Fiscal year 2016 has gone into the books as the best year in the history of the Iowa Lottery. We’re incredibly proud of the success we’ve achieved this year and what the Lottery has been able to provide to Iowans.

This was an incredibly rewarding year: We celebrated with our winners, awarding them with a bigger prize total than ever before; exceeded our proceeds goals for state causes; and helped the bottom line of local businesses across the state.

Here are some records set this year:

• $88 million in proceeds to state causes
• $366.9 million in annual sales, topping the $300 million mark for the fifth year in a row
• $221.8 million in prizes to players
• $24.6 million in lottery sales commissions to retailers

Record sales of scratch games ($233.7 million) and huge lotto sales spurred by January’s world-record Powerball® jackpot ($1.6 billion in the drawing on Jan. 13) led the way in the lottery’s FY 2016 performance.

Amid all this success, we were also able to highlight integrity and responsible play, two integral components of our mission.

While we are thrilled with this past year’s successes, we continue to stay focused on our mission of continuing to provide fun games for our players and support for our state into the future.

— CEO Terry Rich

Iowa Lottery Board

The Iowa Lottery Board is made up of five Iowa citizens appointed by the governor, and the State Treasurer serves as an ex-officio member of the board. The board oversees the lottery and its operations. Each department at the lottery reports to the board at meetings held throughout the year. According to Iowa Code, the Lottery Board must have a member with an accounting background, a member with experience in marketing, a member with law enforcement experience and another member who has or is currently practicing law. No more than three board members can be of the same political party.

Mike Klappholz joined the Lottery Board in 2006. He is retired from serving as chief of police in Cedar Rapids and lives in Marion.

Connor Flynn Jr. joined the Lottery Board in 2015. He is chairman of Lessing-Flynn Advertising in Des Moines, where he also resides.

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

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

Ying Sa joined the Lottery Board in 2014. She is the founder and principal certified public accountant at Community CPA & Associates Inc. in Des Moines, where she also resides.

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

Immediate past member:

Matthew McDermott; term ended in 2016
Play.

Sales by Game

**Scratch Games**
$233.7 Million

- **Powerball®**
  $74.8 million

- **Mega Millions®**
  $16.4 million

- **Pull-tabs**
  $15.1 million

- **Hot Lotto®**
  $8.8 million

- **Pick 3**
  $7.4 million

- **Pick 4**
  $3.5 million

- **All Or Nothing™**
  $4 million

- **Lucky For Life®***
  $3.2 million

* Lucky for Life was introduced in Iowa in January 2016.

**It was a bin buster!**

Powerball had a huge year! The game’s jackpot reached a world record of nearly $1.6 billion in the drawing on Jan. 13, 2016. The jackpot grew for more than two months to reach that amount, and during that time frame alone (Nov. 5-Jan. 13) the lottery sold about $34.2 million in Powerball tickets compared to a total of $52.2 million in Powerball sales in all of fiscal year 2015. Whew!

Scratch tickets, always one of our top-selling items, set a sales record again this year! The previous record for scratch sales was $212 million set just last year in FY 2015.
Prizes to players totaled a record $221.8 million in FY 16.

- Bryon Stewart of Onawa won $2 million playing Powerball.
- Betty Downs of Burlington and Mike Hartman of Winfield both won $1 million prizes playing Mega Millions.
- Joel Dominguez of Sioux City
- Richard and Elizabeth Martin of Pleasant Hill
- Brian Delagardelle of Jesup

On Jan. 24, 2016, Iowa became the 18th state to offer the Lucky for Life® game, which got its start in Connecticut in 2009 before becoming a New England-wide game three years later and adding even more lotteries in the past year.

Roy King of Sioux City was Iowa’s first big winner in Lucky for Life. And he won his prize of $25,000 a year for life with just the fourth ticket he bought in the new game.

The Big Ticket was a big new product in FY 2016: big size, big prizes and big play action! It was the first time the Lottery had released an 8-inch square ticket, and it grabbed customers’ attention right away in the store.

