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

AGENDA

IOWA LOTTERY BOARD

December 16, 2021
10:30 am

Dial In: 515-206-9299

(No PIN # is required to join the call)

- I. Call to Order
 - a. Approval of Agenda
 - b. Approval of Minutes – September 28, 2021
- II. CEO Update
- III. Quarterly Reports
 - a. Sales and Marketing
 - b. Security
 - c. External Relations
 - d. Financial
- IV. Overview of GovConnectIowa
- V. Key Personnel Hiring Update
- VI. 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

September 28, 2021

10:30 a.m.

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

Board Members Present:

Josh Cook, John Quinn, Mary Junge, Sherrae Hanson

Board Members Present on Teleconference:

Mary Rathje, Hon. Michael Fitzgerald.

Board Members Absent:

None.

Lottery Staff Participating:

Matt Strawn, CEO; Larry Loss, COO; Michael Conroy, VP, Finance; Teri Wood, VP, Sales and Marketing; Cam Coppess, VP, Security; Mary Neubauer, VP, External Relations; Hale Strasser, VP, IT Systems; Megan Tooker, VP, Legal Counsel; Kim Knight, Online Accounting and Internal Audit Manager; David Ranscht, AAG; Deb Bassett, Board Secretary.

Others Present:

David Berger, Scientific Games; Brandon Butler, Scientific Games.

Others Present on Teleconference:

Rod Boshart, Cedar Rapids Gazette; Dar Danielson, Radio Iowa; Maria Wagenhofer, Legislative Services Agency.

CALL TO ORDER

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

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

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

Rathje moved to approve the June 29, 2021 board meeting minutes. Junge seconded. Motion carried unanimously.

CEO UPDATE

Strawn reported the past few months have been quite eventful at the lottery - wrapping up a record-breaking year of sales and proceeds; converting to a new central gaming system; and flying 50 lottery

winner and their guests to Las Vegas to watch the Cyclones on a trip of a lifetime. All while continuing to develop and execute future games and promotions. It continues to be an organizational-wide team effort in meeting the lottery's mandate to responsibly raise revenue for important Iowa causes.

Strawn provided a brief sales update and stated that FY21 was a record-setting one for the Iowa Lottery, with year-over-year gross lottery sales increasing 22%. During the June board meeting, it was noted that future Iowa Lottery sales will likely see more year-over-year modest growth and that is what the lottery is seeing in the marketplace, at least through the initial months of FY22. While the lottery is no longer seeing year-over-year double-digit percentage sales increases, Strawn said he was pleased to report that sales remain strong through the start of FY22.

Through August 31, gross lottery sales for FY22 are running 2.9% ahead of last year and ahead of budget projections. As a result, the lottery is also running ahead of budget projections on proceeds delivered to the State of Iowa through the first two months of FY22.

Scratch Tickets and national multi-jurisdiction lotto games are driving that growth to start the new fiscal year. Scratch ticket sales are up a modest 1.4% year-over-year. The multi-jurisdiction games of Powerball, MegaMillions and Lucky for Life are up a combined 30.4% through the end of August.

Part of that sales lift is driven by jackpot levels in the two major national jackpot games of Powerball and MegaMillions. Strawn reminded the board the lottery is in the midst of a strategic decision to increase support for these games -- games that produce some of the strongest gross revenue margins in the lottery's product portfolio. Among the strategic decisions to bolster the national lotto product category were changes made to the draw frequency in both the Powerball and Lucky for Life games.

Lucky for Life transitioned to daily drawings on July 19, while Powerball added a Monday drawing (in addition to the Wednesday and Saturday drawings) on August 22. The early data indicate the lottery is seeing sales lift from both these changes, but Strawn cautioned it is too early to draw any sweeping conclusions regarding long-term sales growth until the lottery has a few more months and quarters of sales data. That said, Strawn is encouraged to see Lucky for Life's year-over-year sales performance is up just over 40% since the game's move to daily drawings.

Strawn shared a slide presentation regarding the lotto category's recent performance relative to the lottery's full product category portfolio.

Strawn then discussed operational updates:

(1) Strawn thanked the lottery team for all their hard work over the last 2 years on the conversion to the lottery's new central gaming system.

(2) The lottery's new digital licensing system, through a collaborative effort with the Iowa Department of Revenue and other business-facing state agencies, is expected to be live in November. This online common business portal, named GovConnectIowa, will dramatically improve the customer experience for anyone seeking to do business with the State of Iowa, including applying for – and managing – a retailer lottery license. This will replace the lottery's antiquated licensing process, which will dramatically improve internal processing efficiency.

(3) Lottery operations generally are smooth. Like all Iowa employers, the lottery is mindful of matters affecting its product and equipment supply chains, increasing input and logistical costs, as well as broader statewide workforce challenges.

- For example, the lottery had anticipated upgrading its self-service kiosks across the state by this point in the year. Supply chain challenges related to obtaining key electronic components have delayed that upgrade.
- The lottery is hearing from key lottery vendors the prospect they are facing of rising input costs on items that range from plastic ticket dispensers to ticket printing. The lottery continues to monitor these developments related to its budget, but the lottery's long-term printing contracts insulate the lottery from some of these near-term price hikes.
- As it relates to workforce challenges for our retail partners, the lottery is working to identify potential in-store products and sales solutions that can better reduce what retailers call "friction" in the retail space.

Strawn concluded his report by expressing the lottery's appreciation for Michael Conroy as his service to the lottery draws to a close. Strawn said the Iowa Lottery is stronger for Conroy's years of service, most recently as CFO, where he maintained the lottery's proud tradition of clean audits while leading key initiatives related to modernizing unclaimed prize allocation, digital claims, workflow and data management processes.

QUARTERLY REPORTS

Sales and Marketing:

Wood stated sales continue to be impressive. The Powerball jackpot has been rolling for more than three months since it was last won in Florida on June 5th. This is the highest the Powerball jackpot has been since January when dueling jackpot runs produced a \$731.1 million Powerball jackpot won in Maryland and a \$1.05 billion Mega Millions jackpot won in Michigan. This will be the first Powerball jackpot won since the game launched Monday drawings and the Double Play[®] option on August 23 in order to produce bigger jackpots.

Wood talked about Play It Again Promotions which are intended to create fun and memorable bucket list-type experiences for players. For the "Fly with Cy" promotion, VIP Club members could enter any \$2 Powerball ticket to win one of 50 prize packages to see the Iowa State Cyclones play UNLV at Allegiant Stadium in Las Vegas. Over 43,000 entries were received for this promotion, and the lottery gained over 1,700 new VIP Club members during the promotion.

The feedback from winners was extremely positive and all were happy to have this unique experience. The words "thank-you," "bucket-list," "first class" and "once-in-a-lifetime" were heard over and over again.

