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ANNUAL REPORT
AND RESOURCE GUIDE



ANNUAL REPORT
July 1, 2006 through June 30, 2007
RESOURCE GUIDE

Organizations engaged in the development and sale of consumer goods are continually working to improve their offerings and engage customers. As those organizations mature and explore ways to improve, it is not unusual for major operational changes to take place in areas such as facilities, organization, and distribution.

The Nebraska Lottery combined product innovation with operational changes during Fiscal Year 2006-2007, and the results were positive. Not only did sales continue on an upward trend, but public awareness of the organization continued to grow, and new initiatives have set the stage for increased efficiency and enhanced service to retailers and players alike.

This Annual Report and Resource Guide documents the activities, events and outcomes that made 2006-2007 another successful year for the Nebraska Lottery.

A handwritten signature in black ink, reading "Douglas A. Ewald", written over a horizontal line.

Douglas A. Ewald, State Tax Commissioner

A handwritten signature in black ink, reading "James M. Haynes", written over a horizontal line.

James M. Haynes, Director

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GENERAL INFORMATION



The Nebraska Lottery sells \$1, \$2, \$3, \$5, \$10 and \$20 Scratch tickets, with prizes ranging from a

free \$1 ticket up to \$250,000. 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, Nebraska Pick 3 and Nebraska Pick 5. 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. 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 37 people across the state.

The Nebraska Lottery contracts for advertising development and marketing related services with Ayres Kahler Brand Navigation of Lincoln and Omaha.

Security and audit services are provided under contract with other Nebraska firms.

There are 20 Nebraska Lottery headquarters employees, providing accounting, marketing and communication, systems and general administration services from a new location in downtown Lincoln.

COMBINED NEBRASKA LOTTERY, CHARITABLE GAMING OPERATIONS RELOCATED



operations

During the latter half of the fiscal year, Nebraska Lottery and Charitable Gaming Division of the Nebraska Department of Revenue underwent a reorganization.

After nearly 15 years operating as separate areas of the Department of Revenue, the two divisions have been merged into an organizational business unit under a single administrator.

As divisions of the Nebraska Department of Revenue, the Nebraska Lottery and Charitable Gaming Division represent a different set of operating circumstances than those of most aspects of the Department. However, both units share some functional similarities as they relate to gaming, retail outlets, and oversight of product manufacturing and distribution.

Under the direction of State Tax Commissioner Doug Ewald, and in keeping with Governor Dave Heineman's emphasis on increasing government efficiency, the relevant functionalities of the two divisions were identified and merger plans drawn-up.

The combined operations are under the direction of Jim Haynes, who was named to the position in December of 2006. In addition to serving as administrator of the Charitable Gaming Division since 2001, Haynes had been acting Lottery Director since 2004. A University of Nebraska Lincoln Business Administration graduate, and retired Lincoln police officer, Haynes also has experience within the Department of Revenue as an investigations supervisor and personnel manager. He joined the Department in 1991.



In order to further that merger, the combined operations moved into a new office setting at 1800 “O” Street



(Suite 101). The new site offers more accessibility to the public and affords greater organizational efficiencies for the merged divisions.

Within a larger reorganization of the Department of Revenue, the merger of the Nebraska Lottery and Charitable Gaming divisions has resulted in personnel efficiencies through reduction in force and position reassignments.

The services of both operations remain essentially the same, but efficiencies will be realized in shared support resources. Additionally, over time, there may be opportunities for enhanced service delivery.

Contact information such as mailing address, website, and telephone numbers remain unchanged. The main change has been that of physical accommodations, visibility and public accessibility.

Agreement Will Improve Lottery Services

Nebraska Lottery retailers and players now enjoy greater convenience as the result of an agreement between the Lottery and two of its primary contract vendors.

Under the agreement, Nebraska Lottery Scratch tickets provided by GTECH are validated through the on-line game (Lotto) terminal provided by Intralot.



Merging the functionality of the Scratch and Lotto systems into a single piece of equipment enables Nebraska Lottery retailers to serve customers more efficiently by eliminating the need to use a separate Scratch ticket validation terminal. Sales and validation reports for Scratch and Lotto games are available through the Lotto terminal’s display and printer, which operate using touch-screen technology.

The unified system saves retailers and players time, as Scratch ticket validations are transacted via the same live satellite link used by the Lotto terminal as opposed to the land-line dial-up link previously used for Scratch ticket processing.

In addition to saving time for players and retailers, and reducing the amount of counter space required for retailer equipment, the agreement enhances retailer security by validating Scratch tickets (and processing credit for validations) in real-time through the on-line terminal rather than through batch processing previously offered via the dial-up network.



GTECH continues to provide Scratch game production and distribution and retailer sales support and data processing services from its facility in Lincoln. Intralot continues to provide Lotto game equipment and sales and technical support from its facility in

Lincoln. The agreement allows Scratch game inventory, sales and validation data to pass between the GTECH central processing computer system and the Intralot network processing system.

After several months of software development, equipment configuration and system testing, the pass-through arrangement was implemented on August 5, 2007. Nebraska Lottery retailers received updated equipment manuals and training.

Currently there are approximately 1,200 Nebraska Lottery retailers statewide. While most locations offer both Scratch and Lotto games, there were more than 100 retailers that previously offered only Scratch games due in large part to space limitations. The merger of the Scratch and Lotto processing systems into a single piece of terminal equipment has enabled most Scratch-only retailers to become full-service retailers.

In order to facilitate the pass-through arrangement, the Nebraska Lottery exercised the option to extend for three years its contract with GTECH for Scratch game production, distribution and support services. The current seven-year contract with GTECH commenced on July 1, 2001, and includes 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 commenced on July 1, 2004, and runs through July 1, 2011.

The Nebraska Lottery began selling Scratch games in September of 1993 under a contract with Scientific Games. Lotto sales began in July of 1994 under a contract with GTECH. In 2001, GTECH received the contract to provide Scratch games, and provided both Scratch and Lotto services until July of 2004, when Intralot assumed the Lotto contract.

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

ONLINE (LOTTO) GAMES

Nebraska Lottery Launches Scannable Barcodes on Lottery Tickets

While no new Lotto games were introduced during the fiscal year, a major advancement in the integration of online products into retail categories was achieved.

In June, the Nebraska Lottery launched a new feature for its online Lotto games: barcoded tickets that can be scanned by retailer register systems.

The barcode feature was added in response to requests from Nebraska Lottery retailers. The scannable barcode ensures that Lotto ticket sales are accurately entered into the retailer's register system. The barcode is automatically generated at the top of Powerball, Nebraska Pick 5, 2by2 and Nebraska Pick 3 tickets.



“Nebraska Lottery retailers are key partners in the success of our organization,” said Jim Haynes, Nebraska Lottery Director. “We are proud to provide our retailers with the tools to efficiently serve the needs of Nebraska Lottery customers and raise funds for Nebraska Lottery beneficiaries.”

The Nebraska Lottery is the first lottery in the United States to generate retailer barcodes on on-line Lotto products. Nebraska Lottery Scratch products have contained barcodes since June 1997; with the addition of barcoding on its Lotto offerings, retailers can now scan the entire Nebraska Lottery product line.

The introduction of the scannable barcodes onto Nebraska Lottery Lotto tickets is a demonstration of the commitment to improving the Lottery selling experience at the retail level. Retailers are the cornerstone of the ‘Golden Triangle’ between the Lottery, the Retailers and the Players, and new, innovative technology is a key way to continue supporting them.



online (lotto) games

SCRATCH DEVELOPMENTS

Orange County Choppers™ Game



In March, the Nebraska Lottery released a \$2 Scratch game based on one of the most recognized brands in America: Orange County Choppers™.

Orange County Choppers™ (OCC™) is regarded as one of the world's premier builders of custom motorcycles. The Orange County Choppers™ Scratch game featured OCC™ founder Paul Teutul, Sr. and sons Paul Jr. and Mikey, well-known personalities featured in the TLC television series American Chopper. Players had the opportunity to win one of two custom OCC™ motorcycles, the top prizes in the Orange County Choppers™ Scratch game. Additionally, there were five prizes of \$600 worth of Ethanol-Enriched Fuel and \$611,000 in total cash prizes.



The custom motorcycles, built by Orange County Choppers™ and signed by the Teutuls, feature a design exclusive to Nebraska. The motorcycle prize was valued at \$87,857, which includes \$1,300 for costs associated with ownership and state and federal withholding paid by the Nebraska Lottery of \$4,393 and \$21,964, respectively.

During the months of March, April, May and June, players who sent in \$10 worth of non-winning \$2 Scratch tickets were entered in the OCC™ Giveaway for another chance to win a third OCC™ custom chopper. Entries could be submitted via the Nebraska Lottery website or by mail.

Four preliminary drawings were held to select a total of 16 semi-finalists who competed for cash prizes and a third OCC™ custom chopper during an

scratch developments

event June 23 at State Fair Park in Lincoln. The odds of winning one of the two Orange County Choppers™ top prize motorcycles were 1 in 300,000, while the overall odds of winning are in 1 in 3.86.