Cari Maresch of Council Bluffs and Deanne Jakoubek of Floyd each won the $100,000 top prize playing this game.

See winners past and present at ialottery.com
The Iowa Lottery partnered with Sony® and Wizard World® Comic Con to bring Iowa Lottery players a summer to remember with a Play It Again® promotion called Ghostbusters.

All the fun began at Des Moines’ very own Wizard World® Comic Con on Friday, May 13 - spooky! We awarded VIP packages to attend the Des Moines event to 25 lucky VIP Club members who entered a special contest.

Then the Play It Again® portion of the promotion began - players just needed an eligible Ghostbusters scratch ticket to enter. In the promotion, 10 players won a VIP Experience Package to attend Wizard World Comic Con Chicago, 10 more won an Ultimate Movie Package with Sony® products for their living room and still 10 more won $1,000 cash prizes. Then we held a Grand Prize Drawing for a $5,000 prize to top everything off! Players made more than 58,800 entries in the promotion. It was a fun summer for Lottery players!

30th Birthday Player Bonus!

In celebrating our 30th birthday in August 2015, the Iowa Lottery offered our players a gift! When a player purchased Mega Millions, Hot Lotto or All or Nothing tickets and their purchase was the 30th ticket of that type of game sold statewide, they heard a “Surprise, Player Bonus” sound from the terminal and then they received a free $1 easy pick ticket for the next drawing of the same game they just purchased. Players in Iowa received 29,792 free plays during the 30-day promotion.

Sweet Cash or Suite Tickets...

What a great win for our players! They could Play It Again® by entering eligible holiday scratch tickets in the Holiday Hoopla™ promotion for a chance to win $500 cash or a suite package to a men’s college basketball session at the Iowa Events Center. In total, 78 players won $500 prizes and 48 players each won a pair of men’s college basketball suite tickets. Players made more than 675,000 entries in the 12-week promotion.

Jeff Love of Pleasant Hill, center, is congratulated by Vice President of External Relations Mary Neubauer, left, and CEO Terry Rich. Slimer looks on with his perpetual grin!

Raul Moreno of Des Moines won the $5,000 grand prize. He was proud to wear his new Ghostbusters T-shirt as he claimed his prize.

There’s Something Strange In The Neighborhood...

Kicking off the Ghostbusters promotion in costume at Comic Con Des Moines on May 13, 2016, were Vice President of External Relations Mary Neubauer, left, and CEO Terry Rich. Slimer looks on with his perpetual grin!

Entrants in the Ghostbusters promotion had the chance to win Sony® electronics prizes (pictured here), cash or a VIP experience package to attend Comic Con Chicago.

All the fun began at Des Moines’ very own Wizard World® Comic Con on Friday, May 13 - spooky! We awarded VIP packages to attend the Des Moines event to 25 lucky VIP Club members who entered a special contest.

Then the Play It Again® portion of the promotion began - players just needed an eligible Ghostbusters scratch ticket to enter. In the promotion, 10 players won a VIP Experience Package to attend Wizard World Comic Con Chicago, 10 more won an Ultimate Movie Package with Sony® products for their living room and still 10 more won $1,000 cash prizes. Then we held a Grand Prize Drawing for a $5,000 prize to top everything off! Players made more than 58,800 entries in the promotion. It was a fun summer for Lottery players!
As the Lottery celebrates a record sales year, it’s important to thank our retailers who work hard all year long assisting customers and selling our products. Retailers’ continued efforts are noticed and appreciated.

As sales increase, so do retailer commissions. Commissions paid to retailers statewide for selling Iowa Lottery products totaled a record $24.6 million in FY 2016.

One of the best ways retailers can promote sales is to increase scratch ticket facings in their stores as an increasing number of our approximately 2,400 retailers have done.

Reinforcing the importance of players signing their tickets before having them checked or cashed, the “Sign It, Make It Yours!” initiative debuted in late summer 2015.

