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Lt. Governor



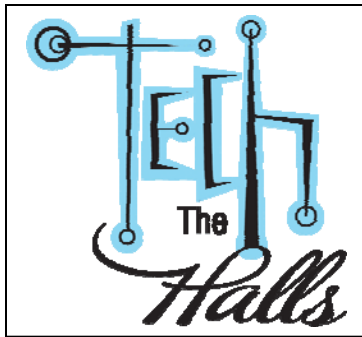
Terry Rich  
Chief Executive Officer

## **Iowa Lottery Report On Operations**

**To: Members of the House Government Oversight Committee and Senate Government Oversight Committee**

**From: Terry Rich, CEO**

**Date: December 2010**



With this report being filed during the holiday season, we'll begin with details about the outstanding response the lottery has received to its "Tech The Halls" holiday promotion.

This is the second year the lottery has offered a holiday promotion with some of the season's hottest electronics as prizes along with cash prizes. Entries are coming in at a record pace.

Last year's version of the Tech The Halls promotion set a record when it came to entries in a Web-based promotion from the Iowa Lottery. More than 405,000 entries were received in the 2009 promotion, and that topped the previous record of 277,000 Web-based entries in the "Hawkeye Victory" promotion back in 2005. The Iowa Lottery has been offering Web-based promotions since November 2001.

This year's promotion will set another record because entries have already topped 500,000 and there are still a few weeks to go until the entry deadline. Players can enter the promotion until noon on Jan. 18 using nonwinning tickets in any of the lottery's current holiday-themed scratch games. The drawings in this year's promotion will be on Jan. 20.

We are finding that promotions like Tech The Halls, along with the lottery's VIP Club, allow the lottery to achieve added value in its products and drive sales by offering additional prizes to players.

### **FY 2010: Lottery Raises Nearly \$58 Million For State Programs**

Ticket sales increased and players won a record total in prizes during the Iowa Lottery's latest financial year. Lottery profits to state causes, meanwhile, totaled nearly \$58 million.

Lottery sales totaled \$256.3 million in fiscal year 2010, which ended June 30. That marks the highest sales total from lotto, instant-scratch and pull-tab games since the lottery's start in 1985.

Lottery players also had a good year, taking home a record \$150.5 million in prizes from the lottery's core products, a 4 percent increase from the previous record prize total from those products of \$144.7 million in FY 2008. In all, the lottery returned a record \$208.4 million to Iowans for the year either directly in prizes or in profits to state programs.

The lottery raised more than \$57.9 million in profits for state programs during FY 2010, down slightly from the lottery's profits total the year before. Lottery proceeds to the state were impacted during FY 2010 on a couple fronts: The lottery accrued expenses totaling about \$1.5 million related to the State Employee Retirement Incentive Program approved during the 2010 legislative session. The retirement incentive program was not foreseen in the lottery's budget for the year.

Prize payouts, which are cyclical and vary over time, were ahead of projections for the year. That's in comparison to FY 2009, when prizes in instant-scratch games in particular ran behind prize totals during the same time period a year earlier. Such fluctuations are a function of the random nature of lottery games, which can have variations in a particular year, but average out over time.

Another highlight of the lottery's results was the \$5.4 million it had raised for the Iowa Veterans Trust Fund. When the idea of games dedicated to veterans was initially discussed, the lottery estimated it could raise \$2 million to \$3 million annually for the Trust Fund. The FY 2009 total was \$2.8 million, and with another \$2.6 million added in the latest year, the lottery has raised \$5.4 million for the Iowa Veterans Trust Fund in two years.

Sales of instant-scratch tickets, the first product introduced by the Iowa Lottery and always one of its top-selling items, rose more than 5 percent to a record \$143.8 million in FY 2010. The lottery's previous record for scratch sales had been set in FY 2008, when \$137.9 million in scratch tickets were sold.

The lottery's positive impact in Iowa also extends beyond the proceeds it provides for state programs. Iowa businesses received about \$16.1 million in commissions from the lottery for their daily work in selling lottery products in FY 2010, while the state of Iowa received \$1.6 million in withholding tax revenue from lottery prizes.

Here is another highlight from the lottery's latest year: The final proceeds transfer for FY 2010 pushed lottery proceeds to the state General Fund past a significant threshold. The Iowa Lottery now has raised more than \$1 billion for the General Fund in addition to the other vital programs that have benefitted from lottery proceeds through the years.

