

**A KEY SOURCE  
OF PROCEEDS  
FOR IOWA**

**ANNUAL REPORT  
2014**



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# CEO & THE BOARD

It was another strong year for the Iowa Lottery, but brutal weather conditions this past winter had an impact on the sales of many consumer products, including lottery tickets.

Despite those conditions, the lottery is in a healthy position and our products continue to serve as an affordable local entertainment option. Our successes in the past year included:

- Annual sales, proceeds and prizes paid to players ranked among the top four in the lottery's 29-year history
- It was the third year in a row that annual sales topped the \$300 million mark
- Proceeds to the state came in at the fourth-highest amount since the lottery's start in 1985 (nearly \$74 million)
- The Lottery raised \$1.8 million for the Iowa Veterans Trust Fund, bringing total proceeds to that cause since 2008 to \$15 million
- \$20.1 million in commissions were paid to Iowa community retailers for selling Iowa Lottery products.

While we achieved some milestones, our overall results were impacted by two main factors:

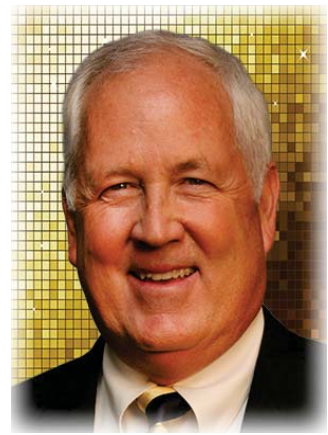
Mother Nature. Repeated blizzards and frigid temps this winter often made it impossible for folks to get out and make their customary purchases, including lottery tickets.

Cyclical Powerball jackpots. The lottery's 2013 results were buoyed by strong Powerball sales, with the game's jackpot topping \$300 million on four different occasions that year; but that happened only three times in 2014. As we've repeatedly emphasized, big jackpot runs are unpredictable, and we believe that we must continue to budget for results that can be reliably achieved.

Statistically we know that our results will fluctuate from year to year, but we anticipate that lottery games will continue to be a consistent, key source of proceeds for vital state causes here in Iowa.

During the past year the Iowa Lottery also has been preparing for our upcoming move to a new headquarters building in Clive. This location will provide all Iowans a more convenient location to claim major lottery prizes. This real estate transaction, like everything we do here at the Iowa Lottery, helps build a solid financial lottery base for years to come.

Thanks again for supporting your Iowa Lottery. We're looking forward to another successful year in 2015.



Terry Rich



From left, Iowa Lottery Authority Board members: Matthew McDermott, West Des Moines; Deb Burnight, Sioux City; Chairperson Herman Richter, Milford; Ying Sa, Des Moines; Mike Klappholz, Cedar Rapids; and Michael Fitzgerald, State Treasurer, Des Moines (ex-officio member).



## A FEW OF OUR LUCKY WINNERS

**\$1 MILLION**

Debbie and Dave Schilling, Sheldon  
Powerball



**\$500,000**

Travis Lenz, Dubuque  
500 Grand scratch game



**\$500,000**

Elaine Hess, Greenfield  
500 Grand scratch game



**\$1 MILLION**

Robert Winburn, Urbandale  
Powerball



## THESE FOLKS FOUND THE KEY TO WINNING IN FY 2014

**\$1 MILLION**

Arturo Hernandez,  
West Des Moines  
Won playing Lifetime Riches  
scratch game



**\$500,000**

Daniel Valdez, E. Galesburg, Ill.  
(ticket purchased in Durant)  
500 Grand scratch game



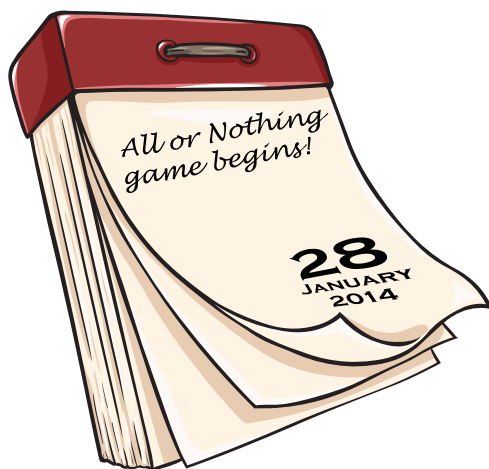
**\$1 MILLION**

Richard Watson, Belton, Mo.  
(ticket purchased in Tipton)  
Powerball





# ALL OR NOTHING



The Iowa and Minnesota lotteries used a player complaint about lotto drawings as the basis for a new game that debuted Jan. 28, 2014.

The All or Nothing™ game's name is self-explanatory: Players can win the top prize of \$100,000 by matching all of the winning numbers in one of its drawings or none of them.

Both lotteries' directors confirmed that they've heard players complain that they didn't match any numbers in a lotto drawing.

All or Nothing is a joint game being offered in both states, with two drawings per day, seven days a week. Players in All or Nothing choose 12 numbers from a pool of 24. Twelve winning numbers are selected in each midday and evening drawing and plays in the game cost \$1.

The game has an hourglass prize structure offering 10 ways to win, with the \$100,000 top prize at the two extremes - for matching all or nothing - and smaller prizes working in from there. Drawings are held at 12:45 p.m. and 8:45 p.m. daily.

