



Annual Report

and Resource Guide

2009



**ANNUAL REPORT
AND RESOURCE GUIDE**
July 1, 2008 through June 30, 2009

Since beginning in 1993, the Nebraska Lottery has brought innovation to its work in the public-private marketplace.

This fiscal year, in addition to progress on various organizational fronts, a number of product developments helped position the Nebraska Lottery for another year of sales growth.

Throughout all activities and across all plans, the Nebraska Lottery has continually worked to be true to its mission—to generate proceeds for good causes as determined by citizens and the Legislature.

This Annual Report and Resource Guide documents the initiatives and outcomes that made 2008-2009 the seventh consecutive year of growth for the Nebraska Lottery.

A handwritten signature in black ink, reading "Doug A. Ewald".

Doug Ewald, Tax Commissioner

A handwritten signature in black ink, reading "James M. Haynes".

James M. Haynes, Director



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General Information

The Nebraska Lottery sells \$1, \$2, \$3, \$5, \$10, and \$15 Scratch tickets, with prizes ranging from a free \$1 ticket up to \$150,000. As many as 36 various Scratch games are developed and offered during the course of a year.

The Nebraska Lottery sells Lotto (on-line) games such as Powerball®, 2by2®, MyDaY®, Nebraska Pick 3®, and Nebraska Pick 5®. MyDaY, Nebraska Pick 5, and Nebraska Pick 3 are offered exclusively in Nebraska. The other two games are operated on behalf of member lotteries by the Multi-State Lottery Association. Lotto drawings are held six nights a week, with the exception of Powerball drawings which are held twice a week, and 2by2 drawings which are held every night. Although the price for a single play of any game is \$1, the prizes range from a free ticket up to a multi-million-dollar jackpot.

Nebraska Lottery Scratch game products, equipment, and services are provided by GTECH Corporation, which employs more than 20 people across Nebraska. Tickets and equipment are distributed from the Nebraska Lottery warehouse in Lincoln. Nebraska Lottery Lotto products, equipment, and related services are provided by IntralotUSA, with a Nebraska staff of more than 40 people across the state.

The Nebraska Lottery contracts for advertising development and marketing related services.

There are 22 Nebraska Lottery headquarters employees, providing accounting, marketing and communication, systems, and general administration services from a location in downtown Lincoln.



A one dollar bill from the Bank of De Soto, Nebraska.



A two and three dollar bill from the Waubeek Bank of De Soto, Nebraska dated May 1, 1857.



Operations

Nebraska Lottery, Charitable Gaming Share Functionality

The Nebraska Lottery and Charitable Gaming Division of the Nebraska Department of Revenue have identified and realized a number of operational efficiencies since their merger in 2007.

A storefront location for greater public accessibility, and combined units that share administrative and support resources, policy and product review staff, and security and accounting staff have led in these efficiency gains. Other opportunities for enhanced service delivery are also being explored.



Agreement Has Improved Lottery Services

Since August of 2007, a pass-through agreement has been in effect so that Scratch tickets provided by GTECH are validated through the on-line game (Lotto) terminals provided by Intralot.

Nebraska Lottery retailers are better able to serve customers more efficiently, and sales and validation reports for Scratch and Lotto games are available to retailers through a single piece of equipment that operates in real-time via satellite link.

This single piece of equipment with satellite connectivity has expedited transactions for players and retailers, freed retailer counter space, and improved Scratch ticket security through real-time validation and inventory control functions.

GTECH provides Scratch game production and distribution, retailer sales support, and data processing services from its facility in Lincoln. Intralot provides Lotto game equipment and sales and technical support from its facility in Lincoln. The pass-through agreement allows Scratch game inventory, sales, and validation data to pass between the GTECH central processing computer system and the Intralot network processing system.

To facilitate the pass-through arrangement, the Nebraska Lottery exercised the option to extend its contract with GTECH for Scratch game production, distribution, and support

services for three years. The current contract with GTECH started on July 1, 2001, for a seven-year term, with the option of a three-year extension beyond the initial July 1, 2008, termination to July 1, 2011. The current seven-year contract with Intralot for Lotto game equipment and sales and technical support started on July 1, 2004, and runs through July 1, 2011.

Aligning the timing of the Scratch and Lotto contracts allows the Nebraska Lottery to solicit bids for a unified Scratch and Lotto system contract to start on July 1, 2011.

Advertising Agency Transition

On December 1, 2008, the Lottery issued a Request for Proposals (RFP) for Advertising and Marketing Services. On July 1, 2009, SKAR Advertising of Omaha became the "agency of record" for the Nebraska Lottery.

The transition came after an extensive RFP process involving several Nebraska agencies. The agency of record represents the Nebraska Lottery in the production and placement of print and broadcast advertising, relationship marketing, certain sponsorships, and promotions.

The three-year contract started July 1, 2009, and can be extended by as many as three one-year renewal periods.

SKAR Advertising is a full-service brand communications agency, headquartered in Omaha since 1962.

Online (LOTTO) Game Developments



MyDaY Launch Heralds Successful New Game

On October 1, 2008, a new calendar-based game, MyDaY, was introduced after nearly two years of research and planning.

A December 2006 survey of potential Lotto games conducted through the Nebraska Lottery Web site, nelottery.com, led to the decision to introduce MyDaY as the fifth Lotto game offered by the Nebraska Lottery.

MyDaY players select one number from 1 to 12 for the MONTH, one number from 1 to 31 for the DAY, and two numbers from 0 to 9 for the last two digits of the YEAR. Each MyDaY play costs \$1.

Prizes in MyDaY range from \$1 to \$5,000. The overall odds of winning any prize in MyDaY are 1 in 8.17. In all, there are seven ways to win.

MyDaY drawings are held six days a week, Monday through Saturday, with drawing results released to the news media and the public by 10:00 p.m. each night.

Prizes are determined by matching some or all of the numbers drawn, as shown below:

Get	Prize	Odds
Month + Day + Year	\$5,000	1 in 36,525
Day + Year	\$365	1 in 3,320
Month + Year	\$52	1 in 1,240
Month + Day	\$12	1 in 369
Year	\$7	1 in 113
Day	\$4	1 in 34
Month	\$1	1 in 13

Overall Odds: 1 in 8.17

MyDaY drawings are managed by the Nebraska Lottery using random number generation software. The software was developed internally, and underwent extensive testing by an independent industry testing laboratory.

Sales for MyDaY during the fiscal year (nine months) were nearly \$2.0 million.

Powerball Review Conducted, Changes Made

In January 2009, the Multi-State Lottery Association welcomed Florida to the group of lotteries offering the nation's most popular game, and launched enhancements to the game.

With the addition of four white ball numbers and the removal of three red ball numbers, Powerball officials sought to increase the size of the average jackpot won, while still making it easier to win other prizes. The white ball numbers are selected from a field of 59, and the red Powerball number is selected from a field of 39. The jackpot odds increased to 1 in 195.2 million, while the overall odds of winning any prize dropped to 1 in 35.1.

The addition of Florida also increased sales for Powerball, and has contributed to larger jackpots.

Improvements made to Powerball include:

1. The starting jackpot increased from \$15 million to \$20 million – the world's largest starting lotto game jackpot;
2. The average jackpot increased from an expected average of \$95.5 million to \$141 million;
3. The jackpot pool percentage was increased from (30.3% to 32.5%) to make the jackpot grow faster and larger;
4. The Match 5 prize with the Power Play option now has a guaranteed 5X multiplier, pushing the second prize to \$1 million – and this \$1 million prize is paid in cash, in one lump sum;
5. The overall odds of the game were reduced to add more than 3 million extra prizes won per year; and
6. Power Play continues to be available on the bottom seven prize levels (2X to 5X).

The price of a Powerball ticket remains unchanged at \$1, and players continue to have the option to play for enhanced prizes by adding Power Play. The Power Play option, which costs an extra \$1 per play, offers a random multiplier of 2X, 3X, 4X, or 5X for all cash prizes won (except the jackpot).

The unique Match 5 BONUS option, which increases the Match 5 prize pool when the game reaches record jackpots, also continues as a popular feature of the game. The Match 5 BONUS feature allows for the occasional creation of a rolling Match 5 pool intended to offer even more fun and greater prizes for players.

Over the course of the fiscal year, Powerball sales in Nebraska decreased about 5 percent. With the addition of MyDaY, 3 percent growth in Nebraska Pick 5 sales, and 1 percent growth in Nebraska Pick 3 sales, total Lotto sales for the fiscal year increased 0.4 percent in difficult economic times.

Scratch Developments



NEBRASKA
possibilities...endless™
visitnebraska.gov

Several months of planning and interagency cooperation culminated with the May 2009 introduction of Nebraska 101, a \$2 Scratch game featuring various Nebraska outdoor scenes and offering Nebraska vacations, as well as cash prizes.

The Nebraska Lottery and the Department of Economic Development Division of Travel & Tourism worked together to develop and promote the Nebraska 101 game.

Nebraska 101 features three top prizes of \$10,000, and six Nebraska trip prizes. Each vacation winner can choose a trip from a menu of 11 vacation packages provided by the Division of Travel & Tourism to destinations across the state. And just for fun, each Nebraska 101 ticket contains a trivia question about Nebraska events, locations, and history.

Not only did the Scratch game mark a new cooperative relationship between the Nebraska Lottery and the Division of Travel & Tourism, the artwork for the game's tickets was the most intricate offered by the Nebraska Lottery, featuring 12 different scenes from across the state.

The introduction of Nebraska 101 followed the fall debut of another \$2 Scratch game developed in concert with a state agency. Nebraska Wildlife features photos of six native species ranging from deer to turkey, provided by *NEBRASKAland Magazine* and the Nebraska Game and Parks Commission.



A 1921 Peace Silver Dollar.

Research And Relationships

The Nebraska Lottery operates a relationship marketing program and more than 200,000 Nebraskans have registered their preferences regarding Nebraska Lottery Scratch and Lotto games. These players receive mailings from the Nebraska Lottery concerning new games, contests and promotions, and winners and beneficiary fund projects. Registered players also receive birthday greetings and a coupon for a free ticket from the Nebraska Lottery.

In addition to the traditional forms of direct customer communication within the relationship marketing program, the Nebraska Lottery operates a dynamic element of the program on its Web site. The MVP Club has more than 35,000 active members who have registered their preferences through nelottery.com.

Regular research is conducted regarding the practices and perceptions of Nebraska Lottery players.

According to the 2008 Tracking Study, 49 percent of adult Nebraskans have played some form of gaming in the past year. This overall participation figure remains close to the proportion of adults who played a Nebraska Lottery game in the past year (44 percent).

The Tracking Study found that among all past-year players, 46 percent of Lottery purchases were planned. However, 25 percent of this overall audience indicated they never planned their purchases, while approximately the same proportion, 28 percent, indicated they always plan their Lottery purchases.

