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Kim Reynolds · Governor
Adam Gregg · Lt. Governor

Matthew N. Strawn · Chief Executive Officer

AGENDA

IOWA LOTTERY BOARD

March 26, 2024
10:30 am

Dial In: 515-206-9299

(No PIN # is required to join the call)

- I. Call to Order
 - a. Approval of Agenda
 - b. Approval of Minutes from December 14, 2023 Board Meeting
- II. Remarks from Iowa Department of Revenue Director Mary Mosiman
- III. CEO Report
- IV. Quarterly Reports
 - a. Revenue (Sales and Marketing)
 - b. External Relations
 - c. Security
 - d. Finance
- V. Powerball Draw Process - Recommended Actions
- VI. Self-Serve Kiosk Performance & New Machines
- VII. Contract Extension - Strategic America
- VIII. Retailer Compensation Program
 - a. Powerball Double Play
 - b. Proposed Change
- IX. Recognition of Mary Junge for Iowa Lottery Board Years of Service
- X. 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

December 14, 2023

10:30 a.m.

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

Board Members Present:

Katie New; Dana Wingert.

Board Members Present on Teleconference:

Mary Rathje; Josh Cook.

Board Members Absent:

Mary Junge.

Lottery Staff Participating:

Matt Strawn, CEO; Jon Roth, CRO; Mary Neubauer, External Relations; Hale Strasser, Lottery Systems; Steve Waymire, Security; John Lundquist, AAG; Jenny Podrebarac, Accounting and Validations Manager; Laura Wernimont, Internal Audit and Draw Manager; Deb Bassett, Board Secretary.

Others Present:

John Schreurs, Strategic America; Dave Berger, Scientific Games; Dar Danielson, Radio Iowa; Sable Joseph, Dept. of Revenue.

CALL TO ORDER

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

Wingert moved to conduct the meeting via teleconference. Cook seconded. Motion carried unanimously.

APPROVAL OF AGENDA

Wingert moved to approve the agenda for the meeting. Rathje seconded. Motion carried unanimously.

APPROVAL OF MINUTES

Cook moved to approve the September 26, 2023 Board meeting minutes. Wingert seconded. Motion carried unanimously.

CEO REPORT

Strawn shared a heartfelt message received from a Lottery player who recently won a concert prize in a Play It Again promotion.

Strawn stated sales through November are \$214,532,943; which represents a 5.14% year-over-year increase in sales. Proceeds through November are \$49,416,943; which represents a 3.1% year-over-year increase in proceeds. Sales commissions paid to retailers through November are up 5.7% year-over-year.

Strawn discussed operational integrity as it relates to the public misreporting of the November 27 Powerball winning numbers. The Lottery team operated with transparency and integrity in identifying, fixing, and publicly communicating the mistake. Strawn indicated he ordered an independent third-party review of the Iowa Lottery and Scientific Games procedures in order to prevent the type of human error that occurred on November 27 from happening again in the future.

Strawn ended his report by thanking the Board for their continued support and oversight.

QUARTERLY REPORTS

Revenue (Sales and Marketing):

Roth gave a Revenue report. Through November, sales have continued at a strong pace with \$214.5 million in sales. That was a 5.1% increase versus FY23, and exceeded the five year average by 25.5%.

Scratch Ticket Category - YTD, sales have been strong for Scratch tickets with \$124.5 million in sales, or a 5.1% increase vs. prior year. The sales performance through November is important as we have a different strategy this year with significantly less holiday tickets introduced into the market, leading to significantly less short term change over for our retailers, more focus on sales promotions by our sales team, and ultimately lower development costs.

Lotto Category - We have experienced strong performance from the Lotto category with essentially flat performance compared to record setting FY23, and particularly from Powerball with a 3.0% increase over last year and 0.5% year over year increase for Mega Millions. Lucky for Life also performed well with a 3.3% increase. The outlier here is Lotto America with sales of \$3.1 million, or a 33.5% decrease versus its own jackpot run last year. Compared to FY20 through FY22 though, Lotto America performance remains strong with over 20% increases compared to those years.

InstaPlay Category - We experienced some downturn in InstaPlay performance with the larger jackpot runs for Powerball and Mega Millions. While not as strong in terms of performance as Scratch tickets, the 0.7% increase over FY23 is still contributing to increased sales this year. We have a new InstaPlay Monopoly game launching in March which should further improve sales this fiscal year.

Pull-Tab Category - Sales are down YTD by 2.2% versus last year. Going forward, we're working on including a strategic review of the Pull-Tab category into a one of the Lottery's larger initiatives for a request for proposal for scratch tickets development and vendor loyalty program.

External Relations:

Neubauer gave an External Relations report. During December, the Lottery is reminding consumers about responsible gifting. The messaging is part of the national campaign by the National Council on Problem Gambling and NASPL. Throughout December, you'll see this message online, on outdoor billboards, in retail locations, on social media, and on the radio during Winning Minute spots.

The Lottery's contract with Scientific Games for the statewide central gaming system includes a research budget. This year, the research dollars are dedicated to the issue of responsible gambling. Surveys are currently being deployed to ask people about the types of gambling in which they participate. The survey

will also identify people's understanding, or misunderstanding, of gambling concepts. The research results will be used to tweak responsible play messaging to reach consumers in new ways.

Neubauer concluded her report by stating that the Lottery currently has two unclaimed prizes of \$2 million each, both in the Powerball game.

Security:

Waymire's Security report was provided in the board packet.

Finance:

Podrebarac gave a financial report. Through November, YTD sales are \$214.5 million. The YTD sales are ahead of budget by \$57.8 million, or 36.8%. YTD sales are also ahead of sales for FY23 by \$10.5 million, or 5.1%.