**All or Nothing**  
WIN EITHER WAY™

Match 12: \$100,000

Match 11: \$1,000

Match 10: \$20

Match 9: \$5

Match 8: \$1

Match 7: \$0

Match 6: \$0

Match 5: \$0

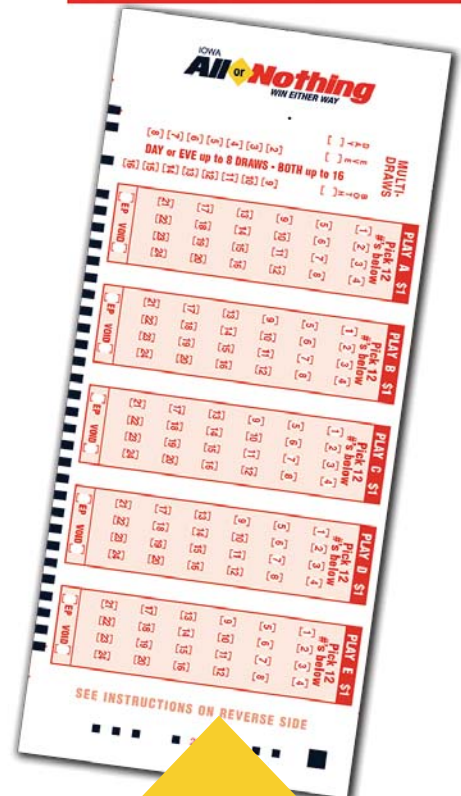
Match 4: \$1

Match 3: \$5

Match 2: \$20

Match 1: \$1,000

Match 0: \$100,000



Iowa Lottery  
players have  
won 286 prizes  
of \$1,000 or  
more playing  
All or Nothing!



Mark Linn, Newton  
\$1,000



Leyda Knapp, Ames  
\$1,000

# HALLOWEEN MILLIONS RAFFLE



Robert Schissel, Milan, III., won \$50,000 playing the Halloween Millions Raffle

- On sale Sept. 23 - Oct. 31, 2013
- Drawing was held Nov. 1
- \$10 per play
- Tickets in the Halloween Millions Raffle game were also sold in Indiana, Michigan, New Jersey, New York, Ohio and Oklahoma
- There were three \$1 million cash winners, one each in Ohio, Michigan and New Jersey
- There were four \$50,000 winners, one each in Iowa, Indiana, New York and Oklahoma, creating a total cash prize payout of \$3.2 million



Members of the most recently revamped club still enter nonwinning tickets into their account to Play It Again® but instead of points, they receive entries into contests for cash and prizes. This year the lottery held its first contest where players could enter nonwinning lotto tickets into their VIP Club account for a chance to win prizes. See page 13 for details!

A paper birthday coupon -  
used until 2010

Coupons began to be emailed monthly in 2011





# SUMMERCASH



We kicked off the summer with lots of cash prizes!



Ken Olsen of Newton won \$20,000



- 6 winners of \$20,000 prizes (Blazing Hot 7s Game Book)
- 6 winners of \$10,000 prizes (Double Dollar Fortune)
- 6 winners of \$5,000 prizes (20X The Money)
- 6 winners of \$3,000 prizes (Jumble®)
- 6 winners of \$2,000 prizes (Hot Card)
- 10 winners of \$1,000 prizes (Red, White & Moo!)

**Entry dates: July 15 - Sept. 16, 2013**

**Drawing date: Sept. 18**

Cash is king here at the Iowa Lottery, so that's what we focused on in our summer promotion!

Members of the lottery's free VIP Club could enter the SummerCash Play It Again® promotion, which featured 40 prizes from \$1,000 up to \$20,000. Each prize level had a corresponding scratch game for entry. For example, nonwinning tickets in the \$1 "Red, White & Moo!" game could be used as entries at the \$1,000 prize level, while nonwinning tickets in the \$20 "Blazing Hot 7s" game could be used to enter at the \$20,000 prize level.



Megan Preston of Cedar Rapids won \$20,000



# TAIL GATOR



**Entry dates: Aug. 26 - Nov. 4, 2013**

**Drawing date: Nov. 6**

The Tail Gator promotion offered sports fans a chance to go in style to an Iowa, Iowa State or Northern Iowa football game.

The lottery debuted the \$1 “Tail Gator” instant-scratch game Aug. 26 and along with it, a new promotion by the same name. Iowa Lottery VIP Club members could Play It Again® with their nonwinning tickets in the Tail Gator game for a chance to win one of nine ultimate fan packages to college football games Nov. 23 in Iowa. The Lottery awarded three fan packages to each of these games that day: Kansas-Iowa St. in Ames; Michigan-Iowa in Iowa City; and W. Illinois-N. Iowa in Cedar Falls.

Each package was valued at more than \$500 and included four premium seats at the game, a parking pass, pregame hospitality, food, team merchandise and spending cash.



Lottery CEO Terry Rich, right, greets Tail Gator promotion winner Robert Cole of Altoona at the University of Iowa football game on game Nov. 23.



Tail Gator promotion winner Tim Mitchell of Indianola hangs out with Mascot Cy on a very chilly evening at the Iowa State football game on Nov. 23.



# GIFTS GALORE



## It's Gifts Galore for the holidays



**Entry dates: Oct. 2, 2013 - Jan. 13, 2014**

**Drawing date: Jan. 15**

After four straight years of record entries in its annual holiday promotions and player requests for even more second chances to win, the Iowa Lottery blew out the number of prizes in its holiday offering this year, turning the “Gifts Galore” campaign into one of its biggest yet. Players made more than 929,000 entries in the latest holiday promotion.

A total of 310 prizes of cash and electronics valued at more than \$240,000 were available in the Gifts Galore promotion. Iowa Lottery VIP Club members entered the Play It Again® promotion using nonwinning tickets from the nine holiday-themed scratch games that the lottery issued in October and November.

