



2018 Annual Report

CEO & Board

Win....

It's a word we use often in the lottery industry, but those who win aren't just those who play our games.

With a fourth straight year of record sales for scratch tickets, the Iowa Lottery achieved record sales overall of approximately \$371 million in its latest financial year. Those scratch ticket sales results are something that truly show the strength of our team's efforts. By working to keep a mix of game themes, price points and playstyles in the field, and by coming up with some really inventive game ideas, we've driven the success of our leading product. The Lottery finished fiscal year 2018 well ahead of budget projections, amid other significant achievements.



Considering those results, there were many winners this year:

- **The State of Iowa** - The Iowa Lottery generated nearly \$87.1 million in proceeds to state causes in FY 2018. That was second-highest proceeds total in the Lottery's 33-year history and the fifth time that its annual proceeds topped the \$80-million mark.
- **The Iowa Veterans Trust Fund** - The nearly \$87.1 million generated for state causes by the Lottery this year includes \$2.5 million for this fund that benefits veterans. The Lottery has now raised nearly \$25 million for this fund since it began providing proceeds to that cause in 2008.
- **Iowa Lottery players** - Lottery players won a record \$227.5 million in prizes during the year.
- **Lottery retailers** - Local businesses across the state received \$24.2 million in annual sales commissions from the Lottery, an increase of about 5.7 percent from the previous year.

We have just finished an astounding year on several fronts. With strong sales, another clean audit, strong support for "play responsibly" messages and an international award for gaming compliance in the long-running jackpot investigation case, it was a well-rounded, successful year for our organization.

Finally, and most importantly, thanks to everyone for your patronage and support of the Iowa Lottery.

— CEO Terry Rich

Iowa Lottery Board

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



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



Sherrae Hanson of Ankeny joined the Lottery Board in 2018. She is the tax manager at Denman & Co., a CPA and business-consulting firm in West Des Moines.



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



John Quinn joined the Lottery Board in 2018. He is the Waukee chief of police and lives in Urbandale.



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



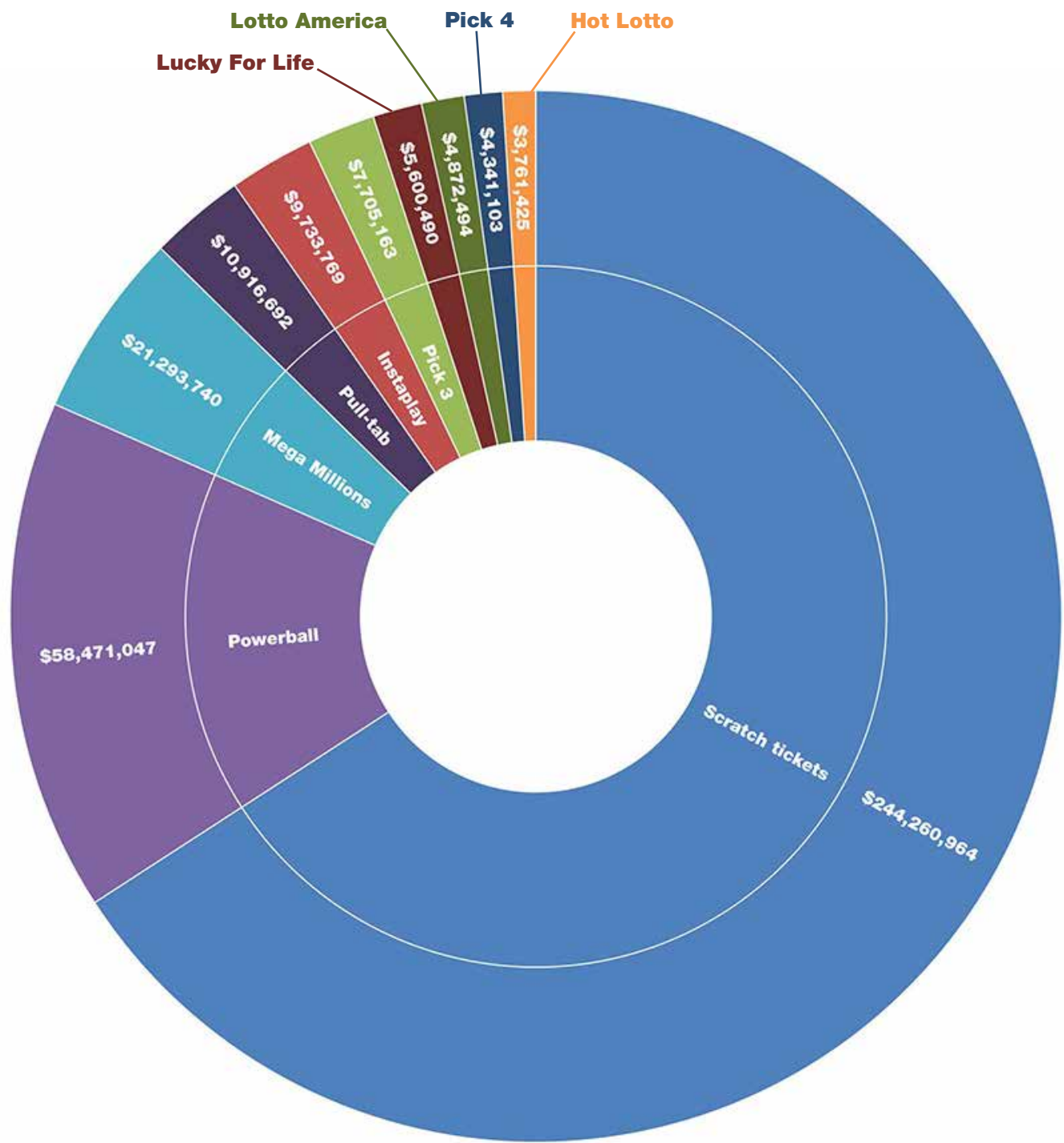
Michael L. Fitzgerald has been a part of the Lottery Board since 2003. He is Iowa's State Treasurer. He lives in Waukee.