Through November, YTD proceeds are \$49.4 million. The YTD proceeds are ahead of budget by \$19.2 million, or 63.5%. YTD proceeds are also ahead of proceeds for FY23 by \$1.5 million, or 3.1%. The YTD sales and proceeds were impacted by high jackpots in Powerball and Mega Millions in FY23 and FY24. Additionally, we launched a new Powerball add-on feature, *Powerball Double Play*, at the beginning of November 2023.

Through November, YTD prize expense is \$135.6 million. The YTD prize expense is ahead of budget by \$38.2 million, or 39.2%. YTD prize expense is also ahead of prizes for FY23 by \$8.7 million, or 6.9%.

YTD operating expenses through November remain under budget at \$5.6 million and are comparable to the 5-year average.

SUMMER & FALL PROMOTIONS REVIEW

Roth provided an overview of several promotions; including the success of 3 recently completed promotions; including Kickoff to Kinnick, Cyclone Football, and Powerball's First Millionaire. Roth shared information about current promotions including Countdown to Carver and Million Dollar Holiday. He also previewed upcoming promotions including Bonus Basketball; Monopoly; and country concert experiences.

POWERBALL DRAW UPDATE

Roth shared information regarding the complication with the Powerball drawing that took place on November 27, 2023. With the launch of the new Powerball Double Play, Powerball now has two distinct and separate drawings. As part of the drawing process, the winning numbers from these two distinct drawings are input into the Lottery's central gaming system. On November 27th, there was a human error caused by Lottery staff as well as by the staff of the central gaming system vendor, Scientific Games, with the result that first 5 numbers input into the central gaming system for the Powerball drawing were incorrect with both draw staff independently inputting the same incorrect numbers. The Powerball Double Play numbers were entered and posted correctly.

Draw staff at all lotteries utilize the same reporting information provided by the Multi-State Lottery Association (MUSL) for winning numbers in Powerball and the same method of data entry is also used across lottery jurisdictions. Additionally, having these numbers input independently by the Lottery and by Scientific Games staff is a MUSL rule for participation geared to protect the integrity of the game.

The result of this error is that incorrect numbers for Powerball were in the Lottery's central gaming system and posted on the Lottery's website from 12:30am to 7:07am on Tuesday morning, November 28th. At 7:07am, the incorrect Powerball numbers were removed from the central gaming system and the Lottery's website. Scientific Games then reconstructed the game purchase and draw data, with the result that the correct numbers were loaded into the central gaming system and posted on the lottery's website and mobile app at 3:28pm.

During the time that incorrect numbers were posted on the website, there were a total of six tickets with incorrect Powerball numbers that were paid a prize. The total amount paid for these incorrect tickets paid was \$69. The Iowa Lottery released social media messages on Tuesday, November 28th and more messages along with a press release on Wednesday, November 29th asking that anyone believing they had a correct winning ticket scanned during the early morning of Tuesday, November 28th to contact the Lottery for assistance. Furthermore, there were two tickets with the correct winning Powerball numbers that were unable to claim their prize the morning of November 28th. One of these tickets has been claimed for a prize of \$200.

Following the drawing error, the Lottery and Scientific Games took immediate actions to review processes. Additional verification steps were added by both the Lottery and by Scientific Games to ensure enhanced safeguards going forward. Matt Strawn has directed the Lottery and Scientific Games to undergo a joint, independent 3rd party review of their respective draw processes, including potential recommendations for improvements for both organizations.

By proactively providing timely information about the reporting error in the drawing, our efforts were focused on alerting the public and players to the situation. Integrity is at the heart of the Iowa Lottery's operations. And while we celebrate big winners and sales results, it is also just as important to be transparent for those times when things do not go as well.

ADJOURNMENT

Wingert moved to adjourn. Cook seconded. Motion carried unanimously.

Meeting adjourned at 11:20 a.m.



Iowa Lottery - Security Division

Activity Summary

12/08/2023 to 03/19/2024

Incident Type	Incident Report	83
	Case Report	32
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Contact Reasons	Burglary	3
	Damaged Tickets - Shipping	1
	Employee Theft	6
	Fraud/Forgery	12
	Missing Packs/Tickets	8
	Missing Tickets - Shipping	7
	Other	8
	Player Assist	15
	Promotional Draw	7
	Quality Control Tickets	14
	Region Assist	4
	Retailer Assist	1
	Robbery	1
	Theft	12
	Ticket Re-construction	8
	Validations	7
Winner File Audit	1	
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Retailer Inspections		0