Twenty-nine percent of adult Nebraskans have played Scratch games in the past year. The median age of Nebraska Lottery Scratch ticket players is between 45 and 49, with a median household income between \$50,000 and \$69,999.

Forty percent of adult Nebraskans have played Powerball in the past year. The median age of Powerball (the best known on-line game) players is between 45 and 49, with a median household income between \$50,000 and \$69,999.

Previous research has shown that one in five players has given Nebraska Lottery tickets as a gift in the past year. That same research also found that at least 55 percent of players typically buy other store products when they buy Nebraska Lottery tickets. Further, about 25 percent of players report that the availability of Nebraska Lottery tickets affects where they buy groceries or gasoline.

In two polls conducted during December 2008 on the Nebraska Lottery Web site, visitors were asked about holiday gift giving.

In the first poll, among 272 respondents, 48 percent indicated Nebraska Lottery tickets would be part of their holiday plans. In the second poll, 35 percent of 303 respondents said they had received Nebraska Lottery tickets as gifts during the holiday season.

The strong affinity that the eligible population has for the Nebraska Lottery is rooted in a history of broad public acceptance of lotteries.

Beneficiaries And Beneficiary Awareness

Research has repeatedly identified interest among players in hearing more about the beneficiary contributions of the Nebraska Lottery.

For the past few years, a multi-faceted effort has allowed the Nebraska Lottery to reach different audiences as it attempts to focus attention on the relationship between buying Nebraska Lottery tickets and the proceeds the Nebraska Lottery generates for its beneficiary programs.

This effort is a response to research conducted by the Nebraska Lottery that found significant player and public interest in beneficiary information. The fact that Nebraska Lottery proceeds benefit worthy causes is a major motivation to play for approximately half of those surveyed. Additionally, nearly three quarters of respondents believe more should be done to call attention to proceeds and beneficiary programs.

A combination of television, radio, theatre, print advertising, and certain sponsorships is used throughout the year to highlight the work of Nebraska Lottery beneficiary funds.

By the end of the fiscal year, the Nebraska Lottery had distributed a total of \$349,354,650 through quarterly transfers since operations began on September 11, 1993.

Amendment 4, passed by Nebraska voters in November of 2004, established the following distribution formula:

- **Education as directed by the Legislature (44.5 percent) – currently divided between the Education Innovation Fund and Nebraska Scholarship Fund;**
- **Nebraska Environmental Trust Fund (44.5 percent);**
- **Nebraska State Fair (10 percent); and**
- **Compulsive Gamblers Assistance Fund (1 percent, plus the first \$500,000 in fund proceeds each fiscal year).**

The funds' respective totals as of June 30, 2009 were:

Education Innovation Fund	\$123,952,109
Nebraska Scholarship Fund	\$ 37,931,975
Nebraska Environmental Trust Fund	\$143,423,085
Nebraska State Fair Support and Improvement Fund	\$ 12,687,938
Compulsive Gamblers Assistance Fund	\$ 7,898,547

Prior to July 1, 1997, the Solid Waste Landfill Closure Assistance Fund received proceeds totaling \$18,460,996. In 2004, the Legislature directed that a one-time transfer of \$5 million be made to the State General Fund.



Old Coins

Public Policy Development

Passage of LB 286 by the Nebraska Legislature during its 2009 session represents a significant public policy development. A sunset date provision of the State Lottery Act governing the distribution of proceeds was eliminated, and language relating to the share of annualized lottery sales to be transferred to beneficiary funds was updated.

This legislation required that the dollar amount transferred to beneficiaries equals the greater value of:

- The dollar amount transferred to the funds in Fiscal Year 2002-2003, approximately \$20.2 million; or
- Any amount which constitutes at least 22 percent and no more than 25 percent of the amount of tickets sold on an annualized basis.

The Tax Commissioner and Lottery Director were also authorized to transfer funds in excess of 25 percent of the dollar amount of lottery tickets sold on an annualized basis, to the extent that funds are available. Prior to passage of legislation in 2003, the share of proceeds transferred to beneficiaries had been set at 25 percent. Since then, the Nebraska Lottery has been able to augment game prizes in order to increase sales, and therefore produce additional revenue for the beneficiary programs.

Web Site

The utility of the Nebraska Lottery Web site continues to grow, along with the sheer volume of visits. During the fiscal year, visits to nelottery.com grew by seven percent to more than 3 million.

In addition to product information and stories about winners, nelottery.com offers visitors a chance to learn more about Nebraska Lottery beneficiaries, register their opinions by participating in surveys and polls, and qualify to win prizes by entering contests.



A one dollar silver certificate bill.

Retailers

The Nebraska Lottery sells Scratch and Lotto tickets through a retailer network of approximately 1,200 locations statewide. Nebraska Lottery retailers range from convenience stores to supermarkets and from service stations to cafes. Nebraska Lottery tickets may not be sold in establishments licensed for the consumption of alcohol. Players must be at least 19 years old in order to purchase and redeem Nebraska Lottery tickets.

Previous research among retailers found that carrying Lottery tickets is viewed as a customer service by 62 percent of retailers responding. Another 36 percent of retailers said they believe Lottery tickets are both a customer service and a profit center for their stores.

The statewide sales leaders for the fiscal year are listed here:

Scratch, Top 10

Skagway 5-Points, Grand Island
Uncle Neal's #3, Lexington
Corner Stop, Columbus
Coffin's Corner, Grand Island
Pump & Pantry #16, York
Gas 'n Snaks, Seward
Express Mart #1, Scottsbluff
Time Saver #3, North Platte
Pump & Pantry #23, Holdrege
Git 'N Split #77, Alliance

Lotto, Top 10

Hy-Vee Food Store #1465, Omaha
No Frills Supermarket #3, Bellevue
Hy-Vee Food Store #1467, Omaha
No Frills Supermarket #19, Omaha
Corner Stop, Columbus
Hy-Vee Food Store #1469, Omaha
Hy-Vee Food Store #1470, Omaha
Baker's #300, Bellevue
Super Store, Bellevue
Skagway 5-Points, Grand Island



The 37th quarter released in the 50 State Commemorative collection.

Major Prize Winners

Claimed at Nebraska Lottery Claim Centers.

JULY 2008

Powerball - \$20,000
 Sherri Eggleston, Lincoln
Powerball - \$10,000
 Evelyn Webster, Lincoln
 Lora Davis, Omaha
 Stephanie Schwaderer, Alliance
 Gary Little, Doniphan
 Chris Tague, Bellevue
 Irvin Kucera, Lawrence
 Gabriel Villagomez, Bellevue
Nebraska Pick 5 - \$194,000
 Genevieve Johnson, Holdrege
Nebraska Pick 5 - \$58,000
 Steve Murcek, Omaha
Nebraska Pick 5 - \$900
 Dorothy Thiem, North Platte
 Steve Bryant, Nebraska City
2by2 - \$22,000
 Annette Carstens, Lincoln
 Mike Tagart, Grand Island
Nebraska Pick 3 - \$1,800
 Anthony Gladych, De Pere, WI
Nebraska Pick 3 - \$1250
 Isaiah Jackson, Jr, Omaha
Nebraska Pick 3 - \$950
 Dorothy Thiem, North Platte
Nebraska Pick 3 - \$700
 Paul Chatman, Omaha
Nebraska Pick 3 - \$600
 Denis Vontz, Lincoln
 Michael Harwood, Lincoln
 John Swinarski, Omaha
 Dennis McMahon, Omaha
 Kerry Lauritsen, Dannebrog
 Beverly Barnes, Yankton
 Michael Radnov, Omaha
 Robert Botos, Omaha
 Paul Mollak, Omaha
 Tom Rea, Lincoln
 Mary Webber, David City
 Larry Livingston, Omaha
 Allyson Schneiderwind, Omaha
 P D Duensing, Lincoln
 Luther Givehard, Nebraska City
 Dean Westerhaus, Lexington
 Dorothy Balkus, Omaha
 Eleanor Kirby, Omaha
 Doug Stratton, North Platte
 Gloria Jackson, Omaha
 Walter Miller, Sutherland
 George Maloley, Lexington
 John Klement, Ulysses
 Jeanna Reimers, Wolbach
 Thonglay Saiyavongsa, Grand Island
 Clayton Mason, Omaha
 Thomas Lombardo, Ralston
 Kay Gonzales, Minatare
15th Anniversary Spectacular - \$150,000
 James Fitzsimmons, Alliance
15th Anniversary Spectacular - \$1,500
 Irma Torres, Scottsbluff
Dazzling Diamonds - \$150,000
 Danny Holland, Jr, Lincoln
Super Lucky 7's - \$77,777
 Dennis Leinen, York

Super Lucky 7's - \$777
 Alfred Schlewder, Jr, Elkhorn
Triple Tripler - \$50,000
 Carlos Ramirez, Grand Island
Truck\$ & Buck\$ - Truck
 Frank Ricceri, Omaha
3-D Tic-Tac-Toe - \$35,000
 Valencia Romero, Lincoln
Winning 7's - \$10,000
 Patricia Labrie, Grand Island
Quick 7's - \$7,000
 James Brown, Lincoln
Mocha Moolah - \$2,500
 Ted Dowler, Alliance
\$50,000 Diamonds & Gold - \$1,000
 Gloria Jelinek, Lincoln
\$50,000 Championship Poker - \$1,000
 Regis Ryan, Lincoln
Harley-Davidson - \$1,000
 Kimberly Cherry, Lincoln
\$35,000 Bingo - \$1,000
 Joyce Recker, West Point
Lucky Numbers - \$1,000
 Christopher Shinaut, Lincoln
Crown Jewels - \$700
 Madeline Drain, Omaha
Ruby Red 7's - \$700
 Randall Neidhardt, Albion

AUGUST 2008

Powerball - \$1,000,000
 Dianne Rowe, Omaha
Powerball - \$20,000
 Dan McDermott, Omaha
 Powerball \$10,000
 Robert Baker, Torrington, WY
 Melanie Kortefay, Lincoln
 Joseph Schmitz, Madison
 Bob Husmann, Chapman
2by2 - \$20,000
 Vincent Gonzales, Scottsbluff
Pick 5 - \$62,000
 Wanda Sargent, Grand Island
Pick 3 - \$1,150
 Carol J Smith, York
Pick 3 - \$950
 Calvin Frazier, Omaha
Pick 3 - \$600
 Sharon Christensen, Cozad
 Isaac Quarells, Jr, Lincoln (x2)
 Adolphe Denovellis, Lincoln
 Richard Wade, Pawnee City
 Gayle Carey, Blair
 Clifford Freeman, Omaha
 Ted Harshbarger, Humboldt
 David Richards, Omaha
 Ronald Allgood, Nebraska City
 Shadi French, Lincoln
 Connie Olive, Grand Island
 Michael Eckley, Winnebago
 William Huffman, Omaha
 Mark Luellman, Bellevue
 Marvin Klassen, Holdrege
 Darrell Ries, Papillion
 Del Packett, Pawnee City
 Janette Austin, Burwell
 Carol Steele, Minatare