Immediate past members:



Mike Klappholz's term ended April 30, 2018.

Sales By Product



Sales Notes

- **Scratch ticket** sales in Iowa, which have set records consecutively since FY 2015, totaled \$244.3 million, an increase of nearly \$7 million from the previous record for that product set the year before. Sales growth for scratch games in Iowa is far outpacing the rest of the country. Scratch ticket sales in Iowa increased 89 percent from FY 2007 to FY 2017, compared to the national average 58 percent increase during that same timeframe.
- **Powerball®** and **Mega Millions®**, both lotto games offered across the country and known for their large jackpots, saw sales increases in FY 2018 in Iowa. In early January 2018, for the first time, both Powerball and Mega Millions achieved estimated jackpots of more than \$400 million at the same time.
- **Pick 3** and **Pick 4** sales both tallied sales increases in FY 2018. Pick 3 sales increased from \$7.3 million in FY 2017 to \$7.7 million, and Pick 4 sales rose from \$3.9 million to \$4.3 million.
- The **Lotto America®** game began sales on Nov. 12, 2017.
- The **Hot Lotto®** game ended Oct. 28, 2017.



New Lotto Game Began Nov. 12

Sales in the Iowa Lottery’s new \$1 lotto game, Lotto America®, started Nov. 12, 2017 here in Iowa and in 12 other states. The game’s first drawing had a one-time \$15 million starting jackpot. Jackpots in this new game start at \$2 million, but with the rollover of the money remaining in the prize pool from the end of the Hot Lotto® game on Oct. 28, the first Lotto America jackpot was significantly bigger.

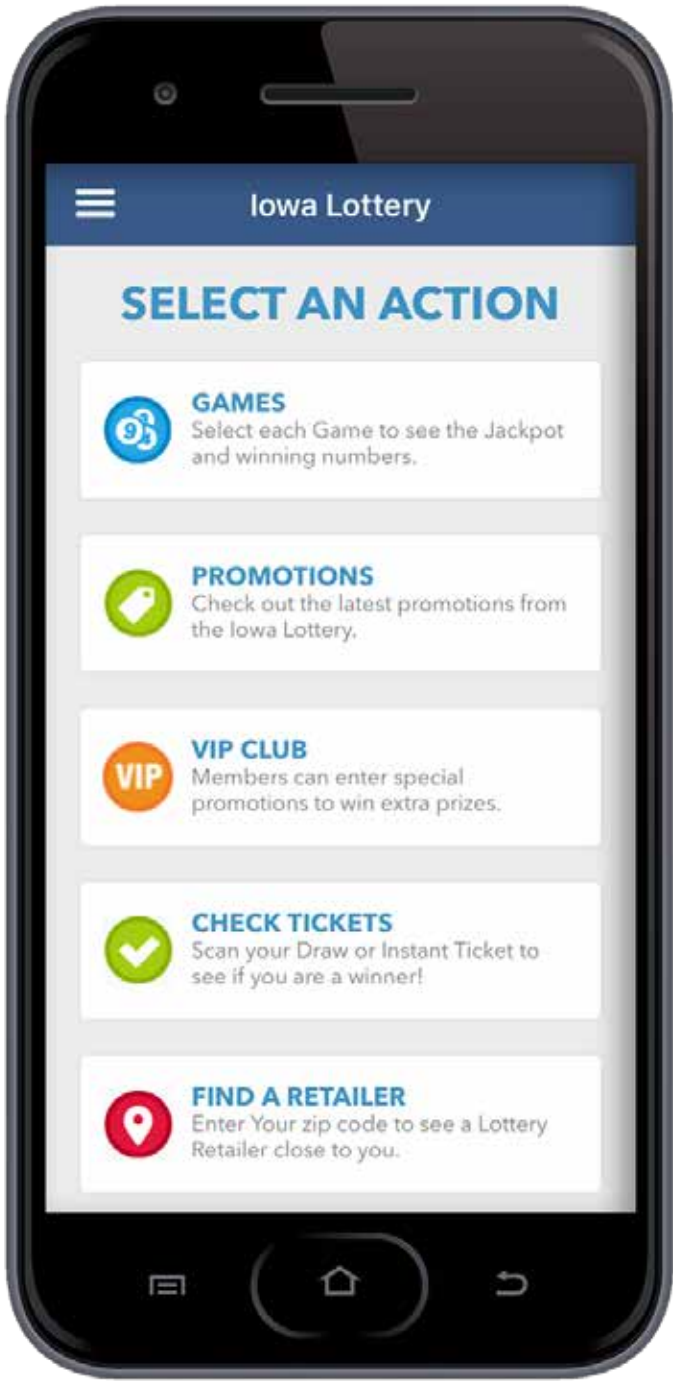
The game’s name is a throwback to the first multi-state lotto game that became known for big jackpots in the United States. Iowa was a founding member of the original version of Lotto America, which began in 1988 and made headlines around the world at the time for its jackpots before ultimately being replaced by Powerball® in 1992.