The lottery's annual report for FY 2010 is available on its website at:  
<http://www.ialottery.com/AboutUs/2010AnnualReport.html>

## **FY 2011 Early Results And FY 2012 Budget**

The Iowa Lottery is an industry sales leader in FY 2011, with sales and proceeds running ahead of both the previous year's results and budget estimates for the year. Through November, the latest month for which the lottery has complete figures, lottery proceeds to the state were about 14 percent ahead of the budget for the year, while lottery sales for the time period were about 4 percent ahead of budget.

An industry ranking of U.S. lotteries found that Iowa was one of just three states where lottery sales increased during the third quarter of calendar year 2010. The ranking by “La Fleur’s Magazine” also found that the Iowa Lottery ranked third in the nation in percent of change in sales of instant-scratch games, traditionally the industry’s leading product. Scratch-ticket sales in the third quarter of CY 2010 were up 17 percent in Iowa from the same time period a year earlier.

Here are year-to-year comparisons of lottery sales (July-November 2010):

	FY 2010	FY 2009
Instant-scratch games	\$63 million	\$54 million
Pick 3	\$2.7 million	\$2.7 million
Powerball	\$18.7 million	\$25.9 million
Mega Millions	\$4.8 million	\$0
Hot Lotto	\$4.9 million	\$6.6 million
Pick 4	\$1.1 million	\$1.1 million
Iowa’s \$100,000 Cash Game	\$1.5 million	\$1.7 million
Pull-tab Games	\$7.9 million	\$8.3 million

Several factors have contributed to the lottery’s success this fiscal year, including:

- Lottery tickets remain today what they always have been: an affordable, local form of entertainment that offers variety and choice to consumers.
- The lottery implemented several cost-saving initiatives in FY2010 that continue to positively impact lottery results today, including the consolidation of the lottery’s winning-number hotlines and the elimination of receipts for nonwinning tickets.
- Prize pay-outs, which are cyclical and were running ahead of projections in FY 2010, are running slightly behind projections in FY 2011.
- Lottery operating expenses are running below budget for the year, in part because of salary savings achieved through the state’s early retirement program and the elimination of some lottery positions.

**The lottery believes it is well-positioned to meet its budget target of \$58.2 million in proceeds to the state for FY 2011.** In addition, at its meeting Sept. 2, the Iowa Lottery Board approved the FY 2012 budget for the lottery. While the lottery’s FY 2011 budget took into account the economic difficulties facing our state and projected just a 1 percent growth in lottery sales, the lottery believes more favorable conditions will exist in FY 2012 and has projected a 2.7 percent increase in lottery sales for the period.

As always, the Lottery’s budget figures have been entered into the state’s I-3 accounting system and are available for review. Detailed updates to the lottery’s sales and budget figures are also regularly provided through the I-3 system.

A copy of the lottery’s Budget and Operating Expenses are included in this report as **Attachment A. Attachment B** to this report provides a five-year overview of the lottery’s revenues and expenses through the end of FY 2010. **Attachment C** provides a copy of the lottery’s Performance Measures for the current fiscal year through November 2010.

The voting members of the Iowa Lottery Board are: Chairperson Tom Rial, a Des Moines marketing consultant; Mike Klappholz of Cedar Rapids, retired Cedar Rapids chief of police; Mary Junge, a CPA and practicing tax and estate-planning attorney from Cedar Rapids; Elaine Baxter, a former state legislator and secretary of state from Burlington; and Vice Chair Brad

Schroeder of Pleasant Hill, an attorney whose law practice is based in Des Moines. State Treasurer Michael Fitzgerald is an ex-officio member of the Board.

## **Significant Proceeds For Veterans Causes**

The Iowa Lottery continues to provide a stable, ongoing source of revenue for the Iowa Veterans Trust Fund and has sought out opportunities this fall and winter to highlight the cause.

Through November, the Lottery had raised nearly \$6.9 million to benefit Iowa veterans and their families since legislation authorizing lottery games for veterans' causes was signed into law in 2008. Lottery proceeds for the Veterans Trust Fund remain right on target with the lottery's original estimates that it could provide between \$2 million and \$3 million annually for the cause.

This fall and winter, the lottery highlighted the initiative during presentations at two of the biggest sporting events in the state, providing an opportunity for tens of thousands of Iowans in attendance to learn how they can help our state's veterans and their families through lottery purchases. The lottery presented ceremonial checks to members of the Iowa Commission on Veterans Affairs during the N. Iowa-Iowa St. football game in September in Ames, and during the Cyclones-Panthers basketball game in November in Cedar Falls. Both presentations brought an enthusiastic response from the crowd in support of our nation's veterans.



