

DATE: September 12, 2013

TO: Board Members of the Iowa Lottery Authority

FROM: Brenda Nye, Chief Financial Officer

Attached are the final financial statements for June 2013. Previously, you received preliminary financial statements for June 2013.

There was approximately \$74,000 in net adjustments related primarily to an increase in estimated payables of \$77,000 and an increase in interest receivable of \$3,000. These factors resulted in a \$74,122 decrease in proceeds payable to the State General Fund.

Attachments

IOWA LOTTERY AUTHORITY
SCHEDULE OF ECONOMIC BENEFITS

June 30, 2013
FINAL

| | | |
|--|-----------------|------------------------------------|
| Proceeds to Iowa Plan | | \$170,318,439 |
| Proceeds to CLEAN fund | | \$35,894,355 |
| Proceeds to Special Appropriations | | \$13,773,572 |
| Proceeds to Gambler's Treatment Program | | 15,732,208 |
| Proceeds to the State General Fund: | | |
| Prior to Fiscal Year 2013 | \$1,148,408,257 | |
| Fiscal Year 2013 | | |
| Transferred | 61,053,565 | |
| Payable | 21,710,440 | |
| | <hr/> | 1,231,172,262 |
| Proceeds to the Veterans Trust Fund: | | |
| Prior to Fiscal Year 2013 | \$11,269,796 | |
| Fiscal Year 2013 | | |
| Transferred | 1,843,716 | |
| Payable | 283,008 | |
| | <hr/> | <hr/> 13,396,520 |
| Total | | <hr/> \$1,480,287,356 <hr/> |

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE MONTH AND YEAR ENDED JUNE 30, 2013
FINAL

| | Month ended June 30, 2013 | Month ended June 30, 2012 | Year-to-date June 30, 2013 | Year-to-date June 30, 2012 |
|--|--------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|
| OPERATING REVENUES | | | | |
| Instant-scratch ticket sales | \$15,673,969 | \$14,399,227 | \$202,299,747 | \$188,814,325 |
| Pick 3 sales | \$552,890 | 560,473 | 6,804,870 | 6,743,717 |
| Powerball sales | \$4,237,153 | 5,340,243 | 81,385,271 | 57,934,104 |
| Mega Millions sales | \$876,984 | 1,249,582 | 13,317,888 | 22,293,152 |
| Hot Lotto sales | \$1,323,979 | 844,273 | 11,664,946 | 10,525,347 |
| Pick 4 sales | \$255,630 | 230,015 | 3,085,784 | 2,788,613 |
| \$100,000 Cash Game sales | \$364,120 | 372,492 | 4,483,605 | 4,314,098 |
| Pull-tab sales | \$1,207,658 | 1,289,550 | 16,209,309 | 17,438,369 |
| Application fees | \$225 | 350 | 5,125 | 4,075 |
| Other revenue | \$557 | 35,263 | 11,706 | 212,884 |
| Total operating revenues | 24,493,165 | 24,321,468 | 339,268,251 | 311,068,684 |
| OPERATING EXPENSES | | | | |
| Scratch ticket prize expense | 10,061,739 | 8,723,307 | 128,096,203 | 116,954,213 |
| Pick 3 prize expense | 328,094 | 330,894 | 4,009,581 | 3,993,780 |
| Powerball prize expense | 2,003,622 | 2,625,581 | 39,682,727 | 28,287,777 |
| Mega Millions prize expense | 435,669 | 632,489 | 6,538,181 | 11,307,020 |
| Hot Lotto prize expense | 651,601 | 410,880 | 5,652,815 | 5,118,123 |
| Pick 4 prize expense | 146,918 | 135,924 | 1,812,515 | 1,634,063 |
| \$100,000 Cash Game prize expense | 203,733 | 198,412 | 2,740,099 | 2,175,236 |
| Pull-tab prize expense | 753,682 | 804,187 | 10,140,042 | 10,912,790 |
| VIP Club prize expense | 160,274 | 160,714 | 1,950,002 | 1,907,142 |
| Promotional prize expense | 43,292 | 29,129 | 179,603 | 152,303 |
| Advertising/publicity | 705,518 | 670,821 | 6,603,905 | 6,605,304 |
| Retailer compensation expense | 1,648,361 | 1,846,422 | 22,116,797 | 20,125,497 |
| Ticket expense | 351,554 | 229,233 | 3,945,970 | 3,115,487 |
| Vendor compensation expense | 471,035 | 468,702 | 6,885,203 | 6,204,116 |
| Online game expense | 65,575 | - | 295,663 | - |
| Salary and benefits | 891,206 | 904,861 | 9,375,334 | 9,120,063 |
| Travel | 38,259 | 36,777 | 425,300 | 451,040 |
| Supplies | 3,516 | 11,211 | 100,620 | 147,091 |
| Printing | 792 | 589 | 13,459 | 15,031 |
| Postage | 369 | 289 | 6,337 | 6,238 |
| Communications | 21,192 | 12,967 | 155,755 | 130,366 |
| Rentals | 24,873 | 26,900 | 304,452 | 290,595 |
| Utilities | 6,020 | 6,377 | 103,386 | 97,579 |
| Professional fees | 31,334 | 44,292 | 125,004 | 165,225 |
| Vending machine maintenance | 47,052 | 44,818 | 577,841 | 537,941 |
| Outside services and repairs | 56,834 | 229,403 | 326,659 | 460,445 |
| Data processing | 4,916 | 4,207 | 57,072 | 50,320 |
| Equipment | 93,111 | 373,482 | 380,142 | 719,188 |
| Reimbursement to other state agencies | 31,669 | 34,876 | 415,056 | 433,436 |
| Depreciation | 23,879 | 18,899 | 245,805 | 173,611 |
| Other | (10,930) | (20,387) | 67,345 | 56,009 |
| MUSL administrative expense | 3,087 | 3,759 | 37,050 | 45,106 |
| Total operating expenses | 19,297,846 | 19,000,015 | 253,365,923 | 231,392,135 |
| Operating income | 5,195,319 | 5,321,453 | 85,902,328 | 79,676,549 |

