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

# AGENDA

## IOWA LOTTERY BOARD

September 29, 2020  
10:30 am

**- Teleconference Only -**  
**Conference Call Phone Number: 515-206-9299**  
(No PIN # is required to join the call)

Due to the ongoing public health emergency and in compliance with Iowa Code section 21.8 as modified by the Governor's Public Health Emergency Proclamation, dated September 18, 2020, this meeting of the Iowa Lottery Board will be conducted by telephone.

- I. Call to Order
  - a. Approval of Agenda
  - b. Approval of Minutes – June 23, 2020
- II. CEO Update
- III. Quarterly Reports
  - a. Sales and Marketing
  - b. Security
  - c. IT Systems
  - d. External Relations
  - e. Financial
- IV. FY22 and FY23 Budget
- V. Pull-Tab Vending Machine Maintenance Contract Extension
- VI. Pull-Tab Printing Contract Extension
- VII. 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

June 23, 2020

10:30 a.m.

The Iowa Lottery Board convened at 10:30 a.m. via conference call; Board Chairperson Mary Junge presiding.

### **Board Members Present on Teleconference:**

Mary Junge, Sherrae Hanson, John Quinn, Josh Cook, Mary Rathje; Hon. Michael Fitzgerald

### **Board Members Absent:**

None

### **Lottery Staff Participating:**

Matt Strawn, CEO; Larry Loss, COO; Teri Wood, VP, Sales and Marketing; Michael Conroy, VP, Finance; Cam Coppess, VP, Security; Mary Neubauer, VP, External Relations; Megan Tooker, VP, Legal Counsel; David Ranscht, AAG; Deb Bassett, Board Secretary.

### **Others Present on Conference Call:**

Sylvia Main, Pollard; Colleen Rowen, IGT; James Lynch, Cedar Rapids Gazette

### **CALL TO ORDER**

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

Rathje moved to conduct the meeting via teleconference. Hanson seconded. Motion carried unanimously.

### **APPROVAL OF AGENDA**

Cook moved to approve the agenda for the meeting. Hanson seconded. Motion carried unanimously.

### **APPROVAL OF MINUTES**

Rathje moved to approve the March 24, 2020 board meeting minutes. Cook seconded. Motion carried unanimously.

### **CEO UPDATE**

Strawn congratulated Mary Junge on her unanimous confirmation by the Iowa Senate to another 4 year term on the Iowa Lottery Board.

Strawn discussed the practices and policies the Lottery has enacted over the past months to keep staff and customers safe during the public health emergency and thanked staff for their service and dedication. Strawn previewed some of the reports that other senior Lottery staff would be providing during the meeting. Strawn noted that, in a year that has been unprecedented and challenging, he is proud of the accomplishments the Lottery team has achieved this fiscal year.

## **QUARTERLY REPORTS**

### **Sales and Marketing:**

Wood stated that the Lottery is honored to have worked with the Governor's Office, the Department of Public Health, and the Department of Homeland Security and Emergency Management over the past few months to push out and promote their educational and informational messages related to COVID resources during the pandemic. The Lottery has donated advertising space on its statewide digital billboard network, on digital monitor screens at 2300 retailer locations, and the Lottery website for public health related messages.

Wood shared that the Lottery's is currently rerunning a portion of the recent Instaplay promotion, with the focus on \$10 and \$20 tickets, because Instaplay games are very popular with players. Wood also talked about the Lottery's VIP Club Prize Zone which launched in February of this year. Prize Zone has been the primary promotional source during the spring months and that will continue in the summer. The Lottery has been able to engage with VIP club members by giving them opportunities to enter qualifying, non-winning tickets in the Zone where they can win cash and prizes.

Wood shared that 2 new employees have joined the Sales and Marketing team due to recent retirements.

### **Security:**

Coppess discussed the security report. Coppess stated that the security team has done a 144 compliance checks since May 18<sup>th</sup> at retailer locations across the state.

### **External Relations:**

Neubauer discussed the projects the External Relations team has been involved in during the spring. The Lottery has pushed out information about the importance of the 2020 Census by putting Census related messages on lotto tickets, point-of-sale screens at retail locations, and on social media.

Neubauer stated March was National Problem Gambling Awareness Month and the Lottery pushed out its messaging the first week of March, prior to the time that the COVID-19 crisis became evident.

Neubauer stated that the curb-side claim process is going smoothly and keeping everybody safe. She also shared that a new page was created on the Lottery website, the Give Back page, to explain how each \$1 spent on Lottery products is used and the causes supported by the proceeds.

### **Legal:**

Tooker provided an update on contract negotiations with Scientific Games for the new central gaming system. Since the last board meeting, Lottery staff has gone through Scientific Games proposal and identified items offered that the Lottery wants to explore, such as debit card readers on kiosks. Tooker stated the Lottery expects to have a fully executed agreement in July. In addition, Coppess is working on the required background investigation of Scientific Games.

### **Financial:**

Conroy gave a financial report. The performance measures show sales and proceeds through May 2020 exceeding the budget by \$15.4 million and \$6.3 million respectively. Operating expenses are below budget by \$1.9 million and prizes are \$19.4 million ahead of budget.

Hanson moved to approve the Quarterly Reports. Rathje seconded. Motion carried unanimously.

### **FY21 BUDGET**

Conroy discussed the FY21 budget. The budget includes a 2.1% across-the-board pay increase for all lottery staff, including key employees. The overall budget figures presented are the same as those approved by the Board previously during the September 24, 2019 board meeting. He noted the key employee increase is not effective without board approval and will be presented later in the meeting.

Hanson moved to approve the FY21 Budget. Cook seconded. Motion carried unanimously.

### **NASPL INVOICE**

Loss stated the Lottery has been a member of the North American Association of State and Provincial Lotteries (NASPL) for many years. NASPL has been an invaluable asset to the Lottery and provided staff with many educational and professional development opportunities. Although NASPL has cancelled all of its conferences this year due to COVID-19, it is still providing training through on-line and electronic events. Additionally, NASPL has expanded the NASPL Matrix that is the on-line portal to lottery white papers, responsible gaming resources and the industry API. As members of NASPL, the Iowa Lottery would have access to this expanded site.

Loss stated NASPL has invoiced the Lottery \$5,000 for Iowa Lottery staff to participate in these NASPL opportunities. Loss indicated that, previously, the Board approved the Lottery's membership in NASPL for calendar year 2020.

Loss requested the Board approve the NASPL package offered to the Lottery this year.

Rathje moved to approve the NASPL invoice. Cook seconded. Motion carried unanimously.

### **KEY EMPLOYEE COMPENSATION**

Loss stated Lottery key employee salaries are set by the CEO and board.

Loss requested the board to authorize a 2.1% across-the-board pay increase effective July 1, 2020 for Lottery key employees; the same amount approved by the State for non-contract employees. Loss also asked the board to authorize with-in grade increases for eligible key employees on their increase eligibility date up to the maximum allowed, which is 3%. The increase would be discretionary and based on performance.

Cook moved to approve the key employee compensation. Hanson seconded. Motion carried unanimously

### **ELECTION OF OFFICERS**

Junge asked for nominations for chair and vice chair. Cook nominated Sherrae Hanson as chair and John Quinn as vice chair.

Rathje moved to approve the nominations for chair and vice chair. Cook seconded. Motion carried unanimously.

Strawn thanked Mary Junge for her service as the chair during the last year.

### **ADJOURNMENT**

Hanson moved to adjourn. Rathje seconded. Motion carried unanimously.

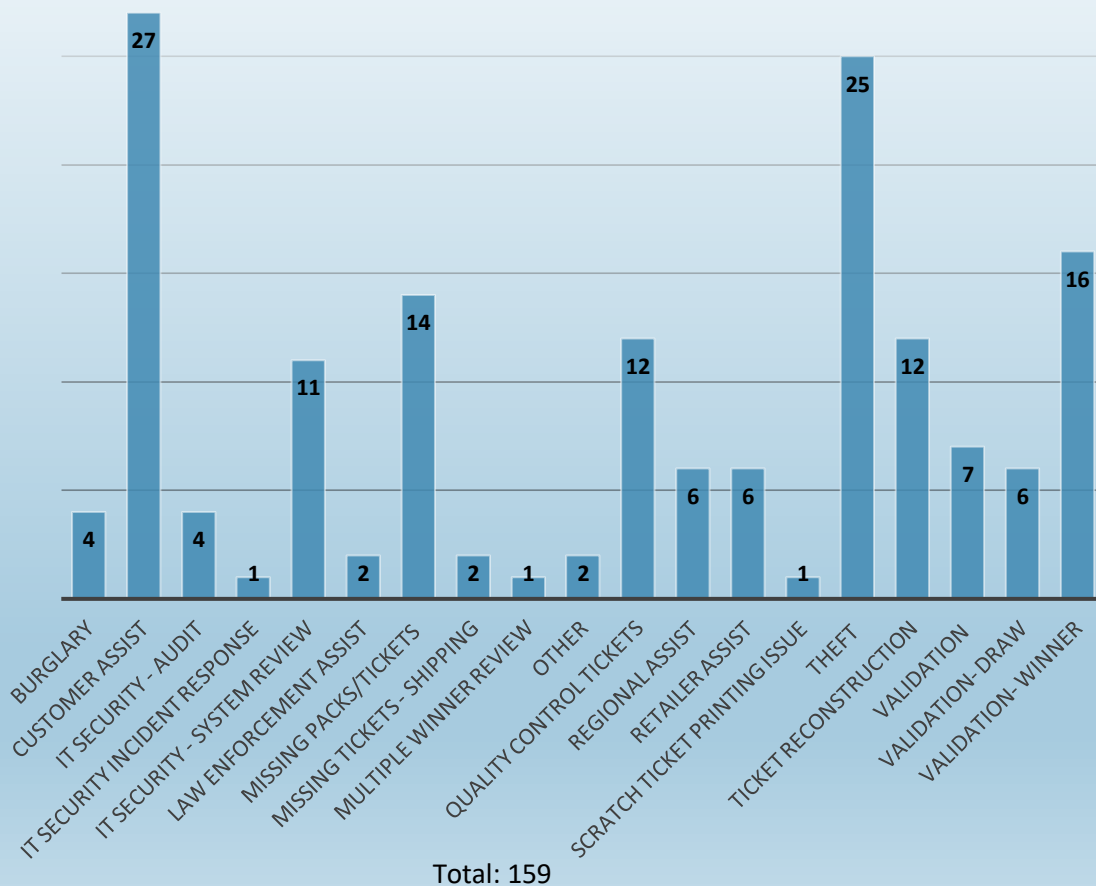
Meeting adjourned at 11:33 a.m.



# Board Report Security Division September 29, 2020



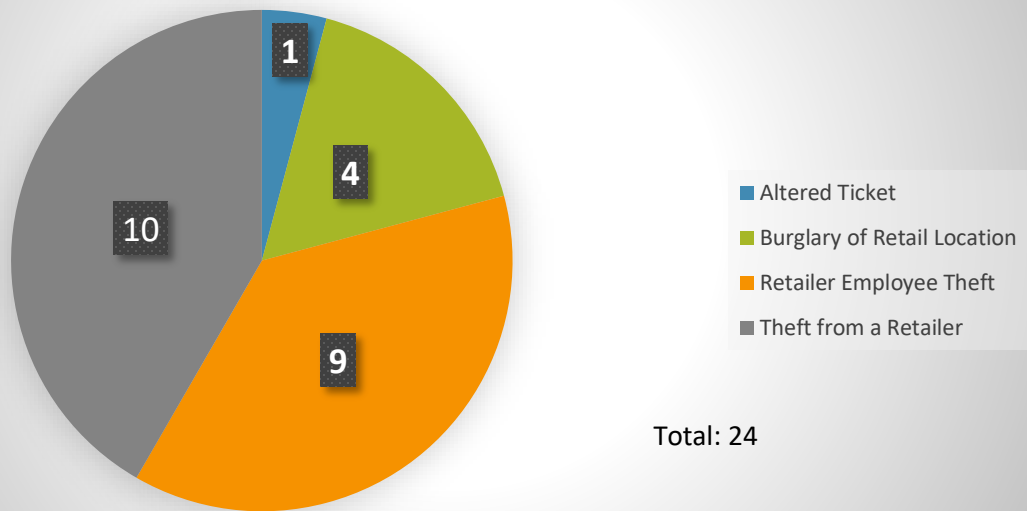
## July - September 2020 Record of Contacts



**Customer Assist** describes instances in which Lottery Security Investigators respond to customer inquiries. The topics are varied, and generally player questions for which they are seeking explanations.

**Theft** includes any allegation of a theft of Lottery product. Many incidents are unfounded once the issue is investigated and the facts and circumstances are learned. Allegations that have supporting information transition to a case.

## July - September, 2020 Cases



### Other Duties and Activities;

- Virtual Print Plant visit and audit of scratch ticket printing - Pollard
- Drawing and Winner Validation for (6) promotional drawings, Prize Zone/Summer Cash Back Draws
- Conducted **68** compliance/inspection checks on retail outlets, sent follow up letters to all retailers to provide results of the compliance check at their store
- Assist with ticket validation and the claim process to ensure players received their winnings, (mail in and curbside claims process)
- Peace Officer instruction about Lottery Code 99G and Lottery Security Processes at Basic Iowa Law Enforcement Academy, **272** officers trained. Additional training scheduled at Iowa's Regional Law Enforcement Academies for new Peace Officers.

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2020  
June 30, 2020

| MONTH                     |                | JUL        | AUG        | SEP        | OCT         | NOV         | DEC         | JAN         | FEB         | MAR         | APR         | MAY         | JUN         |
|---------------------------|----------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Gross Sales</b>        | Budget FY 2020 | 27,830,953 | 27,365,289 | 26,627,021 | 26,302,504  | 28,450,037  | 28,689,114  | 33,302,988  | 29,867,029  | 30,902,578  | 29,029,386  | 31,232,916  | 26,900,185  |
|                           | Actual '20     | 27,846,491 | 28,093,920 | 27,156,818 | 27,814,584  | 28,775,272  | 30,955,509  | 34,426,107  | 30,040,444  | 28,896,281  | 32,194,176  | 38,846,931  | 36,906,960  |
| <b>Prize Expense</b>      | Budget FY 2020 | 16,818,373 | 16,544,780 | 16,052,602 | 16,012,979  | 17,139,663  | 17,466,673  | 19,893,056  | 18,051,053  | 18,868,068  | 17,820,480  | 18,893,828  | 16,383,045  |
|                           | Actual '20     | 17,579,210 | 18,081,688 | 16,760,932 | 17,241,936  | 17,559,342  | 22,137,093  | 20,486,448  | 17,786,919  | 19,476,775  | 19,973,806  | 25,928,192  | 23,304,663  |
| <b>Operating Expenses</b> | Budget FY 2020 | 1,337,349  | 1,289,063  | 1,245,101  | 1,228,431   | 1,254,957   | 1,291,478   | 1,340,279   | 1,194,292   | 1,282,841   | 1,153,227   | 1,260,142   | 1,474,448   |
|                           | Actual '20     | 1,110,516  | 1,030,009  | 1,057,965  | 1,130,916   | 1,044,839   | 1,112,026   | 1,127,198   | 1,040,632   | 1,131,397   | 1,096,660   | 1,022,773   | 1,598,539   |
| <b>Total Proceeds</b>     | Budget FY 2020 | 5,679,703  | 5,610,756  | 5,468,855  | 5,403,827   | 5,917,952   | 5,941,619   | 7,054,381   | 6,335,350   | 6,507,505   | 6,165,535   | 6,613,368   | 5,308,278   |
|                           | Actual '20     | 6,009,246  | 5,494,118  | 6,310,989  | 6,563,644   | 6,756,517   | 4,206,053   | 8,710,630   | 7,999,869   | 5,040,937   | 8,195,442   | 7,713,140   | 8,528,747   |
| <b>YEAR TO DATE</b>       |                |            |            |            |             |             |             |             |             |             |             |             |             |
| <b>Gross Sales</b>        | Budget FY 2020 | 27,830,953 | 55,196,242 | 81,823,263 | 108,125,767 | 136,575,804 | 165,264,918 | 198,567,906 | 228,434,935 | 259,337,513 | 288,366,899 | 319,599,815 | 346,500,000 |
|                           | Actual '20     | 27,846,491 | 55,940,411 | 83,097,229 | 110,911,813 | 139,687,085 | 170,642,594 | 205,068,701 | 235,109,145 | 264,005,426 | 296,199,602 | 335,046,533 | 371,953,493 |
| <b>Prize Expense</b>      | Budget FY 2020 | 16,818,373 | 33,363,153 | 49,415,755 | 65,428,734  | 82,568,397  | 100,035,070 | 119,928,126 | 137,979,179 | 156,847,247 | 174,667,727 | 193,561,555 | 209,944,600 |
|                           | Actual '20     | 17,579,210 | 35,660,898 | 52,421,830 | 69,663,766  | 87,223,108  | 109,360,201 | 129,846,649 | 147,633,568 | 167,110,343 | 187,084,149 | 213,012,341 | 236,317,004 |
| <b>Operating Expenses</b> | Budget FY 2020 | 1,337,349  | 2,626,412  | 3,871,513  | 5,099,944   | 6,354,901   | 7,646,379   | 8,986,658   | 10,180,950  | 11,463,791  | 12,617,018  | 13,877,160  | 15,351,608  |
|                           | Actual '20     | 1,110,516  | 2,140,525  | 3,198,490  | 4,329,406   | 5,374,245   | 6,486,271   | 7,613,469   | 8,654,101   | 9,785,498   | 10,882,158  | 11,904,931  | 13,503,470  |
| <b>Total Proceeds</b>     | Budget FY 2020 | 5,679,703  | 11,290,459 | 16,759,314 | 22,163,141  | 28,081,093  | 34,022,712  | 41,077,093  | 47,412,443  | 53,919,948  | 60,085,483  | 66,698,851  | 72,007,129  |
|                           | Actual '20     | 6,009,246  | 11,503,364 | 17,814,353 | 24,377,997  | 31,134,514  | 35,340,567  | 44,051,197  | 52,051,066  | 57,092,003  | 65,287,445  | 73,000,585  | 81,529,332  |

|  | Current Month | Year to Date |
|--|---------------|--------------|
| Prize Payout - Budget                            | 60.90%        | 60.59%       |
| Prize Payout - Actual                            | 63.14%        | 63.53%       |
| Sales - Actual increase (decrease) vs. Budget    |               | 7.35%        |
| Proceeds - Actual increase (decrease) vs. Budget |               | 13.22%       |

