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

AGENDA

IOWA LOTTERY BOARD

September 24, 2019
10:30 am

Dial In: 1-866-685-1580
Code: 5714936085

- I. Call to Order
 - a. Approval of Agenda
 - b. Approval of Minutes – June 25, 2019
- II. Quarterly Reports
 - a. Financial
 - b. Sales and Marketing
 - c. Security
 - d. IT Systems
 - e. External Relations
 - f. Legal
- III. FY20 Budget
- IV. Fiscal Policy Update
- V. Pull Tab Vending Machine Maintenance Contract Extension
- VI. Pull Tab Printing Contract Extension
- VII. Web Hosting Services
- VIII. Administrative Rule
- IX. CEO Update
- X. 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 25, 2019

10:30 a.m.

The Iowa Lottery Board convened at 10:30 a.m. at Lottery Headquarters in Clive; Board Chairperson Mary Rathje presiding.

Board Members Present:

Mary Rathje; Mary Junge; Sherrae Hanson; John Quinn; Josh Cook

Board Members Present on Teleconference:

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; Hale Strasser, VP, Systems; Rob Porter, VP, Legal Counsel; Mary Neubauer, VP, External Relations; John Lundquist, Assistant AG; Deb Bassett, Board Secretary.

Others Present:

David Berger, Scientific Games; Karen Harris, IGT; Angel Banks-Adams, LSA; Carl Rathje – guest of Mary Rathje; Colleen Rowan, IGT (phone); Rod Boshart, Cedar Rapids Gazette (phone).

CALL TO ORDER

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

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

Strawn introduced Josh Cook as a new member of the Lottery Board.

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES

Quinn moved to approve the March 26, 2019 board meeting minutes. Hanson seconded. Motion carried unanimously.

QUARTERLY REPORTS

Financial:

Conroy gave a financial report. The Performance Measures show sales ending May 31, 2019 were over \$361 million. Through May, 2019, operating expenses were \$2 million under budget and proceeds to the state were \$87 million.

Sales and Marketing:

Wood stated that sales continue to be very strong despite a difficult spring weather wise. The average scratch ticket sale for March was flat at \$5.02.

Wood also gave an update on promotions. The “Summer of Silverado” promotion launched on May 6, 2019, whereby VIP club members can enter their non-winning \$5.00 Silverado scratch tickets into the promotion for a chance to win 1 of 4 Chevy Silverado’s or \$5,000. The lottery’s summer interns are traveling the state in a new Silverado for events at retailers and vendor partners as part of the promotion.

Wood also mentioned the “WooHoo A Million For You” give away. The 3-week promotion had over 165,000 entries.

Security:

Coppess provided a security report for March - June 2019. Coppess discussed the player education messaging that has been done in conjunction with the External Relations and Marketing departments.

IT Systems:

Strasser noted that IT has been going well. He measures success by the lack of issues that are reported.

External Relations:

Neubauer talked about the record number of scam attempts in this country; some of the scams are done in the name of the Lottery. Anytime a player reports an issue to the Lottery, the player is referred to the Consumer Protection Bureau at the Iowa Attorney General’s Office.

Neubauer also talked about the Lottery modernization bill that was put on hold earlier this year during the 2019 legislative session. Now that there has been some clarity about the federal Wire Act, the Lottery will continue to have hold discussions about Lottery modernization.

Neubauer also stated that a bill was signed into law in 2019 that creates a new state program called the Iowa Public Safety Survivor Benefits Fund. The fund will provide grants to organization that provide assistance to help pay the cost of insurance coverage for the surviving family member of Iowa peace officers and fire fighters killed in the line of duty. The Iowa Lottery will provide \$100,000 in proceeds each year to the Survivor Fund.

Neubauer talked about and showed a video about the Powerball based promotion called “Woo Hoo A Million For You.” From May 29 through June 18, lottery players could enter the promotion with any Powerball ticket purchased in Iowa during the 3-week timeframe. The promotion was created after a \$1 million Powerball prize expired in central Iowa without being claimed. Ultimately, 34 co-workers at Collins Aerospace in Cedar Rapids split the \$1 million prize because the winner of the promotion’s prize drawing had made an entry into the promotion on behalf of her office pool.

Legal:

Porter provided an update on the federal government’s reinterpretation of the Wire Act. In 2011, the U.S. Department of Justice concluded the Wire Act only applied to sports-betting. Based on that interpretation,

several states moved forward with on-line gaming. The U.S. DOJ reversed itself on the ruling and concluded the Wire Act is not limited to sports-betting. The NH lottery sued for clarification on the Wire Act and won; a federal judge struck down the reinterpretation effectively reinstating the interpretation from 2011.

Porter also gave an update on litigation related to the Larry Dawson case. The judge denied the plaintiff's motion for summary judgement and denied the State's motion for summary judgement in part.

The Lottery continues to monitor the Culler class action lawsuit. The Lottery is not part of the litigation.

Porter also provided information related to the recent system glitch that led to the temporary suspension of the \$2.00 Instaplay game, Cherry Twist Progressive. The system glitch caused 28 duplicate plays to be sold to players in a 25 minute span. Eight of those plays indicated winnings of \$23.00. Although the glitch impacted a small number of players and tickets, the integrity of Lottery games and systems are paramount. So when the system error was identified, the game was immediately shut down. The Lottery conducted a thorough security review and did additional system testing. Once the Lottery felt confident the issue had been resolved by the vendor, the game was restarted.

Junge moved to approve the Quarterly Reports. Cook seconded. Motion carried unanimously.

FY20 BUDGET

Conroy stated the FY20 budget which had been previously approved had some minor changes. The items that changed include a 2.1% ATB increase for all employees. In addition, the Lottery had several retirements in the last few years which created savings as it relates to the 2.1% ATB increase. There was an increase in the rental expense for the central warehouse in Ankeny. There was also an increase for IT data processing related to an upgrade to the Accounting General Ledger package, and an increase in auditing fees.

Conroy asked the board to approve the FY20 budget.

Hanson moved to approve the budget. Junge seconded. Motion carried unanimously.

FISCAL POLICY UPDATE

Conroy requested the approval of a fiscal policy update related to Procedure 240.102 – Purchasing Policy and Servicing Contracting. The change to the policy adds the VP, Security with the ability to approve and sign the working papers for instant ticket games along with the CEO, COO, and CFO.

Quinn moved to approve the fiscal policy update. Hanson seconded. Motion carried unanimously.

ADMINISTRATIVE RULE

Porter asked the board to approve the issuance of a Notice of Intended Action to modify certain sections of the Lottery's Administrative Code, specifically portions of Chapters 2 and 5. Both sets of changes are designed to update the Lottery's process on the receipt and review of administrative appeals. The modifications provide structure for vendor appeals and remove the Lottery hearing board. Instead, the CEO will appoint a presiding officer that consider the matter and issues a proposed ruling. All appeals from proposed decisions would be submitted to the CEO, who issues the final decision.

Cook moved to approve the administrative rule change. Junge seconded. Motion carried unanimously.

FY20 KEY EMPLOYEE COMPENSATION

Porter stated Lottery key employee salaries are set by the CEO and board. Porter requested the board to authorize a 2.1% across-the-board pay increase effective July 1, 2019 for Lottery key employees; the same amount approved by the State for non-contract employees. Porter also asked the board to authorize with-in grade merit 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.

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

CEO UPDATE

Strawn thanked the entire Lottery team for their role in an amazingly successful FY19. Strawn also stated that he appreciated how the Lottery team approached the \$1 million unclaimed prize and the planning that went into the “Woo Hoo A Million for You” promotion to give the unclaimed money away. Strawn also thanked the senior leadership team about how they handled the recent issue with the Instaplay game. Strawn also briefly talked about financial performance and stated that he appreciated the fact that the Lottery’s operational expenses were less the amount budgeted. Strawn talked about the importance of the Lottery being the “IOWA” Lottery and the efforts to remember that in every decision the Lottery makes.

Strawn stated that he has been visiting ticket printing suppliers to learn about their business operations.

Strawn stated he was appointed to MUSL’s Finance and Audit Committee as vice-chair.

ELECTION OF OFFICERS

Quinn moved to nominate Mary Junge as board chair and Sherrae Hanson as vice chair. Cook seconded. Motion carried unanimously.

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

ADJOURNMENT

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

Meeting adjourned at 12:05 p.m.

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2019
June 30, 2019

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Gross Sales	Budget FY 2019	26,907,680	26,646,774	25,665,624	25,790,341	27,867,514	27,718,136	32,669,568	29,969,493	30,324,545	28,192,020	30,399,422	26,148,883
	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
Prize Expense	Budget FY 2019	14,819,287	15,718,890	14,916,775	15,443,662	16,549,800	16,676,303	19,647,909	18,255,876	18,821,805	18,125,368	19,116,971	16,579,354
	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
Operating Expenses	Budget FY 2019	1,276,128	1,321,713	1,186,388	1,346,163	1,283,532	1,233,496	1,326,637	1,183,908	1,224,446	1,275,522	1,332,607	1,376,768
	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
Total Proceeds	Budget FY 2019	5,603,220	5,491,034	5,375,901	5,247,963	5,840,833	5,852,737	7,023,546	6,477,028	6,527,124	5,931,679	6,438,077	5,308,881
	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
YEAR TO DATE													
Gross Sales	Budget FY 2019	26,907,680	53,554,454	79,220,078	105,010,419	132,877,933	160,596,069	193,265,637	223,235,130	253,559,675	281,751,695	312,151,117	338,300,000
	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
Prize Expense	Budget FY 2019	14,819,287	30,538,177	45,454,952	60,898,614	77,448,414	94,124,717	113,772,626	132,028,502	150,850,307	168,975,675	188,092,646	204,672,000
	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
Operating Expenses	Budget FY 2019	1,276,128	2,597,841	3,784,229	5,130,392	6,413,924	7,647,420	8,974,057	10,157,965	11,382,411	12,657,933	13,990,540	15,367,308
	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
Total Proceeds	Budget FY 2019	5,603,220	11,094,254	16,470,155	21,718,118	27,558,951	33,411,688	40,435,234	46,912,262	53,439,386	59,371,065	65,809,142	71,118,023
	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

	Current Month	Year to Date
Prize Payout - Budget	63.40%	60.50%
Prize Payout - Actual	66.01%	61.89%
Sales - Actual increase (decrease) vs. Budget		15.55%
Proceeds - Actual increase (decrease) vs. Budget		30.58%

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2019

June 30, 2019		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
MONTH													
Gross Sales	Budget FY 2019	26,907,680	26,646,774	25,665,624	25,790,341	27,867,514	27,718,136	32,669,568	29,969,493	30,324,545	28,192,020	30,399,422	26,148,883
	5-year av.	27,515,199	28,583,429	25,975,331	26,174,391	26,595,898	29,433,228	34,583,052	30,023,819	31,193,731	29,102,327	29,610,248	26,996,042
	Actual '18	28,206,485	38,467,880	26,630,836	26,964,621	27,665,819	32,578,758	34,433,194	28,608,687	36,925,652	31,327,694	31,186,583	27,960,668
	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
Prize Expense	Budget FY 2019	14,819,287	15,718,890	14,916,775	15,443,662	16,549,800	16,676,303	19,647,909	18,255,876	18,821,805	18,125,368	19,116,971	16,579,354
	5-year av.	16,613,679	17,345,925	15,659,342	16,046,051	15,729,600	18,483,335	20,662,922	17,701,023	19,978,821	17,491,927	17,719,856	16,309,582
	Actual '18	17,143,244	22,941,217	16,472,093	16,851,231	16,580,357	20,151,447	20,974,949	17,423,782	23,619,771	19,700,548	18,613,035	17,019,400
	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
Operating Expenses	Budget FY 2019	1,276,128	1,321,713	1,186,388	1,346,163	1,283,532	1,233,496	1,326,637	1,183,908	1,224,446	1,275,522	1,332,607	1,376,768
	3-year av.	1,082,579	1,093,710	1,019,626	1,068,131	1,092,387	1,100,392	1,073,865	1,016,547	1,060,720	1,030,676	1,191,636	1,423,101
	Actual '18	1,106,067	1,200,084	1,034,238	1,190,849	1,157,260	1,083,851	1,129,592	1,020,082	1,032,280	1,103,192	1,207,401	1,508,137
	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
Total Proceeds	Budget FY 2019	5,603,220	5,491,034	5,375,901	5,247,963	5,840,833	5,852,737	7,023,546	6,477,028	6,527,124	5,931,679	6,438,077	5,308,881
	5-year av.	6,571,827	6,316,523	6,590,716	5,968,373	6,392,547	6,154,345	8,692,842	7,792,031	6,352,943	6,887,978	7,197,506	5,959,314
	Actual '18	6,524,204	9,995,533	6,097,014	5,957,452	6,396,948	7,579,571	8,030,538	6,883,474	8,149,621	6,784,524	7,657,874	6,998,710
	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