Over the summer, the lottery gave away over one million dollars in the "Million Dollar Summer" promotion. The promotion launched on July 12 and ran through Aug 20. Players could enter eligible scratch tickets to win prizes ranging from \$5,000 to \$30,000 with 1 grand prize winner receiving one million dollars. During the promotion, over 357,000 entries were made, and 32,755 entries were made by new VIP Club members.

Security:

Copess gave a security report. Copess stated one of the important things the security investigators do relates to validating winners and drawings.

Copress also compared this year's quarterly report to 2020. A year ago, the state was in lock-down mode and that is reflected in the report related to customer assists. Calls have gone down this year because the security team is back out in the field, personally interacting with retailers. Security staff also help retailers if there is a problem with their inventory of lottery products.

Copress stated the security team continues to focus on education with retailer compliance checks and loss prevention. The security team is also focused on educating law enforcement partners about Iowa Code chapter 99G and particularly section 99G.36 which addresses enforcement.

IT Systems:

Strasser provided a brief update on the new central gaming system. Strasser stated the new system went live on September 26, 2021. Since go-live, staff has been assisting users with logging into the new Games Management System and troubleshooting user issues and answering questions.

Financial:

Conroy gave a financial report. FY21 sales were \$96.7M over budget, exceeded the 5-year average by \$82M and exceeded FY20 sales by \$80.6M. FY21 prizes were \$72.8M over budget, exceeded the 5 year average by \$60.2M and exceeded FY20 prizes by \$52.5M. FY21 operating expenses were \$1.5M under budget, exceeded the 5 year average by \$475K and exceeded FY20 operating expenses by \$278K. It is difficult to narrow to one specific category the increases over the 5 year average and from the prior fiscal year. Some expenses increase while others decrease. The increase over the 5 year average is mostly attributable to salary and benefits. FY21 proceeds were \$28.9M ahead of budget, exceeded the 5 year average by \$15.7M and exceeded FY20 proceeds by \$20.1M.

As of today the Iowa Lottery's FY21 financial statements are not finalized. The Iowa Lottery financials rely on an Other Post Employment Benefit or "OPEB" valuation allocation. The valuation is supplied to the State of Iowa by an actuarial firm. The valuation is then allocated to individual agencies by the state GAAP Team. The valuation from the actuarial firm has not yet been made available to the State of Iowa. After discussion with the Iowa Lottery's external auditors it was decided the best course of action would be to not finalize the financial statements until the allocation has been made available to the lottery. Best estimates are this allocation will be available mid to late November 2021.

Performance measures for FY22 through August show that August sales were \$7.1M over budget and YTD sales are \$13M over budget. YTD sales exceed the 5 year average by \$8.9M. August prizes were \$5.3M over budget and YTD prizes are \$9.7M over budget. YTD prizes exceed the 5 year average by \$6.9M. August operating expenses were under budget by \$183K and YTD operating expenses are \$463K under budget. YTD operating expenses exceed the 5 year average by \$8K. August proceeds were ahead of budget by \$2.1M and YTD proceeds are \$2.1M ahead of budget. YTD proceeds exceed the 5 year average by \$1M.

Conroy concluded his report by stating the Auditor of State's report on the Lucky for Life Agreed Upon Procedures (AUP), required by Lucky for Life game rules, showed that no exceptions were noted in the procedures performed.

Quinn moved to approve the quarterly reports. Hanson seconded. Motion carried unanimously.

FY23 BUDGET

Conroy stated the following items had changed in the FY23 budget since it was originally approved in September 2020.

- There are Increases in lottery sales primarily in instant, Lucky for Life and pull-tab categories totaling \$3.4M. Interest income has been decreased from \$500K to \$60K.
- Prizes, retailer compensation, advertising, lottery system and terminal communications along with ticket expenses are all directly related to sales. As sales projections increase, so will these expense items.
- Decreases in payroll and travel total \$18K, rentals and utilities increases are estimated increases from the expected move from the Alcoholic Beverages Division warehouse to a new location and total approximately \$23K.

Junge moved to approve the FY23 Budget. Rathje seconded. Motion carried unanimously.

FISCAL POLICY UPDATES

Conroy and Tooker provided an overview of updates to fiscal policies. Conroy stated the lodging daily allowance maximum for in-state travel for state employees and in-state travel for Board, Commission, Advisory Council and Task Force members has increased to match the maximum levels set by the Department of Administrative Services (DAS).

- 210.205 In-State Travel Subsistence Allowance for state employees - has been increased from \$65 to \$80 per day.
- 210.245 In-State Travel for Board, Commission, Advisory Council, and Task Force Member Expenses –has been increased from \$98 to \$120 per day.

Tooker stated that historically the lottery has followed DAS's fiscal policy related to allowable expenses to reward employees for their service and productivity. DAS's fiscal policy caps those expenses at \$50 per employee per fiscal year. The lottery is proposing adoption of its own policy that would cap that expense at \$100 per employee, per year. Tooker explained DAS's fiscal policy also caps retirement expenses at \$75.00. The lottery typically purchases an engraved clock for retiring employees. It is increasingly difficult to keep that expense under \$75 so the lottery is proposing that retirement expenses be capped at \$150.00

Tooker requested the board approve these changes to the lottery's fiscal policies.

Hanson moved to approve the fiscal policy updates. Junge seconded. Motion carried unanimously.

CONTRACT EXTENSIONS

Loss discussed 5 contract extensions for the following:

1. American Games – Pull-Tab Printing
2. American Games – Vending Machine Maintenance
3. IGT Global Solutions Corporation– Scratch Ticket Printing
4. Pollard Banknote – Scratch Ticket Printing
5. Scientific Games – Scratch Ticket Printing

Loss stated that the lottery sells pull-tabs in 335 retail locations across the state. At each of these locations, the lottery provides a vending machine for the retailer to sell the pull-tab tickets. In the last fiscal year, there was growth in the product category and sales in excess of \$12 million.

The two contract extensions with American Games are for Pull-Tab printing and Pull-Tab Vending Machine maintenance. The initial contract terms for these contracts ran through 2019 and the board has exercised two of the three extensions available under these contracts. The contracts are subject to a CPI adjustment. The CPI adjustment rate for these extensions is 5.4%

Lottery staff is asking for board approval to exercise the third and final extension available under these contracts, thus locking in the pricing negotiated 4 years ago.

Loss stated that the lottery sells scratch tickets in approximately 2400 retail locations across the state. Scratch tickets are the best selling product the lottery offers. Since the inception of the current contracts, scratch ticket sales have grown from \$251 million in FY 2019 to \$317 million in FY 2021. The lottery has utilized a multi-vendor approach for printing scratch tickets and has had contracts with each of these vendors for multiple years. Utilizing all three vendors has given the lottery access to the widest array of products available and has enabled us to grow the product category.