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2020

| June 30, 2020      |                | JUL        | AUG        | SEP        | OCT        | NOV        | DEC        | JAN        | FEB        | MAR        | APR        | MAY        | JUN        |
|--------------------|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| MONTH              |                |            |            |            |            |            |            |            |            |            |            |            |            |
| Gross Sales        | Budget FY 2020 | 27,830,953 | 27,365,289 | 26,627,021 | 26,302,504 | 28,450,037 | 28,689,114 | 33,302,988 | 29,867,029 | 30,902,578 | 29,029,386 | 31,232,916 | 26,900,185 |
|                    | 5-year av.     | 28,230,730 | 28,677,221 | 26,174,083 | 30,888,479 | 27,511,246 | 29,879,759 | 36,344,410 | 30,223,955 | 33,568,672 | 30,081,026 | 31,314,083 | 28,261,052 |
|                    | Actual '19     | 29,622,964 | 28,137,578 | 27,038,517 | 48,165,957 | 29,214,539 | 31,481,092 | 33,502,349 | 29,545,718 | 39,302,500 | 31,017,140 | 34,353,518 | 29,513,678 |
|                    | Actual '20     | 27,846,491 | 28,093,920 | 27,156,818 | 27,814,584 | 28,775,272 | 30,955,509 | 34,426,107 | 30,040,444 | 28,896,281 | 32,194,176 | 38,846,931 | 36,906,960 |
| Prize Expense      | Budget FY 2020 | 16,818,373 | 16,544,780 | 16,052,602 | 16,012,979 | 17,139,663 | 17,466,673 | 19,893,056 | 18,051,053 | 18,868,068 | 17,820,480 | 18,893,828 | 16,383,045 |
|                    | 5-year av.     | 17,118,529 | 17,728,279 | 15,985,193 | 18,778,135 | 16,547,897 | 19,411,886 | 21,304,430 | 18,002,281 | 21,530,012 | 18,147,385 | 18,844,789 | 17,341,579 |
|                    | Actual '19     | 18,466,693 | 17,856,707 | 17,053,365 | 28,218,927 | 18,178,870 | 21,800,772 | 19,598,399 | 17,729,028 | 24,822,998 | 18,135,995 | 20,597,271 | 19,481,618 |
|                    | Actual '20     | 17,579,210 | 18,081,688 | 16,760,932 | 17,241,936 | 17,559,342 | 22,137,093 | 20,486,448 | 17,786,919 | 19,476,775 | 19,973,806 | 25,928,192 | 23,304,663 |
| Operating Expenses | Budget FY 2020 | 1,337,349  | 1,289,063  | 1,245,101  | 1,228,431  | 1,254,957  | 1,291,478  | 1,340,279  | 1,194,292  | 1,282,841  | 1,153,227  | 1,260,142  | 1,474,448  |
|                    | 5-year av.     | 1,076,711  | 1,056,138  | 1,014,984  | 1,086,775  | 1,079,404  | 1,126,154  | 1,088,981  | 1,006,773  | 1,049,800  | 1,040,919  | 1,153,186  | 1,296,150  |
|                    | Actual '19     | 1,094,102  | 1,047,192  | 1,037,029  | 1,160,083  | 1,163,937  | 1,045,381  | 1,170,765  | 994,582    | 988,280    | 1,085,706  | 1,175,001  | 1,302,749  |
|                    | Actual '20     | 1,110,516  | 1,030,009  | 1,057,965  | 1,130,916  | 1,044,839  | 1,112,026  | 1,127,198  | 1,040,632  | 1,131,397  | 1,096,660  | 1,022,773  | 1,598,539  |
| Total Proceeds     | Budget FY 2020 | 5,679,703  | 5,610,756  | 5,468,855  | 5,403,827  | 5,917,952  | 5,941,619  | 7,054,381  | 6,335,350  | 6,507,505  | 6,165,535  | 6,613,368  | 5,308,278  |
|                    | 5-year av.     | 6,780,600  | 5,995,830  | 6,478,537  | 7,520,987  | 6,376,205  | 5,732,730  | 9,650,569  | 7,611,725  | 7,145,284  | 7,492,669  | 7,599,075  | 6,271,305  |
|                    | Actual '19     | 7,025,446  | 5,608,787  | 5,986,711  | 13,960,288 | 6,543,459  | 5,394,227  | 8,923,800  | 7,249,429  | 8,705,706  | 8,571,762  | 9,060,887  | 5,834,464  |
|                    | Actual '20     | 6,009,246  | 5,494,118  | 6,310,989  | 6,563,644  | 6,756,517  | 4,206,053  | 8,710,630  | 7,999,869  | 5,040,937  | 8,195,442  | 7,713,140  | 8,528,747  |

YEAR TO DATE

|                    |                |            |            |            |             |             |             |             |             |             |             |             |             |
|--------------------|----------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Gross Sales        | Budget FY 2020 | 27,830,953 | 55,196,242 | 81,823,263 | 108,125,767 | 136,575,804 | 165,264,918 | 198,567,906 | 228,434,935 | 259,337,513 | 288,366,899 | 319,599,815 | 346,500,000 |
|                    | 5-year av.     | 28,230,730 | 56,907,951 | 83,082,034 | 113,970,513 | 141,481,759 | 171,361,518 | 207,705,928 | 237,929,883 | 271,498,555 | 301,579,581 | 332,893,664 | 361,154,716 |
|                    | Actual '19     | 29,622,964 | 57,760,542 | 84,799,059 | 132,965,016 | 162,179,555 | 193,660,647 | 227,162,996 | 256,708,714 | 296,011,214 | 327,028,354 | 361,381,872 | 390,895,550 |
|                    | Actual '20     | 27,846,491 | 55,940,411 | 83,097,229 | 110,911,813 | 139,687,085 | 170,642,594 | 205,068,701 | 235,109,145 | 264,005,426 | 296,199,602 | 335,046,533 | 371,953,493 |
| Prize Expense      | Budget FY 2020 | 16,818,373 | 33,363,153 | 49,415,755 | 65,428,734  | 82,568,397  | 100,035,070 | 119,928,126 | 137,979,179 | 156,847,247 | 174,667,727 | 193,561,555 | 209,944,600 |
|                    | 5-year av.     | 17,118,529 | 34,846,808 | 50,832,001 | 69,610,136  | 86,158,033  | 105,569,919 | 126,874,349 | 144,876,630 | 166,406,642 | 184,554,027 | 203,398,816 | 220,740,395 |
|                    | Actual '19     | 18,466,693 | 36,323,400 | 53,376,765 | 81,595,692  | 99,774,562  | 121,575,334 | 141,173,733 | 158,902,761 | 183,725,759 | 201,861,754 | 222,459,025 | 241,940,643 |
|                    | Actual '20     | 17,579,210 | 35,660,898 | 52,421,830 | 69,663,766  | 87,223,108  | 109,360,201 | 129,846,649 | 147,633,568 | 167,110,343 | 187,084,149 | 213,012,341 | 236,317,004 |
| Operating Expenses | Budget FY 2020 | 1,337,349  | 2,626,412  | 3,871,513  | 5,099,944   | 6,354,901   | 7,646,379   | 8,986,658   | 10,180,950  | 11,463,791  | 12,617,018  | 13,877,160  | 15,351,608  |
|                    | 5-year av.     | 1,076,711  | 2,132,849  | 3,147,833  | 4,234,608   | 5,314,012   | 6,440,166   | 7,529,147   | 8,535,920   | 9,585,720   | 10,626,639  | 11,779,825  | 13,075,975  |
|                    | Actual '19     | 1,094,102  | 2,141,294  | 3,178,323  | 4,338,406   | 5,502,343   | 6,547,724   | 7,718,489   | 8,713,071   | 9,701,351   | 10,787,057  | 11,962,058  | 13,264,807  |
|                    | Actual '20     | 1,110,516  | 2,140,525  | 3,198,490  | 4,329,406   | 5,374,245   | 6,486,271   | 7,613,469   | 8,654,101   | 9,785,498   | 10,882,158  | 11,904,931  | 13,503,470  |
| Total Proceeds     | Budget FY 2020 | 5,679,703  | 11,290,459 | 16,759,314 | 22,163,141  | 28,081,093  | 34,022,712  | 41,077,093  | 47,412,443  | 53,919,948  | 60,085,483  | 66,698,851  | 72,007,129  |
|                    | 5-year av.     | 6,780,600  | 12,776,430 | 19,254,967 | 26,775,954  | 33,152,159  | 38,884,889  | 48,535,458  | 56,147,183  | 63,292,467  | 70,785,136  | 78,384,211  | 84,655,516  |
|                    | Actual '19     | 7,025,446  | 12,634,233 | 18,620,944 | 32,581,232  | 39,124,691  | 44,518,918  | 53,442,718  | 60,692,147  | 69,397,853  | 77,969,615  | 87,030,502  | 92,864,966  |
|                    | Actual '20     | 6,009,246  | 11,503,364 | 17,814,353 | 24,377,997  | 31,134,514  | 35,340,567  | 44,051,197  | 52,051,066  | 57,092,003  | 65,287,445  | 73,000,585  | 81,529,332  |

|  | Current Month | Year to Date |
|--|---------------|--------------|
| Prize Payout - Budget                                    | 60.90%        | 60.59%       |
| Prize Payout - 5-Year Average                            | 61.36%        | 61.12%       |
| Prize Payout - Actual                                    | 63.14%        | 63.53%       |
| Sales - Actual increase (decrease) vs. 5-Year Average    |               | 2.99%        |
| Proceeds - Actual increase (decrease) vs. 5-Year Average |               | (3.69%)      |
| Sales - Actual increase (decrease) vs. Budget            |               | 7.35%        |
| Proceeds - Actual increase (decrease) vs. Budget         |               | 13.22%       |



**IOWA LOTTERY AUTHORITY**

**Statement of Net Position**

**Tuesday, June 30, 2020**

FINAL

|   | Year-to-date<br>6/30/2020      | Year-to-date<br>6/30/2019      |
|---|--------------------------------|--------------------------------|
| <b>Assets</b>                                   |                                |                                |
| Current assets:                                 |                                |                                |
| Cash  | \$ 28,425,418.88               | \$ 27,107,365.42               |
| Cash on hand                                    | 600.00                         | 600.00                         |
| Restricted assets - cash                        | 728,548.00                     | 735,598.20                     |
| Prepaid expense                                 | 37,483.42                      | 265,664.06                     |
| Interest receivable                             | 30,610.43                      | 78,929.21                      |
| Accounts receivable, net                        | 4,971,334.20                   | 3,726,203.27                   |
| Ticket inventories                              | 2,864,500.89                   | 2,778,505.53                   |
| Investment in prize annuities                   | 25,576.21                      | 25,614.76                      |
| <b>Total current assets</b>                     | <u>37,084,072.03</u>           | <u>34,718,480.45</u>           |
| Noncurrent assets:                              |                                |                                |
| Prize reserve                                   | 4,880,247.23                   | 5,757,962.63                   |
| Investment in prize annuities                   | 400,334.68                     | 428,791.91                     |
| Capital assets, net                             | 7,042,248.46                   | 7,370,438.04                   |
| <b>Total noncurrent assets</b>                  | <u>12,322,830.37</u>           | <u>13,557,192.58</u>           |
| <b>Total assets</b>                             | <u><b>49,406,902.40</b></u>    | <u><b>48,275,673.03</b></u>    |
| <br><b>Deferred Outflows of Resources</b>       | <br><u><b>1,480,560.13</b></u> | <br><u><b>1,760,922.39</b></u> |
| <b>Liabilities</b>                              |                                |                                |
| Current liabilities:                            |                                |                                |
| Multi-State Prize Payable                       | 994,338.39                     | 1,611,201.22                   |
| Mega Millions Prize Payable                     | 492,336.52                     | 716,195.52                     |
| Pick 4 Prize Payable                            | 301,990.70                     | 56,775.20                      |
| Pick 3 Prize Payable                            | 102,738.70                     | 85,717.20                      |
| Lucky for Life Prize Payable                    | 149,847.00                     | 130,814.00                     |
| Lucky for Life Prize Reserve                    | 812,793.98                     | 531,906.63                     |
| Lucky for Life Due To (From)                    | 312,239.13                     | 161,075.09                     |
| Lucky for Life Low Tier Due To (From) UNCLAIMED | 6,145.56                       | (25,756.75)                    |
| Lotto America Prize Payable                     | 172,104.00                     | 233,764.50                     |
| Unclaimed Prize Liability                       | 2,061,036.44                   | 316,027.80                     |
| InstaPlay Prize Payable                         | 222,312.36                     | 48,015.00                      |
| Retailer/Other Deposits                         | 12,500.00                      | 10,000.00                      |
| Annuity Prizes Payable                          | 25,576.21                      | 25,614.76                      |
| Accounts payable and accruals                   | 879,245.49                     | 1,114,210.17                   |
| Unearned revenue                                | 350,564.94                     | 270,693.44                     |
| Salary and benefits payable                     | 103,415.20                     | 492,887.12                     |
| Compensated absences and OPEB                   | 999,062.76                     | 866,085.15                     |
| State withholding payable                       | 97,808.78                      | 85,366.88                      |
| Federal withholding payable                     | 80,637.40                      | 52,800.00                      |
| Proceeds due to state causes                    | 24,437,329.37                  | 23,467,112.66                  |
| <b>Total current liabilities</b>                | <u>32,614,022.93</u>           | <u>30,250,505.59</u>           |
| Long-term liabilities:                          |                                |                                |
| Accounts payable and accruals                   | 33,508.00                      | 42,797.00                      |
| Net pension liability                           | 5,525,227.00                   | 6,310,618.00                   |
| Prize reserve                                   | 4,880,247.23                   | 5,757,962.63                   |
| Compensated absences and OPEB                   | 2,018,992.21                   | 2,041,074.13                   |
| Annuity prizes payable                          | 400,334.68                     | 428,791.91                     |
| <b>Total long-term liabilities</b>              | <u>12,858,309.12</u>           | <u>14,581,243.67</u>           |
| <b>Total liabilities</b>                        | <u><b>45,472,332.05</b></u>    | <u><b>44,831,749.26</b></u>    |
| <br><b>Deferred Inflows of Resources</b>        | <br><u><b>1,165,776.37</b></u> | <br><u><b>402,190.71</b></u>   |
| <b>Net Position</b>                             |                                |                                |
| Net investment in capital assets                | 7,042,248.46                   | 7,370,438.04                   |
| Unrestricted                                    | (2,792,894.35)                 | (2,567,782.59)                 |
| <b>Total net position</b>                       | <u><b>4,249,354.11</b></u>     | <u><b>4,802,655.45</b></u>     |

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Twelve Months Ending Tuesday, June 30, 2020**