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2024
February 29, 2024

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Gross Sales	Budget FY 2024	30,805,612	32,254,825	29,662,368	34,235,499	29,815,250	33,747,250	39,247,779	30,367,165	36,024,531	34,061,624	35,357,766	32,105,331
	Actual '24	49,622,689	45,383,189	38,382,065	44,439,178	36,700,677	41,692,825	39,224,564	35,778,315	-	-	-	-
Prize Expense	Budget FY 2024	19,297,292	19,925,094	18,485,080	20,946,784	18,717,266	20,951,463	24,036,531	19,101,157	22,369,845	21,455,399	22,173,695	20,137,394
	Actual '24	31,264,114	27,582,044	24,938,776	29,349,141	22,441,971	28,011,239	24,925,757	22,632,696	-	-	-	-
Operating Expenses	Budget FY 2024	1,253,553	1,356,045	1,253,388	1,319,781	1,327,199	1,264,230	1,385,479	1,299,306	1,317,229	1,315,860	1,435,422	1,287,657
	Actual '24	1,108,707	1,176,130	1,075,057	1,102,678	1,116,711	1,038,117	1,180,069	1,066,066	-	-	-	-
Total Proceeds	Budget FY 2024	6,526,228	5,671,274	5,564,173	6,837,098	5,624,045	5,324,915	8,147,197	6,100,617	5,884,057	6,576,522	6,751,368	5,850,990
	Actual '24	11,582,796	11,022,157	8,226,480	9,363,309	9,222,202	7,663,694	8,763,927	8,136,451	-	-	-	-
YEAR TO DATE													
Gross Sales	Budget FY 2024	30,805,612	63,060,437	92,722,805	126,958,304	156,773,554	190,520,804	229,768,583	260,135,748	296,160,279	330,221,903	365,579,669	397,685,000
	Actual '24	49,622,689	95,005,878	133,387,943	177,827,121	214,527,798	256,220,623	295,445,187	331,223,502	-	-	-	-
Prize Expense	Budget FY 2024	19,297,292	39,222,386	57,707,466	78,654,250	97,371,516	118,322,979	142,359,510	161,460,667	183,830,512	205,285,911	227,459,606	247,597,000
	Actual '24	31,264,114	58,846,158	83,784,934	113,134,075	135,576,046	163,587,285	188,513,042	211,145,738	-	-	-	-
Operating Expenses	Budget FY 2024	1,253,553	2,609,598	3,862,986	5,182,767	6,509,966	7,774,196	9,159,675	10,458,981	11,776,210	13,092,070	14,527,492	15,815,149
	Actual '24	1,108,707	2,284,837	3,359,894	4,462,572	5,579,283	6,617,400	7,797,469	8,863,535	-	-	-	-
Total Proceeds	Budget FY 2024	6,526,228	12,197,502	17,761,675	24,598,773	30,222,818	35,547,733	43,694,930	49,795,547	55,679,604	62,256,126	69,007,494	74,858,484
	Actual '24	11,582,796	22,604,953	30,831,433	40,194,742	49,416,944	57,080,638	65,844,565	73,981,016	-	-	-	-

Current Month Year to Date

Prize Payout - Budget	62.90%	62.07%
Prize Payout - Actual	63.26%	63.75%
Sales - Actual increase (decrease) vs. Budget		27.33%
Proceeds - Actual increase (decrease) vs. Budget		48.57%

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2024

February 29, 2024		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
MONTH													
Gross Sales	Budget FY 2024	30,805,612	32,254,825	29,662,368	34,235,499	29,815,250	33,747,250	39,247,779	30,367,165	36,024,531	34,061,624	35,357,766	32,105,331
	5-year av.	34,478,110	31,707,549	31,348,986	37,608,289	35,189,488	35,444,862	42,534,974	32,553,218	36,699,073	36,074,266	37,548,725	34,740,053
	Actual '23	44,238,093	33,672,563	32,852,383	41,842,932	51,431,952	38,825,335	48,866,615	36,473,073	38,310,222	38,122,584	38,784,997	38,112,394
	Actual '24	49,622,689	45,383,189	38,382,065	44,439,178	36,700,677	41,692,825	39,224,564	35,778,315	-	-	-	-
Prize Expense	Budget FY 2024	19,297,292	19,925,094	18,485,080	20,946,784	18,717,266	20,951,463	24,036,531	19,101,157	22,369,845	21,455,399	22,173,695	20,137,394
	5-year av.	21,465,762	20,442,425	19,759,085	23,297,414	21,558,920	23,973,507	25,721,798	20,024,591	23,963,967	22,919,840	23,851,068	22,342,258
	Actual '23	26,916,442	22,393,790	20,901,296	26,033,469	30,638,674	26,052,121	29,653,328	22,648,421	24,481,549	25,532,109	25,078,500	24,924,491
	Actual '24	31,264,114	27,582,044	24,938,776	29,349,141	22,441,971	28,011,239	24,925,757	22,632,696	-	-	-	-
Operating Expenses	Budget FY 2024	1,253,553	1,356,045	1,253,388	1,319,781	1,327,199	1,264,230	1,385,479	1,299,306	1,317,229	1,315,860	1,435,422	1,287,657
	5-year av.	1,068,851	1,104,636	1,109,536	1,140,162	1,122,757	1,084,799	1,140,306	1,044,808	1,135,785	1,093,075	1,143,678	1,104,703
	Actual '23	1,039,787	1,254,852	1,196,388	1,151,290	1,184,160	1,121,173	1,199,194	1,145,077	1,195,753	1,074,336	1,244,370	412,524
	Actual '24	1,108,707	1,176,130	1,075,057	1,102,678	1,116,711	1,038,117	1,180,069	1,066,066	-	-	-	-
Total Proceeds	Budget FY 2024	6,526,228	5,671,274	5,564,173	6,837,098	5,624,045	5,324,915	8,147,197	6,100,617	5,884,057	6,576,522	6,751,368	5,850,990
	5-year av.	8,252,705	6,121,261	7,113,346	9,358,544	8,515,236	6,584,106	11,095,842	7,856,942	7,432,627	8,294,713	8,517,010	7,359,985
	Actual '23	11,122,326	5,376,525	7,103,656	10,283,720	14,041,170	7,426,090	12,906,031	8,276,147	8,765,814	7,410,123	8,308,957	7,397,814
	Actual '24	11,582,796	11,022,157	8,226,480	9,363,309	9,222,202	7,663,694	8,763,927	8,136,451	-	-	-	-

