

A Top-4 Year!

A third straight year of record scratch-game sales in fiscal year 2017 led the Iowa Lottery to achieve annual results that ranked in its Top 4 overall. This success also led to a performance well ahead of budget projections.

Last year's huge \$1.6 billion Powerball jackpot sparked record sales in that lotto category for FY 2016, but there won't be a world-record jackpot every year. So not surprisingly, Powerball sales were lower in the most recent fiscal year. And while that "chance factor" will always be part of the picture, the Iowa Lottery is in a healthy position overall and was able to deliver more than we had forecast for state causes this year. Sales of lottery products generated nearly \$81 million in proceeds to state causes in FY 2017.

We're proud of these achievements as well:

- Annual proceeds topped the \$80-million mark for the fourth time in the lottery's 32-year history
- Lottery sales for the year totaled \$352.2 million, topping the \$300 million mark for the sixth year in a row
- Prizes to players totaled \$215.6 million
- Retailers received \$22.9 million in lottery sales commissions
- And the lottery raised \$2.5 million for Iowa's Veterans Trust Fund.

This past year also brought to a close an investigation that highlighted the importance of lottery security procedures and how very crucial our ongoing efforts are to stay ahead of those who would try to beat the system. The central figures charged in the long-running lottery jackpot investigation all pleaded guilty to felony charges. We're proud that the strong procedures at our lottery prevented a multi-million-dollar jackpot from being paid out. We thank the Iowa Attorney General's Office and the Iowa Division of Criminal Investigation for their dedication and professionalism in solving the case.

The efforts of lottery employees and lottery retailers alike have helped keep the lottery well positioned going into the coming year. Everything from game design to the artwork on our tickets to the jackpot on the line can have an impact on lottery sales. As always, we will do our best to be cognizant of all those factors and keep a good mix of games in the field to appeal to a variety of customers.

— CEO Terry Rich




Iowa Lottery Board

The Iowa Lottery Board is made up of five Iowa citizens appointed by the governor, and the State Treasurer serves as an ex-officio member of the board. The board oversees the lottery and its operations. Each department at the lottery reports to the board at meetings held throughout the year. According to Iowa Code, the Lottery Board must have a member with an accounting background, a member with experience in marketing, a member with law enforcement experience and another member who has or is currently practicing law. No more than three board members can be of the same political party.



Mike Klappholz joined the Lottery Board in 2006. He is retired from serving as chief of police in Cedar Rapids and lives in Marion.



Mary Junge served on the Lottery Board from 1999 to 2014 and was re-appointed in 2016. She is a certified public accountant and practicing tax- and estate-planning attorney who resides in Cedar Rapids.



Connor Flynn Jr. joined the Lottery Board in 2015. He is chairman of Lessing-Flynn Advertising in Des Moines, where he also resides.



Mary Rathje joined the Lottery Board in 2015. She is the office manager and controller at Rathje Construction Co. in Marion, where she also resides.



Michael L. Fitzgerald has been a part of the Lottery Board since 2003. He is Iowa's State Treasurer. He lives in Waukee.

Immediate past member:

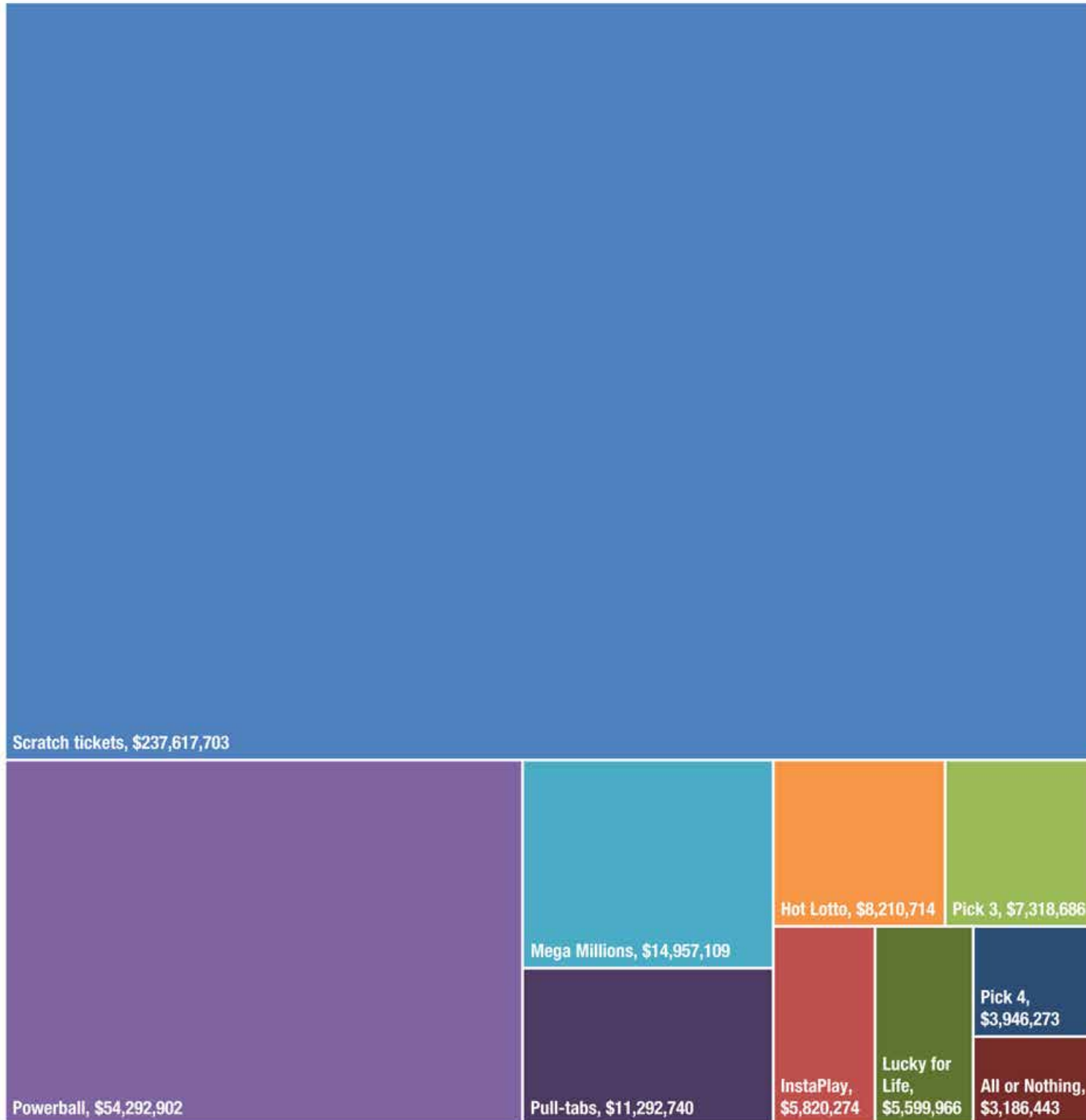


Ying Sa resigned in February 2017.

Sales By Product

2017 Sales

- Scratch tickets
- InstaPlay
- Pick 3
- Powerball
- Mega Millions
- Hot Lotto
- Pick 4
- All or Nothing
- Lucky for Life
- Pull-tabs



Sales Notes

“Game design, the top prize available, the color of the ticket, the artwork on the ticket, the jackpot on the line and the particular time of year involved all can have an impact on lottery sales. We do our best to be cognizant of those factors and keep a good mix of games in the field to appeal to different customers.”

- Terry Rich, Iowa Lottery CEO

- Scratch games achieved record results in FY 2017 for a third straight year, with sales totaling \$237.6 million, an increase of nearly \$4 million from the previous record that had just been set in FY 2016. Scratch tickets were the first product introduced by the lottery in Iowa and have always been one of its top-selling items
- Powerball, without a world-record jackpot during the fiscal year, saw sales fall 27 percent from the previous year’s record performance, but still achieved a total of \$54.3 million
- InstaPlay debuted in November 2016
- Pick 4 sales were up to \$3.9 million from \$3.6 million in FY 2016
- The All or Nothing game ended June 30, 2017



INSTAPLAY

Players buy InstaPlay games where they buy Powerball®, but they play like a scratch ticket.

The InstaPlay product debuted in November 2016.

Playing is fast and easy: Players visit their favorite Iowa Lottery retailer and ask the clerk for an InstaPlay ticket. Tickets are available at a variety of prices.

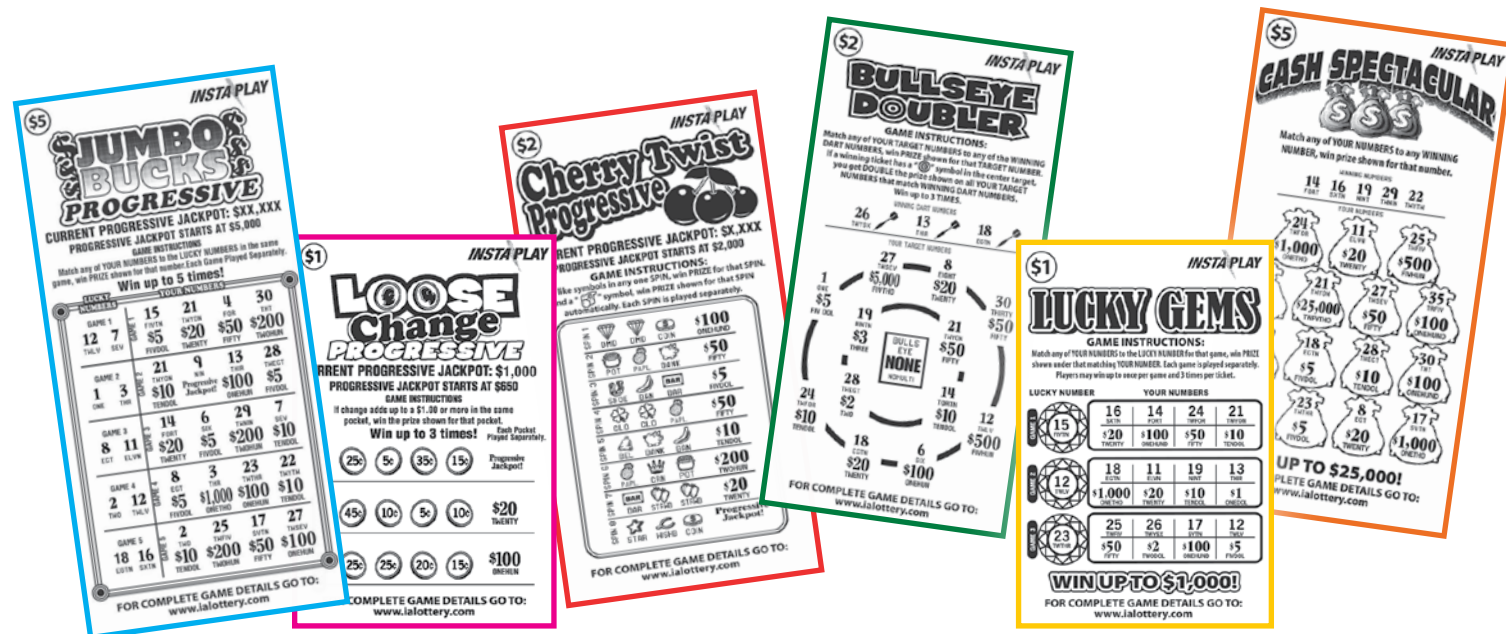
InstaPlay tickets are printed right at the Iowa Lottery terminal when players buy them. When they hear the “cha-ching” sound, players know their ticket was just printed.

Easy play instructions are located on each InstaPlay ticket. Players just match play numbers/symbols to see if they won. It’s that simple!

Some InstaPlay games offer a chance to win a progressive jackpot worth thousands of dollars. For these games, the jackpot begins at a set minimum value then grows with each ticket sold until someone wins.

There are no play slips to fill out and no drawings to wait for.

Players enjoy the excitement of instant winning!