FINAL

|  | Month ended<br>6/30/2020 | Month ended<br>6/30/2019 | Year-to-date<br>6/30/2020 | Year-to-date<br>6/30/2019 |
|--|--------------------------|--------------------------|---------------------------|---------------------------|
| <b>Operating revenues:</b>                   |                          |                          |                           |                           |
| Instant-scratch ticket sales                 | \$27,335,438.05          | \$19,937,435.00          | \$262,447,704.05          | \$250,642,094.00          |
| InstaPlay sales                              | 1,755,679.00             | 693,770.00               | 16,279,705.00             | 11,876,560.00             |
| Pick 3 sales                                 | 831,116.50               | 650,960.00               | 8,502,502.50              | 7,871,469.00              |
| Powerball sales                              | 2,310,840.00             | 3,709,072.00             | 36,428,042.50             | 54,833,068.00             |
| Mega Millions Sales                          | 2,152,208.00             | 1,995,942.00             | 20,433,854.00             | 36,322,749.00             |
| Pick 4 sales                                 | 491,907.00               | 368,640.50               | 4,950,001.50              | 4,292,190.00              |
| Lucky for Life sales                         | 484,382.00               | 401,278.00               | 5,335,530.00              | 5,427,678.00              |
| Lotto America sales                          | 489,304.00               | 821,598.00               | 6,751,811.00              | 8,753,137.00              |
| Pull-tab sales                               | 1,056,085.73             | 934,982.99               | 10,824,343.58             | 10,876,605.58             |
| Application fees                             | 200.00                   | 125.00                   | 3,750.00                  | 3,775.00                  |
| Other  | 261.53                   | 473.28                   | 7,436.16                  | 55,515.72                 |
| <b>Total operating revenues</b>              | <b>36,907,421.81</b>     | <b>29,514,276.77</b>     | <b>371,964,680.29</b>     | <b>390,954,841.30</b>     |
| <b>Operating expenses:</b>                   |                          |                          |                           |                           |
| Scratch ticket prizes                        | 17,760,453.00            | 12,997,144.00            | 174,595,972.38            | 166,890,489.22            |
| InstaPlay prizes                             | 1,327,388.19             | 442,718.14               | 11,659,100.20             | 8,255,637.73              |
| Pick 3 prizes                                | 498,669.90               | 390,576.00               | 5,101,501.50              | 4,670,681.40              |
| Powerball prizes                             | 1,155,447.00             | 1,855,300.00             | 18,219,035.00             | 25,500,970.59             |
| Mega Millions prizes                         | 1,076,104.00             | 997,971.00               | 10,216,927.00             | 18,473,201.19             |
| Hot Lotto prizes                             | -                        | -                        | -                         | (46,872.00)               |
| Pick 4 prizes                                | 295,144.20               | 221,184.30               | 3,237,775.50              | 2,553,524.00              |
| All or Nothing prizes                        | -                        | 354,445.99               | -                         | (89.00)                   |
| Lucky for Life prizes                        | 287,885.00               | 224,412.14               | 3,147,140.86              | 3,111,848.00              |
| Lotto America prizes                         | 244,652.00               | 410,799.00               | 3,375,905.50              | 4,300,352.50              |
| Pull-tab prizes                              | 658,920.01               | 587,067.19               | 6,763,647.11              | 6,805,265.67              |
| VIP Club prize expense                       | -                        | 1,000,000.00             | -                         | 1,315,879.79              |
| Promotional prize expense                    | -                        | 0.34                     | -                         | 109,753.45                |
| Advertising/publicity                        | 459,142.63               | 670,359.05               | 6,780,551.12              | 7,276,922.82              |
| Retailer compensation expense                | 2,437,425.38             | 1,907,139.58             | 24,314,333.78             | 25,447,738.90             |
| Ticket expense                               | 272,037.24               | 270,167.62               | 3,242,458.97              | 3,284,663.35              |
| Vendor compensation expense                  | 605,847.15               | 460,552.74               | 6,058,062.82              | 6,356,385.10              |
| Salary and benefits                          | 1,349,997.86             | 1,026,003.54             | 10,861,223.23             | 10,459,454.27             |
| Travel                                       | 6,615.37                 | 21,095.37                | 231,956.74                | 261,529.07                |
| Supplies                                     | 8,971.37                 | 5,884.80                 | 94,246.92                 | 106,008.94                |
| Printing                                     | (56.00)                  | 412.50                   | 1,402.06                  | 3,767.44                  |
| Postage                                      | 1,516.45                 | 233.22                   | 7,097.17                  | 5,457.67                  |
| Communications                               | 20,449.73                | 41,970.32                | 188,930.32                | 202,354.84                |
| Rentals                                      | 26,665.44                | 26,146.50                | 318,203.78                | 310,279.66                |
| Utilities                                    | 9,864.10                 | 9,933.75                 | 92,719.11                 | 95,043.25                 |
| Professional fees                            | 27,042.89                | 12,655.65                | 169,264.87                | 162,022.57                |
| Vending machine maintenance                  | 21,504.00                | 21,168.00                | 257,040.00                | 253,415.77                |
| Outside services and repairs                 | 93,861.80                | 71,467.77                | 870,281.86                | 828,179.92                |
| Data processing                              | 10,012.31                | 10,461.87                | 125,918.37                | 109,068.85                |
| Equipment                                    | 13,804.89                | 44,101.00                | 392,535.42                | 512,247.17                |
| Reimbursement to other state agencies        | 76,572.39                | 47,474.05                | 479,617.68                | 457,598.31                |
| Depreciation                                 | 36,326.24                | 42,684.82                | 481,222.88                | 541,020.46                |
| Other  | (2,672.67)               | 5,336.75                 | 56,127.11                 | 63,061.01                 |
| MUSL/Lotto administrative expense            | 2,839.77                 | 5,569.59                 | 33,596.03                 | 71,544.34                 |
| <b>Total operating expenses</b>              | <b>28,782,431.64</b>     | <b>24,182,436.59</b>     | <b>291,373,795.29</b>     | <b>298,748,406.25</b>     |
| <b>Operating income</b>                      | <b>8,124,990.17</b>      | <b>5,331,840.18</b>      | <b>80,590,885.00</b>      | <b>92,206,435.05</b>      |
| <b>Non-operating revenue (expenses):</b>     |                          |                          |                           |                           |
| Proceeds to state causes                     | (8,528,746.91)           | (5,834,464.13)           | (81,529,331.94)           | (92,864,964.71)           |
| Interest income                              | 42,800.91                | 96,371.40                | 383,498.17                | 495,974.33                |
| Gain (Loss) on disposal of capital assets    | -                        | 3,653.00                 | 1,647.43                  | 15,017.08                 |
| <b>Net non-operating revenues (expenses)</b> | <b>(8,485,946.00)</b>    | <b>(5,734,439.73)</b>    | <b>(81,144,186.34)</b>    | <b>(92,353,973.30)</b>    |
| <b>Change in net position</b>                | <b>(360,955.83)</b>      | <b>(402,599.55)</b>      | <b>(553,301.34)</b>       | <b>(147,538.25)</b>       |
| <br>   |                          |                          |                           |                           |
| Net position beginning of period             | 4,610,309.94             | 5,205,255.00             | 4,802,655.45              | 4,950,193.70              |
| Net position end of period                   | 4,249,354.11             | 4,802,655.45             | 4,249,354.11              | 4,802,655.45              |

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEARS 2016 THROUGH 2020**  
**FINAL**

|   | Fiscal Year<br>2020 | Fiscal Year<br>2019 | Fiscal Year<br>2018 | Fiscal Year<br>2017 | Fiscal Year<br>2016 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>OPERATING REVENUES</b>                 |                     |                     |                     |                     |                     |
| Instant-scratch ticket sales              | 262,447,704         | 250,642,094         | 244,260,964         | 237,617,703         | 233,681,884         |
| Instaplay sales                           | 16,279,705          | 11,876,560          | 9,733,769           | 5,820,274           | -                   |
| Pick 3 sales                              | 8,502,502           | 7,871,469           | 7,705,163           | 7,318,686           | 7,376,766           |
| Powerball sales                           | 36,428,043          | 54,833,068          | 58,471,047          | 54,292,902          | 74,851,133          |
| Mega Millions sales                       | 20,433,854          | 36,322,749          | 21,293,740          | 14,957,109          | 16,401,018          |
| Hot Lotto sales                           | -                   | -                   | 3,761,425           | 8,210,714           | 8,827,600           |
| Pick 4 sales                              | 4,950,001           | 4,292,190           | 4,341,103           | 3,946,273           | 3,554,719           |
| All or Nothing sales                      | -                   | -                   | -                   | 3,186,443           | 3,989,479           |
| Lucky for Life sales                      | 5,335,530           | 5,427,678           | 5,600,490           | 5,599,966           | 3,154,994           |
| Lotto America sales                       | 6,751,811           | 8,753,137           | 4,872,494           | -                   | -                   |
| Pull-tab sales                            | 10,824,344          | 10,876,605          | 10,916,692          | 11,292,740          | 15,073,332          |
| Application fees                          | 3,750               | 3,775               | 3,725               | 3,600               | 4,175               |
| Other revenue                             | 7,436               | 55,516              | 8,135               | 18,841              | 33,065              |
| <b>Total operating revenues</b>           | <b>371,964,680</b>  | <b>390,954,841</b>  | <b>370,968,747</b>  | <b>352,265,251</b>  | <b>366,948,164</b>  |
| <b>OPERATING EXPENSES</b>                 |                     |                     |                     |                     |                     |
| Scratch ticket prize expense              | 174,595,972         | 166,890,489         | 160,144,268         | 155,043,947         | 151,760,771         |
| Instaplay prize expense                   | 11,659,100          | 8,255,638           | 6,351,026           | 3,781,706           | -                   |
| Pick 3 prize expense                      | 5,101,502           | 4,670,681           | 4,567,778           | 4,261,970           | 4,369,699           |
| Powerball prize expense                   | 18,219,035          | 25,500,971          | 28,512,041          | 25,876,220          | 36,729,336          |
| Mega Millions prize expense               | 10,216,927          | 18,473,201          | 10,764,359          | 7,351,575           | 7,975,529           |
| Hot Lotto prize expense                   | -                   | (46,872)            | 1,782,452           | 4,000,053           | 4,223,018           |
| Pick 4 prize expense                      | 3,237,775           | 2,553,524           | 2,519,312           | 2,367,036           | 2,082,846           |
| All or Nothing prize expense              | -                   | (89)                | (31,061)            | 1,882,220           | 2,363,459           |
| Monopoly Millionaires' Club prize expense | -                   | -                   | -                   | -                   | (21,052)            |
| Lucky for Life prize expense              | 3,147,141           | 3,111,848           | 3,305,691           | 3,521,940           | 2,525,899           |
| Lotto America prize expense               | 3,375,906           | 4,300,353           | 2,436,247           | -                   | -                   |
| Pull-tab prize expense                    | 6,763,647           | 6,805,266           | 6,826,208           | 7,056,494           | 9,422,428           |
| VIP Club prize expense                    | -                   | 1,315,880           | 197,001             | 252,465             | 168,607             |
| Promotional prize expense                 | -                   | 109,753             | 115,750             | 224,943             | 166,862             |
| Advertising/Publicity                     | 6,780,551           | 7,276,923           | 7,162,018           | 6,592,552           | 6,822,152           |
| Retailer compensation expense             | 24,314,334          | 25,447,739          | 24,213,812          | 22,914,755          | 24,560,885          |
| Ticket expense                            | 3,242,459           | 3,284,663           | 3,170,682           | 3,264,975           | 3,242,036           |
| Vendor compensation expense               | 6,058,063           | 6,356,385           | 8,227,403           | 7,183,035           | 7,597,516           |
| Salary and benefits                       | 10,861,223          | 10,459,454          | 10,936,612          | 10,714,712          | 9,977,828           |
| Travel                                    | 231,957             | 261,529             | 256,766             | 278,279             | 281,549             |
| Supplies                                  | 94,247              | 106,009             | 157,977             | 109,650             | 133,164             |
| Printing                                  | 1,402               | 3,767               | 10,088              | 3,202               | 8,390               |
| Postage                                   | 7,097               | 5,458               | 5,561               | 5,817               | 6,636               |
| Communications                            | 188,930             | 202,355             | 170,146             | 253,908             | 263,414             |
| Rentals                                   | 318,204             | 310,280             | 305,225             | 304,714             | 309,412             |
| Utilities                                 | 92,719              | 95,043              | 95,756              | 90,824              | 87,942              |
| Professional fees                         | 169,265             | 162,023             | 157,930             | 191,334             | 183,403             |
| Vending machine maintenance               | 257,040             | 253,416             | 294,907             | 526,285             | 598,962             |
| Outside services & repairs                | 870,282             | 828,180             | 827,274             | 791,219             | 825,169             |
| Data processing                           | 125,918             | 109,069             | 94,977              | 117,021             | 122,421             |
| Equipment                                 | 392,535             | 512,247             | 610,777             | 1,071,249           | 655,521             |
| Reimbursement to other<br>state agencies  | 479,618             | 457,598             | 440,449             | 427,884             | 430,088             |
| Depreciation                              | 481,223             | 541,020             | 546,260             | 460,967             | 333,223             |
| Other                                     | 56,126              | 63,061              | 57,647              | 68,936              | 56,016              |
| MUSL administrative expense               | 33,596              | 71,544              | 8,056               | 154,543             | 127,705             |
| <b>Total operating expenses</b>           | <b>291,373,794</b>  | <b>298,748,406</b>  | <b>285,241,395</b>  | <b>271,146,430</b>  | <b>278,390,834</b>  |
| <b>Operating income (loss)</b>            | <b>80,590,886</b>   | <b>92,206,435</b>   | <b>85,727,352</b>   | <b>81,118,821</b>   | <b>88,557,330</b>   |

**IOWA LOTTERY AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR FISCAL YEARS 2016 THROUGH 2020**  
**FINAL**

|  | <b>Fiscal Year<br/>2020</b> | <b>Fiscal Year<br/>2019</b> | <b>Fiscal Year<br/>2018</b> | <b>Fiscal Year<br/>2017</b> | <b>Fiscal Year<br/>2016</b> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Non-operating revenues (expenses)</b>           |                             |                             |                             |                             |                             |
| Proceeds to state causes**                         | (81,529,332)                | -                           | -                           | -                           | -                           |
| State General Fund                                 | -                           | (90,364,965)                | (84,596,200)                | (78,274,727)                | (85,524,619)                |
| Veterans Trust Fund                                | -                           | (2,500,000)                 | (2,500,000)                 | (2,500,000)                 | (2,500,000)                 |
| Interest income                                    | 383,498                     | 495,974                     | 313,694                     | 182,107                     | 194,873                     |
| Gain (Loss) on disposal of capital assets          | 1,647                       | 15,017                      | (139,572)                   | (722,748)                   | 28,156                      |
| <b>Net non-operating revenues(expenses)</b>        | (81,144,187)                | (92,353,974)                | (86,922,078)                | (81,315,368)                | (87,801,590)                |
| <b>Change in net position</b>                      | <b>(553,301)</b>            | <b>(147,539)</b>            | <b>(1,194,726)</b>          | <b>(196,547)</b>            | <b>755,740</b>              |
| Net position, beginning<br>of period, as restated* | 4,802,655                   | 4,950,194                   | 6,144,920                   | 6,554,077                   | 5,798,338                   |
| <b>Net position, end<br/>of period</b>             | <b>4,249,354</b>            | <b>4,802,655</b>            | <b>4,950,194</b>            | <b>6,357,530</b>            | <b>6,554,077</b>            |

\* beginning Net Position was restated in FY 2018 due to implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

\*\* beginning in FY20, proceeds are reported as one total

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2020  
August 31, 2020

| MONTH                     |                | JUL        | AUG        | SEP        | OCT         | NOV         | DEC         | JAN         | FEB         | MAR         | APR         | MAY         | JUN         |
|---------------------------|----------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Gross Sales</b>        | Budget FY 2021 | 27,772,000 | 27,953,000 | 25,424,000 | 31,328,500  | 26,772,000  | 29,323,000  | 36,479,500  | 29,870,500  | 33,188,500  | 29,115,500  | 30,819,500  | 27,807,000  |
|                           | Actual '21     | 35,877,538 | 32,785,001 | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Prize Expense</b>      | Budget FY 2021 | 16,816,277 | 16,896,090 | 15,470,753 | 18,637,975  | 16,412,482  | 17,886,699  | 21,734,005  | 18,166,822  | 20,210,922  | 17,979,455  | 18,831,663  | 16,957,580  |
|                           | Actual '21     | 22,153,996 | 20,849,533 | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Operating Expenses</b> | Budget FY 2021 | 1,320,537  | 1,232,134  | 1,272,793  | 1,285,539   | 1,246,693   | 1,345,992   | 1,244,642   | 1,193,006   | 1,331,215   | 1,268,539   | 1,282,156   | 1,353,173   |
|                           | Actual '21     | 1,057,133  | 1,062,290  | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Total Proceeds</b>     | Budget FY 2021 | 5,823,049  | 5,149,104  | 5,563,643  | 6,458,880   | 5,475,762   | 4,923,159   | 8,287,724   | 6,536,803   | 6,136,233   | 6,434,560   | 6,525,940   | 5,385,674   |
|                           | Actual '21     | 9,181,924  | 6,774,387  | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>YEAR TO DATE</b>       |                |            |            |            |             |             |             |             |             |             |             |             |             |
| <b>Gross Sales</b>        | Budget FY 2021 | 27,772,000 | 55,725,000 | 81,149,000 | 112,477,500 | 139,249,500 | 168,572,500 | 205,052,000 | 234,922,500 | 268,111,000 | 297,226,500 | 328,046,000 | 355,853,000 |
|                           | Actual '21     | 35,877,538 | 68,662,539 | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Prize Expense</b>      | Budget FY 2021 | 16,816,277 | 33,712,367 | 49,183,120 | 67,821,095  | 84,233,577  | 102,120,276 | 123,854,281 | 142,021,103 | 162,232,025 | 180,211,480 | 199,043,143 | 216,000,723 |
|                           | Actual '21     | 22,153,996 | 43,003,529 | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Operating Expenses</b> | Budget FY 2021 | 1,320,537  | 2,552,671  | 3,825,464  | 5,111,003   | 6,357,696   | 7,703,688   | 8,948,330   | 10,141,336  | 11,472,551  | 12,741,090  | 14,023,246  | 15,376,419  |
|                           | Actual '21     | 1,057,133  | 2,119,423  | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| <b>Total Proceeds</b>     | Budget FY 2021 | 5,823,049  | 10,972,153 | 16,535,796 | 22,994,676  | 28,470,438  | 33,393,597  | 41,681,321  | 48,218,124  | 54,354,357  | 60,788,917  | 67,314,857  | 72,700,531  |
|                           | Actual '21     | 9,181,924  | 15,956,311 | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |

|  | Current Month | Year to Date |
|--|---------------|--------------|
| Prize Payout - Budget                            | 60.44%        | 60.50%       |
| Prize Payout - Actual                            | 63.59%        | 62.63%       |
| Sales - Actual increase (decrease) vs. Budget    |               | 23.22%       |
| Proceeds - Actual increase (decrease) vs. Budget |               | 45.43%       |

IOWA LOTTERY  
PERFORMANCE MEASURES  
FY 2021

| August 31, 2020    |                | JUL        | AUG        | SEP        | OCT        | NOV        | DEC        | JAN        | FEB        | MAR        | APR        | MAY        | JUN        |
|--------------------|----------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| MONTH              |                |            |            |            |            |            |            |            |            |            |            |            |            |
| Gross Sales        | Budget FY 2021 | 27,772,000 | 27,953,000 | 25,424,000 | 31,328,500 | 26,772,000 | 29,323,000 | 36,479,500 | 29,870,500 | 33,188,500 | 29,115,500 | 30,819,500 | 27,807,000 |
|                    | 5-year av.     | 28,909,745 | 29,312,375 | 26,699,784 | 31,123,852 | 28,159,420 | 30,704,090 | 37,086,272 | 29,466,602 | 33,757,889 | 31,145,692 | 33,530,516 | 30,695,695 |
|                    | Actual '20     | 27,846,491 | 28,093,920 | 27,156,818 | 27,814,584 | 28,775,272 | 30,955,509 | 34,426,107 | 30,040,444 | 28,896,281 | 32,194,176 | 38,846,931 | 36,906,960 |
|                    | Actual '21     | 35,877,538 | 32,785,001 | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| Prize Expense      | Budget FY 2021 | 16,816,277 | 16,896,090 | 15,470,753 | 18,637,975 | 16,412,482 | 17,886,699 | 21,734,005 | 18,166,822 | 20,210,922 | 17,979,455 | 18,831,663 | 16,957,580 |
|                    | 5-year av.     | 17,703,509 | 18,251,671 | 16,405,033 | 19,038,577 | 16,985,912 | 20,365,393 | 21,755,231 | 17,603,095 | 21,982,406 | 18,974,262 | 20,594,988 | 18,967,262 |
|                    | Actual '20     | 17,579,210 | 18,081,688 | 16,760,932 | 17,241,936 | 17,559,342 | 22,137,093 | 20,486,448 | 17,786,919 | 19,476,775 | 19,973,806 | 25,928,192 | 23,304,663 |
|                    | Actual '21     | 22,153,996 | 20,849,533 | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| Operating Expenses | Budget FY 2021 | 1,320,537  | 1,232,134  | 1,272,793  | 1,285,539  | 1,246,693  | 1,345,992  | 1,244,642  | 1,193,006  | 1,331,215  | 1,268,539  | 1,282,156  | 1,353,173  |
|                    | 5-year av.     | 1,090,471  | 1,071,667  | 1,030,775  | 1,099,078  | 1,097,187  | 1,091,716  | 1,103,912  | 1,016,971  | 1,060,368  | 1,054,879  | 1,154,536  | 1,434,118  |
|                    | Actual '20     | 1,110,516  | 1,030,009  | 1,057,965  | 1,130,916  | 1,044,839  | 1,112,026  | 1,127,198  | 1,040,632  | 1,131,397  | 1,096,660  | 1,022,773  | 1,598,539  |
|                    | Actual '21     | 1,057,133  | 1,062,290  | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |
| Total Proceeds     | Budget FY 2021 | 5,823,049  | 5,149,104  | 5,563,643  | 6,458,880  | 5,475,762  | 4,923,159  | 8,287,724  | 6,536,803  | 6,136,233  | 6,434,560  | 6,525,940  | 5,385,674  |
|                    | 5-year av.     | 6,845,977  | 6,301,169  | 6,275,263  | 7,561,043  | 6,605,298  | 5,680,813  | 9,887,228  | 7,431,415  | 6,857,904  | 7,739,735  | 7,913,614  | 6,958,510  |
|                    | Actual '20     | 6,009,246  | 5,494,118  | 6,310,989  | 6,563,644  | 6,756,517  | 4,206,053  | 8,710,630  | 7,999,869  | 5,040,937  | 8,195,442  | 7,713,140  | 8,528,747  |
|                    | Actual '21     | 9,181,924  | 6,774,387  | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          |