Gasby’s in Iowa City is among many retailers who showed their commitment to the “Sign It...Make It Yours” initiative.
### Net Sales By County - FY 2016

<table>
<thead>
<tr>
<th>County</th>
<th>Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adair</td>
<td>1,386,693</td>
</tr>
<tr>
<td>Adams</td>
<td>396,535</td>
</tr>
<tr>
<td>Allamakee</td>
<td>1,743,107</td>
</tr>
<tr>
<td>Appanoose</td>
<td>1,882,954</td>
</tr>
<tr>
<td>Audubon</td>
<td>428,087</td>
</tr>
<tr>
<td>Benton</td>
<td>2,536,053</td>
</tr>
<tr>
<td>Black Hawk</td>
<td>18,760,429</td>
</tr>
<tr>
<td>Boone</td>
<td>3,011,011</td>
</tr>
<tr>
<td>Bremer</td>
<td>2,065,050</td>
</tr>
<tr>
<td>Buchanan</td>
<td>2,290,603</td>
</tr>
<tr>
<td>Buena Vista</td>
<td>3,446,594</td>
</tr>
<tr>
<td>Butler</td>
<td>1,660,752</td>
</tr>
<tr>
<td>Calhoun</td>
<td>929,087</td>
</tr>
<tr>
<td>Carroll</td>
<td>2,906,651</td>
</tr>
<tr>
<td>Cass</td>
<td>1,462,139</td>
</tr>
<tr>
<td>Cedar</td>
<td>1,966,331</td>
</tr>
<tr>
<td>Cerro Gordo</td>
<td>8,756,090</td>
</tr>
<tr>
<td>Cherokee</td>
<td>1,610,285</td>
</tr>
<tr>
<td>Chickasaw</td>
<td>1,448,521</td>
</tr>
<tr>
<td>Clarke</td>
<td>1,032,070</td>
</tr>
<tr>
<td>Clay</td>
<td>2,185,804</td>
</tr>
<tr>
<td>Clayton</td>
<td>2,157,877</td>
</tr>
<tr>
<td>Clinton</td>
<td>6,804,864</td>
</tr>
<tr>
<td>Crawford</td>
<td>2,604,264</td>
</tr>
<tr>
<td>Dallas</td>
<td>5,170,475</td>
</tr>
<tr>
<td>Davis</td>
<td>554,001</td>
</tr>
<tr>
<td>Decatur</td>
<td>440,588</td>
</tr>
<tr>
<td>Delaware</td>
<td>1,848,430</td>
</tr>
<tr>
<td>Des Moines</td>
<td>5,110,993</td>
</tr>
<tr>
<td>Dickinson</td>
<td>3,065,097</td>
</tr>
<tr>
<td>Dubuque</td>
<td>9,866,046</td>
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<tr>
<td>Emmet</td>
<td>1,362,975</td>
</tr>
<tr>
<td>Fayette</td>
<td>2,419,634</td>
</tr>
<tr>
<td>Floyd</td>
<td>2,466,213</td>
</tr>
<tr>
<td>Franklin</td>
<td>1,446,535</td>
</tr>
<tr>
<td>Fremont</td>
<td>854,695</td>
</tr>
<tr>
<td>Greene</td>
<td>1,163,526</td>
</tr>
<tr>
<td>Grundy</td>
<td>957,015</td>
</tr>
<tr>
<td>Guthrie</td>
<td>441,613</td>
</tr>
<tr>
<td>Hamilton</td>
<td>2,923,101</td>
</tr>
<tr>
<td>Hancock</td>
<td>1,075,617</td>
</tr>
<tr>
<td>Hardin</td>
<td>2,004,350</td>
</tr>
<tr>
<td>Harrison</td>
<td>1,498,227</td>
</tr>
<tr>
<td>Henry</td>
<td>2,412,265</td>
</tr>
<tr>
<td>Howard</td>
<td>981,129</td>
</tr>
<tr>
<td>Humboldt</td>
<td>1,381,321</td>
</tr>
<tr>
<td>Ida</td>
<td>876,782</td>
</tr>
</tbody>
</table>