The scratch ticket printing contracts were for 2 years and provided for four one-year extensions. The initial term of these contracts was completed and the board has exercised the first extension. As Strawn mentioned earlier, vendor costs are rising and the lottery is likely to see printing cost rise as future contracts are negotiated. Loss stated it would be in the best financial interest of the lottery to exercise the current extension that is available and lock in the pricing from the current contract.

Lottery staff is asking for board approval to exercise the second extension that is available under these contracts.

All of the vendors involved in the 5 contract extensions are in good standing with the Iowa Lottery. With board approval, each of these contracts will be extended for one year.

Junge moved to approve the contract extensions. Hanson seconded. Motion carried unanimously.

ADMINISTRATIVE RULE

Tooker stated the lottery filed a Notice of Intended Action to make rule changes related to waiver requests and easy pick tickets that were approved by the board at the June 29th meeting. That notice was published in the administrative rule bulletin and no comments were received.

The lottery is also required to present the proposed rule amendments to the administrative rule review committee. All of the legislators that serve on that committee were contacted and none of them had any concerns with the lottery's proposed amendments. At the administrative rule review committee, there were no comments.

If there had been concerns expressed by any party, Tooker said this would be the opportunity for the board to make adjustments to its proposed rule changes. Given that these changes are minor and the lottery received no comments, lottery staff propose the board adopt the administrative rule amendments that were initially approved at the end of June. Once the board approves these rule amendments, they will once again be published in the administrative code bulletin and will take effect on November 24th.

Quinn moved to approve the Administrative Rule. Hanson seconded. Motion carried unanimously.

ANNUAL BOARD NOTIFICATION

Chair Cook stated the annual board notifications for annual memberships and out-of-state travel have been included in the board packet.

ADJOURNMENT

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

Meeting adjourned at 11:56 a.m.

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2022
November 30, 2021

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Gross Sales	Budget FY 2022	28,850,099	28,712,965	26,265,499	30,937,029	28,183,524	31,044,582	36,553,908	29,716,412	34,045,438	31,533,328	34,080,388	31,076,828
	Actual '22	34,805,463	35,848,683	38,190,315	35,863,981	33,793,692	-	-	-	-	-	-	-
Prize Expense	Budget FY 2022	17,803,859	17,684,726	16,317,930	18,837,948	17,579,299	19,268,874	22,162,239	18,523,184	21,085,431	19,823,847	21,281,050	19,353,613
	Actual '22	22,212,471	23,030,405	23,405,501	22,622,122	20,920,915	-	-	-	-	-	-	-
Operating Expenses	Budget FY 2022	1,322,221	1,312,536	1,294,305	1,265,329	1,320,576	1,356,233	1,258,347	1,216,305	1,313,712	1,303,848	1,303,084	1,388,905
	Actual '22	1,042,718	1,128,836	1,128,261	1,155,601	1,126,787	-	-	-	-	-	-	-
Total Proceeds	Budget FY 2022	7,843,454	5,222,891	5,201,418	6,267,171	5,474,976	4,708,692	8,195,292	6,159,726	5,684,356	6,415,285	6,559,410	5,767,746
	Actual '22	7,924,582	7,352,489	9,614,890	8,364,150	7,867,371	-	-	-	-	-	-	-
YEAR TO DATE													
Gross Sales	Budget FY 2022	28,850,099	57,563,064	83,828,563	114,765,592	142,949,116	173,993,698	210,547,606	240,264,018	274,309,456	305,842,784	339,923,172	371,000,000
	Actual '22	34,805,463	70,654,146	108,844,461	144,708,442	178,502,134	-	-	-	-	-	-	-
Prize Expense	Budget FY 2022	17,803,859	35,488,585	51,806,515	70,644,463	88,223,762	107,492,636	129,654,875	148,178,059	169,263,490	189,087,337	210,368,387	229,722,000
	Actual '22	22,212,471	45,242,876	68,648,377	91,270,499	112,191,414	-	-	-	-	-	-	-
Operating Expenses	Budget FY 2022	1,322,221	2,634,757	3,929,062	5,194,391	6,514,967	7,871,200	9,129,547	10,345,852	11,659,564	12,963,412	14,266,496	15,655,401
	Actual '22	1,042,718	2,171,554	3,299,815	4,455,416	5,582,203	-	-	-	-	-	-	-
Total Proceeds	Budget FY 2022	7,843,454	13,066,345	18,267,763	24,534,934	30,009,910	34,718,602	42,913,894	49,073,620	54,757,976	61,173,261	67,732,671	73,500,417
	Actual '22	7,924,582	15,277,071	24,891,961	33,256,111	41,123,482	-	-	-	-	-	-	-

Current Month Year to Date

Prize Payout - Budget	62.37%	61.72%
Prize Payout - Actual	61.91%	62.85%
Sales - Actual increase (decrease) vs. Budget		24.87%
Proceeds - Actual increase (decrease) vs. Budget		37.03%

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2022

November 30, 2021		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
MONTH													
Gross Sales	Budget FY 2022	28,850,099	28,712,965	26,265,499	30,937,029	28,183,524	31,044,582	36,553,908	29,716,412	34,045,438	31,533,328	34,080,388	31,076,828
	5-year av.	30,903,653	30,833,189	27,642,879	32,737,660	29,623,090	32,068,549	37,134,062	30,491,376	35,483,164	33,252,815	35,622,626	31,935,086
	Actual '21	35,877,538	32,785,001	31,506,897	34,353,991	32,731,982	36,906,837	54,318,023	34,416,873	40,320,964	42,376,935	41,588,709	35,408,261
	Actual '22	34,805,463	35,848,683	38,190,315	35,863,981	33,793,692	-	-	-	-	-	-	-
Prize Expense	Budget FY 2022	17,803,859	17,684,726	16,317,930	18,837,948	17,579,299	19,268,874	22,162,239	18,523,184	21,085,431	19,823,847	21,281,050	19,353,613
	5-year av.	18,996,278	19,305,258	17,358,134	20,238,554	18,096,352	21,305,098	22,380,263	18,233,000	23,274,297	20,739,354	22,062,620	20,060,094
	Actual '21	22,153,996	20,849,533	20,674,330	22,370,618	20,496,799	24,004,205	33,337,154	20,531,035	27,590,811	27,743,840	26,112,404	23,012,504
	Actual '22	22,212,471	23,030,405	23,405,501	22,622,122	20,920,915	-	-	-	-	-	-	-
Operating Expenses	Budget FY 2022	1,322,221	1,312,536	1,294,305	1,265,329	1,320,576	1,356,233	1,258,347	1,216,305	1,313,712	1,303,848	1,303,084	1,388,905
	5-year av.	1,079,786	1,083,580	1,050,986	1,123,971	1,113,579	1,082,294	1,123,426	1,018,592	1,089,177	1,088,116	1,168,525	1,501,268
	Actual '21	1,057,133	1,062,290	1,128,016	1,102,987	1,093,994	1,069,693	1,094,993	1,009,962	1,192,141	1,120,108	1,182,708	1,628,461
	Actual '22	1,042,718	1,128,836	1,128,261	1,155,601	1,126,787	-	-	-	-	-	-	-
Total Proceeds	Budget FY 2022	7,843,454	5,222,891	5,201,418	6,267,171	5,474,976	4,708,692	8,195,292	6,159,726	5,684,356	6,415,285	6,559,410	5,767,746
	5-year av.	7,444,689	6,635,464	6,222,668	7,953,862	6,858,920	6,015,135	9,324,697	7,823,558	6,972,907	7,854,595	8,550,150	7,145,897
	Actual '21	9,181,924	6,774,387	6,550,482	7,620,918	7,367,665	7,882,974	14,454,946	9,382,698	6,701,785	9,034,938	9,991,764	6,803,014
	Actual '22	7,924,582	7,352,489	9,614,890	8,364,150	7,867,371	-	-	-	-	-	-	-