YEAR TO DATE

|                    |                |            |            |            |             |             |             |             |             |             |             |             |             |
|--------------------|----------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Gross Sales        | Budget FY 2021 | 27,772,000 | 55,725,000 | 81,149,000 | 112,477,500 | 139,249,500 | 168,572,500 | 205,052,000 | 234,922,500 | 268,111,000 | 297,226,500 | 328,046,000 | 355,853,000 |
|                    | 5-year av.     | 28,909,745 | 58,222,120 | 84,921,904 | 116,045,756 | 144,205,176 | 174,909,266 | 211,995,538 | 241,462,140 | 275,220,029 | 306,365,721 | 339,896,237 | 370,591,932 |
|                    | Actual '20     | 27,846,491 | 55,940,411 | 83,097,229 | 110,911,813 | 139,687,085 | 170,642,594 | 205,068,701 | 235,109,145 | 264,005,426 | 296,199,602 | 335,046,533 | 371,953,493 |
|                    | Actual '21     | 35,877,538 | 68,662,539 | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Prize Expense      | Budget FY 2021 | 16,816,277 | 33,712,367 | 49,183,120 | 67,821,095  | 84,233,577  | 102,120,276 | 123,854,281 | 142,021,103 | 162,232,025 | 180,211,480 | 199,043,143 | 216,000,723 |
|                    | 5-year av.     | 17,703,509 | 35,955,180 | 52,360,213 | 71,398,790  | 88,384,702  | 108,750,095 | 130,505,326 | 148,108,421 | 170,090,827 | 189,065,089 | 209,660,077 | 228,627,339 |
|                    | Actual '20     | 17,579,210 | 35,660,898 | 52,421,830 | 69,663,766  | 87,223,108  | 109,360,201 | 129,846,649 | 147,633,568 | 167,110,343 | 187,084,149 | 213,012,341 | 236,317,004 |
|                    | Actual '21     | 22,153,996 | 43,003,529 | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Operating Expenses | Budget FY 2021 | 1,320,537  | 2,552,671  | 3,825,464  | 5,111,003   | 6,357,696   | 7,703,688   | 8,948,330   | 10,141,336  | 11,472,551  | 12,741,090  | 14,023,246  | 15,376,419  |
|                    | 5-year av.     | 1,090,471  | 2,162,138  | 3,192,913  | 4,291,991   | 5,389,178   | 6,480,894   | 7,584,806   | 8,601,777   | 9,662,145   | 10,717,024  | 11,871,560  | 13,305,678  |
|                    | Actual '20     | 1,110,516  | 2,140,525  | 3,198,490  | 4,329,406   | 5,374,245   | 6,486,271   | 7,613,469   | 8,654,101   | 9,785,498   | 10,882,158  | 11,904,931  | 13,503,470  |
|                    | Actual '21     | 1,057,133  | 2,119,423  | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |
| Total Proceeds     | Budget FY 2021 | 5,823,049  | 10,972,153 | 16,535,796 | 22,994,676  | 28,470,438  | 33,393,597  | 41,681,321  | 48,218,124  | 54,354,357  | 60,788,917  | 67,314,857  | 72,700,531  |
|                    | 5-year av.     | 6,845,977  | 13,147,146 | 19,422,409 | 26,983,452  | 33,588,750  | 39,269,563  | 49,156,791  | 56,588,206  | 63,446,110  | 71,185,845  | 79,099,459  | 86,057,969  |
|                    | Actual '20     | 6,009,246  | 11,503,364 | 17,814,353 | 24,377,997  | 31,134,514  | 35,340,567  | 44,051,197  | 52,051,066  | 57,092,003  | 65,287,445  | 73,000,585  | 81,529,332  |
|                    | Actual '21     | 9,181,924  | 15,956,311 | -          | -           | -           | -           | -           | -           | -           | -           | -           | -           |

|  | Current Month | Year to Date |
|--|---------------|--------------|
| Prize Payout - Budget                                    | 60.44%        | 60.50%       |
| Prize Payout - 5-Year Average                            | 62.27%        | 61.76%       |
| Prize Payout - Actual                                    | 63.59%        | 62.63%       |
| Sales - Actual increase (decrease) vs. 5-Year Average    |               | 17.93%       |
| Proceeds - Actual increase (decrease) vs. 5-Year Average |               | 21.37%       |
| Sales - Actual increase (decrease) vs. Budget            |               | 23.22%       |
| Proceeds - Actual increase (decrease) vs. Budget         |               | 45.43%       |

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the One Month Ending Friday, July 31, 2020**

|                                       | Month ended<br>7/31/2020 | Month ended<br>7/31/2019 |
|---------------------------------------|--------------------------|--------------------------|
| Operating revenues:                   |                          |                          |
| Instant-scratch ticket sales          | \$25,387,139.00          | \$19,230,193.00          |
| InstaPlay sales                       | 2,618,685.00             | 796,437.00               |
| Pick 3 sales                          | 821,562.00               | 657,361.00               |
| Powerball sales                       | 2,827,612.00             | 3,125,069.00             |
| Mega Millions Sales                   | 1,511,335.00             | 1,550,117.00             |
| Pick 4 sales                          | 499,005.50               | 396,139.00               |
| Lucky for Life sales                  | 483,588.00               | 454,308.00               |
| Lotto America sales                   | 561,880.00               | 645,253.00               |
| Pull-tab sales                        | 1,166,731.99             | 991,614.49               |
| Application fees                      | 275.00                   | 175.00                   |
| Other                                 | 505.90                   | 596.34                   |
| Total operating revenues              | 35,878,319.39            | 27,847,262.83            |
| Operating expenses:                   |                          |                          |
| Scratch ticket prizes                 | 15,923,324.00            | 12,867,266.00            |
| InstaPlay prizes                      | 1,973,669.96             | 527,366.61               |
| Pick 3 prizes                         | 492,937.20               | 394,416.60               |
| Powerball prizes                      | 1,413,875.00             | 1,564,078.00             |
| Mega Millions prizes                  | 755,667.50               | 775,058.50               |
| Pick 4 prizes                         | 299,403.30               | 237,683.40               |
| Lucky for Life prizes                 | 287,412.00               | 270,010.17               |
| Lotto America prizes                  | 280,940.00               | 322,626.50               |
| Pull-tab prizes                       | 726,766.57               | 620,704.57               |
| Advertising/publicity                 | 480,261.74               | 487,436.46               |
| Retailer compensation expense         | 2,347,728.96             | 1,806,769.81             |
| Ticket expense                        | 261,724.62               | 246,796.45               |
| Vendor compensation expense           | 503,852.74               | 455,580.92               |
| Salary and benefits                   | 874,514.26               | 906,282.77               |
| Travel                                | 10,168.76                | 23,616.22                |
| Supplies                              | 7,674.08                 | 6,278.22                 |
| Printing                              | 168.00                   | 184.80                   |
| Postage                               | 333.12                   | 264.62                   |
| Communications                        | 13,354.60                | 13,813.97                |
| Rentals                               | 26,609.13                | 26,509.12                |
| Utilities                             | 8,369.11                 | 8,525.11                 |
| Professional fees                     | 8,446.50                 | 11,009.25                |
| Vending machine maintenance           | 21,504.00                | 21,168.00                |
| Outside services and repairs          | 66,600.96                | 74,086.60                |
| Data processing                       | 10,499.30                | 9,935.02                 |
| Equipment                             | 20,049.65                | 21,161.13                |
| Reimbursement to other state agencies | 29,761.41                | 32,165.37                |
| Depreciation                          | 36,322.88                | 42,753.90                |
| Other                                 | 4,338.03                 | 5,219.79                 |
| MUSL/Lotto administrative expense     | 10,056.38                | 2,761.58                 |
| Total operating expenses              | 26,896,333.76            | 21,781,529.46            |
| Operating income                      | 8,981,985.63             | 6,065,733.37             |
| Non-operating revenue (expenses):     |                          |                          |
| Proceeds to state causes              | (9,181,923.63)           | (6,009,245.51)           |
| Net non-operating revenues (expenses) | (9,181,923.63)           | (6,009,245.51)           |
| Change in net position                | (199,938.00)             | 56,487.86                |
| Net position beginning of period      | 4,218,631.77             | 4,802,655.45             |
| Net position end of period            | 4,018,693.77             | 4,859,143.31             |

**IOWA LOTTERY AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Two Months Ending Monday, August 31, 2020**

|   | Month ended<br>8/31/2020 | Month ended<br>8/31/2019 | Year-to-date<br>8/31/2020 | Year-to-date<br>8/31/2019 |
|---|--------------------------|--------------------------|---------------------------|---------------------------|
| Operating revenues:                       |                          |                          |                           |                           |
| Instant-scratch ticket sales              | \$ 23,530,612.00         | \$ 19,731,624.00         | \$ 48,917,751.00          | \$ 38,961,817.00          |
| InstaPlay sales                           | 2,149,952.00             | 835,963.00               | 4,768,637.00              | 1,632,400.00              |
| Pick 3 sales                              | 751,733.00               | 669,729.50               | 1,573,295.00              | 1,327,090.50              |
| Powerball sales                           | 2,897,916.00             | 3,117,264.50             | 5,725,528.00              | 6,242,333.50              |
| Mega Millions Sales                       | 1,122,399.00             | 1,412,496.00             | 2,633,734.00              | 2,962,613.00              |
| Pick 4 sales                              | 449,859.50               | 380,429.50               | 948,865.00                | 776,568.50                |
| Lucky for Life sales                      | 467,716.00               | 457,166.00               | 951,304.00                | 911,474.00                |
| Lotto America sales                       | 542,139.00               | 544,877.00               | 1,104,019.00              | 1,190,130.00              |
| Pull-tab sales                            | 872,674.26               | 944,370.71               | 2,039,406.25              | 1,935,985.20              |
| Application fees                          | 300.00                   | 225.00                   | 575.00                    | 400.00                    |
| Other                                     | 253.46                   | 406.75                   | 759.36                    | 1,003.09                  |
| Total operating revenues                  | <u>32,785,554.22</u>     | <u>28,094,551.96</u>     | <u>68,663,873.61</u>      | <u>55,941,814.79</u>      |
| Operating expenses:                       |                          |                          |                           |                           |
| Scratch ticket prizes                     | 15,390,088.50            | 13,417,384.00            | 31,313,412.50             | 26,284,650.00             |
| InstaPlay prizes                          | 1,633,430.11             | 638,656.00               | 3,607,100.07              | 1,166,022.61              |
| Pick 3 prizes                             | 451,039.80               | 401,837.70               | 943,977.00                | 796,254.30                |
| Powerball prizes                          | 1,449,010.50             | 1,559,754.50             | 2,862,885.50              | 3,123,832.50              |
| Mega Millions prizes                      | 561,199.50               | 706,248.00               | 1,316,867.00              | 1,481,306.50              |
| Pick 4 prizes                             | 269,915.70               | 228,257.70               | 569,319.00                | 465,941.10                |
| Lucky for Life prizes                     | 277,982.00               | 267,803.31               | 565,394.00                | 537,813.48                |
| Lotto America prizes                      | 271,069.50               | 272,438.50               | 552,009.50                | 595,065.00                |
| Pull-tab prizes                           | 545,797.32               | 589,308.44               | 1,272,563.89              | 1,210,013.01              |
| Advertising/publicity                     | 715,698.38               | 592,849.49               | 1,195,960.12              | 1,080,285.95              |
| Retailer compensation expense             | 2,144,758.44             | 1,831,893.46             | 4,492,487.40              | 3,638,663.27              |
| Ticket expense                            | 257,968.32               | 275,640.08               | 519,692.94                | 522,436.53                |
| Vendor compensation expense               | 441,712.37               | 445,121.07               | 945,565.11                | 900,701.99                |
| Salary and benefits                       | 877,907.01               | 810,572.73               | 1,752,421.27              | 1,716,855.50              |
| Travel                                    | 10,508.16                | 26,566.36                | 20,676.92                 | 50,182.58                 |
| Supplies                                  | 5,506.09                 | 5,041.95                 | 13,180.17                 | 11,320.17                 |
| Printing                                  | -                        | -                        | 168.00                    | 184.80                    |
| Postage                                   | 676.68                   | 243.55                   | 1,009.80                  | 508.17                    |
| Communications                            | 11,498.46                | 14,174.17                | 24,853.06                 | 27,988.14                 |
| Rentals                                   | 26,609.83                | 26,504.42                | 53,218.96                 | 53,013.54                 |
| Utilities                                 | 8,701.51                 | 8,416.52                 | 17,070.62                 | 16,941.63                 |
| Professional fees                         | 9,020.55                 | 12,136.00                | 17,467.05                 | 23,145.25                 |
| Vending machine maintenance               | 21,504.00                | 21,168.00                | 43,008.00                 | 42,336.00                 |
| Outside services and repairs              | 47,728.78                | 67,060.12                | 114,329.74                | 141,146.72                |
| Data processing                           | 10,342.75                | 13,458.59                | 20,842.05                 | 23,393.61                 |
| Equipment                                 | 15,905.08                | 38,909.29                | 35,954.73                 | 60,070.42                 |
| Reimbursement to other state agencies     | 32,436.31                | 30,287.58                | 62,197.72                 | 62,452.95                 |
| Depreciation                              | 37,461.84                | 44,007.85                | 73,784.72                 | 86,761.75                 |
| Other                                     | 5,308.73                 | 4,916.79                 | 9,646.76                  | 10,136.58                 |
| MUSL/Lotto administrative expense         | 10,056.39                | 2,761.58                 | 20,112.77                 | 5,523.16                  |
| Total operating expenses                  | <u>25,540,842.61</u>     | <u>22,353,417.75</u>     | <u>52,437,176.37</u>      | <u>44,134,947.21</u>      |
| Operating income                          | <u>7,244,711.61</u>      | <u>5,741,134.21</u>      | <u>16,226,697.24</u>      | <u>11,806,867.58</u>      |
| Non-operating revenue (expenses):         |                          |                          |                           |                           |
| Proceeds to state causes                  | (6,774,386.77)           | (5,494,117.59)           | (15,956,310.40)           | (11,503,363.10)           |
| Gain (Loss) on disposal of capital assets | -                        | 725.00                   | -                         | 725.00                    |
| Net non-operating revenues (expenses)     | <u>(6,774,386.77)</u>    | <u>(5,493,392.59)</u>    | <u>(15,956,310.40)</u>    | <u>(11,502,638.10)</u>    |
| Change in net position                    | 470,324.84               | 247,741.62               | 270,386.84                | 304,229.48                |
| Net position beginning of period          | 4,049,416.11             | 4,859,143.31             | 4,249,354.11              | 4,802,655.45              |
| Net position end of period                | <u>4,519,740.95</u>      | <u>5,106,884.93</u>      | <u>4,519,740.95</u>       | <u>5,106,884.93</u>       |





**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

**NEWS RELEASE**

FOR RELEASE \_\_\_\_\_

Contact: Marlys Gaston  
515/281-5834

Auditor of State Rob Sand today released an agreed-upon procedures (AUP) report on the Lucky for Life game administered by the Iowa Lottery Authority for the period April 1, 2019 through March 31, 2020.

**AUP FINDINGS:**

Consistent with the prior year, Sand reported no findings related to the procedures performed.

A copy of the agreed-upon procedures report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

###

**IOWA LOTTERY AUTHORITY**  
**AUDITOR OF STATE'S INDEPENDENT REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**  
**FOR THE PERIOD**  
**APRIL 1, 2019 THROUGH MARCH 31, 2020**

**Iowa Lottery Authority**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand  
Auditor of State

\_\_\_\_\_, 2020

Officials of the Iowa Lottery Authority

Dear Officials:

I am pleased to submit to you the agreed-upon procedures (AUP) report for the Iowa Lottery Authority for the period April 1, 2019 through March 31, 2020. The agreed-upon procedures engagement was performed pursuant to the Lucky for Life Licensee Lottery Participation Agreement and in accordance with attestation standards established by the American Institute of Certified Public Accountants.