### Fiscal Year Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$310,851,725</td>
</tr>
<tr>
<td>2013</td>
<td>$339,251,420</td>
</tr>
<tr>
<td>2014</td>
<td>$314,056,429</td>
</tr>
<tr>
<td>2015</td>
<td>$324,767,416</td>
</tr>
<tr>
<td>2016</td>
<td>$386,910,924</td>
</tr>
</tbody>
</table>

*Notice: Sales figures are in USD.*
General Fund: $1,461,230,461 — Since 1992, a majority of lottery profits have been directed into the state general fund, where they are used to pay for programs that benefit all Iowans. In the Iowa Lottery’s latest fiscal year, the lottery raised more than $85 million in proceeds that were deposited in the state General Fund. Some of the programs that receive money from the General Fund include education, natural resources, health and family services and public safety. The Governor and Iowa Legislature allocate money from the General Fund based on where they believe those funds are needed most.

Iowa Plan: $170,318,439 — The Iowa Plan was a long-term economic development program. It was divided into four basic areas: a Jobs Now program designed to put people to work; government construction programs; community and economic betterment; and educational and agricultural research. Lottery profits were dedicated to the Iowa Plan from fiscal year 1986 through fiscal year 1990.

CLEAN Fund: $35,894,355 — The CLEAN Fund stood for Committing the Lottery to Environment, Agriculture and Natural Resources. The program dedicated money to environmental and cultural causes. Lottery profits were dedicated to the CLEAN Fund during fiscal year 1991.

Iowa Veterans Trust Fund: $19,852,121 — The Iowa Lottery has proudly supported Iowa’s veterans since 2008 through its partnership with the Iowa Veterans Trust Fund (IVTF). In order to stabilize the amount of proceeds to the Iowa Veterans Trust Fund, the Iowa Lottery introduced new legislation in 2015 to allocate $2.5 million in lottery proceeds to the IVTF annually, rather than relying on proceeds from sales of specific games as it had done previously. The Iowa Veterans Trust Fund was created to provide assistance to qualified veterans to help pay for expenses such as job training or college tuition assistance; some dental, vision and hearing assistance and individual or family counseling programs.

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

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

Backing For Vision Iowa: In addition to those direct uses of Lottery proceeds, lottery profits are also linked to the Vision Iowa program. Vision Iowa was implemented in 2000 to create tourism destinations in the state, assist with community attractions, and build and repair schools. Direct funding for Vision Iowa comes from gaming revenues. However, as the program was being initiated, investors indicated there was a need to strengthen the Vision Iowa bonds by dedicating $20 million annually in lottery revenues as a backup. Legislation was approved that dedicates $15 million in lottery revenues to programs for community attractions in Iowa and another $5 million to Vision Iowa programs to build and repair schools if gambling revenues don’t reach that amount. Lottery funding will continue to be linked to Vision Iowa over the 20-year payback period of the program’s bonds.

Note: All of the amounts listed here are from FY 1986 through the end of FY 2016 (FY 2016: July 1, 2015 - June 30, 2016).
The Iowa Lottery was established in 1985 and began ticket sales on Aug. 22 of that year. Since the lottery’s inception, its players have won more than $3.7 billion in prizes while the lottery has raised more than $1.7 billion for the state programs that benefit all Iowans.

The guiding principles of the Iowa Lottery are:

- Develop and distribute products that are fun and exciting to Iowans;
- Maintain integrity and security in production and delivery of those products while utilizing advanced technology;
- Educate and motivate the public to play Lottery games responsibly;

Key Results

The Iowa Lottery strives to administer lottery games in a secure manner to maximize revenue while maintaining the dignity of the state and the welfare of its people.10

Agency Mission:

Lucky clovers that now dot the grounds of Iowa Lottery headquarters in Clive were installed in November 2015 as part of the Art in State Buildings Program. The 15 metal sculptures were designed by Des Moines artists TJ Moberg and Dennis Reynolds and provide a light-hearted representation of lottery luck while also creating eye-catching artwork. This art program was enacted by state lawmakers in 1979 to ensure that fine arts are a part of eligible state building construction projects.

