm? Yes No If "No," explain. _____
- 8 Does the firm carry workers' compensation insurance on the worker? Yes No
- 9 What economic loss or financial risk, if any, can the worker incur beyond the normal loss of salary (for example, loss or damage of equipment, material)?

- 10 Does the worker establish the level of payment for the services provided or the products sold? Yes No
 If "No," who does? _____

Part IV Relationship of the Worker and Firm

- 1 Please check the benefits available to the worker: Paid vacations Sick pay Paid holidays
 Personal days Pension Insurance benefits Bonuses
 Other (specify) _____
- 2 Can the relationship be terminated by either party without incurring liability or penalty? Yes No
 If "No," explain your answer. _____
- 3 Did the worker perform similar services for others during the time period entered in Part I, line 1? Yes No
 If "Yes," is the worker required to get approval from the firm? Yes No
- 4 Describe any agreements prohibiting competition between the worker and the firm while the worker is performing services or during any later period. Attach any available documentation. _____
- 5 Is the worker a member of a union? Yes No
- 6 What type of advertising, if any, does the worker do (for example, a business listing in a directory or business cards)? Provide copies, if applicable. _____
- 7 If the worker assembles or processes a product at home, who provides the materials and instructions or pattern? _____
- 8 What does the worker do with the finished product (for example, return it to the firm, provide it to another party, or sell it)? _____
- 9 How does the firm represent the worker to its customers (for example, employee, partner, representative, or contractor), and under whose business name does the worker perform these services? _____
- 10 If the worker no longer performs services for the firm, how did the relationship end (for example, worker quit or was fired, job completed, contract ended, firm or worker went out of business)? _____

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Iowa Lottery Authority—Financial Management

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Part V For Service Providers or Salespersons. Complete this part if the worker provided a service directly to customers or is a salesperson.

- 1 What are the worker's responsibilities in soliciting new customers? _____
- 2 Who provides the worker with leads to prospective customers? _____
- 3 Describe any reporting requirements pertaining to the leads. _____
- 4 What terms and conditions of sale, if any, are required by the firm? _____
- 5 Are orders submitted to and subject to approval by the firm? Yes No
- 6 Who determines the worker's territory? _____
- 7 Did the worker pay for the privilege of serving customers on the route or in the territory? Yes No
 If "Yes," whom did the worker pay? _____
 If "Yes," how much did the worker pay? \$ _____
- 8 Where does the worker sell the product (for example, in a home, retail establishment)? _____
- 9 List the product and/or services distributed by the worker (for example, meat, vegetables, fruit, bakery products, beverages, or laundry or dry cleaning services). If more than one type of product and/or service is distributed, specify the principal one. _____
- 10 Does the worker sell life insurance full time? Yes No
- 11 Does the worker sell other types of insurance for the firm? Yes No
 If "Yes," enter the percentage of the worker's total working time spent in selling other types of insurance _____ %
- 12 If the worker solicits orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments, enter the percentage of the worker's time spent in the solicitation _____ %
- 13 Is the merchandise purchased by the customers for resale or use in their business operations? Yes No
 Describe the merchandise and state whether it is equipment installed on the customers' premises. _____

Sign Here Title ▶ _____ Date ▶ _____

Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and to the best of my knowledge and belief, the facts presented are true, correct, and complete.

Type or print name below signature. _____

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References

Guidelines for purchasing procedures are located in the 99G(21) and 531 Iowa Administrative Code, Chapter 2 Purchasing.

This policy supersedes all other policies previously issued regarding purchasing.

Key Employee Pay Plan

Pay Grade		CURRENT		1% ATB	
		Range Minimum	Range Maximum	Range Minimum	Range Maximum
0	Hourly	28.66	44.31	28.95	44.74
	Biweekly	2,292.80	3,544.80	2,316.00	3,579.20
	Annually	59,612.80	92,164.80	60,216.00	93,059.20
1	Hourly	31.90	49.06	32.22	49.55
	Biweekly	2,552.00	3,924.80	2,577.60	3,964.00
	Annually	66,352.00	102,044.80	67,017.60	103,064.00
2	Hourly	41.03	64.35	41.44	64.99
	Biweekly	3,282.40	5,148.00	3,315.20	5,199.20
	Annually	85,342.40	133,848.00	86,195.20	135,179.20
3	Hourly	45.32	71.06	45.77	71.77
	Biweekly	3,625.60	5,684.80	3,661.60	5,741.60
	Annually	94,265.60	147,804.80	95,201.60	149,281.60
4	Hourly	50.11	78.57	50.61	79.36
	Biweekly	4,008.80	6,285.60	4,048.80	6,348.80
	Annually	104,228.80	163,425.60	105,268.80	165,068.80
5	Hourly	90.07	147.00	90.97	148.47
	Biweekly	7,205.60	11,760.00	7,277.60	11,877.60
	Annually	187,345.60	305,760.00	189,217.60	308,817.60



13001 University Avenue
Clive Iowa 50325-8225
www.ialottery.com
515.725.7900

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

June, 2018

TO: Iowa Lottery Authority Board

FR: Terry Rich

RE: ILA Management Line of Succession

Dear Board:

Due to personnel changes during the past year, we need to update the ILA management line of succession. Management proposes approval of the following line of succession:

- CEO (Statutory)
- Executive VP / Sales and Product Development (Statutory)
- VP Sales and Marketing
- VP External Relations
- VP Finance/CFO
- VP General Counsel
- VP Operations & Systems
- VP Security