I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Lottery Authority throughout the AUP engagement. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

Rob Sand  
Auditor of State

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**Iowa Lottery Authority**

**Officials**

**Governor**

Honorable Kim Reynolds

**Director, Department of Management**

David Roederer

**Director, Legislative Services Agency**

Glen P. Dickinson

**Iowa Lottery Authority Board of Directors**

|                |             | <u>Term Expires</u> |
|----------------|-------------|---------------------|
| Mary Junge     | Chairperson | April 2020          |
| Sherrae Hanson | Vice Chair  | April 2022          |
| John Quinn     | Member      | April 2022          |
| Josh Cook      | Member      | April 2023          |
| Mary Rathje    | Member      | April 2023          |

**Ex-Officio Member**

Honorable Michael L. Fitzgerald      Treasurer of State

**Iowa Lottery Authority**

Matt Strawn      Chief Executive Officer  
Michael Conroy      Vice President of Finance and Chief  
   Financial Officer

**Iowa Lottery Authority**



OFFICE OF AUDITOR OF STATE  
STATE OF IOWA

Rob Sand  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

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Auditor of State's Independent Report on Applying Agreed-Upon Procedures

To the Board Members of the Iowa Lottery Authority:

We have performed the procedures enumerated below, which were agreed to by the Iowa Lottery Authority (Authority) for the period April 1, 2019 through March 31, 2020 in connection with the *Lucky for Life* game, solely to assist the Authority, the other Party Lotteries (defined as Connecticut Lottery Corporation, Massachusetts State Lottery Commission, Maine State Liquor and Lottery Commission, New Hampshire Lottery Commission, Vermont Lottery Commission, Rhode Island Division of Lotteries, Minnesota State Lottery, Idaho Lottery, D.C. Lottery & Charitable Games Board, Arkansas Scholarship Lottery, Michigan Lottery, Missouri Lottery, South Carolina Education Lottery, Delaware State Lottery, Kentucky Lottery Corporation, Montana Lottery, Ohio Lottery Commission, North Dakota Lottery, North Carolina Education Lottery, Colorado Lottery, Kansas Lottery, Wyoming Lottery, South Dakota Lottery, Nebraska Lottery and Oklahoma Lottery Commission) and the Multi-State Lottery Association with respect to the evaluation of certain financial information associated with the *Lucky for Life* game. The Authority's management is responsible for the financial information.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Authority. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and related results are summarized as follows:

- a. We obtained from the Authority the "Draw Activity" report, the "Set Prize Analysis" report, and the "Cost of Top and Second Prize" report, generated by the Game Administrator, for the period April 1, 2019 through March 31, 2020 and attached those as Exhibits 1 through 3, respectively. We re-performed the mathematical calculations within the schedules and noted no exceptions.
- b. We judgmentally selected five draw dates for the period from April 1, 2019 through March 31, 2020. The dates selected were as follows:
  1. Thursday, April 18, 2019
  2. Thursday, August 8, 2019
  3. Monday, September 23, 2019
  4. Thursday, November 21, 2019
  5. Monday, March 2, 2020
- c. For each draw date selected in step "b" above, we compared the total amount of sales as shown on the daily sales report produced by the Authority's gaming system and the total amount of sales shown on the related daily sales report produced by Internal Control System ("ICS"), with the balance listed in the "Sales" column for the respective draw date on the "Draw Activity" report shown as Exhibit 1. Amounts agreed and no exceptions were noted.



- d. We recalculated the total dollar amount of the set prizes (tiers 3 through 10), for the draw dates selected in step “b” above, based on the total number of winners from the Authority’s gaming system for each prize level and the prize structure of the *Lucky for Life* set prizes. We compared the recalculated expense with the amount listed in the “Actual Set Prizes or Actual Low-Tier Prizes” column for the respective draw date on the “Draw Activity” report shown as Exhibit 1. Amounts agreed and no exceptions were noted.
- e. For each draw date selected in step “b” above, we compared the amount of sales, actual set prizes or actual low-tier prizes and share of set prizes or allocated low-tier prizes shown on the “Draw Activity” report shown as Exhibit 1 to the amounts shown on the Authority’s *Lucky for Life* draw reports. Amounts agreed and no exceptions were noted.
- f. We judgmentally selected two months and obtained the “Expired Prize Allocation Report” distributed by the Game Administrator. The two months selected were July 2019 and October 2019. For each draw in the selected months, we compared the “Expired Prize Allocation Report” obtained from the Game Administrator to the unclaimed prizes report obtained from the Authority’s gaming system. Amounts agreed and no exceptions were noted.
- g. We compared the amounts shown as the total of the actual set prizes or actual low-tier prizes and the total of the share of set prizes or allocated low-tier prizes on the “Draw Activity” report shown as Exhibit 1 to the applicable amounts shown on the “Set Prize Analysis” report shown as Exhibit 2. Amounts agreed and no exceptions were noted.
- h. We reviewed the “Draw Activity” report shown as Exhibit 1 for top prize winners, noting there were no top prize winners during the period April 1, 2019 through March 31, 2020; therefore, no procedures were performed.
- i. We selected the second prize winnings listed in the “Second Prize Tier 2” winner’s column of the “Draw Activity” report shown as Exhibit 1. For the second prize selected, we compared the “Cost of Second Prizes” reported in the “Cost of Top and Second Prize” report shown as Exhibit 3 to the Authority’s cash disbursement check report. Amount agreed and no exceptions were noted.
- j. There have been no annuitized top or second prize settlements for the period April 1, 2019 through March 31, 2020; therefore, no procedures were performed.
- k. We compared the total of the transfers from the Authority to the Game Administrator for settlement of the Actual Set Prize Liability as shown in the Authority’s disbursement records to the amounts listed in the “Settlement” columns on the “Set Prize Analysis” report shown as Exhibit 2. Amounts agreed and no exceptions were noted.
- l. We compared the balance listed as the Authority’s payable as of March 31, 2020, for the actual set prizes or actual lower tier prize liability as shown on the “Set Prize Analysis” report shown as Exhibit 2 to the Authority’s financial accounting records and to the *Lucky for Life* draw report. Amounts agreed and no exceptions were noted.
- m. Management of the Authority has informed us that no activity affecting the sales and prize expense for *Lucky for Life* for the period April 1, 2019 through March 31, 2020 has occurred through the date of this report.

Based on the performance of the procedures described above, no exceptions were noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial information associated with the Authority's sales and prize expense for *Lucky for Life* for the period April 1, 2019 through March 31, 2020. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the Iowa Lottery Authority, the other Party Lotteries and the Multi-State Lottery Association. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Lottery Authority during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Marlys K. Gaston, CPA  
Deputy Auditor of State

\_\_\_\_\_, 2020

**Iowa Lottery Authority**

**Exhibits**

**Exhibit 1**

## Iowa Lottery Authority

## Draw Activity

April 1, 2019 through March 31, 2020

**Total Number of Winners**

| <b>Draw Date</b> | <b>First Prize<br/>Tier 1</b> | <b>Second Prize<br/>Tier 2</b> | <b>Tier 3</b> | <b>Tier 4</b> | <b>Tier 5</b> | <b>Tier 6</b> | <b>Tier 7</b> | <b>Tier 8</b> |
|------------------|-------------------------------|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 4/1/2019         | -                             | -                              | -             | 5             | 10            | 145           | 120           | 1,983         |
| 4/4/2019         | -                             | -                              | -             | 7             | 7             | 207           | 118           | 2,159         |
| 4/8/2019         | -                             | -                              | 1             | 5             | 5             | 122           | 116           | 1,780         |
| 4/11/2019        | -                             | -                              | -             | 1             | 11            | 115           | 98            | 1,648         |
| 4/15/2019        | -                             | -                              | 1             | 3             | 10            | 170           | 115           | 2,037         |
| 4/18/2019        | -                             | -                              | -             | 3             | 12            | 128           | 101           | 1,882         |
| 4/22/2019        | -                             | -                              | -             | 1             | 6             | 146           | 95            | 1,842         |
| 4/25/2019        | -                             | -                              | -             | 4             | 9             | 130           | 118           | 1,711         |
| 4/29/2019        | -                             | -                              | -             | 2             | 5             | 160           | 123           | 1,857         |
| 5/2/2019         | -                             | -                              | -             | 4             | 8             | 155           | 97            | 1,971         |
| 5/6/2019         | -                             | -                              | -             | 6             | 8             | 101           | 126           | 1,765         |
| 5/9/2019         | -                             | -                              | -             | 2             | 4             | 116           | 101           | 1,661         |
| 5/13/2019        | -                             | -                              | -             | 6             | 9             | 132           | 116           | 1,781         |
| 5/16/2019        | -                             | -                              | -             | 3             | 7             | 124           | 87            | 1,722         |
| 5/20/2019        | -                             | -                              | -             | 5             | 2             | 119           | 95            | 1,755         |
| 5/23/2019        | -                             | -                              | -             | 2             | 9             | 102           | 82            | 1,736         |
| 5/27/2019        | -                             | -                              | -             | 1             | 5             | 83            | 87            | 1,438         |
| 5/30/2019        | -                             | -                              | -             | 3             | 7             | 123           | 105           | 1,780         |
| 6/3/2019         | -                             | -                              | -             | 5             | 3             | 139           | 112           | 1,919         |
| 6/6/2019         | -                             | -                              | -             | 5             | 8             | 142           | 115           | 2,015         |
| 6/10/2019        | -                             | -                              | -             | 5             | 7             | 130           | 104           | 1,750         |
| 6/13/2019        | -                             | -                              | -             | 2             | 13            | 149           | 124           | 1,941         |
| 6/17/2019        | -                             | -                              | -             | 2             | 10            | 126           | 88            | 1,842         |
| 6/20/2019        | -                             | -                              | -             | 2             | -             | 103           | 97            | 1,597         |
| 6/24/2019        | -                             | -                              | -             | 2             | 8             | 157           | 107           | 1,940         |
| 6/27/2019        | -                             | -                              | -             | 6             | 10            | 135           | 91            | 1,745         |
| 7/1/2019         | -                             | -                              | -             | 5             | 11            | 139           | 100           | 1,944         |
| 7/4/2019         | -                             | -                              | -             | 4             | 9             | 88            | 86            | 1,488         |
| 7/8/2019         | -                             | -                              | -             | 4             | 7             | 131           | 102           | 1,668         |
| 7/11/2019        | -                             | -                              | -             | 2             | 8             | 128           | 113           | 1,683         |
| 7/15/2019        | -                             | -                              | -             | 4             | 3             | 119           | 92            | 1,806         |

| Tier 9 | Tier 10 | Sales     | Actual Set Prizes or Actual Low-Tier Prizes | % of All State's Sales | Share of Set Prizes or Allocated Low-Tier Prizes | Due From/ (Due to) |
|--------|---------|-----------|---|------------------------|--|--------------------|
| 592    | 938     | \$ 58,156 | \$ 21,653                                   | 2.74%                  | \$ 22,155  | \$ (502)           |
| 550    | 744     | 53,536    | 22,293                                      | 2.62%                  | 24,878   | (2,585)            |
| 546    | 877     | 56,538    | 24,214                                      | 2.70%                  | 19,172   | 5,042              |
| 589    | 904     | 51,912    | 18,694                                      | 2.64%                  | 20,133   | (1,439)            |
| 536    | 825     | 55,840    | 26,002                                      | 2.74%                  | 24,880   | 1,122              |
| 515    | 811     | 51,698    | 19,465                                      | 2.60%                  | 19,713   | (248)              |
| 475    | 729     | 54,030    | 17,687                                      | 2.69%                  | 19,586   | (1,899)            |
| 453    | 852     | 51,010    | 18,959                                      | 2.56%                  | 18,635   | 324                |
| 591    | 918     | 55,470    | 20,214                                      | 2.66%                  | 21,240   | (1,026)            |
| 501    | 826     | 51,384    | 19,748                                      | 2.50%                  | 21,521   | (1,773)            |
| 580    | 983     | 54,908    | 20,277                                      | 2.57%                  | 20,219   | 58                 |
| 492    | 776     | 51,782    | 16,884                                      | 2.56%                  | 17,943   | (1,059)            |
| 500    | 810     | 53,506    | 19,673                                      | 2.57%                  | 21,175   | (1,502)            |
| 449    | 770     | 49,496    | 17,245                                      | 2.49%                  | 17,856   | (611)              |
| 510    | 788     | 53,944    | 17,532                                      | 2.63%                  | 18,666   | (1,134)            |
| 490    | 755     | 50,046    | 17,008                                      | 2.55%                  | 18,296   | (1,288)            |
| 432    | 829     | 49,012    | 15,007                                      | 2.66%                  | 16,771   | (1,764)            |
| 564    | 859     | 49,768    | 18,895                                      | 2.54%                  | 20,232   | (1,337)            |
| 513    | 849     | 55,318    | 19,261                                      | 2.64%                  | 21,010   | (1,749)            |
| 582    | 847     | 53,844    | 20,840                                      | 2.73%                  | 21,116   | (276)              |
| 522    | 950     | 56,332    | 19,432                                      | 2.77%                  | 19,497   | (65)               |
| 563    | 762     | 50,778    | 20,679                                      | 2.62%                  | 23,508   | (2,829)            |
| 514    | 843     | 53,850    | 18,602                                      | 2.65%                  | 19,370   | (768)              |
| 463    | 742     | 49,564    | 15,422                                      | 2.58%                  | 16,931   | (1,509)            |
| 510    | 764     | 52,610    | 19,351                                      | 2.64%                  | 20,016   | (665)              |
| 539    | 772     | 49,892    | 19,232                                      | 2.62%                  | 20,216   | (984)              |
| 581    | 789     | 53,220    | 20,404                                      | 2.63%                  | 20,434   | (30)               |
| 450    | 737     | 45,034    | 16,172                                      | 2.48%                  | 16,661   | (489)              |
| 591    | 885     | 50,888    | 19,110                                      | 2.58%                  | 21,941   | (2,831)            |
| 481    | 767     | 48,738    | 17,988                                      | 2.56%                  | 20,082   | (2,094)            |
| 511    | 761     | 51,470    | 17,458                                      | 2.59%                  | 19,391   | (1,933)            |

**Exhibit 1**

## Iowa Lottery Authority

## Draw Activity

April 1, 2019 through March 31, 2020

**Total Number of Winners**

| <b>Draw Date</b> | <b>First Prize<br/>Tier 1</b> | <b>Second Prize<br/>Tier 2</b> | <b>Tier 3</b> | <b>Tier 4</b> | <b>Tier 5</b> | <b>Tier 6</b> | <b>Tier 7</b> | <b>Tier 8</b> |
|------------------|-------------------------------|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 7/18/2019        | -                             | -                              | -             | 3             | 2             | 102           | 81            | 1,664         |
| 7/22/2019        | -                             | -                              | -             | 3             | 3             | 127           | 106           | 1,694         |
| 7/25/2019        | -                             | -                              | -             | 2             | 5             | 96            | 82            | 1,571         |
| 7/29/2019        | -                             | -                              | -             | 1             | 6             | 186           | 125           | 1,940         |
| 8/1/2019         | -                             | -                              | -             | 6             | 10            | 140           | 84            | 1,795         |
| 8/5/2019         | -                             | -                              | -             | 3             | 6             | 107           | 100           | 1,516         |
| 8/8/2019         | -                             | -                              | -             | 2             | 2             | 131           | 100           | 1,512         |
| 8/12/2019        | -                             | -                              | -             | 3             | 6             | 152           | 114           | 1,827         |
| 8/15/2019        | -                             | -                              | -             | 4             | 12            | 146           | 98            | 1,718         |
| 8/19/2019        | -                             | -                              | -             | 3             | 11            | 119           | 115           | 1,821         |
| 8/22/2019        | -                             | -                              | -             | 2             | 12            | 131           | 111           | 1,736         |
| 8/26/2019        | -                             | -                              | -             | 3             | 6             | 139           | 92            | 1,726         |
| 8/29/2019        | -                             | -                              | -             | 5             | 10            | 110           | 99            | 1,634         |
| 9/2/2019         | -                             | -                              | -             | 5             | 5             | 144           | 101           | 1,733         |
| 9/5/2019         | -                             | -                              | 1             | 4             | 6             | 99            | 104           | 1,639         |
| 9/9/2019         | -                             | -                              | -             | 8             | 6             | 141           | 113           | 1,897         |
| 9/12/2019        | -                             | -                              | -             | -             | 10            | 106           | 81            | 1,646         |
| 9/16/2019        | -                             | -                              | 2             | -             | 12            | 152           | 138           | 1,915         |
| 9/19/2019        | -                             | -                              | -             | 1             | 5             | 109           | 91            | 1,767         |
| 9/23/2019        | -                             | -                              | 1             | -             | 7             | 133           | 109           | 1,839         |
| 9/26/2019        | -                             | -                              | -             | 3             | 5             | 119           | 81            | 1,689         |
| 9/30/2019        | -                             | -                              | -             | 2             | 13            | 101           | 94            | 1,680         |
| 10/3/2019        | -                             | -                              | -             | 3             | 9             | 101           | 97            | 1,506         |
| 10/7/2019        | -                             | -                              | -             | 4             | 6             | 123           | 87            | 1,708         |
| 10/10/2019       | -                             | -                              | -             | 1             | 5             | 131           | 108           | 1,578         |
| 10/14/2019       | -                             | -                              | -             | 1             | 6             | 123           | 128           | 1,715         |
| 10/17/2019       | -                             | -                              | -             | 3             | 6             | 119           | 112           | 1,761         |
| 10/21/2019       | -                             | -                              | -             | 2             | 8             | 109           | 134           | 1,648         |
| 10/24/2019       | -                             | -                              | -             | 1             | 5             | 119           | 104           | 1,651         |
| 10/28/2019       | -                             | -                              | -             | 6             | 7             | 119           | 110           | 1,799         |
| 10/31/2019       | -                             | -                              | -             | 3             | 12            | 116           | 88            | 1,345         |

| Tier 9 | Tier 10 | Sales  | Actual Set Prizes or Actual Low-Tier Prizes | % of All State's Sales | Share of Set Prizes or Allocated Low-Tier Prizes | Due From/ (Due to) |
|--------|---------|--------|---|------------------------|--|--------------------|
| 478    | 786     | 48,848 | 15,969                                      | 2.58%                  | 16,203   | (234)              |
| 494    | 841     | 53,056 | 17,650                                      | 2.73%                  | 18,374   | (724)              |
| 472    | 776     | 50,022 | 15,769                                      | 2.66%                  | 17,872   | (2,103)            |
| 612    | 871     | 53,062 | 20,921                                      | 2.71%                  | 24,041   | (3,120)            |
| 526    | 757     | 49,960 | 19,169                                      | 2.59%                  | 19,363   | (194)              |
| 559    | 937     | 52,864 | 17,790                                      | 2.63%                  | 17,802   | (12)               |
| 393    | 752     | 47,940 | 15,722                                      | 2.53%                  | 16,687   | (965)              |
| 502    | 794     | 53,172 | 19,059                                      | 2.69%                  | 21,524   | (2,465)            |
| 513    | 721     | 48,236 | 19,086                                      | 2.54%                  | 21,784   | (2,698)            |
| 560    | 820     | 53,014 | 19,608                                      | 2.70%                  | 20,730   | (1,122)            |
| 460    | 783     | 48,676 | 18,695                                      | 2.57%                  | 20,121   | (1,426)            |
| 565    | 812     | 53,576 | 18,396                                      | 2.70%                  | 19,036   | (640)              |
| 574    | 825     | 49,752 | 18,821                                      | 2.60%                  | 18,620   | 201                |
| 500    | 723     | 48,570 | 18,246                                      | 2.59%                  | 18,477   | (231)              |
| 431    | 742     | 50,420 | 21,751                                      | 2.59%                  | 16,727   | 5,024              |
| 542    | 716     | 52,314 | 19,952                                      | 2.61%                  | 20,952   | (1,000)            |
| 485    | 744     | 48,342 | 16,469                                      | 2.52%                  | 16,809   | (340)              |
| 640    | 895     | 52,854 | 31,455                                      | 2.66%                  | 21,778   | 9,677              |
| 517    | 795     | 49,466 | 16,988                                      | 2.61%                  | 19,684   | (2,696)            |
| 612    | 898     | 52,762 | 24,216                                      | 2.69%                  | 19,780   | 4,436              |
| 478    | 732     | 49,554 | 16,618                                      | 2.61%                  | 17,905   | (1,287)            |
| 510    | 802     | 52,606 | 18,028                                      | 2.66%                  | 19,136   | (1,108)            |
| 456    | 748     | 49,084 | 16,641                                      | 2.53%                  | 16,420   | 221                |
| 504    | 831     | 52,504 | 17,807                                      | 2.64%                  | 17,478   | 329                |
| 462    | 719     | 49,622 | 16,652                                      | 2.63%                  | 16,596   | 56                 |
| 605    | 880     | 52,122 | 19,055                                      | 2.71%                  | 19,602   | (547)              |
| 481    | 692     | 48,630 | 17,617                                      | 2.60%                  | 19,932   | (2,315)            |
| 551    | 851     | 52,226 | 18,784                                      | 2.69%                  | 19,446   | (662)              |
| 452    | 734     | 48,700 | 16,531                                      | 2.62%                  | 17,295   | (764)              |
| 609    | 833     | 51,964 | 19,763                                      | 2.72%                  | 20,238   | (475)              |
| 425    | 694     | 46,978 | 16,281                                      | 2.57%                  | 15,865   | 416                |