According to the OCC™ website, “Paul Teutul, Sr., metalworker by trade and founder of Orange County Choppers, Inc., first began his business of building custom choppers out of the basement of his home in Montgomery, NY. With the creative help and following of his oldest son, Paul, Jr., the two were soon on their way to the top with the success of Paul, Sr.’s first bike, “True Blue” at Daytona Biketoberfest in 1999. From that point on, Paul, Sr. knew he had something and established Orange County Choppers, Inc. that same year.”

“The Teutuls were quickly becoming recognized by chopper enthusiasts everywhere. They were not only making a name for themselves in the custom choppers world, but were picked up by the Discovery Channel in 2002 as the basis of what is now the hit television series, American Chopper.”

“Their popularity has led them to build custom theme bikes for some of the biggest names in corporate America such as Microsoft, Lincoln and Coca-Cola. Today, Orange County Choppers is regarded as one of the world’s premier builders of custom motorcycles.”

Statewide Tour

To build excitement for the newest game, and give fans a chance to see an Orange County Choppers™ creation first-hand, the second chance promotional motorcycle was taken on a statewide tour for three weeks in April and May. Players and fans had a chance to see and have their photo taken with the bike.

Power Up Bike Rally

In conjunction with the release of the Nebraska Lottery \$2 OCC™ Scratch game, the Nebraska State Fair Park Board announced on March 28 a new event coming to State Fair Park – the Power ‘Up Bike Rally, June 22-24, 2007. The event included the Nebraska Lottery second chance OCC™ custom chopper giveaway, OCC™ Cast Members Charity Bike Run (with proceeds going to the Intrepid Fallen Heroes Fund), autograph and photo session, VIP meet and greet, question & answer session with the Teutuls and a concert performed by the OCC™ Band.

The Power ‘Up Bike Rally featured a weekend packed full of entertainment

including a free concert in the Open Air Auditorium featuring the national artists FireHouse and Warrant, and in the streets, the Xfest Production – M.O.B. FMX & Team Extreme Street Stunts. For a chance to win great prizes, biker enthusiasts had an opportunity to enter their bike into the Power ‘Up Bike Show, participate in the Poker Run, or challenge their skills in friendly competitions such as hot dog and ice cream eating contests.



In addition to the State Fair Park website and ticket office, tickets to attend the Power ‘Up Bike Rally were available at all Mills Squeegee Fill Stations (Nebraska Lottery retailers).

Special Promotion Part of Truck\$ & Buck\$ Anniversary

In early June, the Nebraska Lottery released the eleventh edition of its popular \$2 Scratch game Truck\$ & Buck\$.

The Truck\$ & Buck\$ Scratch game featured the redesigned 2007 Toyota Tundra 4x4 Double Cab truck as its top prize. Players had the opportunity to win one of three Toyota Tundras as well as \$624,200 in total cash prizes.

Each Tundra featured 50 state emissions, 18” alloy wheels, running boards, JBL six speaker AM/FM/CD stereo, keyless entry system, limited slip differential, front bench seat with 8-way driver – 4-way passenger adjustments, and bedliner. The truck prize was valued at \$44,000, which includes \$1,102 for costs associated with ownership and state and federal withholding paid by the Nebraska Lottery of \$2,200 and \$11,000, respectively.



The odds of winning the top prize in Truck\$ & Buck\$ were 1 in 160,000 while the overall odds of winning any prize were 1 in 3.66.

During the months of June, July and August, players who sent in \$10 worth of non-winning \$2 Scratch tickets were entered in the Roads to Riches Tundra Giveaway for another chance to win a fourth Toyota Tundra 4x4 Double Cab truck. Entries could be submitted via the Nebraska Lottery website or by mail.

RESEARCH AND RELATIONSHIPS

The Nebraska Lottery operates a relationship marketing program through which more than 230,000 Nebraskans have registered their preferences regarding Nebraska Lottery Scratch and Lotto games. Throughout the year, those players receive mailings from the Nebraska Lottery concerning new games, contests and promotions, and winners and beneficiary fund projects.



During the month of their birthday, 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, the Nebraska Lottery operates an element of the relationship marketing program on its website. 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. A telephone survey conducted in early 2007 found over half of the eligible population (age 19 or older) has played a Nebraska Lottery game, and 92 percent have played in the past year.

The largest share of Powerball players (35 percent) and the largest share of Scratch players (36 percent) are between the ages of 45 and 64.

The largest share(s) of Powerball players and Scratch players earn between \$50,000 and \$70,000.

Overall, 52 percent of Lottery players are women, and 48 percent are men.

In addition to finding that half of the eligible population (age 19 or older) has played a Nebraska Lottery game in the year past, research has shown that as many as one in five players has given Nebraska Lottery tickets as a gift in the past year.

Past research has also found that at least 55 percent of players typically buy other store products when they buy Nebraska Lottery tickets. Further, about one-quarter of players have reported that the availability of Nebraska Lottery tickets affects where they buy groceries or gasoline.

In the 2007 research the average estimated level of planned purchases by players was 48 percent.

A January 2006 poll on nelottery.com asked website visitors how many Lottery players live in their household. A total of 407 visitors completed the unscientific poll. Forty-two (42.5) percent said “One”, while forty-nine (49.6) percent said “Two”. Households with three players living in them accounted for five (5.6) percent, and households with more than three players accounted for two (2.2) percent of respondents.

Website

The utility of the Nebraska Lottery website continued to grow, along with the sheer volume of visits. During the fiscal year, visits to nelottery.com grew by 7 percent to more than 2.4 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 key element of nelottery.com is the MVP Club. There are more than 35,000 members of the Nebraska Lottery MVP Club who receive special information on new games, contests and promotions, and have access to updates on research and surveys.

Beneficiary Awareness

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

In a multi-faceted campaign starting in May, the Nebraska Lottery focused attention on the relationship between buying Nebraska Lottery tickets and the proceeds the Nebraska Lottery generates for its beneficiary programs.

The information campaign 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.

“Every county in Nebraska has benefited from projects funded by Nebraska Lottery proceeds, and the impact of the work of our beneficiary partners is a powerful message,” said Nebraska Lottery Director Jim Haynes. “Calling attention to the relationship between players, retailers and beneficiary programs shows that together we are indeed working to build a better Nebraska.”

The beneficiary information campaign used a combination of television, radio and print advertising to highlight the work of Nebraska Lottery beneficiary funds. Two different television spots show a player buying a ticket in a retail setting, and then show that same player in a beneficiary setting—focusing on the work of the Nebraska Environmental Trust and the Nebraska Scholarship Fund. Radio ads feature a similar theme.

The television spots were filmed on location at Scotts Bluff National Monument, site of a prairie restored through a Nebraska Environmental Trust grant, and in a Creighton University lecture hall with university students. The television and radio spots are formatted in such a way that they can be aired alone or in conjunction with game-specific ads, such as the Truck\$ & Buck\$ Scratch game or the Roads to Riches OCC™ Giveaway promotion.

Newspaper ads and point of sale pieces show a standard Nebraska Lottery retailer sign in similar educational and environmental settings accompanied by copy explaining the beneficiary relationship. After the initial campaign during May and June, the ads will be used periodically in the coming year.

\$288 MILLION RAISED FOR NEBRASKA LOTTERY BENEFICIARIES

The Nebraska Lottery closed the fiscal year with a distribution of \$6,693,083 among its beneficiary funds derived from a share of Scratch and Lotto ticket sales for the previous three months.

As of June 30, 2007, a total of \$288,101,251 had been distributed in quarterly transfers since the Nebraska Lottery began operation 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 among the Education Innovation Fund and Nebraska Scholarship Fund; Nebraska Environmental Trust Fund (44.5 percent); Nebraska State Fair (10 percent); and the Compulsive Gamblers Assistance Fund (1 percent, plus the first \$500,000 in fund proceeds each fiscal year).

The funds' respective totals on June 30, 2007 were:

Education Innovation Fund, \$112,052,061;

Nebraska Scholarship Fund, \$23,019,258;

Nebraska Environmental Trust Fund, \$116,610,323;

Nebraska State Fair Support and Improvement Fund, \$6,662,599; and

Compulsive Gamblers Assistance Fund, \$6,296,014.

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.

Criteria for proceeds distribution are established by the beneficiary funds in accordance with legislative mandates. Every county in Nebraska has received service through grants funded with Nebraska Lottery proceeds.

The mission of the Nebraska Lottery is to generate proceeds for good causes while providing quality entertainment options to Nebraskans. All 93 counties in Nebraska have benefited from projects funded with these Nebraska Lottery proceeds.

RETAILERS

The Nebraska Lottery sells Scratch tickets through a retailer network of approximately 1,200 locations statewide. Of those locations, more than 1,100 offer Lotto games such as Powerball, 2by2, Nebraska Pick 3, and Nebraska Pick 5. 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 on the premises. Players must be at least 19 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 responding retailers. 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.