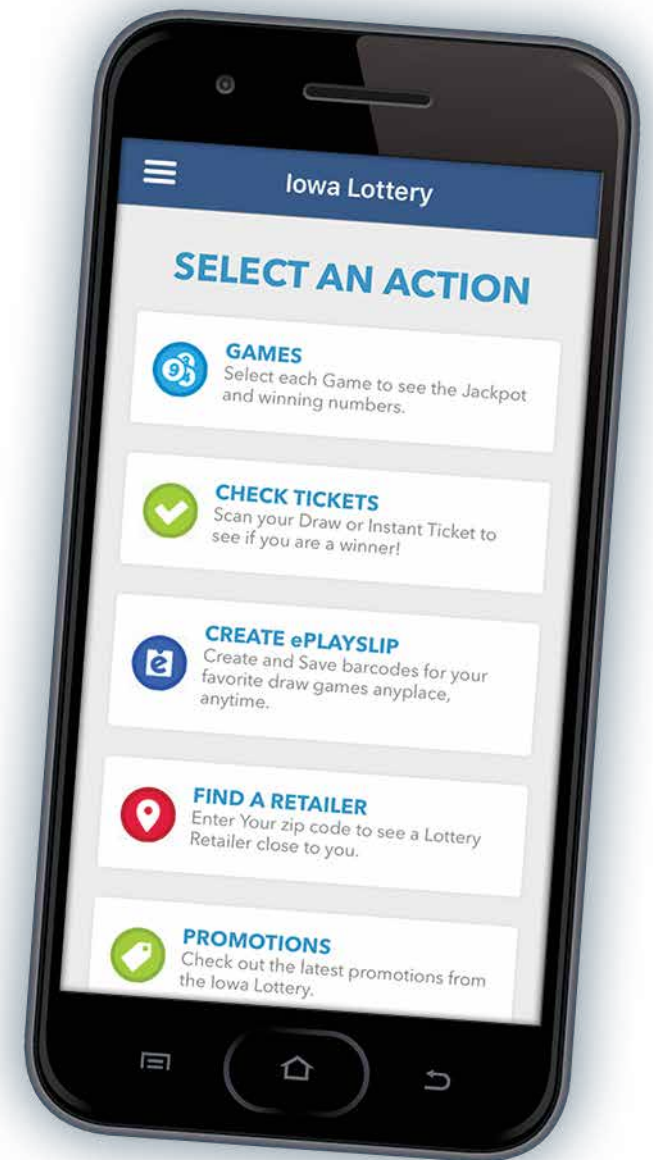
App Allows Players to Check Tickets, Create ePlayslips

The Iowa Lottery introduced both Apple and Android versions of its “Iowa Lottery LotteryPlus” mobile app in May 2017.

The lottery had an iTunes app for several year before the new release, but the new cross-platform app has several upgrades.

The new app allows players to:

- Check their tickets to see if they’re a winner using the barcode scanner
- Use the “ePlayslip” feature to design a ticket for their favorite Iowa Lottery game on the go. They can pick their favorite numbers or shake their device to use the numbers generator
- Get current jackpots and winning numbers for all of the Iowa Lottery’s games
- Find a nearby Iowa Lottery retailer
- Learn about the Iowa Lottery’s latest promotions, scratch tickets and more



Winners

Since the Iowa Lottery's start in 1985, its players have won more than \$3.9 billion in prizes.

Prizes to players totaled \$215.6 million in FY 2017.

Are You Kidding?



Kevin Reynolds of Bettendorf won a Lucky For Life® prize of \$25,000 a year for life. His boss played a joke on him by sitting him down and asking, "Is there something you need to tell me?" Kevin didn't know what his boss was talking about, but his coworker knew the Hy-Vee store where they both work and where Kevin had bought his ticket had sold the big winner. After Kevin checked his ticket, it all made sense!

POWERBALL



How Lucky Can You Get?

Top left: Karl Krumbholz of Cedar Rapids was lucky enough to claim a \$2 million Powerball® prize on St. Patrick's Day. Bottom left: Jeff Tomlinson of Coralville admitted he'd always fantasized about winning the lottery - now he knows what it's like! Bottom right: Jeff Wolf of Iowa City took his time claiming his Powerball prize and figures he'll invest his money.

He's Got The Number

Davenport's Kelvin Wynn won 10 prizes of \$30,000 playing Pick 4 by matching four numbers in the exact order they were drawn. Kelvin had a dream one night that had the numbers 2-1-1-2 in it. The fact that those numbers kept showing up in his life - on a license plate, cash register and an address - inspired him to play the game.



300K And Headed For Home

Adam Benton of Chariton won the top prize of \$300,000 playing the "Ultimate Riches" scratch game. He stopped for gas on an out-of-town trip to West Des Moines and bought the winning ticket. He scratched the ticket before leaving the store and turned around to go back home after he realized he'd won the big prize.



See winners past and present at ialottery.com

Promotions



Players have told us cash is king for them, and they got lots of chances to win just that through the holiday season! A total of 65 cash prizes were available in the “Jingle Bills” holiday promotion.

Players used eligible holiday scratch tickets to enter Oct. 11, 2016 - Jan. 17, 2017.

The promotion offered eight drawings, with the number of prizes increasing over time. The first drawing had one \$1,000 prize and that ratcheted up to 18 prizes of \$1,000 in the Jan. 18 drawing. Plus, **Brad Ries of Clinton**, right, was the lucky winner of the \$20,000 grand prize!



Twenty five Iowa players won a 5-night cruise package in the “Powerball® Power Cruise™” promotion from the Iowa Lottery.

Amanda Carson of Osceola, left, was one of Iowa’s 25 cruise package prize winners. The cruise is in January 2018.

Players entered eligible Powerball tickets Feb. 5 - March 29, 2017, for a chance to win a cruise package for 2 aboard the Powerball Power Cruise, which will host winners from 24 lotteries across the U.S. This was the first time Iowa Lottery players had the option to enter a promotion via a mobile app.