YEAR TO DATE

Gross Sales	Budget FY 2019	26,907,680	53,554,454	79,220,078	105,010,419	132,877,933	160,596,069	193,265,637	223,235,130	253,559,675	281,751,695	312,151,117	338,300,000
	5-year av.	27,515,199	56,098,628	82,073,959	108,248,350	134,844,248	164,277,476	198,860,528	228,884,347	260,078,078	289,180,405	318,790,653	345,786,695
	Actual '18	28,206,485	66,674,365	93,305,201	120,269,822	147,935,641	180,514,399	214,947,593	243,556,280	280,481,932	311,809,626	342,996,209	370,956,877
	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
Prize Expense	Budget FY 2019	14,819,287	30,538,177	45,454,952	60,898,614	77,448,414	94,124,717	113,772,626	132,028,502	150,850,307	168,975,675	188,092,646	204,672,000
	5-year av.	16,613,679	33,959,604	49,618,946	65,664,997	81,394,597	99,877,932	120,540,854	138,241,877	158,220,699	175,712,625	193,432,481	209,742,063
	Actual '18	17,143,244	40,084,461	56,556,554	73,407,785	89,988,142	110,139,589	131,114,538	148,538,320	172,158,091	191,858,639	210,471,674	227,491,074
	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
Operating Expenses	Budget FY 2019	1,276,128	2,597,841	3,784,229	5,130,392	6,413,924	7,647,420	8,974,057	10,157,965	11,382,411	12,657,933	13,990,540	15,367,308
	3-year av.	1,082,579	2,176,289	3,195,915	4,264,046	5,356,433	6,456,825	7,530,690	8,547,237	9,607,957	10,638,633	11,830,269	13,253,370
	Actual '18	1,106,067	2,306,151	3,340,389	4,531,238	5,688,498	6,772,349	7,901,941	8,922,023	9,954,303	11,057,495	12,264,896	13,773,033
	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
Total Proceeds	Budget FY 2019	5,603,220	11,094,254	16,470,155	21,718,118	27,558,951	33,411,688	40,435,234	46,912,262	53,439,386	59,371,065	65,809,142	71,118,023
	5-year av.	6,571,827	12,888,350	19,479,066	25,447,439	31,839,986	37,994,331	46,687,173	54,479,204	60,832,147	67,720,125	74,917,631	80,876,945
	Actual '18	6,524,204	16,519,737	22,616,751	28,574,203	34,971,151	42,550,722	50,581,260	57,464,734	65,614,355	72,398,879	80,056,753	87,055,463
	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

	Current Month	Year to Date
Prize Payout - Budget	63.40%	60.50%
Prize Payout - 5-Year Average	60.41%	60.66%
Prize Payout - Actual	66.01%	61.89%
Sales - Actual increase (decrease) vs. 5-Year Average		13.05%
Proceeds - Actual increase (decrease) vs. 5-Year Average		14.82%
Sales - Actual increase (decrease) vs. Budget		15.55%
Proceeds - Actual increase (decrease) vs. Budget		30.58%

IOWA LOTTERY AUTHORITY
Statement of Net Position
Sunday, June 30, 2019

FINAL

	Year-to-date 6/30/2019	Year-to-date 6/30/2018
Assets		
Current assets:		
Cash	\$ 27,107,365.42	\$ 26,817,941.99
Cash on hand	600.00	600.00
Restricted assets - cash	735,598.20	641,674.56
Prepaid expense	265,664.06	60,983.41
Interest receivable	78,929.21	56,567.42
Accounts receivable, net	3,726,203.27	3,438,534.16
Ticket inventories	2,778,505.53	2,394,435.82
Investment in prize annuities	25,614.76	26,373.89
Total current assets	<u>34,718,480.45</u>	<u>33,437,111.25</u>
Noncurrent assets:		
Prize reserve	5,757,962.63	5,395,324.25
Investment in prize annuities	428,791.91	457,480.46
Capital assets, net	7,370,438.04	7,824,065.04
Total noncurrent assets	<u>13,557,192.58</u>	<u>13,676,869.75</u>
Total assets	<u>48,275,673.03</u>	<u>47,113,981.00</u>
Deferred Outflows of Resources	<u>1,760,922.39</u>	<u>1,966,339.28</u>
Liabilities		
Current liabilities:		
Multi-State Prize Payable	1,611,201.22	2,350,927.00
Mega Millions Prize Payable	716,195.52	542,564.46
Hot Lotto Prize Payable	-	48,658.00
All or Nothing Prize Payable	-	89.00
Pick 4 Prize Payable	56,775.20	242,801.20
Pick 3 Prize Payable	85,717.20	190,545.80
Lucky for Life Prize Payable	130,814.00	147,828.00
Lucky for Life Prize Reserve	531,906.63	709,066.93
Lucky for Life Due To (From)	161,075.09	232,729.84
Lucky for Life Low Tier Due To (From) UNCLAIMED	(25,756.75)	(23,909.69)
Lotto America Prize Payable	233,764.50	197,543.50
Unclaimed Prize Liability	316,027.80	-
InstaPlay Prize Payable	48,015.00	58,542.00
Retailer/Other Deposits	10,000.00	15,000.00
Current Obligation/Annuities	-	1,400.00
Annuity Prizes Payable	25,614.76	26,373.89
Accounts payable and accruals	1,114,210.17	1,597,314.47
Unearned revenue	270,693.44	195,999.44
Salary and benefits payable	492,887.12	497,042.79
Compensated absences	866,085.15	889,910.23
State withholding payable	85,366.88	38,651.27
Federal withholding payable	52,800.00	30,651.40
Due to State General Fund	23,467,112.66	21,481,844.19
Total current liabilities	<u>30,250,505.59</u>	<u>29,471,573.72</u>
Long-term liabilities:		
Accounts payable and accruals	42,797.00	68,685.00
Net pension liability	6,310,618.00	6,546,767.00
Prize reserve	5,757,962.63	5,395,324.25
Compensated absences and OPEB	2,041,074.13	1,958,142.15
Annuity prizes payable	428,791.91	457,480.46
Total long-term liabilities	<u>14,581,243.67</u>	<u>14,426,398.86</u>
Total liabilities	<u>44,831,749.26</u>	<u>43,897,972.58</u>
Deferred Inflows of Resources	<u>402,190.71</u>	<u>232,154.00</u>
Net Position		
Net investment in capital assets	7,370,438.04	7,824,065.04
Unrestricted	(2,567,782.59)	(2,873,871.34)
Total net position	<u>4,802,655.45</u>	<u>4,950,193.70</u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Twelve Months Ending Sunday, June 30, 2019

FINAL

	Month ended 6/30/2019	Month ended 6/30/2018	Year-to-date 6/30/2019	Year-to-date 6/30/2018
Operating revenues:				
Instant-scratch ticket sales	\$ 19,937,435.00	\$ 19,117,950.73	\$ 250,642,094.00	\$ 244,260,963.73
InstaPlay sales	693,770.00	1,008,695.00	11,876,560.00	9,733,769.00
Pick 3 sales	650,960.00	623,516.00	7,871,469.00	7,705,163.00
Powerball sales	3,709,072.00	3,104,500.00	54,833,068.00	58,471,047.50
Mega Millions Sales	1,995,942.00	1,738,381.00	36,322,749.00	21,293,740.00
Hot Lotto sales	-	-	-	3,761,425.00
Pick 4 sales	368,640.50	336,042.00	4,292,190.00	4,341,103.00
Lucky for Life sales	401,278.00	420,326.00	5,427,678.00	5,600,490.00
Lotto America sales	821,598.00	653,810.00	8,753,137.00	4,872,494.00
Pull-tab sales	934,982.99	957,457.51	10,876,605.58	10,916,691.67
Application fees	125.00	250.00	3,775.00	3,725.00
Other	473.28	444.29	55,515.72	8,135.30
Total operating revenues	<u>29,514,276.77</u>	<u>27,961,372.53</u>	<u>390,954,841.30</u>	<u>370,968,747.20</u>
Operating expenses:				
Scratch ticket prizes	12,997,144.00	12,169,661.00	166,890,489.22	160,144,267.81
InstaPlay prizes	442,718.14	652,426.17	8,255,637.73	6,351,026.09
Pick 3 prizes	390,576.00	368,309.60	4,670,681.40	4,567,777.80
Powerball prizes	1,855,300.00	1,551,190.29	25,500,970.59	28,512,041.42
Mega Millions prizes	997,971.00	892,691.52	18,473,201.19	10,764,359.06
Hot Lotto prizes	-	(8,883.00)	(46,872.00)	1,782,452.18
Pick 4 prizes	221,184.30	200,190.20	2,553,524.00	2,519,311.80
All or Nothing prizes	354,445.99	(1,843.09)	(89.00)	(31,061.09)
Lucky for Life prizes	224,412.14	230,113.88	3,111,848.00	3,305,690.74
Lotto America prizes	410,799.00	326,905.00	4,300,352.50	2,436,247.00
Pull-tab prizes	587,067.19	600,751.34	6,805,265.67	6,826,208.15
VIP Club prize expense	1,000,000.00	32,552.62	1,315,879.79	197,001.06
Promotional prize expense	0.34	5,334.32	109,753.45	115,749.86
Advertising/publicity	670,359.05	515,603.83	7,276,922.82	7,162,017.78
Retailer compensation expense	1,907,139.58	1,811,526.35	25,447,738.90	24,213,812.03
Ticket expense	270,167.62	215,455.64	3,284,663.35	3,170,681.81
Vendor compensation expense	460,552.74	625,248.85	6,356,385.10	8,227,402.92
Salary and benefits	1,026,003.54	1,197,678.10	10,459,454.27	10,936,612.42
Travel	21,095.37	23,811.83	261,529.07	256,766.19
Supplies	5,884.80	61,377.61	106,008.94	157,977.57
Printing	412.50	-	3,767.44	10,087.74
Postage	233.22	237.48	5,457.67	5,560.85
Communications	41,970.32	18,453.41	202,354.84	170,146.00
Rentals	26,146.50	25,239.17	310,279.66	305,224.78
Utilities	9,933.75	12,612.84	95,043.25	95,756.58
Professional fees	12,655.65	11,838.62	162,022.57	157,930.02
Vending machine maintenance	21,168.00	19,922.00	253,415.77	294,907.33
Outside services and repairs	71,467.77	85,773.00	828,179.92	827,274.28
Data processing	10,461.87	9,927.01	109,068.85	94,977.05
Equipment	44,101.00	67,542.69	512,247.17	610,776.45
Reimbursement to other state agencies	47,474.05	50,558.53	457,598.31	440,448.68
Depreciation	42,684.82	45,031.68	541,020.46	546,260.22
Other	5,336.75	(27,598.49)	63,061.01	57,646.94
MUSL/Lotto administrative expense	5,569.59	758.57	71,544.34	8,055.58
Total operating expenses	<u>24,182,436.59</u>	<u>21,790,398.57</u>	<u>298,748,406.25</u>	<u>285,241,395.10</u>
Operating income	<u>5,331,840.18</u>	<u>6,170,973.96</u>	<u>92,206,435.05</u>	<u>85,727,352.10</u>
Non-operating revenue (expenses):				
Proceeds provided to State General Fund	(5,834,464.13)	(7,039,446.82)	(90,364,964.71)	(84,596,199.72)
Proceeds provided to Veteran's Trust Fund	-	-	(2,500,000.00)	(2,500,000.00)
Interest income	96,371.40	108,846.18	495,974.33	313,693.60
Gain (Loss) on disposal of capital assets	3,653.00	-	15,017.08	(139,571.99)
Net non-operating revenues (expenses)	<u>(5,734,439.73)</u>	<u>(6,930,600.64)</u>	<u>(92,353,973.30)</u>	<u>(86,922,078.11)</u>
Change in net position	<u>(402,599.55)</u>	<u>(759,626.68)</u>	<u>(147,538.25)</u>	<u>(1,194,726.01)</u>
Net position beginning of period	<u>5,205,255.00</u>	<u>5,709,820.38</u>	<u>4,950,193.70</u>	<u>6,144,919.71</u>
Net position end of period	<u>4,802,655.45</u>	<u>4,950,193.70</u>	<u>4,802,655.45</u>	<u>4,950,193.70</u>