Lotto, Top 10

No Frills #3, Bellevue
Hy-Vee Food Store #1467, Omaha
Hy-Vee Food Store #1465, Omaha
No Frills #19, 4240 S. 50th St., Omaha
Hy-Vee Food Store #1469, Omaha
Bakers #307, La Vista
Hy-Vee Food Store #1470, Omaha
Skagway - 5 Points, Grand Island
Corner Stop, Inc., Columbus
Bakers #311, Omaha

Scratch, Top 10

Skagway - 5 Points, Grand Island
Corner Stop, Inc., Columbus
Pump & Pantry #16, York
Express Mart #1, Scottsbluff
Gas 'N Snaks, Seward
Northside Amoco, North Platte
Coffin's Corner, Grand Island
Bucky's Express #40, Omaha
Mini Mart #331, Scottsbluff
Gas & Plus, Lincoln

retailers

WINNERS

A Double Jackpot for Nebraska Pick 5 Player

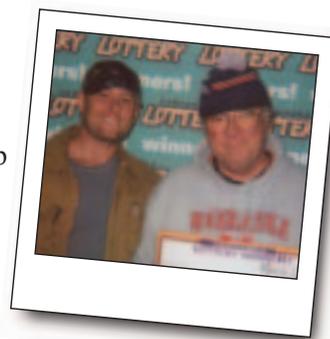


A player who spreads around his buying of lottery tickets, bought the right ticket at the right time and the right place.

Lance Copeland of Omaha won the Nebraska Pick 5 jackpot on the last day of February. The jackpot for February 28 was \$162,000 but, due to the February Nebraska Pick 5 Doubler promotion, the jackpot was doubled and Copeland took home a check worth \$324,000. Copeland told Nebraska Lottery officials he normally buys one quick pick ticket when he stops to get gas, gum or pop. It was a stop for a bottle of pop at Bucky's Amoco, 102nd and Maple in Omaha that turned into a winning stop for him. His ticket contained all five winning numbers (02, 03, 08, 20, 27) for the Nebraska Pick 5 jackpot.

Copeland also told Nebraska Lottery officials that he's not a traveler so a trip is not in the plans for his winnings. He plans to pay off bills, help his son and is undecided what to do with the remainder. Nevertheless, he said, "I'm sure I'll figure something out after this all sets in."

Nebraska Pick 5 is Nebraska's unique Lottery game: all the proceeds from Nebraska Pick 5 stay in Nebraska, and all the winning tickets are sold in Nebraska at Nebraska Lottery Lotto game retailers. The odds of winning the Nebraska Pick 5 jackpot, which starts at \$50,000 and grows by \$4,000 each drawing that it is not won, are 1 in 501,942. The overall odds of winning a prize in the game, which has drawings six nights a week, are 1 in 8.



Shocked Man Wins First Chopper

At an event on May 14, the Nebraska Lottery presented Joel Sedlacek of Omaha with the first custom chopper top prize in the \$2 Orange County Choppers™ Scratch game.

The bike presentation took place at Kum & Go, 10025 S 168th Ave in Omaha. Sedlacek purchased his winning OCC™ ticket at Kum & Go in April. The ticket contained matching numbers for the corresponding motorcycle prize.



While claiming his prize, Sedlacek told Nebraska Lottery officials that he was "shocked" and "could not believe" that he had won the custom motorcycle, which features a design exclusive to Nebraska. "When I told my wife that I intended to win one of the Orange County Choppers™, she looked at me and laughed," he said. "I definitely look forward to riding it. It will be a great experience."

Two custom bikes, built by Orange County Choppers™ and signed by OCC™ founder Paul Teutul, Sr. and sons Paul Jr. and Mikey, were available as top prizes in the Orange County Choppers™ Scratch game. Sedlacek was the first person to claim a top prize in the game. The motorcycle top prize is valued at \$87,857, which includes \$1,300 for costs associated with ownership and state and federal withholding paid by the Nebraska Lottery of \$4,393 and \$21,964, respectively.



Major prize winners, claimed at Nebraska Lottery Claim Centers.

JULY 2006

Nebraska Pick 3® - \$600
Dawn Pitner, North Platte
Franklin Szmajda, Lincoln
Rick Grabbe, Omaha
Gregg Eigstei, Omaha
Margaret Larsen, Omaha
Rose Immig, Omaha
David Broderson, Omaha
Jean Mayfield, Exeter
Karleen Stutzman, Raymond
James Kaufman, Hastings
Frank Pilege, Bellevue
Jeanie Whittington, Carter Lake, IA
Phyllis Happel, Lincoln
Judy Koll-Swim, Lincoln
Gloria Malagon, Lincoln
Ronald Therkelsen, Blair
Joleen Faubel, Plattsmouth
Larry Kennedy, Omaha
Tamera Peterson, Fremont
Abdurakhmon Bobokalonov, Omaha
Robert Butterfield, North Platte
Thomas Jaxier, Omaha
Annette Williams, Copperas Cove, TX
Edmund Sobetski, Omaha
Leroy Scott, Gothenburg
Nebraska Pick 3® - \$1,200
Rod Steele, Omaha
Kenneth Polland, Omaha
Jerry Everett, Cortland
Ricky Meyer, Lincoln
Nebraska Pick 3® - \$700
Millie Dahlke, Grand Island
Nebraska Pick 3® - \$909
Bruce Wright, Lincoln
\$35,000 Bingo - \$500
Erick Whitman, Wayne
\$35,000 Bingo - \$1,000
Mavor Nelson, Valparaiso
Wayne Nutz, Osceola
\$250,000 Payday - \$250,000
June Thayer, Pierce
Bonus Crossword - \$35,000
Clifford Schweitzer, Malcolm
Lucky Licks - \$2,000
Dennis Jasper, Stromsburg
Lucky Slots Extra - \$35,000
Daniel King, Hudson, IA
Quick 7's - \$7,000
Lori Cook-Benjamin, Scribner
Gary Beavers, Lincoln
Truck\$ & Buck\$ - Truck
Ed Flaherty, Hemingford
UNO - \$1,000
Porfirio Perez, Norfolk
UNO - \$35,000
William Stanberry, Dunbar
White Ice 8's - \$10,000
Ralph Parrish, Lincoln
Powerball® - \$10,000
Timothy Marion, Bellevue
Pam Gantreau, Beemer
Donaldine Avey, Crawford
Shoshone Cobb, Omaha
Don Jones, Gibbon
Zackary Rudy, Harvard
Powerball® - \$500
Patti Allgood, Omaha
Nebraska Pick 5® - \$66,000
Elisha Pueppka, North Platte
Nebraska Pick 5® - \$86,000
Robert Dellutri, Omaha
Nebraska 2by2® - \$20,000
Kari Pack, Hooper
Roger Hoxtell, Omaha
Earl Tarumoto, Bellevue
Genene Minnick, Lincoln
A.J. Wright, Oxford

AUGUST 2006

Royal 7's - \$77,777
Tyler Anderson, Lincoln
Lucky Day - \$1,000
Daniel Beaman, LaVista
Powerball® - \$515
Edward Cargile, Mitchell
Powerball® - \$10,000
Jeffery Farmer, Holdrege
Jonathan Wilcox, Lincoln
Donna Dowell, Nebraska City
Powerball® - \$200,000
Carlos Fajardo, Grand Island
Dennis Smollen, Grand Island
Nebraska Pick 3® - \$600
Beverly Staley, Omaha
Terrence Sledge, Omaha
Raphael Granger, Omaha
Delia Wallace, Bellevue
John Custard, Bellevue
Mary Hancock, Omaha
James Blath, Cairo
Linus Haines, Grand Island
Karleen Stutzman, Raymond
Charles Chiapetta, Beaumont, TX
Candy Becerra, Council Bluffs, IA
Sanford Ratzlaff, Benedict
Georgette McCoy, Lincoln
David Slaughter, Omaha
Jim Reeves, Loup City
Irma Allen, Lincoln
Paula Dahms, Hastings
Velma Seger, Atkinson
Larry Nolan, Omaha
Thomas Mandeville, Chadron
Todd Schaecher, Monroe
Hope Wright, Norfolk
Cynthia Mickey, Plattsmouth
Dave Kraegel, Lincoln
Donald Teeters, Omaha
Steve Svoboda, Humboldt
Kenneth Polland, Omaha
Royce Haines, Hastings
Melanie Parker, Bellevue
Sharon Bonacci, Omaha
Donald Bolter, Omaha
Patricia Worley, Oakdale
Glenn White, Lincoln
Roy McKinney, Lincoln
Carolyn Johnson, Omaha
Bob Meyer, Lincoln
Robert Perkins, Bellevue
Denise Griess, Clay Center
Floyd Knopel, Fremont
Scott Farmer, Lincoln
Ronald Ondracek, Omaha
Bernard Braasch, North Platte
Roland Ledesma, Lincoln
Johnny Jeffrey, Aurora
Mysti Kucera, Norfolk
Wilma Bugbee, Alma
James Maurer, Hastings
Sharon Sehl, Oakdale
William Felicia, Sioux City, IA
Betty Kadavy, Lincoln
Nebraska Pick 3® - \$700
Amelia Dahlke, Grand Island
Nebraska Pick 3® - \$1,050
Brenda Wynne, Scottsbluff
Nebraska Pick 3® - \$1,150
Walter Ide, Plattsmouth
Nebraska Pick 3® - \$1,200
Brian Fitzgerald, Omaha
Wynne Norsworthy, Gothenburg
Nebraska Pick 3® - \$1,800
Carlton Frazier, Lincoln
Nebraska Pick 3® - \$3,700
Ronald Allgood, Nebraska City
Nebraska Pick 3® - \$4,950
William Greve, Seward
Nebraska Pick 5® - \$150,000
Kenneth Liess, Alda