Winners will not only get to cruise to Key West, Fla. and Cozumel, Mexico, they’ll also have a chance at a share of \$150,000 in cash prizes onboard. Bon Voyage!



Players hopped in from all over to Play It Again® with their eligible “Frogger” scratch tickets for a chance at frogsome merchandise and cash prizes over the summer in the Frogger promotion.

Players could enter May 8 - Aug. 16 in seven drawings for various prizes, including \$1,000 cash or merchandise prizes of a Smokin’ Green Egg® Grill, an Ultimate Lily Pad water mat package or a Kickin’ Kayak prize package.

As an extra bit of ribbiting fun, players could play the Frogger online game following their entry into the promotion.



Prize packages included Kickin’ Kayaks, Ultimate Lily Pad water mats and Green Egg® Grills.



Denise Railsback of Shellsburg, above, got leapin’ lucky and won the grand prize Arcade Game Package worth more than \$3,000. Denise received the vertical Frogger Arcade Game pictured above, along with an upgraded game package and \$300 spending cash.

Retailers

Sales commissions to retailers totaled \$22.9 million in FY 2017.

The Iowa Lottery is proud that the sale of its products benefits local communities when players visit our retailers. Research has shown that when a player patronizes a store for a lottery ticket, they're likely to buy something else as well.

Woo Hoo For You!



The Iowa Lottery recognized the Hy-Vee store on Wilson Avenue in Cedar Rapids for being Iowa's top-selling retailer for lottery products in four out of the last five years. Pictured in the photo, left to right, are: Jerry Ayres (Cedar Rapids lottery office manager), Elise Schell and Pat Lamb from the Hy-Vee store, Iowa Lottery CEO Terry Rich, Iowa Lottery Board Chairman Mike Klappholz of Marion and Troy Montgomery (a sales representative for the Cedar Rapids region).

Top 10 Retailers in FY 2017

Retailer Name	Address	City	Net Sales
Hy-Vee	20 Wilson Ave. SW	Cedar Rapids	\$810,681.00
Hy-Vee	2540 E. Euclid Ave.	Des Moines	\$771,497.50
Hy-Vee	1843 Johnson Ave. NW	Cedar Rapids	\$749,968.50
Hy-Vee	2323 W. Broadway Ave.	Council Bluffs	\$670,668.28
Hy-Vee Drugstore	1520 Sixth St. SW	Cedar Rapids	\$632,664.50
Hawkeye Convenience Store	2330 Wiley Blvd. SW	Cedar Rapids	\$613,913.00
Hy-Vee	3235 Oakland Road NE	Cedar Rapids	\$610,751.50
Hy-Vee	4000 University Ave.	Waterloo	\$595,398.00
Pronto	810 Fourth Ave. S	Denison	\$585,137.50
Hy-Vee	2400 Fourth St. SW	Mason City	\$567,740.00

New Lottery Signs Decorate Stores Inside and Out

A logo change for the Iowa Lottery in July 2016 meant signs needed to be replaced at retailers all over the state. Plus, new winners every day across the state warrant signs as well.



Left, Shenandoah Casey's Manager Michelle shows off her new big winner lottery sign. Right, employees at Bucky's on 16th Street in Council Bluffs celebrate selling a \$100,000-winning "The Big Ticket" scratch ticket with a new sign. Below, Store Manager Jen and Owner Maribeth stand next to their new lottery sign at L & M Gas in Boone.



Sparkling \$30 Game Hits Shelves



Rachan, the owner of Ridhi Rose Mart in Davenport was excited for the new \$30 "Ultimate Riches" scratch game to begin. The special occasion called for a new display on the counter. Ultimate Riches offers a top prize of \$300,000.



Manager Melissa of Smokin' Joe's in North Liberty sold Karl Krumbholz of Cedar Rapids his \$2-million-winning Powerball® ticket. She was happy to display this celebratory sign in her store.