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS 2015 THROUGH 2019
FINAL

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
OPERATING REVENUES					
Instant-scratch ticket sales	250,642,094	244,260,964	237,617,703	233,681,884	211,986,968
Instaplay sales	11,876,560	9,733,769	5,820,274	-	-
Pick 3 sales	7,871,469	7,705,163	7,318,686	7,376,766	7,046,335
Powerball sales	54,833,068	58,471,047	54,292,902	74,851,133	52,231,108
Mega Millions sales	36,322,749	21,293,740	14,957,109	16,401,018	17,980,367
Hot Lotto sales	-	3,761,425	8,210,714	8,827,600	11,111,717
Pick 4 sales	4,292,190	4,341,103	3,946,273	3,554,719	3,231,397
All or Nothing sales	-	-	3,186,443	3,989,479	4,542,846
Monopoly Millionaires' Club sales	-	-	-	-	591,605
Lucky for Life sales	5,427,678	5,600,490	5,599,966	3,154,994	-
Lotto America sales	8,753,137	4,872,494	-	-	-
Pull-tab sales	10,876,605	10,916,692	11,292,740	15,073,332	16,045,073
Application fees	3,775	3,725	3,600	4,175	3,800
Other revenue	55,516	8,135	18,841	33,065	6,220
Total operating revenues	390,954,841	370,968,747	352,265,251	366,948,164	324,777,436
OPERATING EXPENSES					
Scratch ticket prize expense	166,890,489	160,144,268	155,043,947	151,760,771	137,660,011
Instaplay prize expense	8,255,638	6,351,026	3,781,706	-	-
Pick 3 prize expense	4,670,681	4,567,778	4,261,970	4,369,699	4,164,551
Powerball prize expense	25,500,971	28,512,041	25,876,220	36,729,336	25,386,810
Mega Millions prize expense	18,473,201	10,764,359	7,351,575	7,975,529	8,593,263
Hot Lotto prize expense	(46,872)	1,782,452	4,000,053	4,223,018	5,351,407
Pick 4 prize expense	2,553,524	2,519,312	2,367,036	2,082,846	1,993,339
All or Nothing prize expense	(89)	(31,061)	1,882,220	2,363,459	2,684,292
Monopoly Millionaires' Club prize expense	-	-	-	(21,052)	626,847
Lucky for Life prize expense	3,111,848	3,305,691	3,521,940	2,525,899	-
Loto America prize expense	4,300,353	2,436,247	-	-	-
Pull-tab prize expense	6,805,266	6,826,208	7,056,494	9,422,428	10,028,418
VIP Club prize expense	1,315,880	197,001	252,465	168,607	264,651
Promotional prize expense	109,753	115,750	224,943	166,862	128,699
Advertising/Publicity	7,276,923	7,162,018	6,592,552	6,822,152	6,766,994
Retailer compensation expense	25,447,739	24,213,812	22,914,755	24,560,885	20,977,399
Ticket expense	3,284,663	3,170,682	3,264,975	3,242,036	3,255,589
Vendor compensation expense	6,356,385	8,227,403	7,183,035	7,597,516	6,626,139
Online game expense	-	-	-	-	6,563
Salary and benefits	10,459,454	10,936,612	10,714,712	9,977,828	9,565,122
Travel	261,529	256,766	278,279	281,549	417,200
Supplies	106,009	157,977	109,650	133,164	130,723
Printing	3,767	10,088	3,202	8,390	6,291
Postage	5,458	5,561	5,817	6,636	6,118
Communications	202,355	170,146	253,908	263,414	227,509
Rentals	310,280	305,225	304,714	309,412	308,922
Utilities	95,043	95,756	90,824	87,942	126,902
Professional fees	162,023	157,930	191,334	183,403	162,782
Vending machine maintenance	253,416	294,907	526,285	598,962	579,061
Outside services & repairs	828,180	827,274	791,219	825,169	873,809
Data processing	109,069	94,977	117,021	122,421	105,400
Equipment	512,247	610,777	1,071,249	655,521	506,016
Reimbursement to other state agencies	457,598	440,449	427,884	430,088	418,625
Depreciation	541,020	546,260	460,967	333,223	278,004
Other	63,061	57,647	68,936	56,016	79,976
MUSL administrative expense	71,544	8,056	154,543	127,705	100,803
Total operating expenses	298,748,406	285,241,395	271,146,430	278,390,834	248,408,235
Operating income (loss)	92,206,435	85,727,352	81,118,821	88,557,330	76,369,201

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS 2015 THROUGH 2019
FINAL

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Non-operating revenues (expenses)					
State General Fund	(90,364,965)	(84,596,200)	(78,274,727)	(85,524,619)	(72,365,900)
Veterans Trust Fund	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,151,167)
Interest income	495,974	313,694	182,107	194,873	76,038
Interest expense	-	-	-	-	(8,046)
Gain (Loss) on disposal of capital assets	15,017	(139,572)	(722,748)	28,156	(364,252)
Net non-operating revenues(expenses)	(92,353,974)	(86,922,078)	(81,315,368)	(87,801,590)	(74,813,328)
Change in net position	(147,539)	(1,194,726)	(196,547)	755,740	1,555,873
Net position, beginning of period, as restated*	4,950,194	6,144,920	6,554,077	5,798,338	4,242,465
Net position, end of period	4,802,655	4,950,194	6,357,530	6,554,077	5,798,338

* beginning Net Position was restated in FY 2015 due to implementation of GASB 68, Accounting and Financial Reporting for Pensions;
beginning Net Position was restated in FY 2018 due to implementation of GASB 75, Accounting and Financial Reporting for Postemployment
Benefits Other Than Pensions

**Iowa Lottery Authority
Out-Of-State Travel
FY2019**

EMPLOYEE	DATE	Classification	Description	DESTINATION	COST
Tom Warner	Jul 2018	Normal Job Duties	Kwik Star Corporate Account Meeting	LaCrosse, WI	125.59
Michael Conroy	Jul 2018	Conference	NASPL Professional Development Seminar	Orlando, FL	2,205.69
Cam Coppess	Jul 2018	Conference	NASPL Professional Development Seminar	Orlando, FL	2,288.01
Mike Loss	Jul 2018	Conference	NASPL Professional Development Seminar	Orlando, FL	2,091.83
Mary Neubauer	Jul 2018	Conference	NASPL Professional Development Seminar	Orlando, FL	1,831.49
Teri TeBockhorst	Jul 2018	Conference	NASPL Professional Development Seminar	Orlando, FL	2,156.70
Larry Loss	Jul 2018	Conference	NASPL Professional Development Seminar	Orlando, FL	748.68
Larry Loss	Sep 2018	Conference	NASPL 2018 (GPS For Success)	Cleveland, OH	1,955.76
Rob Porter	Sep 2018	Conference	NASPL 2018 (GPS For Success)	Cleveland, OH	2,197.42
Hale Strasser	Sep 2018	Conference	NASPL 2018 (GPS For Success)	Cleveland, OH	2,046.28
Terry Rich	Oct 2018	Conference	Global Gaming Expo	Las Vegas, NV	1,137.11
Brad Wells	Oct 2018	Normal Job Duties	Scientific Games	Alpharetta, GA	944.26
Holly Glenn	Oct 2018	Normal Job Duties	International Game Technology	Lakeland, FL	1,193.05
Larry Loss	Oct 2018	Conference	Lottery Expo 2018	New York, NY	1,547.21
Larry Loss	Nov 2018	Conference	World Lottery Summit 2018	Buenos Aries, Argentina	5,198.03
Mary Neubauer	Nov 2018	Conference	World Lottery Summit 2018	Buenos Aries, Argentina	150.00
Pam Bocker	Jan 2019	Normal Job Duties	Powerball Promotion - Cruise - Alchemy3	Fort Lauderdale, FL	775.92
Karen Steck	Feb 2019	Normal Job Duties	Pollard Banknote	Winnipeg, Canada	1,633.92
Larry Loss	Feb 2019	Conference	PGRI SMART-TECH	Fort Lauderdale, FL	1,802.02
Cam Coppess	Mar 2019	Conference	GLI Conference	Las Vegas, NV	1,068.75
Brad Wells	Apr 2019	Conference	MGIR Spring Conference	Deadwood, SD	491.06
Chuck Ellis	Apr 2019	Conference	Midwest Convenience Store & Energy Convention	St. Paul, MN	498.11
Bill Kehoe	Apr 2019	Conference	Midwest Convenience Store & Energy Convention	St. Paul, MN	447.77
Kevin Claxton	Apr 2019	Conference	NASPL 2019 Lottery Leadership Institute Seminar	Cleveland, OH	2,479.52
Rob Porter	Apr 2019	Normal Job Duties	GLI Deposition	Lakewood, NJ	1,263.16
Matt Strawn	May 2019	Normal Job Duties	Pollard Banknote Meeting	Winnipeg, Canada	1,005.28
Larry Loss	May 2019	Normal Job Duties	Pollard Banknote Meeting	Winnipeg, Canada	1,082.19
Matt Strawn	Jun 2019	Normal Job Duties	IGT & SGI - Site Reviews	Florida / Georgia	976.61
Larry Loss	Jun 2019	Normal Job Duties	IGT & SGI - Site Reviews	Florida / Georgia	1,039.95
Matt Strawn	Jun 2019	Normal Job Duties	NASPL Spring Directors Meeting	Williamsburg, VA	-
Total					\$ 42,381.37

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2019
August 31, 2019

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
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
	Actual '20	27,846,491	28,093,920	-	-	-	-	-	-	-	-	-	-
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
	Actual '20	17,579,210	18,081,688	-	-	-	-	-	-	-	-	-	-
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
	Actual '20	1,110,516	1,030,009	-	-	-	-	-	-	-	-	-	-
Total Proceeds	Budget FY 2020	5,579,703	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	-	-	-	-	-	-	-	-	-	-
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
	Actual '20	27,846,491	55,940,411	-	-	-	-	-	-	-	-	-	-
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
	Actual '20	17,579,210	35,660,898	-	-	-	-	-	-	-	-	-	-
Operating Expenses	Budget FY 2019	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	-	-	-	-	-	-	-	-	-	-
Total Proceeds	Budget FY 2020	5,579,703	11,190,459	16,659,314	22,063,141	27,981,093	33,922,712	40,977,093	47,312,443	53,819,948	59,985,483	66,598,851	71,907,129
	Actual '20	6,009,246	11,503,364	-	-	-	-	-	-	-	-	-	-

	Current Month	Year to Date
Prize Payout - Budget	60.46%	60.44%
Prize Payout - Actual	64.36%	63.75%
Sales - Actual increase (decrease) vs. Budget		1.35%
Proceeds - Actual increase (decrease) vs. Budget		2.80%

IOWA LOTTERY
PERFORMANCE MEASURES
FY 2020

August 31, 2019

MONTH		JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
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	28,206,485	38,467,880	26,630,836	26,964,621	27,665,819	32,578,758	34,433,194	28,608,687	36,925,652	31,327,694	31,186,583	27,960,668
	Actual '20	27,846,491	28,093,920	-	-	-	-	-	-	-	-	-	-
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	17,143,244	22,941,217	16,472,093	16,851,231	16,580,357	20,151,447	20,974,949	17,423,782	23,619,771	19,700,548	18,613,035	17,019,400
	Actual '20	17,579,210	18,081,688	-	-	-	-	-	-	-	-	-	-
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
	3-year av.	1,077,093	1,108,534	1,022,984	1,128,650	1,143,021	1,076,584	1,131,647	1,014,123	1,040,783	1,074,603	1,212,382	1,426,446
	Actual '19	1,106,067	1,200,084	1,034,238	1,190,849	1,157,260	1,083,851	1,129,592	1,020,082	1,032,280	1,103,192	1,207,401	1,508,137
	Actual '20	1,110,516	1,030,009	-	-	-	-	-	-	-	-	-	-
Total Proceeds	Budget FY 2020	5,579,703	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	6,524,204	9,995,533	6,097,014	5,957,452	6,396,948	7,579,571	8,030,538	6,883,474	8,149,621	6,784,524	7,657,874	6,998,710
	Actual '20	6,009,246	5,494,118	-	-	-	-	-	-	-	-	-	-

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	28,206,485	66,674,365	93,305,201	120,269,822	147,935,641	180,514,399	214,947,593	243,556,280	280,481,932	311,809,626	342,996,209	370,956,877
	Actual '20	27,846,491	55,940,411	-	-	-	-	-	-	-	-	-	-
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	86,158,032	105,569,918	126,874,348	144,876,629	166,406,641	184,554,027	203,398,815	220,740,394
	Actual '19	17,143,244	40,084,461	56,556,554	73,407,785	89,988,142	110,139,589	131,114,538	148,538,320	172,158,091	191,858,639	210,471,674	227,491,074
	Actual '20	17,579,210	35,660,898	-	-	-	-	-	-	-	-	-	-
Operating Expenses	Budget FY 2019	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
	3-year av.	1,077,093	2,185,627	3,208,611	4,337,261	5,480,282	6,556,866	7,688,513	8,702,636	9,743,419	10,818,022	12,030,404	13,456,850
	Actual '19	1,106,067	2,306,151	3,340,389	4,531,238	5,688,498	6,772,349	7,901,941	8,922,023	9,954,303	11,057,495	12,264,896	13,773,033
	Actual '20	1,110,516	2,140,525	-	-	-	-	-	-	-	-	-	-
Total Proceeds	Budget FY 2020	5,579,703	11,190,459	16,659,314	22,063,141	27,981,093	33,922,712	40,977,093	47,312,443	53,819,948	59,985,483	66,598,851	71,907,129
	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	6,524,204	16,519,737	22,616,751	28,574,203	34,971,151	42,550,722	50,581,260	57,464,734	65,614,355	72,398,879	80,056,753	87,055,463
	Actual '20	6,009,246	11,503,364	-	-	-	-	-	-	-	-	-	-