Plays cost \$1 and the drawings are Wednesdays and Saturdays at approximately 10 p.m. For an extra \$1, players can add the All-Star Bonus® for a chance to multiply their non-jackpot prize by 2, 3, 4 or 5. Tickets may be purchased until 8:59 p.m. on the evening of the drawing. Players pick 5 out of 52 numbers for the white balls, then choose 1 out of 10 numbers for the Star Ball®.

To help introduce the new lotto game, Lottery staff visited several retailers around the state and handed out free-play Lotto America coupons prior to the game’s launch.



District Sales Representative Todd Montgomery, left, hands out Lotto America coupons to customers at a Cedar Rapids convenience store on Nov. 7.



App Updated to Allow VIP Club Access, Promotion Entry

In October 2017 the Iowa Lottery added the ability for players to log in to the Iowa Lottery VIP Club™ through the “LotteryPlus” app so they can enter Play It Again® promotions.

Now, players can simply use a mobile device that has the app and scan their eligible scratch or lotto ticket to enter the latest promotion. It’s that easy!

Players can also view a list of their promotion entries and access FAQs for the current promotion(s).

The Iowa Lottery introduced its “Iowa Lottery LotteryPlus” mobile app in May 2017. The app also allows players to:

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

Winners

Since the Iowa Lottery's start in 1985, its players have won nearly \$4.2 billion in prizes.

Prizes to players totaled a record \$227.5 million in FY 2018.



Clockwise from top left: **George Dickerson of Colfax** said the cold weather almost kept him at home, but at the last minute, he decided to go out and buy Powerball® tickets on New Year's weekend – and he won a \$1 million prize. **Karen Harger of Glenwood** said it took her nearly two months to claim her \$1 million Powerball prize because she simply hadn't checked her ticket. **Vicki Dixon of Allen, Texas**, is a former Iowan who returned to the state for a class reunion in Denison and decided to play Powerball in Iowa.



Davenport's Amy Conrad won \$100,000 playing the Cash In scratch game after a trip to the emergency room with her son. She felt they both were lucky that day because he checked out fine after a minor accident at home. Her son picked a number, she matched it with the number on the ticket dispenser and the rest is history.



See winners past and present at ialottery.com



Charles Svatos of Iowa City won a Lucky For Life® prize of \$25,000 a year for life. He said he bought a fortune cookie while he was at a Quad Cities casino in April and the message inside the cookie said, "You will discover an unexpected treasure." **Jeff Henry of Ames** recently completed work on two degrees from Iowa State University and said he plans to use his winnings to pay off student loans and make investments with his \$25,000 a year for life prize.

Chuck Anderson of Davenport claimed a \$4.38 million Lotto America® jackpot, acknowledging that he had beaten long odds to win a jackpot with a ticket he received as a free play in a Lottery promotion. Anderson won Iowa's first jackpot in Lotto America just six months after the game's start. It was an interesting twist that his winning ticket was one that he received for free when the Iowa Lottery gave away free lotto plays in a promotion called "Lotto Surprise" that ran from late April through the end of May 2018.



Helen Trader of Muscatine won a \$30,742 JACKPOT PARTY® InstaPlay Progressive jackpot, and **Clinton Weeks and Shawn Birdsall of Slater** won more than \$36,983 playing the Cherry Twist InstaPlay Progressive game.

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Promotions



Ashley Bateman of Des Moines won a Not So Secret Santa prize of \$2,000 and Steve Cronbaugh of Marion won a \$1,900 Secret Santa prize.



It was all about the cash last holiday season in the Iowa Lottery’s Secret Santa promotion, where players got to choose their cash prize in each drawing. If they liked surprises, they could pick the “Secret Santa” surprise drawings. But if they preferred to choose their prize, they could enter the “Not So Secret Santa” drawings and know the prize amount right away!

Forty-nine players won more than \$100,000 in total cash prizes ranging from \$800 to \$3,000 in six drawings held Oct. 17 through Dec. 29, and one player - **Alisha Beermann of Denison** - won a \$10,000 grand prize.

Players used eligible holiday scratch tickets to enter Oct. 2 - Dec. 28, 2017.



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© 2018 Wind River Tiny Homes

Jim Rogers of Iowa City won the grand prize of a \$60,000 gift certificate for a custom-built tiny home from Wind River Tiny Homes® of Chattanooga, Tenn., along with two Home Depot® gift cards of \$500 after entering the Tiny Home, Big Wins! promotion.