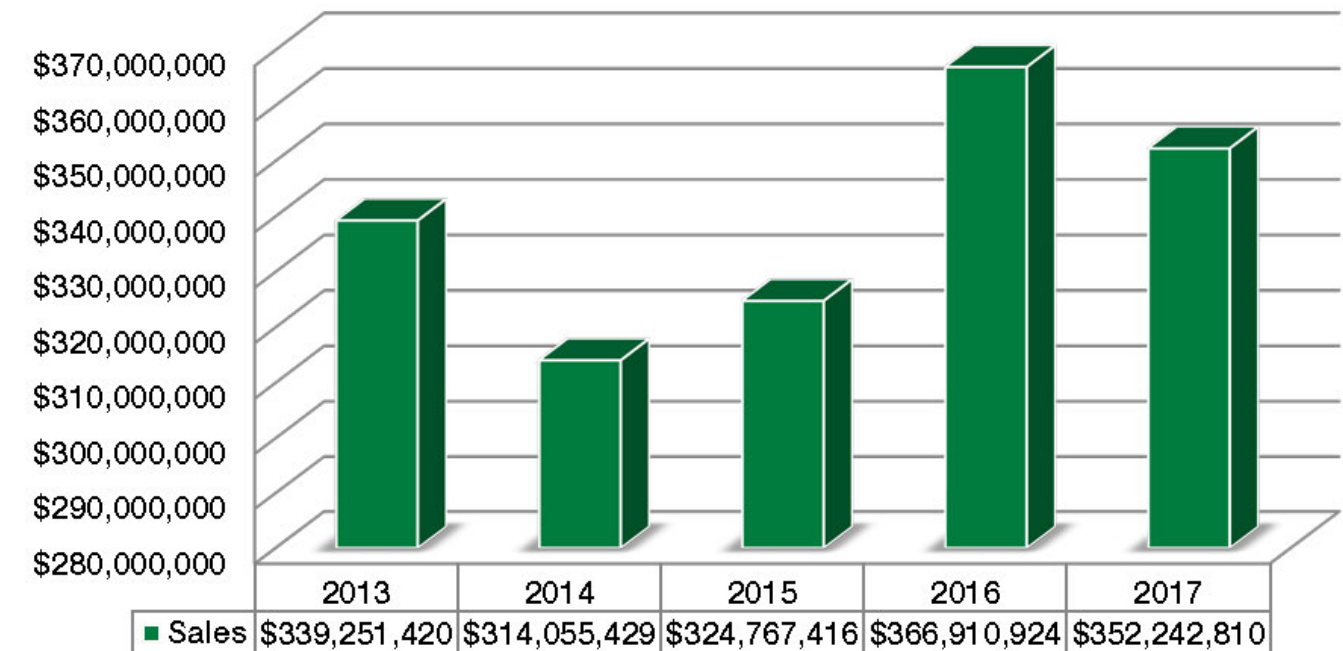
FY 2017 Net Sales By County

County	Total Sales
Adair	\$1,386,485
Adams	\$352,141
Allamakee	\$1,673,546
Appanoose	\$1,945,958
Audubon	\$399,789
Benton	\$2,428,857
Black Hawk	\$17,532,008
Boone	\$2,826,624
Bremer	\$2,012,934
Buchanan	\$2,171,457
Buena Vista	\$3,483,060
Butler	\$1,449,577
Calhoun	\$869,269
Carroll	\$2,676,670
Cass	\$1,497,855
Cedar	\$1,740,645
Cerro Gordo	\$8,682,598
Cherokee	\$1,536,343
Chickasaw	\$1,342,548
Clarke	\$1,059,001
Clay	\$2,160,738
Clayton	\$2,180,284
Clinton	\$6,817,238
Crawford	\$2,394,197
Dallas	\$4,975,218
Davis	\$565,300
Decatur	\$449,134
Delaware	\$1,818,145
Des Moines	\$4,685,892
Dickinson	\$3,116,800
Dubuque	\$9,628,976
Emmet	\$1,305,266
Fayette	\$2,368,200
Floyd	\$2,439,818
Franklin	\$1,429,074
Fremont	\$846,000
Greene	\$1,057,617
Grundy	\$893,323
Guthrie	\$384,210
Hamilton	\$2,594,389
Hancock	\$1,095,649
Hardin	\$1,901,852
Harrison	\$1,338,702
Henry	\$2,263,690
Howard	\$938,314
Humboldt	\$1,369,736
Ida	\$808,496

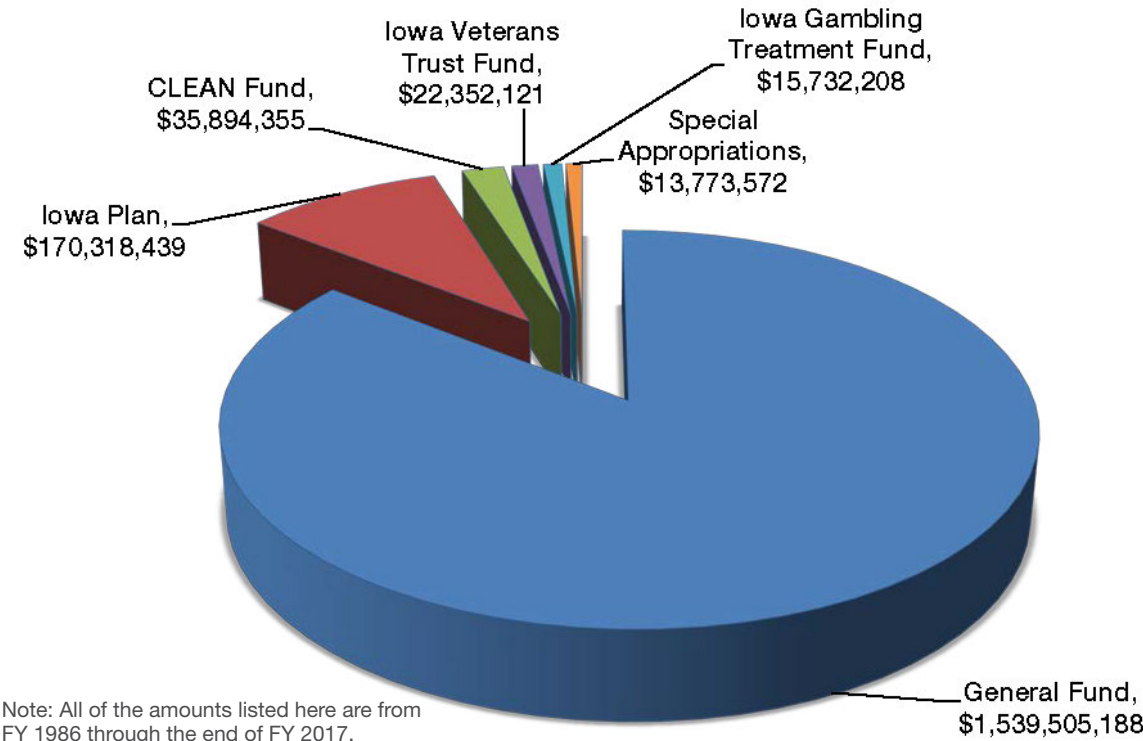
County	Total Sales
Iowa	\$1,251,166
Jackson	\$2,698,932
Jasper	\$3,570,272
Jefferson	\$1,532,111
Johnson	\$10,369,697
Jones	\$2,646,820
Keokuk	\$1,115,710
Kossuth	\$2,012,896
Lee	\$4,198,706
Linn	\$28,182,698
Louisa	\$1,039,651
Lucas	\$900,968
Lyon	\$470,300
Madison	\$1,276,293
Mahaska	\$2,393,846
Marion	\$3,223,651
Marshall	\$5,307,961
Mills	\$1,282,115
Mitchell	\$1,346,001
Monona	\$935,269
Monroe	\$1,001,116
Montgomery	\$1,246,924
Muscatine	\$5,827,918
O'Brien	\$1,432,816
Osceola	\$457,290
Page	\$1,410,546

County	Total Sales
Palo Alto	\$1,049,783
Plymouth	\$1,967,257
Pocahontas	\$766,637
Polk	\$55,853,629
Pottawattamie	\$11,839,829
Poweshiek	\$2,057,817
Ringgold	\$259,428
Sac	\$1,239,697
Scott	\$20,564,214
Shelby	\$987,096
Sioux	\$1,261,482
Story	\$6,082,591
Tama	\$1,428,748
Taylor	\$715,529
Union	\$1,723,879
Van Buren	\$743,411
Wapello	\$6,454,302
Warren	\$4,219,713
Washington	\$2,350,605
Wayne	\$675,883
Webster	\$7,235,358
Winnebago	\$1,507,995
Winneshiek	\$2,086,142
Woodbury	\$10,196,734
Worth	\$902,272
Wright	\$2,317,503

5-Year Fiscal Year Sales



Where The Money Goes



Since the lottery's start in 1985, it has raised more than **\$1.7 billion** for state programs.