	Current Month	Year to Date
Prize Payout - Budget	60.46%	60.44%
Prize Payout - 5-Year Average	61.82%	61.23%
Prize Payout - Actual	64.36%	63.75%
Sales - Actual increase (decrease) vs. 5-Year Average		(1.70%)
Proceeds - Actual increase (decrease) vs. 5-Year Average		(9.96%)
Sales - Actual increase (decrease) vs. Budget		1.35%
Proceeds - Actual increase (decrease) vs. Budget		2.80%

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the One Month Ending Wednesday, July 31, 2019

	Month ended 7/31/2019	Month ended 7/31/2018
Operating revenues:		
Instant-scratch ticket sales	\$ 19,230,193.00	\$ 18,490,242.00
InstaPlay sales	796,437.00	1,995,455.00
Pick 3 sales	657,361.00	625,233.50
Powerball sales	3,125,069.00	2,859,437.00
Mega Millions Sales	1,550,117.00	3,329,257.00
Pick 4 sales	396,139.00	333,530.00
Lucky for Life sales	454,308.00	457,380.00
Lotto America sales	645,253.00	576,246.00
Pull-tab sales	991,614.49	956,183.53
Application fees	175.00	450.00
Other	596.34	367.59
Total operating revenues	<u>27,847,262.83</u>	<u>29,623,781.62</u>
Operating expenses:		
Scratch ticket prizes	12,867,266.00	12,523,030.00
InstaPlay prizes	527,366.61	1,457,527.91
Pick 3 prizes	394,416.60	367,780.10
Powerball prizes	1,564,078.00	1,380,139.00
Mega Millions prizes	775,058.50	1,709,030.88
Hot Lotto prizes	-	(9,172.00)
Pick 4 prizes	237,683.40	198,963.00
All or Nothing prizes	-	(354,534.99)
Lucky for Life prizes	270,010.17	271,838.92
Lotto America prizes	322,626.50	288,123.00
Pull-tab prizes	620,704.57	595,958.64
VIP Club prize expense	-	27,715.44
Promotional prize expense	-	10,293.08
Advertising/publicity	487,436.46	430,506.58
Retailer compensation expense	1,806,769.81	1,923,088.34
Ticket expense	246,796.45	268,163.38
Vendor compensation expense	455,580.92	491,746.71
Salary and benefits	906,282.77	870,481.73
Travel	23,616.22	28,416.02
Supplies	6,278.22	14,619.17
Printing	184.80	343.00
Postage	264.62	242.19
Communications	13,813.97	10,946.19
Rentals	26,509.12	25,408.94
Utilities	8,525.11	9,754.52
Professional fees	11,009.25	10,756.95
Vending machine maintenance	21,168.00	20,557.00
Outside services and repairs	74,086.60	75,524.04
Data processing	9,935.02	7,352.49
Equipment	21,161.13	15,516.20
Reimbursement to other state agencies	32,165.37	32,368.04
Depreciation	42,753.90	45,472.25
Other	5,219.79	4,392.77
MUSL/Lotto administrative expense	2,761.58	5,452.47
Total operating expenses	<u>21,781,529.46</u>	<u>22,757,801.96</u>
Operating income	<u>6,065,733.37</u>	<u>6,865,979.66</u>
Non-operating revenue (expenses):		
Proceeds provided to State General Fund	(3,409,245.51)	(4,525,445.64)
Proceeds provided to Veteran's Trust Fund	(2,500,000.00)	(2,500,000.00)
Proceeds provided to Public Safety Survivor Benefits Fund	(100,000.00)	-
Net non-operating revenues (expenses)	<u>(6,009,245.51)</u>	<u>(7,025,445.64)</u>
Change in net position	56,487.86	(159,465.98)
Net position beginning of period	4,778,451.98	4,950,193.70
Net position end of period	<u>4,834,939.84</u>	<u>4,790,727.72</u>

IOWA LOTTERY AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Two Months Ending Saturday, August 31, 2019

	Month ended 8/31/2019	Month ended 8/31/2018	Year-to-date 8/31/2019	Year-to-date 8/31/2018
Operating revenues:				
Instant-scratch ticket sales	\$ 19,731,624.00	\$ 19,332,664.00	\$ 38,961,817.00	\$ 37,822,906.00
InstaPlay sales	835,963.00	906,198.00	1,632,400.00	2,901,653.00
Pick 3 sales	669,729.50	667,930.50	1,327,090.50	1,293,164.00
Powerball sales	3,117,264.50	3,330,562.00	6,242,333.50	6,189,999.00
Mega Millions Sales	1,412,496.00	1,453,973.00	2,962,613.00	4,783,230.00
Pick 4 sales	380,429.50	356,650.50	776,568.50	690,180.50
Lucky for Life sales	457,166.00	456,752.00	911,474.00	914,132.00
Lotto America sales	544,877.00	666,849.00	1,190,130.00	1,243,095.00
Pull-tab sales	944,370.71	965,999.01	1,935,985.20	1,922,182.54
Application fees	225.00	300.00	400.00	750.00
Other	406.75	344.88	1,003.09	712.47
Total operating revenues	<u>28,094,551.96</u>	<u>28,138,222.89</u>	<u>55,941,814.79</u>	<u>57,762,004.51</u>
Operating expenses:				
Scratch ticket prizes	13,417,384.00	13,268,712.00	26,284,650.00	25,791,742.00
InstaPlay prizes	638,656.00	607,334.81	1,166,022.61	2,064,862.72
Pick 3 prizes	401,837.70	395,528.30	796,254.30	763,308.40
Powerball prizes	1,559,754.50	1,364,942.50	3,123,832.50	2,745,081.50
Mega Millions prizes	706,248.00	716,175.56	1,481,306.50	2,425,206.44
Hot Lotto prizes	-	(13,491.00)	-	(22,663.00)
Pick 4 prizes	228,257.70	211,615.30	465,941.10	410,578.30
All or Nothing prizes	-	-	-	(354,534.99)
Lucky for Life prizes	267,803.31	262,193.94	537,813.48	534,032.86
Lotto America prizes	272,438.50	333,424.50	595,065.00	621,547.50
Pull-tab prizes	589,308.44	604,066.05	1,210,013.01	1,200,024.69
VIP Club prize expense	-	95,414.84	-	123,130.28
Promotional prize expense	-	10,790.16	-	21,083.24
Advertising/publicity	592,849.49	703,041.55	1,080,285.95	1,133,548.13
Retailer compensation expense	1,831,893.46	1,824,887.35	3,638,663.27	3,747,975.69
Ticket expense	275,640.08	267,572.29	522,436.53	535,735.67
Vendor compensation expense	445,121.07	463,969.55	900,701.99	955,716.26
Salary and benefits	810,572.73	824,625.45	1,716,855.50	1,695,107.18
Travel	26,566.36	21,722.82	50,182.58	50,138.84
Supplies	5,041.95	4,427.29	11,320.17	19,046.46
Printing	-	(60.00)	184.80	283.00
Postage	243.55	249.61	508.17	491.80
Communications	14,174.17	17,437.18	27,988.14	28,383.37
Rentals	26,504.42	25,655.44	53,013.54	51,064.38
Utilities	8,416.52	8,360.18	16,941.63	18,114.70
Professional fees	12,136.00	12,055.04	23,145.25	22,811.99
Vending machine maintenance	21,168.00	20,557.00	42,336.00	41,114.00
Outside services and repairs	67,060.12	38,339.99	141,146.72	113,864.03
Data processing	13,458.59	7,518.25	23,393.61	14,870.74
Equipment	38,909.29	49,467.13	60,070.42	64,983.33
Reimbursement to other state agencies	30,287.58	32,955.87	62,452.95	65,323.91
Depreciation	44,007.85	45,628.76	86,761.75	91,101.01
Other	4,916.79	4,610.31	10,136.58	9,003.08
MUSL/Lotto administrative expense	2,761.58	5,452.46	5,523.16	10,904.93
Total operating expenses	<u>22,353,417.75</u>	<u>22,235,180.48</u>	<u>44,134,947.21</u>	<u>44,992,982.44</u>
Operating income	<u>5,741,134.21</u>	<u>5,903,042.41</u>	<u>11,806,867.58</u>	<u>12,769,022.07</u>
Non-operating revenue (expenses):				
Proceeds provided to State General Fund	(5,494,117.59)	(5,608,786.69)	(8,903,363.10)	(10,134,232.33)
Proceeds provided to Veteran's Trust Fund	-	-	(2,500,000.00)	(2,500,000.00)
Proceeds provided to Public Safety Survivor Benefits Fund	-	-	(100,000.00)	-
Gain (Loss) on disposal of capital assets	725.00	-	725.00	-
Net non-operating revenues (expenses)	<u>(5,493,392.59)</u>	<u>(5,608,786.69)</u>	<u>(11,502,638.10)</u>	<u>(12,634,232.33)</u>
Change in net position	<u>247,741.62</u>	<u>294,255.72</u>	<u>304,229.48</u>	<u>134,789.74</u>
Net position beginning of period	<u>4,859,143.31</u>	<u>4,790,727.72</u>	<u>4,802,655.45</u>	<u>4,950,193.70</u>
Net position end of period	<u><u>5,106,884.93</u></u>	<u><u>5,084,983.44</u></u>	<u><u>5,106,884.93</u></u>	<u><u>5,084,983.44</u></u>



**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

NEWS RELEASE

FOR RELEASE

August 27, 2019

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released an agreed-upon procedures report on the Lucky for Life game administered by the Iowa Lottery Authority for the period April 1, 2018 through March 31, 2019.

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/>.

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IOWA LOTTERY AUTHORITY
AUDITOR OF STATE'S INDEPENDENT REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
APRIL 1, 2018 THROUGH MARCH 31, 2019

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

August 16, 2019

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, 2018 through March 31, 2019. 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,

A handwritten signature in black ink, appearing to read "Rob Sand". The signature is stylized with a large, looped "R" and a long, sweeping "S".

Rob Sand
Auditor of State

Table of Contents

	<u>Page</u>
Officials	3
Auditor of State's Independent Report on Applying Agreed-Upon Procedures	5-7
	<u>Exhibit</u>
Draw Activity Report	1 8-13
Set Prize Analysis Report	2 14
Staff	15

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>
Connor Flynn	Member	April 2019
Mary Rathje	Chairperson	April 2019
Mary Junge	Vice Chair	April 2020
Sherrae Hanson	Member	April 2022
John Quinn	Member	April 2022

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

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

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, 2018 through March 31, 2019 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 findings are summarized as follows:

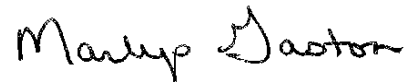
- a. We obtained from the Authority the "Draw Activity" report and the "Set Prize Analysis" report, generated by the Game Administrator, for the period April 1, 2018 through March 31, 2019 and attached those as Exhibits 1 and 2, respectively. We re-performed the mathematical calculations within the schedules and noted no exceptions.
- b. We judgmentally selected five draw dates for the period from April 1, 2018 through March 31, 2019. The dates selected were as follows:
 1. Monday, April 23, 2018
 2. Monday, June 11, 2018
 3. Thursday, August 30, 2018
 4. Monday, December 17, 2018
 5. Monday, March 4, 2019
- 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 November 2018 and February 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, 2018 through March 31, 2019; therefore, no procedures were performed.
- i. We selected both 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 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, 2018 through March 31, 2019; 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, 2019, 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, 2018 through March 31, 2019 has occurred through the date of this report.

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, 2018 through March 31, 2019. 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.

A handwritten signature in black ink that reads "Marlys K. Gaston". The signature is written in a cursive, flowing style.