YEAR TO DATE

Gross Sales	Budget FY 2022	28,850,099	57,563,064	83,828,563	114,765,592	142,949,116	173,993,698	210,547,606	240,264,018	274,309,456	305,842,784	339,923,172	371,000,000
	5-year av.	30,903,653	61,736,842	89,379,721	122,117,381	151,740,471	183,809,020	220,943,082	251,434,458	286,917,622	320,170,437	355,793,063	387,728,149
	Actual '21	35,877,538	68,662,539	100,169,436	134,523,427	167,255,409	204,162,246	258,480,269	292,897,142	333,218,106	375,595,041	417,183,750	452,592,011
	Actual '22	34,805,463	70,654,146	108,844,461	144,708,442	178,502,134	-	-	-	-	-	-	-
Prize Expense	Budget FY 2022	17,803,859	35,488,585	51,806,515	70,644,463	88,223,762	107,492,636	129,654,875	148,178,059	169,263,490	189,087,337	210,368,387	229,722,000
	5-year av.	18,996,278	38,301,536	55,659,670	75,898,224	93,994,576	115,299,674	137,679,937	155,912,937	179,187,234	199,926,588	221,989,208	242,049,302
	Actual '21	22,153,996	43,003,529	63,677,859	86,048,477	106,545,276	130,549,481	163,886,635	184,417,670	212,008,481	239,752,321	265,864,725	288,877,229
	Actual '22	22,212,471	45,242,876	68,648,377	91,270,499	112,191,414	-	-	-	-	-	-	-
Operating Expenses	Budget FY 2022	1,322,221	2,634,757	3,929,062	5,194,391	6,514,967	7,871,200	9,129,547	10,345,852	11,659,564	12,963,412	14,266,496	15,655,401
	5-year av.	1,079,786	2,163,366	3,214,352	4,338,323	5,451,902	6,534,196	7,657,622	8,676,214	9,765,391	10,853,507	12,022,032	13,523,300
	Actual '21	1,057,133	2,119,423	3,247,439	4,350,426	5,444,420	6,514,113	7,609,106	8,619,068	9,811,209	10,931,317	12,114,025	13,742,486
	Actual '22	1,042,718	2,171,554	3,299,815	4,455,416	5,582,203	-	-	-	-	-	-	-
Total Proceeds	Budget FY 2022	7,843,454	13,066,345	18,267,763	24,534,934	30,009,910	34,718,602	42,913,894	49,073,620	54,757,976	61,173,261	67,732,671	73,500,417
	5-year av.	7,444,689	14,080,153	20,302,821	28,256,683	35,115,603	41,130,738	50,455,435	58,278,993	65,251,900	73,106,495	81,656,645	88,802,542
	Actual '21	9,181,924	15,956,311	22,506,793	30,127,711	37,495,376	45,378,350	59,833,296	69,215,994	75,917,779	84,952,717	94,944,481	101,747,495
	Actual '22	7,924,582	15,277,071	24,891,961	33,256,111	41,123,482	-	-	-	-	-	-	-

	Current Month	Year to Date
Prize Payout - Budget	62.37%	61.72%
Prize Payout - 5-Year Average	61.09%	61.94%
Prize Payout - Actual	61.91%	62.85%
Sales - Actual increase (decrease) vs. 5-Year Average		17.64%
Proceeds - Actual increase (decrease) vs. 5-Year Average		17.11%
Sales - Actual increase (decrease) vs. Budget		24.87%
Proceeds - Actual increase (decrease) vs. Budget		37.03%

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Five Months Ending Tuesday, November 30, 2021

	Month ended 11/30/2021	Month ended 11/30/2020	Year-to-date 11/30/2021	Year-to-date 11/30/2020
Operating revenues:				
Instant-scratch ticket sales	\$23,762,826.00	\$24,412,461.00	\$120,591,313.00	\$120,133,159.00
InstaPlay sales	1,730,944.00	1,221,266.00	8,534,860.00	10,598,869.00
Pick 3 sales	751,599.00	746,500.50	3,857,510.00	3,857,387.00
Powerball sales	3,664,010.50	2,822,087.00	23,367,331.00	13,962,109.00
Mega Millions Sales	1,271,116.00	1,425,665.00	9,007,861.00	6,795,605.00
Pick 4 sales	461,026.00	410,831.00	2,270,410.00	2,238,250.50
Lucky for Life sales	676,270.00	454,544.00	3,234,578.00	2,290,792.00
Lotto America sales	477,452.00	452,837.00	2,516,942.00	2,597,230.00
Pull-tab sales	998,448.99	785,790.03	5,121,329.50	4,782,007.52
Application fees	225.00	400.00	2,925.00	1,650.00
Other	308.72	302.87	3,308.10	1,620.12
Total operating revenues	33,794,226.21	32,732,684.40	178,508,367.60	167,258,679.14
Operating expenses:				
Scratch ticket prizes	15,157,937.00	15,840,173.00	79,878,969.67	78,988,812.66
InstaPlay prizes	1,300,268.15	848,821.39	6,073,031.46	7,873,127.87
Pick 3 prizes	450,959.40	447,900.30	2,314,506.00	2,314,432.20
Powerball prizes	1,832,642.50	1,411,067.00	11,684,816.50	6,981,169.00
Mega Millions prizes	635,558.00	712,832.50	4,503,930.50	3,397,802.50
Pick 4 prizes	276,615.60	246,498.60	1,362,246.00	1,342,950.30
Lucky for Life prizes	401,930.89	270,152.00	1,918,752.36	1,361,495.29
Lotto America prizes	238,726.00	226,418.50	1,258,471.00	1,298,615.00
Pull-tab prizes	626,277.15	492,936.02	3,196,690.02	2,986,871.35
Advertising/publicity	694,249.05	736,078.85	3,472,128.57	2,893,997.34
Retailer compensation expense	2,210,069.71	2,169,364.03	11,666,606.90	10,963,118.72
Ticket expense	256,912.73	282,852.17	1,310,498.91	1,314,790.81
Vendor compensation expense	520,095.96	458,822.16	2,727,218.29	2,306,078.18
Salary and benefits	887,172.05	862,248.00	4,465,272.13	4,444,444.27
Travel	23,737.17	10,755.11	111,945.25	65,458.19
Supplies	3,430.59	5,858.36	54,443.53	50,779.05
Printing	-	998.74	-	1,085.26
Postage	297.03	209.09	1,503.35	1,910.49
Communications	14,809.18	14,291.67	70,474.75	68,214.75
Rentals	18,226.45	26,617.13	88,447.97	133,134.55
Utilities	7,183.68	7,608.08	35,921.21	35,536.94
Professional fees	9,122.85	10,251.01	46,492.88	47,173.45
Vending machine maintenance	23,856.00	21,840.00	111,216.00	108,192.00
Outside services and repairs	85,476.92	54,520.37	503,227.21	356,765.32
Data processing	10,737.47	10,751.06	53,563.79	53,624.17
Equipment	33,291.79	16,997.71	108,393.54	108,431.93
Reimbursement to other state agencies	68,316.29	79,354.69	210,981.96	201,214.65
Depreciation	42,518.83	37,800.15	202,556.36	188,642.73
Other	4,187.24	4,056.68	23,325.88	21,953.94
MUSL/Lotto administrative expense	3,284.90	9,920.24	13,948.35	50,145.76
Total operating expenses	25,837,890.58	25,317,994.61	137,469,580.34	129,959,968.67
Operating income	7,956,335.63	7,414,689.79	41,038,787.26	37,298,710.47
Non-operating revenue (expenses):				
Proceeds to state causes	(7,867,371.44)	(7,367,664.50)	(41,123,483.13)	(37,495,374.46)
Interest income	7,074.71	1,970.77	39,571.94	33,874.50
Gain (Loss) on disposal of capital assets	-	4,275.00	35,593.00	16,600.00
Net non-operating revenues (expenses)	(7,860,296.73)	(7,361,418.73)	(41,048,318.19)	(37,444,899.96)
Change in net position	96,038.90	53,271.06	(9,530.93)	(146,189.49)
Net position beginning of period	4,380,968.48	4,049,893.56	4,486,538.31	4,249,354.11
Net position end of period	4,477,007.38	4,103,164.62	4,477,007.38	4,103,164.62