From Jan. 3 through Aug. 29, 2018, players who didn’t win an instant prize on the Tiny Home, Big Wins! scratch ticket could use nonwinning tickets in the game to enter the promotion that featured seven prize drawings. The first six drawings each offered 20 prizes of \$500 Home Depot gift cards. The grand prize drawing was held Aug. 31 for the tiny home prize package.

Overall, the Iowa Lottery gave away 121 prizes worth \$121,000 in this promotion.



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After a great response in 2017, the Iowa Lottery brought back in 2018 the Powerball® Power Cruise™ promotion that gave players the chance to win a Caribbean cruise vacation package. This time 28 cruise packages were on the line for lottery players in Iowa – three more than in 2017’s initial version.

Players could enter with an eligible Powerball ticket to win a cruise package April 14 through June 6 on the lottery’s VIP Club website or the Power Cruise Collect ‘N’ Win app. More than 20 U.S. lotteries participated in this promotion.

Kathy Ballentine, left, was one of Iowa’s 28 cruise package prize winners.

The Caribbean cruise on the Royal Caribbean® *Majesty of the Seas*® ship will depart from Fort Lauderdale, Fla., in January 2019. Kathy and the other 27 winners will not only get to cruise to Nassau, Bahamas, and the exclusive island of CocoCay®, they’ll also have a chance at a share of \$250,000 in cash prizes onboard!



Here are two of the 56 winners in the JACKPOT PARTY® promotion: from left, **Brenda Blanco of Exira** won a Maroon 5/ Kelly Clarkson concert ticket package and **Mary Corwin of Dike** won a Fleetwood Mac concert ticket package.

Players had a chance to win concert ticket packages and a \$10,000 grand prize in the JACKPOT PARTY® promotion June 4 - Aug. 22, 2018.

The promotion was named for the games that were eligible for it. Players could enter using nonwinning tickets in the \$10 JACKPOT PARTY Progressive InstaPlay game or the \$5 JACKPOT PARTY scratch game. The promotion had four prize drawings for a total of 55 total concert ticket packages to Maroon 5 and Kelly Clarkson in Cedar Rapids, Counting Crows in Council Bluffs and Fleetwood Mac in Des Moines. Randy Schott of Lake Park won the \$10,000 cash “Plan-Your-Own-Party” grand prize.



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Retailers

Sales commissions to retailers totaled \$24.2 million in FY 2018.

Thanks to hard work from our retailers and Lottery staff, commissions to retailers increased by more than 5 percent from FY 2017.

If There’s an Empty Space, We Filled It With a Lottery Sign!

A well-placed sign helps let players know a retailer location has lottery products and convince them to make a purchase. Iowa Lottery retailers’ willingness to offer open space in their stores to place lottery signs is one of the reasons sales continue to be strong year after year across the state.

From top left clockwise: signs at Quick Corner in Hawarden, a scratch ticket menu board at Murphy USA in Atlantic and a front counter display at Yesway in Mason City.



Top 10 Retailers in FY 2018

Retailer Name	Address	City	Net Sales
Hy-Vee	20 Wilson Ave. SW	Cedar Rapids	\$897,463
Hy-Vee	1843 Johnson Ave. NW	Cedar Rapids	\$833,455
Hy-Vee	2540 E. Euclid Ave.	Des Moines	\$815,175
Hy-Vee Gas	3935 Blairs Ferry Road NE	Cedar Rapids	\$768,261
Hy-Vee	2323 W. Broadway Ave.	Council Bluffs	\$732,535
JJs on Johnson Ave.	235 Edgewood Road NW	Cedar Rapids	\$701,439
Hy-Vee Drugstore	1520 Sixth St. SW	Cedar Rapids	\$675,484
Hy-Vee	3235 Oakland Road NE	Cedar Rapids	\$662,862
Pronto	810 Fourth Ave. S	Denison	\$661,152
Hawkeye Convenience Store	2330 Wiley Blvd. SW	Cedar Rapids	\$643,469

Lottery Kiosks Debut at Some Retail Locations

Beginning in mid-September 2017 customers could use self-service kiosks in some retail locations to buy lotto, scratch and InstaPlay tickets on their own all from one machine. Players also can check their tickets at the kiosks, just like they can with the self-checkers installed in nearly all of the Lottery’s retail locations.

The first touch-screen kiosk was installed at Hy-Vee, 1700 Valley West Drive in West Des Moines. Installation continued statewide over the next two months. The kiosks are in the Lottery’s very biggest, busiest locations to give players there an additional way to buy tickets.



Above: The Iowa Lottery’s Instant Ticket Vending Machines were replaced in some of the busiest lottery retailers by the self-service kiosk shown on the right. Left: Hy-Vee employees try out the new kiosk at the Hy-Vee store on Valley West Drive in West Des Moines.

Large Jackpots Inspire Alternate Signs

Large lotto jackpots often spur retailers’ creativity in getting the message to players about when and where to buy tickets.



Left: Customer Service Manager Emira Heder helps a customer near a jackpot-awareness sign at Hy-Vee on Wilson Avenue in Cedar Rapids. This retailer has been No. 1 in overall annual sales the past four years and 10 of the last 11.

Right: Employee Michelle Lichty takes a quick break to show off a Powerball® jackpot-awareness sign at the Hy-Vee Gas on Edgewood Road in Cedar Rapids.