Marlys K. Gaston, CPA
Deputy Auditor of State

August 16, 2019

Iowa Lottery Authority

Draw Activity

April 1, 2018 through March 31, 2019

Total Number of Winners

Draw Date	First Prize Tier 1	Second Prize Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7	Tier 8	Tier 9	Tier 10
4/2/2018	-	-	1	3	11	183	112	2,121	560	906
4/5/2018	-	-	-	-	18	152	137	1,880	506	843
4/9/2018	-	-	-	4	7	153	105	1,902	526	917
4/12/2018	-	-	-	4	6	129	103	1,768	530	835
4/16/2018	-	-	-	3	11	158	119	1,904	595	950
4/19/2018	-	-	-	6	5	100	110	1,669	615	937
4/23/2018	-	-	1	4	13	142	132	2,132	573	835
4/26/2018	-	-	1	2	8	125	101	1,835	471	827
4/30/2018	-	-	1	2	8	137	130	1,975	559	836
5/3/2018	-	-	-	6	5	142	100	1,730	498	813
5/7/2018	-	-	-	5	5	152	112	2,039	566	802
5/10/2018	-	-	-	1	5	136	92	1,627	463	828
5/14/2018	-	-	-	-	6	130	102	2,009	597	1,068
5/17/2018	-	-	-	2	6	204	133	2,312	647	1,012
5/21/2018	-	-	-	5	15	181	146	2,354	722	1,062
5/24/2018	-	-	-	3	3	113	99	1,640	495	845
5/28/2018	-	-	-	3	7	128	133	1,861	533	834
5/31/2018	-	-	-	1	13	131	94	1,657	510	823
6/4/2018	-	-	-	2	14	150	117	1,884	624	882
6/7/2018	-	-	-	3	3	126	117	1,758	477	846
6/11/2018	-	-	-	5	13	123	112	1,912	599	923
6/14/2018	-	-	-	3	8	125	91	1,684	460	769
6/18/2018	-	-	1	1	9	131	107	1,829	514	864
6/21/2018	-	-	-	4	13	130	95	1,730	518	743
6/25/2018	-	-	-	3	4	113	82	1,644	478	876
6/28/2018	-	-	-	3	8	118	102	1,711	494	729
7/2/2018	-	-	-	1	5	115	95	1,708	473	784
7/5/2018	-	-	-	4	9	105	77	1,657	477	705
7/9/2018	-	-	-	2	6	121	88	1,650	449	814
7/12/2018	-	-	-	6	9	135	109	1,759	463	728
7/16/2018	-	-	1	2	7	130	133	1,770	538	819
7/19/2018	-	-	1	3	9	128	85	1,600	411	734
7/23/2018	-	-	-	7	10	138	137	1,898	608	853
7/26/2018	-	-	1	1	7	119	104	1,747	486	748
7/30/2018	-	-	-	-	5	127	112	1,674	582	918
8/2/2018	-	-	-	3	7	151	97	1,886	552	799
8/6/2018	-	-	-	5	9	179	142	2,127	620	860
8/9/2018	-	-	-	7	7	132	111	1,627	537	867
8/13/2018	-	-	-	1	8	159	155	1,941	610	922
8/16/2018	-	-	-	1	4	103	62	1,593	540	774
8/20/2018	-	-	-	6	9	123	97	1,739	507	793
8/23/2018	-	-	-	3	3	138	109	1,742	537	887
8/27/2018	-	-	1	4	13	137	116	2,076	540	826
8/30/2018	-	1	-	3	9	127	128	1,482	499	899
9/3/2018	-	-	-	2	8	107	106	1,494	438	757
9/6/2018	-	-	-	5	9	119	78	1,672	488	792
9/10/2018	-	-	-	6	8	151	95	1,877	547	774
9/13/2018	-	-	-	5	8	131	108	1,863	539	752
9/17/2018	-	-	1	4	11	145	125	2,214	603	916

		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)
Sales						
\$	60,156	27,057	2.69%	\$	22,951	4,106
	54,644	21,213	2.58%		21,482	(269)
	57,512	20,065	2.65%		20,600	(535)
	53,844	18,679	2.59%		19,168	(489)
	56,212	21,467	2.65%		22,380	(913)
	52,692	19,145	2.53%		19,173	(28)
	55,590	27,064	2.59%		23,229	3,835
	51,790	23,264	2.51%		19,430	3,834
	54,934	25,213	2.55%		22,190	3,023
	52,756	18,720	2.51%		19,489	(769)
	55,178	20,311	2.55%		21,386	(1,075)
	51,016	16,941	2.49%		17,709	(768)
	59,840	19,931	2.83%		21,876	(1,945)
	64,594	23,571	3.15%		25,351	(1,780)
	67,426	26,162	3.14%		26,373	(211)
	52,708	17,055	2.56%		18,036	(981)
	50,034	19,652	2.60%		20,576	(924)
	51,660	18,443	2.51%		17,536	907
	55,762	21,349	2.54%		21,053	296
	51,688	18,015	2.46%		19,810	(1,795)
	54,716	21,232	2.53%		20,359	873
	50,034	17,463	2.43%		17,888	(425)
	54,788	23,872	2.56%		19,823	4,049
	50,612	18,995	2.49%		18,660	335
	53,588	16,814	2.53%		18,207	(1,393)
	49,142	17,723	2.46%		18,618	(895)
	53,194	16,723	2.48%		19,232	(2,509)
	47,794	16,828	2.41%		17,542	(714)
	52,372	16,820	2.46%		17,731	(911)
	49,516	18,942	2.43%		20,421	(1,479)
	52,446	24,189	2.45%		20,051	4,138
	47,660	21,837	2.34%		16,748	5,089
	51,610	21,839	2.44%		23,748	(1,909)
	49,196	22,379	2.37%		17,992	4,387
	53,614	18,276	2.60%		18,665	(389)
	53,656	19,261	2.66%		22,453	(3,192)
	58,034	23,021	2.75%		26,983	(3,962)
	51,734	19,436	2.54%		19,061	375
	55,372	21,626	2.61%		22,555	(929)
	50,670	15,525	2.47%		17,732	(2,207)
	52,370	18,866	2.48%		19,796	(930)
	50,462	18,531	2.55%		20,097	(1,566)
	53,380	26,162	2.58%		22,385	3,777
	48,842	18,726	2.48%		17,599	1,127
	48,440	16,528	2.54%		15,995	533
	50,212	17,792	2.52%		17,730	62
	54,688	19,804	2.68%		21,566	(1,762)
	51,890	19,351	2.63%		19,802	(451)
	57,178	27,399	2.79%		23,866	3,533

Iowa Lottery Authority

Draw Activity

April 1, 2018 through March 31, 2019

Total Number of Winners

Draw Date	First Prize Tier 1	Second Prize Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7	Tier 8	Tier 9	Tier 10
9/20/2018	-	-	-	8	4	131	104	1,790	528	807
9/24/2018	-	-	1	3	9	163	124	2,142	618	927
9/27/2018	-	-	-	2	6	145	102	1,884	570	878
10/1/2018	-	-	-	1	5	147	97	2,008	547	846
10/4/2018	-	-	-	3	12	119	110	1,935	535	831
10/8/2018	-	-	-	1	5	135	101	1,796	537	832
10/11/2018	-	-	-	4	10	117	92	1,641	539	971
10/15/2018	-	-	-	1	4	126	110	1,658	540	984
10/18/2018	-	-	-	4	6	154	127	1,958	540	841
10/22/2018	-	-	-	4	9	142	118	1,934	616	1,015
10/25/2018	-	-	-	3	5	167	119	2,022	508	814
10/29/2018	-	-	-	3	18	129	145	1,891	628	983
11/1/2018	-	-	-	1	6	114	98	1,713	512	881
11/5/2018	-	-	-	2	8	121	118	1,833	674	1,053
11/8/2018	-	-	-	2	3	120	87	1,708	516	796
11/12/2018	-	-	-	3	12	157	116	2,070	535	748
11/15/2018	-	-	1	4	7	137	107	1,741	455	741
11/19/2018	-	-	-	5	7	146	98	1,759	473	776
11/22/2018	-	-	-	8	6	80	79	1,479	397	709
11/26/2018	-	-	-	2	5	119	77	1,607	490	869
11/29/2018	-	-	-	3	8	136	87	1,705	511	775
12/3/2018	-	-	-	2	2	126	106	1,780	543	803
12/6/2018	-	-	-	5	4	135	113	1,729	544	771
12/10/2018	-	-	-	5	3	145	113	1,780	557	788
12/13/2018	-	-	-	3	5	121	76	1,568	410	739
12/17/2018	-	-	-	6	11	135	104	1,784	549	908
12/20/2018	-	-	-	4	4	120	111	1,685	498	792
12/24/2018	-	-	-	4	15	154	122	2,064	678	986
12/27/2018	-	-	-	5	4	109	103	1,467	517	780
12/31/2018	-	-	-	1	10	139	104	2,143	589	899
1/3/2019	-	-	-	3	4	153	112	1,821	508	717
1/7/2019	-	-	-	3	2	131	108	1,671	515	931
1/10/2019	-	-	-	1	6	127	109	1,742	531	890
1/14/2019	-	-	-	1	7	126	87	1,772	521	809
1/17/2019	-	-	-	6	12	105	99	1,711	544	844
1/21/2019	-	-	-	3	5	117	93	1,549	466	852
1/24/2019	-	-	-	3	10	99	111	1,508	506	708
1/28/2019	-	-	-	3	5	115	97	1,729	518	822
1/31/2019	-	-	-	-	12	116	106	1,617	460	623
2/4/2019	-	-	-	1	9	129	104	1,691	517	906
2/7/2019	-	-	-	8	9	105	84	1,507	425	659
2/11/2019	-	-	-	1	8	156	118	1,814	590	858
2/14/2019	-	-	-	2	4	100	96	1,518	426	723
2/18/2019	-	1	-	8	11	162	102	1,893	477	694
2/21/2019	-	-	-	1	9	130	98	1,742	549	752
2/25/2019	-	-	-	3	3	118	102	1,636	484	890
2/28/2019	-	-	-	7	6	155	105	1,989	462	702
3/4/2019	-	-	-	1	8	153	150	2,255	614	915
3/7/2019	-	-	-	4	7	125	127	1,831	522	818
3/11/2019	-	-	-	1	9	127	100	1,870	554	840

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)
54,306	19,186	2.75%	18,822	364
59,168	27,152	2.86%	23,042	4,110
53,192	19,334	2.71%	20,379	(1,045)
57,336	19,005	2.70%	20,744	(1,739)
53,522	19,869	2.59%	21,174	(1,305)
56,338	18,113	2.63%	19,120	(1,007)
52,386	18,981	2.43%	20,138	(1,157)
56,768	18,220	2.35%	19,148	(928)
56,432	20,433	2.02%	20,403	30
63,312	21,498	1.87%	21,598	(100)
54,704	20,035	2.25%	21,293	(1,258)
56,352	22,878	2.54%	21,161	1,717
52,868	17,565	2.55%	19,194	(1,629)
56,400	20,725	2.59%	21,362	(637)
51,720	16,829	2.49%	18,142	(1,313)
53,522	20,852	2.61%	20,876	(24)
51,102	23,182	2.55%	17,663	5,519
53,360	18,639	2.58%	18,058	581
45,460	15,730	2.68%	16,062	(332)
50,746	16,692	2.61%	17,905	(1,213)
49,956	17,976	2.62%	19,389	(1,413)
52,898	17,680	2.61%	20,066	(2,386)
49,936	18,660	2.62%	20,807	(2,147)
53,326	19,009	2.75%	18,743	266
49,958	15,790	2.63%	16,086	(296)
53,580	20,428	2.72%	19,334	1,094
50,282	17,786	2.62%	18,830	(1,044)
57,464	23,384	2.68%	24,532	(1,148)
47,700	16,978	2.60%	16,964	14
57,700	20,639	2.57%	23,603	(2,964)
49,952	18,439	2.51%	18,866	(427)
55,482	18,047	2.68%	18,244	(197)
50,826	18,337	2.60%	19,271	(934)
52,324	17,623	2.62%	19,417	(1,794)
51,492	19,348	2.64%	19,396	(48)
50,854	16,866	2.74%	18,452	(1,586)
46,442	17,247	2.50%	16,074	1,173
50,536	17,658	2.55%	18,876	(1,218)
43,494	16,873	2.36%	18,660	(1,787)
53,884	18,529	2.61%	19,151	(622)
45,648	16,857	2.36%	16,244	613
53,384	19,884	2.60%	20,979	(1,095)
47,604	15,402	2.41%	16,265	(863)
50,838	20,357	2.55%	21,832	(1,475)
49,464	18,128	2.52%	18,907	(779)
53,044	17,332	2.57%	18,064	(732)
51,506	19,572	2.55%	20,962	(1,390)
61,974	22,319	2.96%	23,026	(707)
54,234	19,422	2.71%	20,392	(970)
58,520	18,884	2.79%	19,487	(603)