Fred Alva, Omaha
 Velma Miller, Lincoln
 Donald Teeters, Omaha
 Judith Nedd, Omaha
 Manuel Cuero, Houston, TX
 Jerry Knapp, Palmer
 Michael Rice, Hooper
\$50,000 Diamonds & Gold - \$50,000
 Gregg Anderson, Omaha
Red Line Doubler Bingo - \$35,000
 Thomas Soukup, Omaha
\$35,000 Bingo - \$35,000
 Jacquelyn Ennis, Valley
\$35,000 Bingo - \$1,000
 Peggy Fleuren, Omaha
Word Search - \$35,000
 Larry Teter, Ogallala
Word Search - \$1,000
 Megan Vasquez, Kearney
\$10,000 Table Stakes - \$10,000
 Bobby Patterson, Jr, Lincoln
 Ryan Buck, Lincoln
4's Get More - \$10,000
 Jason Gomez, Cozad
Quick 7's - \$7,000
 Savannah Talkinton, Fairbury
Hot 7's Tripler - \$1,000
 Celina Perez, Columbus
 Kenneth Stock, Omaha
Harley-Davidson - \$1,000
 John Gatzemeyer, Chadron
Bonus Crossword - \$1,000
 Charles Muhr, Gering
 Betty Barker, Gering
Big Crossword - \$1,000
 Franklin Flake, Imperial
Crown Jewel 7s - \$700
 Kevin Bodtke, Lincoln
Truck\$ & Buck\$ - Truck
 Darrell Penas, Grand Island
2nd Chance Truck\$ & Buck\$
 William Nicholson, Hastings - Truck
 Marylouise Dean, Lincoln - \$1,000
 Richard Voycheske, Lincoln - \$1,000
 Dan Esch, Fremont - \$1,000
 Neil Thorsen, Ashland - \$1,000
 Mark Scheiber, St Edward - \$500
 Lynda Wasielewski, Bushnell - \$500

SEPTEMBER 2008

Powerball - \$50,000
 Ruslan Gumenyynk, Lincoln
Powerball - \$40,000
 Co V Nguyen, Lincoln
Powerball - \$10,000
 Janeen R Moritz, Omaha
 Dianne Willadsen, Wheatland, WY
 Steven Snover, Fremont
 Robert Borgeson, Omaha
Powerball - \$640
 Joseph Scott, Omaha
Nebraska Pick 5 - \$190,000
 Ronald Peterson, North Platte

Nebraska Pick 5 - \$70,000
Morrell W Wickert, Fremont
Nebraska Pick 5 - \$918
James Lindsay, Omaha
2by2 - \$22,000
Francisco Velasquez, Omaha
William Anderson, Omaha
Anthony Didier, David City
Nebraska Pick 3 - \$3,000
Frank Murphy, Meadow Grove
Nebraska Pick 3 - \$1,300
Wilbert McDowell, Omaha
Nebraska Pick 3 - \$1,200
David Parker, Bellevue
Nebraska Pick 3 - \$1,050
Richard Ipock, Grand Island
Jeremy Anzaldo, Omaha
Nebraska Pick 3 - \$800
Norrita Chick, Lincoln
Nebraska Pick 3 - \$700
Steven Poore, Hastings
Nebraska Pick 3 - \$600
Samuel Hellbusch, Creston
Jean Morris, Genoa
Ronnie Foulks, Lincoln
Gary Little, Doniphan
Frank Amaya, Gering
Donald Goos, Gering
Brian Carnes, Lincoln
Deanna Bauer, St Paul
Glen Leech, Lincoln
Jon Hershey, Papillion
Ron Matsun, Papillion
Jennifer Martinez, Grand Island
Floyd Knodel, Fremont
Rita Hautzenroder, Lincoln
Georgette McCoy, Lincoln
Lee Tinkler, Tecumseh
Art Sehi, Oakdale
Edward Hahn, Omaha
Denise Griess, Clay Center
Michelle Morales, Omaha
Jerry Smetter, Doniphan
Peter Neddo, Bellevue
Sandra Lopez, Scottsbluff
Jackie Barker, Lincoln
Tom Meahan, Beaver Crossing
Chuck Wendt, North Platte
David Wallace, Bellevue
Janette Austin, Burwell
Larry Kennedy, Nebraska City
Timothy Oler, Lincoln (x2)
Lanaya Layman, Lincoln
Patricia Worley, Oakdale
David Parker, Bellevue (x5)
Linda Wasielewski, Bushnell
Sharon Bopp, Grand Island
George Kistner, Oakdale
Royce Haines, Hastings (x5)
Carrol Tetschner, Burwell
Carla Middleswart, Gibbon
Laura Jivens, Bellevue
Jill Weidenbach, Omaha
Dwight Kumm, Pilger
Pick 3 - \$600 cont.
Robert Ritonya, Omaha
Janice Butler, Omaha
Dolly Craig, Omaha
Lisa Akin, Lincoln
Zachariah Polak, Martell
Deb Swift, Lincoln
Gloria Jackson, Omaha (x2)
Dallas Gerdes, Oconto
Khanh Nguyen, Lincoln

Nebraska Pick 3 - \$550
Fred Clough, Omaha
\$50,000 Crossword - \$50,000
Dan Wilken, Hampton
\$50,000 Crossword - \$1,000
Shawna Ryan, Norfolk
Big Crossword - \$50,000
Michael Barton, Lincoln
\$50,000 Championship Poker - \$1,000
Lowry Engstrom, Lincoln
\$35,000 Bingo - \$35,000
Joycelyn Schumacher, Kennard
\$35,000 Bingo - \$1,000
Susan Wilson, Hickman
Bejeweled - \$35,000
Heather Stark, Cozad
Bejeweled - \$1,000
Robert Ternus, Humphrey
5 Times the Pay - \$5,000
Norma Chipperley, Lincoln
4 Times Lucky - \$4,000
Donovan Criner, Douglas
Go Nebraska - \$2,000
Vincent Taylor, Norfolk
Harley Davidson - Motorcycle
Bryan Hulewicz, Malcolm
Truck\$ & Bucks - \$1,000 Gas Card
Gregory Spears, Omaha
David Mitchell, Douglass, KS
Jerry McPhillips, Elkhorn
Lucky Numbers - \$500
Tony Henderson, North Platte
Donald Morrissey, North Platte

OCTOBER 2008

Powerball - \$40,000
Richard Johannsen, McLean
Powerball - \$10,000
William M Saum, Alliance
Karen Avery, Columbus
Powerball Homestead Promo - \$1,000
Rebecca Wegner, Lincoln
2by2 - \$22,000
Catherine O'Connell, Plattsmouth
Stephen Wiseman, Sutton
Nebraska Pick 5 - \$118,000
Laurie Devivo, Blair
Nebraska Pick 5 - \$50,000
Ray Axtell, Axtell
MyDaY - \$5,000
Monica Shockey, Torrington, WY
Peggy Edwards, Hershey
Clyde Thinnies, Omaha
Jenny Schroeder, Lincoln
Donita Matthews, Omaha
Benny Covington, North Platte
Adam Ellison, Nebraska City
Kristen Warren, Burwell
Nebraska Pick 3 - \$3,000
Leonard Monohon, Omaha
Nebraska Pick 3 - \$2,000
Amos Reed Jr, Omaha
Nebraska Pick 3 - \$1,200
Josephine McKissick, Papillion
Frances Buzynski, Columbus
Nebraska Pick 3 - \$1,050
Jeremy Anzaldo, Omaha
Nebraska Pick 3 - \$1,000
Albert L Ford, Omaha
Nebraska Pick 3 - \$950
Curtis Deplanty, Omaha
Nebraska Pick 3 - \$600
Jennifer Martinez, Grand Island
Patsy Roenfeldt, Cozad
Loi Vuong, Fremont
Dwayne Bauer, Crete (x2)
Tom Rea, Lincoln

Dennis Faiella, Maumee, OH (x5)
David Westphalen, Schuyler
Josephine McKissick, Papillion
Nancy Caruso, Springfield
Hoang Dinh Mong, Lincoln
Linda Schumacher, Omaha
Calvin Williams, Lincoln
Bruce Lemmert, Holdrege
Michelle Morales, Omaha (x2)
Marilee Gunning, Lincoln
Floyd Knodel, Fremont
Dawn Thumser, Plattsmouth
Shiela Robinson, Omaha (x2)
Velvete Dillard, Jacksonville, FL (x2)
Kaieva Williams, Bellevue
Judy Kumm, Pilger
Janice Butler, Omaha
Carrol Tetschner, Burwell (x2)
Lamont Robinson, Omaha (x3)
Sharon Bopp, Grand Island (x2)
Gloria Jackson, Omaha (x3)
Cherri Wegner, Omaha
Valerie Pember, Plattsmouth
Sanford Ratzlaff, Benedict
Ladonna Cole, Ainsworth
Raymond Holmes, Jr, Lincoln
Deborah Fisher, Lincoln
Bobby Freeman, Hastings
Kerry Lee Wynne, Scottsbluff
Rita Hautzenroder, Lincoln
Paul Vecchio, Omaha
Randall Lesenburg, LaVista
Dan Spargen, Papillion
Mel Irish, North Platte
David Grundman, Oakdale
Denise Hernandez, Omaha
Isaac Quarells, Jr, Lincoln
Lana Black, Fairfield
Dan Rhiley, Bennington
Jody Brown, Lincoln
Wilson Danquah, Omaha
Cindy Montgomery, Wilber
Bernice Devers, Omaha
Blanca Gonzalez, Norfolk
Larry Kennedy, Sr, Nebraska City (x2)
Troy Wicken, Cortland
Robert Ritonya, Omaha
Dorothy Thiem, North Platte
Shadi French, Lincoln
Bob Hancock, Omaha
Bill Erickson, Hastings
Mark Luellman, Bellevue
Sharon Pasco, Louisville
Melvin Rein, Gering
Lem Bates, Nebraska City
Dazzling Diamonds - \$150,000
Minh Tran, Lincoln
\$50,000 Championship Poker - \$50,000
Kenneth Reed, Wymore
15th Anniversary Spectacular - \$15,000
Richard Cherek, Bellevue
Wild Cherries - \$10,000
Luke Ohlrich, Bellevue
Truck\$ & Bucks - Truck
David Kusazk, Ashton
Quick 7's - \$7,000
Diana Farfan, Grand Island
Double Doubler - \$4000
Scott Farmer, Lincoln
Go Nebraska - \$2,000
Basin Ali, Grand Island
Mega Slots - \$1,000
Jo Ellyn Neeman, Auburn
Clarence Stephens, North Platte
Deal or No Deal - \$1,000
Karl Pischmann, Omaha

\$35,000 Bingo - \$1,000
Brooke Berney, Spalding
Bonus Crossword - \$1,000
Kevin Maly, Cambridge
Crown Jewel 7's - \$700
John Spires, Omaha
Glenn Landreth, Wilsonville
Nadine Kern, Lincoln
Garey Young, Lincoln
Lucky Numbers - \$500
Eric Hopps, Syracuse
Pat Roark, Grand Island

