

2006

ANNUAL  
REPORT



and resource guide



**ANNUAL REPORT**  
**July 1, 2005 through June 30, 2006**  
**RESOURCE GUIDE**

Like any consumer goods business, the Nebraska Lottery periodically introduces new products and features that distinguish one year from another. Fiscal Year 2005-2006 was no exception, with developments in both the Scratch and Lotto game product lines.

In addition to planned offerings that contribute to the revenues and profitability of an organization, unique circumstances come into play to shape public awareness and affect overall operations. While Fiscal Year 2005-2006 was again no exception for the Nebraska Lottery, there were exceptional results that affected sales, and winner and beneficiary awareness.

This Annual Report and Resource Guide documents the activities, events and outcomes that made 2005-2006 an exceptional year for the Nebraska Lottery.

A handwritten signature in black ink, appearing to read "MJE", written over a horizontal line.

Mary Jane Egr Edson, State Tax Commissioner

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

James M. Haynes, Acting Lottery Director

*A Division of the Nebraska Department of Revenue*

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## GENERAL INFORMATION



The Nebraska Lottery sells \$1, \$2, \$3, \$5 and \$10 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 30 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 staff of more than 30 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. A competitive bid process was conducted, on the recommendation of the Auditor of Public Accounts, to contract for a review of the EDP (Electronic Data Processing) systems. That review was completed during the fiscal year.

There are 20 Nebraska Lottery headquarters employees, providing accounting, marketing and communication, systems and general administration services from the Nebraska State Office Building in Lincoln.

## ON-LINE (LOTTO) GAMES



### Oldest Game Gets Makeover

In April of 2005, the 29 lotteries that operated America's Game, Powerball, voted to make changes to the nation's first big jackpot game to meet players' demands for larger and faster growing jackpots.

#### Matrix Change

Effective August 28, 2005 in order to increase the average Powerball jackpot size, two white ball numbers were added, changing the jackpot odds to 1 in 146.1 million. The previous version of the game had jackpot odds of 1 in 120.5 million. The overall odds of winning a cash prize remained virtually the same at 1 in 36.60 (up slightly from 1 in 36.06).

The first drawing under the new matrix was held on August 31, when the white balls began being drawn from a field numbered 1 through 55.

The red powerball is still drawn from a field numbered 1 through 42.

#### Larger Minimum Jackpot

One of the most exciting changes came in the amount of the starting jackpot, which jumped from \$10 million to \$15 million, and now increases by no less than \$5 million for each drawing. The annuity option also changed so that players will receive an annual payment that increases each year--by 4 percent. Players can also still elect to receive the jackpot as a lump-sum cash payment.

on-line (lotto) games

## **Match Five Prize**

Another improvement to the game came with the doubling of the second tier prize for matching five white ball numbers; from \$100,000 to \$200,000 in cash.

## **Match Four Plus One Prize**

The third tier prize also doubled. Matching four of five white ball numbers and the red powerball is now worth \$10,000.

## **Power Play**

The Power Play option gives players the opportunity to elect to spend an additional dollar to multiply their non-jackpot prizes by two, three, four or five times. The multiplier number is drawn before the Powerball numbers each Wednesday and Saturday. Under the new format, the Power Play number is drawn from a field of 16 numbers: 2,2,2,2,3,3,3,3,4,4,4,4,5,5,5,5.

With the purchase of the Power Play option, players have the opportunity to multiply their non-jackpot winnings by as much as five (5) times to win up to \$1 million.

## **Multi-Draw**

When the changes took effect, Nebraska Lottery Powerball players received the ability to purchase multi-draw tickets for up to 12 weeks of (24) drawings. This feature was expanded from the previous five-week maximum.

## **Background**

Lottery games need to be changed from time-to-time, to respond to both player demands and population changes. These changes brought to the game the larger jackpots that our players expect, and the chance to increase the number of big prizes by creating many more \$1 million winners.

This was the fourth design change for the best-known multi-state jackpot game since it was created in 1992. The previous change was in October 2002.

## SCRATCH DEVELOPMENTS



### Play Nice

In November of 2005, a new concept in Scratch game themes was introduced.

Beginning with three games known as the Hit Family, 'suites' of games were added to the lineup of individual Scratch games launched throughout the year.

The suite of games concept offers multiple games that share a common theme, but cross multiple price points.

The first suite included Hit \$20, Hit \$50 and Hit \$500 which sold for \$1, \$2 and \$5, respectively. Members of the Hit Family of games offered top prizes that are smaller, but more plentiful than in other Scratch games with larger top prizes.

As their names imply, each game gave players the chance to "Hit" a top prize of \$20, \$50 or \$500, respectively.

**Hit \$20** offered more than 225,000 prizes, including a total of 5,600 top prizes of \$20. The overall odds of winning a prize in this \$1 game were 1 in 3.70.

**Hit \$50** offered more than 137,000 prizes, including a total of 3,000 top prizes of \$50. The overall odds of winning a prize in this \$2 game were 1 in 3.49.

**Hit \$500** offered more than 130,000 prizes, including a total of 400 top prizes of \$500. The overall odds of winning a prize in this \$5 game were 1 in 2.75.

The Hit Family was followed in early 2006 by the Lucky Family, including Lucky \$20, Lucky \$50 and Lucky \$500, all at the same price points and featuring similar prize structures as the Hit Family.

scratch developments

In May, the suite of games approach was applied to the long-standing Bingo line of games. The Bingo Bunch included the traditional \$35,000 Bingo at \$3, and added \$1 Mini Bingo and \$5 Big Bingo.

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



The Nebraska Lottery marked the Tenth Anniversary of the popular Truck\$ & Buck\$ Scratch game with a special Getaway Giveaway promotion.

Launched in May, Truck\$ & Buck\$ again featured the Toyota Tundra 4x4 Double Cab truck as its top prize. The \$2 Scratch game offered more than 228,000 cash prizes, as well as three prizes of \$1,000 worth of E-10 Unleaded with Ethanol, and four top prizes of a 2006 Toyota Tundra 4x4 Double Cab truck.

To celebrate the game's Tenth Anniversary, the Getaway Giveaway promotion gave players the opportunity to enter \$10 worth of any combination of eligible \$2 Scratch tickets (all \$2 games on sale between April 30 and August 30, 2006).

The promotion offered a Grand Prize package valued at \$72,000 that included a 2006 Toyota Tundra 4x4 Double Cab truck, a 2006 Fun Finder X210 travel trailer, and a 2006 Yamaha VX110 WaveRunner personal water craft. Ten second-tier winners each received \$1,000.

Five semi-finalists were selected in preliminary drawings, scheduled on May 30, June 20, July 11, August 1 and August 31.

The promotion concluded on September 3, with a gathering of 25 semi-finalists at the Nebraska State Fair for the Getaway Giveaway grand prize giveaway.

Each of the four Truck\$ & Buck\$ instant truck prizes was valued at \$43,000, which included state and federal withholding paid by the Nebraska Lottery, and cash for expenses incurred with ownership.

The odds of winning one of the Truck\$ & Buck\$ four top prizes were 1 in 210,000. The odds of winning one of the three prizes of \$1,000 in E-10 Unleaded were 1 in 280,000. The overall odds of winning something in the game were 1 in 3.67.

Tundra winners also received \$100 worth of free E-10 Unleaded with Ethanol, courtesy of the Nebraska Ethanol Coalition.

## RESEARCH AND RELATIONSHIPS



The Nebraska Lottery operates a relationship marketing program through which more than 210,000 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 February of 2006 found that over half (55 percent) of the eligible population (age 19 or older) has played a Nebraska Lottery game in the past year. About half (49 percent) of players have purchased both Scratch and on-line (Lotto) games in the past year.

The median age of Nebraska Lottery Scratch ticket players is 42, with a median household income of \$52,600 per year. The median amount spent every two weeks by Scratch game players is \$2.82.

The median age of Powerball (the best known on-line game) players is 43, with a median household income of \$59,300. The median amount spent every two weeks by Powerball players is \$1.85.

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

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

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

A January (14-19) 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.

## Beneficiary Awareness

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

During the fiscal year, the Nebraska Lottery included a newspaper ad campaign in its beneficiary awareness efforts--letting Nebraskans know about Lottery proceeds distributed to beneficiary funds, including the Compulsive Gamblers Assistance Program. Planned for semi-annual placement, the ads call attention to the work of the four beneficiary programs. The first campaign, in May and June of 2006, gave each beneficiary (such as the Compulsive Gamblers Assistance Program) exposure in every daily and weekly newspaper in the state.