## **Promoting Travel In Iowa & 25 Years Of Lottery Fun**



In August, the Iowa Lottery wrapped up its summer travel initiative with the Iowa Division of Tourism and its celebration of the lottery's 25<sup>th</sup> anniversary with a finale event at the Iowa State Fair. Throughout the summer, folks across the state had the chance to be part of the "Silver Ticket Celebration" that offered discounts at participating businesses and contests for cash prizes at local fairs and festivals that had been chosen as the Top 25 must-see events in the state. The finale event at the State Fair included a ticket give-away on the opening day of the Fair and a contest for 25 prizes of \$100 on the Fair's final day.

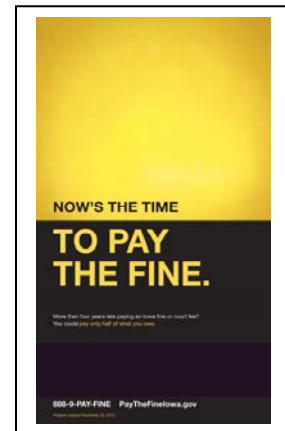
The Silver Ticket initiative was embraced by the public, with the prize contests driving traffic to the local fairs and festivals where they were held, and many of the participating businesses in the promotion reporting additional revenues from it.

The Lottery continues to investigate future opportunities to highlight important state causes such as travel and tourism and help the entire state in the process.

## **Support For Iowa Court Debt Amnesty Program**

During the summer and fall, the Iowa Lottery worked with the Iowa Department of Revenue and the Iowa Judicial Branch to develop an informational campaign about the Iowa Court Debt Amnesty Program that was approved during the 2010 legislative session. Lottery and Revenue officials signed an agreement giving the Revenue Department the opportunity to work with the lottery's advertising agencies and provide information on a statewide basis.

The Court Debt Amnesty period lasted from Sept. 1-Nov. 30. In the end, a little more than \$3.2 million in court debt was paid by those who owed it. That was right in line with initial projections for the program to bring in payments to the state of between \$3 million and \$4 million.



## **New Sales and Validations System**



On Oct. 28, the Iowa Lottery Board approved a contract for a new statewide system of lottery sales and validations terminals and communications equipment. The Board approved the contract with Georgia-based Scientific Games International on a 5-0 vote. The seven-year contract with three possible one-year extensions is worth about \$50 million and is the largest contract involved in the operation of the lottery.

With advances in technology and decreasing costs for electronic equipment, the contract is expected to save the state about \$1 million annually from the lottery's current contract rates for the base technology, while at the same time providing a more robust system. The change for the lottery is much like the experience consumers have when they upgrade their 10-year-old personal computers – the new computer is usually smaller and faster with more horsepower, but almost always costs less than the old machine.

The contract is for a statewide system of communications equipment along with the sales and validations terminals that are in stores where lottery tickets are sold. Equipment in some retail locations will begin to be swapped out starting in the spring. And then in July, the entire new system linking the 2,500 lottery retail locations in Iowa will become operational. The games sold by the Iowa Lottery won't change but the machines used to print and validate tickets will.

The new system will mean added convenience for customers and retailers and more capabilities for the lottery. A big change for consumers will be “self-checkers” in a lot of retail locations that lottery players can use to check their tickets on their own, rather than giving them to the clerk to check. The additional technology of the new system also will allow the lottery to capitalize on the success already achieved through its VIP Club and promotions such as Tech The Halls.

The Iowa Lottery's current system of terminals has been in place since 2001 and the contract for it expires in July. And, like any electronic equipment, it simply needs to be replaced over time. Preparing the Request For Proposals for the new system took about 1½ years and the Lottery received a strong response to it, with three bids in all. Bids were received from Scientific Games; INTRALOT Inc., based in Duluth, Ga., and GTECH Corp., based in Providence, R.I.

## **TouchPlay Lawsuits**

In July, the State Appeal Board approved a \$150,000 settlement in a Floyd County claim, thus concluding all litigation that had been filed against the state following the 2006 shutdown of the TouchPlay program.

The Appeal Board, which has authority to approve or reject claims against the state, approved a \$150,000 settlement in the case of Red Line Vending, Inc.; Lottery Service Corporation of Iowa, Inc.; William R. Wohlers; and Thomas C. Wohlers vs. the Iowa Lottery Authority and the State of Iowa.