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Four Months Ending Sunday, October 31, 2021

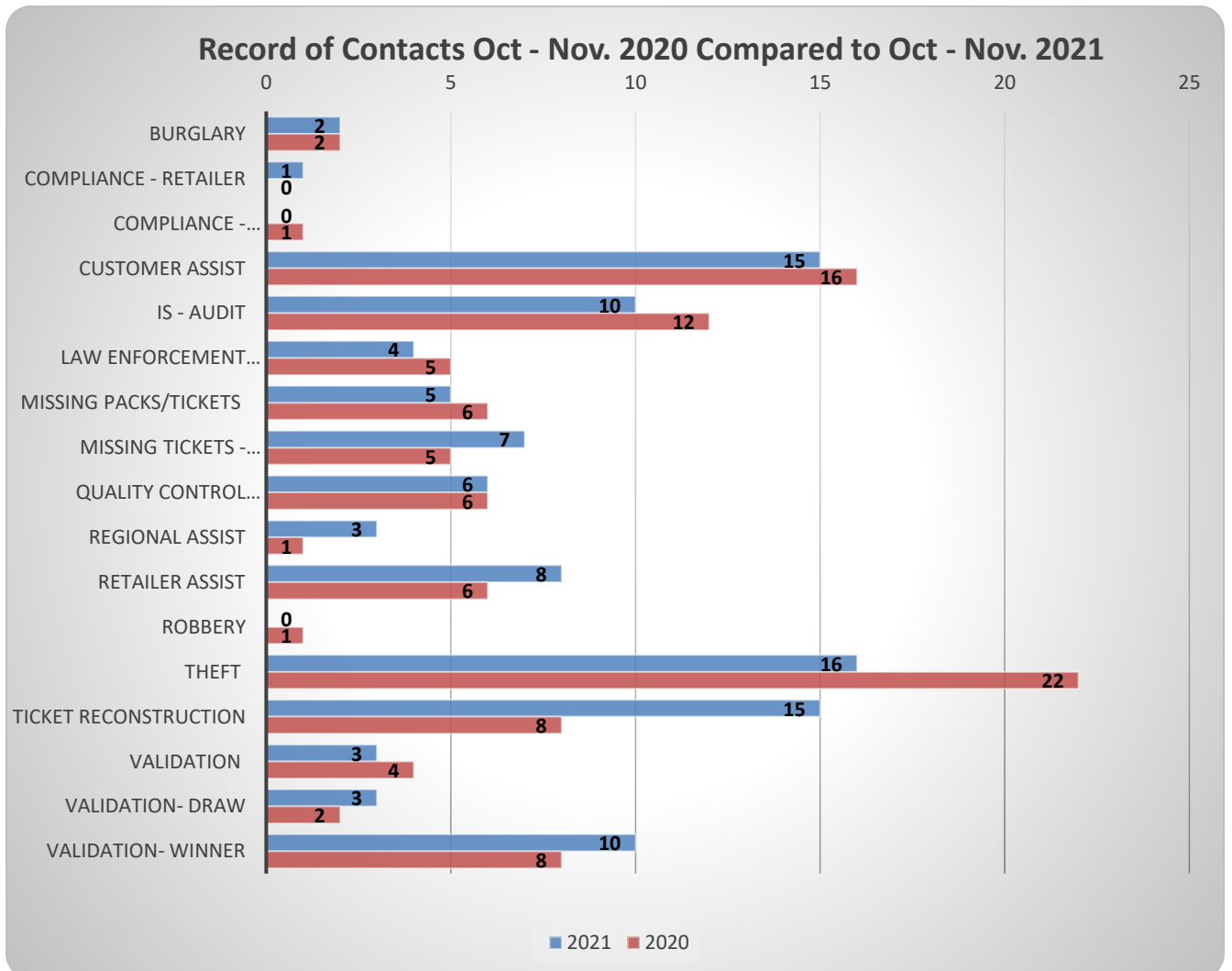
	Month ended 10/31/2021	Month ended 10/31/2020	Year-to-date 10/31/2021	Year-to-date 10/31/2020
Operating revenues:				
Instant-scratch ticket sales	\$ 23,961,673.00	\$ 24,814,407.00	\$ 96,828,487.00	\$ 95,720,698.00
InstaPlay sales	1,462,637.00	2,130,086.00	6,803,916.00	9,377,603.00
Pick 3 sales	794,450.50	788,552.50	3,105,911.00	3,110,886.50
Powerball sales	5,432,562.00	2,809,675.00	19,703,320.50	11,140,022.00
Mega Millions Sales	1,509,537.00	1,342,402.00	7,736,745.00	5,369,940.00
Pick 4 sales	464,585.50	438,650.50	1,809,384.00	1,827,419.50
Lucky for Life sales	684,662.00	465,928.00	2,558,308.00	1,836,248.00
Lotto America sales	519,401.00	522,141.00	2,039,490.00	2,144,393.00
Pull-tab sales	1,034,473.24	1,042,148.76	4,122,880.51	3,996,217.49
Application fees	175.00	325.00	2,700.00	1,250.00
Other	266.30	197.59	2,999.38	1,317.25
Total operating revenues	<u>35,864,422.54</u>	<u>34,354,513.35</u>	<u>144,714,141.39</u>	<u>134,525,994.74</u>
Operating expenses:				
Scratch ticket prizes	16,093,138.67	16,544,110.16	64,721,032.67	63,148,639.66
InstaPlay prizes	991,862.20	1,825,786.00	4,772,763.31	7,024,306.48
Pick 3 prizes	476,670.30	473,131.50	1,863,546.60	1,866,531.90
Powerball prizes	2,716,644.00	1,404,765.50	9,852,174.00	5,570,102.00
Mega Millions prizes	754,768.50	671,201.00	3,868,372.50	2,684,970.00
Pick 4 prizes	278,751.30	263,190.30	1,085,630.40	1,096,451.70
Lucky for Life prizes	406,914.22	276,915.00	1,516,821.47	1,091,343.29
Lotto America prizes	259,700.50	261,070.50	1,019,745.00	1,072,196.50
Pull-tab prizes	643,672.24	650,448.12	2,570,412.87	2,493,935.33
Advertising/publicity	666,659.15	454,000.34	2,777,879.52	2,157,918.49
Retailer compensation expense	2,330,087.61	2,253,573.31	9,456,537.19	8,793,754.69
Ticket expense	251,065.41	265,496.22	1,053,586.18	1,031,938.64
Vendor compensation expense	532,744.32	464,828.72	2,207,122.33	1,847,256.02