The Nebraska Lottery has consistently undertaken efforts to support the work of and build awareness for the Compulsive Gamblers Assistance Program and the Nebraska Council on Compulsive Gambling. These efforts are in addition to the 5 percent share of the advertising and promotion budget directed to Compulsive Gamblers Assistance under LB 1039 passed by the 2006 Legislature, and the shares of proceeds received quarterly by Compulsive Gamblers Assistance.



## Fan Club Part of Broadcast Partnership

Beginning in September of 2005, Nebraska sports fans got a new way to show their support. The Big Red Bunch fan club is a special offering between the Nebraska Lottery and Pinnacle Sports, which broadcasts University of Nebraska athletics—including football, baseball and basketball.



Big Red Bunch fan club benefits include unique knowledge of Nebraska athletics and the chance to win various prizes. The Big Red Bunch is hosted on the Nebraska Lottery website, nelottery.com.

In addition to sports analysis, the Big Red Bunch offers listeners and visitors to nelottery.com the chance to win various Nebraska Lottery promotional items. The initiative also emphasizes awareness of Nebraska Lottery beneficiaries such as the Nebraska Scholarship Fund—an item of interest to intercollegiate athletic fans.

Among the educational and environmental efforts supported by the Nebraska Lottery is the Nebraska Scholarship Fund, which currently receives 22.5 percent of all Nebraska Lottery proceeds. With the help of the Nebraska Lottery, the Nebraska Scholarship Act awarded more than 25,000 Nebraska State Grants during the 2003-04 and 2004-05 academic years.

## 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 36 percent to more than 2.3 million.

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

A 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.

## **Scholarships Awarded Design Contest Winners**

Among the contests offered to MVP Club members was the chance to vote in the College Design 'Em Contest. In December of 2005, after receiving 62 percent of all votes cast, five winners were identified in the first College Design 'Em Contest. The top five vote-getters each received a \$1,000 scholarship from the Nebraska Lottery.

In all, 973 votes were submitted through the Nebraska Lottery website by MVP Club members from November 1 through November 18, 2005.

Members could vote for one design only. The winning entries were:

**ROYAL FLUSH by Sarah Kraus of Cedar Rapids, IA**

**ROCK STAR by Brandon Curtis of Beatrice**

**SPIN THE BOTTLE by Mike Vithoukas of Chicago, IL**

**FEED THE DUCKS by David Kampmann of Lincoln**

**CASH MONKEY by Jeremie Memming of Lincoln**

The students' identity and school were not revealed during voting. The five winners happened to be students at the University of Nebraska.

Everyone who voted for one of the five winning designs received a Nebraska Lottery prize pack.

As an added bonus, an iPod nano was awarded to one MVP Club member selected in a random drawing among the votes cast for the five winning designs. That winner was Stephen Anthony, also a University of Nebraska student.

The College Student Design 'Em Contest began in September when students, 19 or older, on Nebraska college campuses were invited to submit their ideas for \$1 Scratch games. The Nebraska Lottery has conducted various statewide Design 'Em Contests in previous years, and a number of college students have won cash prizes.

Selection as a Design 'Em Contest winner does not guarantee that a ticket will find its way into distribution among Nebraska Lottery retailers. However, ticket designs (all those submitted, as well as the ultimate winners) may be tested for marketability.

## Seward Woman's Game Design Becomes Reality

Building upon a previous Scratch game design contest, a contest on nelottery.com celebrated the September 2005 introduction of a \$1 Scratch game designed by a Seward woman.



Hunting For Bucks, designed by Nicole Thomas, was one of six designs selected in March of 2005 as winners of the 2005 Design 'Em Contest. The contest drew more than 200 entries and winners were determined by more than 1,000 votes cast through nelottery.com.

After a sneak preview at the 2005 Nebraska State Fair, Hunting For Bucks began shipping to Nebraska Lottery retailers on August 29.

Hunting For Bucks offered players seven chances to win on each ticket, by scratching each of seven deer crossing signs. If an antlers symbol appeared under the sign, the corresponding cash prize was won. In addition to two top prizes of \$3,000, Hunting For Bucks offered more than 192,000 other prizes. The odds of winning one of the game's top prizes were 1 in 360,000, and the overall odds of winning a prize were 1 in 3.74.

MVP Club members received one contest entry for every serial number from a non-winning Hunting For Bucks ticket submitted by September 30, 2005 through nelottery.com.

More than 5,400 entries were received via nelottery.com during the promotional period. Contest prizes included gift cards and merchandise supplied by Cabela's.

## Winners and Promotion; Nebraska Pick 5 Jackpot Winners Featured in Ad Campaign

Seven Nebraska Pick 5 jackpot winners from across the state were featured in a television campaign highlighting the October 2005 promotion, Nebraska Pick 5 Doubler.

Under the direction of the Nebraska Lottery's advertising agency, Ayres Kahler of Lincoln, a film crew visited each winner's hometown in early September. The winners appeared in various indoor and outdoor settings expressing their reactions to having won the Nebraska Pick 5 jackpot.



The featured winners were:

**MARY ANN BROWN OF ASHLAND,  
who claimed a \$106,000 jackpot in September of 2003.**

**DAVID KUSZAK OF ASHTON,  
who claimed a \$58,000 jackpot in January of 2004.**

**TIM KALLENBACH OF BELLWOOD,  
who claimed a \$122,000 jackpot in October of 2004.**

**KEITH HATFIELD OF CLATONIA,  
who claimed a \$174,000 jackpot in July of 2003.**

**CHERI SHRINER OF COLUMBUS,  
who claimed a \$222,000 jackpot in August of 2004.**

**RAY URBAN OF LEXINGTON,  
who claimed a \$82,000 jackpot in September of 2004.**

**DEBORAH AND MIKE LIGGOTT OF LINCOLN,  
who claimed a \$78,000 jackpot in May of 2005.**

Winners featured were selected from among those who had expressed an interest in possibly appearing in Nebraska Lottery advertising.

### **Promotion Details**

Known as the Nebraska Pick 5 Doubler, the special promotion doubled the Nebraska Pick 5 jackpot each time it was won during October.

This was the third edition of the Nebraska Pick 5 Doubler promotion. Previous promotions were conducted in November of 2004 and November of 2003.

## 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 (2004) has found that carrying Lottery tickets is viewed as a customer service by 53 percent of retailers responding. Another 46 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 #1467, Omaha*  
*Stars 66, Omaha*  
*Baker's #307, LaVista*  
*Hy-Vee #1469, Omaha*  
*Hy-Vee #1470, Omaha*  
*Hy-Vee #1465, Omaha*  
*No Frills #19, Omaha*  
*Usave Mart, Morrill*  
*Skagway 5 Points, Grand Island*

### **Scratch, Top 10**

*Northside Amoco, North Platte*  
*Skagway 5 Points, Grand Island*  
*Corner Stop, Columbus*  
*Bucky's Express #40, Omaha*  
*Pump & Pantry #16, York*  
*Gas 'n Snaks, Seward*  
*Coffin's Corner, Grand Island*  
*Express Mart #1, Scottsbluff*  
*Gas & Plus, Lincoln*  
*Kwik Stop #5, North Platte*

## **Combined Scratch and Lotto, Top 10**

*Skagway 5 Points, Grand Island*

*Corner Stop, Columbus*

*No Frills #3, Bellevue*

*Hy-Vee #1467, Omaha*

*Gas 'n Snaks, Seward*

*Pump & Pantry #16, York*

*Northside Amoco, North Platte*

*No Frills #19, Omaha*

*Bucky's Express #40, Omaha*

*Hy-Vee #1465, Omaha*

## **BENEFICIARIES**

### **Beneficiary Funds Receive Share Of Record Powerball Jackpot Sales**

After the changes made to Powerball in August of 2005, increased jackpot sizes were realized. In October, the jackpot reached a record \$340 million.

That figure was eclipsed in February of 2006, when the Powerball jackpot rose to \$365 million and ultimately was won in Nebraska. In the seven days leading up to the \$365 million jackpot, Nebraska Lottery sales set a record of their own.

Powerball sales in Nebraska from February 12 through February 18 totaled more than \$2.8 million. On Saturday, February 18, Nebraska Lottery Powerball sales amounted to more than \$1 million.