Dozens of plaintiffs asserted approximately \$900 million in TouchPlay-related claims against the State of Iowa following the 2006 shutdown of the TouchPlay program. The claims were settled for about \$18.4 million, which is less than the state collected in revenue from TouchPlay vendors.

## **Industry Issues**

**Electronic Delivery:** The Iowa Lottery has been keeping you updated about legislation introduced in Congress that would allow for the regulation of Internet gambling by the federal government and the licensing of those who operate Internet gambling sites. Several different pieces of legislation concerning Internet wagering have been introduced in Congress, and discussions also are currently underway in a few different states.

On the federal level, the latest Internet-gaming legislation comes from U.S. Senate Majority Leader Harry Reid, D-Nevada, who this month has been pushing to legalize Internet poker. There has been discussion that Reid would attempt to attach his legislation to another piece of legislation moving through the process, but that has not yet occurred.

A few states also are discussing allowing Internet gaming within their respective borders, as has the District of Columbia. Those discussions are currently underway in California, Florida and New Jersey, and possibly other jurisdictions as well.

The issue of **intrastate** gaming was raised during the 2010 session of the Iowa Legislature, and there continues to be nationwide focus on the possibility of intrastate gambling on the Internet or via mobile devices, which could be allowed under state law rather than federal statute. Such a gaming system is technically feasible today. It would use electronic geo-location to determine

the spot from where someone was gambling to ensure that gambling activities were being restricted to within a particular state's borders.

Keep in mind that today, the Iowa Lottery issues about 150 million pieces of paper each year. An electronic delivery system would allow the lottery to become more environmentally friendly, while at the same time moving the lottery onto the retail platforms already being utilized by a growing number of today's consumers.

The Lottery remains cognizant of its responsibility to provide proceeds for state causes and understands that for its products to remain relevant to today's consumers, it must keep abreast of advances in technology that change the way society communicates and conducts business. Current technology in many ways means that lotteries are using an offline business model in an online world. The Lottery will continue to monitor and evaluate proper use of new technology to meet citizen's demands. We will provide updates to your committees about the changes that could be involved in Iowa and the impact such issues could have on the state budget.

We want you to know we will continue to offer ourselves as a business analyst to offer outside perspective, advice and revenue projections in these discussions.

**Video Gaming:** Discussions about video gaming also are underway in several states, including Iowa's neighbors of Illinois and Minnesota.

In Minnesota, bar owners who say their establishments are being hurt by the state's smoking ban are pushing to legalize video gambling. And in Illinois, legislation has cleared the way for an estimated 45,000 legalized video poker machines to be installed at taverns, bars and restaurants next year.

**Changes In Entertainment Landscape:** As part of its report to your committees in June, the Lottery reported about an issue affecting its sales base. We believe that issue continues to have an impact today, primarily on the sale of pull-tab tickets.

Legislation passed in 2009 allows merchandise prizes of up to \$50 to be awarded to those who play amusement devices, up from the previous limit of \$5 in merchandise. Lottery pull-tab sales in FY 2010 were down about \$1.1 million from the previous year's results, and pull-tab sales are down again in the first five months of FY 2011, running about \$500,000 behind the previous year's results.

The Lottery also continues to monitor and evaluate casino expansion in Iowa, and any impact on lottery sales. In recent years, several new casinos have opened in Iowa and existing properties have expanded. A new property also is now under construction near Larchwood in northwestern Iowa.

While the Iowa Lottery does not consider itself to be in direct competition with casinos or amusement devices, it does compete with them and any other entertainment venue for consumers' disposable income. When riverboat gambling was introduced in Iowa in the early 1990s and slot machines underwent a major expansion in the mid-1990s, there was a noticeable, negative impact on Iowa Lottery sales. After experiencing multiple-year declines, lottery sales in Iowa eventually stabilized and began to rebound in 2002.

