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For More Information
Mary Neubauer
515-725-7906
mneubauer@ialottery.com

FY 2014: Strong Year For The Lottery, But Mother Nature Made Her Presence Known

Annual Lottery Sales Top \$300 Million For Third Straight Year

Editors/News Directors, note: A digital image in JPEG format of Lottery CEO Terry Rich is available at: <http://www.ialottery.com/images/PressReleases/Staff/TerryRich.jpg>

Digital MP3 sound of Lottery spokesperson Mary Neubauer discussing the year-end results is available at: <http://www.ialottery.com/Multimedia/mp3files/2014mp3/072914FY14Results.mp3>

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DES MOINES, Iowa – The Iowa Lottery finished its latest fiscal year with strong results, but the brutal weather this past winter definitely had an impact on the sale of many consumer products, including lottery tickets.

Iowa Lottery CEO Terry Rich announced the lottery's fiscal year 2014 results Tuesday, noting that its annual sales, proceeds to state causes, and prizes to players all ranked among the Top 4 in the lottery's 29-year history.

"The lottery is in a healthy position, with its products continuing to serve as an affordable, local entertainment option," Rich said. "There is no doubt, however, that weather conditions were a challenge this year. The 'chance element' also came into play in terms of the number of big jackpots we saw."

The preliminary figures released Tuesday show that 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. Proceeds to state causes totaled nearly \$74 million, the fourth-highest amount for the lottery since its start in 1985. Prizes to lottery players totaled \$186.9 million in FY 14, the second-highest total in the lottery's history.

The lottery's overall results for the year were down from its record figures in FY 2013. Two big factors came into play that affected sales:

- **Mother Nature.** Repeated blizzards and frigid temperatures often made it impossible for folks to get out and about this past winter in Iowa, and when people aren't in their normal routines, they don't make their usual purchases, including lottery tickets. The winter weather definitely impacted lottery sales.
- **Cyclical Powerball jackpots.** The lottery's FY 2013 results were buoyed by strong Powerball sales, with the game's jackpot topping the \$300 million mark on four different occasions during the year. FY 2014 saw the Powerball jackpot top that mark only three times, which impacted the popular product's overall sales in Iowa. As lottery officials have repeatedly emphasized, big jackpot runs are unpredictable, and the lottery therefore believes it must continue to budget for results that reliably can be 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,” Rich said.

Iowa Lottery Board chair Herman Richter said that the lottery’s strong results in its latest year and healthy overall outlook led the Lottery Board at its June 30 meeting to approve a 10 percent increase in budgeted lottery proceeds for FY 2015, which began July 1.

“We’re confident that the lottery will continue on an upward trend,” said Richter, president of The Three Sons clothing store in Milford, where he lives. “We anticipate that the lottery will far exceed its goal of providing a base of at least \$60 million in annual proceeds to state causes.”

The lottery’s unaudited figures show that its \$73.9 million in proceeds to state causes in FY 2014 were ahead of budget for the year, but down 12.9 percent from the previous year’s record total of \$84.9 million. The lottery’s combined sales from its core products of lotto, instant-scratch and pull-tab games were down 7.4 percent from the previous year’s record total of \$339.3 million.

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 of instant-scratch tickets, the first product introduced by the lottery and always one of its top-selling items, were down 6.7 percent for the year to \$188.8 million. The lottery had set a record for scratch sales in FY 2013 at \$202.3 million.

Rich also noted that local Iowa businesses received \$20.1 million in commissions from the lottery for selling its products in FY 2014.

“It’s gratifying to be able to recognize our retailers for the work they do in selling lottery tickets,” Rich said. “We’re glad to know that lottery commissions make a positive difference in the bottom line for businesses across the state.”

Rich said that the lottery closed on the purchase of a new headquarters location in FY 2014, a transaction designed to position it well for the future. The real estate purchase is being paid for with lottery revenues in FY 14 and FY 15, producing no long-term debt for the lottery and providing it with the stability and value of a headquarters property in Clive on the western side of the Des Moines metro area.

Here is a year-to-year comparison of annual lottery sales by product:

<u>Product</u>	<u>FY 2014</u>	<u>FY 2013</u>
Scratch tickets	\$188.8 million	\$202.3 million
Powerball	\$61.2 million	\$81.4 million
Mega Millions	\$21.8 million	\$13.3 million
Pull-tab tickets	\$15.7 million	\$16.2 million
Hot Lotto	\$10.4 million	\$11.7 million
Pick 3	\$6.9 million	\$6.8 million
Iowa’s \$100,000 Cash Game	\$2.5 million	\$4.5 million
Pick 4	\$3.2 million	\$3.1 million
All or Nothing*	\$3.2 million	—
Raffle game**	\$0.2 million	—

*The All or Nothing lotto game began sales in January 2014, replacing Iowa's \$100,000 Cash Game.

*The lottery offers raffle games only occasionally, so there will be years such as FY 13 when it does not sell such a product.

The Top 10 retailers in Iowa for lottery sales in FY 14 are located in six different communities:

<u>Retailer</u>	<u>Address</u>	<u>City</u>	<u>FY 14 Sales</u>
1. Hy-Vee	1843 Johnson Ave. NW	Cedar Rapids	\$921,484.00
2. Hy-Vee	20 Wilson Ave. SW	Cedar Rapids	\$905,895.50
3. Kum & Go	115 N. 22 nd St.	Fort Dodge	\$707,148.50
4. Hy-Vee	2540 E. Euclid Ave.	Des Moines	\$617,225.00
5. Hy-Vee	4000 University Ave.	Waterloo	\$612,775.00
6. Hy-Vee	3235 Oakland Road NE	Cedar Rapids	\$596,021.00
7. Hy-Vee	2323 W. Broadway	Council Bluffs	\$579,486.00
8. Hy-Vee	2400 Fourth St. SW	Mason City	\$577,272.50
9. Guppy's On The Go	235 Edgewood Road NW	Cedar Rapids	\$558,963.50
10. Hawkeye Convenience Store	2330 Wiley Blvd.	Cedar Rapids	\$534,999.50

The largest prize claimed by an Iowa Lottery player in FY 14 was \$1 million. Four different tickets won that amount:

<u>Winner</u>	<u>City</u>	<u>Game</u>	<u>Prize</u>	<u>Claim Date</u>
Debra & David Schilling	Sheldon	Powerball	\$1 million	Oct. 7, 2013
Arturo Hernandez	West Des Moines	Lifetime Riches	\$1 million	Jan. 9, 2014
Robert Winburn	Urbandale	Powerball	\$1 million	Feb. 18, 2014
Richard Watson*	Belton, Mo.	Powerball	\$1 million	May 19, 2014

*Watson won his prize with a ticket he purchased at a convenience store in Tipton in eastern Iowa.

Since the lottery's start in 1985, 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.

Today, lottery proceeds in Iowa have three main purposes: They provide support for veterans and their families through the Iowa 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.

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