Nebraska Lottery beneficiary programs realized about \$600,000 from Powerball sales alone in the week leading up to the February 18 drawing. With proceeds from the week's sales of three other Nebraska Lottery Lotto games (over \$400,000) and Scratch ticket sales (over \$1 million) the beneficiary funds' share of sales for the week reached more than \$900,000.

### **Beneficiary Funds Pass \$250 Million As Sales Reach \$1 Billion**

At the end of March, the Nebraska Lottery distributed among its beneficiary funds, \$7,866,346 derived from a share of Scratch and Lotto ticket sales for the previous three months.

That brought to \$251,828,443 the total 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 evenly 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).

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.

Total sales for the Nebraska Lottery, as of March 31, 2006 were \$1,005,764,678. The \$1 billion mark was reached on or about March 15.

The June 2006 transfer of proceeds of \$7,006,589 brought the total raised for beneficiary funds to \$258,835,032.

At the end of the fiscal year, the funds' respective totals to date were:

**Education Innovation Fund, \$106,370,732;**

**Nebraska Scholarship Fund, \$15,899,619;**

**Nebraska Environmental Trust Fund, \$103,809,356;**

**Nebraska State Fair Support and Improvement Fund, \$3,785,978; and**

**Compulsive Gamblers Assistance Fund, \$5,508,351.**

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.

## WINNERS

### Nebraska Coworkers Capture World Stage, Claim \$365 Million Jackpot

On February 22, a group of eight coworkers at the ConAgra Foods plant in Lincoln, claimed the record \$365 million jackpot from the February 18 Powerball drawing.

The group elected to take the cash option on the jackpot, valued at \$177.3 million. Their respective shares were \$22,162,500. After withholding of 25 percent federal and 5 percent state tax, they shared \$124.11 million or \$15.5 million, respectively.

The members of the group were:

**Quang Dao, 56**  
**David Gehle, 53**  
**Alain Maboussou, 26**  
**Chasity Rutjens, 29**  
**Robert Stewart, 30**  
**Michael Terpstra, 47**  
**Dung Tran, 34**  
**Eric Zornes, 40**



The group bought their winning ticket, one of eight (8) five-play quick pick tickets worth a total of \$40, at U-Stop at 110 West “O” Street, in Lincoln, at 3:09 p.m. on February 17.

Members of the group told Nebraska Lottery officials that some of them had been playing Powerball for up to five years, pooling their resources to buy multiple tickets whenever the jackpot eclipses \$45 million. Each contributed \$5 at a time to buy a total of eight five-play quick pick tickets for each drawing. They noted the irony of waiting to play when their respective shares of the prize after taxes amounted to just more than \$15 million, which is the minimum starting jackpot for Powerball.

Dung Tran (center, front row in the photo above) typically bought the group’s tickets, usually at the same location. He learned of their winning ticket by checking the Nebraska Lottery Players Hotline (800-224-LUCK) at about 4:30 a.m. the morning after the drawing. The winning Powerball numbers for February 18 were: 15, 17, 43, 44, 48 and Powerball 29.

The story was the focus of intense local, statewide, national and even international media interest.

Reporters scoured Lincoln for leads on the story. In the days immediately following the drawing, satellite trucks and news crews staked out the store where the winning ticket was sold and the Nebraska Lottery offices.

On February 22, news crews converged upon the Cornhusker Hotel in Lincoln for the announcement of the winners' identities.

Before an assembled crowd of hundreds, and a worldwide live media audience, the winners answered questions after receiving ceremonial checks.

The group, consisting of native born citizens and refugees, some long-time employees and some relative newcomers to the plant, won the hearts of their audience with their good humor, humility, sense of community and strong work ethic. (Quang Dao is pictured on the cover of the report.)

## Major prize winners, claimed at Nebraska Lottery Claim Centers.

### JULY 2005

**Nebraska Pick 3™ - \$600**  
Dean Jones, Laurel  
Todd Heller, Wisner  
Sharon Field, Fremont  
Francine Bufkin, Kearns, UT  
Randy Marquette, Lincoln  
Douglas Matlock, Mitchell  
Connie Kleffner, Spalding  
Nakia Stone, Bellevue  
Marilyn Jourdan, Fullerton  
Todd Manes, Beatrice  
Bruce Wright, Lincoln  
Tina Vosler, Lincoln  
Richard Oliva, Fremont  
Antonio Acosta, Omaha  
Douglas Thatcher, Lincoln  
Malcolm Foley, Omaha  
Francis Caruso, Omaha  
Barb Cornwell, LaVista  
Sarah Lacy, Nebraska City  
Kevin Bennett, Kearney  
William Bogatz, Jr., Papillion  
Joe Shediak, Omaha  
Gary Kilgore, North Platte  
Herbert Schultz, Columbus  
Carter Herold, Nebraska City  
Les Starlin, Omaha  
Tonia Rupp, Kimball  
Robert Moore, Ogallala  
Brenda Wynne, Scottsbluff  
**Powerball® - \$580**  
Sarah Patocka, Columbus  
**Nebraska Pick 5® - \$450**  
Candy Beceria, Council Bluffs, IA  
Clarence Rosencutter, Lincoln  
**Powerball® - \$200**  
Steven Ruchti, Omaha  
**7's Are Hot - \$2,777**  
Kenneth Kass, Omaha  
**Super Hot 7's - \$777**  
Nancy Kalvoda, Tobias  
**Nebraska Pick 3™ - \$550**  
Mary Harrison, Plattsmouth  
**2by2® - \$20,000**  
Valerie Walton, Lincoln  
**Sports Car Cash - Corvette**  
Jack Dover, Springfield  
**Bonus Crossword - \$1,000**  
Paulette Bard, Lincoln  
**Nebraska Pick 5® - \$106,000**  
Diana Tinnell, Papillion  
**\$35,000 Bingo - \$35,000**  
Bonnie Culver, Lincoln  
**\$35,000 Bingo - \$1,000**  
Marty Samson, Ft. Laramie, WY  
**Nebraska Pick 3® - \$800**  
Judy Durand, Omaha  
John Blakenship, Bellevue  
**Nebraska Pick 5® - \$900**  
Dorothy Thiem, North Platte  
**Nebraska Pick 3® - \$2,250**  
Richard Harris, Omaha  
**Powerball® - \$5,000**  
Joseph Siedlik, Omaha  
**Truck\$ & Buck\$ - Truck**  
Jeremy George, Bellevue

### AUGUST 2005

**Nebraska Pick 3™ - \$600**  
Mark Larson, Omaha  
Jane Gerths, West Point  
Mark Babutzke, Fremont  
Cynthia Mendoza, Lincoln  
Monica Marushak, David City  
Kathy Meloccano, Omaha  
Ken Seffron, Omaha  
Brad Mallett, Omaha  
Mark Cutson, Omaha  
Robert Soulliera, Columbus

Esteban Rios, Lexington  
Orlena Raymond, Omaha  
Ronald Matson, Papillion  
Dedan Lijoodi, Papillion  
Rick Grabbe, Omaha  
Robert Donaldson, Ord  
Linda Joyce, Grand Island  
Jackie Kotrous, Verdigre  
Edward Fuxa, Omaha  
Gary Roberts, Omaha  
Connie Coe, Hooper  
Isaac Quarells, Lincoln  
Mary Moore, Brule  
Robert Turner, Omaha  
William Felecia, Sioux City, IA  
Maria Mason, Omaha  
Larry Lehman, Norfolk  
Todd Schaecher, Monroe  
Denise Riley, Omaha  
Clyde Sexton, Scottsbluff  
Eugene Sides, Omaha  
Rod Steele, Omaha  
**Nebraska Pick 3® - \$2,400**  
Abdel Bazzi, Torrington, WY  
**Nebraska Pick 3® - \$550**  
Rod Steele, Omaha  
**\$250,000 Payday**  
Deborah Lehn, North Platte  
**Powerball® - \$500**  
Dean Dorszynki, St. Paul  
**Powerball® - \$5,000**  
Marlin Wells, Central City  
Christopher Waller, Torrington, WY  
Arthur Pendergast, Norfolk  
Ervin Huls, Holmesville  
**Powerball® - \$100,000**  
Kenneth Peck, Omaha  
**Sizzlin 7's - \$77,777**  
Kathleen Butler, LaVista  
**2by2® - \$20,000**  
Judy McConnell, Omaha  
Donna Romero, Lincoln  
**Nebraska Pick 3® - \$350**  
James Walker, Omaha  
**Nebraska Pick 5® - \$450**  
Melvin Bender, Clarks  
Tom Walter, Omaha  
Bob Pokorny, Ord  
**Nebraska Pick 3® - \$601**  
Beverly Houck, Omaha  
**Nebraska Pick 3® - \$700**  
Sherri Cargile, Mitchell  
**Nebraska Pick 3® - \$909**  
Marvin Hansen, Fremont  
**Nebraska Pick 3® - \$950**  
Dorothy Spence, Polk  
**Nebraska Pick 3® - \$1,150**  
Isaiah Jackson, Omaha  
Kristin Berke, Omaha  
**Twice As Lucky - \$1,000**  
Lisa Werthmann, Bellevue  
**Mega Crossword - \$50,000**  
Dennis Young, North Platte  
**\$35,000 Bingo - \$1,000**  
Jason Rossow, Lincoln  
Delores Arnone, Columbus  
**Bonus Crossword - \$1,000**  
Rosario Reyes, Lincoln  
**Quick 7's - \$7,000**  
Barbara Azuse, Columbus  
**Mega Crossword - \$1,000**  
Gary Hanshaw, LaPlatte  
**Cool Truck Giveaway Second Chance Contest**  
Jim Harris, Fremont – **Toyota Tundra**  
David Kuszak, Ashton – **\$5,000**  
Daniel Lieb, Seward – **\$500**  
Carol Trevino, Omaha – **\$1,000**  
Robert Russell, Beatrice – **\$1,500**  
Carolyn Michel, Lincoln – **\$2,000**