NOVEMBER 2008

Powerball - \$200,000
Tanya Prokop, Ralston
Powerball - \$10,000
Patricia Haack, Omaha
Charles Policky, Yutan
Faron Hines, Waco
Douglas Cotant, Kearney
Nebraska Pick 5 - \$118,000
Angela Huston, Omaha
2by2 - \$22,000
Woodrow King, Linwood
Janelle Maynard, Lincoln
MyDaY - \$5,000
Jay Nickolite, Columbus
Angela Oliver, Clarks
Luetta Versaw, Lincoln
Carolyn Schliep, Fairfield
Nebraska Pick 3 - \$1,202
Dawn Thumser, Plattsmouth
Nebraska Pick 3 - \$1,050
Jeremy Anzaldo, Omaha
Nebraska Pick 3 - \$950
Thomas Tesmer, St. Paul
Frances Clayborn, Omaha
Nebraska Pick 3 - \$778
Andrea Carter, Gering
Nebraska Pick 3 - \$700
Jodi Novak, Dorchester
Donna Hastings, Hastings
Taj Tyler, Omaha
Nebraska Pick 3 - \$600
Craig Keith, Omaha
Rita Draper, Bellevue
Gary Little, Doniphan
Mattie Tenner, Omaha
Dale Peterson, Kearney
Dennis McMahon, Omaha
Cherri Wegner, Omaha
Jeanna Reimers, Wolbach
Alfred Emmanuel, Omaha
William Fogel, Milligan
Angele Smith, Omaha
Fred Clough, Omaha
John Swinarski, Omaha
Dwight Kumm, Pilger
Lamont Robinson, Omaha (x2)
Rickey Meyer, Lincoln
Jess Mullanix, Alliance
Denise Griess, Hastings
David Grundman, Oakdale
Robert Spears, Omaha
Michael Rice, Hooper
Wynne Norsworthy, Gothenburg (x2)
Vincent Okowmuo, Lincoln
Championship Poker - \$50,000
Andy Slizoski, LaVista
Deal or No Deal - \$20,000
Timothy Wear, Lexington
Deal or No Deal - \$1,000
Tammy Collier, Omaha
4 Seasons - \$10,000
Don McCutchen, Omaha

Mega Cash - \$1,500
Linda Breazeale, Chappell
15th Anniversary Spectacular - \$1,500
Suzanne Myers, North Platte
Bejeweled - \$1,000
Joshua Page, Crete
Holiday Grab Bag - \$1,000
Larry Easter, Wymore
Fabulous Fortune - \$1,000
Tracy Hightshoe, Fairbury
\$35,000 Bingo - \$1,000
Jolene Schrock, Grand Island
Crown Jewel 7's - \$700
Kenneth Madison, Bellevue
Mark Owen, Omaha

DECEMBER 2008

Powerball - \$200,000
Deanna Powers, Omaha
Powerball - \$20,000
Nicolas Schrage, Gretna
Powerball - \$10,000
Scott Wilbur, Omaha
Robert Foley, Omaha
Mark Thurber, Omaha
Lori Gower, Ainsworth
Nebraska Pick 5 - \$114,000
Angelina Hawkins, Bellevue
Nebraska Pick 5 - \$94,000
Richard Thomas, Kearney
Nebraska Pick 5 - \$82,000
Ann Troester, Omaha
Nebraska Pick 5 - \$70,000
Marilyn Roueche, Plattsmouth
Nebraska Pick 5 - \$66,000
Donna Hastings, Hastings
2by2 - \$22,000
Willie Chandler, Omaha
Dawn Thumser, Plattsmouth
John Kaup, Dodge
Reid Dawson, Lincoln
Pamela Pierce, Pleasant Dale
Dena Hare, Lincoln
MyDaY - \$5,000
Larry Kennedy, Nebraska City
Dawn Thumser, Plattsmouth
Bonnie Janssen, Beatrice
Diane Stevenson, Omaha
Virginia Kelley, Ogallala
Todd Howard, Norfolk
Henry Brandt, Council Bluffs, IA
Nebraska Pick 3 - \$1,050
Cat Nguyen, Lincoln
Nebraska Pick 3 - \$1,000
Wordie Wright, Lincoln
Nebraska Pick 3 - \$950
Charles Verges, Omaha
Frances Clayborn, Omaha
NE Pick 3 - \$700
Margie Wiester, Kearney
Nebraska Pick 3 - \$600
David Westphalen, Schuyler
Robert Tonack, Lincoln
P D Duensing, Lincoln
Dennis McMahon, Omaha
Adele Chavez, Alliance
Mark Luellman, Bellevue
Darrell Ries, Papillion
Terence Powell, Omaha
Greg Smith, Lincoln
Robert Meyer, Scotia
Rodney Sutton, Grand Island
Linda Schumacher, Omaha
Gary Little, Doniphan
Chirsta Spry, Gretna
Suzanne Myers, North Platte (x2)
Nancy Rondon, Lexington

Daniel Garcia, Omaha
Janice Baker, Hastings
Natalie Meyer, Grand Island
Wordie Wright, Lincoln
Frank Milacek, Omaha
Nebraska Pick 3 - \$550
Wordie Wright, Lincoln
Suzanne Myers, North Platte
15th Anniversary Spectacular - \$150,000
Todd Schaecher, Monroe
15th Anniversary Spectacular - \$1,500
Courtney Hupke, Madison
Michele Neuhaus, Dodge
Mega Cash - \$100,000
David Rhoades, Torrington, WY
Mega Cash - \$1,500
Nicole Brown, Neligh
Steven Tracy, Kearney
Fabulous Fortune - \$50,000
Camden Frieze, Council Bluffs, IA
Gale Sonnenfeld, Grand Island
Mega Slots - \$40,000
Kyle Stainbrook, Omaha
Naughty or Nice - \$35,000
Clarence Wolfe, Lincoln
Naughty or Nice - \$1,000
Cheryl Wipperling, Norfolk
Crown Jewel 7's - \$17,000
Sheila Taylor, Lexington
Crown Jewel 7's - \$700
George Hamilton, Hartington
Jennifer Cunningham, Ewing
Lawrence Sattley, Grand Island
Tabitha Klingenberg, Lincoln
4 Get More - \$10,000
Richard Hanson, Gretna
Double Diamonds - \$4,000
Kelvin Cullins, Omaha
Holiday Cash - \$3,000
Colleen Robb, Lincoln
Steven Otte, Wahoo
Ace of Spades - \$3,000
Linda Perrien, Sutton
Bonus Crossword - \$1,000
Jamison Giddings, Hastings
\$35,000 Bingo - \$1,000
Rozella Erb, Norfolk
Lucky Numbers - \$1,000
Walter Malson, Lincoln

JANUARY 2009

Powerball - \$200,000
Chuck Hemmer, Lincoln
Powerball - \$20,000
Eltan Tsabari, Omaha
Powerball - \$10,000
Whitney Engle, Omaha
Craig Crews, Kearney
Terry Sindelar, Lincoln
Chris Knudsen, Elwood
Wendell Bailey, Lincoln
Powerball - \$570
Nicholas Jordan, Bellevue
Nebraska Pick 5 - \$70,000
Mary Lehr, Duncan
Violet Wiese, Pleasanton
Nebraska Pick 5 - \$58,000
Karen Strasser, Omaha
2by2 - \$22,000
Jack Cavanaugh, Fremont

MyDaY - \$5,000

William Hocking, Hooper
Larry Nolan, Omaha
Stoy Bonner, Omaha
Perry Russell, Weeping Water
Glenda Jonas, Wahoo
Steve Pelster, La Vista
Justin Rudloff, Omaha
Nebraska Pick 3 - \$1,150
Steven Gastineau, North Platte
Nebraska Pick 3 - \$1,000
Judy Kumm, Pilger
Nebraska Pick 3 - \$800
Lynda Hepburn, Omaha
Nebraska Pick 3 - \$700
Earnestine Albert, Omaha
Ronald Miller, Lincoln
Nebraska Pick 3 - \$600
Tom Rea, Lincoln (x2)
Bob Ritonya, Omaha
Evelyn Ham, Council Bluffs, IA
Anita Klement, Ulysses
John Klement, Ulysses (x2)
A Malcom Green, Papillion
Suzanne Myers, North Platte (x2)
Anna McCoy, North Platte

Tam T Vu, Lincoln
Lisa Cerveny, Hampton
Patti Cochrane-Crites, Elm Creek
Doug Stratton, North Platte (x2)
Rayma Meyers, Omaha
Marvin Klassen, Holdrege
Jess Mullanix, Alliance
Art Sehi, Oakdale
Clark Myers, Broadwater
Helene Baustian, Gretna
Fred Clough, Omaha
Bobby Freeman, Hastings
Walter Gillund, Lincoln
Zoila Mendoza, Cozad
Mel Irish, North Platte
Robert Perkins, Bellevue
Gary Little, Doniphan
Eric Stevens, Omaha

Nebraska Pick 3 - \$550

Michael Hamilton, Bellevue
Lucky Numbers - \$150,000
Rex Luebbe, Central City

Holiday Grab Bag - \$40,000**Holiday Grab Bag - \$1,000**

Karla Cassels, Omaha

Mega Slots - \$40,000

Doran Beatty, Douglas

Mega Slots - \$1,000

Amaryllis Magnuson, Emerson

Naughty or Nice Crossword - \$35,000

Gayle Dodd, Lincoln

Naughty or Nice Crossword - \$1,000

Patti Lounsberry, Blair

Deal or No Deal - \$20,000

Kathy Dowding, Palmyra

Deal or No Deal - \$1,000

Janis Dmytriw, Omaha

Crown Jewel 7's - \$17,000

Mike Leise, Norfolk

Crown Jewel 7's - \$700

Bill Heiz, Alliance

Karen Johnson, Burwell

Tisa Kesselring, Bellevue

American Idol - \$12,000

Karen Gentry, North Platte

Quick 7's - \$7,000

Josh Brooks, Stamford

Line 'Em Up - \$5,000

Billy Layman, Beatrice

Holiday Cash - \$3,000

Loren Havekost, Blair

Gary Rohner, Kearney

Black Jack - \$2,500

Jack Kassebaum, Lincoln

Mega Cash - \$1,500

Dean Chedel, Omaha

\$150,000 High Stakes - \$1,500

Jackie Kotrous, Verdigre

\$30,000 Slots - \$1,000

Harry Hoffman, La Vista

\$50,000 Crossword - \$1,000

Daniel Nehls, Ansley

Blazing Cash - \$1,000

Larry Collins, Bellevue

Gem 7's - \$600

Pamela Broxterman, Grand Island

Vicki Wysocki, Grand Island

Destiny Maxwell, Lincoln

\$35,000 Bingo - \$500

Helen Hallowell, Omaha

FEBRUARY 2009**Powerball - \$10,000**

Ryan Stigge, Lincoln

Ronald Hansen, Sargent

Powerball - \$1,000

Scott Hevelone, Blair

Powerball - \$856

Scott Harmon, Trumbull

Nebraska Pick 5 - \$188,000

Tom Graber, Norfolk

Nebraska Pick 5 - \$156,000**Nebraska Pick 5 - \$116,000**

Nahn Danh, Lincoln

Nebraska Pick 5 - \$100,000

George Crone, Loup City

Nebraska Pick 5 - \$900

Jim McCartney, Omaha

2by2 - \$22,000

Robert Schubert, Lincoln

Ross Harrison, Plattsmouth

Anna Miller, Omaha

MyDaY - \$5,000

Tammie Keener, Columbus

Robert Lottman, Beatrice

Karen Keating, Ogallala

Scott Kalk, Beatrice

David Canada, Jr.