General Fund: \$1,539,505,188 — Since 1992, a majority of lottery profits have been directed into the state general fund, where they are used to pay for programs that benefit all lowans. In the Iowa Lottery's latest fiscal year, the lottery raised more than \$78 million in proceeds that were deposited in the state general fund. Some of the programs that receive money from the general fund include education, natural resources, health and family services and public safety. The Governor and Iowa Legislature allocate money from the general fund based on where they believe those funds are needed most.

Iowa Plan: \$170,318,439 — The Iowa Plan was a long-term economic development program. It was divided into four basic areas: a Jobs Now program designed to put people to work; government construction programs; community and economic betterment; and educational and agricultural research. Lottery profits were dedicated to the Iowa Plan from fiscal year 1986 through fiscal year 1990.

CLEAN Fund: \$35,894,355 — The CLEAN Fund stood for Committing the Lottery to Environment, Agriculture and Natural Resources. The program dedicated money to environmental and cultural causes. Lottery profits were dedicated to the CLEAN Fund during fiscal year 1991.

Iowa Veterans Trust Fund \$22,352,121 — Since July 2008, a portion of lottery proceeds has been dedicated to the Iowa Veterans Trust Fund, where they are used to support our state's veterans. The Iowa Lottery currently provides \$2.5 million annually in proceeds to the Iowa Veterans Trust Fund. The Iowa Veterans Trust Fund was created to provide assistance to qualified veterans to help pay for expenses such as job training or college tuition assistance; some dental, vision and hearing assistance; and individual or family counseling programs.

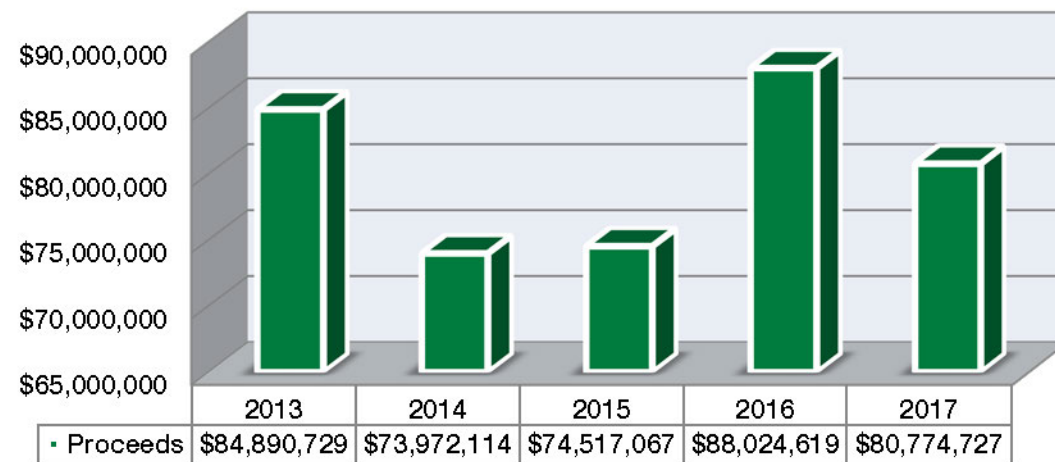
Iowa Gambling Treatment Fund: \$15,732,208 — The Iowa Gambling Treatment Program provides treatment, counseling and outreach programs for those concerned about gambling as well as the 1-800-BETSOFF helpline. The Iowa Lottery is committed to responsible play and helps address the issue of problem gambling. Each year, the lottery provides the public with information about 1-800-BETSOFF by including messages about the helpline on millions of lottery tickets, brochures and point-of-sale materials as well as other publications. In 2009, the Gambling Treatment Fund was eliminated, with the Gambling Treatment Program now receiving its funding from the state General Fund.

Special Appropriations: \$13,773,572 — A portion of lottery profits have been earmarked for specific purposes within the state budget.

Backing For Vision Iowa:

In addition to those direct uses of Lottery proceeds, lottery profits are also linked to the Vision Iowa program. Vision Iowa was implemented in 2000 to create tourism destinations in the state, assist with community attractions, and build and repair schools. Direct funding for Vision Iowa comes from gaming revenues. However, as the program was being initiated, investors indicated there was a need to strengthen the Vision Iowa bonds by dedicating \$20 million annually in lottery revenues as a back-up. Legislation was approved that dedicates \$15 million in lottery revenues to programs for community attractions in Iowa and another \$5 million to Vision Iowa programs to build and repair schools if gambling revenues don't reach that amount. Lottery funding will continue to be linked to Vision Iowa over the 20-year payback period of the program's bonds.

Fiscal Year Proceeds to State





Agency Mission:

“The Iowa Lottery strives to administer lottery games in a secure manner to maximize revenue while maintaining the dignity of the state and the welfare of its people.”

The Iowa Lottery was established in 1985 and began ticket sales on Aug. 22 of that year. Since the lottery’s inception, its players have won more than \$3.9 billion in prizes while the lottery has raised more than \$1.7 billion for the state programs that benefit all Iowans.

The guiding principles of the Iowa Lottery are:

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

Today, lottery proceeds in Iowa have three main purposes: They provide support for veterans and their families through the Veterans Trust Fund; help for a variety of significant projects through the state General Fund; and backing for the Vision Iowa program, which was implemented to create tourism destinations and community attractions in the state and build and repair schools.