Gifts Galore offered 10 cash prizes of \$10,000 each and 300 prizes of Sony® electronics, like TVs, tablets and sound systems.

Each prize level in the promotion had a corresponding scratch game for entry. For example, nonwinning tickets in the \$1 “Winter Riches” game could be used as entries into the drawing for 75 gift cards of \$400 redeemable at sony.com, while nonwinning tickets in the \$10 “Snow Globe Tripler” game could be used as entries into the drawing for the 10 cash prizes of \$10,000.



Joy Kramer  
of La Porte City



David Rider of  
Parkersburg



Maygen Brace  
of Janesville



# PRO FOOTBALL HALL OF FAME



Go long, Powerball® players!



Bethene Miller of Le Mars,  
second from right



Lacy Pond of  
Villisca, second  
from left



Dennis Jantzen of  
Mt. Pleasant, second from right



Carrie Haigh of Des Moines,  
left



Joe Grochala of Des Moines,  
second from left



Ed Matney of Sioux City,  
second from right

**Entry dates: Nov. 8, 2013 - Feb. 10, 2014**

**Drawing date: Feb. 11**

Powerball players had the opportunity to Play It Again® for the chance to win a trip to the Pro Football Hall of Fame® complete with an exclusive tailgate party where they could meet football greats and win a cash prize of up to \$1 million.

The Iowa Lottery's "Hall of Fame" promotion offered the ultimate football fan experience. Players who made a Powerball purchase of \$10 or more on one ticket used that ticket to enter the promotion on the lottery website. Eighteen states participated in the promotion, with six trip packages available to players who entered with Powerball tickets purchased in Iowa.

The six trip packages, each for four people, include airfare to and from Cleveland, Ohio, for the Pro Football Hall of Fame's 50th Anniversary Fan Festival in May. The Powerball trip winners and their guests exclusively attended an Ultimate Tailgate Party with Pro Football Hall of Famers, including dinner and a tournament of games with the football greats. The Powerball players who won the trips also were part of a winners-only prize event where they could win a cash prize of \$1,000, \$25,000 or even \$1 million.

The six Iowans who won a trip package, pictured above, each won \$1,000 prizes at the event.

# VETERANS VICTORY



## Revvin' it up for veterans



Tracy Schultz of Peterson, right, admires her prize.

**Entry dates: Jan. 6 - March 26, 2014**  
**Drawing date: March 27**



Bubba Sorensen spent five days painting the bike.

Lottery players revvin' it up for a "Ride To Riches" made nearly 97,000 entries in the Veterans Victory promotion with nonwinning tickets in the \$1 "Ride to Riches" scratch game. The unique prize was a one-of-a-kind motorcycle custom painted by Iowa artist Ray "Bubba" Sorensen II. It was the first time that Sorensen, the artist best known for his annual artwork on the huge "The Freedom Rock®" boulder near Greenfield in western Iowa, had painted a motorcycle.

Lottery officials selected Tracy Schultz of Peterson as the winner of the hand-painted bike in the promotion that supported our state's veterans and their families through the Iowa Veterans Trust Fund.

It took Sorensen about five days to hand paint the motorcycle's gas tank. He weaved into his patriotic artwork an eagle's head and the letters "USA" on the top of the tank; the motto, "All gave some, some gave all," on the tank's sides; and undulating red and white stripes representing an American flag blowing in the wind as the motorcycle drives down the road.

In keeping with an Iowa theme, the lottery purchased the one-of-a-kind Victory Boardwalk™ motorcycle from Victory® Motorcycles in Spirit Lake. The motorcycle package was valued at an estimated \$31,000.

Since its first games to benefit the Iowa Veterans Trust Fund debuted in July 2008, the Iowa Lottery has raised more than \$15 million for the IVTF and thanks its players for their continued support of this noble cause.





Mike Wolfe meets the press after the game and promotion were introduced at the Antique Archaeology® store in LeClaire.

"I tell people all the time that I've got the best job in the world, traveling the country and finding amazing things. This new lottery game and promotion give me another way to share that experience - there's the magic of winning a cash prize or the chance to win a cool trip and some awesome Iowa stuff."

- Mike Wolfe

## Iowa players picked a winner!

**Entry dates: April 4 - June 30, 2014**

**Drawing date: July 1**

The Iowa man who's made a name for himself as an expert collectibles picker teamed up with the Iowa Lottery and Iowa Tourism for the "Mike's Picks" game and promotion.

State and local officials joined Mike Wolfe at his Antique Archaeology® store in the historic Mississippi River community of LeClaire and at the State Historical Museum in Des Moines to announce the "Mike's Picks" scratch game and a promotion by the same name offering trip packages and Iowa products as prizes.

Members of the lottery's free VIP Club who didn't win a cash prize playing the scratch game could Play It Again® with nonwinning tickets from the game and enter online into the Mike's Picks promotion for a chance to win prizes.

After answering a "Mike's Weekly Iowa Pick" question about some of Mike's favorite companies in the state, players were entered into a drawing for a trip package to visit Nashville or LeClaire, or an assortment of Iowa products. In fact, each of the 12 prize winners received an Antique Archaeology® tote bag full of 12 products from the Iowa companies featured during the promotion as some of Mike's favorites.