# Budget for Lottery Fund

Attachment A

	2010 ACTUAL	2011 BOARD APPROVED BUDGET	2012 BOARD APPROVED BUDGET
<u>Resources</u>			
Lottery sales	256,255,491	250,100,000	256,800,000
Interest income	363,790	500,000	500,000
Application fees	3,975	5,000	5,000
Other	21,647	5,000	5,000
<b>Total Resources</b>	<b>256,644,903</b>	<b>250,610,000</b>	<b>257,310,000</b>
<u>Expenses and Change in Net Assets</u>			
Prizes	150,453,787	145,934,120	150,237,152
Retailer compensation	16,109,637	15,606,100	16,143,868
Advertising production and media purchases	7,538,965	10,004,000	10,272,000
Retailer Lottery system/Terminal communications	8,621,476	5,897,595	5,759,776
Instant/Pull-tab ticket expense & machine maintenance	3,192,949	3,235,413	3,259,168
Terminal equipment/Ticket dispensers	87,738	100,000	727,872
Interest expense (ITVM/PTVM/Building)	45,702	42,500	39,408
Lottery operating expense	12,895,234	11,536,196	12,179,279
Increase (decrease) in net assets	(211,641)	48,341	48,341
<b>Total Expenses and Change in Net Assets</b>	<b>198,733,847</b>	<b>192,404,264</b>	<b>198,666,864</b>
<u>Proceeds</u>			
Proceeds Transfer to General Fund	55,249,502	55,705,736	56,143,136
Proceeds Transfer to Veterans Trust Fund	2,661,554	2,500,000	2,500,000
<b>Total Proceeds Transfers</b>	<b>57,911,056</b>	<b>58,205,736</b>	<b>58,643,136</b>
<b>Total Expenses and Proceeds</b>	<b>256,644,903</b>	<b>250,610,000</b>	<b>257,310,000</b>

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## Lottery Operations - Budget Detail

	2010 ACTUAL	2011 BOARD APPROVED BUDGET	2012 BOARD APPROVED BUDGET
Administrative payroll	9,807,548	9,035,279	9,215,279 *
Travel	363,635	430,000	400,000
Supplies	104,539	105,000	154,500
Printing	14,477	10,000	14,500
Postage	6,166	5,000	6,500
Communications	107,326	110,000	150,000
Rentals	285,660	240,000	300,000
Utilities	98,032	101,515	100,000
Professional fees	150,832	136,190	65,000
Outside services and repair	407,948	396,932	870,500
Data processing	37,700	40,000	40,000
Equipment	61,810	241,049	100,000
Reimbursement to state agencies	462,337	392,000	475,000
Depreciation	864,963	160,931	191,000
Other expenses	122,261	132,300	97,000
<b>Total operating expenses</b>	<b>\$ 12,895,234</b>	<b>\$ 11,536,196</b>	<b>\$ 12,179,279</b>

\* 2012 Proposed Budget for "Administrative Payroll" does not include salary and benefit cost increases. Consistent with prior years, salary and benefit cost increases will be requested as a budget amendment in June 2011. Additionally, 2012 Proposed Budget for "Administrative Payroll" includes \$180,000 for additional staff in case of implementation of courier ticket delivery.

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR FISCAL YEARS 2006 THROUGH 2010**  
**FINAL**