2by2® - \$20,000

Joanne Kay, Lincoln
Vernah Petersen, Lincoln
Lucky 7 Casino - \$1,000
James Johnson, Lincoln
Big Bingo - \$1,000
Jessica Emmart, Council Bluffs, IA
Lucky \$500 - \$500
Lance Peterson, Canon City, CO
Twice As Lucky - \$1,000
Darius Morris, Omaha
Royal 7's - \$777
Ha Le, Lincoln
Truck\$ & Buck\$ - TRUCK
Sara Manning, Fremont
UNO - \$1,000
Melinda Bock, Bellwood
Nebraska Pick 5® - \$50,000
Dennis Young, North Platte

SEPTEMBER 2006

Nebraska Pick 3® - \$600
Madeline Shaw, Salem
Sandra Hall, Lincoln
Sharon Christensen, Cozad
Jackie Barker, Lincoln
Amos Reed, Omaha
Dewey Rupert, Lincoln
Jodi Novak, Dorchester
Athena Combs, Omaha
Larry Kennedy, Nebraska City
Rosalyn Williams, Lincoln
Robert Ritonya, Omaha
Mary Hancock, Omaha
Georgette McCoy, Lincoln
Mary Harrison, Plattsmouth
Julie Ogren, Omaha
Chad Ruby, Bellevue
Edwin Weaver, Lincoln
Jackie West, Lincoln
Roy McKinney, Lincoln
Sherry Dancer, Omaha
Denise Griess, Clay Center
Stacy Glynn, Omaha
Linus Haines, Grand Island
Sanford Ratzlaff, Benedict
Kenneth Polland, Omaha
Robert Bentley, Omaha
Royce Haines, Hastings
Donald Bolter, Omaha
Robertta Driscoll, Council Bluffs, IA
Christine Crawford, Ainsworth
David Parker, Bellevue
John Law, Lincoln
Anthony Paczosa, Silver Creek
Julian Richins, Omaha
Peter Jones, Papillion
Marion Miles, Lincoln
Donald Baumfalk, Firth
Randy Marquette, North Platte
Elois Ivory, Omaha
Sharon Workman, Omaha
Dave Kraege, Lincoln
Jackie Kotrous, Verdigre
H.G. Ward, Scottsbluff
Blaine Hoagland, Twin Falls, ID
Jeannie Pickrel, Lincoln
Nebraska Pick 3® - \$350
Shirley Smith, North Platte
Nebraska Pick 3® - \$601
Helen Van Grenirgen, Lincoln
Nebraska Pick 3® - \$700
Emil Sturzenegger, Ashland
Nebraska Pick 3® - \$1,800
Donald Teeters, Omaha
Nebraska Pick 3® - \$1,150
Bob Hope, Omaha
Brenda Wynne, Scottsbluff
\$35,000 Bingo - \$1,000
William King, Omaha
Bonus Crossword - \$1,000
Gerald Porter, FT. Worth, TX

Double Wild 7's - \$2,777
 Lucille Gibbs, North Platte
Lucky 7 Casino - \$200,000
 Jennifer Bunch, Waverly
Truck\$ & Buck\$ - \$1,000 E-10
 Jeffrey Rupprecht, Hildreth
White Ice 8's - \$10,000
 Ralph Parrish, Lincoln
Powerball® - \$500
 Renato Ames, Sioux City, IA
Powerball® - \$535
 Zavin Lehn, North Platte
Powerball® - \$640
 Curtis Stevens, Spalding
Powerball® - \$10,000
 Andrea Campbell, Omaha
 Donna Knickerbocker, Omaha
 Larry Byers, Bennington
 Bang Ho, Lincoln
 Lee Phillips, David City
Powerball® - \$1,000,000
 Nilsen Smith, North Platte
Nebraska Pick 5® - \$450
 Jean O'Meara, Lincoln
 Dennis Jensen, Lincoln
 Kat Flynn, Wilber
Nebraska Pick 5® - \$58,000
 Martin Lehn, North Platte
 Sally Martens, Columbus
Nebraska Pick 5® - \$82,000
 Rodney Mason, Bellevue
Nebraska 2by2® - \$20,000
 Alan Burr, Alda
 Richard Hanus, Columbus
 Clarita Phillips, Plattsmouth

OCTOBER 2006

\$10,000 Diamonds - \$1,000
 Judy Bennett, Palmer
Nebraska Pick 3® - \$550
 Scott Harmon, Trumbull
Nebraska Pick 3® - \$600
 Ronald Black, York
 Adrian Cisneros, Beaver, PA
 Marcus Polk, Lincoln
 Shannon Gensler, Springfield
 John Harding, Omaha
 Victor Kramer, North Platte
 Rusty Colexi, Omaha
 Terry Thomas, Omaha
 Isiah Jackson, Omaha
 William Earlywine, Omaha
 Linda Jeffrey, Aurora
 Orestes Barahona, Grand Island
 Barbara Elliott, McCook
 Jean Mayfield, Exeter
 Norman Mumford, Hebron
 Duane Schlenz, Norfolk
 MaryAnn Dhaenens, Omaha
 Leslie Trombly, Bellevue
 Carrol Tetschner, Burwell
 Kimberly Worley, Oakdale
 Jodi Novak, Dorchester
 David Dimas Jr., Lincoln
 Scott Farmer, Lincoln
 Thomas Rogers, Omaha
 Jason Lee, Firth
 Jim Ourhda, Osceola
 Amos Reed, Omaha
 Ronald Allgood, Nebraska City
 Billjoe Shaver, York
 Roland Ledesma, Lincoln
 Bob Meyer, Lincoln
 Edwin Weaver, Lincoln
 Glen White, Lincoln
 John Law, Lincoln
 Lateacia Monroe, Norfolk
 Wilmer Ogren, Omaha
 Linda Schumacher, Omaha
 Theresa Hail, Council Bluffs, IA
 Ricky Straw, Omaha
 Julie Scott, Gothenburg
 Patsy Hall, Hastings
 Arvester Chapman, Lincoln
 Shirleen Scodris, Dorchester
 Mary Hancock, Omaha
 Derrick Moore, Omaha

Melanie Parker, Bellevue
 Olivia Bond, Omaha
 William Hoselton, Hastings
 Albert Ford, Bellevue
 Sharon Conrad, Beaver Crossing
 Lanayn Layman, Lincoln
 Carol Peters, Grand Island
 Eva Harper, Otoe
 Sherry Denetelli, Omaha
 George Kistner, Oakdale
 Kris Mitchell, Louisville
 Michele Jimerson, Omaha
 Mary Kistner, Oakdale
 Lamont Robinson, Omaha
 David Allen, Lincoln
 Brenda Ebert, Bellevue
 Larry Kennedy, Omaha
 Roy McKinney, Lincoln
 Herbert Milani, Omaha
 Tim Wilson, Omaha
 David Metschke, Fremont
 Jeremy Witt, Lyman
 Deborah Zalud, North Platte
 Karen Kraft, Hastings
 Kevin Kovac, Omaha
 Sharon Bonacci, Omaha
Nebraska Pick 3® - \$650
 Roderick Steele, Omaha
Nebraska Pick 3® - \$700
 Bryan Stack, Omaha
 Cecil King, Omaha
Nebraska Pick 3® - \$800
 Richard MacDonald, Clatonia
Nebraska Pick 3® - \$1,000
 Michael Berry, Papillion
Nebraska Pick 3® - \$1,200
 Lyle Meyer, Norfolk
 Charli Stutzman, Lincoln
 Sandford Ratzlaff, Benedict
 Raphael Granger, Omaha
 Wynne Norsworthy, Gothenburg
 Alberta Cotton, Omaha
 Royce Haines, Hastings
Nebraska Pick 3® - \$1,550
 Peter Jones, Papillion
Nebraska Pick 3® - \$1,800
 Jerry Dean Motley, Bellevue
Nebraska Pick 3® - \$10,800
 Beverly Staley, Omaha
Big Bingo - \$50,000
 Patricia Roper, Geneva
Ruby Red 7's - \$10,000
 Patricia Huffman, Omaha
\$35,000 Bingo - \$1,000
 Lyle Miller, Lincoln
 Leonardo Ramirez, Lexington
Powerball® - \$200,000
 Veronica Jetensky, Creighton
Powerball® - \$10,000
 Douglas Larsen, Ralston
 Joyce Nordell, Omaha
Powerball® - \$550
 Tally Herbig, St. Paul
Powerball® - \$515
 Agustin Rivera, Lincoln
Criss Cross 7's - \$2,777
 Fern Norris, Homer
Big Bingo - \$1,000
 Arthur Kirsch, Omaha
\$10 Second Chance Scratch Quarterly Drawing - \$2,500
 Daniel Garza, Lincoln
\$10 Second Chance Scratch Quarterly Drawing - 300 \$10 Scratch Tickets
 Mark Johnson, Lexington
Nebraska Pick 5® - \$150,000
 Elayne Morris, Omaha
Nebraska Pick 5® - \$94,000
 Evelyn Schaaf, Ord
Nebraska Pick 5® - \$900
 Robert Sullivan, Wahoo
Nebraska Pick 5® - \$450
 Roma Redlan, Lincoln
Nebraska 2by2® - \$20,000
 Gloria Jelinek, Lincoln
Lucky \$500 - \$500
 Eric Pelland, North Platte