**Exhibit 1**

## Iowa Lottery Authority

## Draw Activity

April 1, 2019 through March 31, 2020

**Total Number of Winners**

| <b>Draw Date</b> | <b>First Prize<br/>Tier 1</b> | <b>Second Prize<br/>Tier 2</b> | <b>Tier 3</b> | <b>Tier 4</b> | <b>Tier 5</b> | <b>Tier 6</b> | <b>Tier 7</b> | <b>Tier 8</b> |
|------------------|-------------------------------|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 11/4/2019        | -                             | -                              | -             | 4             | 8             | 126           | 117           | 1,942         |
| 11/7/2019        | -                             | -                              | -             | 3             | 8             | 130           | 93            | 1,787         |
| 11/11/2019       | -                             | -                              | -             | 2             | 4             | 135           | 129           | 1,898         |
| 11/14/2019       | -                             | -                              | -             | 2             | 5             | 132           | 104           | 1,793         |
| 11/18/2019       | -                             | -                              | 1             | 4             | 6             | 150           | 106           | 1,886         |
| 11/21/2019       | -                             | -                              | -             | 3             | 8             | 137           | 105           | 1,738         |
| 11/25/2019       | -                             | -                              | -             | 2             | 6             | 128           | 107           | 1,828         |
| 11/28/2019       | -                             | -                              | 1             | 4             | 12            | 114           | 84            | 1,594         |
| 12/2/2019        | -                             | -                              | -             | 2             | 6             | 113           | 89            | 1,691         |
| 12/5/2019        | -                             | -                              | -             | 2             | 7             | 146           | 108           | 1,759         |
| 12/9/2019        | -                             | 1                              | -             | 6             | 3             | 126           | 100           | 1,705         |
| 12/12/2019       | -                             | -                              | -             | 2             | 6             | 106           | 97            | 1,687         |
| 12/16/2019       | -                             | -                              | -             | 4             | 10            | 128           | 91            | 1,855         |
| 12/19/2019       | -                             | -                              | -             | 1             | 11            | 111           | 119           | 1,723         |
| 12/23/2019       | -                             | -                              | -             | 1             | 8             | 171           | 103           | 1,962         |
| 12/26/2019       | -                             | -                              | -             | 3             | 6             | 122           | 73            | 1,506         |
| 12/30/2019       | -                             | -                              | -             | 3             | 8             | 127           | 122           | 1,676         |
| 1/2/2020         | -                             | -                              | -             | 5             | 9             | 127           | 114           | 1,735         |
| 1/6/2020         | -                             | -                              | -             | 5             | 11            | 131           | 89            | 1,888         |
| 1/9/2020         | -                             | -                              | -             | 2             | 9             | 128           | 98            | 1,735         |
| 1/13/2020        | -                             | -                              | 1             | 5             | 5             | 129           | 96            | 1,679         |
| 1/16/2020        | -                             | -                              | -             | 2             | 8             | 114           | 105           | 1,735         |
| 1/20/2020        | -                             | -                              | -             | 4             | 8             | 162           | 135           | 1,931         |
| 1/23/2020        | -                             | -                              | -             | 8             | 11            | 147           | 93            | 1,650         |
| 1/27/2020        | -                             | -                              | -             | 3             | 9             | 168           | 111           | 1,974         |
| 1/30/2020        | -                             | -                              | 1             | 3             | 6             | 134           | 91            | 1,868         |
| 2/3/2020         | -                             | -                              | -             | 3             | 2             | 125           | 95            | 1,786         |
| 2/6/2020         | -                             | -                              | -             | 3             | 5             | 97            | 92            | 1,520         |
| 2/10/2020        | -                             | -                              | -             | 3             | 11            | 173           | 100           | 2,035         |
| 2/13/2020        | -                             | -                              | -             | 2             | 4             | 118           | 78            | 1,654         |
| 2/17/2020        | -                             | -                              | -             | 4             | 19            | 162           | 140           | 1,943         |

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| <b>Tier 9</b> | <b>Tier 10</b> | <b>Sales</b> | <b>Actual Set Prizes or Actual Low-Tier Prizes</b> | <b>% of All State's Sales</b> | <b>Share of Set Prizes or Allocated Low-Tier Prizes</b> | <b>Due From/ (Due to)</b> |
|---------------|----------------|--------------|--|-------------------------------|---|---------------------------|
| 547           | 932            | 60,954       | 20,281   | 3.03%                         | 20,680  | (399)                     |
| 501           | 753            | 51,870       | 18,104   | 2.76%                         | 18,908  | (804)                     |
| 531           | 894            | 52,838       | 19,381   | 2.77%                         | 21,475  | (2,094)                   |
| 464           | 805            | 48,916       | 17,773   | 2.64%                         | 20,941  | (3,168)                   |
| 506           | 806            | 53,598       | 24,268   | 2.77%                         | 18,761  | 5,507                     |
| 515           | 847            | 49,822       | 18,857   | 2.68%                         | 20,151  | (1,294)                   |
| 596           | 840            | 53,450       | 18,955   | 2.75%                         | 20,883  | (1,928)                   |
| 446           | 626            | 44,738       | 21,942   | 2.73%                         | 18,211  | 3,731                     |
| 487           | 777            | 51,212       | 16,888   | 2.68%                         | 17,621  | (733)                     |
| 478           | 713            | 48,902       | 18,067   | 2.61%                         | 20,994  | (2,927)                   |
| 521           | 863            | 49,880       | 18,363   | 2.61%                         | 18,296  | 67                        |
| 498           | 739            | 47,928       | 16,850   | 2.56%                         | 17,948  | (1,098)                   |
| 489           | 841            | 53,252       | 18,998   | 2.73%                         | 19,091  | (93)                      |
| 560           | 865            | 50,564       | 19,034   | 2.71%                         | 18,746  | 288                       |
| 573           | 845            | 55,960       | 20,099   | 2.77%                         | 21,479  | (1,380)                   |
| 493           | 683            | 46,754       | 15,973   | 2.60%                         | 16,480  | (507)                     |
| 492           | 785            | 52,534       | 18,510   | 2.71%                         | 18,199  | 311                       |
| 545           | 855            | 49,754       | 19,635   | 2.60%                         | 21,505  | (1,870)                   |
| 498           | 812            | 52,194       | 19,395   | 2.62%                         | 19,582  | (187)                     |
| 500           | 747            | 50,274       | 17,953   | 2.66%                         | 18,591  | (638)                     |
| 509           | 809            | 51,348       | 23,057   | 2.62%                         | 18,468  | 4,589                     |
| 530           | 766            | 51,040       | 17,954   | 2.68%                         | 18,875  | (921)                     |
| 547           | 767            | 49,258       | 20,758   | 2.59%                         | 22,925  | (2,167)                   |
| 453           | 735            | 48,884       | 19,123   | 2.58%                         | 18,379  | 744                       |
| 540           | 770            | 54,680       | 20,327   | 2.75%                         | 23,331  | (3,004)                   |
| 440           | 742            | 48,830       | 22,667   | 2.57%                         | 19,363  | 3,304                     |
| 486           | 861            | 53,786       | 17,493   | 2.64%                         | 19,668  | (2,175)                   |
| 487           | 775            | 50,344       | 16,172   | 2.65%                         | 16,799  | (627)                     |
| 515           | 777            | 53,518       | 20,513   | 2.69%                         | 22,742  | (2,229)                   |
| 470           | 745            | 48,962       | 16,072   | 2.57%                         | 16,680  | (608)                     |
| 575           | 758            | 52,952       | 22,701   | 2.67%                         | 19,637  | 3,064                     |

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**Exhibit 1**

## Iowa Lottery Authority

## Draw Activity

April 1, 2019 through March 31, 2020

**Total Number of Winners**

| <b>Draw Date</b> | <b>First Prize<br/>Tier 1</b> | <b>Second Prize<br/>Tier 2</b> | <b>Tier 3</b> | <b>Tier 4</b> | <b>Tier 5</b> | <b>Tier 6</b> | <b>Tier 7</b> | <b>Tier 8</b> |
|------------------|-------------------------------|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 2/20/2020        | -                             | -                              | -             | 3             | 11            | 127           | 86            | 1,580         |
| 2/24/2020        | -                             | -                              | -             | 1             | 4             | 140           | 107           | 1,928         |
| 2/27/2020        | -                             | -                              | -             | 4             | 6             | 115           | 80            | 1,677         |
| 3/2/2020         | -                             | -                              | -             | 6             | 7             | 133           | 93            | 1,823         |
| 3/5/2020         | -                             | -                              | -             | 2             | 2             | 140           | 124           | 1,790         |
| 3/9/2020         | -                             | -                              | -             | 5             | 14            | 116           | 114           | 1,812         |
| 3/12/2020        | -                             | -                              | -             | 3             | 10            | 120           | 94            | 1,656         |
| 3/16/2020        | -                             | -                              | -             | 2             | 11            | 139           | 105           | 1,826         |
| 3/19/2020        | -                             | -                              | -             | 2             | 10            | 116           | 74            | 1,514         |
| 3/23/2020        | -                             | -                              | -             | 4             | 4             | 111           | 85            | 1,530         |
| 3/26/2020        | -                             | -                              | 1             | 1             | 2             | 104           | 90            | 1,587         |
| 3/30/2020        | -                             | -                              | -             | 6             | 4             | 118           | 82            | 1,662         |
| Total            | -                             | 1                              | 11            | 337           | 779           | 13,510        | 10,736        | 184,064       |

| <b>Tier 9</b> | <b>Tier 10</b> | <b>Sales</b>        | <b>Actual Set Prizes or Actual Low-Tier Prizes</b> | <b>% of All State's Sales</b> | <b>Share of Set Prizes or Allocated Low-Tier Prizes</b> | <b>Due From/ (Due to)</b> |
|---------------|----------------|---------------------|--|-------------------------------|---|---------------------------|
| 455           | 793            | 51,202              | 17,582   | 2.66%                         | 16,160  | 1,422                     |
| 570           | 916            | 55,020              | 19,143   | 2.73%                         | 20,739  | (1,596)                   |
| 473           | 825            | 51,780              | 17,169   | 2.69%                         | 18,177  | (1,008)                   |
| 560           | 878            | 56,106              | 19,576   | 2.67%                         | 22,406  | (2,830)                   |
| 527           | 853            | 51,526              | 18,544   | 2.59%                         | 20,396  | (1,852)                   |
| 538           | 817            | 54,206              | 20,202   | 2.64%                         | 20,284  | (82)                      |
| 515           | 789            | 50,762              | 18,064   | 2.57%                         | 18,730  | (666)                     |
| 559           | 832            | 54,054              | 19,615   | 2.69%                         | 21,328  | (1,713)                   |
| 437           | 806            | 47,644              | 16,458   | 2.55%                         | 16,911  | (453)                     |
| 456           | 745            | 48,534              | 16,051   | 2.76%                         | 16,988  | (937)                     |
| 528           | 669            | 45,854              | 20,435   | 2.77%                         | 19,262  | 1,173                     |
| 452           | 710            | 48,708              | 16,748   | 2.86%                         | 16,696  | 52                        |
| <b>54,015</b> | <b>84,132</b>  | <b>\$ 5,398,862</b> | <b>\$ 1,990,660</b>                                |                               | <b>\$ 2,043,007</b>                                     | <b>\$ (52,347)</b>        |

Lucky for Life  
Set Prize Analysis Report

|    | <i>Sales</i>          | <i>Beginning<br/>Balance at<br/>4/1/19</i> | <i>Settlement<br/>June 30 Year end<br/>Set Prize<br/>Liabilities -<br/>7/4/19 Draw<br/>report</i> | <i>Qtrly/Yrly<br/>Settlements<br/>Transfers In<br/>(Out)</i> |
|----|-----------------------|--|---|--|
| AR | \$ 3,013,167          | 25,190                                     | (42,747)  | (42,747)   |
| CO | 15,810,292            | (1,582)                                    | 29,604  | 29,604   |
| CT | 18,020,966            | 57,848                                     | (84,372)  | (84,372)   |
| DC | 2,033,470             | (31,318)                                   | 21,970  | 21,970   |
| DE | 2,926,224             | 10,087                                     | (9,479)   | (9,479)  |
| IA | 5,398,862             | (28,685)                                   | 49,151  | 49,151   |
| ID | 3,087,576             | (4,953)                                    | 13,070  | 13,070   |
| KS | 5,376,288             | (19,706)                                   | 33,449  | 33,449   |
| KY | 7,201,794             | 19,094                                     | (4,574)   | (4,574)  |
| MA | 24,877,936            | 54,149                                     | (103,308)   | (103,308)  |
| ME | 3,570,208             | 2,147                                      | 2,278   | 2,278  |
| MI | 13,749,114            | (13,246)                                   | 35,113  | 35,113   |
| MN | 7,069,012             | 10,479                                     | (3,385)   | (3,385)  |
| MO | 8,316,362             | (17,504)                                   | 14,102  | 14,102   |
| MT | 2,720,392             | (16,406)                                   | (2,859)   | (2,859)  |
| NC | 19,997,218            | (23,568)                                   | 20,423  | 20,423   |
| ND | 3,001,928             | 15,738                                     | (7,029)   | (7,029)  |
| NE | 4,194,856             | 5,875                                      | 8,175   | 8,175  |
| NH | 5,684,018             | 11,033                                     | (23,603)  | (23,603)   |
| OH | 19,344,902            | (8,393)                                    | 23,628  | 23,628   |
| OK | 3,940,840             | (33,585)                                   | 35,659  | 35,659   |
| RI | 4,954,236             | 5,513                                      | (18,785)  | (18,785)   |
| SC | 12,700,106            | 9,305                                      | (942)   | (942)  |
| SD | 2,832,414             | (8,040)                                    | 2,827   | 2,827  |
| VT | 1,803,298             | (9,337)                                    | 4,352   | 4,352  |
| WY | 2,444,696             | (10,135)                                   | 7,282   | 7,282  |
|    | <b>\$ 204,070,175</b> | <b>-</b>                                   | <b>-</b>  | <b>-</b>   |

| <i><b>Total Actual Set Prizes or Actual Lower Tier Prize Liability</b></i> | <i><b>Total Share of Set Prizes or Actual Lower Tier Prize Liability</b></i> | <i><b>Due From/(Due to) March 31, 2020</b></i> |
|--|--|--|
| 1,157,755  | 1,140,617  | (419)  |
| 5,926,501  | 5,984,360  | (29,837)                                       |
| 6,875,175  | 6,820,953  | 27,698   |
| 767,249  | 769,563  | (11,662)                                       |
| 1,096,454  | 1,107,430  | (10,368)                                       |
| 1,990,660  | 2,043,007  | (31,881)                                       |
| 1,147,682  | 1,168,948  | (13,149)                                       |
| 2,050,414  | 2,034,825  | 29,332   |
| 2,718,412  | 2,726,384  | 6,548  |
| 9,481,178  | 9,415,627  | 16,392   |
| 1,356,685  | 1,350,986  | 10,124   |
| 5,154,386  | 5,202,605  | (26,352)                                       |
| 2,683,042  | 2,675,070  | 15,066   |
| 3,128,300  | 3,147,000  | (22,102)                                       |
| 1,052,994  | 1,029,701  | 4,028  |
| 7,592,189  | 7,569,145  | 19,899   |
| 1,153,561  | 1,137,247  | 25,023   |
| 1,572,078  | 1,587,047  | (919)  |
| 2,161,112  | 2,151,480  | (2,938)  |
| 7,231,876  | 7,319,815  | (72,704)                                       |
| 1,474,943  | 1,491,866  | (14,849)                                       |
| 1,907,061  | 1,875,067  | 18,722   |
| 4,876,471  | 4,808,031  | 76,803   |
| 1,070,828  | 1,070,317  | (4,702)  |
| 686,043  | 682,477  | (1,419)  |
| 922,281  | 925,762  | (6,334)  |
| <b>77,235,330</b>  | <b>77,235,330</b>  | <b>-</b>                                       |