Iowa Lottery Authority

Draw Activity

April 1, 2018 through March 31, 2019

Total Number of Winners

Draw Date	First Prize	Second Prize	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7	Tier 8	Tier 9	Tier 10
	Tier 1	Tier 2								
3/14/2019	-	-	1	2	7	163	113	1,925	627	893
3/18/2019	-	-	-	4	9	162	123	2,010	557	896
3/21/2019	-	-	-	1	10	134	106	1,923	538	858
3/25/2019	-	-	-	3	8	159	120	2,114	556	878
3/28/2019	-	-	-	-	9	131	95	1,796	511	877
Total	-	2	13	331	806	13,919	11,185	188,271	55,306	87,224

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)
53,018	25,644	2.68%	23,212	2,432
56,954	21,421	2.38%	21,539	(118)
53,226	19,459	2.57%	20,593	(1,134)
57,678	21,170	2.67%	24,079	(2,909)
54,282	18,307	2.64%	18,543	(236)
<u>\$ 5,535,700</u>	<u>2,055,650</u>		<u>\$ 2,078,272</u>	<u>(22,622)</u>

Exhibit 2

Iowa Lottery Authority

Set Prize Analysis

March 31, 2019

		<i>Sales</i>	<i>Beginning Balance at 4/1/18</i>	<i>Settlement June 30 Year end Set Prize Liabilities - 7/2/18 Draw report</i>	<i>Qtrly/Yrly Settlements Transfers In (Out)</i>	<i>Total Actual Set Prizes or Actual Lower Tier Prize Liability</i>	<i>Total Share of Set Prizes or Actual Lower Tier Prize Liability</i>	<i>Due From/(Due to) March 31, 2019</i>
AR	\$	3,163,714	1,285	(1,682)	(1,682)	1,213,051	1,187,464	25,190
CO		16,533,528	(109)	16,369	16,369	6,182,594	6,200,436	(1,582)
CT		21,061,394	23,322	(14,159)	(14,159)	7,914,023	7,865,338	57,848
DC		2,866,352	4,612	(741)	(741)	1,035,642	1,070,831	(31,318)
DE		2,940,416	3,732	1,779	1,779	1,108,292	1,103,716	10,087
IA		5,535,700	(18,368)	12,305	12,305	2,055,650	2,078,272	(28,685)
ID		3,276,396	(5,379)	8,776	8,776	1,222,173	1,230,523	(4,953)
KS		5,718,970	9,829	(2,653)	(2,653)	2,120,627	2,147,509	(19,706)
KY		7,592,818	(3,056)	11,114	11,114	2,860,343	2,849,307	19,094
MA		25,157,092	(15,917)	18,735	18,735	9,491,967	9,440,636	54,149
ME		3,727,502	3,355	7,729	7,729	1,391,376	1,400,313	2,147
MI		14,838,264	22,558	(29,218)	(29,218)	5,562,137	5,568,723	(13,246)
MN		6,881,774	12,887	(16,974)	(16,974)	2,597,356	2,582,790	10,479
MO		8,353,958	33,085	(45,514)	(45,514)	3,130,721	3,135,796	(17,504)
MT		2,669,396	(16,332)	19,930	19,930	982,464	1,002,468	(16,406)
NC		21,517,886	(48,377)	7,160	7,160	8,086,287	8,068,638	(23,568)
ND		3,457,484	(31,043)	31,575	31,575	1,313,257	1,298,051	15,738
NE		4,306,538	(4,808)	17,589	17,589	1,609,847	1,616,753	5,875
NH		5,582,176	28,114	(19,388)	(19,388)	2,097,797	2,095,490	11,033
OH		21,041,790	(4,893)	6,413	6,413	7,884,095	7,894,008	(8,393)
OK		5,011,406	(7,466)	(2,752)	(2,752)	1,857,812	1,881,179	(33,585)
RI		4,926,378	29,224	(32,076)	(32,076)	1,858,601	1,850,236	5,513
SC		12,532,396	23,454	(32,763)	(32,763)	4,720,721	4,702,107	9,305
SD		2,566,096	(16,251)	20,915	20,915	950,208	962,912	(8,040)
VT		1,773,972	(10,263)	15,183	15,183	652,502	666,759	(9,337)
WY		2,762,294	(13,195)	2,348	2,348	1,036,562	1,035,850	(10,135)
\$		215,795,690	-	-	-	80,936,105	80,936,105	-

Iowa Lottery Authority

Staff

This engagement was performed by:

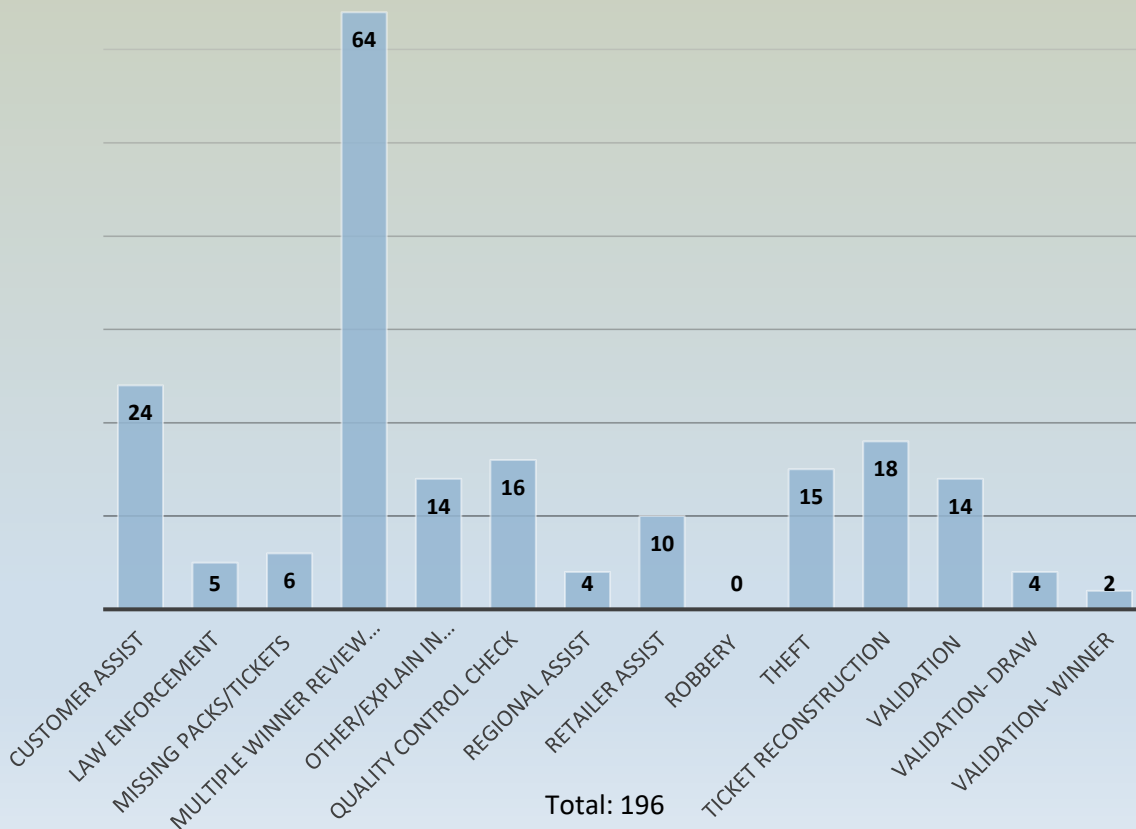
Marlys K. Gaston, CPA, Deputy Auditor of State
Brian R. Brustkern, CPA, Manager
Brandon J. Vogel, Senior Auditor II
Nicholas J. Rustin, Staff Auditor



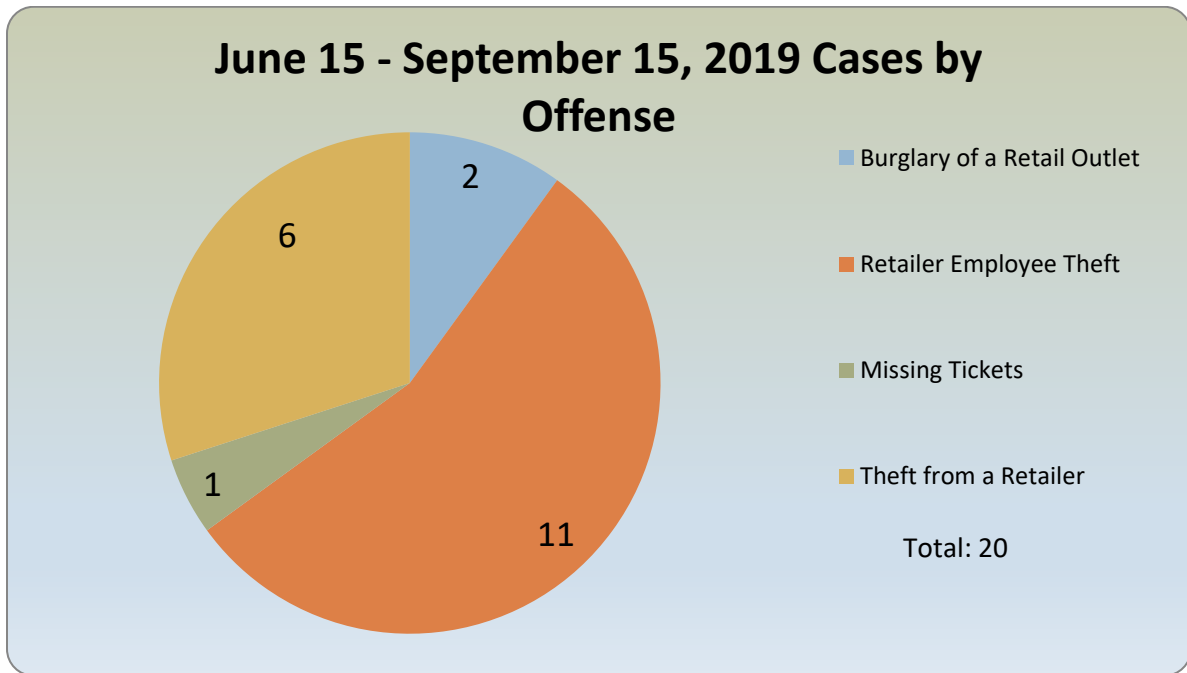
September 2019 Lottery Security Report



June 15 - September 15, 2019 Record of Contacts by Type



Other: (1) Vendor Quarterly Inspection, (2) Lottery Firewall review, (5) Monthly Re-construction review, (3) Monthly Lottery Super User account review, (1) Mail Fraud, (1) Damaged Shipping Package, (1) Scratch Ticket Pack Card review.



Other Duties and Activities;

- Drawing and Winner Validation for (4) promotional drawings, Woo Hoo a \$1,000,000 for You and ((3) Summer of Silverado Trucks, (15) Cash Prizes)
- Conducted **162** compliance/inspection checks on retail outlets, sent follow up letters to all retailers to provide results of the compliance check at their store
- Quality Control Checks for **19** Scratch Ticket Games

Budget For Lottery Fund

	FY 2019 Actual	FY 2020 Borad Approved Final Budget	FY 2021 Borad Approved Peliminary Budget	FY 2021 Fall Proposed Budget
Administrative payroll*	10,459,454	11,583,716	11,637,508	11,583,716
Travel	257,758	417,800	417,800	417,500
Supplies	90,709	105,000	105,000	105,000
Printing	3,767	20,000	20,000	20,000
Postage	5,458	7,000	7,000	7,000
Communications	195,803	186,000	186,000	196,000
Rentals	310,280	323,980	320,000	323,980
Utilities	95,043	101,000	101,000	101,000
Professional fees	162,023	259,500	259,500	309,500
Outside services and repair	207,315	379,000	279,000	379,000
Data processing	109,069	150,000	125,000	150,000
Equipment	308,666	494,200	494,200	494,200
Reimbursement to state agencies	457,598	530,812	506,000	530,812
Depreciation	541,020	707,600	707,600	707,600
Other expenses	60,845	86,000	86,000	86,000
Total operating expenses	\$ 13,264,808	\$ 15,351,608	\$ 15,251,608	\$ 15,411,308

*2021 Proposed Budgets for "Administrative Payroll" do not include salary and benefit cost increases

Budget For Lottery Fund

	FY 2019 Actual	FY 2020 Borad Approved Final Budget	FY 2021 Borad Approved Peliminary Budget	FY 2021 Fall Proposed Budget
<u>Resources</u>				
Lottery sales	390,895,551	346,500,000	354,650,000	355,853,000
Interest income	495,974	500,000	500,000	500,000
Application fees	3,775	5,000	5,000	5,000
Other	55,516	5,000	5,000	5,000
Total Resources	391,450,816	347,010,000	355,160,000	356,363,000
<u>Expenses and Change in Net Assets</u>				
Prizes	241,940,643	209,944,600	215,185,050	216,000,723
Retailer compensation	25,447,739	23,216,500	23,762,550	23,843,151
Advertising production and media purchases	7,276,923	13,860,000	14,186,000	14,234,120
Retailer Lottery system/Terminal Communications	6,466,081	7,800,085	9,131,645	9,159,412
Instant/Pull-tab ticket expense	3,301,724	4,120,750	4,263,375	4,284,428
Vending machines & maintenance/Ticket dispensers	433,771	531,928	531,928	531,928
Courier delivery of instant tickets	616,718	660,000	660,000	660,000
Interest expense	-	-	-	-
Lottery operating expense	13,264,808	15,351,608	15,251,608	15,411,308
Increase (decrease) in net assets	(112,817)	(482,600)	(512,600)	(462,600)
Total Expenses and Change in Net Assets	298,635,590	275,002,871	282,459,556	283,662,469
<u>Proceeds</u>				
Proceeds Transfer to General Fund	90,364,965	69,407,129	70,200,444	70,100,531
Public Safety Survivor Benefit Fund	-	100,000	-	100,000
Proceeds Transfer to Veterans Trust Fund	2,500,000	2,500,000	2,500,000	2,500,000
Total Proceeds Transfers	92,864,965	72,007,129	72,700,444	72,700,531
Total Expenses and Proceeds	391,500,554	347,010,000	355,160,000	356,363,000

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	204.200	1 of 2	January 1, 2019 July 1, 2019
Subject General Provisions—Original Invoice			

Supporting documentation is required as an attachment in I/3. All recorded transactions (including correcting documents, adjusting entries, or transfers) must be supported by copies of source documents, including, but not limited to claim forms (e.g., TP), original invoices, itinerary, contracts, exception to policies, receiving records, cash receipts, timesheets, credit memos, and other supporting information sufficient to provide clear evidence of the following:

- The authenticity of the transaction
- The purpose or reason for the transaction
- The vendor/customer involved in the transaction, when applicable
- That the transaction was properly authorized
- Adjustments reclassifying transactions are to be traceable to the documentation supporting the original transaction.