	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
<b>OPERATING REVENUES</b>					
Instant-scratch ticket sales	143,759,258	136,268,555	\$137,917,848	\$125,147,976	106,562,536
Pick 3 sales	6,531,001	6,534,765	6,373,362	6,282,529	6,056,037
Powerball sales	59,190,012	58,220,203	63,761,024	61,548,520	71,110,985
Mega Millions sales	5,544,128	0	0	0	0
Hot Lotto sales	13,653,746	14,329,610	11,724,416	14,453,908	9,634,818
Raffle sales	789,200	0	1,425,460	0	0
Pick 4 sales	2,662,191	2,555,237	2,315,469	2,224,092	2,066,769
\$100,000 Cash Game sales	3,908,785	4,113,307	4,291,933	4,362,916	4,323,511
Touch Play Machine (Net Receipts)				(77,671)	123,887,516
Touch Play Uncollected Amounts					(2,436,987)
Pull-tab sales	20,217,316	21,315,424	21,407,956	21,058,969	18,314,338
Application fees	3,975	3,680	5,150	6,325	60,525
Other revenue	22,147	65,449	47,962	147,426	1,326,245
<b>Total operating revenues</b>	<b>256,281,759</b>	<b>243,406,230</b>	<b>249,270,580</b>	<b>235,154,990</b>	<b>340,906,293</b>
<b>OPERATING EXPENSES</b>					
Scratch ticket prize expense	91,479,848	81,846,620	85,907,684	76,461,872	64,494,790
Pick 3 prize expense	3,958,003	3,834,735	3,763,710	3,710,127	3,533,969
Powerball prize expense	28,558,287	28,118,140	30,749,779	29,416,275	34,745,273
Mega Millions prize expense	2,879,811	0	0	0	0
Hot Lotto prize expense	6,610,476	7,015,713	5,668,710	7,097,545	4,683,123
Raffle prize expense	392,876	(10,500)	1,200,000	0	0
Pick 4 prize expense	1,544,018	1,473,587	1,352,661	1,202,769	1,042,785
\$100,000 Cash Game prize expense	2,005,333	2,271,476	2,525,366	2,212,777	2,036,709
Pull-tab prize expense	12,702,718	13,389,649	13,397,429	13,103,358	11,395,588
Promotional prize expense	322,417	485,921	104,236	152,137	326,367
Advertising/Publicity	7,539,052	7,007,617	7,307,529	6,277,829	6,952,369
Retailer compensation expense	16,109,637	15,298,641	15,650,431	14,674,744	107,849,743
Ticket expense	2,683,364	2,674,067	2,444,025	2,626,607	2,348,063
Vendor compensation expense	8,168,273	7,796,934	7,823,721	7,339,692	6,754,262
Salary and benefits	9,819,749	8,759,206	9,435,111	8,412,628	8,462,406
Travel	369,153	404,876	443,445	396,384	366,149
Supplies	104,863	110,739	107,592	97,168	143,139
Printing	14,477	9,582	17,737	22,485	34,253
Postage	6,166	4,718	4,528	44,942	48,990
Communications	562,025	568,096	574,029	544,149	652,191
Rentals	285,660	290,254	277,173	276,385	366,065
Utilities	98,468	103,240	114,292	91,013	114,856
Professional fees	165,833	121,965	144,953	91,137	83,723
Vending machine maintenance	488,697	489,809	492,495	492,576	492,576
Outside services & repairs	403,083	197,386	264,151	182,157	213,512
Data processing	37,700	40,929	37,998	38,380	22,908
Equipment	152,832	204,598	155,425	238,897	164,950
Reimbursement to other					
state agencies	455,697	435,976	500,235	350,385	312,079
Depreciation	864,963	1,403,051	1,407,901	1,415,964	1,417,593
Other	104,355	132,141	129,169	124,649	152,839
MUSL administrative expense	17,818	0	0	(32,454)	85,289
<b>Total operating expenses</b>	<b>198,905,652</b>	<b>184,479,166</b>	<b>192,001,515</b>	<b>177,062,577</b>	<b>259,296,559</b>

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR FISCAL YEARS 2006 THROUGH 2010**  
**FINAL**

	<b>Fiscal Year 2010</b>	<b>Fiscal Year 2009</b>	<b>Fiscal Year 2008</b>	<b>Fiscal Year 2007</b>	<b>Fiscal Year 2006</b>
<b>Operating income (loss)</b>	<b>57,376,107</b>	<b>58,927,064</b>	<b>57,269,065</b>	<b>58,092,413</b>	<b>81,609,734</b>
<b>Non-operating revenue (expense)</b>					
Interest income	364,957	421,090	699,922	821,922	938,212
Interest expense	(45,702)	(48,986)	(109,467)	(175,147)	(240,811)
<b>Income before transfers</b>	<b>57,695,362</b>	<b>59,299,168</b>	<b>57,859,520</b>	<b>58,739,188</b>	<b>82,307,135</b>
<b>Transfers to:</b>					
Gambler's Treatment Program	0	(1,219,137)	(1,249,853)	(1,179,883)	(1,709,221)
Veterans Trust Fund	(2,661,554)	(2,783,377)	0	0	0
State General Fund	(55,245,512)	(56,550,792)	(55,296,265)	(56,970,554)	(79,166,575)
<b>Total Transfers</b>	<b>(57,907,066)</b>	<b>(60,553,306)</b>	<b>(56,546,118)</b>	<b>(58,150,437)</b>	<b>(80,875,796)</b>
<b>Change in net assets</b>	<b>(211,704)</b>	<b>(1,254,138)</b>	<b>1,313,402</b>	<b>588,751</b>	<b>1,431,339</b>
Net assets, beginning of period	4,413,643	5,667,781	4,354,379	3,765,628	2,334,289
<b>Net assets, end of period</b>	<b>\$4,201,939</b>	<b>\$4,413,643</b>	<b>\$5,667,781</b>	<b>\$4,354,379</b>	<b>\$3,765,628</b>