Lucky for Life

Cost of Top and Second Prize Report

| <b>Draw Date</b>    | <b>State</b> | <b>Win Num</b> | <b>Claim Date</b>   | <b>Option</b> | <b>Cost of Prizes</b> |
|---------------------|--------------|----------------|---------------------|---------------|-----------------------|
| <b>TOP PRIZE</b>    |              |                |                     |               |                       |
| 04/08/19            | MT           | 22             | 4/9/2019            | annuity       | \$ 7,215,000          |
| 04/22/19            | RI           | 23             | 6/7/2019            | cash          | 5,750,000             |
| 01/09/20            | NC           | 24             | 1/13/2020           | cash          | 5,750,000             |
| <b>SECOND PRIZE</b> |              |                |                     |               |                       |
| 01/17/19            | WY           | 263            | 6/17/2019           | cash          | 390,000               |
| 03/25/19            | CO           | 268            | 4/1/2019            | cash          | 390,000               |
| 03/25/19            | NE           | 269            | 3/27/2019           | cash          | 390,000               |
| 04/01/19            | KY           | 270            | 4/3/2019            | cash          | 390,000               |
| 04/01/19            | KY           | 271            | 4/3/2019            | cash          | 390,000               |
| 04/01/19            | SD           | 272            | 4/9/2019            | cash          | 390,000               |
| 04/04/19            | KS           | 273            | 4/8/2019            | cash          | 390,000               |
| 04/04/19            | MA           | 274            | 4/26/2019           | annuity       | 655,313               |
| 04/04/19            | MI           | 275            | 4/8/2019            | cash          | 390,000               |
| 04/04/19            | RI           | 276            | 4/19/2019           | cash          | 390,000               |
| 04/15/19            | NC           | 277            | 4/24/2019           | annuity       | 599,672               |
| 04/22/19            | MA           | 278            | 5/20/2019           | cash          | 390,000               |
| 05/02/19            | NC           | 279            | 10/7/2019           | cash          | 390,000               |
| 05/06/19            | MA           | 280            | 8/13/2019           | cash          | 390,000               |
| 05/06/19            | MI           | 281            | 3/6/2020            | cash          | 390,000               |
| 05/09/19            | NC           | 282            | Expired - Unclaimed |               | -                     |
| 05/20/19            | MA           | 283            | 5/31/2019           | cash          | 390,000               |
| 05/27/19            | ID           | 284            | 5/28/2019           | annuity       | 428,751               |
| 05/30/19            | MA           | 285            | 5/31/2019           | cash          | 390,000               |
| 05/30/19            | SC           | 286            | 6/6/2019            | cash          | 390,000               |
| 06/13/19            | MO           | 287            | 11/12/2019          | cash          | 390,000               |
| 06/27/19            | KY           | 288            | 7/12/2019           | cash          | 390,000               |
| 06/27/19            | MN           | 289            | 9/16/2019           | cash          | 390,000               |
| 06/27/19            | RI           | 290            | 12/23/2019          | annuity       | 575,032               |
| 07/01/19            | OK           | 291            | 8/12/2019           | cash          | 390,000               |
| 07/11/19            | MA           | 292            | 7/15/2019           | cash          | 390,000               |
| 07/11/19            | OH           | 293            | 7/22/2019           | annuity       | 600,940               |
| 07/25/19            | OH           | 294            | 7/30/2019           | cash          | 390,000               |
| 07/29/19            | MI           | 295            | 7/31/2019           | cash          | 390,000               |
| 07/29/19            | SC           | 296            | 8/16/2019           | cash          | 390,000               |

| <b>Reported</b>  | <b>Settlement</b> | <b>Allocated Share of Second Prizes</b> |             |
|------------------|-------------------|---|-------------|
|                  |                   | <b>Allocation Percentage</b>            | <b>Iowa</b> |
| 04/17/19         | 05/01/19          | 2.64%                                   | \$ 190,560  |
| 06/07/19         | 06/21/19          | 2.67%                                   | 153,466     |
| 01/31/20         | 02/14/20          | 2.64%                                   | 151,702     |
| 06/21/19         | 7/5/2019          | 2.64%                                   | \$ 10,281   |
| 04/05/19         | 04/19/19          | 2.67%                                   | 10,420      |
| 03/29/19         | 04/12/19          | 2.67%                                   | 10,420      |
| 04/05/19         | 04/19/19          | 2.74%                                   | 10,701      |
| 04/05/19         | 04/19/19          | 2.74%                                   | 10,701      |
| 10/18/19         | 11/01/19          | 2.74%                                   | 10,701      |
| 04/12/19         | 04/26/19          | 2.62%                                   | 10,235      |
| 07/30/19         | 08/13/19          | 2.62%                                   | 17,198      |
| 04/12/19         | 04/26/19          | 2.62%                                   | 10,235      |
| 04/19/19         | 05/03/19          | 2.62%                                   | 10,235      |
| 05/22/19         | 06/05/19          | 2.74%                                   | 16,412      |
| 05/22/19         | 06/05/19          | 2.69%                                   | 10,491      |
| 10/11/19         | 10/25/19          | 2.50%                                   | 9,766       |
| 08/16/19         | 08/30/19          | 2.57%                                   | 10,022      |
| 03/06/20         | 03/20/20          | 2.57%                                   | 10,022      |
| (180 day period) |                   | 2.56%                                   | -           |
| 05/31/19         | 06/14/19          | 2.63%                                   | 10,263      |
| 05/31/19         | 06/14/19          | 2.66%                                   | 11,400      |
| 06/07/19         | 06/21/19          | 2.54%                                   | 9,919       |
| 06/07/19         | 06/21/19          | 2.54%                                   | 9,919       |
| 11/15/19         | 11/29/19          | 2.62%                                   | 10,234      |
| 08/09/19         | 08/23/19          | 2.62%                                   | 10,225      |
| 09/20/19         | 10/04/19          | 2.62%                                   | 10,225      |
| 01/10/20         | 01/24/20          | 2.62%                                   | 15,077      |
| 08/16/19         | 08/30/19          | 2.63%                                   | 10,259      |
| 07/19/19         | 08/02/19          | 2.56%                                   | 9,978       |
| 07/29/19         | 08/12/19          | 2.56%                                   | 15,375      |
| 08/02/19         | 08/16/19          | 2.66%                                   | 10,380      |
| 08/02/19         | 08/16/19          | 2.71%                                   | 10,558      |
| 08/16/19         | 08/30/19          | 2.71%                                   | 10,558      |



**Exhibit 3**

## Lucky for Life

## Cost of Top and Second Prize Report

| <b>Draw Date</b> | <b>State</b> | <b>Win Num</b> | <b>Claim Date</b> | <b>Option</b> | <b>Cost of Prizes</b> |
|------------------|--------------|----------------|-------------------|---------------|-----------------------|
| 08/22/19         | NC           | 297            | 8/23/2019         | cash          | 390,000               |
| 08/26/19         | NC           | 298            | 10/8/2019         | annuity       | 673,016               |
| 08/29/19         | SC           | 299            | 8/30/2019         | cash          | 390,000               |
| 09/02/19         | ME           | 300            | 9/24/2019         | annuity       | 409,797               |
| 09/09/19         | CO           | 301            | 3/4/2020          | cash          | 390,000               |
| 09/09/19         | DE           | 302            | 9/11/2019         | cash          | 390,000               |
| 09/16/19         | MA           | 303            | 9/20/2019         | cash          | 390,000               |
| 09/19/19         | MA           | 304            | 10/2/2019         | cash          | 390,000               |
| 09/30/19         | DE           | 305            | 10/4/2019         | cash          | 390,000               |
| 10/14/19         | OH           | 306            | 10/22/2019        | cash          | 390,000               |
| 10/21/19         | CT           | 307            | 11/7/2019         | cash          | 390,000               |
| 11/11/19         | MO           | 308            | 11/19/2019        | annuity       | 493,087               |
| 11/18/19         | NC           | 309            | 12/4/2019         | cash          | 390,000               |
| 11/25/19         | MI           | 310            |                   |               |                       |
| 11/28/19         | OK           | 311            | 12/2/2019         | annuity       | 513,308               |
| 12/09/19         | IA           | 312            | 12/12/2019        | cash          | 390,000               |
| 12/09/19         | NC           | 313            | 12/16/2019        | cash          | 390,000               |
| 12/19/19         | MA           | 314            | 1/10/2020         | cash          | 390,000               |
| 12/30/19         | CT           | 315            | 12/31/2019        | annuity       |                       |
| 01/02/20         | SD           | 316            | 1/7/2020          | annuity       | 551,650               |
| 01/09/20         | VT           | 317            | 1/27/2020         | annuity       | 612,223               |
| 01/13/20         | SC           | 318            | 1/21/2020         | cash          | 390,000               |
| 01/16/20         | MA           | 319            | 1/17/2020         | cash          | 390,000               |
| 01/27/20         | NC           | 320            | 3/20/2020         | cash          | 390,000               |
| 02/10/20         | MT           | 321            | 2/19/2020         | cash          | 390,000               |
| 02/20/20         | SC           | 322            | 2/24/2020         | cash          | 390,000               |
| 02/24/20         | MI           | 323            | 3/9/2020          | annuity       | 623,120               |
| 03/02/20         | CO           | 324            | 3/12/2020         | cash          | 390,000               |
| 03/16/20         | MO           | 325            |                   |               |                       |
| 03/16/20         | OH           | 326            | 3/18/2020         | annuity       | 728,828               |
| 03/26/20         | NC           | 327            |                   |               |                       |

| <b>Reported</b> | <b>Settlement</b> | <b>Allocated Share of Second Prizes</b> |             |
|-----------------|-------------------|---|-------------|
|                 |                   | <b>Allocation Percentage</b>            | <b>Iowa</b> |
|                 |                   |   | <b>Iowa</b> |
| 08/30/19        | 09/13/19          | 2.57%                                   | 10,018      |
| 12/04/19        | 12/18/19          | 2.70%                                   | 18,204      |
| 08/30/19        | 09/13/19          | 2.60%                                   | 10,156      |
| 10/18/19        | 11/01/19          | 2.59%                                   | 10,608      |
| 03/06/20        | 03/20/20          | 2.61%                                   | 10,167      |
| 09/13/19        | 09/27/19          | 2.61%                                   | 10,167      |
| 09/20/19        | 10/04/19          | 2.66%                                   | 10,366      |
| 10/04/19        | 10/18/19          | 2.61%                                   | 10,167      |
| 10/04/19        | 10/18/19          | 2.66%                                   | 10,365      |
| 10/25/19        | 11/08/19          | 2.71%                                   | 10,562      |
| 11/08/19        | 11/22/19          | 2.69%                                   | 10,488      |
| 12/02/19        | 12/16/19          | 2.77%                                   | 13,644      |
| 12/06/19        | 12/20/19          | 2.77%                                   | 10,786      |
|                 |                   | 2.75%                                   | -           |
| 12/05/19        | 12/19/19          | 2.73%                                   | 13,990      |
| 12/13/19        | 12/27/19          | 2.61%                                   | 10,164      |
| 12/23/19        | 01/03/20          | 2.61%                                   | 10,164      |
| 01/10/20        | 01/24/20          | 2.71%                                   | 10,584      |
| pending         |                   | 2.71%                                   | -           |
| 01/13/20        | 01/27/20          | 2.60%                                   | 14,341      |
| 02/10/20        | 02/24/20          | 2.66%                                   | 16,273      |
| 01/24/20        | 02/07/20          | 2.62%                                   | 10,212      |
| 01/24/20        | 02/07/20          | 2.68%                                   | 10,466      |
| 03/27/20        | 04/10/20          | 2.75%                                   | 10,707      |
| 02/21/20        | 03/06/20          | 2.69%                                   | 10,504      |
| 02/28/20        | 03/13/20          | 2.66%                                   | 10,369      |
| 03/18/20        | 04/01/20          | 2.73%                                   | 16,997      |
| 03/20/20        | 04/03/20          | 2.67%                                   | 10,425      |
|                 |                   | 2.69%                                   | -           |
| 03/27/20        | 04/10/20          | 2.69%                                   | 19,629      |
|                 |                   | 2.77%                                   | -           |

Iowa Lottery Authority

Staff

This engagement was performed by:

Marlys K. Gaston, CPA, Deputy  
Lesley R. Geary, CPA, Manager  
Brandon J. Vogel, Senior Auditor II  
Charles P. Duff, Assistant Auditor

## Budget For Lottery Fund

|  | FY 2020<br>Actual  | FY 2021<br>Board<br>Approved<br>Budget | FY 2022<br>Proposed<br>Budget | FY 2023<br>Proposed<br>Budget |
|--|--------------------|--|-------------------------------|-------------------------------|
| <b>Resources</b>                                 |                    |  |                               |                               |
| Lottery sales                                    | 371,953,494        | 355,853,000                            | 368,500,000                   | 368,500,000                   |
| Interest income                                  | 383,498            | 500,000                                | 500,000                       | 500,000                       |
| Application fees                                 | 3,750              | 5,000                                  | 5,000                         | 5,000                         |
| Other  | 7,436              | 5,000                                  | 5,000                         | 5,000                         |
| <b>Total Resources</b>                           | <b>372,348,178</b> | <b>356,363,000</b>                     | <b>369,010,000</b>            | <b>369,010,000</b>            |
| <b>Expenses and Change in Net Assets</b>         |                    |  |                               |                               |
| Prizes   | 236,317,005        | 216,000,723                            | 228,087,000                   | 228,087,000                   |
| Retailer compensation                            | 24,314,334         | 23,843,151                             | 24,690,500                    | 24,690,500                    |
| Advertising production and media purchases       | 6,780,551          | 14,234,120                             | 14,740,000                    | 14,740,000                    |
| Retailer Lottery system/Terminal Communications  | 6,125,443          | 9,191,012                              | 7,589,214                     | 7,464,214                     |
| Instant/Pull-tab ticket expense                  | 3,251,770          | 4,284,428                              | 4,484,750                     | 4,484,750                     |
| Vending machines & maintenance/Ticket dispensers | 420,413            | 535,216                                | 539,248                       | 539,248                       |
| Courier delivery of instant tickets              | 660,809            | 660,000                                | 660,000                       | 660,000                       |
| Interest expense                                 | 0                  | 0                                      | 0                             | 0                             |
| Lottery operating expense                        | 13,503,470         | 15,376,419                             | 15,146,419                    | 15,146,419                    |
| Increase (decrease) in net assets                | -1,647             | -462,600                               | -418,600                      | -532,600                      |
| <b>Total Expenses and Change in Net Assets</b>   | <b>291,372,148</b> | <b>283,662,469</b>                     | <b>295,518,531</b>            | <b>295,279,531</b>            |
| <b>Proceeds</b>                                  |                    |  |                               |                               |
| Proceeds Transfer to Veterans Trust Fund         | 2,500,000          | 2,500,000                              | 2,500,000                     | 2,500,000                     |
| Public Safety Survivor Benefit Fund              | 100,000            | 100,000                                | 100,000                       | 100,000                       |
| Proceeds Transfer to General Fund                | 78,929,332         | 70,100,531                             | 70,891,469                    | 71,130,469                    |
| <b>Total Proceeds Transfers</b>                  | <b>81,529,332</b>  | <b>72,700,531</b>                      | <b>73,491,469</b>             | <b>73,730,469</b>             |
| <b>Total Expenses and Proceeds</b>               | <b>372,901,480</b> | <b>356,363,000</b>                     | <b>369,010,000</b>            | <b>369,010,000</b>            |

## Lottery Operations -Budget Detail

|                                 | FY 2020 Actual       | FY 2021 Board<br>Approved<br>Budget | FY 2022<br>Proposed<br>Budget | FY 2023<br>Proposed<br>Budget |
|---------------------------------|----------------------|-------------------------------------|-------------------------------|-------------------------------|
| Administrative payroll*         | \$ 10,861,223        | \$ 11,624,950                       | \$ 11,624,950                 | \$ 11,624,950                 |
| Travel & Transportation         | \$ 229,288           | \$ 417,500                          | \$ 417,500                    | \$ 417,500                    |
| Supplies                        | \$ 71,026            | \$ 103,000                          | \$ 103,000                    | \$ 103,000                    |
| Printing                        | \$ 1,402             | \$ 20,000                           | \$ 10,500                     | \$ 10,500                     |
| Postage                         | \$ 7,097             | \$ 7,000                            | \$ 7,000                      | \$ 7,000                      |
| Communications                  | \$ 186,746           | \$ 192,400                          | \$ 192,400                    | \$ 192,400                    |
| Rentals                         | \$ 318,204           | \$ 301,689                          | \$ 285,689                    | \$ 285,689                    |
| Utilities                       | \$ 92,719            | \$ 98,800                           | \$ 98,800                     | \$ 98,800                     |
| Professional fees               | \$ 169,265           | \$ 308,500                          | \$ 204,000                    | \$ 204,000                    |
| Outside services and repair     | \$ 217,847           | \$ 374,211                          | \$ 274,211                    | \$ 274,211                    |
| Data processing                 | \$ 125,918           | \$ 150,000                          | \$ 150,000                    | \$ 150,000                    |
| Equipment                       | \$ 206,844           | \$ 452,869                          | \$ 452,869                    | \$ 452,869                    |
| Reimbursement to state agencies | \$ 479,618           | \$ 531,900                          | \$ 531,900                    | \$ 531,900                    |
| Depreciation                    | \$ 481,223           | \$ 707,600                          | \$ 707,600                    | \$ 707,600                    |
| Other expenses                  | \$ 55,050            | \$ 86,000                           | \$ 86,000                     | \$ 86,000                     |
| <b>Total operating expenses</b> | <b>\$ 13,503,470</b> | <b>\$ 15,376,419</b>                | <b>\$ 15,146,419</b>          | <b>\$ 15,146,419</b>          |

\* FY 2022 and FY 2023 Proposed Budgets for "Administrative Payroll" do not include salary and benefit cost increases



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515.725.7900

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

Date: September 29, 2020

To: Iowa Lottery Board  
From: Larry L. Loss  
Re: Pull-tab Vending Machine Contract Extension

The Iowa Lottery issued RFP IL 16-11, Request for Proposal, Pull-tab Vending Machines and Related Services in April, 2016.