### SEPTEMBER 2005

**Nebraska Pick 3® - \$600**  
Beverly Shannon, Omaha  
Dennis Whitehead, Lincoln  
Wendy Mekoski, St. Paul  
Abpel Bazzi, Torrington, WY  
Frank Schuman, Omaha  
Amos Reed, Jr., Omaha  
Alan Schwartz, Omaha  
Charles Ray, Giltner  
Ron Schmidt, Lincoln  
Larry Lehman, Norfolk  
Edmund Wright, Omaha  
Richard Walton, Norfolk  
Elizabeth Vaughn, LaVista  
Jose Castillo, Omaha  
**Nebraska Pick 3® - \$550**  
Imogene Shupe, Omaha  
**Nebraska Pick 3® - \$701**  
Stan Kubec, Elkhorn  
Paul Cardenas, Omaha  
**Nebraska Pick 3® - \$950**  
Edmund Wright, Omaha  
**Nebraska Pick 3® - \$1,152**  
Sharon Sehl, Oakdale  
**\$250,000 Payday - \$1,000**  
David Haswell, Louisville  
**7's Are Hot - \$2,777**  
Pam Jacobsen, Norfolk  
**Truck\$ & Buck\$ - Truck**  
Jerry McPhillips, Elkhorn  
**Quick 7's - \$7,000**  
Ondraye Williams, Hastings  
**Hunting For Bucks - \$3,000**  
Billy Pike, Omaha  
**\$50,000 Casino Thrills - \$50,000**  
Harriet Dellinger, North Platte  
**Nebraska Pick 5® - \$468**  
Jolene Karel, Howells  
**Nebraska Pick 5® - \$450**  
William McDermott, North Platte  
**Nebraska Pick 5® - \$102,000**  
Danyel Stricklin, Omaha  
**Bonus Crossword - \$1,000**  
George Bort, Omaha  
**2by2® - \$20,000**  
Carla Middleswart, Gibbon  
Janet Zwiener, Spalding  
Francis Reiss, Crete  
Kathy Giese, Wisner  
**Double Blackjack - \$10,000**  
Beau Vaughn, Omaha  
**Powerball® - \$884**  
Jack Ealy, Omaha  
**Powerball® - \$1,628**  
Jack Ealy, Omaha  
**Powerball® - \$10,000**  
Daniel Svoboda, St. Paul  
Allen Meyer, Gering  
**Powerball® - \$100,000**  
Wosenyelesh Hailu, Omaha

### OCTOBER 2005

**Nebraska Pick 3® - \$600**  
Johnny Reed, Omaha  
Stanley Boyer, Mullen  
Bernadette Niles, Lincoln  
William Edwards, Elkhorn  
Irene Hunter, Omaha  
Christian Deitering, Omaha  
Roger Flohrs, Hastings  
David Fabian, Omaha  
Gloria Campos, Cozad  
Ronald Matson, Papillion  
Monica Shockey, Torrington, WY  
Sonia Wade, Omaha  
Mentha Grabouski, Lincoln  
Hortensia Salgado, Omaha  
Marvin Strizek, Valparaiso  
Barbara Elliott, McCook  
Tammy Lake, North Platte

Kimberly Patocka, Columbus  
 Bob Butterfield, North Platte  
 David Coe, Blair  
 Connie Coe, Hooper  
 Ken McNealy, Omaha  
 James Kudlacz, Omaha  
 Kiley Marlatt, Hastings  
 Donald Harvey, Lincoln  
**Bonus Crossword - \$1,000**  
 Trent Brown, Grand Island  
 Jason Koehler, Norfolk  
**Powerball® - \$515**  
 Tom Hollingsworth, LaVista  
**Powerball® - \$575**  
 Scott Harmon, Trumbull  
**Powerball® - \$10,000**  
 Michael Folds, Omaha  
 Randy Davis, Omaha  
 Terrence Haach, Bennington  
 Steven Pfeifer, Elkhorn  
 James Modrell, Wayne  
 Randy Davis, Omaha  
 Gary Workman II, Omaha  
 Betty Hevelone, North Platte  
 Bryan Rast, Omaha  
 Sandra Osborn, Fremont  
 Kathleen Wortman, Grand Island  
 Dana Ems, Lincoln  
 Judy Skorniak, Loup City  
**Powerball® - \$200,000**  
 Patricia Hertel, Elkhorn  
 Harry Lahs, Omaha  
 Dianna Highland, Omaha  
**\$50,000 Casino**  
 Mark Warford, Grand Island  
**The Price Is Right - \$1,000**  
 Tanisha Rhyne, Council Bluffs, IA  
**Super 7's - \$777**  
 Robert Kempas, Hastings  
**\$35,000 Bingo - \$35,000**  
 Harvey Green, Gering  
 Sharon Polanco, North Platte  
 Allison Baker, Lincoln  
**Twice As Lucky - \$1,000**  
 Bill Coufal, Shelton  
**Fire 'N Ice - \$10,000**  
 Nesha Danielson, Minden  
**Nebraska Pick 3® - \$350**  
 Chris Duncan, Lincoln  
**Nebraska Pick 5® - \$450**  
 John Pass, Omaha  
**Nebraska Pick 3® - \$602**  
 Alvin Motley, Omaha  
**Nebraska Pick 5® - \$927**  
 John Webster, Wood River  
**Nebraska Pick 5® - \$244,000**  
 Catherine Heenan, Bellevue  
**Quick 7's - \$7,000**  
 Ramulic Vahid, Lincoln  
**Second Chance Web Promo - \$1,000**  
 Barbara Lohmann, Omaha  
**Second Chance Web Promo - 300 Scratch tickets**  
 Sheri Durand, Bellwood  
**2by2® - \$20,000**  
 June Giles, Omaha  
 Charlotte Casey, Ogallala  
**Twice As Lucky - \$35,000**  
 Beverly Jacobson, Bellevue  
**The Price Is Right - \$50,000**  
 Douglas Johnson, Lincoln

## NOVEMBER 2005

**Bonus Crossword - \$1,000**  
 Edward Hale, Omaha  
**Happy Cash - \$2,000**  
 Donovan Wredt, Council Bluffs, IA  
**Nebraska Pick 3® - \$600**  
 Barbara Elliott, McCook  
 Cindy Buresh, Waterloo  
 Paul Cardenas, Omaha  
 Charles Simmons, Superior  
 Becky Soderlund, Beaver City