YEAR TO DATE

Gross Sales	Budget FY 2024	30,805,612	63,060,437	92,722,805	126,958,304	156,773,554	190,520,804	229,768,583	260,135,748	296,160,279	330,221,903	365,579,669	397,685,000
	5-year av.	34,478,110	66,185,659	97,534,645	135,142,934	170,332,422	205,777,284	248,312,258	280,865,476	317,564,549	353,638,815	391,187,540	425,927,593
	Actual '23	44,238,093	77,910,656	110,763,039	152,605,971	204,037,923	242,863,258	291,729,873	328,202,946	366,513,168	404,635,752	443,420,749	481,533,143
	Actual '24	49,622,689	95,005,878	133,387,943	177,827,121	214,527,798	256,220,623	295,445,187	331,223,502	-	-	-	-
Prize Expense	Budget FY 2024	19,297,292	39,222,386	57,707,466	78,654,250	97,371,516	118,322,979	142,359,510	161,460,667	183,830,512	205,285,911	227,459,606	247,597,000
	5-year av.	21,465,762	41,908,187	61,667,272	84,964,686	106,523,606	130,497,113	156,218,911	176,243,502	200,207,469	223,127,309	246,978,377	269,320,635
	Actual '23	26,916,442	49,310,232	70,211,528	96,244,997	126,883,671	152,935,792	182,589,120	205,237,541	229,719,090	255,251,199	280,329,699	305,254,190
	Actual '24	31,264,114	58,846,158	83,784,934	113,134,075	135,576,046	163,587,285	188,513,042	211,145,738	-	-	-	-
Operating Expenses	Budget FY 2024	1,253,553	2,609,598	3,862,986	5,182,767	6,509,966	7,774,196	9,159,675	10,458,981	11,776,210	13,092,070	14,527,492	15,815,149
	5-year av.	1,068,851	2,173,487	3,283,023	4,423,185	5,545,942	6,630,741	7,771,047	8,815,855	9,951,640	11,044,715	12,188,393	13,293,096
	Actual '23	1,039,787	2,294,639	3,491,027	4,642,317	5,826,477	6,947,650	8,146,844	9,291,921	10,487,674	11,562,010	12,806,380	13,218,904
	Actual '24	1,108,707	2,284,837	3,359,894	4,462,572	5,579,283	6,617,400	7,797,469	8,863,535	-	-	-	-
Total Proceeds	Budget FY 2024	6,526,228	12,197,502	17,761,675	24,598,773	30,222,818	35,547,733	43,694,930	49,795,547	55,679,604	62,256,126	69,007,494	74,858,484
	5-year av.	8,252,705	14,373,966	21,487,312	30,845,856	39,361,092	45,945,198	57,041,040	64,897,982	72,330,609	80,625,322	89,142,332	96,502,317
	Actual '23	11,122,326	16,498,851	23,602,507	33,886,227	47,927,397	55,353,487	68,259,518	76,535,665	85,301,479	92,711,602	101,020,559	108,418,373
	Actual '24	11,582,796	22,604,953	30,831,433	40,194,742	49,416,944	57,080,638	65,844,565	73,981,016	-	-	-	-

	Current Month	Year to Date
Prize Payout - Budget	62.90%	62.07%
Prize Payout - 5-Year Average	61.51%	62.75%
Prize Payout - Actual	63.26%	63.75%
Sales - Actual increase (decrease) vs. 5-Year Average		17.93%
Proceeds - Actual increase (decrease) vs. 5-Year Average		14.00%
Sales - Actual increase (decrease) vs. Budget		27.33%
Proceeds - Actual increase (decrease) vs. Budget		48.57%

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Five Months Ending Thursday, November 30, 2023