Salary and benefits	858,627.51	907,199.87	3,578,100.08	3,582,196.27
Travel	20,930.95	16,011.74	88,208.08	54,703.08
Supplies	5,046.47	8,980.52	51,012.94	44,920.69
Printing	-	-	-	86.52
Postage	313.78	267.99	1,206.32	1,701.40
Communications	14,334.66	14,677.58	55,665.57	53,923.08
Rentals	17,185.37	26,683.03	70,221.52	106,517.42
Utilities	3,550.22	2,438.13	28,737.53	27,928.86
Professional fees	11,168.55	10,118.12	37,370.03	36,922.44
Vending machine maintenance	21,840.00	21,840.00	87,360.00	86,352.00
Outside services and repairs	173,387.73	89,715.42	417,750.29	302,244.95
Data processing	10,735.30	10,716.52	42,826.32	42,873.11
Equipment	43,011.09	31,478.35	75,101.75	91,434.22
Reimbursement to other state agencies	34,630.21	31,174.61	142,665.67	121,859.96
Depreciation	41,187.83	38,287.58	160,037.53	150,842.58
Other	4,095.37	4,161.42	19,138.64	17,897.26
MUSL/Lotto administrative expense	2,665.86	10,056.38	10,663.45	40,225.52
Total operating expenses	<u>27,665,389.32</u>	<u>27,032,323.93</u>	<u>111,631,689.76</u>	<u>104,641,974.06</u>
Operating income	<u>8,199,033.22</u>	<u>7,322,189.42</u>	<u>33,082,451.63</u>	<u>29,884,020.68</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(8,364,150.01)	(7,620,917.97)	(33,256,111.69)	(30,127,709.96)
Interest income	577.05	1,458.75	32,497.23	31,903.73
Gain (Loss) on disposal of capital assets	25,193.00	12,325.00	35,593.00	12,325.00
Net non-operating revenues (expenses)	<u>(8,338,379.96)</u>	<u>(7,607,134.22)</u>	<u>(33,188,021.46)</u>	<u>(30,083,481.23)</u>
Change in net position	<u>(139,346.74)</u>	<u>(284,944.80)</u>	<u>(105,569.83)</u>	<u>(199,460.55)</u>
Net position beginning of period	<u>4,520,315.22</u>	<u>4,334,838.36</u>	<u>4,486,538.31</u>	<u>4,249,354.11</u>
Net position end of period	<u>4,380,968.48</u>	<u>4,049,893.56</u>	<u>4,380,968.48</u>	<u>4,049,893.56</u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Three Months Ending Thursday, September 30, 2021