Jerry Everett, Cortland  
 Steven Mount, Gering  
 Polly Wacker, Hastings  
 Albert Ford, Omaha  
 Vivian Parks, South Bend  
 David Broderson, Omaha  
 Lynda Beard, Ogallala  
 Grant Seeber, Grand Island  
 Gary James, Ruskin  
 Jacqueline Brouillette, North Platte  
 Janice Baker, Hastings  
 Rita Hautzenroder, Lincoln  
 Cynthia Mendoza, Lincoln  
 Melvin Irish, North Platte  
 James Kudlacz, Omaha  
 Ann Miller, Blair  
 Aman Muhibullar, Omaha  
 Carol Gunter, Omaha  
 Mark Cutsor, Omaha  
 Jesse Clemons, Omaha  
 Francis Winnicki, Omaha  
**Nebraska Pick 3® - \$350**  
 Shelby Foster, North Platte  
**Nebraska Pick 3® - \$550**  
 Roderick Steele, Omaha  
**Nebraska Pick 5® - \$202,000**  
 Gregg Huerta, Hastings  
**Bonus Crossword - \$35,000**  
 Ken Bode, Omaha  
**2by2® - \$20,000**  
 Marvin Krepel, North Bend  
**Powerball® - \$200,000**  
 Mike Moore, Lincoln  
**Nebraska Pick 3® - \$700**  
 Christina Wilson, Red Cloud  
 Ken McNealy, Omaha  
**Double Blackjack - \$10,000**  
 Clarence Sahn, Indianola  
**Powerball® - \$10,000**  
 Jaime Bonet, Omaha  
**\$35,000 Bingo - \$1,000**  
 Gustavo Resendiz, Omaha  
**Hit Family \$500 - \$500**  
 Neal Williamson, Lincoln  
**Nebraska Pick 5® - \$450**  
 Candy Becerra, Council Bluffs, IA  
 Pauline Trisdale, North Platte  
**Nebraska Pick 5® - \$927**  
 Jeff Narduzzo, Omaha

## DECEMBER 2005

**HoHo Dough - \$1,000**  
 Donald Bernt, Columbus  
**Nebraska Pick 3® - \$600**  
 Sheryl Morgan, Atkinson  
 Theodore Struempler, Callaway  
 Edlisia Seyler, Alma  
 Donald Nelson, Bellevue  
 Richard Rech, Blair  
 Michael Wilhelm, Bellevue  
 Misael Dela Torre, Columbus  
 Betty Simpson, Alliance  
 Karleen Stutzman, Raymond  
 Margie Harrison, Omaha  
 Abbey Orozco, Gering  
 Nate Swift, Lincoln  
 John Duhrkopf, Lincoln  
 Cynthia Olivas, Lincoln  
 Rachel Dierberger, Lincoln  
 Patricia Gilbert, Cheyenne, WY  
 Todd Schaecher, Monroe  
 Jeremy Witt, Lyman  
 Roger Thompson, Kearney  
 Patrick McGraw, Hiawatha, KS  
 Larry Marrs, Omaha  
 Shirley Calek, Omaha  
 Thaddeus Stevens, Omaha  
 Joseph Ramsey, Elkhorn  
 Linus Haines, Grand Island  
 Willie Coleman, Omaha  
**Nebraska Pick 3® - \$550**  
 David Beisner, Bellevue

**Powerball® - \$535**  
 Patti Allgood, Omaha  
**Nebraska Pick 3® - \$1,200**  
 Veronica Taylor, Union  
**Bonus Crossword - \$1,000**  
 Cary Hansen, Omaha  
**Winner Green - \$50,000**  
 Connie Laitner, Omaha  
**Powerball® - \$500**  
 Danny Johnson, Lincoln  
 Richard Collen, Kearney  
**\$10 Scratch Game Second Chance Contest - \$1,000**  
 James Gress, Nebraska City  
**Nebraska Pick 3® - \$350**  
 Shelby Foster, North Platte  
**Nebraska Pick 5® - \$450**  
 Loretta Harralson, Norfolk  
 Patrick Carlson, Sutton  
**Nebraska Pick 5® - \$900**  
 Lynn Armagost  
**Super Hot 7's - \$77,777**  
 Ashley Gartee, Lincoln  
**Nebraska Pick 5® - \$74,000**  
 Donald Janssen, Omaha  
**Powerball® - \$10,000**  
 Clement Mayo, Omaha  
 Harry Evans, Omaha  
 Patricia Wilson, Sidney  
 Charles Guggenmos, Crawford  
**2by2® - \$20,000**  
 Ruth Flott, Omaha  
**\$250,000 Payday - \$1,000**  
 Ernest IronThunder, Norfolk  
**Wild 8's - \$4,000**  
 Marty Fritzier, Bridgeport  
**Lucky \$500 - \$500**  
 Teresa Bates, North Platte  
 Randy Leaf, North Platte  
 Mike Leise, Norfolk  
 Rodger Pella, Adams  
**Nebraska Pick 3® - \$2,250**  
 Rich Harris, Omaha  
**\$35,000 Bingo - \$1,000**  
 Anthony Clark, Omaha  
**Hunting For Bucks - \$3,000**  
 Ramoni Marqus, Shelton

## JANUARY 2006

**Nebraska Pick 3® - \$600**  
 Richard Rempe, Superior  
 Charlotte Barron, Lexington  
 Veronica Taylor, Union  
 Cora Truitt, Omaha  
 Rodney Mason, Bellevue  
 Bernadette Niles, Lincoln  
 Coleen Menze, Gresham  
 Gladys Smillie, Malcolm  
 Kenton Bellamy, Lincoln  
 Paul Warner, Alliance  
 Fred Warnemunde, Lexington  
 Ronald Bishop, Omaha  
 Colleen Belmont, Omaha  
**Nebraska Pick 3® - \$700**  
 Karen Thomas, Platte Center  
**Nebraska Pick 3® - \$1,152**  
 Randall Teasley, Kimball  
**Nebraska Pick 3® - \$1,200**  
 Abdel Bazzi, Torrington, WY  
 Peter Jones, Papillion  
 Wanda Sullen, St. Louis, MO  
 Dawn Thumser, Plattsmouth  
**Quick 7's - \$7,000**  
 George Blakely, Grand Island  
**Nebraska Pick 5® - \$450**  
 Robert Popken, West Point  
**Nebraska Pick 5® - \$927**  
 John Webster, Wood River  
 Richard Thomas, Omaha  
**Nebraska Pick 5® - \$50,000**  
 Thomas Burns, Omaha  
**Nebraska Pick 5® - \$82,500**  
 Ross Harreson, Plattsmouth

**Nebraska Pick 5® - \$154,000**  
 Michael McKain, Lincoln  
**\$35,000 Bingo - \$1,000**  
 Janie Rodriguez, Lincoln  
 Nancy Black, Fremont  
 Darrell Knapp, Battle Creek  
**Cool 7's - \$2,777**  
 Harry Gilsan, Omaha  
**\$10 Scratch Game Second Chance Contest - \$1,000**  
 Dennis Cunningham, Omaha  
**Crown Jewels - \$35,000**  
 Manuel Sanchez, Omaha  
**Splatters - \$2,000**  
 Randy Koehler, Omaha  
**2by2® - \$20,000**  
 William Thompson, Lincoln  
 Jonathan Richards, Omaha  
**\$50,000 Casino Thrills - \$1,000**  
 Sara Kaiser, Norfolk  
**Powerball® - \$10,000**  
 Jane Nelson, Grand Island  
 Heath Wilcox, Lincoln  
 Steven King, Alliance  
 Cinda Hladky, Cozad  
 Gerald Cohen, North Platte  
**Powerball® - \$200,000**  
 Steven Haack, Lincoln  
**Lucky \$500 - \$500**  
 Leanne Luebbe, Central City  
**\$10,000 Home Makeover Giveaway**  
 Becky Barry, Omaha - **\$250**  
 Andy Cutler, Omaha - **\$500**  
 Monica Hansen, Neligh - **\$750**  
 Mary Morrison, Omaha - **\$1,000**  
 Jeff Bures, Columbus - **\$10,000**  
**Gift Card to Nebraska Furniture Mart**