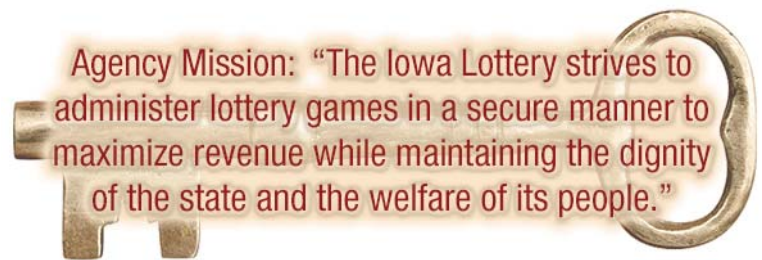


From left, Shawna Lode of the Iowa Department of Tourism, Mike Wolfe, Iowa Lt. Gov. Kim Reynolds and Iowa Lottery CEO Terry Rich during an announcement ceremony in Des Moines.



Samantha Pieczynski of Davenport won the grand prize trip package to Nashville.

# OVERVIEW



Agency Mission: "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."

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 \$3.3 billion in prizes while the lottery has raised more than \$1.5 billion for the state programs that benefit all Iowans.

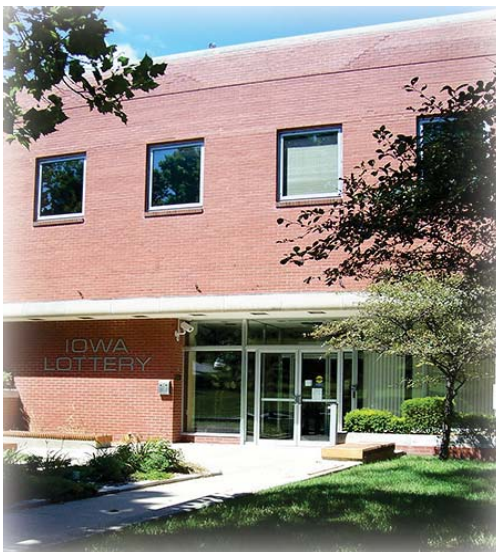
The guiding principles of the Iowa Lottery are:

- Develop and distribute products that are fun and exciting to Iowans;
- Maintain integrity and security in production and delivery of those products while utilizing the highest level of technology available;
- Educate and motivate the public to play Lottery games responsibly;
- Maintain the dignity of the Lottery through truthful, tasteful and informative advertising;
- Develop an effective employee workforce that is professional, knowledgeable, skilled, and offers maximum service and reliability to retailers and players; and
- Maximize net revenues to the state.

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 118 employees in the following departments: external relations, finance, marketing, operations, sales and security. That number also includes the five board members.

The Lottery has approximately 65 employees at its headquarters in Des Moines. 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.

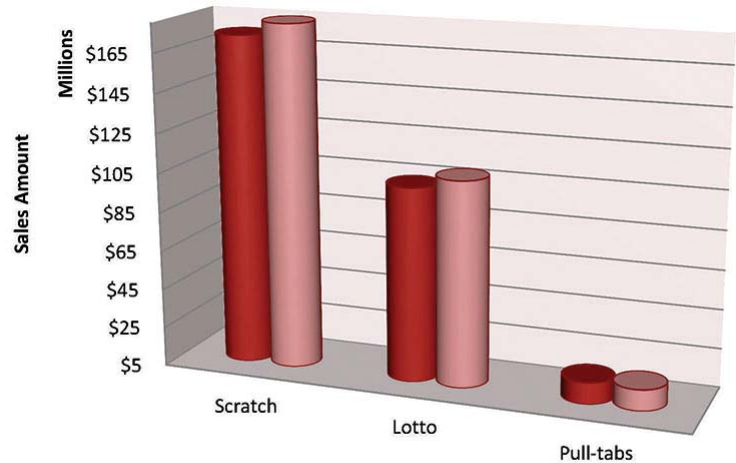




## SALES AND DISTRIBUTION

|                  | <u>Goal</u>   | <u>Actual</u>   |
|------------------|---------------|-----------------|
| Scratch Tickets  | \$173 Million | \$188.8 Million |
| Lotto Tickets    | \$104 Million | \$109.6 Million |
| Pull-tab Tickets | \$16 Million  | \$15.7 Million  |

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.



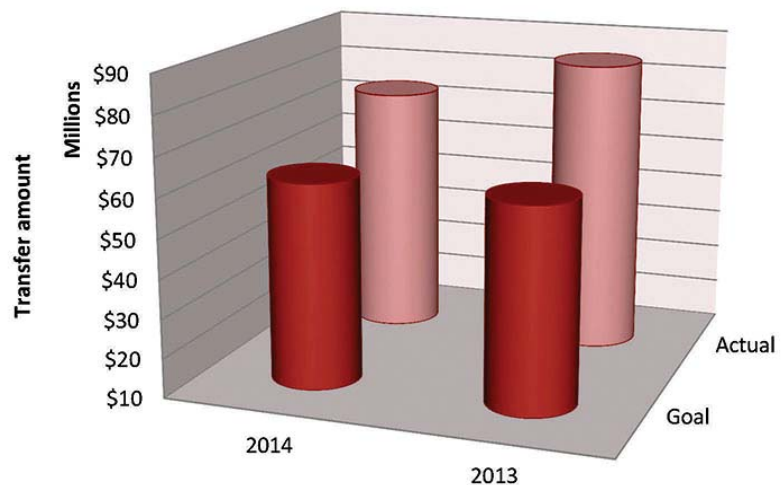
|          | Scratch       | Lotto         | Pull-tabs    |
|----------|---------------|---------------|--------------|
| ■ Goal   | \$173,000,000 | \$104,000,000 | \$16,000,000 |
| ■ Actual | \$188,754,111 | \$109,566,401 | \$15,734,917 |