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2011

		JUL	AUG	SEP	OCT	NOV		DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>Month</b>														
<b>Gross Sales</b>	<b>Budget '11</b>	<b>18,722,184</b>	<b>21,125,451</b>	<b>19,513,607</b>	<b>21,220,894</b>	<b>19,642,139</b>		<b>20,464,331</b>	<b>21,420,742</b>	<b>22,054,859</b>	<b>23,025,951</b>	<b>21,590,576</b>	<b>21,385,870</b>	<b>19,933,398</b>
	Actual '10	19,040,396	22,285,181	19,614,614	19,964,605	19,460,281		21,080,059	20,100,947	20,998,253	24,902,645	23,682,829	23,458,304	21,667,525
	Actual '11	20,683,463	20,526,880	20,268,736	20,707,755	22,414,149								
<b>Prize Expense</b>	<b>Budget '11</b>	<b>10,924,452</b>	<b>12,326,766</b>	<b>11,386,250</b>	<b>12,382,457</b>	<b>11,461,249</b>	58.35% 3)	<b>11,941,000</b>	<b>12,499,069</b>	<b>12,869,078</b>	<b>13,435,713</b>	<b>12,598,167</b>	<b>12,478,721</b>	<b>11,631,199</b>
	Actual '10	11,008,744	12,885,945	11,457,691	11,590,409	11,177,370	57.44% 4)	12,395,334	12,887,034	12,888,422	13,856,385	14,726,535	12,965,678	12,614,246
	Actual '11	12,779,039	11,692,728	11,763,446	12,293,596	12,390,886	55.28% 5)							
<b>Operating Expenses</b>	<b>Budget '11</b>	<b>595,484</b>	<b>902,980</b>	<b>902,980</b>	<b>902,980</b>	<b>1,309,847</b>		<b>786,732</b>	<b>909,954</b>	<b>909,954</b>	<b>909,954</b>	<b>909,954</b>	<b>1,320,891</b>	<b>1,174,486</b>
	Actual '10	542,134	833,390	814,169	832,892	808,120		1,044,094	755,973	872,015	854,294	773,491	913,845	1,680,625
	Actual '11	539,097	693,153	884,831	807,776	1,184,565								
<b>Proceeds Transfer-General</b>	<b>Budget '11</b>	<b>4,438,166</b>	<b>4,776,813</b>	<b>4,343,452</b>	<b>4,802,474</b>	<b>3,971,142</b>		<b>4,715,312</b>	<b>4,849,230</b>	<b>5,019,719</b>	<b>5,280,807</b>	<b>4,894,892</b>	<b>4,428,918</b>	<b>4,184,811</b>
	Actual '10	4,216,491	4,943,188	4,347,444	4,165,398	4,592,408		4,913,856	3,537,410	3,884,803	6,517,645	4,532,576	5,856,542	3,737,751
	Actual '11	4,714,318	5,198,524	4,295,667	5,010,008	6,255,411								
<b>Proceeds Transfer-Veterans</b>	<b>Budget '11</b>	<b>82,829</b>	<b>517,578</b>	<b>233,211</b>	<b>143,812</b>	<b>121,555</b>		<b>102,969</b>	<b>151,239</b>	<b>274,763</b>	<b>420,489</b>	<b>185,818</b>	<b>145,864</b>	<b>119,872</b>
	Actual '10	69,484	542,277	211,064	141,357	113,846		97,070	133,242	319,374	455,734	231,865	178,455	167,784
	Actual '11	131,645	382,640	441,669	251,116	208,123								
<b>Total Proceeds Transfers</b>	<b>Budget '11</b>	<b>4,520,995</b>	<b>5,294,391</b>	<b>4,576,663</b>	<b>4,946,286</b>	<b>4,092,697</b>		<b>4,818,281</b>	<b>5,000,469</b>	<b>5,294,482</b>	<b>5,701,296</b>	<b>5,080,710</b>	<b>4,574,782</b>	<b>4,304,683</b>
	Actual '10	4,285,975	5,485,465	4,558,508	4,306,755	4,706,254		5,010,926	3,670,652	4,204,177	6,973,379	4,764,441	6,034,997	3,905,535
	Actual '11	4,845,963	5,581,164	4,737,336	5,261,124	6,463,534								
<b>YEAR TO DATE</b>														