	Month ended 9/30/2021	Month ended 9/30/2020	Year-to-date 9/30/2021	Year-to-date 9/30/2020
Operating revenues:				
Instant-scratch ticket sales	\$ 23,254,807.00	\$ 21,988,540.00	\$ 72,866,814.00	\$ 70,906,291.00
InstaPlay sales	2,008,542.00	2,478,880.00	5,341,279.00	7,247,517.00
Pick 3 sales	745,505.50	749,039.00	2,311,460.50	2,322,334.00
Powerball sales	7,128,112.00	2,604,819.00	14,270,758.50	8,330,347.00
Mega Millions Sales	2,441,210.00	1,393,804.00	6,227,208.00	4,027,538.00
Pick 4 sales	423,919.50	439,904.00	1,344,798.50	1,388,769.00
Lucky for Life sales	659,646.00	419,016.00	1,873,646.00	1,370,320.00
Lotto America sales	515,263.00	518,233.00	1,520,089.00	1,622,252.00
Pull-tab sales	1,013,310.00	914,662.48	3,088,407.27	2,954,068.73
Application fees	450.00	350.00	2,525.00	925.00
Other	741.50	360.30	2,733.08	1,119.66
Total operating revenues	<u>38,191,506.50</u>	<u>31,507,607.78</u>	<u>108,849,718.85</u>	<u>100,171,481.39</u>
Operating expenses:				
Scratch ticket prizes	15,176,218.00	15,291,117.00	48,627,894.00	46,604,529.50
InstaPlay prizes	1,462,722.76	1,591,420.41	3,780,901.11	5,198,520.48
Pick 3 prizes	447,303.30	449,423.40	1,386,876.30	1,393,400.40
Powerball prizes	3,563,114.00	1,302,451.00	7,135,530.00	4,165,336.50
Mega Millions prizes	1,220,605.00	696,902.00	3,113,604.00	2,013,769.00
Pick 4 prizes	254,351.70	263,942.40	806,879.10	833,261.40
Lucky for Life prizes	392,050.69	249,034.29	1,109,907.25	814,428.29
Lotto America prizes	257,631.50	259,116.50	760,044.50	811,126.00
Pull-tab prizes	631,504.00	570,923.32	1,926,740.63	1,843,487.21
Advertising/publicity	736,283.69	507,958.03	2,111,220.37	1,703,918.15
Retailer compensation expense	2,508,113.46	2,047,693.98	7,126,449.58	6,540,181.38
Ticket expense	326,863.44	246,749.48	802,520.77	766,442.42
Vendor compensation expense	600,981.60	436,862.19	1,674,378.01	1,382,427.30
Salary and benefits	929,161.25	922,575.13	2,719,472.57	2,674,996.40
Travel	23,818.01	18,014.42	67,277.13	38,691.34
Supplies	21,464.66	22,760.00	45,966.47	35,940.17
Printing	-	(81.48)	-	86.52
Postage	361.94	423.61	892.54	1,433.41
Communications	14,351.36	14,392.44	41,330.91	39,245.50
Rentals	19,247.05	26,615.43	53,036.15	79,834.39
Utilities	8,355.99	8,420.11	25,187.31	25,490.73
Professional fees	8,525.53	9,337.27	26,201.48	26,804.32
Vending machine maintenance	21,840.00	21,504.00	65,520.00	64,512.00
Outside services and repairs	114,199.95	98,199.79	244,362.56	212,529.53
Data processing	10,777.46	11,314.54	32,091.02	32,156.59
Equipment	11,736.16	24,001.14	32,090.66	59,955.87
Reimbursement to other state agencies	37,433.63	28,487.63	108,035.46	90,685.35
Depreciation	40,522.33	38,770.28	118,849.70	112,555.00
Other	6,197.40	4,089.08	15,043.27	13,735.84
MUSL/Lotto administrative expense	2,665.85	10,056.37	7,997.59	30,169.14
Total operating expenses	<u>28,848,401.71</u>	<u>25,172,473.76</u>	<u>83,966,300.44</u>	<u>77,609,650.13</u>
Operating income	<u>9,343,104.79</u>	<u>6,335,134.02</u>	<u>24,883,418.41</u>	<u>22,561,831.26</u>
Non-operating revenue (expenses):				
Proceeds to state causes	(9,614,890.10)	(6,550,481.59)	(24,891,961.68)	(22,506,791.99)
Interest income	31,920.18	30,444.98	31,920.18	30,444.98
Gain (Loss) on disposal of capital assets	-	-	10,400.00	-
Net non-operating revenues (expenses)	<u>(9,582,969.92)</u>	<u>(6,520,036.61)</u>	<u>(24,849,641.50)</u>	<u>(22,476,347.01)</u>
Change in net position	<u>(239,865.13)</u>	<u>(184,902.59)</u>	<u>33,776.91</u>	<u>85,484.25</u>
Net position beginning of period	<u>4,760,180.35</u>	<u>4,519,740.95</u>	<u>4,486,538.31</u>	<u>4,249,354.11</u>
Net position end of period	<u>4,520,315.22</u>	<u>4,334,838.36</u>	<u>4,520,315.22</u>	<u>4,334,838.36</u>



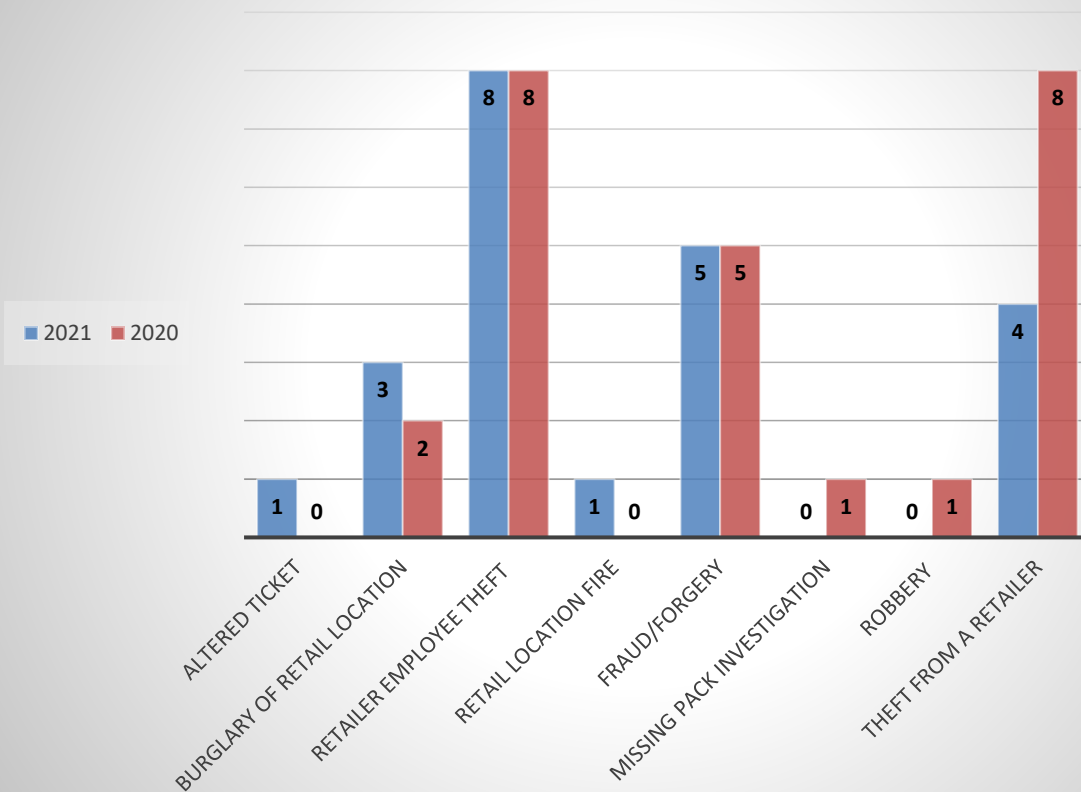
Board Report Security Division December 16, 2021



Theft, a category used to document any alleged theft. It can be a theft of a Lottery product from a retailer or a player. Many of these incidents end up being unfounded. Those that fit the legal definition of a theft are further documented in a case report.

Customer Assist, a category used to document various call types received from players who have questions, or need assistance from Lottery staff.