## RESOURCE MANAGEMENT

|  | <u>Goal</u>    | <u>Actual</u>  |
|--|----------------|----------------|
| Proceeds to the state<br>(General Fund and<br>Veterans Trust Fund) | \$62.3 Million | \$73.9 Million |

Total proceeds is the ultimate measure of how well the lottery is operating because it accounts not only for sales, but also how well resources are being used. The Lottery must ensure its resources are managed wisely in order to achieve maximum benefits for the state.



|          | 2014         | 2013         |
|----------|--------------|--------------|
| ■ Goal   | \$62,297,907 | \$61,904,946 |
| ■ Actual | \$73,972,114 | \$84,890,729 |

# FY 2014 PERFORMANCE PLAN RESULTS

| Core Function: Sales & Distribution   |                    |                    |   |  |
|---|--------------------|--------------------|---|--|
| Performance Measure   | Performance Target | Performance Actual | Performance Comments & Analysis   |  |
| Total Sales   | \$293,000,000      | \$314,055,429      | What Occurred: Total sales exceeded the goal.<br>Data Source: Iowa Lottery Financial Reports  |  |
| Service, Product or Activity:   |                    |                    |   |  |
| Performance Measure   | Performance Target | Performance Actual | Performance Comments & Analysis   |  |
| Total Instant Ticket Sales  | \$173,000,000      | \$188,754,111      | What Occurred: Instant (scratch) ticket sales continued to grow.<br>Data Source: Iowa Lottery Financial Reports                               |  |
| Total Online Game Sales   | \$104,000,000      | \$109,566,401      | What Occurred: Online (lotto) ticket sales continued to grow.<br>Data Source: Iowa Lottery Financial Reports                                  |  |
| Total Pull-Tab Sales  | \$16,000,000       | \$15,734,917       | What Occurred: Pull-tab sales have been declining.<br>Data Source: Iowa Lottery Financial Reports   |  |
| Core Function: Resource Management  |                    |                    |   |  |
| Performance Measure   | Performance Target | Performance Actual | Performance Comments & Analysis   |  |
| Total Funds Transferred to General Fund and Veterans Fund   | \$62,297,907       | \$73,972,114       | What Occurred: Total transfers exceeded the goal.<br>Data Source: Iowa Lottery Financial Reports  |  |
| Service, Product or Activity:   |                    |                    |   |  |
| Performance Measure   | Performance Target | Performance Actual | Performance Comments & Analysis   |  |
| Percent of Operating & Advertising Budget* to Total Sales   | 8.6%               | 6.04%              | What Occurred: Expenses were well controlled and stayed below budgeted goal relative to sales.<br>Data Source: Iowa Lottery Financial Reports |  |
| Total Funds Transferred to General Fund   | \$59,497,907       | \$72,167,680       | What Occurred: General Fund transfers exceeded the goal.<br>Data Source: Iowa Lottery Financial Reports                                       |  |
| Total Funds Transferred to Veterans Trust Fund  | \$2,800,000        | \$1,804,434        | What Occurred: Veterans Trust Fund transfers have been declining.<br>Data Source: Iowa Lottery Financial Reports                              |  |
| Core Function: Enforcement & Investigation  |                    |                    |   |  |
| Performance Measure   | Performance Target | Performance Actual | Performance Comments & Analysis   |  |
| Percent of investigated complaints and indicators of concern regarding lottery products                         | 100%               | 100%               | What Occurred: Complaint investigation goal was met.<br>Data Source: Iowa Lottery Security Department   |  |
| Service, Product or Activity:   |                    |                    |   |  |
| Performance Measure   | Performance Target | Performance Actual | Performance Comments & Analysis   |  |
| Percent of requests from law enforcement agencies and county attorney offices responded to by Security Division | 100%               | 100%               | What Occurred: Law enforcement assistance goal was met.<br>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.<br>Data Source: Iowa Lottery Security Department  |  |
| Percent of all lottery retailers that underwent compliance checks during the fiscal year                        | 10%                | 15%                | What Occurred: Compliance check goal was exceeded.<br>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.<br>Data Source: Iowa Lottery Security Department                                      |  |
| Core Function: Reconciliation Clearing Account  |                    |                    |   |  |
| Performance Measure   | Performance Target | Performance Actual | Performance Comments & Analysis   |  |
| Annual Prize Payments Due   | \$1,615,000        | \$1,615,000        | What Occurred: Annuity prize payment goal was met.<br>Data Source: Iowa Lottery Financial Reports   |  |
| Service, Product or Activity:   |                    |                    |   |  |
| Performance Measure   | Performance Target | Performance Actual | Performance Comments & Analysis   |  |
| Percent of Prizes Paid to Prizes Due  | 100%               | 100%               | What Occurred: Annuity prize payment goal was met.<br>Data Source: Iowa Lottery Financial Reports   |  |

\*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.