**FEBRUARY 2006**

**2by2 - \$20,000**  
 Dale Duckert, Omaha  
**Nebraska Pick 3® - \$600**  
 Nancy Hansen, Dorchester  
 Ramona Franklin, Omaha  
 Margie Harrison, Omaha  
 Kirby James, Omaha  
 Steven Pospisil, Norfolk  
 Bobby Ladd, Omaha  
 Thomas Mann, Lincoln  
 Cynthia Mendoza, Lincoln  
 Tam Van Nguyen, Lincoln  
 Patricia Rabbass, Roca  
 Ruth Dizmang, Imperial  
 Gary Nelson, Omaha  
 Linus Haines, Grand Island  
 Jasper Clark, Omaha  
 Wanda Sullen, St. Louis, MO  
 Joretta Henry, Omaha  
 Judy Cihal, Cortland  
**Nebraska Pick 3® - \$1,200**  
 Diane Franklin, Omaha  
**Funky Monkey - \$2,000**  
 Theodore Potter, St. Paul  
**Bonus Crossword - \$35,000**  
 Eileen Dickey, Grand Island  
**\$10 Scratch Game Second Chance Contest - \$1,000**  
 Mike Cotter, Stromsburg  
**\$35,000 Bingo - \$35,000**  
 Shirli Kratochvil, Columbus  
**Powerball® - \$515**  
 James Kaufman, Hastings  
**Powerball® - \$10,000**  
 Sandra Baker, Omaha  
 Duana Thomas, Indianola  
 Mark Trupp, Bellevue  
 Patrick Donahoe, Ft. Calhoun  
 Larry Gowen, Papillion  
 Eileen Schmieder, Omaha  
 Roger Naeve, Grand Island  
 Christine Courtier, Bellevue  
**Powerball® - \$200,000**  
 James Monroe, Valley

Kevin Christenson, Holdrege  
**Powerball® - \$365 Million (\$22.1 Million Each)**  
 Quang Dao, Lincoln  
 David Gehle, Lincoln  
 Alain Maboussou, Lincoln  
 Chasity Rutjens, Lincoln  
 Robert Stewart, Lincoln  
 Michael Terpstra, Lincoln  
 Dung Tran, Lincoln  
 Eric Zornes, Lincoln  
**\$35,000 Bingo - \$1,000**  
 Daniel Wilkins, Geneva  
**Lucky \$500 - \$500**  
 Dick Demuth, Grand Island  
**Nebraska Pick 5® - \$450**  
 Jennifer Arlt, Hastings  
 George VoKoun, Lincoln  
 Maxine Mulder, Lincoln  
 Curtis Ingels, North Platte  
 Scott Nathan, Norfolk  
 Paul Kingston, Alliance  
 Henry Luers, Lincoln  
**Nebraska Pick 3® - \$950**  
 David Darrah, Ashland  
**\$35,000 Bingo - \$500**  
 Selena Berndt, Eustis  
**Money Magnet - \$3,000**  
 Eunice Stewart, Scottsbluff  
**The Price Is Right - \$1,000**  
 Jean Clark, Grand Island  
**Deck The Halls - \$10,000**  
 Marlus McClure, Nelson  
**\$250,000 Payday - \$1,000**  
 Judy Skorniak, Loup City  
**Bonus Crossword - \$1,000**  
 Terry Trew, Nebraska City

**MARCH 2006**

**2by2 - \$20,000**  
 Paul Warner, Alliance  
**Nebraska Pick 3® - \$350**  
 Ken Seffron, Omaha  
**Nebraska Pick 3® - \$550**  
 Aljon Welsch, Scottsbluff  
**Nebraska Pick 3® - \$600**  
 Terry Adler, Hastings  
 Mona Ward, Scottsbluff  
 Niona Watgen, Lincoln  
 Raul Garcia, Omaha  
 Phyllis Happel, Lincoln  
 Rosemary McGowan, Lincoln  
 Vu Lam, Lincoln  
 Harold Smith, Omaha  
 Gale Rath, Aurora  
 Janet Bauer, Spalding  
 David Ziemer, Fremont  
 Bobokalovov Abdurakhmon, Omaha  
 Shawn Stewart, Fremont  
 Karleen Stutzman, Raymond  
 Robert Ritonya, Omaha  
 Todd Manes, Beatrice  
 Chase Clasen, Lincoln  
 Pamela Wittrock, Humboldt  
 Dennis Schaaf, Lincoln  
 Dwayne Doremus, Crete  
 James Elliott, Stapleton  
 Keith Zajic, Omaha  
 Veronica Taylor, Union  
 Donna Corey, Eagle  
 LaVern Miller, St. Paul  
 Dorothy Schweitzer, Seward  
 Ronald Bishop, Omaha  
 Kimberly Worley, Oakdale  
 Marilyn Baton, Bellevue  
 Candice Ross, Omaha  
 Amos Reed, Omaha  
 Carla Middleswart, Gibbon  
**Nebraska Pick 3® - \$700**  
 Kathy Shurigar, North Platte  
 Nelea Burton, Omaha

**Nebraska Pick 3® - \$950**  
 James Floyd, Omaha  
 James Boyer, Fairbury  
**Nebraska Pick 3® - \$1,200**  
 Rosalyn Fields, Lincoln  
 Monica Shockey, Torrington, WY  
**Nebraska Pick 3® - \$3,900**  
 Jose Rodriguez, Lincoln  
**Bonus Crossword - \$1,000**  
 Sabina Cervantes, Gering  
 Pam Jacobsen, Norfolk  
 Clayton Carlsen, Lincoln  
**\$35,000 Bingo - \$500**  
 Hilario Montoy, Lincoln  
**\$35,000 Bingo - \$1,000**  
 Mildred Moeller, Omaha  
**Powerball® - \$400**  
 Cory Fleharty, Lincoln  
**Powerball® - \$500**  
 Wayne Minchow, Tecumseh  
 Patricia Long, Union  
 Antonio Dishman, Gothenburg  
 Charles Meisinger, Lincoln  
 Thien Pham, Lincoln  
 Roger Campbell, Seward  
 Scott Harmon, Trumbull  
**Powerball® - \$1,000**  
 Woodrow Arrington, S. Sioux City  
 Robert Thompson, Lincoln  
 Susan Allen, Omaha  
 Tom Harrison, Crete  
 Dennis Burr, Harrisonville, MO  
 Charles Jordan, Lincoln  
 Harold Dertle, Holdrege  
**Powerball® - \$10,000**  
 Eric Martel, Omaha  
 Derinda Rubolt, Stella  
 Richard Reiner, North Platte  
 Brian Fulk, Scottsbluff  
**Nebraska Pick 5® - \$74,000**  
 James Dahlen, LaVista  
**Nebraska Pick 5® - \$194,000**  
 Carolyn Sharearm, Omaha  
**\$10 Scratch Game Second Chance Contest - \$1,000**  
 Brent Bruning, Shickley  
**The Price Is Right - \$1,000**  
 Ann Smith, Beatrice  
**Quick 7s - \$7,000**  
 Walter Kerr, Hastings  
**Double Doubler - \$4,000**  
 Julie Schall, Benedict  
**Fire 'N Ice - \$10,000**  
 Evaristo Garza, Bridgeport

**APRIL 2006**

**\$35,000 Bingo - \$1,000**  
 Mary Widman, Omaha  
 Caroline York, Torrington, WY  
**\$35,000 Bingo - \$35,000**  
 Nancy Gordon, Sidney  
**\$250,000 Payday - \$1,000**  
 Sheila Perkins, St. Paul  
**Blackjack Doubler - \$10,000**  
 Brandon Swenson, Lincoln  
**Lucky \$500 - \$500**  
 Santos Rogaciano, Merna  
**Lucky Slots Extra - \$1,000**  
 Angela Jasso-Trejo, Kearney  
**Royal 7's - \$777**  
 Heath McGahey, Omaha  
**The Price Is Right - \$50,000**  
 Raymond Marshall, Cozad  
**Triple Tripler - \$10,000**  
 William Wilson, Chadron  
**UNO - \$35,000**  
 Deborah Emry, Douglas  
**White Ice 8's - \$10,000**  
 Mona Podany, Battle Creek  
**\$10 Scratch Game Second Chance Contest - \$1,000**  
 Doug Dahl, Omaha

**Nebraska Pick 3® - \$600**

Anthony Friesen, Lincoln  
 Wynne Norsworthy, Gothenburg  
 Denise Riley, Omaha  
 Germaine Ross, Omaha  
 Rodney Mason, Bellevue  
 Duane Schlenz, Norfolk  
 Margie Harrison, Omaha  
 Michael Wickizer, Lincoln  
 Connie Abell, Clay Center  
 Ricky Long, Lincoln  
 Marjorie Grego, Omaha  
 Edgar Lopez, Omaha  
 Isaac Quarells, Lincoln  
 William Myers, Alliance  
 Ronald Kumpala, Laurel, MT  
 Ronald Olson, Syracuse  
 David Hays, Omaha  
 Paul Schimunitz, Papillion  
**Nebraska Pick 3® - \$950**  
 Lee Nugara, Lincoln  
 Nakia Stone, Bellevue  
**Nebraska Pick 3® / Bonus Raffle Promotion - \$1,000**  
 James Fitzgerald, Omaha  
 Shelby Foster, North Platte  
 Jeanne Pritchard, Fremont  
**Nebraska Pick 3® - \$1,200**  
 Clifford Miller, Lincoln  
 Veronica Taylor, Union  
**Powerball® - \$40,000**  
 Ivan Durham, Hershey  
**Powerball® - \$200,000**  
 Timothy Reese, Stanton  
**Nebraska Pick 5® - \$450**  
 Cindy Heiser, Eagle  
**Nebraska Pick 5® - \$77,000**  
 Blanca Becerra, Omaha  
 Doug Frohn, Lincoln