The Lottery has approximately 115 employees in the following departments: external relations, finance, marketing, systems, sales and security. That number does not include the five board members.

The Lottery has approximately 66 employees at its headquarters in Clive. The Lottery also maintains a warehouse facility in Ankeny and four regional offices in Cedar Rapids, Council Bluffs, Mason City and Storm Lake. The lottery has four product categories: scratch tickets, pull-tab tickets, InstaPlay and lotto games. Lottery products are sold through approximately 2,400 licensed retailers across Iowa.

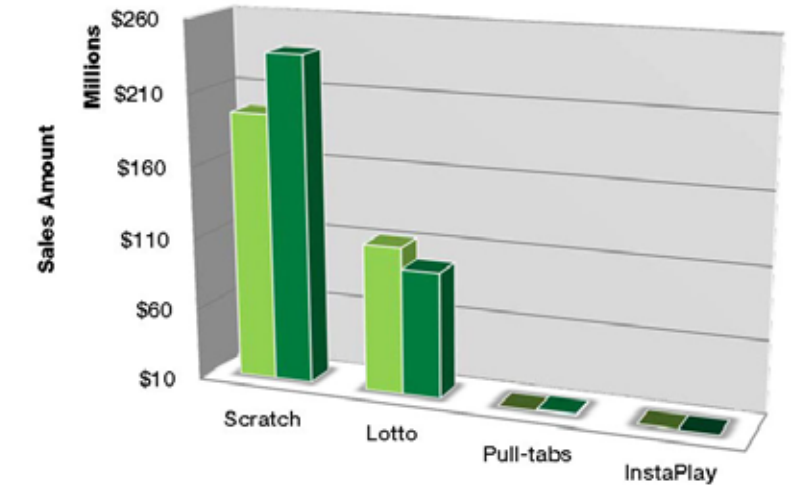
In 2003 the Legislature recognized that as an entrepreneurial entity, the Iowa Lottery could operate more efficiently and established the Iowa Lottery Authority, a public instrumentality of the state. As a result of that change, combined sales for the Lottery’s traditional products have continued to climb in the fiscal years since then.

The Iowa Lottery develops an annual budget, which requires approval by the Board of Directors. The budget is monitored through a series of performance measures.

The goals and results discussed in this report cover the following core functions of the Iowa Lottery’s operations: sales and distribution; resource management; enforcement and investigation; and reconciliation clearing account.

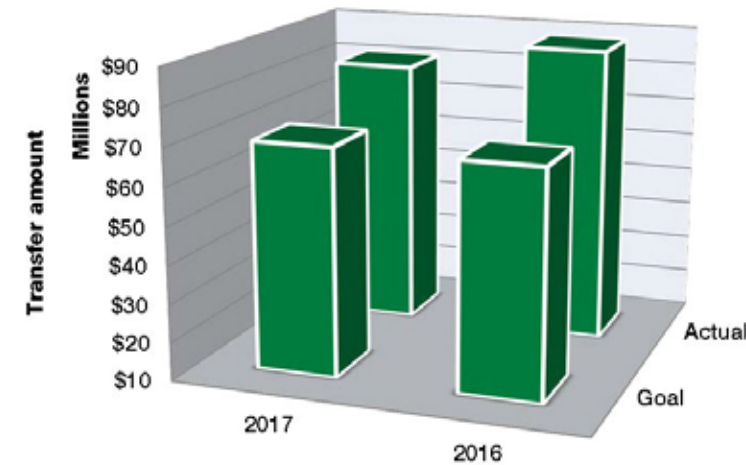
Sales and Distribution

	Goal	Actual
Instant-Scratch Tickets	\$195.7M	\$237.6M
Lotto Tickets	\$112.2M	\$97.5M
Pull-tab Tickets	\$10.0M	\$11.3M
InstaPlay Tickets	\$7.0M	\$5.8M



	Scratch	Lotto	Pull-tabs	InstaPlay
Goal	\$195,700,000	\$112,220,000	\$10,000,000	\$7,000,000
Actual	\$237,617,703	\$97,512,093	\$11,292,740	\$5,820,274

The Legislature, the governor and the public use sales data to generally determine how the lottery is performing. Sales of different products are analyzed by the Lottery on a yearly basis in order to assess progress.



	2017	2016
Goal	\$69,744,585	\$69,159,616
Actual	\$80,774,727	\$88,024,619

Resource Management

	Goal	Actual
Proceeds to the state (General Fund and Veterans Trust Fund)	\$69.7M	\$80.8M