\$10,000 Diamonds - \$10,000
 Michael Beck, Clarks
Password - \$35,000
 Randi Hromas, Lincoln

NOVEMBER 2006

Lucky Day - \$1,000
 Ericka Holder, Lincoln
Mini Bingo - \$3,000
 Guillermo Fraire, Doniphan
Nebraska Pick 3® - \$600
 Sharon Bonacci, Omaha
 Bobby Martin, Kimball
 Arturo Mustelier, Norfolk
 Patricia Krause, Lincoln
 Mark Hughes, Mead
 Dale Schumacher, Waverly
 Ann Miller, Blair
 Jaixen Thomas, Omaha
 Erwin Swiney, Omaha
 Lynnette Lampert, Norfolk
 William Pool, Omaha
 Kevin Christensen, Holdrege
 George Ladovich,
 Maple Heights, OH
 Mona Ward, Scottsbluff
 Mitchell Helmuth, Cozad
 Donald Graham, Omaha
 Jean Morris, Genoa
 Jose Castillo, Omaha
 Elizabeth Vaughn, LaVista
Nebraska Pick 3® - \$700
 Mario Montoya, Nickerson
 Alvin Motley, Omaha
Nebraska Pick 3® - \$1,200
 Karleen Stutzman, Raymond
Nebraska Pick 3® - \$1,150
 Imogene Shupe, Omaha
 Robert Friend, Bellevue
Nebraska Pick 3® - \$2,300
 Jose Rodriguez, Lincoln
Nebraska Pick 3® - \$3,800
 Charles Verges, Omaha
Cash Vault - \$50,000
 Wesley Kalkas, Shenandoah, IA
Family Feud - \$50,000
 Patrick Dougherty, Hershey
Lucky 7's Blackjack - \$10,000
 Donald Eschliman, Columbus
Pac-Man - \$2,000
 Stephanie Myers, Grand Island
 Bert Barta, Littleton, CO
Bonus Crossword - \$35,000
 Martha Johanson, Omaha
2by2® - \$20,000
 Lisa Tobey, Waco
 Bob Sorensen, Lincoln
Powerball® w/Power Play - \$200,000
 Cheston Coffin, Lincoln
Powerball® - \$10,000
 Courtney Lewis, Columbus
 Jon Rolf, Albion
 Terrie Jackson, Franklin
 Stacy Dorn, Cortland
 Carolyn Weistlock, Omaha
 Gary Keller, Hastings
Bonus Crossword - \$1,000
 Janice Klug, Norfolk
 Elizabeth Freeman, Lincoln
Big Bingo - \$50,000
 Michael Wiedenfeld, Norfolk
Nebraska Pick 5® - \$450
 George Taylor III, Beatrice

DECEMBER 2006

Nebraska Pick 5® - \$262,000
 Susan Porter, Ainsworth
Nebraska Pick 3® - \$600
 Kem Crocker, Omaha
 Brandy Swarthout, Lincoln
 Lyle Meyer, Norfolk
 Carol Steele, Minatare
 James D'Agosta, Omaha
 Lee Haman, Omaha

Sheri Sehi, Oakdale
 Anthony Pitollo, Trenton
 Brad Pacas, Lincoln
 James Kaufman, Hastings
 Cody Vance, Crete
 Linda Schumacher, Omaha
 Robert Perkins, Bellevue
 Robert Royster, Lincoln
 Thomas Mann, Lincoln
 Darren Wallace, McCook
 Thomas Darnell, Joelton, TN
Nebraska Pick 3® - \$1,200
 Deborah Quinn, Concord
Nebraska Pick 3® - \$1,500
 Michael Berry, Papillion
Nebraska Pick 3® - \$1,800
 Valerie Pember, Plattsmouth
\$500,000 Cash Jubilee - \$500,000
 Dean Schultz, Seward
\$35,000 Bingo - \$1,000
 Julie Winkelbauer, Omaha
 Fushia DeLoss, Lincoln
Powerball® - \$10,000
 Art Longoria, Lincoln
 Harold Chessmore, Hayes Center
 Nancy Witthuhn, Fremont
 Elias Tavitl, Omaha
\$35,000 Bingo - \$35,000
 Debbie Meyer, Omaha
What's Your Number? - \$4,000
 Sarah Pistone, Omaha
Jacks In The Box - \$3,000
 Matthew Lordemann, Omaha
Candy Cane Cash - \$1,000
 Gina Clark, Clay Center
 Thomas Cadwalader, Grand Island
Freezing Your Bucks Off - \$2,000
 Marcelyn Garrison, Fremont
 Helen Johnson, Osceola
Nebraska 2by2® - \$20,000
 Charles Dischinger, David City
 Cherri Setlak, Plattsmouth
Lucky Day - \$35,000
 Shane Bazer, Ralston
Candy Cane Cash - \$50,000
 Rose Anderson, Kimball
Password® - \$1,000
 Jason Wyscarver, Omaha
Quick 7's - \$7,000
 Jamie Hurlburt, Arcadia
 Jerry Huebner, Danneberg

JANUARY 2007

\$500,000 Cash Jubilee - \$1,000
 Donald Wiezonek, Gibbon
Nebraska Pick 3® - \$550
 Charles Simmons, Superior
Nebraska Pick 3® - \$600
 Leslie Wentz, Plattsmouth
 Karleen Stutzman, Raymond
 Judy Wagner, Lewiston
 Roxanna Jokela, Omaha
 Barbara Elliott, McCook
 Thomas Mann, Lincoln
 Shirlene Omer, Lincoln
 Jack Wilburn, Omaha
 Cindy Montgomery, Wilber
 Scott Kaluza, LaVista
 Greg Carlson, Fremont
 Dave Rutledge, Kimball
 Sandra Smetter, Doniphan
 Amos Reed Jr., Omaha
 Darnell Thomas, Swanton
 Kem Crocker, Omaha
 Ed Varejcka, Lincoln
 Russell Richards, Torrington, WY
 Todd Manes, Beatrice
 Gail Phipps, Omaha
 Virginia Bill, Lincoln
 Dawn Thumser, Plattsmouth
 Emelia Poster, LaVista
 Sharon Dixon, Hastings
Nebraska Pick 3® - \$700
 Jorge Vasquez, Fremont

Nebraska Pick 3® - \$909
 Charles Peklo, Omaha
 Cathleen Wagner, Beaver City
Nebraska Pick 3® - \$950
 Dorothy Thiem, North Platte
 Michael Hamilton, Bellevue
Nebraska Pick 3® - 1,202
 Robert Perkins, Bellevue
Nebraska Pick 3® - \$1,050
 Clint Brewer, Blair
Press Your Luck - \$1,000
 Karen Beckman, Plattsmouth
Nebraska Pick 5® - \$54,000
 Kenneth Spencer, Omaha
Nebraska Pick 5® - \$66,000
 Wayne Wilde, Lincoln
Nebraska Pick 5® - \$78,000
 Dionisia Padilla, Omaha
Nebraska Pick 5® - \$170,000
 Trudy Gruidel, Omaha
Jack Frost - \$10,000
 Deanna Filkins, Murray
Winner Green - \$50,000
 Christopher Ludwig, Gering
Jackpot Riches - \$50,000
 Bradley Uhrich, Grand Island
Powerball® - \$10,000
 Alan Belka, Lincoln
 Pham Johnson, Lincoln
 Sandra DeHarty, South Sioux City
Powerball® - \$50,000
 Janice Urban, Schuyler
 Jim Shaffer, Omaha
Powerball® - \$200,000
 Jacci Corbett, Omaha
 Gary Reiber, Hastings
Diamonds Are Forever - \$35,000
 Manuel Portillo, Shelton
\$35,000 Bingo - \$35,000
 Troy Richardson, Adams
\$10 Quarterly Drawing - 30 \$10 tickets
 Clifford Higgins, Alliance
Password - \$35,000
 Noel League, Trenton
\$10 Quarterly Drawing - \$2,500
 Mel Irish, North Platte
Cash Vault - \$50,000
 Lori Muegerl, Ravenna
\$35,000 Bingo - \$1,000
 Joni Jamison, Tecumseh
\$10,000 Diamonds - \$1,000
 John Little, Grand Island
Bonus Crossword - \$1,000
 Paula Hardison, Valentine
Password - \$1,000
 Virgil Becker, St. Paul
Candy Cane Cash - \$50,000
 Mat Higgins, Holdrege

FEBRUARY 2007

\$10,000 Diamonds - \$10,000
 Sandra Bader, Fremont
Nebraska Pick 3® - \$600
 Rick Kropf, Norfolk
 Donald Teeters, Omaha
 Ronnie Bishop, Omaha
 Kevin Christenson, Holdrege
 Polly Wacker, Hastings
 Eugene Persons, Omaha
 Isaac Quarells, Lincoln
 Royce Haines, Hastings
 Robert Hinton, Lincoln
 Tabatha Tripp, Milligan
 Thomas Meahan, Beaver Crossing
 Melanie Parker, Bellevue
 Deborah Quinn, Concord
 Wynne Norsworthy, Gothenburg
 Larry Kennedy, Omaha
 Jodi Novak, Dorchester
 Linus Haines, Grand Island
Nebraska Pick 3® - \$1,100
 Minh Tran, Lincoln
Nebraska Pick 3® - \$3,600
 Robert Perkins, Bellevue
Nebraska 2by2® - \$20,000
 Bob Brehm, Columbus