Today, lottery proceeds in Iowa have three main purposes: They provide support for veterans and their families through the Veterans Trust Fund; help for a variety of significant projects through the state General Fund; and backing for the Vision Iowa program, which was implemented to create tourism destinations and community attractions in the state and build and repair schools.

The Lottery has approximately 115 employees in the following departments: external relations, finance, marketing, systems, sales and security. That number does not include the five board members.

The Lottery has approximately 66 employees at its headquarters in Clive. The Lottery also maintains a warehouse facility in Ankeny and four regional offices in Cedar Rapids, Council Bluffs, Mason City and Storm Lake. The lottery has three product categories: scratch tickets, pull-tab tickets and lotto games. Lottery products are sold through approximately 2,400 licensed retailers across Iowa.

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

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

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

Sales and Distribution

<table>
<thead>
<tr>
<th>Product</th>
<th>Goal</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instant-Scratch Tickets</td>
<td>$195.5M</td>
<td>$233.7M</td>
</tr>
<tr>
<td>Lotto Tickets</td>
<td>$110.7M</td>
<td>$118.1M</td>
</tr>
<tr>
<td>Pull-tab Tickets</td>
<td>$15M</td>
<td>$15.1M</td>
</tr>
</tbody>
</table>

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

Resource Management

<table>
<thead>
<tr>
<th>Goal</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds to the state (General Fund and Veterans Trust Fund)</td>
<td>$69.2M</td>
</tr>
</tbody>
</table>
## Core Function: Sales & Distribution

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Performance Target</th>
<th>Performance Actual</th>
<th>Comments &amp; Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>$321,150,000</td>
<td>$366,910,923.49</td>
<td>What Occurred: Total sales exceeded the goal. Data Source: Iowa Lottery Financial Reports</td>
</tr>
</tbody>
</table>

**What Occurred:** Total sales exceeded the goal.

**Data Source:** Iowa Lottery Financial Reports

### Service, Product or Activity:

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Performance Target</th>
<th>Performance Actual</th>
<th>Comments &amp; Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Instant Ticket Sales</td>
<td>$195,500,000</td>
<td>$233,681,883.53</td>
<td>What Occurred: Instant (scratch) ticket sales continued to grow. Data Source: Iowa Lottery Financial Reports</td>
</tr>
</tbody>
</table>

**What Occurred:** Instant (scratch) ticket sales continued to grow.

**Data Source:** Iowa Lottery Financial Reports

| Total Online Game Sales               | $110,650,000       | $118,155,707.50    | What Occurred: Online (lotto) ticket sales were stronger than expected; these sales are influenced by jackpots’ size and can fluctuate from year to year. Data Source: Iowa Lottery Financial Reports |

**What Occurred:** Online (lotto) ticket sales were stronger than expected; these sales are influenced by jackpots’ size and can fluctuate from year to year.

**Data Source:** Iowa Lottery Financial Reports

| Total Pull-Tab Sales                  | $15,000,000        | $15,073,332.46     | What Occurred: Pull-tab sales exceeded the goal. Data Source: Iowa Lottery Financial Reports |

**What Occurred:** Pull-tab sales exceeded the goal.

**Data Source:** Iowa Lottery Financial Reports

## Core Function: Resource Management

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Performance Target</th>
<th>Performance Actual</th>
<th>Comments &amp; Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Funds Transferred to General Fund and Veterans Fund</td>
<td>$69,159,616</td>
<td>$88,024,619.37</td>
<td>What Occurred: Total transfers exceeded the goal. Data Source: Iowa Lottery Financial Reports</td>
</tr>
</tbody>
</table>