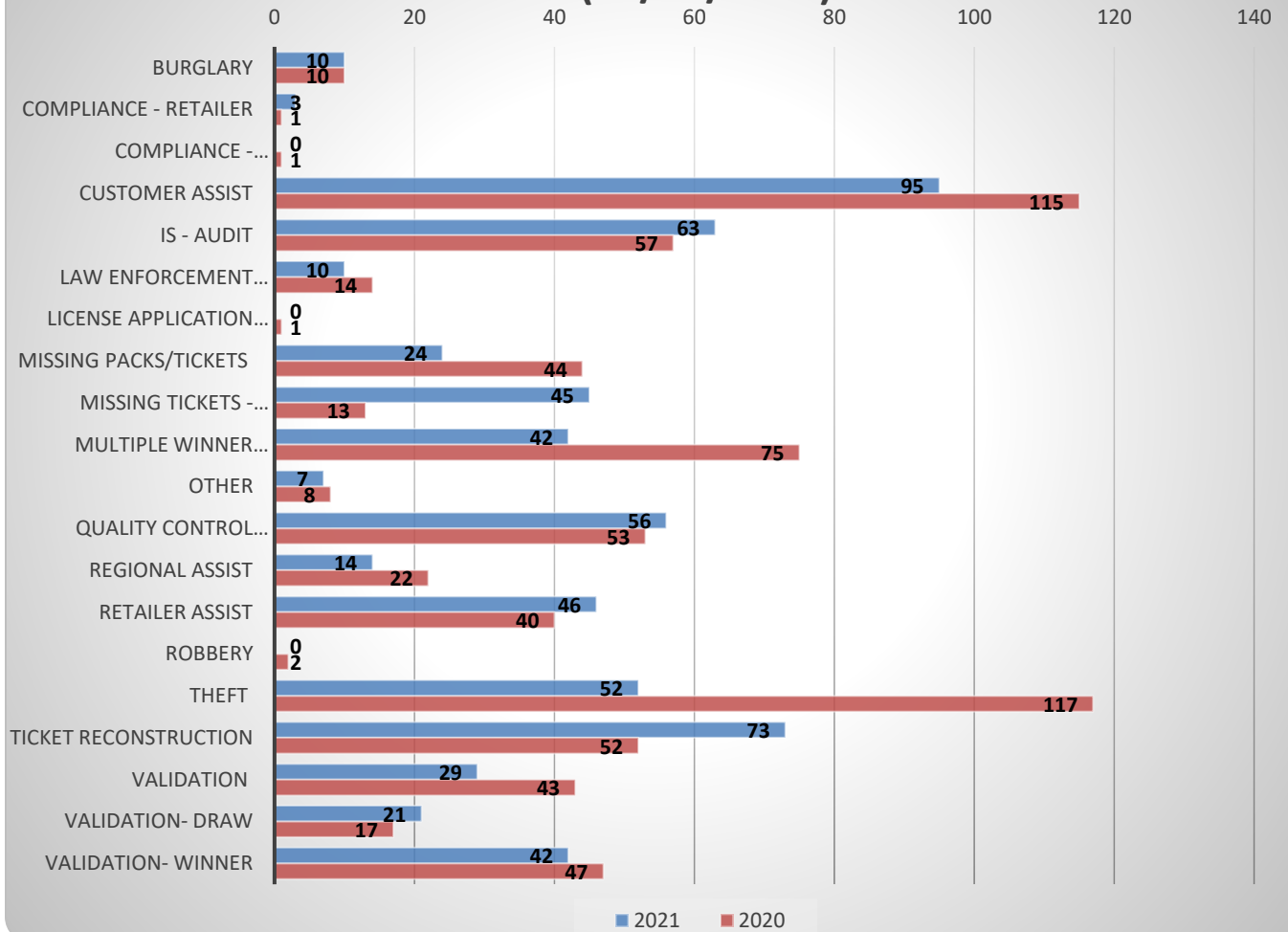
Comparison of Cases Oct - Nov. 2020 to Oct - Nov. 2021



Other Duties and Activities;

- Drawing and Winner Validation for promotional drawings
- Conducted **79** compliance/inspection checks in this quarter, total of **213** for FY to date
- Assist with ticket validation and the claim process to ensure players received their winnings
- Peace Officer instruction for Lottery Code 99G and Lottery Security Processes at all entry-level Iowa Law Enforcement Academies, **434** officers trained Year to Date

Record of Contacts YTD 2020 Compared to YTD 2021 (12/12/2021)

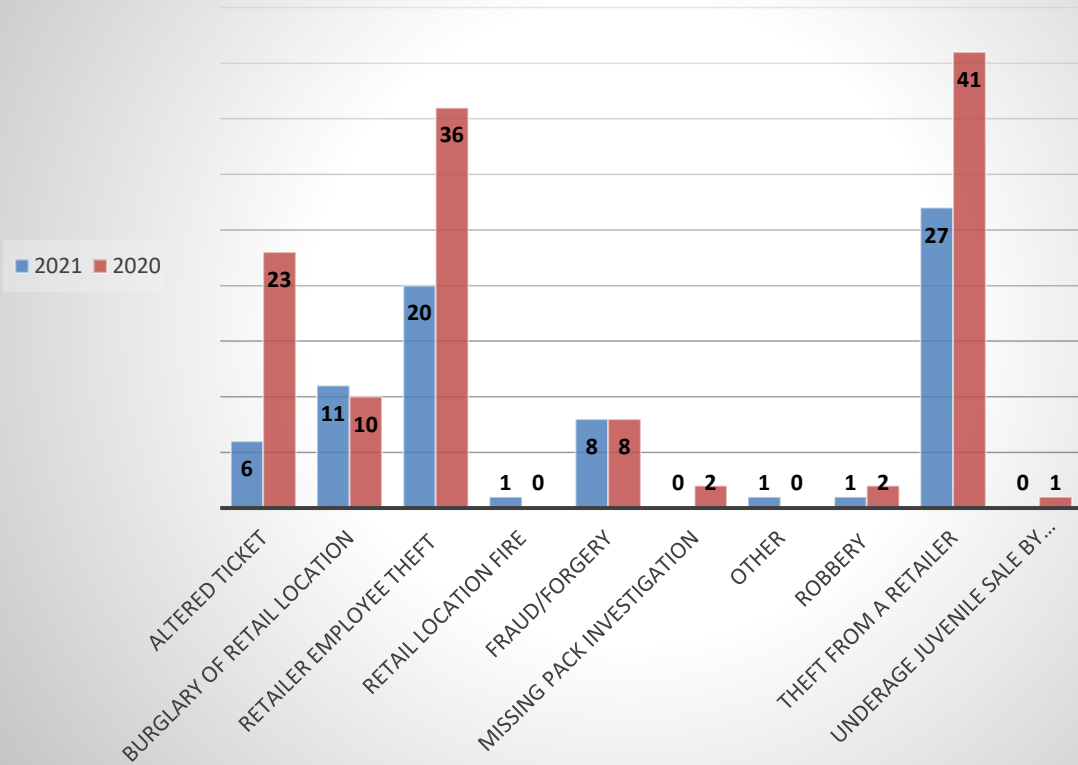


- Total contacts 2020 YTD – 732
- Total contacts 2021 YTD – 632

Changes between the **Multiple Winner Review** category can be attributed to a change in the review process.

The significant change of **Thefts** reported from year to year will be monitored.

Cases YTD 2020 Compared to YTD 2021 (12/12/2021)



- Total Cases 2020 YTD – 123
- Total Cases 2021 YTD – 75

The significant change of **Thefts** reported from year to year will be monitored.