The purpose of this Request for Proposal (RFP) was to solicit proposals from qualified firms or vendors interested in providing pull-tab vending machines (PTVM) and related services for the Iowa Lottery Authority (Lottery), pursuant to the authority of Iowa Code, Chapter 99G.

Pollard Games, Inc. DBA American Games located in Council Bluffs, Iowa, was the sole bidder.

On June 28, 2016, the Iowa Lottery Board approved the Iowa Lottery to issue a Notice of Intent to Award to Pollard Games, Inc. DBA American Games. Subsequently, the contract terms were negotiated. The initial contract term was October 1, 2016 through September 30, 2019. There are three one-year extensions available under this contract. The three extension periods are also subject to a Consumer Price Index (CPI) adjustment.

On September 24, 2019, the Board amended the contract to use the July to July CPI adjustment rate and exercised the first contract extension available under the contract. With that extension, the contract was extended to September 30, 2020.

#### **Background Information**

The Iowa Lottery became the first US lottery to sell pull-tab tickets in 1987. In FY 2019, the Iowa Lottery sold \$10,876,605 million in pull-tabs. This fiscal year, pull-tabs sales are anticipated to be in excess of \$11 million dollars.

Today, the Iowa Lottery sells pull-tab tickets exclusively through vending machines, which are presently installed in approximately 335 licensed retail locations throughout Iowa. The Lottery purchased its current pull-tab vending machines from American Games in 2016, and have been utilizing and maintaining them ever since.

The current contract for pull-tab vending machine maintenance and related services, held by Pollard Games, Inc. DBA American Games, expires on September 30, 2019.

**Recommendation**

Iowa Lottery staff is requesting Board approval to exercise the second extension of the Pull-tab Vending Machines and Related Services contracts with Pollard Games, Inc. DBA American Games thus extending the contract through September 30, 2021.

The contract calls for the CPI adjustment period to be July to July. The CPI change for the contract extension is 1%.

With your approval, the Iowa Lottery will exercise the first contract extension available under this contract and amend it to reflect that the annual CPI rate adjustment will reflect the July to July time period.

**Extension to the  
Agreement for Maintenance of  
Pull-Tab and Instant Ticket Vending Machines**

**THIS EXTENSION**, is effective on October 1, 2020 and is made by and between the **IOWA LOTTERY AUTHORITY** (the "Lottery"), and **Pollard Games, Inc. dba American Games** (Contractor).

In consideration of the premises and the mutual promises and covenants herein contained, the parties hereto agree as follows:

**SECTION 1. IDENTITY OF THE PARTIES.**

1.1 The Lottery is an instrumentality of the State of Iowa and is authorized by Iowa Code Chapter 99G to conduct a lottery in the State of Iowa. The Lottery's address is 13001 University Avenue, Clive, Iowa 50325.

1.2 The Contractor is a corporation established under laws of the state of Delaware. American Games is engaged in the business, among other things, to manufacture, lease and service pull-tab ticket vending machine. The address for Contractor is 504 34<sup>th</sup> Avenue, Council Bluffs, IA 51501.

**SECTION 2. EXTENSION OF TERM.**

On or about October 1, 2016, the Lottery and Contractor entered into an Agreement for Maintenance of Pull-Tab and Instant Ticket Vending Machines (Agreement). The term of the Agreement was for three years, plus three one-year extension periods exercisable at the option of the Lottery. Pursuant to Section 4 of the Agreement, the second option period is hereby exercised extending the term through September 30, 2021.

**SECTION 3. AGREEMENT OTHERWISE UNCHANGED.**

Except as specifically modified hereby, the terms of this Agreement shall remain in full force and effect.

**SECTION 4. EXECUTION.**

**IN WITNESS WHEREOF**, in consideration of mutual covenants set forth above and for other good and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Extension and have caused their duly authorized representatives to execute this Extension.

**Iowa Lottery Authority**

**Pollard Games, Inc. dba American Games**

By: \_\_\_\_\_  
Larry Loss  
Executive Vice President

By: \_\_\_\_\_  
Steven Fingold  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**Amendment Number Four to  
Agreement for Acquisition and Maintenance of Pull-Tab Vending Machines  
Between  
Iowa Lottery Authority  
And  
Pollard Games, Inc., dba American Games**

This Contract Amendment ("Amendment") to the Agreement for Acquisition and Maintenance of Pull-Tab Vending Machines entered into on October 1, 2016 ("Agreement"), is between the Iowa Lottery Authority ("Lottery") and Pollard Games, Inc. doing business as 'American Games' (Contractor). The Lottery and Contractor agree as follows:

1. Purpose. The purpose of the Amendment is to update the pricing (pursuant to clause 6.3 CPI cost adjustments – That reflects an increase in prices based on the CPI change of 1% utilizing the National All Urban CPI, July to July).
2. Term. Section 4 of the Agreement is rescinded in its entirety, and hereby replaced by the following new Section 4:  
  
The term of this Agreement will be from October 1, 2020 through September 31, 2021.
3. Pricing. Section D of the Agreement is replaced with the attached new Schedule D, October 1, 2020 – September 31, 2021.
4. Amendments. This Amendment may only be modified by mutual consent of the Lottery and the Contractor, in writing and executed by all parties.
5. Effect of Amendment on Agreement. Except as set forth by this Amendment, all other provisions of the Agreement shall remain in full force and effect.

Iowa Lottery Authority

Pollard Games, Inc., dba American Games

By: \_\_\_\_\_

By: \_\_\_\_\_

Larry Loss  
Executive Vice President

Steven Fingold  
President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE D  
OCTOBER 1, 2020 - SEPTEMBER 30, 2021**

| <b>PURCHASE – PTVM</b>   | <b>6 game</b> | <b>12 game</b> |
|--|---------------|----------------|
| <b>Cost per machine:</b>   |               |                |
| Cost of machines – outright purchase   | \$4,625       | \$5,996        |
| Cost of relocation/removal services per machine, per occurrence  | \$134         | \$134          |
| Repurchase price for each machine at the end of year 3   | \$323         | \$377          |
| Repurchase price for each machine at the end of year 4   | \$215         | \$270          |
| Repurchase price for each machine at the end of year 5   | \$108         | \$162          |
| Repurchase price for each machine at the end of year 6   | \$1           | \$2            |
| NOTE: Purchase prices for additional machines in year 2-6, to be adjusted by any applicable CPI Increase. In the event of a CPI decrease, pricing will remain at the then current rates. |               |                |

| <b>CPI PERCENTAGE ADJUSTMENT REQUESTED ON PURCHASE OF PTVM, YEARS 2-6 UTILIZING THE NATIONAL ALL URBAN CPI, AUGUST TO AUGUST:</b> | <b>6 game</b> | <b>12 game</b> |
|---|---------------|----------------|
| Monthly cost per machine for maintenance services   | 100%          | 100%           |
| Cost of relocation/removal services per machine, per occurrence   | 100%          | 100%           |
| NOTE: In the event of a CPI decrease, pricing will remain at the then current rates.  |               |                |

| <b>Monthly Maintenance Fee Per Machine, Per Month</b>                        |      |                        |
|--|------|------------------------|
| Maintenance fee per machine is based on total amount of machines in service. |      |                        |
| 250<Number of Machines<400   | \$65 | per machine, per month |
| 400<Number of Machines<600   | \$54 | per machine, per month |
| 600<Number of Machines<800   | \$43 | per machine, per month |

| <b>Additional Monthly Cost Per Machine:</b> |   |                              |                              |                              |                                |
|---|---|------------------------------|------------------------------|------------------------------|--------------------------------|
| <b>OPTION</b>                               | <b>Ordered at time of initial order</b> | <b>Ordered during Year 1</b> | <b>Ordered during Year 2</b> | <b>Ordered during Year 3</b> | <b>Ordered during Year 4-6</b> |
|   | <b>Purchase \$</b>                      | <b>Purchase \$</b>           | <b>Purchase \$</b>           | <b>Purchase \$</b>           | <b>Purchase \$</b>             |
| Electronic Age Check                        | TBD                                     | TBD                          | TBD                          | TBD                          | TBD                            |
| Remote shut-off                             | \$108                                   | \$108                        | \$108                        | \$108                        | TBD                            |
| Custom Color                                | \$54                                    | \$54                         | \$54                         | \$65                         | TBD                            |
| Custom Decals                               | TBD                                     | TBD                          | TBD                          | TBD                          | TBD                            |

| <b>Reduction of Cost Per Machine:</b> |   |                              |                              |                              |                                |
|---------------------------------------|---|------------------------------|------------------------------|------------------------------|--------------------------------|
| <b>OPTION</b>                         | <b>Ordered at time of initial order</b> | <b>Ordered during Year 1</b> | <b>Ordered during Year 2</b> | <b>Ordered during Year 3</b> | <b>Ordered during Year 4-6</b> |
|                                       | <b>Purchase \$</b>                      | <b>Purchase \$</b>           | <b>Purchase \$</b>           | <b>Purchase \$</b>           | <b>Purchase \$</b>             |
| NO Coin Acceptors per 3.10.5          | -\$204                                  | -\$204                       | -\$204                       | -\$204                       | TBD                            |

| <b>Service for Existing Instant ticket and Pull-tab vending machines:</b>  |  |  |  |  |  |
|--|--|--|--|--|--|
| American Games will provide maintenance to existing equipment during the conversion period at existing maintenance rates. With the anticipated reduction in PTVMs, and the eventual removal of the ITVMs, we anticipate reducing the number of maintenance staff (based on total number of machines) by December 31, 2016. If the conversion period extends beyond December 31, 2016, response rates may need to be adjusted to accommodate a reduced field staff. |  |  |  |  |  |



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

Date: September 29, 2020

To: Iowa Lottery Board  
From: Larry L. Loss  
Re: Purchase of Pull-tabs Contract Extension

The Iowa Lottery issued RFP IL 18-01, Request for Proposal, Purchase of Pull-tab tickets on July 31, 2017.

The purpose of this Request for Proposal (RFP) was to solicit proposals from qualified firms or vendors interested in printing pull-tab tickets and providing related services for the Iowa Lottery Authority (Lottery), pursuant to the authority of Iowa Code, Chapter 99G. The Lottery intended to award one vendor a single contract but reserved the right at its sole discretion to award additional contracts to print Lottery pull-tab tickets. The award of the contract did not guarantee the Lottery would print any tickets with that vendor.

Pollard Games, Inc. DBA American Games located in Council Bluffs, Iowa, was the sole bidder.

On September 26, 2017, the Iowa Lottery Board approved the Iowa Lottery to issue a Notice of Intent to Award to Pollard Games, Inc. DBA American Games.

Subsequently, the contract terms were negotiated. As part of that negotiation, the contract was issued to Pollard Games, Inc. DBA American Games. The initial term of the contract is April 1, 2018 – December 31, 2019. The contract further provides for three one-year extensions beyond the initial term. The three extension periods are also subject to a Consumer Price Index (CPI) adjustment.

On September 24, 2019, the Board amended the contract to use the July to July CPI adjustment rate and exercised the first contract extension available under the contract. With that extension, the contract was extended to December 31, 2020.

#### **Background Information**

The Lottery operates on a multiple game strategy and multiple price point strategy and plans to have at least 18 games available for sale at all times. New tickets at the \$.25, \$.50, \$1, \$2 and \$5 price points. New games will be introduced periodically throughout the year. The ticket size and unit size are all the same regardless of price point. The Lottery has a base of approximately 335 retailers selling pull-tab tickets within Iowa. The Lottery's current gaming system is operated by Scientific Games which includes on-site verification that each pull-tab ticket being cashed was purchased at that location.

The value of the contract will vary from year to year based on the number of games that are printed. Based on current ticket sales, the value of this contract is approximately \$300,000 per year.

**Recommendation**

Iowa Lottery staff is requesting Board approval to exercise the second extension of the Pull-tab Printing and Related Services contracts with Pollard Games, Inc. DBA American Games thus extending the contract through December 31, 2021.

The contract calls for the CPI adjustment period to be July to July. The CPI change for the contract extension is 1%.

With your approval, the Iowa Lottery will exercise the second contract extension under this contract and amend it to reflect the annual CPI rate adjustment.

**EXTENSION TO THE  
AGREEMENT FOR THE PURCHASE OF  
PULL-TAB TICKETS AND RELATED SERVICES**

This Extension and Amendment of Agreement for the Purchase of Pull-Tab Tickets and Related Services (Extension) is effective on the last date set forth below and is made by and between the Iowa Lottery Authority (Lottery) and Pollard Games, Inc., dba American Games (Contractor).

In consideration of the mutual covenants contained in this Extension, the sufficiency of which is acknowledged, it is agreed as follows:

**SECTION 1. IDENTITY OF THE PARTIES.**

1.1 The Lottery is an instrumentality of the State of Iowa and is authorized by Iowa Code Chapter 99G to conduct a lottery in the State of Iowa. The Lottery's address is 13001 University Avenue, Clive, Iowa 50325.

1.2 The Contractor is a corporation established under the laws of the state of Delaware. American Games is engaged in the business, among other things, of printing pull-tab tickets. The address for Contractor is 504 34<sup>th</sup> Avenue, Council Bluffs, IA 51501.

**SECTION 2. EXTENSION OF TERM.**

On or about April 1, 2018, the Lottery and Contractor entered into an Agreement for the Purchase of Pull-Tab Tickets and Related Services ("Agreement"). The term of the Agreement was for one year, plus three one-year extension periods exercisable at the option of the Lottery. Pursuant to Section 5 of the Agreement, the second option period is hereby exercised extending the term through December 31, 2021.

**SECTION 3. AGREEMENT OTHERWISE UNCHANGED.**

Except as specifically modified hereby, the terms of this Agreement shall remain in full force and effect.

**SECTION 4. EXECUTION.**

**IN WITNESS WHEREOF**, in consideration of the mutual covenants set forth above and for other goods and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Extension and have caused their duly authorized representatives to execute this Extension.

**Iowa Lottery Authority**

By: \_\_\_\_\_  
Name: Larry Loss  
Title: Executive Vice President

Date: \_\_\_\_\_

**Pollard Games, Inc dba American Games**

By: \_\_\_\_\_  
Name: Steven Fingold  
Title: President

Date: \_\_\_\_\_

**Amendment Number Two to  
Agreement for Pull-Tab Tickets and Related Services  
Between  
Iowa Lottery Authority  
And  
Pollard Games, Inc., dba American Games**

This Contract Amendment ("Amendment") to the Agreement for Pull-Tab Tickets and Related Services entered into on April 1, 2018 ("Agreement"), is between the Iowa Lottery Authority ("Lottery") and Pollard Games, Inc. doing business as 'American Games' (Contractor). The Lottery and Contractor agree as follows:

1. Purpose. The purpose of the Amendment is to update the pricing (pursuant to clause 7.3 CPI cost adjustments – That reflects an increase in prices based on the CPI change of 1% utilizing the National All Urban CPI, July to July) Agreement.
2. Term. Section 5 of the Agreement is rescinded in its entirety, and hereby replaced by the following new Section 5:  
  
The term of this Agreement will be from January 1, 2021 through December 31, 2021.
3. Pricing. Schedule B of the Agreement is replaced with the attached new Schedule B, Pull-Tab Pricing January 1, 2021 – December 31, 2021.
4. Amendments. This Amendment may only be modified by mutual consent of the Lottery and the Contractor, in writing and executed by all parties.
5. Effect of Amendment on Agreement. Except as set forth by this Amendment, all other provisions of the Agreement shall remain in full force and effect.

Iowa Lottery Authority

Pollard Games, Inc., dba American Games

By: \_\_\_\_\_

Larry Loss  
Executive Vice President

Date: \_\_\_\_\_

By: \_\_\_\_\_

Steven Fingold  
President

Date: \_\_\_\_\_

**SCHEDULE B  
PRICING MATRIX  
Pull-Tab Pricing January 1, 2021 – December 31, 2021.**

**SECTION 1. PRICING FOR GAMES AND OTHER MATERIALS.** The prices of tickets provided by the Contractor shall be as follows:

| <i>Ticket Quantity</i> | <i>Cost of Order</i> | <i>Cost per Ticket</i> |
|------------------------|----------------------|------------------------|
| 250,000                | \$ 5,958.30          | \$ 0.02383             |
| 500,000                | \$ 9,382.14          | \$ 0.01876             |
| 1,000,000              | \$15,905.94          | \$ 0.01591             |
| 1,500,000              | \$23,180.32          | \$ 0.01545             |
| 2,000,000              | \$29,940.60          | \$ 0.01497             |
| 2,500,000              | \$36,654.62          | \$ 0.01466             |
| 3,000,000              | \$42,628.34          | \$ 0.01421             |
| 3,500,000              | \$49,265.24          | \$ 0.01408             |
| 4,000,000              | \$55,768.48          | \$ 0.01394             |
| 5,000,000              | \$68,888.06          | \$ 0.01378             |

**SECTION 2. NEW GAME DEVELOPMENT.** The development of a new game shall include creative development, trademark search, press proofs, 12 units of sample tickets, 950 retailer pages and 660 sales sheets.

**SECTION 3. ONE TIME SET-UP CHARGE.** Contractor will charge the Lottery a one-time charge for developing each new game the sum of \$3,598. This charge will be billed in accordance with section 7, of this Agreement.

**SECTION 4. ADDITIONAL PRODUCT PRICING.** Upon request by the Lottery in the Working Papers, the Contractor shall provide selective "seeding" of tickets, ultra-violet ink, and/or fluorescent inks. Additional costs for these products are:

|  |  |
|--|--|
| Ultra-violet inks  | Add \$514 per game                                     |
| Fluorescent inks   | Add \$.15/square inch/per thousand tickets             |
| Selective seeding  | Add 10% of the base game price per game                |
| Standard industry ticket size with barcode activation insert*                          | Discount of \$0.50 per 1000 tickets*                   |
| Printing options, full barcode validation and or promotional ideas found in Appendix A | Pricing to be determined based on final specifications |

\*Standard industry ticket size is 1 7/8" x 3 3/4", a shorter 5 tab ticket with a barcode insert or barcode activation card to be inserted into each pull-tab unit of tickets. (Current Lottery ticket size is 1 7/8" x 4 1/4".)

Pricing for other printing options, full barcode validation and or promotional ideas to be determined based upon final specifications at time of order.