Roy Tipler, Omaha

Wayne Klusaw, Papillion

Karla Adler, Hastings

William Saum, Alliance

David Wallace, Bellevue

Lynn Shemek, Columbus

Nebraska Pick 3 - \$1,250

Bruce Peeks, Chappell

Nebraska Pick 3 - \$1,150

Walter Ide, Plattsmouth

Isaiah Jackson, Jr, Omaha

Nebraska Pick 3 - \$900

Amos Reed, Jr, Omaha

Nebraska Pick 3 - \$800

Jeri Hayes, Kimball

Nebraska Pick 3 - \$700

Thomas Meahan, Beaver Crossing

Steven Poore, Hastings

Nebraska Pick 3 - \$650

Sean Wirth, Lincoln

Nebraska Pick 3 - \$600

Tom Rea, Lincoln (x4)

Jerry Grashorn, Fremont

Donald Hall, Lincoln

Charles Kenton, Thedford

Lee Tinkler, Tecumseh (x2)

Jacquelyn Moore, Omaha

Mel Irish, North Platte

Paul Peister, Norfolk

Kim Schwaninger, Lincoln

Olis Garcia, So Sioux City

Jan Nieman, Lincoln

Javier Martinez Cardova, Lincoln

Chris Bartling, Omaha

Jolene Karel, Howells

Bob Butterfield, North Platte

Dave Hammons, Columbus

Edwinna Boyd, Omaha

Jess Mullanix, Alliance (x3)

Amos Reed, Jr, Omaha

Pauline Mathews, Cozad

Sanford Ratzlaff, Benedict

Lori Newsham, Wolbach

Lory Gosselin, Friend

Julianne Fleming, Omaha

Terence Powell, Omaha

Jeffrey Ellison, Torrington, WY

Lonnie Chamberlain, Omaha

Holiday Grab Bag - \$40,000

Travis Array, Gering

Bejeweled - \$35,000

Brenda Bosak, Bellevue

Bejeweled - \$1,000

Brenda Walburn, Kearney

Gem 7's - \$17,000

Lisa Spittler, Omaha

Gem 7's - \$600

Dionne Foulks, Lincoln

Scott Williams, Allen

Danielle Thompson, Wausa

\$150,000 High Stakes - \$15,000**\$150,000 High Stakes - \$1,500**

Amber Schooler-Schwaln

Quick 7's - \$7,000

Ron Belding, Beatrice

Mega Cash - \$3,000

Norm Davenport, Scottsbluff

Patrick Dougherty, Hershey

Super 7 Jackpot - \$2,700

Harold Oelschlager, Lincoln

Moolah Money - \$2,500

Sandra Wiedeman, Fremont

Go Nebraska - \$2,000

Virginia Kingsbury, Norfolk

Mountains of Money - \$2,000

Ella Barbee, Lincoln

Blazing Cash - \$1,000

Brian Slansky, Hastings

Bonus Crossword - \$1,000

Sandra Petree, Omaha

NASCAR - \$1,000

Leon Igo, Jr, Lincoln

Crown Jewel 7's - \$700

Bradley Roch, Broadwater

\$35,000 Bingo - \$500

Betti Jo Driscoll, Dunbar

MARCH 2009**Powerball - \$10,000**

James Heafey, Omaha

Nebraska Pick 5 - \$156,000

Scott Odvarka, Lincoln

Nebraska Pick 5 - \$74,000

Peggy Jeffries, Waverly

Ronald Davis, Grand Island

Nebraska Pick 5 - \$54,000

Tucker Ferguson, Wahoo

Niels Nielsen, North Platte

Nebraska Pick 5 - \$900

Glenn Blohm, Omaha

2by2 - \$22,000

Michael Hall, Norfolk

Matthew Bartak, Ewing

Stacy Thacker, Bellevue

Sidney TraBaugh, McCook

Charity Cherek, Plattsmouth

MyDaY - \$5,000

Anthony Cottone, Omaha

Michael Church, Lincoln

Cory Coutts, Ainsworth

Martin Prachar, Omaha

Nebraska Pick 3 - \$3,000

Valerie Pember, Plattsmouth

Nebraska Pick 3 - \$1,250

Connie Munh, Newport

Isaiah Jackson, Jr, Omaha

Nebraska Pick 3 - \$1,150

Kenneth Schneider, Ulysses

Nebraska Pick 3 - \$1,050

Steven Poore, Hastings

Nebraska Pick 3 - \$950

William Jones, Columbus

Madeline Stebbins, Omaha

Nebraska Pick 3 - \$700

Eugene Markowski, Oshkosh

Lanaya Layman, Lincoln

Steven Poore, Hastings

Nebraska Pick 3 - \$650

Everett Smith, Lincoln

Nebraska Pick 3 - \$600

Jacqueline Burkink, Cozad

Rita Hautzenroder, Lincoln

Paul Mollak, Omaha

David Piontek, LaVista

David Gonlaies, Hastings

Steve Pospisil, Norfolk

Debbie Tallant, Sterling

Donald Hall, Lincoln

Rodney Anderson, Omaha

Henry Greir, Omaha

Gary Stroud, Omaha

Cynthia Hanson, Gretna

Gail Phipps, Omaha

Joe Heard, Omaha

Edward Wilson, Omaha

Francis Coffey, Crete

Francisco De La Garza, Bellevue

Kenneth Schneider, Ulysses (x2)

Melanie Vanya, Kearney

Robert Ritonya, Omaha

Emanuel Hulinsky, Burwell

David Westphalen, Schuyler

Dean Mathews, Cozad

Cheryl Butters, Bellwood

Ron Matson, Papillion

Paul Mollak, Omaha

Raymond Collins, Omaha

Evelyn Ham, Council Bluffs, IA

Randy Persinger, So Sioux City

Nebraska Pick 3 - \$550

Melvin Northrup, Lincoln

Lucky Number - \$150,000

Raymond Marshall, Cozad

Mega Cash - \$100,000

Mark Dahlsten, Lincoln

Beat the House - \$50,000**Bonus Crossword - \$35,000**

Hung Van Ngo, Lincoln

Bonus Crossword - \$1,000

Gary Rabbuss, Norfolk

Wild Cherry - \$10,000

Kevin Edwards, Papillion

NASCAR - NASCAR Trip

Gene Demaray, Grand Island

NASCAR - \$1,000

Kelli Solway, Sutton

Shelli Laursen, Lincoln

Quick 7's - \$7,000

Charley Endo, Omaha

Mary Lou Hickey, Elkhorn

Double Diamonds - \$4,000

Tera Christensen, Grand Island

9 Ball - \$3,600

Cindy Schluter, Lincoln

Big Dog Bucks - \$3,000

Anthony Hasenpflug, Creighton

\$150,000 High Stakes - \$1,500

David Schmidt, Hastings

Consuelo Straw, Bellevue

Word Search - \$1,000

Mindi Burke, Valley

American Idol - \$1,000

Maria Nieto, Grand Island

Sapphire Blue 7's - \$700

Donovan Tolle, Maxwell

Gem 7's - \$600

Devereaux Wachtel, Lincoln

Orville Hilton, Gothenburg

Dave Buser, Diller

Linda Cochrane, Lexington

APRIL 2009**Powerball - \$200,000**

Leroy Bochnicek, Papillion

Powerball - \$10,000

Mark Hansen, Lincoln

Tabitha Matchett, Albion

Nebraska Pick 5 - \$102,000

Pamela Makovicka, Lincoln

Nebraska Pick 5 - \$86,000

Huong Thi Dang, Lincoln

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Beat The House - \$1,000
 Tony Scheibhofer, Omaha
Crown Jewels - \$1,000
 David Brooks, Lincoln
American Idol - \$1,000
 John Demler, Omaha
Sapphire Blue 7's - \$700
 Scott Morgan, Lexington, KY
 Jennifer Wolford, Kearney
Gem 7's - \$600
 Ronald Sempek, Columbus
 Henry Frye, Jr, Morrill
 Angela Miller, Omaha
 Karen Kraft, Hastings

MAY 2009

Nebraska Pick 5 - \$126,000
 Ronald Spence, Aurora
Nebraska Pick 5 - \$927
 James Lindsay, Omaha
2by2 - \$22,000
 Timothy Mihulka, Columbus
Powerball - \$10,000
 Noutsa Phone Malavong, South Sioux City
 Lavina Mody, Geneva
MyDaY - \$5,000
 Donna Mach, Lincoln
Nebraska Pick 3 - \$1,150
 Denise Griess, Hastings
Nebraska Pick 3 - \$1,050
 Susan Knapp, St Paul
Nebraska Pick 3 - \$700
 Carol Meedel, Lincoln
Nebraska Pick 3 - \$600
 Dawn Thumser, Plattsmouth
 Norvell Ware, Omaha
 Robert Ritonya, Omaha
 Edgar Hayes, Bellevue
 Peter Neddo, Bellevue
 Adolphe Denovellis, Lincoln
 Carrol Tetschner, Burwell
 Sanford Ratzlaff, Benedict
 Floyd Knodel, Fremont
 George Roasch, North Platte
 Luther Givehand, Nebraska City
 Jean-Albert Azehko, Omaha
 Richard Zayas, Omaha
 Alvin Motley, Bellevue (x4)
 Hien Ngoc Nguyen, Lincoln
 John Barker, Lincoln
 Sharon Westphalen, Schuyler
 Dorothy Klanecky, Hastings
 Jess Mullanix, Alliance (x3)
 Edwinna Boyd, Omaha
 Dorothy Balkus, Omaha
 MaryAnn Faller, Hiawatha, KS
 Gary Little, Doniphan (x2)
 Emanuel Hulinsky, Burwell (x3)
 Donald R Smith, Elwood
 Ronald Black, York
 Johnnie Arnold, Lincoln
 Alice Quintana, Denver, CO
 Suzanne Myers, North Platte
 Lorraine Hill, North Platte
 Roxanne Duran, North Platte
 Stanley Harrison, Omaha
 Sharon Christensen, Cozad
 Roxane Miller, Imperial
 Fred Clough, Omaha
Sapphire Blue 7's - \$50,000
 Linda Thagard, Superior
\$35,000 Bingo - \$35,000
 Cynthia Willadsen, Eagle
\$35,000 Bingo - \$1,000