Anthony Garrelts, Kearney
\$500,000 Cash Jubilee - \$5,000
 Sandra Chromy, Fremont
 Linda Griess, North Loup
Casino Cash - \$1,000
 Brandon Calkins, Lincoln
Powerball® - \$30,000
 Gary Christenson, Alliance
Powerball® - \$200,000
 Leesa Clinch & Joy Thomas, Kearney
Spin The Bottle - \$3,000
 Cody Pasiella, Portland, MA
\$10,000 Diamonds - \$1,000
 Timothy Collman, Nebraska City
Lucky 7's Blackjack - \$10,000
 Daniel Schleusener, Columbus
Nebraska Pick 5® - \$450
 Melvin Rein, Gering
Nebraska Pick 5® - \$900
 Robert Gardner, Omaha
 Kirk Bartek, Weston
Emerald Green 7's - \$700
 Susan Payne, Elwood
Press Your Luck - \$1,000
 Linda Hughes, Omaha
Grin 'N Win - \$1,500
 Holly Brogie, Omaha
Quick 7's - \$7,000
 John Cross, Dakota City
Colossal Crossword - \$1,000
 Kerry Gracia, Grand Island
\$35,000 Bingo - \$1,000
 Michael O'Connor, Omaha

MARCH 2007

Nebraska Pick 3® - \$600
 Lori Newsham, Wolbach
 Bill Erickson, Hastings
 Melanie Parker, Bellevue
 Carrol Tetschner, Burnell
 Eugene Westwood, Omaha
 Mariann Kemmerer, Bellevue
 Jan Noyd, Shelby
 Chris Bartling, Omaha
 John Law, Lincoln
 Rickey Meyer, Lincoln
 Denise Griess, Clay Center
 Wendy Wilson, Alliance
 Mark Wellman, Bellevue
 George Maloley, Lexington
 Donald Baumfalk, Firth
 Isaac Quarells, Lincoln
 Jess Mullanix, Alliance
 Rita Hautzenroder, Lincoln
 Nancy Puente, Grand Island
 Donald Bolter, Omaha
 Michele Jimerson, Omaha
 David Wiggins Jr., Omaha
 Dannie Fisher, Greenwood
 Theresa Hall, Council Bluffs, IA
 Maria Churchill, Lincoln
 Jackie Barker, Lincoln
 Ronald Langgle, Omaha
 Mary Harrison, Plattsmouth
 Raphael Granger, Omaha
 Mary Hancock, Omaha
 Robert Perkins, Bellevue
 Ricky Straw, Omaha
 Shirleen Scodris, Dorchester
 Michael Hamilton, Bellevue
 Bob Meyer, Lincoln
 Oliver Bond, Omaha
 Wilson Danquah, Omaha
 Terry Thomas, Omaha
 Royce Haines, Hastings
 Kathleen Benson, Omaha
 Kimberly Worley, Oakdale
 Joseph Travisano, Oakdale
 Daniel Uphoff, Omaha
 Karleen Stutzman, Raymond
 Loretta Tate, Omaha
 Mary Flora, Blair

Norvell Ware, Omaha
Nebraska Pick 3^o - \$950
 Jamie Sturm, Plattsmouth
Nebraska Pick 3^o - \$1,200
 Tarsha Harris-Lindsey, Lincoln
 Amos Reed Jr., Omaha
 Roland Ledesma, Lincoln
 Marilee Gunning, Lincoln
 Sandy Ratzlaff, Benedict
Nebraska Pick 3^o - \$1,250
 Colleen Sarvis, Omaha
Nebraska Pick 3^o - \$1,800
 Wynne Norsworthy, Gothenburg
 Travis Moore, Norfolk
 Dawn Thumser, Plattsmouth
 Leroy Bollwitt, Fremont
Nebraska Pick 3^o - \$1,850
 Cynthia Mendoza, Lincoln
Nebraska Pick 3^o - \$3,000
 Bill Hoselton, Hastings
Nebraska Pick 3^o - \$3,600
 Ronald Allgood, Nebraska City
Powerball^o - \$10,000
 Mitchell Dziatkowski, Omaha
 Donald Johnson, Lincoln
 Janelle Gerlach, Milford
 Mary McCuish, Omaha
 Jennifer Gloystein, York
 Donald Francis, Lyons
 Jose Devora, Omaha
 Daniel Champ, Bellevue
 Donald Langenberg, Bertrand
Powerball^o w/Power Play - \$30,000
 Gerald Sobieszky, Holdrege
Powerball^o - \$200,000
 Shea Niedfelt, Grand Island
2by2^o - \$20,000
 Joseph Gushard, Omaha
Emerald Green 7's - \$17,000
 JoAnn Novotny, Valparaiso
Bonus Crossword - \$35,000
 Delores Mitzelfelt, Sargent
Colossal Crossword - \$50,000
 Joey Massey, Kearney
Emerald Green 7's - \$700
 Darius Morris, Omaha
 Sarah Eittl, North Platte
 Pete Jeffrey, Council Bluffs, IA
 Dawn Bratton, Omaha
 Billy Scoles, Nebraska City
 Lacey Holsan, Wymore
Lucky 7's Casino - \$1,000
 John Jones, Fremont
Nebraska Pick 5^o - \$450
 Yoshida Serena, North Platte
 Erwin Holmes, Lincoln
Nebraska Pick 5^o - \$900
 Steven Lacher, Lincoln
Nebraska Pick 5^o - \$142,000
 Ruben Sanchez, Grand Island
Nebraska Pick 5^o - \$324,000
 Lance Copeland, Omaha
\$35,000 Bingo - \$1,000
 Larry Marquardt, Lincoln
Kings & Queens - \$10,000
 Mike Leise, Norfolk

APRIL 2007

Powerball^o - \$50,000
 Doris Killin, Lincoln
Powerball^o - \$40,000
 Robert Cargill, Nebraska City
Powerball^o - \$10,000
 Stanley Szafraniec, Bellevue
 Bryan Nielsen, Bellevue
 Don Huddle, Norfolk
 Carol Priester, Columbus
Powerball^o - \$6,000
 Benjamin Rees, Omaha
Powerball^o - \$1,000
 Jean Hamburger, Gering
 Ronald Cordahl, Elkhorn
 Terry Robbins, Rushville

Mildred Koopman, Fremont
 Catherine Boetel, Omaha
 Jon Klug, Norfolk
 Earl Greene, Omaha
 Jerry Asher, Page
 Paula Hikemann, Randolph
Wild Cherries - \$2,000
 Beatrice Mulford, Kenesaw
Cow Tips - \$2,000
 Leah McCloud, Kearney
Nebraska 2by2^o - \$20,000
 Torrey McIntosh, Omaha
 Theresa Bickett, Omaha
Lucky 7's Casino - \$200,000
 Jeffrey Swedeen, Yankton S.D.
Casino Cash - \$1,000
 Andrea Pritchard, Omaha
Nebraska Pick 5^o - \$126,000
 Robert Slizoski, Omaha
Nebraska Pick 5^o - \$50,000
 Vickie Borgheiinck, Fullerton
Nebraska Pick 5^o - \$1,050
 Dan Marquette, North Platte
Nebraska Pick 5^o - \$900
 Richard Loftin, Grand Island
Emerald Green 7's - \$700
 Shirley White, Lincoln
 Noreen Weidner, O'Neill
 John Davis, Stockbridge, GA
Nebraska Pick 3^o - \$6,000
 Robert Willemsen, Laporte, TX
Nebraska Pick 3^o - \$2,400
 Nancy Doyle, Bellevue
Nebraska Pick 3^o - \$1,750
 Jacquelyn Slaughter, Omaha
Nebraska Pick 3^o - \$1,400
 Robert Moore, Ogallala
Nebraska Pick 3^o - \$1,200
 Lorrie Klavins, Omaha
 Judith Coop, Omaha
 Donald Teeters, Omaha
 Ronald Bishop, Omaha
Nebraska Pick 3^o - \$1,000
 John Kozick, Omaha
Nebraska Pick 3^o - \$800
 Albert Ford, Omaha
Nebraska Pick 3^o - \$700
 Elma Wisdom, Bellevue
 Donna Lawrence, Randolph
Nebraska Pick 3^o - \$600
 Melvin Butler, Omaha
 Ed Weaver, Lincoln
 Amos Reed Jr., Omaha
 Brent Smith, Lincoln
 Karleen Stutzman, Raymond
 Eugene Monagan, Omaha
 Dawn Thumser, Plattsmouth
 Gary Harms, Holdrege
 Donna Jo Corey, Eagle
 Judy Koll-Swim, Lincoln
 Edward Hahn, Omaha
 Robert Green, Lincoln
 Jon Duin, Omaha
 Angie Boncznski, Grand Island
 Ronald Black, York
 Elma Wisdom, Bellevue
 Floyd Knodel, Fremont
 Diana Payne, Grand Island
Bonus Crossword - \$1,000
 Vera Frizzell, Omaha
Web Promotion - 30, \$10
Scratch Tickets
 Ted Warfield, Kearney
Casino Cash - \$50,000
 Chad Hircock, Decatur
 Eduardo Rojo, Omaha
Orange County Choppers - BIKE
 Joel Sedlacek, Omaha
Orange County Choppers - \$600 E-10
Unleaded
 Chad Koepe, Norfolk
 Linda Osmon, Lincoln