Sales Reports

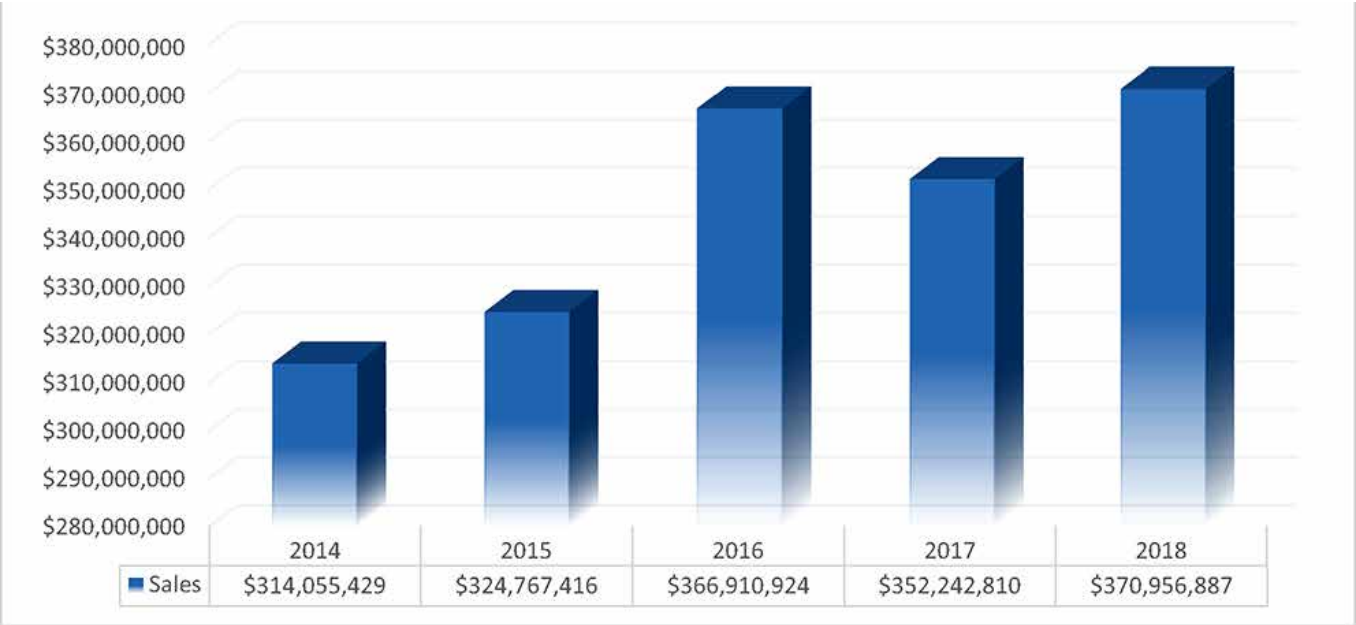
FY 2018 Net Sales By County

County	Total Sales
Adair	\$1,357,826
Adams	309,686
Allamakee	1,641,632
Appanoose	1,971,809
Audubon	427,610
Benton	2,422,613
Black Hawk	18,767,246
Boone	2,872,004
Bremer	2,146,481
Buchanan	2,285,367
Buena Vista	3,891,706
Butler	1,496,780
Calhoun	925,468
Carroll	2,928,315
Cass	1,567,510
Cedar	1,866,453
Cerro Gordo	8,898,785
Cherokee	1,566,908
Chickasaw	1,456,319
Clarke	1,128,058
Clay	2,165,232
Clayton	2,233,365
Clinton	7,085,678
Crawford	2,658,241
Dallas	5,299,909
Davis	557,679
Decatur	397,698
Delaware	1,882,178
Des Moines	4,949,721
Dickinson	3,194,235
Dubuque	10,268,196
Emmet	1,374,918
Fayette	2,326,907
Floyd	2,654,348
Franklin	1,575,307
Fremont	902,779
Greene	973,978
Grundy	926,962
Guthrie	395,387
Hamilton	2,860,894
Hancock	1,066,424
Hardin	2,356,299
Harrison	1,444,116
Henry	2,486,743
Howard	973,169
Humboldt	1,590,687
Ida	844,295