Amber Jeffres, Thornton, CO
 Lynne Clear, Omaha
Nebraska Wildlife - \$10,000
 Marcelino Hernandez, Morrill
NASCAR - Race Track Trip
 Scott Geist, Kearney
NASCAR - \$1,000
 Aleksey Chebanenko, Waverly
Quick 7's - \$7,000
 Eileen Anderson, Papillion
\$150,000 High Stakes - \$1,500
 Nicholas Nelson, Blair
Bonus Crossword - \$1,000
 Mirna Duran, Grand Island
Super Crossword - \$1,000
 Amber Bednar, Lincoln
Crown Jewels - \$1,000
 Martin Ceballos, Lexington
Wild 10's - \$1,000
 Kami Feinblatt, Columbus
\$35,000 Winning Combination
 Diana Want, Columbus
Word Search - \$1,000
 Stacie Jording, McCook

JUNE 2009

Powerball - \$1,000,000
 Scott Leatherman, Wallace
Powerball - \$200,000
 Ervon McGinnes III, Omaha
Powerball - \$10,000
 Josephine Harris, St Paul
 Dorothy Gotschall, Columbus
 Duane Cooper, Lincoln
 Richard Mitchell, Omaha
 Kenneth Versaw, Bennett
Nebraska Pick 5 - \$138,000
 Don Frey, Kearney
Nebraska Pick 5 - \$900
 Daniel Martin, Bellevue
 Tatjana Sutej, Omaha
2by2 - \$22,000
 Tiffany Seager, Omaha
 Jeanne Walter, Waverly
MyDaY - \$5,000
 Kenneth Sabata, Valparaiso
 Jocelyn Davis, Strang
 Jaime Hinton, Plattsmouth
 Mary Harrison, Plattsmouth
 Roseann Stillmock, Omaha
Nebraska Pick 3 - \$1,200
 Jose Blanco Castillo, Omaha
 Josephine McKissick, Papillion
Nebraska Pick 3 - \$700
 Kim Bilstein, Battle Creek
Nebraska Pick 3 - \$600
 Stan Kubec, Elkhorn
 Golda McConnell, Lincoln
 William Askew, Omaha
 Tom Rea, Lincoln (x3)
 Jeffrey Phelps, Bellville OH
 John Barker, Lincoln
 Edwinna Boyd, Lincoln
 Paul Mollak, Omaha
 Ngoc Doan, Lincoln (x2)
 Ann Wilson, Lincoln
 Pedro Cordova, Clovis NM
 Deboria Fisher, Lincoln
 Dorothy Klanecky, Hastings
 Ed Klanecky, Hastings
 Ron Matson, Papillion
 Stanley Harrison, Omaha
 Charles Morris, North Platte

Jess Mullanix, Alliance
 Glen Leech, Lincoln
 Mary Barr, Wolbach
 Katie DeVore, Edgar
 Geraldine Sugden, Oakdale
 Jennifer Martinez, Grand Island
 Jacque Rue, Crete
 William Hoselton, Hastings
 Eddie Mae Elem, Omaha
 Sanford (Sandy) Ratzlaff, Benedict
 Angi Hautzenroder, Lincoln
 Rodney Mason, Bellevue
 Lyle Meyer, Norfolk
 Wallace Magsby, Lincoln
 Dawn Thumser, Plattsmouth
 Georgette McCoy, Lincoln
 Lanaya Layman, Lincoln
 Carrol Tetschner, Burwell
 Colleen Puffer, Herman
 Robert Ritonya, Omaha
 Lyle Meyer, Norfolk
 Mary Hancock, Omaha
 Melvin Rein, Gering
 Jim Heflinger, Omaha
 Harold Heiser, Lincoln
 Melvin Northrup, Lincoln
 Michele Ballagh, Burwell
 Wilson Danquah, Omaha
 NE Pick 3 - \$600 cont.
 Melanie Parker, Bellevue (x2)
 Gloria Jackson, Omaha (x2)
 Deanna Reed, Lincoln
 Diane Dees, Omaha
 Sharon Bopp, Grand Island
 Markita Smith, Omaha
 Gregg Huerta, Hastings
 Velma Miller, Lincoln
 Ana Morales, Norfolk (x2)
Wild 10's - \$100,000
 John McRae, McCook
Crown Jewels - \$50,000
 Jeffery Mielak - Columbus
Blazing Cash - \$50,000
 Gary Little - Doniphan
Sapphire Blue 7's - \$50,000
 Debra Novotny, Neligh
Truck\$ & Buck\$ - Truck
 Bryan Brogren, Lincoln
 Dwayne Coleman, Omaha
Truck\$ & Buck\$ - \$1,000 Ethanol Gas Card
 Jackie Brown, Lincoln
Bonus Crossword - \$35,000
 Laura Tournade, McCook
Bonus Crossword - \$1,000
 Vollie Penrod, Omaha
 Jami Engelhardt, Kearney
\$35,000 Bingo - \$35,000
 Kim Phoung Nguyen, Omaha
\$35,000 Bingo - \$1,000
 Betty Naylor, Sioux City, IA
8 Times Lucky - \$8,000
 Arthur Mackey, Falls City
Quick 7's - \$7,000
 Eileen Matthies, Norfolk
Lucky Numbers - \$4,000
 Pamela Ward, Norfolk
Super 7 Jackpot - \$2,700
 Marilyn Anderson, Ainsworth
Gem 7's - \$600
 Kevin Haase, Norfolk

Financial Statements



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
 State Auditor

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 402-471-2111, Fax 402-471-3301
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NEBRASKA LOTTERY

INDEPENDENT AUDITOR'S REPORT

State Tax Commissioner
 Nebraska Department of Revenue, Lottery Division

We have audited the accompanying financial statements of the business-type activities of the Nebraska Lottery as of and for the fiscal year ended June 30, 2009, which collectively comprise the Nebraska Lottery's basic financial statements, which include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These financial statements are the responsibility of the Nebraska Lottery's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Nebraska Lottery, a division of the Nebraska Department of Revenue, are intended to present the financial position and changes in financial position of only that portion of the business-type activities of the State that is attributable to the transactions of the Nebraska Lottery. They do not purport to, and do not, present fairly the financial position of the business-type activities of the State of Nebraska as of June 30, 2009, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Nebraska Lottery, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2009, on our consideration of the Nebraska Lottery's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Nebraska Lottery's basic financial statements. The statistical information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The statistical information schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Signed Original on File

October 15, 2009

Timothy J. Channer, CPA
Assistant Deputy Auditor

(The Nebraska Lottery has not included the Management's Discussion and Analysis (MD&A), the statistical information schedules, and the Report on Internal Control over Financial Reporting and on Compliance and Other Matters, as noted above, in this annual report. The MD&A is required supplementary information that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements. The additional schedules, MD&A, and the Report on Internal Control over Financial Reporting and on Compliance and Other Matters can be obtained from the Nebraska Lottery.)

Statement Of Net Assets

As of June 30, 2009

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$ 6,487,100
Accounts Receivable, Net of Allowance (Note 4)	5,590,168
MUSL Receivable	574,643
Prepaid Prizes	91,418
Prepaid Contract Costs - Instant	264,880
TOTAL CURRENT ASSETS	<u>13,008,209</u>

NONCURRENT ASSETS:

Reserves on Deposit (Note 6)	1,895,995
Capital Assets:	
Furniture, Fixtures, and Equipment (Note 5)	359,947
Less: Accumulated Depreciation	(324,979)
Total Capital Assets, Net	<u>34,968</u>
TOTAL NONCURRENT ASSETS	<u>1,930,963</u>

TOTAL ASSETS

\$14,939,172

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	\$90,603
Vendors Payable	1,418,114
Compensated Absences Payable (Note 7)	17,239
Accrued Payroll Payable	88,278
Withheld Taxes on Prizes Paid	45,143
Prizes Payable	6,236,908
Due to Other Funds	22,444
Other Accrued Liabilities	155,028
TOTAL CURRENT LIABILITIES	<u>8,073,757</u>

NONCURRENT LIABILITIES:

Compensated Absences Payable (Note 7)	229,035
TOTAL NONCURRENT LIABILITIES	<u>229,035</u>

TOTAL LIABILITIES

8,302,792

NET ASSETS

Invested in Capital Assets	34,968
Restricted for Future Prizes (Note 6)	1,895,995
Unrestricted (Note 10)	4,705,417
TOTAL NET ASSETS	<u>6,636,380</u>

TOTAL LIABILITIES AND FUND EQUITY

\$ 14,939,172

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement Of Revenue Expenses And Changes In Net Assets

For The Year Ended June 30, 2009

OPERATING REVENUE:

Sales	\$126,801,727
Less: Sales Returns	3,550,795

TOTAL OPERATING REVENUE 123,250,932

OPERATING EXPENSES:

Prize Expense	71,860,963
Retailer Commissions	7,673,738
Contractual Services Expense	8,840,094
Marketing	4,454,810
Lottery Operating	1,846,409

TOTAL OPERATING EXPENSES 94,676,014

OPERATING INCOME 28,574,918

NONOPERATING REVENUES:

Interest Income	532,551
Multi-State Lottery Association Income	177,832

TOTAL NONOPERATING REVENUES 710,383

INCOME BEFORE TRANSFERS 29,285,301

TRANSFERS TO OTHER FUNDS (Note 9) (30,245,118)

CHANGE IN NET ASSETS (959,817)

TOTAL NET ASSETS, BEGINNING OF YEAR 7,596,197

TOTAL NET ASSETS, END OF YEAR \$ 6,636,380

The accompanying Notes to the Financial Statements are an integral part of this statement.