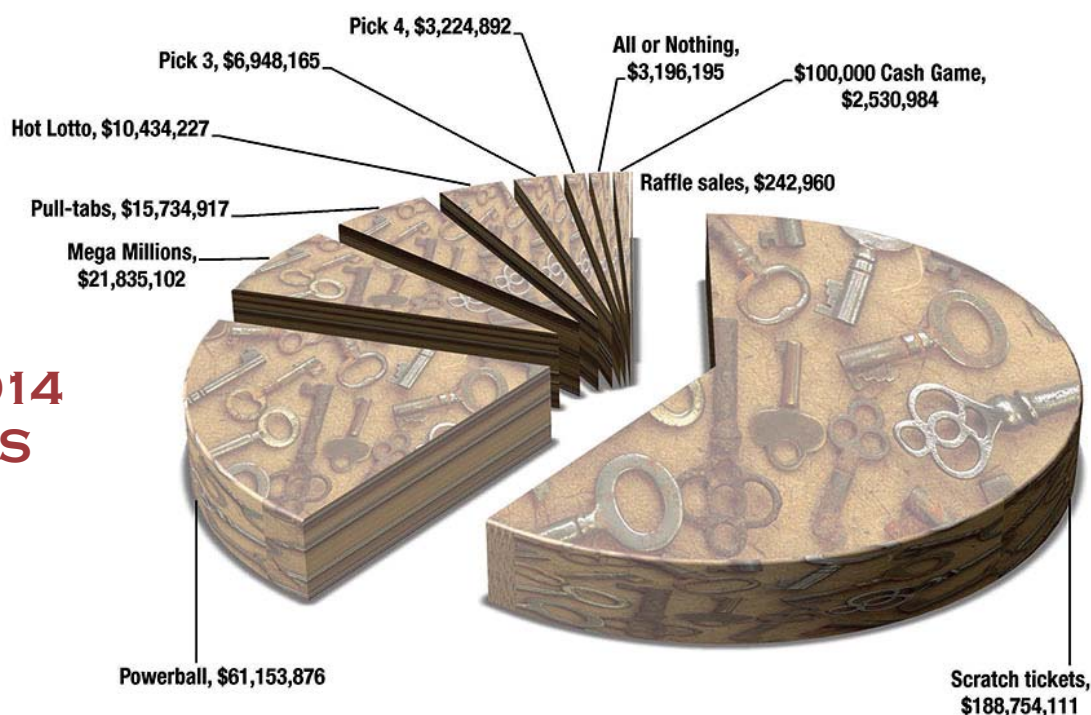
# RESULTS ANALYSIS



Annual sales, proceeds to state causes, and prizes to players all ranked among the Top 4 in the lottery's 29-year history.

- **Proceeds:** Proceeds to state causes totaled nearly \$74 million, the fourth-highest amount for the lottery since its start in 1985. A highlight of the lottery's FY 2014 results was the \$1.8 million it raised for the Iowa Veterans Trust Fund to benefit our state's veterans and their families. The lottery has now raised more than \$15 million for the Trust Fund since it began providing proceeds to that cause in 2008.
- **Sales:** Annual lottery sales in FY 2014 totaled more than \$314 million, marking the third year in a row that the total has topped the \$300 million mark.
- **Prizes:** Prizes to lottery players totaled \$186.9 million in FY 14, the second-highest total in the lottery's history.

## FY 2014 SALES



## TOP 10 RETAILERS IN FY 2014

| Retailer Name             | Address              | City           | Net Sales |
|---------------------------|----------------------|----------------|-----------|
| Hy-Vee                    | 1843 Johnson Ave. NW | Cedar Rapids   | \$921,484 |
| Hy-Vee                    | 20 Wilson Ave. SW    | Cedar Rapids   | 905,896   |
| Kum & Go                  | 115 N. 22nd St.      | Fort Dodge     | 707,149   |
| Hy-Vee                    | 2540 E. Euclid Ave.  | Des Moines     | 617,225   |
| Hy-Vee                    | 4000 University      | Waterloo       | 612,775   |
| Hy-Vee                    | 3235 Oakland Road NE | Cedar Rapids   | 596,021   |
| Hy-Vee                    | 2323 W. Broadway     | Council Bluffs | 579,486   |
| Hy-Vee                    | 2400 4th St. SW      | Mason City     | 577,273   |
| Guppy's On The Go         | 235 Edgewood Road NW | Cedar Rapids   | 558,964   |
| Hawkeye Convenience Store | 2330 Wiley Blvd.     | Cedar Rapids   | 535,000   |