	Month ended 11/30/2023	Month ended 11/30/2022	Year-to-date 11/30/2023	Year-to-date 11/30/2022
Operating revenues:				
Instant-scratch ticket sales	\$25,528,475.00	\$24,262,802.00	\$123,892,749.00	\$113,156,036.00
InstaPlay sales	1,974,483.00	2,385,101.00	10,874,902.00	10,801,112.00
Pick 3 sales	746,164.00	717,074.00	3,757,761.00	3,774,675.50
Powerball sales	3,982,341.50	17,969,908.00	40,088,151.50	38,920,697.00
Mega Millions Sales	1,743,516.00	2,611,862.00	21,469,951.00	21,363,653.00
Pick 4 sales	499,859.00	481,670.50	2,433,437.00	2,438,271.00
Lucky for Life sales	704,084.00	707,746.00	3,662,440.00	3,546,276.00
Lotto America sales	521,718.00	1,100,973.00	3,115,919.00	4,688,126.00
Pull-tab sales	1,000,036.96	1,194,815.71	5,232,487.80	5,349,076.67
Application fees	475.00	300.00	2,250.00	2,250.00
Other	375.63	475.38	2,894.75	2,849.41
Total operating revenues	36,701,528.09	51,432,727.59	214,532,943.05	204,043,022.58
Operating expenses:				
Scratch ticket prizes	16,218,955.33	16,025,139.83	86,426,058.90	76,927,284.84
InstaPlay prizes	1,318,959.69	1,809,596.75	7,676,883.84	8,005,014.25
Pick 3 prizes	447,698.40	430,244.40	2,254,656.60	2,264,805.30
Powerball prizes	1,972,287.17	8,985,210.50	20,012,411.32	19,403,303.89
Mega Millions prizes	871,758.00	1,332,267.22	10,734,975.50	10,726,990.10
Pick 4 prizes	299,915.40	341,650.00	1,460,062.20	1,753,100.10
Lucky for Life prizes	418,461.74	420,638.20	2,176,716.31	2,107,675.96
Lotto America prizes	260,859.00	550,486.50	1,557,959.50	2,344,063.00
Pull-tab prizes	633,076.22	743,440.89	3,276,321.13	3,351,434.38
Advertising/publicity	802,660.73	765,198.89	5,201,718.62	4,389,134.08
Retailer compensation expense	2,401,556.34	3,305,166.67	13,957,095.20	13,203,720.91
Ticket expense	231,928.87	496,382.59	1,244,164.57	1,532,808.56
Vendor compensation expense	591,368.43	851,105.36	3,452,672.89	3,219,658.41
Salary and benefits	872,152.01	867,912.87	4,388,530.41	4,439,968.44
Travel	25,335.29	26,343.16	117,381.78	151,858.17
Supplies	2,675.79	9,987.75	24,695.09	49,362.36
Printing	200.00	80.00	240.00	406.08
Postage	351.27	360.38	1,627.70	1,950.53
Communications	21,906.39	14,286.08	94,024.74	74,580.92
Rentals	8,564.67	9,099.48	44,477.70	48,749.07
Utilities	9,123.94	9,081.14	38,869.61	41,269.23
Professional fees	7,066.25	24,349.00	40,446.75	55,443.58
Vending machine maintenance	25,170.00	27,552.00	127,149.98	118,944.00
Outside services and repairs	89,098.86	96,970.81	579,540.42	601,031.78
Data processing	11,631.55	12,511.85	58,051.58	62,561.00
Equipment	32,365.94	19,860.96	98,762.50	139,181.03
Reimbursement to other state agencies	31,105.82	80,714.03	174,762.69	223,137.84
Depreciation	40,738.85	42,485.27	204,681.90	234,304.80
Amortization	45,884.70	45,884.70	229,423.50	226,992.66
MUSL/Lotto administrative expense	11,086.84	8,833.83	54,308.29	44,169.15
Debit card fees	17,493.36	16,317.13	105,389.97	52,975.38
Other	4,837.02	4,659.41	24,402.40	25,386.47
Total operating expenses	27,726,273.87	37,373,817.65	165,838,463.59	155,821,266.27
Operating income	8,975,254.22	14,058,909.94	48,694,479.46	48,221,756.31
Non-operating revenue (expenses):				
Proceeds to state causes	(9,222,201.90)	(14,041,170.41)	(49,416,943.31)	(47,927,397.46)
Interest income	176,346.25	26,282.45	559,186.74	114,664.27
Interest expense	(2,406.07)	(2,919.00)	(13,121.42)	(14,444.26)
Gain (Loss) on disposal of capital assets	-	-	30,735.00	-
Net non-operating revenues (expenses)	(9,048,261.72)	(14,017,806.96)	(48,840,142.99)	(47,827,177.45)
Change in net position	(73,007.50)	41,102.98	(145,663.53)	394,578.86
Net position beginning of period	6,836,178.42	5,921,818.00	6,908,834.45	5,568,342.12
Net position end of period	6,763,170.92	5,962,920.98	6,763,170.92	5,962,920.98

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Six Months Ending Sunday, December 31, 2023

	Month ended 12/31/2023	Month ended 12/31/2022	Year-to-date 12/31/2023	Year-to-date 12/31/2022
Operating revenues:				
Instant-scratch ticket sales	\$ 27,227,694.00	\$ 24,726,530.00	\$ 151,120,443.00	\$ 137,882,566.00
InstaPlay sales	2,276,481.00	2,778,288.00	13,151,383.00	13,579,400.00
Pick 3 sales	772,522.50	748,260.50	4,530,283.50	4,522,936.00
Powerball sales	7,165,351.50	3,297,791.00	47,253,503.00	42,218,488.00
Mega Millions Sales	1,664,981.00	3,990,336.00	23,134,932.00	25,353,989.00
Pick 4 sales	518,005.50	490,843.00	2,951,442.50	2,929,114.00
Lucky for Life sales	725,270.00	675,520.00	4,387,710.00	4,221,796.00
Lotto America sales	540,451.00	991,821.00	3,656,370.00	5,679,947.00
Pull-tab sales	802,068.48	1,125,945.71	6,034,556.28	6,475,022.38
Application fees	675.00	1,100.00	2,925.00	3,350.00
Other	810.08	813.83	3,704.83	3,663.24
Total operating revenues	41,694,310.06	38,827,249.04	256,227,253.11	242,870,271.62
Operating expenses:				
Scratch ticket prizes	20,039,125.00	18,043,118.00	106,465,183.90	94,970,402.84
InstaPlay prizes	1,557,698.42	2,013,589.81	9,234,582.26	10,018,604.06
Pick 3 prizes	463,513.50	448,956.30	2,718,170.10	2,713,761.60
Powerball prizes	3,606,064.25	1,649,228.50	23,618,475.57	21,052,532.39
Mega Millions prizes	832,490.50	2,001,538.67	11,567,466.00	12,728,528.77
Pick 4 prizes	310,803.30	294,505.80	1,770,865.50	2,047,605.90
Lucky for Life prizes	431,053.36	401,485.18	2,607,769.67	2,509,161.14
Lotto America prizes	270,225.50	495,910.50	1,828,185.00	2,839,973.50
Pull-tab prizes	500,264.83	703,788.44	3,776,585.96	4,055,222.82
Advertising/publicity	1,257,177.56	695,638.84	6,458,896.18	5,084,772.92
Retailer compensation expense	2,754,574.64	2,534,535.27	16,711,669.84	15,738,256.18
Ticket expense	234,215.71	300,619.10	1,478,380.28	1,833,427.66
Vendor compensation expense	663,616.66	611,366.50	4,116,289.55	3,831,024.91
Salary and benefits	813,172.28	810,656.20	5,201,702.69	5,250,624.64
Travel	16,695.44	28,376.01	134,077.22	180,234.18
Supplies	3,739.99	6,827.43	28,435.08	56,189.79
Printing	531.30	40.00	771.30	446.08
Postage	297.42	361.47	1,925.12	2,312.00
Communications	17,648.18	15,210.46	111,672.92	89,791.38
Rentals	10,509.80	8,991.88	54,987.50	57,740.95
Utilities	10,566.66	12,185.69	49,436.27	53,454.92
Professional fees	8,620.00	13,365.25	49,066.75	68,808.83
Vending machine maintenance	25,200.00	25,200.00	152,349.98	144,144.00
Outside services and repairs	184,423.92	151,604.74	763,964.34	752,636.52
Data processing	11,614.62	12,511.75	69,666.20	75,072.75
Equipment	305.89	78,624.44	99,068.39	217,805.47
Reimbursement to other state agencies	34,893.82	41,258.90	209,656.51	264,396.74
Depreciation	39,905.50	35,916.77	244,587.40	270,221.57
Amortization	45,884.70	45,884.70	275,308.20	272,877.36
MUSL/Lotto administrative expense	13,168.54	8,833.83	67,476.83	53,002.98
Debit card fees	27,353.14	16,539.18	132,743.11	69,514.56
Other	5,174.00	4,568.83	29,576.40	29,955.30
Total operating expenses	34,190,528.43	31,511,238.44	200,028,992.02	187,332,504.71
Operating income	7,503,781.63	7,316,010.60	56,198,261.09	55,537,766.91
Non-operating revenue (expenses):				
Proceeds to state causes	(7,663,693.90)	(7,426,089.73)	(57,080,637.21)	(55,353,487.19)
Interest income	134,986.00	45,459.84	694,172.74	160,124.11
Interest expense	(2,364.49)	(2,877.90)	(15,485.91)	(17,322.16)
Gain (Loss) on disposal of capital assets	-	-	30,735.00	-
Net non-operating revenues (expenses)	(7,531,072.39)	(7,383,507.79)	(56,371,215.38)	(55,210,685.24)
Change in net position	(27,290.76)	(67,497.19)	(172,954.29)	327,081.67
Net position beginning of period	6,763,170.92	5,962,920.98	6,908,834.45	5,568,342.12
Net position end of period	6,735,880.16	5,895,423.79	6,735,880.16	5,895,423.79