Statement Of Cash Flows

For The Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Ticket Sales	\$123,087,823
Prizes Paid to Winners	(71,992,581)
Commissions Paid to Retailers	(7,676,719)
Paid to Contractors for Goods and Services	(13,293,213)
Paid to Employees	(1,330,433)
Other Operating Expenses	(386,879)
Powerball® Grand Prize Winner Receipts from MUSL	5,030,000
Payments to Powerball® Grand Prize Winners	(5,030,000)
Net Cash Provided by Operating Activities	<u>28,407,998</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Paid to Education Innovation Fund	(5,874,663)
Paid to Nebraska Scholarship Fund	(7,361,918)
Paid to State Fair Support and Improvement Fund	(2,974,509)
Paid to Environmental Trust Fund	(13,236,576)
Paid to Compulsive Gamblers Assistance Fund	(797,451)
Net Cash Used in NonCapital Financing Activities	<u>(30,245,117)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of Property and Equipment	<u>(13,646)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on Cash	532,551
Multi-State Lottery Association Income	86,222
Net Cash Provided by Investing Activities	<u>618,773</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (1,231,992)

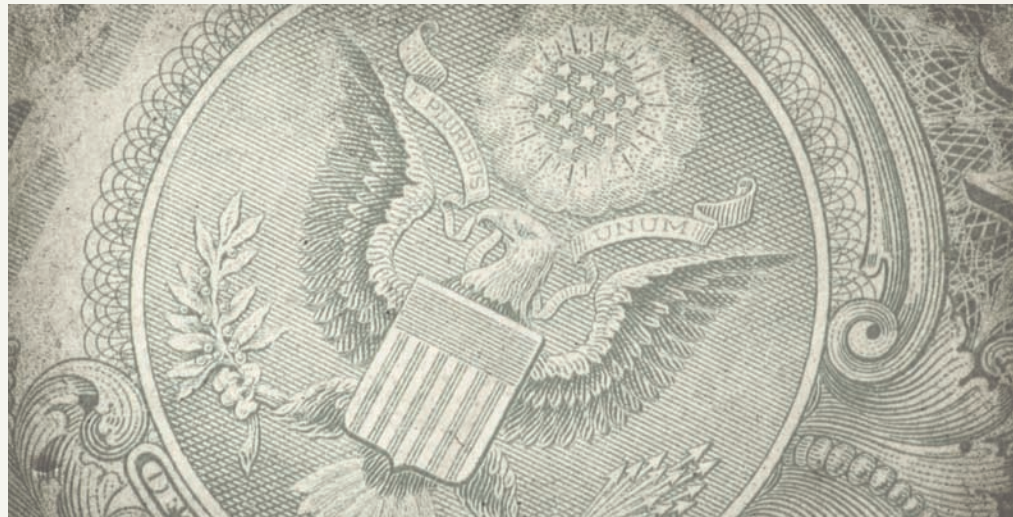
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 7,719,092

CASH AND CASH EQUIVALENTS AT END OF YEAR 6,487,100 \$

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Income	\$ 28,574,918
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	14,368
Changes in Assets (Increase) Decrease in:	
Reserves on Deposit	(126,434)
Prepaid Prizes	110,312
Accounts Receivable (Net)	(372,532)
Prepaid Contract Costs - Instant	63,684
Changes in Liabilities Increase (Decrease) in:	
Other Accrued Liabilities	25,686
Accounts Payable and Due to Other Funds	(743,371)
Prizes Payable	723,847
Compensated Absences and Accrued Payroll Payable	29,592
Withheld Taxes on Prizes Paid	5,218
Vendor Payable	102,710
Total Adjustments	<u>(166,920)</u>
Net Cash Provided by Operating Activities	<u>\$ 28,407,998</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.



Notes To The Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying basic financial statements of the Nebraska Lottery have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. As the Nebraska Lottery is a business-type activity, the financial statements presented are the financial statements required by Governmental Accounting Standards Board (GASB) Statement Number 34 for an enterprise fund. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements have been prepared primarily from data maintained by the Nebraska Lottery on computer systems provided by the instant and on-line game vendors and from accounts maintained by the State Accounting Administrator of the Nebraska Department of Administrative Services (DAS).

B. Reporting Entity

The Nebraska Lottery was established on February 24, 1993, by the Nebraska Legislature as a division of the Nebraska Department of Revenue, which is a State agency established under and governed by the laws of the State of Nebraska. As such, the Nebraska Lottery is exempt from State and Federal income taxes. The financial statements include all funds of the Nebraska Lottery. The Nebraska Lottery is to provide an instant win and a random number selection on-line lottery. The net proceeds as outlined in Neb. Rev. Stat. § 9-812 (Reissue 2007), are to be transferred to the Education Innovation Fund, the Nebraska Scholarship Fund, the Nebraska Environmental Trust Fund, and the Compulsive Gamblers Assistance Fund. As of January 1, 2005, Neb. Const. art. III, Section 24, Amendment 4, required an additional transfer to the State Fair Support and Improvement Cash Fund, a fund of the State Fair Board. The financial statements include only the Nebraska Lottery and are not intended to present the financial position of the Nebraska Department of Revenue or the results of operations and changes in fund balances of the Department as a whole. The Nebraska Department of Revenue is part of the primary government for the State of Nebraska's reporting entity.

The Nebraska Lottery has also considered all potential component units for which it is financially accountable, and other organizations which are fiscally dependent on the Nebraska Lottery, or the significance of their relationship with the Nebraska Lottery is such that exclusion would be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Nebraska Lottery to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Nebraska Lottery.

These financial statements present the Nebraska Lottery. No component units were identified.

C. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Nebraska Lottery financial statements were reported using the economic resources measurement focus and the accrual basis of accounting. With the economic resources measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Fund equity (i.e., net total assets) is segregated into restricted and unrestricted net assets. The Nebraska Lottery's operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Revenues generated from the sale of lottery tickets are reported as operating revenues. Transactions which are capital financing, non-capital financing, or investing related are reported as non-operating revenues. All expenses related to operating the Nebraska Lottery are reported as operating expenses. All other expenses are reported as non-operating expenses.

Instant ticket revenue is recognized when tickets are sold to the retailer and on-line revenue is recognized after the drawing is completed for the respective wagers. A 5% or 6% retailer commission and prize expense are recognized at the same time. Revenues from the sale of on-line tickets for future drawings and the related agent commission and prize expense are deferred until the drawings are held.

Prize expense is recognized in the same period ticket revenue is recognized based on the predetermined prize structure for each game. Because the instant prize winning tickets are randomly distributed throughout the tickets and because some winning tickets will be lost, destroyed, or unredeemed for other reasons, there will be differences between amounts accrued and the amounts actually paid. These differences, denoted as unclaimed prizes, are recognized as a reduction of prize expense 181 days after the close of each instant game and 181 days after each draw for on-line games as prizes unclaimed for 180 days expire. Total unclaimed prizes for the fiscal year ended June 30, 2009, was \$2,222,611.

In September 1993, GASB issued Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting." This Statement is effective for financial statement periods beginning after December 15, 1993. As permitted by the Statement, the Nebraska Lottery has elected not to adopt Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, unless GASB specifically adopts such FASB statements or interpretations.

The activities of the Nebraska Lottery are accounted for as an enterprise fund. Enterprise funds are used to account for governmental operations that are financed and operated in a manner similar to private business enterprises, and where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net assets is appropriate.

D. Cash and Cash Equivalents

In addition to bank accounts and petty cash, this classification includes all short-term investments such as certificates of deposit, repurchase agreements, and U.S. treasury bills. These short-term investments may have original maturities (remaining time to maturity at acquisition) greater than three months; however, cash is available and is considered cash and cash equivalents for reporting purposes. These investments are stated at cost, which at June 30, 2009, approximates market. Banks pledge collateral, as required by law, to guarantee State funds held in time and demand deposits.

Cash and cash equivalents are under the control of the State Treasurer or other administrative bodies as determined by law. Investments of all available cash is made by the State Investment Officer on a daily basis, based on total bank balances. These funds are held in the State of Nebraska Operating Investment Pool (OIP), an internal investment pool. Interest earned on these investments

is allocated to funds based on their percentage of the investment pool. Additional information on the deposits and investments portfolio including investment policies, risks, and types of investments can be found in the State of Nebraska's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009.

E. Budgetary Process

The State's biennial budget cycle ends on June 30 of the odd-numbered years. By September 15, prior to a biennium, the Nebraska Lottery and all other State agencies must submit their budget requests for the biennium beginning the following July 1. The requests are submitted on forms that show estimated funding requirements by programs, sub-programs, and activities. The Executive Branch reviews the requests, establishes priorities, and balances the budget within the estimated resources available during the upcoming biennium.

The Governor's budget bill is submitted to the Legislature in January. The Legislature considers revisions to the bill and presents the appropriations bill to the Governor for signature. The Governor may: a) approve the appropriations bill in its entirety, b) veto the bill, or c) line item veto certain sections of the bill. Any vetoed bill or line item can be overridden by a three-fifths vote of the Legislature.

The approved appropriations will generally set spending limits for a particular program within the agency. Within the agency or program, the Legislature may provide funding from one to five budgetary fund types. Thus, the control is by fund type, within a program, within an agency. Appropriations are usually made for each year of the biennium, with unexpended balances being reappropriated at the end of the first year of the biennium. For most appropriations, balances lapse at the end of the biennium.

All State budgetary expenditures for the enterprise fund type are made pursuant to the appropriations, which may be amended by the Legislature, upon approval by the Governor. State agencies may reallocate the appropriations between major objects of expenditure accounts, except that the Legislature's approval is required to exceed the personal service limitations contained in the appropriations bill. Increases in total appropriations must also be approved by the Legislature as a deficit appropriations bill. Revenues are not budgeted.

F. Receivables and Related Allowance for Uncollectible Amounts

Receivables are reported net of estimated allowances for uncollectible amounts which is estimated based upon past collection experience and current economic conditions

G. Capital Assets

Capital assets include equipment which is valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

Generally, equipment which has a cost in excess of \$1,500 at the date of acquisition and has an expected useful life of two or more years is capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or extend asset life is not capitalized.

Equipment is depreciated using the straight line method over the estimated useful lives of three to seven years.

H. Compensated Absences

All permanent employees working for the Nebraska Lottery earn sick and annual leave and are allowed to accumulate compensatory leave rather than being paid overtime. Temporary and intermittent employees are not eligible for paid leave. The liability has been calculated using the vesting method, in which leave amounts, for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination, are included.

Nebraska Lottery employees accrue vested annual leave at a variable rate based on years of service. Generally, accrued annual leave cannot exceed 35 days at the end of a calendar year. Employees accrue sick leave at a variable rate based on years of service. In general, accrued sick leave cannot exceed 180 days. There is no maximum limit on the accumulation of sick leave days for employees under certain labor contracts. Sick leave is not vested except upon death or upon reaching the retirement eligibility age of 55, or at a younger age if the employee meets all criteria necessary to retire under the primary retirement plan covering his/her State employment, at which time the State is liable for 25 percent of the employee's accumulated sick leave. Employees under a certain labor contract can only be paid a maximum of 60 days.

The Nebraska Lottery financial statements recognize the expense and accrued liability when vacation and compensatory leave is earned or when sick leave is expected to be paid as termination payments.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at fiscal year end and revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CONTINGENCIES AND COMMITMENTS

Risk Management. The Nebraska Lottery is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors or omissions, injuries to employees, and natural disasters. The Nebraska Lottery, as part of the primary government for the State, participates in the State's risk management program. DAS is responsible for maintaining the insurance and self-insurance programs for the State. The State generally self-insures for general liability, employee health care, employee indemnification, and workers' compensation. The State has chosen to purchase insurance for:

- A. Motor vehicle liability, which is insured for the first \$5 million of exposure per accident with a self-insured retention of \$300,000 per accident, except for accidents involving vehicular pursuit, which have a \$1,000,000 self-insured retention per accident. Insurance is also purchased for physical damage and uninsured and underinsured motorists with various limits and deductibles. State agencies have the option to purchase coverage for physical damage to vehicles.
- B. Life insurance for eligible employees.
- C. Crime coverage, with a limit of \$31 million for each loss, and a \$25,000 self-insured retention per incident subject to specific conditions, limits, and exclusions.
- D. Real and personal property on a blanket basis for losses up to \$250,000,000, with a self-insured retention of \$200,000 per loss occurrence. Newly acquired properties are covered up to \$5,000,000 for 120 days or until the value of the property is reported to the insurance company. The perils of flood, earthquake, and acts of terrorism have various coverage, sub-limits, and self insurance. State agencies have the option to purchase building contents and inland marine coverage.