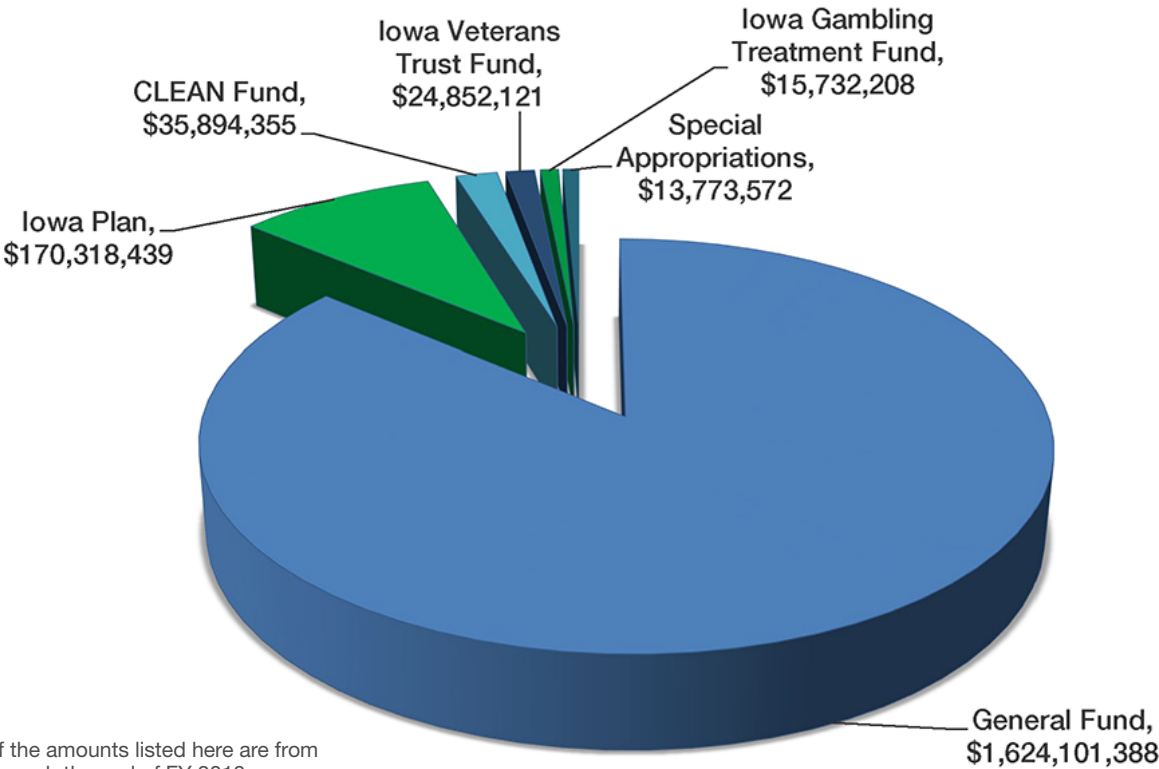
County	Total Sales
Iowa	1,374,457
Jackson	2,796,400
Jasper	3,646,719
Jefferson	1,603,573
Johnson	10,670,120
Jones	2,783,285
Keokuk	1,174,682
Kossuth	2,236,665
Lee	4,085,081
Linn	30,006,149
Louisa	1,098,477
Lucas	957,228
Lyon	506,724
Madison	1,594,061
Mahaska	2,600,911
Marion	3,481,573
Marshall	5,330,100
Mills	1,310,013
Mitchell	1,358,152
Monona	867,545
Monroe	1,116,413
Montgomery	1,253,152
Muscatine	6,265,030
O'Brien	1,436,440
Osceola	549,406
Page	1,491,758

County	Total Sales
Palo Alto	1,063,169
Plymouth	2,064,402
Pocahontas	831,066
Polk	58,018,161
Pottawattamie	12,644,868
Poweshiek	2,328,750
Ringgold	270,744
Sac	1,333,099
Scott	22,999,289
Shelby	974,792
Sioux	1,423,173
Story	6,171,626
Tama	1,424,287
Taylor	781,880
Union	1,801,700
Van Buren	720,225
Wapello	6,641,763
Warren	4,323,258
Washington	2,512,626
Wayne	734,169
Webster	7,744,103
Winnebago	1,550,468
Winneshiek	2,123,701
Woodbury	10,754,394
Worth	968,592
Wright	2,375,068

5-Year Fiscal Year Sales

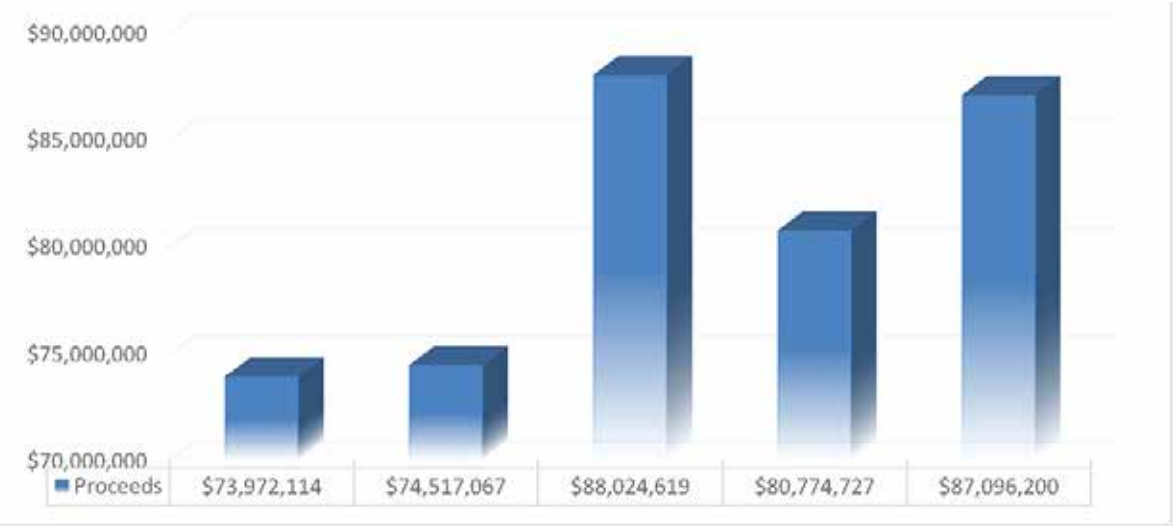


Where The Money Goes



Note: All of the amounts listed here are from FY 1986 through the end of FY 2018.