# FY 2014 NET SALES BY COUNTY



| County            | Total Sales | County              | Total Sales |
|-------------------|-------------|---------------------|-------------|
| ADAIR .....       | \$1,106,918 | JASPER .....        | \$3,020,781 |
| ADAMS .....       | 391,203     | JEFFERSON .....     | 1,280,307   |
| ALLAMAKEE .....   | 1,437,459   | JOHNSON .....       | 9,493,431   |
| APPANOOSE .....   | 1,696,661   | JONES .....         | 2,101,969   |
| AUDUBON .....     | 388,501     | KEOKUK .....        | 868,145     |
| BENTON .....      | 2,040,168   | KOSSUTH .....       | 1,751,013   |
| BLACK HAWK .....  | 16,198,093  | LEE .....           | 3,327,047   |
| BOONE .....       | 2,685,619   | LINN .....          | 24,638,796  |
| BREMER .....      | 1,858,314   | LOUISA .....        | 1,050,431   |
| BUCHANAN .....    | 2,162,542   | LUCAS .....         | 870,963     |
| BUENA VISTA ..... | 2,849,461   | LYON .....          | 442,750     |
| BUTLER .....      | 1,333,215   | MADISON .....       | 1,293,793   |
| CALHOUN .....     | 736,882     | MAHASKA .....       | 2,259,345   |
| CARROLL .....     | 2,476,532   | MARION .....        | 3,153,592   |
| CASS .....        | 1,245,123   | MARSHALL .....      | 4,463,226   |
| CEDAR .....       | 1,682,686   | MILLS .....         | 1,230,096   |
| CERRO GORDO ..... | 7,395,602   | MITCHELL .....      | 1,170,521   |
| CHEROKEE .....    | 1,496,036   | MONONA .....        | 713,793     |
| CHICKASAW .....   | 1,259,942   | MONROE .....        | 1,234,225   |
| CLARKE .....      | 920,704     | MONTGOMERY .....    | 1,116,210   |
| CLAY .....        | 1,911,858   | MUSCATINE .....     | 5,523,656   |
| CLAYTON .....     | 1,964,677   | O'BRIEN .....       | 1,318,656   |
| CLINTON .....     | 6,094,145   | OSCEOLA .....       | 430,826     |
| CRAWFORD .....    | 1,833,190   | PAGE .....          | 1,206,944   |
| DALLAS .....      | 4,387,964   | PALO ALTO .....     | 972,642     |
| DAVIS .....       | 462,019     | PLYMOUTH .....      | 1,554,935   |
| DECATUR .....     | 373,568     | POCAHONTAS .....    | 665,897     |
| DELAWARE .....    | 1,551,838   | POLK .....          | 48,273,631  |
| DES MOINES .....  | 3,946,999   | POTTAWATTAMIE ..... | 10,913,925  |
| DICKINSON .....   | 2,582,579   | POWESHIEK .....     | 1,893,701   |
| DUBUQUE .....     | 8,988,768   | RINGGOLD .....      | 176,170     |
| EMMET .....       | 1,146,989   | SAC .....           | 935,642     |
| FAYETTE .....     | 2,018,696   | SCOTT .....         | 19,051,970  |
| FLOYD .....       | 1,998,731   | SHELBY .....        | 1,047,761   |
| FRANKLIN .....    | 1,282,531   | SIOUX .....         | 1,135,635   |
| FREMONT .....     | 813,429     | STORY .....         | 5,683,090   |
| GREENE .....      | 1,060,411   | TAMA .....          | 1,346,659   |
| GRUNDY .....      | 811,821     | TAYLOR .....        | 524,794     |
| GUTHRIE .....     | 414,067     | UNION .....         | 1,407,412   |
| HAMILTON .....    | 2,606,343   | VAN BUREN .....     | 672,999     |
| HANCOCK .....     | 907,621     | WAPELLO .....       | 6,242,210   |
| HARDIN .....      | 1,833,068   | WARREN .....        | 3,342,534   |
| HARRISON .....    | 1,446,659   | WASHINGTON .....    | 2,099,016   |
| HENRY .....       | 1,951,818   | WAYNE .....         | 542,428     |
| HOWARD .....      | 856,603     | WEBSTER .....       | 6,701,680   |
| HUMBOLDT .....    | 1,223,042   | WINNEBAGO .....     | 1,388,365   |
| IDA .....         | 638,610     | WINNESHIEK .....    | 1,994,673   |
| IOWA .....        | 1,408,687   | WOODBURY .....      | 8,984,490   |
| JACKSON .....     | 2,239,594   | WORTH .....         | 803,408     |
|                   |             | WRIGHT .....        | 1,986,987   |



# FINANCIALS



## Iowa Lottery Authority Statement of Net Position, June 30, 2014

### Assets

#### Current assets:

|                               |                   |
|-------------------------------|-------------------|
| Cash                          | \$ 20,732,488     |
| Restricted assets - cash      | 541,239           |
| Prepaid expense               | 118,244           |
| Interest receivable           | 10,743            |
| Accounts receivable, net      | 3,640,790         |
| Ticket inventories            | 2,125,437         |
| Investment in prize annuities | 1,426,029         |
| Total current assets          | <u>28,594,970</u> |

#### Noncurrent assets:

|                               |                   |
|-------------------------------|-------------------|
| Prize reserve                 | 5,460,061         |
| Investment in prize annuities | 3,345,614         |
| Capital assets, net           | 8,245,233         |
| Total noncurrent assets       | <u>17,050,908</u> |

### Total assets

### Liabilities

#### Current liabilities:

|                               |                   |
|-------------------------------|-------------------|
| Lotto prizes payable          | 2,551,955         |
| Annuity prizes payable        | 1,426,029         |
| Accounts payable and accruals | 19,397,209        |
| Unearned revenue              | 335,175           |
| Short-term loan payable       | 1,238,176         |
| Salary and benefits payable   | 283,866           |
| Compensated absences          | 727,542           |
| Total current liabilities     | <u>25,959,952</u> |

#### Long-term liabilities:

|                               |                   |
|-------------------------------|-------------------|
| Accounts payable and accruals | 21,295            |
| Prize reserve                 | 5,460,061         |
| Compensated absences and OPEB | 1,345,100         |
| Annuity prizes payable        | 3,345,614         |
| Total long-term liabilities   | <u>10,172,070</u> |

### Total liabilities

### Net Position

|                                  |                  |
|----------------------------------|------------------|
| Net investment in capital assets | 6,876,980        |
| Unrestricted                     | <u>2,636,876</u> |

### Total net position

\$ 9,513,856

# FINANCIALS

## Iowa Lottery Authority Statement of Revenues, Expenses and Changes in Net Position Year ended June 30, 2014



#### Operating revenues:

|                              |                    |
|------------------------------|--------------------|
| Instant-scratch ticket sales | \$ 188,754,111     |
| Pick 3 sales                 | 6,948,165          |
| Pick 4 sales                 | 3,224,892          |
| Powerball sales              | 61,153,876         |
| Mega Millions Sales          | 21,835,102         |
| Hot Lotto sales              | 10,434,227         |
| All or Nothing sales         | 3,196,195          |
| \$100,000 Cash Game sales    | 2,530,984          |
| Raffle sales                 | 242,960            |
| Pull-tab sales               | 15,734,917         |
| Application fees             | 4,375              |
| Other                        | <u>99,932</u>      |
| Total operating revenues     | <u>314,159,736</u> |