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Seven Months Ending Wednesday, January 31, 2024

	Month ended 1/31/2024	Month ended 1/31/2023	Year-to-date 1/31/2024	Year-to-date 1/31/2023
Operating revenues:				
Instant-scratch ticket sales	\$28,010,412.00	\$26,486,973.00	\$179,130,855.00	\$164,369,539.00
InstaPlay sales	1,988,619.00	3,666,165.00	15,140,002.00	17,245,565.00
Pick 3 sales	719,180.50	732,380.00	5,249,464.00	5,255,316.00
Powerball sales	3,847,037.50	5,658,108.50	51,100,540.50	47,876,596.50
Mega Millions Sales	1,842,706.00	8,956,318.00	24,977,638.00	34,310,307.00
Pick 4 sales	467,501.50	475,920.00	3,418,944.00	3,405,034.00
Lucky for Life sales	677,166.00	708,808.00	5,064,876.00	4,930,604.00
Lotto America sales	509,529.00	991,091.00	4,165,899.00	6,671,038.00
Pull-tab sales	1,162,412.47	1,190,851.81	7,196,968.75	7,665,874.19
Application fees	525.00	500.00	3,450.00	3,850.00
Other	551.13	937.70	4,255.96	4,600.94
Total operating revenues	<u>39,225,640.10</u>	<u>48,868,053.01</u>	<u>295,452,893.21</u>	<u>291,738,324.63</u>
Operating expenses:				
Scratch ticket prizes	18,313,533.00	17,532,906.33	124,778,716.90	112,503,309.17
InstaPlay prizes	1,689,146.92	2,415,628.56	10,923,729.18	12,434,232.62
Pick 3 prizes	431,508.30	439,428.00	3,149,678.40	3,153,189.60
Powerball prizes	1,907,208.13	2,830,783.00	25,525,683.70	23,883,315.39
Mega Millions prizes	921,353.00	4,487,107.45	12,488,819.00	17,215,636.22
Pick 4 prizes	280,500.90	285,552.00	2,051,366.40	2,333,157.90
Lucky for Life prizes	402,463.42	421,269.40	3,010,233.09	2,930,430.54
Lotto America prizes	254,764.50	495,545.50	2,082,949.50	3,335,519.00
Pull-tab prizes	725,278.87	745,107.72	4,501,864.83	4,800,330.54
Advertising/publicity	673,632.42	678,847.92	7,132,528.60	5,763,620.84
Retailer compensation expense	2,550,931.17	3,174,213.73	19,262,601.01	18,912,469.91
Ticket expense	301,616.35	262,379.99	1,779,996.63	2,095,807.65
Vendor compensation expense	624,458.56	807,391.94	4,740,748.11	4,638,416.85
Salary and benefits	944,144.89	908,948.55	6,145,847.58	6,159,573.19
Travel	16,207.26	21,458.39	150,284.48	201,692.57
Supplies	10,065.39	25,160.17	38,500.47	81,349.96
Printing	1,639.59	637.59	2,410.89	1,083.67
Postage	4,149.55	3,839.81	6,074.67	6,151.81
Communications	17,122.51	16,676.69	128,795.43	106,468.07
Rentals	6,618.88	8,984.98	61,606.38	66,725.93
Utilities	12,184.79	14,022.46	61,621.06	67,477.38
Professional fees	9,052.50	7,276.50	58,119.25	76,085.33
Vending machine maintenance	26,006.40	25,200.00	178,356.38	169,344.00
Outside services and repairs	88,992.19	114,461.80	852,956.53	867,098.32
Data processing	11,556.55	12,621.35	81,222.75	87,694.10
Equipment	15,914.99	43,452.83	114,983.38	261,258.30
Reimbursement to other state agencies	34,900.71	39,652.94	244,557.22	304,049.68
Depreciation	39,905.50	32,975.69	284,492.90	303,197.26
Amortization	45,884.70	45,884.70	321,192.90	318,762.06
MUSL/Lotto administrative expense	11,615.66	54,063.37	79,092.49	107,066.35
Debit card fees	17,409.04	16,650.38	150,152.15	86,164.94
Other	5,108.60	15,066.69	34,685.00	45,021.99
Total operating expenses	<u>30,394,875.24</u>	<u>35,983,196.43</u>	<u>230,423,867.26</u>	<u>223,315,701.14</u>
Operating income	<u>8,830,764.86</u>	<u>12,884,856.58</u>	<u>65,029,025.95</u>	<u>68,422,623.49</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(8,763,926.97)	(12,906,030.98)	(65,844,564.18)	(68,259,518.17)
Interest income	36,552.16	82,068.83	730,724.90	242,192.94
Interest expense	(2,322.84)	(2,836.78)	(17,808.75)	(20,158.94)
Gain (Loss) on disposal of capital assets	-	2,839.00	30,735.00	2,839.00
Net non-operating revenues (expenses)	<u>(8,729,697.65)</u>	<u>(12,823,959.93)</u>	<u>(65,100,913.03)</u>	<u>(68,034,645.17)</u>
Change in net position	101,067.21	60,896.65	(71,887.08)	387,978.32
Net position beginning of period	6,735,880.16	5,895,423.79	6,908,834.45	5,568,342.12
Net position end of period	<u>6,836,947.37</u>	<u>5,956,320.44</u>	<u>6,836,947.37</u>	<u>5,956,320.44</u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Eight Months Ending Thursday, February 29, 2024