Fiscal Year Proceeds to State



Since the Lottery’s start in 1985, it has raised nearly \$1.9 billion for state programs.

General Fund: \$1,624,101,388 — Since 1992, a majority of Lottery profits have been directed into the state general fund, where they are used to pay for programs that benefit all Iowans. In the Iowa Lottery’s latest fiscal year, the Lottery raised more than \$84.6 million in proceeds that were deposited in the state general fund. Some of the programs that receive money from the general fund include education, natural resources, health and family services and public safety. The Governor and Iowa Legislature allocate money from the general fund based on where they believe those funds are needed most.

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

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

Iowa Veterans Trust Fund \$24,852,121 — Since July 2008, a portion of Lottery proceeds has been dedicated to the Iowa Veterans Trust Fund, where they are used to support our state’s veterans. The Iowa Lottery currently provides \$2.5 million annually in proceeds to the Iowa Veterans Trust Fund. The Iowa Veterans Trust Fund was created to provide assistance to qualified veterans to help pay for expenses such as job training or college tuition assistance; some dental, vision and hearing assistance; and individual or family counseling programs.

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

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

Backing For Vision Iowa:

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

Overview

Agency Mission:

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



Iowa Lottery headquarters is located in Clive, Iowa.

The Iowa Lottery was established in 1985 and began ticket sales on Aug. 22 of that year. Since the lottery’s inception, its players have won nearly \$4.2 billion in prizes while the lottery has raised nearly \$1.9 billion for the state programs that benefit all Iowans.

The guiding principles of the Iowa Lottery are:

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

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

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

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

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

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

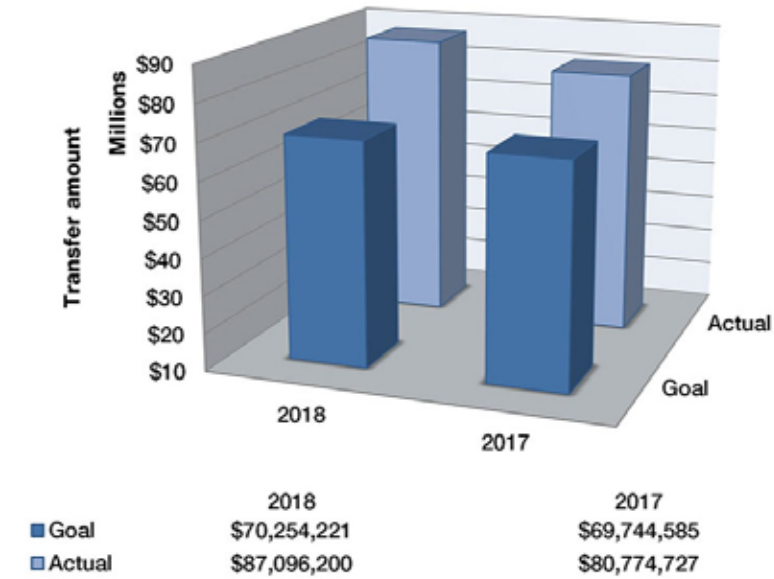
The goals and results discussed in this report cover the following core functions of the Iowa Lottery’s operations: sales and distribution; resource management; enforcement and investigation; and reconciliation clearing account.

Key Results

Sales and Distribution



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



Resource Management

	Goal	Actual
Proceeds to the state (General Fund and Veterans Trust Fund)	\$70.3M	\$87.1M