MAY 2007

Nebraska Pick 3^o - \$550
 Barbara Eastep, Omaha
Nebraska Pick 3^o - \$600
 Kenneth Bray, Columbus

Raymond Agosta, Omaha
 Cindy Montgomery, Wilber
 Lynnette Stowell, Omaha
 Floyd Knodel, Fremont
 Emelia Poster, LaVista
 Charles Druskis, Omaha
 Frank Murphy, Meadow Grove
 Edith Timmons, Sioux City, IA
 Jeffrey Ellison, Torrington, WY
 Greg Cochennet, Lincoln
 Judith Nedd, Omaha
 Rosemarie Doyley, Omaha
 Mark Young, Omaha
 LaMont Robinson, Omaha
 Misty Brown, Omaha
 Michelle Morales, Omaha
 Daniel Petersen, Omaha
 Raymond Maly, Ord
 Roberta Driscoll, Council Bluffs, IA
 Bill Denkinger, Gretna
 Lana Black, Fairfield
 Ann Wilson, Lincoln
 Patricia Emmanuel, Omaha
 Mary Harrison, Plattsmouth
 Peggy Coates, Beatrice
 Sherry Dancer, Omaha
 Clara Wallace, Bellevue
 Amelia Poster, LaVista
 Betsey Knox, Otoe
 Lee Tinkler, Tecumseh
 Roni Hagemeyer, Lincoln
 Rickey Meyer, Lincoln
 John Law, Lincoln
 Robert Perkins, Bellevue
 Tammi Tate, Bellevue
 Diana Knight, Papillion
 Jerry Davison, Lincoln
 Brenda Janicek, Omaha
 Karen Sandoval, Plattsmouth
 Ernest Worley Jr., Oakdale
 Marianne Wines, Bellevue
 Maria Martinez, Fremont
 Keevin Alston, Omaha
 Wade Stephens, Omaha
 Winifred Stephens, Bellevue
 Jayne Ortgiesen, Atlanta
 Terry Velasquez, Omaha
 Teresa Clabaugh, Craig
 Georgette McCoy, Lincoln
 Barbara Allee, Bellevue
 David Parker, Bellevue
 Katherine O'Neill, Omaha
 Richard Webb, McCook
 Athena Combs, Omaha
 Lanaya Layman, Lincoln
 Kathleen Benson, Omaha
 Lyle Meyer, Norfolk
 Sharon Bopp, Grand Island
 Roger McCormack, McCook
 David Parker, Bellevue
 Melanie Parker, Bellevue
 Eve Harper, Otoe
 David Slaughter, Omaha
 Adele Chavez, Alliance
 Daniel Campbell, Omaha
 Kenneth Reiss, Crete
 Everett Anderson, Omaha
 Donald Teeters, Omaha
 Wordie Wright Sr., Lincoln
 Peggy Nealon, Wolbach
Nebraska Pick 3^o - \$650
 David Slaughter, Omaha
Nebraska Pick 3^o - \$703
 Sharon Sehi, Oakdale
Nebraska Pick 3^o - \$900
 Merlin Hall, Wahoo
Nebraska Pick 3^o - \$1,200
 Angie Bonczynski, Grand Island
 Jodi Novak, Dorchester
 Karleen Stutzman, Raymond
 Royce Haines, Hastings
 Carrol Tetschner, Burwell
 Mary Hancock, Omaha
 Shirleen Sodoris, Dorchester
 Dawn Thumser, Plattsmouth
 Amos Reed Jr., Omaha
 Denise Griess, Clay Center

Nebraska Pick 3® - \$1,800
 Sanford Ratzlaff, Benedict
 Wynne Norsworthy, Gothenburg
Nebraska Pick 3® - \$7,500
 Ronald Allgood, Nebraska City
Nebraska Pick 5® - \$450
 Dayna Weaver, North Platte
Nebraska Pick 5® - \$720
 Charles Kalkowski, Lynch
Nebraska Pick 5® - \$918
 LaVern Cline, Hastings
Nebraska Pick 5® - \$9,000
 Carol McKinney, Lincoln
Nebraska Pick 5® - \$66,000
 Wanda Sargent, Grand Island
Nebraska Pick 5® - \$78,000
 Arnold Babl, O'Neill
Nebraska Pick 5® - \$94,000
 Lloyd Speulda, Tekamah
Diamonds Are Forever - \$35,000
 James Oatis, Chadron
Emerald Green 7's - \$17,000
 Patricia Stomer, Lincoln
Emerald Green 7's - \$700
 Donald Hoffman, Chambers
 Patricia Draeger, Dunbar
Powerball® - \$10,000
 Linda Binder, Omaha
 Larry Kelley, Hastings
 David Thompson, Waverly
 Julie Manes, Lincoln
 Cynthia Peabody, Lexington
 Ron Hawkins, Lincoln -
 Robert Rezny, Lincoln
Powerball® - \$200,000
 Michael Riley, Humboldt
Bonus Crossword - \$35,000
 Marvin Reeder, Holdrege
Nebraska 2by2® - \$20,000
 Robert Johnson, Hastings
 Lottie Brown, Lincoln
 Marietta Kuhn, Imperial
Colossal Crossword - \$50,000
 Jesus Ceja, Lexington
Jackpot Riches - \$50,000
 Anna Sanchez, Cozad
Super Crossword - \$1,000
 Nicole Hubble, Lincoln
What's Your Number? - \$4,000
 Marlene Miller, Omaha

3-D Tic Tac Toe - \$1,000
 Debra Dout, Crawford
Diamonds Are Forever - \$1,000
 Matthew Bullock, Bellevue
\$150,000 Crossword Doubler - \$150,000
 Dwayne Ryder, Lincoln
Fabulous Fortune - \$1,000
 Phyllis Hilderbrand, David City
10 Times Lucky - \$1,000
 Suzanne Myers, North Platte
 Todd Lassek, Springfield

JUNE 2007

Nebraska Pick 3® - \$600
 Donald Teeters, Omaha
 Kenneth Spencer, Norfolk
 Alvin Motley, Bellevue
 Jack Kotrous, Verdigre
 Virgil Gellermann, Columbus
 Clayton White, Omaha
 Elizabeth Kuwamoto, Lincoln
 Edward Hahn, Omaha
 Richard Zayas, Omaha
 Freddie Clopton, Bellevue
 Judith Nedd, Omaha
 Jimmie Wilson, Omaha
 Linda Schumacher, Omaha
 Julie Luellman, Bellevue
 Clyde Thinner, Omaha
 Kathy McCormack, Omaha
 Gordon Smith, Hemingford
 Jean Morris, Genoa
 Edith Timmons, Sioux City
 Marie Moore, Brule
 Michael Warren, Omaha
 Diane Johnson, Crete
 Clayton Mason, Omaha
 Dean Cook, Omaha
 Margie Wiester, Kearney
 Christ Johnson, Grand Island
 Jose Canti, Omaha
 Greg Smith, Lincoln
 Emma Schuerman, Swanton
 Larry Kennedy, Omaha
Nebraska Pick 3® - \$700
 Jacquelyn Slaughter, Omaha
 Sheila Perkins, St. Paul
Nebraska Pick 3® - \$704
 John Herron, McCook

Nebraska Pick 3® - \$722
 Charles Kalkowski, Lynch
Nebraska Pick 3® - \$909
 James Kaufman, Hastings
Nebraska Pick 3® - \$1,150
 Richard Christensen, Genoa
Nebraska Pick 3® - \$1,800
 Shaye Voightman, Plattsmouth
3D - Tic Tac Toe - \$1,000
 Ruth Wentworth, Red Cloud
Colossal Crossword - \$1,000
 Cheryl Long, Chappell
Hot \$500 - \$500
 Matthew Thiemann, Lincoln
Nebraska 2by2® - \$20,000
 Sarah Carey, Syracuse
 Jennifer Watson-Williams, Lincoln
Hot Cards - \$5,000
 Kevin Legas, North Platte
Fabulous Fortune - \$1,000
 Connie Munk, Newport
Tic Tac Wow - \$2,000
 Sherri Kusek, Rockville
Sapphire Blue 7's - \$700
 Linda Jeffrey, Aurora
 Marilyn Arnold, Grand Island
 John Starosciak, Columbus
Nebraska Pick 5® - \$900
 Sam Swisher, Oshkosh
Nebraska Pick 5® - \$927
 Judy Chadwick, Nebraska City
Nebraska Pick 5® - \$950
 Madeline Stebbins, Omaha
 Charlie Barbur, Geneva
Nebraska Pick 5® - \$74,000
 Betty Knaggs, Ogallala
Nebraska Pick 5® - \$142,000
 Carrie Atchison, Scottsbluff
Powerball® - \$10,000
 Darwin Pool, York
 Nicolas Santacruz, Omaha
 Max Warnock, Omaha
 Lisa Pecka, Valparaiso
 Mark Lloyd, Wilber
 LeGrande Miller, Ft. Calhoun
Powerball® - \$30,000
 Ronald Beavers, Broken Bow

FINANCIAL STATEMENTS



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

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NEBRASKA LOTTERY

INDEPENDENT AUDITORS' 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, 2007, 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, 2007, 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, 2007, 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 10, 2007, 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. *(This report is not included in the Nebraska Lottery's annual report but can be obtained from the Nebraska Lottery.)*

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.