**What Occurred:** Total transfers exceeded the goal.

**Data Source:** Iowa Lottery Financial Reports

### Service, Product or Activity:

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Performance Target</th>
<th>Performance Actual</th>
<th>Comments &amp; Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Operating &amp; Advertising Budget* to Total Sales</td>
<td>8.3%</td>
<td>5.3%</td>
<td>What Occurred: Expenses were well controlled and stayed below budgeted goal relative to sales. Data Source: Iowa Lottery Financial Reports</td>
</tr>
</tbody>
</table>

**What Occurred:** Expenses were well controlled and stayed below budgeted goal relative to sales.

**Data Source:** Iowa Lottery Financial Reports

| Total Funds Transferred to General Fund | $66,659,616        | $85,524,619.37     | What Occurred: General Fund transfers exceeded the goal. Data Source: Iowa Lottery Financial Reports |

**What Occurred:** General Fund transfers exceeded the goal.

**Data Source:** Iowa Lottery Financial Reports

| Total Funds Transferred to Veterans Trust Fund | $2,500,000         | $2,500,000.00      | What Occurred: Veterans Trust Fund transfers a set amount. Data Source: Iowa Lottery Financial Reports |

**What Occurred:** Veterans Trust Fund transfers a set amount.

**Data Source:** Iowa Lottery Financial Reports

## Core Function: Enforcement & Investigation

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Performance Target</th>
<th>Performance Actual</th>
<th>Comments &amp; Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of investigated complaints and indicators of concern regarding lottery products</td>
<td>100%</td>
<td>100%</td>
<td>What Occurred: Complaint investigation goal was met. Data Source: Iowa Lottery Security Department</td>
</tr>
</tbody>
</table>

**What Occurred:** Complaint investigation goal was met.

**Data Source:** Iowa Lottery Security Department

### Service, Product or Activity:

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Performance Target</th>
<th>Performance Actual</th>
<th>Comments &amp; Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of requests from law enforcement agencies and county attorney offices responded to by Security Division</td>
<td>100%</td>
<td>100%</td>
<td>What Occurred: Law enforcement assistance goal was met. Data Source: Iowa Lottery Security Department</td>
</tr>
</tbody>
</table>

**What Occurred:** Law enforcement assistance goal was met.

**Data Source:** Iowa Lottery Security Department

| Percent of requests from other divisions within the Lottery responded to by Security Division | 100%               | 100%               | What Occurred: Intra-lottery assistance goal was met. Data Source: Iowa Lottery Security Department |

**What Occurred:** Intra-lottery assistance goal was met.

**Data Source:** Iowa Lottery Security Department

| Percent of all lottery retailers that underwent compliance checks during the fiscal year | 10%                | 10%                | What Occurred: Compliance check goal was met. Data Source: Iowa Lottery Security Department |

**What Occurred:** Compliance check goal was met.

**Data Source:** Iowa Lottery Security Department

| Percent of retailers that underwent compliance checks following a complaint | 100%               | 100%               | What Occurred: Follow-up compliance check goal was met. Data Source: Iowa Lottery Security Department |

**What Occurred:** Follow-up compliance check goal was met.

**Data Source:** Iowa Lottery Security Department

## Core Function: Reconciliation Clearing Account

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Performance Target</th>
<th>Performance Actual</th>
<th>Comments &amp; Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Prize Payments Due</td>
<td>$1,615,000</td>
<td>$1,507,000</td>
<td>What Occurred: All annuity prize payments due were made. Data Source: Iowa Lottery Financial Reports</td>
</tr>
</tbody>
</table>

**What Occurred:** All annuity prize payments due were made.

**Data Source:** Iowa Lottery Financial Reports

### Service, Product or Activity:

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Performance Target</th>
<th>Performance Actual</th>
<th>Comments &amp; Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Prizes Paid to Prizes Due</td>
<td>100%</td>
<td>100%</td>
<td>What Occurred: Annuity prize payment goal was met. Data Source: Iowa Lottery Financial Reports</td>
</tr>
</tbody>
</table>