	Month ended 2/29/2024	Month ended 2/28/2023	Year-to-date 2/29/2024	Year-to-date 2/28/2023
Operating revenues:				
Instant-scratch ticket sales	\$24,455,378.00	\$24,121,164.00	\$203,586,233.00	\$188,490,703.00
InstaPlay sales	1,841,070.00	2,526,783.00	16,981,072.00	19,772,348.00
Pick 3 sales	722,804.50	700,644.50	5,972,268.50	5,955,960.50
Powerball sales	3,734,013.50	4,605,078.00	54,834,554.00	52,481,674.50
Mega Millions Sales	2,365,402.00	1,482,648.00	27,343,040.00	35,792,955.00
Pick 4 sales	458,515.50	445,502.00	3,877,459.50	3,850,536.00
Lucky for Life sales	668,494.00	649,232.00	5,733,370.00	5,579,836.00
Lotto America sales	479,515.00	957,244.00	4,645,414.00	7,628,282.00
Pull-tab sales	1,053,122.48	984,777.01	8,250,091.23	8,650,651.20
Application fees	600.00	600.00	4,050.00	4,450.00
Other	808.75	1,361.86	5,064.71	5,962.80
Total operating revenues	35,779,723.73	36,475,034.37	331,232,616.94	328,213,359.00
Operating expenses:				
Scratch ticket prizes	16,327,444.91	15,238,862.52	141,106,161.81	127,742,171.69
InstaPlay prizes	1,235,549.44	2,186,315.02	12,159,278.62	14,620,547.64
Pick 3 prizes	433,682.70	420,386.70	3,583,361.10	3,573,576.30
Powerball prizes	1,882,248.15	2,302,049.50	27,407,931.85	26,185,364.89
Mega Millions prizes	1,182,701.00	753,455.43	13,671,520.00	17,969,091.65
Pick 4 prizes	275,109.30	267,301.20	2,326,475.70	2,600,459.10
Lucky for Life prizes	397,309.38	385,861.29	3,407,542.47	3,316,291.83
Lotto America prizes	239,757.50	478,622.00	2,322,707.00	3,814,141.00
Pull-tab prizes	658,893.46	615,567.64	5,160,758.29	5,415,898.18
Advertising/publicity	963,683.43	634,232.80	8,096,212.03	6,397,853.64
Retailer compensation expense	2,354,971.28	2,367,791.51	21,617,572.29	21,280,261.42
Ticket expense	349,353.18	355,312.62	2,129,349.81	2,451,120.27
Vendor compensation expense	577,097.80	581,525.64	5,317,845.91	5,219,942.49
Salary and benefits	836,349.46	817,698.31	6,982,197.04	6,977,271.50
Travel	19,394.37	21,411.02	169,678.85	223,103.59
Supplies	6,623.05	5,431.47	45,123.52	86,781.43
Printing	-	422.20	2,410.89	1,505.87
Postage	371.12	368.83	6,445.79	6,520.64
Communications	17,278.68	14,304.63	146,074.11	120,772.70
Rentals	8,590.85	9,193.93	70,197.23	75,919.86
Utilities	9,897.32	10,607.55	71,518.38	78,084.93
Professional fees	8,281.65	93,628.50	66,400.90	169,713.83
Vending machine maintenance	26,006.40	25,232.64	204,362.78	194,576.64
Outside services and repairs	128,508.28	119,882.51	981,464.81	986,980.83
Data processing	11,561.10	12,512.30	92,783.85	100,206.40
Equipment	39,039.90	90,511.56	154,023.28	351,769.86
Reimbursement to other state agencies	34,392.57	35,115.79	278,949.79	339,165.47
Depreciation	40,043.60	32,310.19	324,536.50	335,507.45
Amortization	45,884.70	45,884.70	367,077.60	364,646.76
MUSL/Lotto administrative expense	11,626.88	17,881.83	90,719.37	124,948.18
Debit card fees	18,766.56	13,130.05	168,918.71	99,294.99
Other	5,084.25	18,255.63	39,769.25	63,277.62
Total operating expenses	28,145,502.27	27,971,067.51	258,569,369.53	251,286,768.65
Operating income	7,634,221.46	8,503,966.86	72,663,247.41	76,926,590.35
Non-operating revenue (expenses):				
Proceeds to state causes	(8,136,451.20)	(8,276,147.03)	(73,981,015.38)	(76,535,665.20)
Interest income	183,259.96	105,749.01	913,984.86	347,941.95
Interest expense	(2,281.15)	(2,795.60)	(20,089.90)	(22,954.54)
Gain (Loss) on disposal of capital assets	-	4,638.11	30,735.00	7,477.11
Net non-operating revenues (expenses)	(7,955,472.39)	(8,168,555.51)	(73,056,385.42)	(76,203,200.68)
Change in net position	(321,250.93)	335,411.35	(393,138.01)	723,389.67
Net position beginning of period	6,836,947.37	5,956,320.44	6,908,834.45	5,568,342.12
Net position end of period	6,515,696.44	6,291,731.79	6,515,696.44	6,291,731.79