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

FY 2017 Performance Plan Results

Core Function: Sales & Distribution			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Total Sales	\$324,920,000	\$352,242,810	What Occurred: Total sales exceeded the goal. Data Source: Iowa Lottery Financial Reports
Service, Product or Activity:			
Performance Measure	Data Source: Iowa Lottery Financial Reports	Performance Actual	Performance Comments & Analysis
Total Instant Ticket Sales	\$195,700,000	\$237,617,703	What Occurred: Instant (scratch) ticket sales continued to grow. Data Source: Iowa Lottery Financial Reports
Total Online Game Sales	\$112,220,000	\$97,512,093	What Occurred: Online (lotto) ticket sales were weaker than expected; these sales are influenced by jackpots' size and can fluctuate from year to year. Data Source: Iowa Lottery Financial Reports
Total Pull-Tab Sales	\$10,000,000	\$11,292,740	What Occurred: Pull-tab sales exceeded the goal. Data Source: Iowa Lottery Financial Reports
Total InstaPlay Sales	\$7,000,000	\$5,820,274	What Occurred: InstaPlay sales were less than goal. Data Source: Iowa Lottery Financial Reports
Core Function: Resource Management			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Total Funds Transferred to General Fund and Veterans Fund	\$69,744,585	\$80,774,727	What Occurred: Total transfers exceeded the goal. Data Source: Iowa Lottery Financial Reports
Service, Product or Activity:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Percent of Operating & Advertising Budget* to Total Sales	8.5%	5.66%	What Occurred: Expenses were well controlled and stayed below budgeted goal relative to sales. Data Source: Iowa Lottery Financial Reports
Total Funds Transferred to General Fund	\$67,244,585	\$78,274,727	What Occurred: General Fund transfers exceeded the goal. Data Source: Iowa Lottery Financial Reports
Total Funds Transferred to Veterans Trust Fund	\$2,500,000	\$2,500,000	What Occurred: Veterans Trust Fund transfers a set amount. Data Source: Iowa Lottery Financial Reports
Core Function: Enforcement & Investigation			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Percent of investigated complaints and indicators of concern regarding lottery products	100%	100%	What Occurred: Complaint investigation goal was met. Data Source: Iowa Lottery Security Department
Service, Product or Activity:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Percent of requests from law enforcement agencies and county attorney offices responded to by Security Division	100%	100%	What Occurred: Law enforcement assistance goal was met. Data Source: Iowa Lottery Security Department
Percent of requests from other divisions within the Lottery responded to by Security Division	100%	100%	What Occurred: Intra-lottery assistance goal was met. Data Source: Iowa Lottery Security Department
Percent of all lottery retailers that underwent compliance checks during the fiscal year	10%	37%	What Occurred: Compliance check goal was met. Data Source: Iowa Lottery Security Department
Percent of retailers that underwent compliance checks following a complaint	100%	100%	What Occurred: Follow-up compliance check goal was met. Data Source: Iowa Lottery Security Department
Core Function: Reconciliation Clearing Account			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Annual Prize Payments Due	\$1,479,000	\$1,403,000	What Occurred: Actual annuity payments represented remaining annuity obligations. Data Source: Iowa Lottery Financial Reports
Service, Product or Activity:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Percent of Prizes Paid to Prizes Due	100%	100%	What Occurred: Annuity prize payment goal was met. Data Source: Iowa Lottery Financial Reports

*Lottery Operating & Advertising Budget includes all administrative & advertising expenses incurred by the Lottery, but excludes other costs including, but not limited to, prize payments, retailer compensation, lottery system and terminal communications, and instant and pull-tab ticket expense and machine maintenance.

Financials



Iowa Lottery Authority Statement of Net Position June 30, 2017

Assets	
Current assets:	
Cash	\$27,217,462
Restricted assets - cash	612,512
Prepaid expense	48,209
Interest receivable	41,823
Accounts receivable, net	3,013,565
Ticket inventories	2,301,613
Investment in prize annuities	716,052
Total current assets	<u>33,951,236</u>
Noncurrent assets:	
Prize reserve	5,058,602
Investment in prize annuities	487,095
Capital assets, net	8,164,731
Total noncurrent assets	<u>13,710,428</u>
Total assets	<u>47,661,664</u>
Deferred Outflows of Resources	
Pension-related deferred outflows	<u>1,682,026</u>
Liabilities	
Current liabilities:	
Lotto prizes payable	3,004,661
Instaplay prizes payable	37,494
Annuity prizes payable	716,052
Accounts payable and accruals	23,849,009
Unearned revenue	394,972
Salary and benefits payable	527,279
Compensated absences	897,237
Total current liabilities	<u>29,426,704</u>
Long-term liabilities:	
Net pension liability	6,157,225
Prize reserve	5,058,602
Compensated absences and OPEB	1,629,307
Annuity prizes payable	487,095
Total long-term liabilities	<u>13,332,229</u>
Total liabilities	<u>42,758,933</u>
Deferred Inflows of Resources	
Pension-related deferred inflows	<u>227,227</u>
Net Position	
Net investment in capital assets	8,164,731
Unrestricted	(1,807,201)
Total net position	<u>\$6,357,530</u>

Iowa Lottery Authority Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2017

Operating revenues:	
Instant-scratch ticket sales	\$ 237,617,703
Instaplay sales	5,820,274
Pick 3 sales	7,318,686
Powerball sales	54,292,902
Mega Millions sales	14,957,109
Hot Lotto sales	8,210,714
Pick 4 sales	3,946,273
All or Nothing sales	3,186,443
Lucky for Life sales	5,599,966
Pull-tab sales	11,292,740
Application fees	3,600
Other	18,841
Total operating revenues	<u>352,265,251</u>
Operating expenses:	
Scratch	155,043,947
InstaPlay	3,781,706
Pick 3	4,261,970
Powerball	25,876,220
Mega Millions	7,351,575
Hot Lotto	4,000,053
Pick 4	2,367,036
All or Nothing	1,882,220
Lucky for Life	3,521,940
Pull-tab	7,056,494
VIP Club prize expense	252,465
Promotional	224,943
Total prizes	<u>215,620,569</u>
Retailer compensation	22,915,600
Advertising production and media purchases	6,591,777
Retailer lottery system/terminal communications	7,408,978
Instant/pull-tab ticket expense	3,272,386
Vending machines & maintenance/ticket dispensers	1,384,719
Courier delivery of tickets	594,508
Other operating expenses	13,357,893
Total operating expenses	<u>271,146,430</u>
Operating income	<u>81,118,821</u>
Non-operating revenues (expenses):	
Proceeds provided to State General Fund	(78,274,727)
Proceeds provided to Veteran's Trust Fund	(2,500,000)
Interest income	182,107
Loss on disposal of capital assets	(722,748)
Net non-operating revenues (expenses)	<u>(81,315,368)</u>
Change in net position	(196,547)
Net position beginning of year	6,554,077
Net position end of year	<u>\$ 6,357,530</u>

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Headquarters

Clive:

13001 University Ave., 50325
Phone: 515-725-7900

Regional Offices

Cedar Rapids:

2345 Blairs Ferry Road N.E., 52402
Phone: 319-395-9313

Council Bluffs:

Omni Centre Business Park,
Suite 8, 300 W. Broadway, 51503
Phone: 712-242-2161

Mason City:

2900 Fourth St. S.W., 50401
Phone: 641-424-6011

Storm Lake:

822 Flindt Dr., 50588
Phone: 712-732-6662