**What Occurred:** Annuity prize payment goal was met.

**Data Source:** Iowa Lottery Financial Reports

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*Lottery Operating & Advertising Budget includes all administrative & advertising expenses incurred by the Lottery, but excludes other costs including, but not limited to, prize payments, retailer compensation, lottery system and terminal communications, and instant and pull-tab ticket expense and machine maintenance.*
## Statement of Revenues, Expenses and Changes in Net Position
### Year Ended June 30, 2016

### Operating Revenues:
- **Instant-scratch ticket sales**: $233,681,883
- **Pick 3 sales**: 7,376,766
- **Powerball sales**: 74,851,133
- **Mega Millions sales**: 16,401,018
- **Hot Lotto sales**: 8,627,600
- **Pick 4 sales**: 3,554,719
- **All or Nothing sales**: 3,989,479
- **Lucky for Life sales**: 3,154,994
- **Pull-tab sales**: 15,073,332
- **Application fees**: 4,175
- **Other**: 33,065

**Total operating revenues**: $366,948,164

### Operating Expenses:
- **Prizes**:
  - **Scratch ticket**: 151,760,771
  - **Pick 3**: 4,369,699
  - **Powerball**: 36,708,283
  - **Mega Millions**: 7,975,529
  - **Hot Lotto**: 4,233,018
  - **Pick 4**: 2,082,846
  - **All or Nothing**: 2,363,459
  - **Lucky for Life**: 2,525,899
  - **Pull-tab**: 9,422,428
  - **VIP Club**: 168,607
  - **Promotional**: 166,862

- **Total prizes**: 221,767,401
- **Retailer compensation**: 24,560,885
- **Advertising production and media purchases**: 6,821,537
- **Retailer lottery system/terminal communications**: 7,942,965
- **Instant/pull-tab ticket expense**: 3,259,394
- **Vending machines & maintenance/ticket dispensers**: 820,542
- **Courier delivery of tickets**: 563,738
- **Other operating expenses**: 12,654,373

**Total operating expenses**: 278,390,835

**Operating income**: $88,557,329

### Non-operating Revenue (Expenses):
- **Proceeds provided to State General Fund**: $(85,524,619)
- **Proceeds provided to Veteran's Trust Fund**: $(2,500,000)
- **Interest income**: 194,873
- **Gain on disposal of capital assets**: 28,156

**Total net operating revenues**: $(87,801,590)

**Change in net position**: 755,739

**Net position beginning of year**: 5,798,338
**Net position end of year**: $6,554,077

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### Statement of Revenues, Expenses and Changes in Net Position
### June 30, 2016

**Assets**

**Current assets:**
- **Cash**: $25,843,911
- **Restricted assets - cash**: 658,832
- **Prepaid expense**: 157,177
- **Interest receivable**: 30,475
- **Accounts receivable, net**: 5,237,874
- **Ticket inventories**: 2,472,610
- **Investment in prize annuities**: 1,200,610

**Total current assets**: $35,601,489

**Noncurrent assets:**
- **Prize reserve**: 5,214,117
- **Capital assets, net**: 8,132,189

**Total noncurrent assets**: $14,046,285

**Total assets**: $49,685,774

**Deferred Outflows of Resources**
- **Pension-related deferred outflows**: 819,440

**Liabilities**

**Current liabilities:**
- **Lotto prizes payable**: 5,128,141
- **Annuity prizes payable**: 1,200,610
- **Accounts payable and accruals**: 22,843,027
- **Unearned revenue**: 535,290
- **Salary and benefits payable**: 489,417
- **Compensated absences**: 856,673

**Total current liabilities**: $31,033,158

**Long-term liabilities:**
- **Accounts payable and accruals**: 14,554
- **Net pension liability**: 4,966,584
- **Prize reserve**: 5,214,117
- **Compensated absences and OPEB**: 1,431,236
- **Annuity prizes payable**: 737,979

**Total long-term liabilities**: $12,364,470

**Total liabilities**: $43,397,628

**Deferred Inflows of Resources**
- **Pension-related deferred inflows**: 553,509

**Net Position**
- **Net investment in capital assets**: 8,132,189
- **Unrestricted**: (1,578,112)

**Total net position**: $6,554,077
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