Supporting Documentation must be, but is not limited to, and may be a combination of:

1. “Original invoice” shall be defined as the copy of the invoice that any customer, including a department of the state of Iowa, would normally receive from the vendor. The acceptable invoice received from the vendor may be labeled “customer's copy,” “original invoice,” “payee copy,” or any other designation to denote the invoice was presented by the vendor to the customer.
2. If normal business practices of the vendor require credit card payment and an “electronic invoice,” that is an acceptable invoice, provided the electronic invoice includes: the vendor’s name, telephone number, address (including state), the purchased items(s) or service, date of purchase and the cost. A payment voucher, on a proper form and with proper authorization must accompany an “electronic invoice”.

“Electronic Invoice” shall be defined as the printed copy of an invoice or order that is generated electronically from a vendor doing commerce over the Internet. In general, an “electronic invoice” will be acceptable as an original invoice, provided it includes all the usual information about the vendor and the purchased goods/services. This allows for the confirmation of the purchase. An “electronic invoice” is acceptable provided the purchase has been made according to the ILA guidelines. This policy is not intended to increase or promote purchases over the Internet.

3. FAX copies or photocopies of original invoices are not acceptable as original invoices except in the following instances;
 - a. The FAX invoice or the photocopy invoice is the normal invoice presented for payment by the vendor.
 - b. The original invoice was lost or accidentally destroyed.

Iowa Lottery Authority—Financial Management

Section	Procedure No.	Page No.	Effective Date
Pre-Audit	204.200	2 of 2	January 1, 2019 <u>July 1, 2019</u>
Subject General Provisions—Original Invoice			

In these situations, the ILA must certify that the invoice is considered original and that no duplicate payment has been made.

4. When employees submit travel claims for reimbursement of expenses, original receipts must be attached to the travel payment (TP). The TP must also contain an original certification (see procedures 204.150(3), 204.400(2) and 210.102). For electronic receipts see Procedure 280.200. Reimbursement for travel expenses must be submitted within 30 days of completion of travel to the Finance department.
5. A voucher, which has been properly certified by the vendor, may be substituted for the original invoice. A “properly certified” voucher shall include an original signature and title of the person signing the voucher as well as the date the claim is certified. See procedure 204.150.
6. The original invoice shall indicate in detail the items of service, expense, thing furnished, or contract upon which payment is sought, as well as the date the goods/services were received. If the invoice contains only merchandise numbers, or similar information, and does not contain details of what was purchased, then there must be a notation on the claim as to what goods/services were purchased.
7. Credit card receipts may be used for payment or reimbursement of expenses if the receipt contains all of the detailed information included on the usual customer receipt/invoice for that type of purchase. The detailed original receipt/invoice will be required if these criteria cannot be met. Specific examples of acceptable credit card receipts would be the type a customer receives at Menard’s, Target, Wal-Mart, etc., which includes a detailed description of each item purchased.
8. If the claimant submits a “generic invoice” (i.e., no typeset letterhead, no company name and address), the invoice must be signed and dated, in ink, by the claimant.
9. When an invoice has been altered and the alteration increases the amount the state will pay, the change must be signed and dated by the vendor.
10. Transfers to state agencies do not require original invoices. The item purchased may be stated on the payment voucher in place of an invoice.
11. Transfers to the state that reflect the proceeds from lottery operations may be documented with a memo from a supervisor in the accounting section to the person preparing the transfer.

Iowa Lottery Authority—Financial Management

Section Pre-Audit	Procedure No. 280.200	Page No. 1 of 1	Effective Date January 1, 2019 <u>July 1, 2019</u>
Subject ACCOUNTING TRANSACTIONS TRAVEL PAYMENT (TP) – ELECTRONIC SUBMISSION OF RECEIPTS			

Electronic Submission of Actual Receipts

1. Travel receipts for meals, lodging and other allowable travel-related expenses may be in the form of electronic copies of the actual receipts provided by the vendor. Electronic receipts must be submitted in date order.
2. Internal policies and procedures will be written, as needed, for the electronic submission of a travel claim (TP). The policies and procedures will include the acceptable method for the ~~electronic~~ certification of the claimant and any other designated signatures.
- ~~3.~~ A completed TP signed by the claimant, with receipts and supporting documentation, shall be attached (electronically) in I/3 to the vendor line of the document and approved with the appropriate ILA levels in I/3.
- ~~3.4.~~ Electronic supporting documentation, attached to all financial documents in I/3, is considered the official record for audit retention purposes. Supporting documentation is not required to be retained. To ensure the accuracy of payments, corrections, and transfers, involved parties may choose to retain the supporting documentation.
- ~~4. Actual paper receipts must be maintained by the Iowa Lottery Authority for a period of one fiscal year after the close of the fiscal year for which the expenses were reimbursed.~~

~~Example: For expenses reimbursed for FY 2017, actual paper receipts must be maintained by ILA until June 30, 2018.~~
5. Reimbursement for travel expenses must be submitted within 30 days of completion of travel to the Finance department.



13001 University Avenue
Clive Iowa 50325-8225
www.ialottery.com
515.725.7900

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

Date: September 24, 2019

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 January 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.

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 first 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, 2020.

The current contract calls for the CPI adjustment to be the August to August rate. This is causing a small problem because the CPI adjustment rate wouldn't be known until after the extension was issued.

Pollard Games, Inc. DBA American Games has suggested and the Iowa Lottery is requesting that we amend the contract to use the July to July CPI so the CPI adjustment rate will be known by the Board at the time any contract extensions are discussed.

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, 2019 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 34th 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 first option period is hereby exercised extending the term through September 30, 2020.

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 Three 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 1.8% utilizing the National All Urban CPI, July to July) Agreement.

In conjunction with the CPI pricing change, there will be an update of the dates to change from August to August to the new date of July to July for CPI rates, as reached by the Lottery and the Contractor.

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, 2019 through September 31, 2020.

3. Pricing. Section D of the Agreement is replaced with the attached new Schedule D, October 1, 2019 – September 31, 2020.
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

Steven Fingold

Executive Vice President

President

Date: _____

Date: _____

SCHEDULE D
OCTOBER 1, 2019 - SEPTEMBER 30, 2020

PURCHASE – PTVM	6 game	12 game
Cost per machine:		
Cost of machines -- outright purchase	\$4,579	\$5,937
Cost of relocation/removal services per machine, per occurrence	\$133	\$133
Repurchase price for each machine at the end of year 3	\$320	\$373
Repurchase price for each machine at the end of year 4	\$213	\$267
Repurchase price for each machine at the end of year 5	\$107	\$160
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.		

CPI PERCENTAGE ADJUSTMENT REQUESTED ON PURCHASE OF PTVM, YEARS 2-6 UTILIZING THE NATIONAL ALL URBAN CPI, AUGUST TO AUGUST:	6 game	12 game
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.		

Monthly Maintenance Fee Per Machine, Per Month		
Maintenance fee per machine is based on total amount of machines in service.		
250<Number of Machines<400	\$64	per machine, per month
400<Number of Machines<600	\$53	per machine, per month
600<Number of Machines<800	\$43	per machine, per month

Additional Monthly Cost Per Machine:					
OPTION	Ordered at time of initial order	Ordered during Year 1	Ordered during Year 2	Ordered during Year 3	Ordered during Year 4-6
	Purchase \$	Purchase \$	Purchase \$	Purchase \$	Purchase \$
Electronic Age Check	TBD	TBD	TBD	TBD	TBD
Remote shut-off	\$107	\$107	\$107	\$107	TBD
Custom Color	\$53	\$53	\$53	\$64	TBD
Custom Decals	TBD	TBD	TBD	TBD	TBD

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

Service for Existing Instant ticket and Pull-tab vending machines:

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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515.725.7900

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

Date: September 24, 2019

To: Iowa Lottery Board
From: Larry L. Loss
Re: Pull-tab 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.

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. Each prize-winning pull-tab ticket winning up to \$100 currently must be cashed at the location where it was purchased meaning cross-validation of pull-tab tickets between retailers is not allowed. Jackpot tickets worth over \$100 currently can only be validated and paid at the Lottery office locations across the state.

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 first extension of the Pull-tab Printing and Related Services contracts with Pollard Games, Inc. DBA American Games thus extending the contract through December 31, 2020.

The current contract calls for the CPI adjustment to be January to December rate. This is causing a small problem because the CPI adjustment rate wouldn't be known until after the extension was issued.

Pollard Games, Inc. DBA American Games has suggested and the Iowa Lottery is requesting that we amend the contract to use the July to July CPI so the CPI adjustment rate will be known by the Board at the time any contract extensions are discussed.

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

**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 34th 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 first option period is hereby exercised extending the term through December 31, 2020.

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 One 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 1.8% utilizing the National All Urban CPI, July to July) Agreement.

In conjunction with the CPI pricing change, there will be an update of the dates to change from January to December to the new date of July to July for CPI rates, as reached by the Lottery and the Contractor.

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, 2020 through December 31, 2020.

3. Pricing. Schedule B of the Agreement is replaced with the attached new Schedule B, January 1, 2020 – December 31, 2020.
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

Steven Fingold

Executive Vice President

President

Date: _____

Date: _____

SCHEDULE B PRICING MATRIX Pull-Tab Pricing January 1, 2020 – December 31, 2020.

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	\$ 5,899.31	\$ 0.02360
500,000	\$ 9,289.25	\$ 0.01858
1,000,000	\$15,748.46	\$ 0.01575
1,500,000	\$22,950.81	\$ 0.01530
2,000,000	\$29,644.16	\$ 0.01482
2,500,000	\$36,291.70	\$ 0.01452
3,000,000	\$42,206.28	\$ 0.01407
3,500,000	\$48,777.47	\$ 0.01394
4,000,000	\$55,216.32	\$ 0.01380
5,000,000	\$68,206.00	\$ 0.01364

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 \$3,563. 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 \$509 per game
Fluorescent inks	Add \$0.15/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.

LOTTERY AUTHORITY, IOWA[531]

Adopted and Filed

Pursuant to the authority granted in Iowa Code section 99G.9(3), the Board of Directors of the Iowa Lottery Authority hereby amends Chapter 2 (Purchasing) and Chapter 5 (Contested Cases) in the Lottery's chapter of the Iowa Administrative Code to update the Lottery's processes on the receipt and review of administrative appeals. These amendments provide structure for vendor appeals and remove the concept of the Lottery "hearing board" appointed by various Lottery officials from licensing appeals. Rather, for both types of appeals, the Lottery's chief executive officer will either elect to preside over the hearing, or to appoint an administrative law judge from the Administrative Hearings Division of the Iowa Department of Inspections and Appeals to serve as presiding officer and issue a proposed ruling. All appeals from proposed decisions are submitted to the Lottery's chief executive officer, who issues the final decision on behalf of the agency.

The Lottery identified these proposed changes through a routine review of its rules.

Notice of Intended Action was published in the Iowa Administrative Bulletin on July 31, 2019, as **ARC 4563C**. No public comments were received on this rule making. These amendments are identical to those published under Notice of Intended Action.