<b>Gross Sales</b>	<b>Budget '11</b>	<b>18,722,184</b>	<b>39,847,634</b>	<b>59,361,241</b>	<b>80,582,135</b>	<b>100,224,274</b>	4.37% 1)	<b>120,688,605</b>	<b>142,109,347</b>	<b>164,164,206</b>	<b>187,190,156</b>	<b>208,780,732</b>	<b>230,166,602</b>	<b>250,100,000</b>
	Actual '10	19,040,396	41,325,577	60,940,191	80,904,796	100,365,077	4.22% 2)	121,445,136	141,546,083	162,544,336	187,446,981	211,129,810	234,588,114	256,255,637
	Actual '11	20,683,463	41,210,343	61,479,079	82,186,834	104,600,983								
<b>Prize Expense</b>	<b>Budget '11</b>	<b>10,924,452</b>	<b>23,251,217</b>	<b>34,637,467</b>	<b>47,019,924</b>	<b>58,481,173</b>	58.35% 3)	<b>70,422,173</b>	<b>82,921,241</b>	<b>95,790,319</b>	<b>109,226,033</b>	<b>121,824,200</b>	<b>134,302,921</b>	<b>145,934,120</b>
	Actual '10	11,008,744	23,894,689	35,352,380	46,942,789	58,120,159	57.91% 4)	70,515,493	83,402,527	96,290,949	110,147,334	124,873,869	137,839,547	150,453,787
	Actual '11	12,779,039	24,471,767	36,235,213	48,528,809	60,919,695	58.24% 5)							
<b>Operating Expenses</b>	<b>Budget '11</b>	<b>595,484</b>	<b>1,498,464</b>	<b>2,401,444</b>	<b>3,304,424</b>	<b>4,614,271</b>		<b>5,401,003</b>	<b>6,310,957</b>	<b>7,220,911</b>	<b>8,130,865</b>	<b>9,040,819</b>	<b>10,361,710</b>	<b>11,536,196</b>
	Actual '10	542,134	1,375,524	2,189,693	3,022,585	3,830,705		4,874,799	5,630,772	6,502,787	7,357,081	8,130,572	9,044,417	10,725,040
	Actual '11	539,097	1,232,250	2,117,081	2,924,857	4,109,422								
<b>Proceeds Transfer-General</b>	<b>Budget '11</b>	<b>4,438,166</b>	<b>9,214,979</b>	<b>13,558,431</b>	<b>18,360,905</b>	<b>22,332,047</b>		<b>27,047,359</b>	<b>31,896,589</b>	<b>36,916,308</b>	<b>42,197,115</b>	<b>47,092,007</b>	<b>51,520,925</b>	<b>55,705,736</b>
	Actual '10	4,216,491	9,159,679	13,507,123	17,672,521	22,264,929		27,178,785	30,716,195	34,600,998	41,118,643	45,651,219	51,507,761	55,245,512
	Actual '11	4,714,318	9,912,842	14,208,509	19,218,517	25,473,928								
<b>Proceeds Transfer-Veterans</b>	<b>Budget '11</b>	<b>82,829</b>	<b>600,408</b>	<b>833,619</b>	<b>977,431</b>	<b>1,098,986</b>		<b>1,201,955</b>	<b>1,353,194</b>	<b>1,627,957</b>	<b>2,048,446</b>	<b>2,234,264</b>	<b>2,380,128</b>	<b>2,500,000</b>
	Actual '10	69,484	611,761	822,825	964,182	1,078,028		1,175,098	1,308,340	1,627,714	2,083,448	2,315,313	2,493,768	2,661,554
	Actual '11	131,645	514,285	955,954	1,207,070	1,415,193								
<b>Total Proceeds Transfers</b>	<b>Budget '11</b>	<b>4,520,995</b>	<b>9,815,387</b>	<b>14,392,050</b>	<b>19,338,336</b>	<b>23,431,033</b>	14.76% 1)	<b>28,249,314</b>	<b>33,249,783</b>	<b>38,544,265</b>	<b>44,245,561</b>	<b>49,326,271</b>	<b>53,901,053</b>	<b>58,205,736</b>
	Actual '10	4,285,975	9,771,440	14,329,948	18,636,703	23,342,957	15.19% 2)	28,353,883	32,024,535	36,228,712	43,202,091	47,966,532	54,001,529	57,907,066
	Actual '11	4,845,963	10,427,127	15,164,463	20,425,587	26,889,121								

1) Actual FY11 compared to Budget FY11

2) Actual FY11 compared to Actual FY10

3) Budget FY11 Prize Payout

4) Actual FY10 Prize Payout

5) Actual FY11 Prize Payout