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Kim Reynolds · Governor
Adam Gregg · Lt. Governor
Matthew N. Strawn · Chief Executive Officer

Memorandum To: Iowa Lottery Board of Directors
From: Jon Roth, Chief Revenue Officer
Date: March 19, 2024
Re: Revised Retail Compensation Program

With the introduction of Powerball Double Play, there is the need to update the Lottery's Retail Compensation Program to include a retail bonus payout amount for the top \$10 million Powerball Double Play prize. Attached is the updated Retailer Compensation Program which now includes the retailer payout of \$5,000 for selling the winning \$10 million Powerball Double Play ticket. No other retail bonus payouts have been changed.

In addition to the bonus payment addition for Powerball Double Play, language in the Ticket Allowance section has also been updated to define tickets as "damaged or produced by mistake" for both On-Line Games and InstaPlay Games. No other changes were made in the Ticket Allowance section.

IOWA LOTTERY

Retailer Compensation Program

April 2024

ON-LINE GAMES

Retailers will receive a base commission rate of 5.5% on all on-line tickets sold.

Ticket Allowance:

Retailers will receive an additional 0.1% of the sales of all on-line games added to the base commission rate for tickets that are **damaged or produced by mistake in error**.

High Tier Prize Sales Bonus:

Powerball Jackpot winning ticket	\$10,000
Mega Millions Jackpot winning ticket	\$10,000
Powerball Double Play \$10 million winning ticket	\$ 5,000
Lotto America Jackpot winning ticket	\$ 5,000
Lucky for Life Top Prize winning ticket*	\$ 5,000
Lucky for Life Second Prize winning ticket**	\$ 500

With the exception of the prizes listed above, all non-jackpot winning on-line game tickets of \$100,000 or more will receive a bonus of 1/10 of 1 percent of the prize amount (e.g. \$100,000 winning ticket earns a \$100 bonus).

* Lucky for Life Top Prize is \$1,000 a day for life

**Lucky for Life Second Prize is \$25,000 a year for life

Peak Sales Bonuses on Powerball/Powerplay/Double Play and Mega Millions/Megaplier:

Retailers will receive a 0.75% sales bonus on all sales when the Powerball or Mega Millions jackpot is equal to or exceeds \$400 million. Sales will be tracked during the jackpot run and the bonuses will be awarded after the jackpot is won.

INSTAPLAY GAMES

Retailers will receive a base commission rate of 5.5% on all InstaPlay tickets sold.

Ticket Allowance:

Retailers will receive an additional 0.1% of the sales of all InstaPlay games added to the base commission rate for tickets that are damaged or produced **by mistake in error**.

INSTANT-SCRATCH GAMES

Retailers will receive 5.5% commission on the sale of all instant tickets.

Retailers can become GOLD STAR PROGRAM members and will receive a 7% commission on the sale price of tickets sold when they meet the following requirements:

- 1. Comply with all advertising requirements:**
 - a. Lottery Door Decal
 - b. Game Brochures

- c. 19" Flat Panel Monitor (The monitor must be located in the primary sales area adjacent to the Wave terminal.)
2. **Sell sixteen (16) or more different games from dispenser(s). Games must be:**
 - a. Displayed in the primary sales area in a highly visible Lottery approved location
 - b. Displayed on the front counter in plain view of the public, in Lottery approved dispensers
 - c. Maintain inventory levels necessary to keep the dispensers full at all times
3. **As a function of the courier delivery system, the retailer agrees to accept the delivery of, activate and place the tickets for sale.**
4. **Employees will not purchase or play lottery tickets while on duty.**

Gold Star retailers must be in compliance with the above requirements. If the retailer is not in compliance when the DSR makes the (scheduled) sales call, the DSR must change the retailer back to the 5.5 % commission rate. If the retailer meets the requirements, they will remain at the 7% Gold Star commission rate.

PULL-TAB GAMES

Retailers will receive a 5% commission on the sale of all pull-tab tickets.

OTHER INCENTIVES

Through the course of a fiscal year, the Lottery may choose to offer special incentives for retailer related activities not covered by the categories detailed elsewhere in this document. The incentives would include, but are not limited to, incentive money, lottery tickets and merchandise prizes. The total value of the incentives for this section will not exceed \$40,000 in any fiscal year.