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE MONTH AND YEAR ENDED JUNE 30, 2013
FINAL

| | <u>Month ended June 30, 2013</u> | <u>Month ended June 30, 2012</u> | <u>Year-to-date June 30, 2013</u> | <u>Year-to-date June 30, 2012</u> |
|--|--------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|
| Non-operating revenues (expenses) | | | | |
| Proceeds deposited to: | | | | |
| State General Fund | (4,358,219) | (5,047,647) | (82,764,005) | (76,012,455) |
| Veterans Trust Fund | (85,198) | (78,236) | (2,126,724) | (2,719,494) |
| Interest Income | 11,094 | 8,818 | 110,073 | 105,755 |
| Interest expense | (362) | (3,010) | (33,453) | (39,134) |
| Net non-operating revenues (expenses) | <u>(4,432,685)</u> | <u>(5,120,075)</u> | <u>(84,814,109)</u> | <u>(78,665,328)</u> |
| Change in net position | 762,634 | 201,378 | 1,088,219 | 1,011,221 |
| Net position, beginning of period | <u>5,521,545</u> | <u>4,994,582</u> | <u>5,195,960</u> | <u>4,184,739</u> |
| Net position, end of period | <u><u>\$6,284,179</u></u> | <u><u>\$5,195,960</u></u> | <u><u>\$6,284,179</u></u> | <u><u>\$5,195,960</u></u> |

IOWA LOTTERY AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2013
FINAL

ASSETS

Current assets:

| | |
|---------------------------|--------------|
| Cash | \$24,840,921 |
| Cash on hand | 600 |
| Restricted assets - cash | 339,541 |
| Interest receivable | 9,572 |
| Prepaid expense | 60,843 |
| Accounts receivable - net | 5,057,071 |
| Ticket inventories | 2,265,929 |
| | <hr/> |
| Total current assets | 32,574,477 |

Noncurrent assets:

| | |
|-------------------------------|------------|
| Investment in prize annuities | 5,349,567 |
| Reserve on deposit with MUSL | 5,105,041 |
| Capital assets - net | 3,707,609 |
| | <hr/> |
| Total noncurrent assets | 14,162,217 |

| | |
|---------------------|---------------------|
| Total assets | \$46,736,694 |
|---------------------|---------------------|

IOWA LOTTERY AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2013
FINAL

LIABILITIES

Current liabilities:

| | |
|----------------------------------|------------|
| Online games prizes payable | 3,156,305 |
| Accounts payable | 1,934,443 |
| Current obligation for annuities | 1,400 |
| Administrative payroll payable | 253,017 |
| Due to: | |
| State General Fund | 21,710,440 |
| Veterans Trust Fund | 283,008 |
| Other state agencies | 145,995 |
| Retailer deposits | 27,500 |
| Unearned revenue | 256,572 |
| Accrued compensated absences | 2,052,763 |
| State withholding payable | 152,714 |
| Federal withholding payable | 23,750 |
| | <hr/> |
| Total current liabilities | 29,997,907 |

Noncurrent liabilities:

| | |
|------------------------------|------------|
| Annuities payable | 5,349,567 |
| Prize reserve fund | 5,105,041 |
| | <hr/> |
| Total noncurrent liabilities | 10,454,608 |

Total liabilities 40,452,515

NET POSITION

| | |
|----------------------------------|---------------------------|
| Net investment in capital assets | 3,707,609 |
| Unrestricted | 2,576,570 |
| | <hr/> |
| Total net position | <u><u>\$6,284,179</u></u> |

IOWA LOTTERY AUTHORITY
ANALYSIS OF NET POSITION
JUNE 30, 2013
FINAL

| | |
|---------------------------------------|---------------------------|
| Cash restricted for vehicle purchases | \$310,641 |
| Ticket inventory | 2,265,929 |
| Net investment in capital assets | 3,707,609 |
| Net Position | <u><u>\$6,284,179</u></u> |