Details of the various insurance coverages are available from DAS Division of Risk Management.

No settlements exceeded commercial insurance coverage in any of the past three fiscal years. Health care insurance is funded in the Insurance Trust Funds through a combination of employee and State contributions. Workers' compensation is funded in the Workers' Compensation Internal Service Fund through assessments on each agency based on total agency payroll and past experience. Tort claims, theft of, damage to, or destruction of assets, errors or omissions, and natural disasters would be funded through the State General Fund or by individual agency assessments as directed by the Legislature, unless covered by purchased insurance. No amounts for estimated claims have been reported in the Nebraska Lottery's financial statements.

Litigation. The potential amount of liability involved in litigation pending against the Nebraska Lottery, if any, could not be determined at this time. However, it is the Nebraska Lottery's opinion that final settlement of those matters should not have an adverse effect on the Nebraska Lottery's ability to administer current programs. Any judgment against the Nebraska Lottery would have to be processed through the State Claims Board and be approved by the Legislature.

3. STATE EMPLOYEES RETIREMENT PLAN (PLAN)

The single-employer plan became effective by statute on January 1, 1964. The plan consists of a defined contribution option and a cash balance benefit. The cash balance benefit is a type of defined benefit plan. Each member employed and participating in the retirement system prior to January 1, 2003, elected to either continue participation in the defined contribution option or begin participation in the cash balance benefit. The defined contribution option is closed to new entrants. All new members of the Plan on and after January 1, 2003, become members of the cash balance benefit. Additionally, on or after November 1, 2007, but before January 1, 2008, members who were employed and participating in the retirement system could elect to continue participation in the defined contribution option or elect to participate in the cash balance benefit. Members who elected to participate in the cash balance benefit during this timeframe commenced participation in the cash balance benefit on January 1, 2008. The benefits and funding policy of the Plan is established and can only be amended by the Nebraska Legislature.

All permanent full-time employees are required to begin participation in the retirement system upon employment. All permanent part-time employees, who have attained the age of twenty years, may exercise the option to begin participation in the retirement system.

Contribution. Per statute, each member contributes 4.8% of his or her monthly compensation. The Nebraska Lottery matches the member's contribution at a rate of 156%. The employee's and employer's contributions are kept in separate accounts.

The employee's account is fully vested. The employer's account is fully vested after a total of three years of participation in the system, including credit for participation in another Nebraska governmental plan prior to actual contribution to the Plan.

Defined Contribution Option. Upon attainment of age 55, regardless of service, the retirement allowance shall be equal to the sum of the employee and employer account. Members have several forms of payment available, including withdrawals, deferrals, annuities, or a combination of these.

Cash Balance Benefit. Upon attainment of age 55, regardless of service, the retirement allowance shall be equal to the accumulated employee and employer cash balance accounts, including interest credits, annuitized for payment in the normal form. The normal form of payment is single life annuity with five year certain, payable monthly. Members will have the option to convert their member cash balance account to a monthly annuity with built in cost-of-living adjustments of

2.5% annually. Also available are additional forms of payment allowed under the Plan which are actuarially equivalent to the normal form, including the option of lump-sum or partial lump-sum.

For the fiscal year ended June 30, 2009, employees contributed \$50,198 and the Nebraska Lottery contributed \$78,309. A separate plan report is issued and can be obtained from the Nebraska Public Employees Retirement System. This report contains full pension-related disclosures.

The State of Nebraska Comprehensive Annual Financial Report (CAFR) also includes pension related disclosures. The CAFR report is available from DAS Accounting Division or on the Nebraska Auditor of Public Accounts website at www.auditors.state.ne.us.

4. RECEIVABLES

Retailers comprised principally of grocery stores, convenience stores, and off sale liquor stores serve as the primary distribution channel for lottery sales to the general public. No one retailer accounts for a significant amount of the Nebraska Lottery's sales or accounts receivable. Retailers must pay for instant lottery tickets 45 days after activation or when the pack is 70% validated whichever comes first. Retailers pay for on-line tickets each Wednesday for balances due through the previous Saturday. The retailer's accounts receivable is net of allowance for uncollectible in the amount of \$56,474.

Accounts Receivable:	
Retailers (net)	\$4,969,815
Other	1,194,996
Total	<u>\$6,164,811</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Total Capital Assets	\$ 422,256	\$ 13,646	\$ 75,955	\$ 359,947
Total Accumulated Depreciation	386,566	14,368	75,955	324,979
Total Capital Assets, Net	<u>\$ 35,690</u>	<u>\$ (722)</u>	<u>\$ 0</u>	<u>\$ 34,968</u>

6. ON-LINE GAMES

During the fiscal year ended June 30, 2009, the Nebraska Lottery offered a variety of on-line games as described in the following table.

Game Name	Operated by	Nebraska's Share of Prize Reserves
Powerball®	MUSL	\$ 1,768,313
Nebraska Pick 5®	Nebraska Lottery	n/a
Nebraska Pick 3®	Nebraska Lottery	n/a
MyDaY®	Nebraska Lottery	n/a
2by2®	MUSL	127,682
		<u>\$ 1,895,995</u>

The Nebraska Lottery is a member of the Multi-State Lottery Association (MUSL), which operates games on behalf of participating state lotteries. Each MUSL member sells on-line game tickets through its agents and makes weekly payments to MUSL in an amount equal to each game's prize structure, less amounts retained for prizes paid directly to the winners by each member lottery. MUSL maintains prize reserve funds on each game to serve as a contingency reserve to protect from unforeseen prize liabilities. The money in these reserve funds is to be used at the discretion of the MUSL Board of Directors. The prize reserve funds are refundable to MUSL members if MUSL disbands or if a member leaves MUSL. Members leaving MUSL must wait one year before receiving their remaining share of the prize reserve funds.

The Powerball® grand prize can be paid either as annual installments or a lump sum cash payment, depending on the selection of the winner when claiming the prize. If the winner selects annual installments, MUSL purchases bonds which are held in trust to fund the future installments. Maturities are staggered in order to provide adequate cash flow for each installment. MUSL is responsible for paying amounts owed to the grand prize winners. The assets and related liabilities are reflected in MUSL's financial statements and, therefore, are not reflected in the Nebraska Lottery's financial statements.

7. NONCURRENT LIABILITIES

Changes in noncurrent liabilities for the year ended June 30, 2009, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Compensated Absences	<u>\$224,583</u>	<u>\$37,412</u>	<u>\$15,721</u>	<u>\$246,274</u>	<u>\$17,239</u>

8. LEASE COMMITMENTS

The minimum annual office lease payments for operating leases as of June 30, 2009, are as follows:

Year	Amount
2010	\$ 49,753
2011	49,754
2012	49,754
2013	51,137
2014	52,060
2015-2017	162,022
Total	<u>\$414,480</u>

Total operating lease payments for the fiscal year ended June 30, 2009, were \$49,753.

9. SIGNIFICANT COMPLIANCE REQUIREMENTS

The Nebraska Constitution establishes the basic requirements for the transfer of lottery ticket sales to certain beneficiary funds. The portion designated for the education beneficiary can be amended by the Legislature. Neb. Rev. Stat. § 9-812 (Reissue 2007), as amended, identifies the specific requirement and

they are as follows: Beginning October 1, 2003, and until July 1, 2009, a portion of the dollar amount of the lottery tickets, which have been sold on an annualized basis, shall be transferred to the beneficiary funds, except that the dollar amount transferred shall not be less than the dollar amount transferred to the funds in fiscal year 2003. Neb. Rev. Stat. § 9-812 (Reissue 2007), as amended, further requires the following: Of the money remaining after the payment of prizes and operating expenses, the first five hundred thousand dollars shall be transferred to the Compulsive Gamblers Assistance Fund. Of the money remaining after the payment of prizes, operating expenses, and transfer to the Compulsive Gamblers Assistance Fund, nineteen and three-fourths percent shall be transferred to the Education Innovation Fund, twenty-four and three-fourths percent shall be transferred to the Nebraska Scholarship Fund, forty-four and one-half percent shall be transferred to the Nebraska Environmental Trust Fund, ten percent shall be transferred to the State Fair Support and Improvement Cash Fund, and one percent shall be transferred to the Compulsive Gamblers Assistance Fund.

As required under its enabling legislation, transfers of \$30,245,118 were made to other funds during the fiscal year.

The Nebraska Lottery develops game structures to comply with the minimum prize provision of its enabling legislation, which requires a minimum of forty percent must be paid in prizes. Prizes are redeemable for 180 days after game end or applicable on-line drawing.

The Nebraska Lottery compares the social security number of each winner that has a per wager prize in excess of \$500 against a list of social security numbers having an outstanding State tax liability or delinquent child support payments. Any delinquent payments are withheld from winnings and forwarded to the appropriate State agency. During the fiscal year, the Nebraska Lottery collected \$4,938 in delinquent State taxes and \$49,301 in delinquent child support payments.

Operating Transfers In/Out will not balance and Due To/From Other Funds will not balance, within the Nebraska Lottery's financial statements, as the Nebraska Lottery only represents part of the State's primary government.

10. NET ASSETS

The Nebraska Lottery's unrestricted net assets represent funds not legally restricted for any specific purpose. The funds, however, may only be used to fund additional prize pay-outs, transfers to the beneficiary funds or additional operating expenses of the Nebraska Lottery. It is management's intention to use the unrestricted net assets to fund additional prize pay-outs, retailer incentives, and other game enhancements.

11. RECONCILIATION OF BANK RECORDS TO THE STATE'S GENERAL LEDGER

Through their bank reconciliation procedures, DAS State Accounting identified a variance between the State Treasurer's bank statements and the State's balances in the general ledger (NIS). The bank records were short as compared to the accounting records. Monthly reconciliations were completed by DAS State Accounting for July 2005 through May 2009. The variance between the bank records and the balance in NIS was consistent at \$1,065,210 for all the months noted. DAS State Accounting reduced the total Operating Investment Pool (OIP) interest distributed to each agency in June 2009. The total OIP interest distributed was reduced by \$897,282, which consisted of the net of the \$1,065,210 variance between the bank records and accounting records, and \$167,928 of other miscellaneous adjustments. As of June 30, 2009, there was no variance between the bank records and the accounting records. The effect on the Nebraska Lottery's financial statements was not significant.