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



FY 2018 Performance Plan Results



Core Function: Sales & Distribution			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Total Sales	\$334,420,000	\$370,956,887	What Occurred: Total sales exceeded the goal. Data Source: Iowa Lottery Financial Reports
Service, Product or Activity:			
Performance Measure	Data Source: Iowa Lottery Financial Reports	Performance Actual	Performance Comments & Analysis
Total Instant Ticket Sales	\$205,600,000	\$244,260,964	What Occurred: Instant (scratch) ticket sales continued to grow. Data Source: Iowa Lottery Financial Reports
Total Online Game Sales	\$111,800,000	\$106,045,462	What Occurred: Online (lotto) ticket sales were weaker than expected; these sales are influenced by jackpots' size and can fluctuate from year to year. Data Source: Iowa Lottery Financial Reports
Total Pull-Tab Sales	\$10,000,000	\$10,916,692	What Occurred: Pull-tab sales exceeded the goal. Data Source: Iowa Lottery Financial Reports
Total InstaPlay Sales	\$ 7,020,000	\$9,733,769	What Occurred: InstaPlay sales exceeded the goal. Data Source: Iowa Lottery Financial Reports
Core Function: Resource Management			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Total Funds Transferred to General Fund and Veterans Fund	\$70,254,221	\$87,096,200	What Occurred: Total transfers exceeded the goal. Data Source: Iowa Lottery Financial Reports
Service, Product or Activity:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Percent of Operating & Advertising Budget* to Total Sales	8.5%	5.64%	What Occurred: Expenses were well controlled and stayed below budgeted goal relative to sales. Data Source: Iowa Lottery Financial Reports
Total Funds Transferred to General Fund	\$67,754,221	\$84,596,200	What Occurred: General Fund transfers exceeded the goal. Data Source: Iowa Lottery Financial Reports
Total Funds Transferred to Veterans Trust Fund	\$2,500,000	\$2,500,000	What Occurred: Veterans Trust Fund transfers a set amount. Data Source: Iowa Lottery Financial Reports
Core Function: Enforcement & Investigation			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Percent of investigated complaints and indicators of concern regarding lottery products	100%	100%	What Occurred: Complaint investigation goal was met. Data Source: Iowa Lottery Security Department
Service, Product or Activity:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Percent of requests from law enforcement agencies and county attorney offices responded to by Security Division	100%	100%	What Occurred: Law enforcement assistance goal was met. Data Source: Iowa Lottery Security Department
Percent of requests from other divisions within the Lottery responded to by Security Division	100%	100%	What Occurred: Intra-lottery assistance goal was met. Data Source: Iowa Lottery Security Department
Percent of all lottery retailers that underwent compliance checks during the fiscal year	10%	24%	What Occurred: Compliance check goal was met. Data Source: Iowa Lottery Security Department
Percent of retailers that underwent compliance checks following a complaint	100%	100%	What Occurred: Follow-up compliance check goal was met. Data Source: Iowa Lottery Security Department

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

Financials

Iowa Lottery Authority Statement of Net Position June 30, 2018

Assets	
Current assets:	
Cash	\$26,818,542
Restricted assets - cash	641,675
Prepaid expense	60,984
Interest receivable	56,567
Accounts receivable, net	3,438,534
Ticket inventories	2,394,436
Investment in prize annuities	26,374
Total current assets	<u>33,437,112</u>
Noncurrent assets:	
Prize reserve	5,395,324
Investment in prize annuities	457,480
Capital assets, net	7,824,065
Total noncurrent assets	<u>13,676,869</u>
Total assets	<u>47,113,981</u>
Deferred Outflows of Resources	
OPEB-related deferred outflows	82,000
Pension-related deferred outflows	1,884,339
Total Deferred Outflows of Resources	<u>1,966,339</u>
Liabilities	
Current liabilities:	
Lotto prizes payable	4,638,844
Instaplay prizes payable	58,542
Annuity prizes payable	26,374
Accounts payable and accruals	23,164,862
Unearned revenue	195,999
Salary and benefits payable	497,043
Compensated absences	889,910
Total current liabilities	<u>29,471,574</u>
Long-term liabilities:	
Accounts payable and accruals	68,685
Net pension liability	6,546,767
Prize reserve	5,395,324
Compensated absences and OPEB	1,958,142
Annuity prizes payable	457,480
Total long-term liabilities	<u>14,426,398</u>
Total liabilities	<u>43,897,972</u>
Deferred Inflows of Resources	
OPEB-related deferred inflows	6,000
Pension-related deferred inflows	226,154
Total Deferred Inflows of Resources	<u>232,154</u>
Net Position	
Net investment in capital assets	7,824,065
Unrestricted	(2,873,871)
Total net position	<u><u>\$4,950,194</u></u>

Iowa Lottery Authority Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2018

Operating revenues:	
Scratch ticket sales	\$244,260,964
InstaPlay sales	9,733,769
Pick 3 sales	7,705,163
Powerball® sales	58,471,047
Mega Millions® sales	21,293,740
Hot Lotto® sales	3,761,425
Pick 4 sales	4,341,103
Lucky for Life® sales	5,600,490
Lotto America® sales	4,872,494
Pull-tab sales	10,916,692
Application fees	3,725
Other	8,135
Total operating revenues	<u>\$370,968,747</u>
Operating expenses:	
Scratch ticket	160,144,268
InstaPlay	6,351,026
Pick 3	4,567,778
Powerball	28,480,980
Mega Millions	10,764,359
Hot Lotto	1,782,452
Pick 4	2,519,312
Lucky for Life	3,305,691
Lotto America	2,436,247
Pull-tab	6,826,208
VIP Club prize expense	197,001
Promotional	115,750
Total prizes	<u>227,491,072</u>
Retailer compensation	24,213,812
Advertising production and media purchases	7,162,018
Retailer lottery system/terminal communications	8,267,116
Instant/pull-tab ticket expense	3,198,940
Vending machines & maintenance/ticket dispensers	525,394
Courier delivery of tickets	612,120
Other operating expenses	13,770,923
Total operating expenses	<u>285,241,395</u>
Operating income	<u>85,727,352</u>
Non-operating revenue (expenses):	
Proceeds provided to State General Fund	(84,596,200)
Proceeds provided to Veterans Trust Fund	(2,500,000)
Interest income	313,694
Loss on disposal of capital assets	(139,572)
Net non-operating revenues (expenses)	<u>(86,922,078)</u>
Change in net position	(1,194,726)
Net position beginning of year, as restated	<u>6,144,920</u>
Net position end of year	<u><u>\$4,950,194</u></u>

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