(The Nebraska Lottery has not included the Management's Discussion and Analysis (MD&A) and the statistical information schedules, 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 and MD&A can be obtained from the Nebraska Lottery.)

October 10, 2007


Assistant Deputy Auditor

STATEMENT OF

As of June 30, 2007

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$9,059,287
Accounts Receivable, Net of Allowance (Note 4)	4,556,004
Prepaid Prizes	120,400
Prepaid Contract Costs - Instant	219,072

TOTAL CURRENT ASSETS 13,954,763

NONCURRENT ASSETS:

Reserves on Deposit (Note 6)	1,599,482
Capital Assets:	
Furniture, Fixtures, and Equipment (Note 5)	407,901
Less: Accumulated Depreciation	(384,179)
Total Capital Assets, Net	23,722

TOTAL NONCURRENT ASSETS 1,623,204

TOTAL ASSETS \$15,577,967

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	\$557,869
Vendors Payable	991,903
Compensated Absences Payable (Note 7)	12,698
Accrued Payroll Payable	88,069
Withheld Taxes on Prizes Paid	17,300
Prizes Payable	6,070,515
Due to Other Funds	25,549
Other Accrued Liabilities	72,531

TOTAL CURRENT LIABILITIES 7,836,434

NONCURRENT LIABILITIES:

Compensated Absences Payable (Note 7)	168,704
---------------------------------------	---------

TOTAL NONCURRENT LIABILITIES 168,704

TOTAL LIABILITIES 8,005,138

NET ASSETS

Invested in Capital Assets	23,722
Restricted for Future Prizes (Note 6)	1,599,482
Unrestricted (Note 10)	5,949,625

TOTAL NET ASSETS 7,572,829

TOTAL LIABILITIES AND FUND EQUITY \$15,577,967

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

STATEMENT OF

For The Year Ended June 30, 2007

OPERATING REVENUE:

Sales	\$117,153,155
Less: Sales Returns	2,664,267

TOTAL OPERATING REVENUE

114,488,888

OPERATING EXPENSES:

Prize Expense	65,397,832
Retailer Commissions	7,176,601
Contractual Services Expense	7,030,562
Marketing	4,333,421
Lottery Operating	1,956,024

TOTAL OPERATING EXPENSES

85,894,440

OPERATING INCOME

28,594,448

NONOPERATING REVENUES:

Interest Income	574,373
Multi-State Lottery Association Income	17,393

TOTAL NONOPERATING REVENUES

591,766

INCOME BEFORE TRANSFERS

29,186,214

TRANSFERS TO OTHER FUNDS (Note 9)

(29,266,219)

CHANGE IN NET ASSETS

(80,005)

TOTAL NET ASSETS, BEGINNING OF YEAR

7,652,834

TOTAL NET ASSETS, END OF YEAR

\$7,572,829

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

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STATEMENT OF

For The Year Ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:	
Ticket Sales	\$114,132,369
Prizes Paid to Winners	(64,219,707)
Commissions Paid to Retailers	(7,170,320)
Paid to Contractors for Goods and Services	(11,280,199)
Paid to Employees	(1,364,998)
Other Operating Expenses	(439,378)
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>29,657,767</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Paid to Education Innovation Fund	(5,681,329)
Paid to Nebraska Scholarship Fund	(7,119,639)
Paid to State Fair Support and Improvement Fund	(2,876,621)
Paid to Environmental Trust Fund	(12,800,967)
Paid to Compulsive Gamblers Assistance Fund	(787,663)
Net Cash Used in Non-Capital Financing Activities	<u>(29,266,219)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of Property and Equipment	<u>(1,571)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on Cash	574,373
Multi-State Lottery Association Income	27,598
Net Cash Provided by Investing Activities	<u>601,971</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	991,948
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>8,067,339</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$9,059,287</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income	<u>\$28,594,448</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	14,602
Changes in Assets (Increase) Decrease in:	
Reserves on Deposit	134,200
Prepaid Prizes	(13,729)
Accounts Receivable (Net)	(139,735)
Prepaid Contract Costs - Instant	27,410
Changes in Liabilities Increase (Decrease) in:	
Other Accrued Liabilities	(56,464)
Accounts Payable and Due to Other Funds	503,936
Prizes Payable	587,262
Compensated Absences and Accrued Payroll Payable	47,402
Withheld Taxes on Prize Paid	(21,850)
Vendor Payable	(19,715)
Total Adjustments	<u>1,063,319</u>
Net Cash Provided by Operating Activities	<u>\$29,657,767</u>

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

nebraska lottery

notes to financial statements

For the Fiscal Year Ended June 30, 2007

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 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. Section 9-812 R.S.Supp., 2006, 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.

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.

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.

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, 2007, was \$1,628,550.

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, 2007, 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), and 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, 2007.

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 and are 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 three to seven 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, at which time the State is liable for 25 percent of the employee's accumulated sick leave. Employees under certain labor contracts 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. The Nebraska Department of Administrative Services (DAS) Division of Risk Management is responsible for maintaining the insurance and self-insurance programs for the State with the exception of the health and life insurance programs which are maintained by the DAS Personnel Division. The State generally self-insures for general liability 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 of accidents involving vehicular pursuit which have a \$1,000,000 self-insured retention per accident. Insurance is also purchased for medical payments, 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. Health care and life insurance for eligible employees.
- C. Crime coverage, with a limit of \$21 million for each loss, and a \$25,000 self-insured retention per incident was in effect from July 1, 2006 through October 18, 2006. Starting October 19, 2006 the limit for each loss was increased to \$31 million.
- 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 coverages, sublimits, and self insurance. Details of these coverages are available from the Department of Administrative Services Risk Management Division. State Agencies have the option to purchase building contents and inland marine coverage.

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. Prior to January 1, 2003, the plan consisted of a defined contribution plan that covered State employees. Effective January 1, 2003, a cash balance benefit was added to the State Employees Retirement Act. 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 are employed and participating in the retirement system may either elect to continue participation in the defined contribution option or elect to participate in the cash balance benefit. Members who elect to participate in the cash balance benefit during this timeframe shall commence 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.

Prior to January 1, 2007, all permanent full-time employees who had 12 continuous months of service were required to begin participation in the retirement system. All permanent full-time or permanent part-time employees who had 12 months of service within a five-year period, and who had attained the age of 20, could exercise the option to begin participation in the retirement system. As of January 1, 2007, all permanent full-time employees are required to begin participation in the retirement system upon employment; and 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. Prior to January 1, 2007, each member contributed 4.33% of his or her monthly compensation until \$864 had been contributed and 4.8% of his or her monthly compensation for the remainder of the calendar year. As of January 1, 2007, 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 vested 100% after a total of three years of participation in the system, including the 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, 2007, employees contributed \$48,296 and the Nebraska Lottery contributed \$75,341. A separate plan report is issued and can be obtained from the Nebraska Public Employees Retirement System. This report contains full pension-related disclosures.

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 retailers accounts receivable is net of allowance for uncollectible in the amount of \$34,296.

Accounts Receivable:	
Retailers (net)	\$4,398,083
Other	157,921
Total	<u>\$4,556,004</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Total Capital Assets	\$ 419,570	\$ 1,571	\$ 13,240	\$ 407,901
Total Accumulated Depreciation	382,817	14,602	13,240	384,179
Total Capital Assets, Net	<u>\$ 36,753</u>	<u>\$ (13,031)</u>	<u>\$ 0</u>	<u>\$ 23,722</u>

6. ON-LINE GAMES

During the fiscal year ended June 30, 2007, the Nebraska Lottery offered a variety of on-line games as described in the following table.

<u>Game Name</u>	<u>Operated by</u>	<u>Nebraska's Share of Prize Reserves</u>
POWERBALL®	MUSL	\$ 1,471,800
NEBRASKA PICK 5®	Nebraska Lottery	n/a
NEBRASKA PICK 3®	Nebraska Lottery	n/a
2by2®	MUSL	127,682
		<u>\$ 1,599,482</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 are 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, 2007, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$152,846	\$50,556	\$22,000	\$181,402	\$12,698

8. LEASE COMMITMENTS

The minimum annual office lease payments for operating leases as of June 30, 2007, are as follows:

Year	Amount
2008	\$ 49,753
2009	49,753
2010	49,753
2011	49,754
2012	49,754
2013-2017	265,219
Total	\$ 513,986

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. Section 9-812 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. Section 9-812 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 \$29,266,219 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 \$7,006 in delinquent State taxes and \$13,676 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 NEBRASKA INFORMATION SYSTEM

Through their bank reconciliation procedures, DAS State Accounting Division (State Accounting) has identified a large unknown statewide variance between the State Treasurer's bank statements and the State's balances in the general ledger. This unknown variance indicates the bank records are short as compared to the accounting records. Some adjustments to the accounting records may be needed and may affect the fund balances of the Nebraska Lottery. At this time, it has not been determined how or when adjustments to the accounting records might be made. State Accounting is unable to determine the affect of such adjustment, if any, on the Nebraska Lottery's balances; however, State Accounting believes it will not have a material impact on the Nebraska Lottery's operations.