**MAY 2006**

**Nebraska Pick 3® - \$350**  
 Jacquelyn Johnson, North Platte  
**Nebraska Pick 3® - \$600**  
 David Parker, Bellevue  
 Elwin Taylor, Omaha  
 Delia Wallace, Bellevue  
 Ernest White, Omaha  
 Mary Hancock, Omaha  
 Eddie Herbert, Columbus  
 Carla Middleswart, Gibbon  
 Donald Bolter, Omaha  
 Richard O'Connor, Omaha  
 Oliver Bond, Omaha  
 Alice Quintana, Westminster, CO  
 Gaye Mrsny, Stanton  
 Mary McKinney, Gretna  
 Dawn Thumser, Plattsmouth  
 Deborah Johnson, Norfolk  
 Sylvia Bovia, Omaha  
 Bob Meyer, Lincoln  
 Beverly Book, Omaha  
 Joseph Fox, Omaha  
 Clyde Wilberger, Beaver Lake  
 Rusty Schwager, Omaha  
 Teri Babcock, Gothenburg  
 Ernest White, Omaha  
 Joseph Lee, Omaha  
 Michelle Morales, Omaha  
 David Parker, Bellevue  
 Cassandra Summers, Lincoln  
 Mary Hancock, Omaha  
 Demetrius Davis, Omaha  
 Lynnette Stowell, Omaha  
 Lamont Robinson, Omaha  
 Carolyn Escamilla, Scottsbluff  
 Kimberly Lopez, Papillion  
 Sharon Bonacci, Omaha  
 Kimberly Worley, Oakdale  
 Gregg Huerta, Hastings  
 Natalie Dick, Alda  
 Keevin Alston, Omaha

Linda Shaver, York  
 Sandra Switzer, Decatur  
 Michele Strickler, Lincoln  
 DeWayne Staley, Omaha  
 Ethel Williams, Omaha  
 Celso Bernal, Norfolk  
 Sharon Cech, Loup City  
 Robert Perkins, Bellevue  
 Rachel Graves, Fullerton  
 James Davis, Omaha  
 Huong Tran, Lincoln  
 Clifford Miller, Lincoln  
 David Rystrom, Stromsburg  
 Wallace Magsby, Lincoln  
**Nebraska Pick 3® - \$700**  
 Dale Roeder, Kearney  
 Carrol Tetschner, Burwell  
**Nebraska Pick 3® - \$900**  
 Ruth McIntire, Omaha  
**Nebraska Pick 3® - \$1,050**  
 Patricia Coleman, Omaha  
 Robert Moore, Ogallala  
**Nebraska Pick 3® - \$1,200**  
 Ronald Allgood, Nebraska City  
 John Custard, Bellevue  
 Clinton Russell, Plattsmouth  
 Earl Ashley, Omaha  
 Kenneth Fields, Bellevue  
 Joanna Savvas, Silver Spring, MD  
 Denise Griess, Clay Center  
 Julia Drake, Bellevue  
 Mentha Grabowski, Lincoln  
 Abdel Bazzi, Nineveh, IN  
 Robert Kreiner, Grand Island  
 Larry Kennedy, Omaha  
 Richard Barton II, Bellevue  
 Gayle Riggs, Omaha  
**Nebraska Pick 3® / Bonus Raffle Promotion - \$10,000**  
 Stephen Miller, Lincoln  
**Nebraska Pick 3® - \$138,000**  
 Mark Siske, Lincoln  
**\$35,000 Bingo - \$500**  
 Vance Toline, Stromsburg  
**\$35,000 Bingo - \$35,000**  
 Milton Chico, Omaha  
**Money, Money, Money - \$5,000**  
 Angela Matz, Fremont  
 Jeff York, York  
**Funky Money - \$2,000**  
 Kari Olsen, Lincoln  
**Royal 7's - \$77,777**  
 Virginia Morris, Albion  
**Truck\$ & Buck\$ - Truck**  
 Adelberto Lobatos, Cozad  
**Powerball® - \$512**  
 Wendy Molosz, Bellevue  
**Powerball® - \$1,000**  
 Twila Flamme, North Bend  
**Powerball® - \$10,000**  
 Linda Sinkevich, Ft. Calhoun  
 Tom Jamrog, Waverly  
 Joseph Gauthier, Bellevue  
 Mickey Stewart, Norfolk  
**Powerball® - \$200,000**  
 Gary Wilkins, Omaha  
**Nebraska Pick 5® - \$450**  
 Barbara Larcoque, Hershey  
 Jack Havel, Lincoln  
 Janice Walsh, Minden  
 Leva Cochran, North Platte  
**Nebraska Pick 5® - \$950**  
 John Hudson III, Morrill  
 Homer Rundle, Jr., Memphis, TN  
**Nebraska Pick 5® - \$70,000**  
 Kerry Marlow, Kimball  
**Nebraska Pick 5® - \$78,000**  
 Gary Giesbrecht, Valley

**Nebraska 2by2® - \$20,000**

Elizabeth Miles, Lincoln  
 Jean Slizoski, Columbus  
 Micki Gehrig, Alma

**JUNE 2006****Nebraska Pick 3® - \$600**

Dennis Fredrickson, Wakefield  
 Kim Brandenburger, Bellevue  
 Karleen Stutzman, Raymond  
 Ron Schmidt, Lincoln  
 Richard Barta, Omaha  
 Teresa Clabaugh, Craig  
 Robert Burton, McCook  
 Thomas Newman, Sutton  
 Daniel Uphoff, Omaha  
 Roland Ledesma, Lincoln  
 Sarah Gardner, Bellevue  
 Robert Koehler, Elkhorn  
 Michael Campos, Lexington  
 Paula Dahms, Hastings  
 Brian Aerni, Columbus  
 Jacqueline Brouillette, North Platte  
 Wilson Danquah, Omaha  
 Wayne Wanke, Pierce  
 Ann Benson, Omaha  
 John Law, Lincoln  
 Pamela McDonald, Bellevue  
 Daniel Petersen, Omaha  
 Jean Mayfield, Exeter  
 Christeen Wright, Omaha  
 Roxce Haines, Hastings  
 Linda McAuley, Columbus  
 Marcella Dillon, Gretna  
 Janice Hamilton, Plattsmouth  
 Sarah Gardner, Bellevue  
 Robert Koehler, Elkhorn  
**Nebraska Pick 3® - \$1,200**  
 Valerie Pember, Plattsmouth  
 Marlene Hodi, Omaha  
 Lynwood White, Lincoln  
 Carson Smith, Bellevue  
**Nebraska Pick 3® - \$7,800**  
 Rickey Meyer, Lincoln  
**\$35,000 Bingo - \$1,000**  
 John Churchill, Broken Bow  
**Bonus Crossword - \$1,000**  
 John Kirby, Lincoln  
**Lucky \$500 - \$500**  
 Richard Espinoza, Florence  
**Lucky 7's Casino - \$1,000**  
 Clarene Simonson, Marquette  
**Ruby Red 7's - \$10,000**  
 Laurie Johnson, Grand Island  
**Royal 7's - \$777**  
 Rita Barton, Panama  
**Truck\$ & Buck\$ - Truck**  
 Steven Addleman, Lincoln  
**UNO - \$1,000**  
 Amanda Peck, Lincoln  
**Powerball® - \$10,000**  
 Alan Kaspar, Omaha  
 Joyce Sohl, Columbus  
 Michael Dearing, Omaha  
 Wayne Baldwin, Kimball  
**Powerball® - \$200,000**  
 Charles Getz, Omaha  
 Alice McRoberts, Lincoln  
**Nebraska Pick 5® - \$450**  
 Lori Crowder, Lincoln  
 George Schipper, North Platte  
**Nebraska Pick 5® - \$1,800**  
 Ronnie Bishop, Omaha  
**Nebraska 2by2® - \$20,000**  
 Keith Carter, Farnam  
 Gene Reynolds, Venango  
 Kathryn Heard, Howells  
 Jean Ward, Auburn