#### Operating expenses:

|                        |                    |
|------------------------|--------------------|
| Prizes:                | 121,968,549        |
| Scratch ticket         | 4,101,291          |
| Pick 3                 | 1,905,110          |
| Pick 4                 | 29,583,455         |
| Powerball              | 10,946,296         |
| Mega Millions          | 5,042,963          |
| Hot Lotto              | 2,134,024          |
| All or Nothing         | 610,955            |
| \$100,000 Cash Game    | 101,536            |
| Raffle                 | 9,851,090          |
| Pull-tab               | 184,615            |
| Promotional            | <u>519,101</u>     |
| VIP Club prize expense | <u>186,948,985</u> |
| Total prizes           |                    |

|   |                    |
|---|--------------------|
| Retailer compensation                                   | 20,131,336         |
| Advertising production and media purchases              | 6,936,735          |
| Retailer lottery system/online game expense             | 6,460,431          |
| Instant/pull-tab ticket expense and machine maintenance | 4,079,074          |
| Terminal equipment/ticket dispensers                    | 86,137             |
| Courier delivery of tickets                             | 322,729            |
| Other operating expenses                                | <u>12,038,664</u>  |
| Total operating expenses                                | <u>237,004,091</u> |

### Operating income

77,155,645

#### Non-operating revenue (expenses):

|   |                 |
|---|-----------------|
| Proceeds provided to State General Fund   | (72,167,680)    |
| Proceeds provided to Veteran's Trust Fund | (1,804,434)     |
| Interest income                           | 58,768          |
| Interest expense                          | <u>(12,622)</u> |

### Net non-operating revenues (expenses)

(73,925,968)

### Change in net position

3,229,677

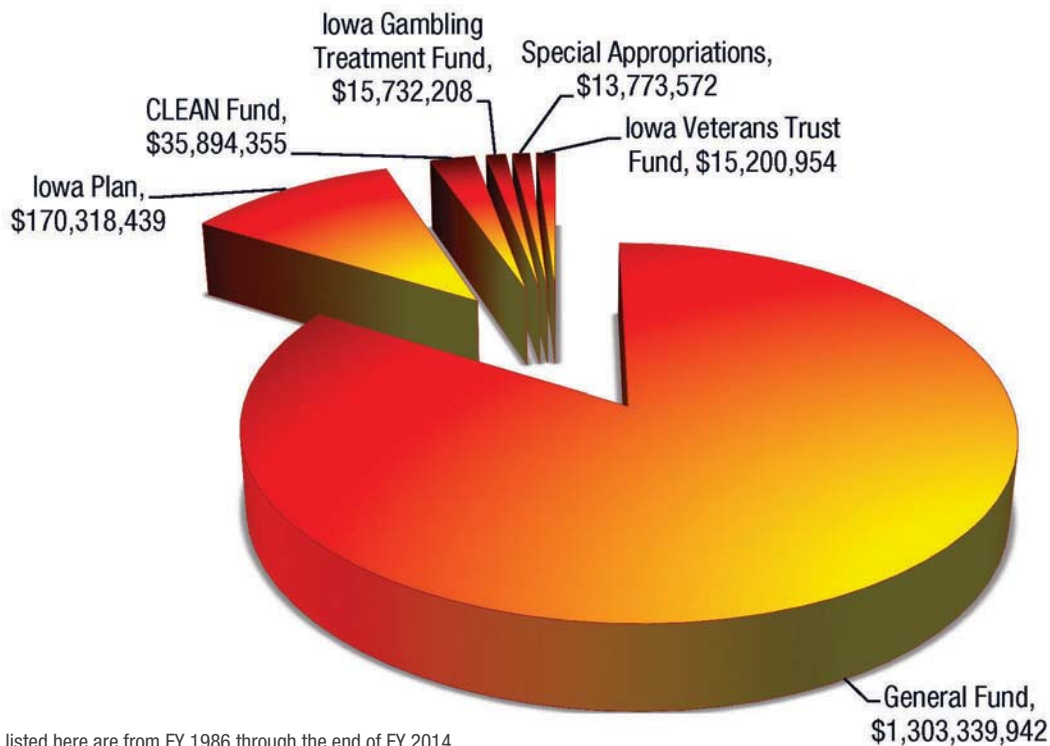
### Net position beginning of year

6,284,179

### Net position end of year

\$ 9,513,856

# WHERE THE MONEY GOES



Note: All of the amounts listed here are from FY 1986 through the end of FY 2014.

**General Fund: \$1,303,339,942** — 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 \$72 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 \$15,200,954** — Since July 2008, a portion of lottery proceeds has been dedicated to the Iowa Veterans Trust Fund, where they are used to support our state's veterans. The proceeds from two instant-scratch games and two pull-tab games each year are directed into the Iowa Veterans Trust Fund. The Iowa Lottery estimates that the games will provide about \$2 to \$3 million in proceeds annually for the Iowa Veterans Trust Fund. 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.





## HEADQUARTERS

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(As of Dec. 31, 2014)

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## REGIONAL OFFICES

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Phone: 319-395-9313

**Council Bluffs:** Omni Centre Business Park,  
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**Mason City:** 2900 Fourth St. S.W., 50401  
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