After analysis and review of this rule making, the Board finds that there is no adverse fiscal impact or impact on jobs from the adoption of these amendments. The Board does not intend to grant waivers under the provisions of these rules.

These amendments were approved by the Board on September 24, 2019.

These amendments are intended to implement Iowa Code chapter 99G.

These amendments shall become effective on November 27, 2019.

The following amendments are adopted.

ITEM 1. Rescind rule 531—2.17(99G) and adopt the following **new** rule in lieu thereof:

531—2.17(99G) Vendor appeals.

2.17(1) *Filing vendor appeal.* Any vendor whose bid or proposal has been timely filed and who is aggrieved by the award of the lottery may file a written notice of appeal of the procurement decision with the Iowa Lottery, 13001 University Avenue, Clive, Iowa 50325-8225, within five business days of the date of the award. The notice of appeal must actually be received at this address within the time frame specified to be considered timely. The notice of appeal shall state the grounds upon which the vendor challenges the lottery's award.

2.17(2) *Presiding officer.* Upon receipt of a notice of a vendor appeal, the chief executive officer shall hear and render a ruling on the vendor appeal. At the election of the chief executive officer, the vendor appeal may be heard by an administrative law judge within the administrative hearings division of the department of inspections and appeals, who would then issue a proposed ruling that the chief executive officer may hear on appeal.

2.17(3) *Hearing.* Where feasible, vendor appeals shall be conducted in accordance with [531—Chapter 5](#). In the case of conflict, the rules and procedures set forth in this Chapter 2 control for vendor appeals submitted to the lottery. The presiding officer shall send a written notice of the date, time and location of the appeal hearing to the aggrieved vendor or vendors. The presiding officer shall hold a hearing on the vendor appeal within 60 days of the date the notice of appeal was received by the lottery, except that the administrative law judge has the ability to extend this duration where the administrative law judge determines good cause necessitates an extension.

2.17(4) *Discovery.* The parties shall serve any discovery requests upon the other parties at least 30 days prior to the date set for hearing. The parties must serve responses to

discovery at least 20 days prior to the date set for the hearing.

2.17(5) *Witnesses and exhibits.* The parties shall contact each other regarding witnesses and exhibits at least ten days prior to the time set for the hearing. The parties must meet prior to the hearing regarding the evidence to be presented in order to avoid duplication or the submission of extraneous materials.

2.17(6) *Contents of decision.* The administrative law judge shall issue and serve upon all parties a written proposed decision that includes findings of fact and conclusions of law stated separately. The decision shall be based on the record of the appeal and shall conform with the requirements of Iowa Code chapters 17A and 99G.

2.17(7) *Status of ruling.* If the chief executive officer presides over the entry of evidence in the vendor appeal, the decision is the final decision of the lottery pursuant to Iowa Code section 17A.15(1) and may be further appealed in accordance with Iowa Code section 17A.19. The ruling of any other presiding officer constitutes a proposed ruling which may be appealed to the lottery's chief executive officer. The written decision of the chief executive officer on a vendor appeal constitutes a final decision of the lottery, which may be further appealed in accordance with Iowa Code section 17A.19.

2.17(8) *Stay of agency action for vendor appeal.*

a. Any party appealing the issuance of a notice of intent to award a contract may petition the presiding officer for a stay of the award pending its review. The petition for stay shall be filed with the notice of appeal and shall state the reasons justifying a stay. Any decision issued by a presiding officer regarding a stay may be appealed to the chief executive officer.

b. Any party adversely affected by a final decision and order may petition the chief executive officer for a stay of the agency decision and order pending judicial review. The petition for stay shall be filed with the chief executive officer within ten days of receipt of

the final decision and order and shall state the reasons justifying a stay.

c. The presiding officer or chief executive officer may grant a stay upon a conclusion that the movant has satisfied the standards for the grant of a stay included in rule 531—5.29(17A) and Iowa Code section 17A.19(5).

This rule is intended to implement Iowa Code sections 99G.9, 99G.21, 99G.23, and 99G.37.

ITEM 2. Amend rule 531—5.2(17A) as follows:

531—5.2(17A) Definitions. Except where otherwise specifically defined by law:

“Contested case” means a proceeding defined by Iowa Code ~~subsection~~ section 17A.2(5) and includes any matter defined as a no factual dispute contested case under Iowa Code section 17A.10A.

~~*“Hearing board”* means the board designated to resolve license disputes pursuant to Iowa Code Supplement section 99G.27(3) and these rules.~~

“Issuance” means the date of mailing or otherwise electronically providing a copy of a decision or order or date of delivery if service is by other means unless another date is specified in the order.

“Party” means each person or agency named or admitted as a party or properly seeking and entitled as of right to be admitted as a party.

“Presiding officer” means the chief executive officer of the lottery, or the administrative law judge within the administrative hearings division of the department of inspections and appeals who is appointed by the lottery chief executive officer to issue a proposed ruling.

“Proposed decision” means the presiding officer’s recommended findings of fact, conclusions of law, decision, and order in a contested case in which the ~~hearing board~~ chief executive officer of the lottery did not preside.

ITEM 3. Rescind and reserve rule **531—5.3(17A)**.

ITEM 4. Amend rule 531—5.6(17A) as follows:

531—5.6(17A) Notice of hearing.

5.6(1) Delivery. Delivery of the notice of hearing constitutes the commencement of the contested case proceeding. Delivery may be executed by:

- a.* Personal or electronic service as ~~provided~~ permitted in the Iowa Rules of Civil Procedure; or
- b.* Certified mail, return receipt requested; or
- c.* First-class mail; or
- d.* Publication, as provided in the Iowa Rules of Civil Procedure.

5.6(2) Contents. The notice of hearing shall contain the following information:

- a.* A statement of the time, place, and nature of the hearing;
- b.* A statement of the legal authority and jurisdiction under which the hearing is to be held;
- c.* A reference to the particular sections of the statutes and rules involved;
- d.* A short and plain statement of the matters asserted. If the lottery or other party is unable to state the matters in detail at the time the notice is served, the initial notice may be limited to a statement of the issues involved. Thereafter, upon application, a more definite and detailed statement shall be furnished;
- e.* Identification of all parties including the name, address and telephone number of the person who will act as advocate for the lottery or the state and of parties' counsel where known;
- f.* Reference to the procedural rules governing conduct of the contested case proceeding; and
- ~~*g.* Reference to the procedural rules governing informal settlement;~~

~~h— g.~~ Identification of the presiding officer, if known. If not known, a description of who will serve as presiding officer (~~e.g., the hearing board, the chief executive officer of the lottery, members of the lottery authority board, administrative law judge from the department of inspections and appeals~~); and.

~~i.~~ Notification of the time period in which a party may request, pursuant to Iowa Code section 17A.11(1) and rule 531—5.6(17A), that the presiding officer be an administrative law judge.

ITEM 5. Rescind paragraph 5.7(2)“h.”

ITEM 6. Amend subrule 5.7(5) as follows:

5.7(5) Unless otherwise provided by law, the chief executive officer or a designee, ~~and members of the lottery authority board~~, when reviewing a proposed decision upon appeal to the lottery, shall have the powers of and shall comply with the provisions of this chapter which apply to presiding officers.

ITEM 7. Amend subrule 5.12(2) as follows:

5.12(2) *Service—how made.* Service upon a party represented by an attorney shall be made upon the attorney unless otherwise ordered. Service is made by delivery or by mailing a copy to the person’s last-known address or by electronic service as permitted by the presiding officer and the Iowa Rules of Civil Procedure. Service by paper or electronic mail is complete upon mailing, except where otherwise specifically provided by statute, rule or order.

ITEM 8. Amend subrule 5.12(3) as follows:

5.12(3) *Filing—when required.* After the notice of hearing, all pleadings, motions, documents or other papers in a contested case proceeding shall be filed with the ~~Office of the Chief Executive Officer, Iowa Lottery Authority, 13001 University Avenue, Clive, Iowa 50325-8225~~ presiding officer. All pleadings, motions, documents or other papers that

are required to be served upon a party shall be filed simultaneously ~~in the office of the chief executive officer~~ with the presiding officer.

ITEM 9. Amend subrule 5.12(4) as follows:

5.12(4) *Filing—when made.* Except where otherwise provided by law, a document is deemed filed at the time it is delivered to the ~~chief executive officer's office~~ presiding officer, delivered to an established courier service for immediate delivery to that office, delivered via electronic mail or fax, or mailed by first-class mail or state interoffice mail to ~~that office~~ the presiding officer, so long as there is proof of mailing.

ITEM 10. Amend rule 531—5.25(17A) as follows:

531—5.25(17A) Interlocutory appeals. Upon written request of a party or ~~on its own motion~~ sua sponte, the ~~hearing board~~ chief executive officer may review an interlocutory order of the presiding officer. In determining whether to do so, the ~~hearing board~~ chief executive officer shall weigh the extent to which ~~its~~ the chief executive officer's granting of the interlocutory appeal would expedite final resolution of the case and the extent to which review of that interlocutory order by the agency at the time it reviews the proposed decision of the presiding officer would provide an adequate remedy. Any request for interlocutory review must be filed within 14 days of issuance of the challenged order, but no later than the time for compliance with the order or the date of hearing, whichever is first.

ITEM 11. Amend rule 531—5.26(17A) as follows:

531—5.26(17A) Final decision.

5.26(1) When the ~~hearing board~~ chief executive officer presides over the reception of evidence at the hearing, ~~its~~ the chief executive officer's decision is a final decision.

5.26(2) When the ~~hearing board~~ chief executive officer does not preside at the reception

of evidence, the presiding officer shall make a proposed decision. The proposed decision becomes the final decision of the agency without further proceedings unless there is an appeal to, or review on motion of, the ~~hearing board~~ chief executive officer within the time provided in rule 531—5.27(17A).

ITEM 12. Amend rule 531—5.27(17A) as follows:

531—5.27(17A) Appeals and review.

5.27(1) *Appeal by party.* Any adversely affected party may appeal a proposed decision to the ~~hearing board~~ chief executive officer of the lottery within 30 days after issuance of the proposed decision.

5.27(2) *Review.* The ~~hearing board~~ chief executive officer may initiate review of a proposed decision on ~~its~~ the chief executive officer's own motion at any time within 30 days following the issuance of such a decision.

5.27(3) *Notice of appeal.* An appeal of a proposed decision is initiated by filing a timely notice of appeal with the Iowa lottery. The notice of appeal must be signed by the appealing party or a representative of that party and contain a certificate of service. The notice shall specify:

- a.* The parties initiating the appeal;
- b.* The proposed decision or order appealed from;
- c.* The specific findings or conclusions to which exception is taken and any other exceptions to the decision or order;
- d.* The relief sought;
- e.* The grounds for relief.

5.27(4) *Requests to present additional evidence.* A party may request the taking of additional evidence only by establishing that the evidence is material, that good cause existed for the failure to present the evidence at the hearing, and that the party has not

waived the right to present the evidence. A written request to present additional evidence must be filed with the notice of appeal or, by a non-appealing party, within 14 days of service of the notice of appeal. The ~~hearing board~~ chief executive officer may remand a case to the presiding officer for further hearing or may ~~itself~~ personally preside at the taking of additional evidence.

5.27(5) *Scheduling.* The ~~presiding officer~~ chief executive officer shall issue a schedule for consideration of the appeal.

5.27(6) *Briefs and arguments.* Unless otherwise ordered, within 20 days of the notice of appeal or order for review, each appealing party may file exceptions and briefs. Within 20 days thereafter any party may file a responsive brief. Briefs shall cite any applicable legal authority and specify relevant portions of the record in that proceeding. Written requests to present oral argument shall be filed with the briefs.

The ~~hearing board~~ chief executive officer may resolve the appeal on the briefs or provide an opportunity for oral argument. The ~~hearing board~~ chief executive officer may shorten or extend the briefing period as appropriate.

ITEM 13. Amend rule 531—5.29(17A) as follows:

531—5.29(17A) Stays of agency actions.

5.29(1) *When available.*

a. Any party to a contested case proceeding may petition the lottery for a stay of an order issued in that proceeding or for other temporary remedies, pending review by the agency. The petition shall be filed with the notice of appeal and shall state the reasons justifying a stay or other temporary remedy. The ~~hearing board~~ chief executive officer of the lottery may rule on the stay or authorize the presiding officer to do so.

b. Any party to a contested case proceeding may petition the lottery for a stay or other temporary remedies pending judicial review of all or part of that proceeding. The petition

shall state the reasons justifying a stay or other temporary remedy.

5.29(2) *When granted.* In determining whether to grant a stay, the chief executive officer or presiding officer or hearing board shall consider the factors listed in Iowa Code section 17A.19(5).

5.29(3) *Vacation.* A stay may be vacated by the issuing authority upon application of the lottery or any other party.