# FINANCIAL STATEMENT

## STATE OF NEBRASKA AUDITOR OF PUBLIC ACCOUNTS



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### NEBRASKA LOTTERY

### INDEPENDENT AUDITORS' REPORT

Mary Jane Egr Edson  
State Tax Commissioner  
Nebraska Department of Revenue, Lottery Division  
Lincoln, Nebraska

We have audited the accompanying financial statements of the business-type activities of the Nebraska Lottery, as of and for the year ended June 30, 2006, 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, 2006, 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, 2006, 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 September 27, 2006, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.)*

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 schedules and Management's Discussion and Analysis are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Management's Discussion and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it. *(The Nebraska Lottery has not included the additional schedules and the Management's Discussion and Analysis (MD&A), 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.)*

September 27, 2006

  
Assistant Deputy Auditor

# STATEMENT OF

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assets

June 30, 2006

## ASSETS:

### CURRENT ASSETS

Cash and Cash Equivalents		\$ 8,067,339
Accounts Receivable, Net of Allowance (Note 4)		4,426,474
Prepaid Prizes		106,671
Prepaid Contract Costs - Instant		246,482

**TOTAL CURRENT ASSETS** 12,846,966

### NON CURRENT ASSETS

Reserves on Deposit (Note 6)		1,733,682
Furniture, Fixtures, and Equipment (Note 5)	419,570	
Less: Accumulated Depreciation	<u>382,817</u>	
Capital Assets, Net		<u>36,753</u>

**TOTAL NON CURRENT ASSETS** 1,770,435

**TOTAL ASSETS** \$14,617,401

## LIABILITIES:

### CURRENT LIABILITIES

Accounts Payable		\$ 56,148
Vendors Payable		1,011,618
Compensated Absences Payable		152,846
Accrued Payroll Payable		69,223
Withheld Taxes on Prizes Paid		39,150
Prizes Payable		5,483,253
Due to Other Funds		23,334
Other Accrued Liabilities		<u>128,995</u>

**TOTAL CURRENT LIABILITIES** \$6,964,567

## NET ASSETS

Invested in Capital Assets	\$ 36,753	
Restricted for Future Prizes (Note 6)	1,733,682	
Unrestricted (Note 8)	<u>5,882,399</u>	

**TOTAL NET ASSETS** \$7,652,834

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

# STATEMENT OF

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For The Year Ended June 30, 2006

## OPERATING REVENUE:

Sales		\$115,010,414
Less: Sales Returns		<u>1,902,073</u>

**TOTAL OPERATING REVENUE** **113,108,341**

## OPERATING EXPENSES:

Prize Expense	63,722,319
Retailer Commissions	7,083,259
Contractual Services Expense	6,759,801
Marketing	4,105,622
Lottery Operating	<u>1,769,838</u>

**TOTAL OPERATING EXPENSES** **83,440,839**

**OPERATING INCOME** **29,667,502**

## NON-OPERATING REVENUE:

Interest Income	520,583
Multi-State Lottery Association Income	<u>126,770</u>

**TOTAL NON-OPERATING REVENUE** **647,353**

**INCOME BEFORE OPERATING TRANSFERS** **30,314,855**

**TRANSFERS TO OTHER FUNDS** (Note 7) **(27,601,895)**

**CHANGE IN NET ASSETS** **2,712,960**

**TOTAL NET ASSETS, BEGINNING OF YEAR** **4,939,874**

**TOTAL NET ASSETS, END OF YEAR** **\$7,652,834**

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

# STATEMENT OF

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For The Year Ended June 30, 2006

## CASH FLOWS FROM OPERATING ACTIVITIES:

Ticket Sales	\$112,594,537	
Prizes Paid to Winners	(63,183,607)	
Commissions Paid to Retailers	(7,089,204)	
Paid to Contractors for Goods and Services	(10,716,036)	
Paid to Employees	(1,311,633)	
Other Operating Expenses	(511,711)	
Powerball® Grand Prize Winner Receipts from MUSL	182,300,520	
Payments to Powerball® Grand Prize Winners	(182,300,520)	
Reserves on Deposit	10,232	
Advances for Vendors	(45,903)	
Prepaid Prize Expense	46,521	
Net Cash Provided by Operating Activities		29,793,196

## CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Paid to Education Innovation Fund	(6,030,172)	
Paid to Nebraska Scholarship Fund	(6,030,172)	
Paid to State Fair Support and Improvement Fund	(2,710,190)	
Paid to Environmental Trust Fund	(12,060,343)	
Paid to Compulsive Gamblers Assistance Fund	(771,018)	
Net Cash Used in Non-Capital Financing Activities		(27,601,895)

## CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of Property and Equipment		(17,949)
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## CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on Cash	520,583	
Multi-State Lottery Association Income	105,836	
Net Cash Provided by Investing Activities		626,419

**NET INCREASE IN CASH AND CASH EQUIVALENTS** 2,799,771

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** 5,267,568

**CASH AND CASH EQUIVALENTS AT END OF YEAR** \$8,067,339

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

Operating Income		\$29,667,502
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Reserves on Deposit		10,232
Prepaid Prize Expense		46,521
Advances for Vendors		(45,903)
Depreciation		24,970
Changes in Assets (Increase) Decrease in:		
Accounts Receivable (Net)	(632,703)	
Prepaid Contract Costs - Instant	7,174	
Changes in Liabilities Increase (Decrease) in:		
Advance Sales	53,776	
Accounts Payable and Accrued Liabilities	(145,736)	
Prizes Payable	797,759	
Compensated Absences and Accrued Payroll Payable	9,604	
Net Cash Provided by Operating Activities		<u>\$29,793,196</u>

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

# nebraska lottery

## notes to financial statements

For The Year Ended June 30, 2006

### 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., 2004, 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, 2006, was \$1,814,813.

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**

Cash and cash equivalents represent the cash balance as reflected on the Nebraska Information System (NIS). Also included in the cash and cash equivalents amount is Petty Cash and Deposits with Vendors. Investment of all available cash is made by the State Investment Officer on a daily basis, based on total bank balances. Investment income is distributed based on the average daily book cash balance of funds designated for investment. Interest on funds held by the State Treasurer is periodically distributed to the participating agencies. These funds are considered to be cash and cash equivalents which are available for expenditures as needed. These funds are held in the State of Nebraska Operating Investment Pool (OIP), an internal investment pool. The investment policy of the OIP includes the objectives of:

- Safety – Investments will be undertaken in a manner that seeks to ensure preservation of capital on a total return basis.
- Liquidity – The OIP will remain sufficiently liquid to meet the daily cash flow needs of the State and other entities participating in the OIP.
- Return on Investment – The objective is to attain a competitive income rate of return given the risk constraints and cash flow characteristics of the portfolio.

The investment strategy is to minimize short-term investments while maintaining sufficient funds to provide for required cash outflows. The investments of the OIP at June 30, 2006, include Commercial Paper, U.S. Government Securities, Federal Agency Debt Instruments, Corporate

Bonds, Money Market Funds, and Bank Deposits. Additional information on the OIP can be found in the State of Nebraska's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006

### **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.

### **F. Allowance for Uncollectible Amounts**

Estimated allowances for uncollectible amounts are determined 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.

### **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 \$1 million for each loss, and a \$25,000 self-insured retention per incident was in effect from July 1, 2005 through October 18, 2005. Starting October 19, 2005 the limit for each loss was increased to \$21 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 90 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 benefit or begin participation in the cash balance benefit. The defined contribution benefit is closed to new entrants. All new members of the Plan on and after January 1, 2003, become members of the cash balance benefit. The benefits and funding policy of the Plan is established and can only be amended by the Nebraska Legislature.

All permanent full-time employees who have 12 continuous months of service are required to begin participation in the retirement system. All permanent full-time or permanent part-time employees who have 12 months of service within a five-year period, and who have attained the age of 20, may exercise the option to begin participation in the retirement system.

**Contribution.** Each member contributes 4.33% of his or her monthly compensation until \$864 has been contributed and 4.8% of his or her monthly compensation for the remainder of the calendar year. 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 twelve-month eligibility period or credit for participation in another governmental plan prior to actual contribution to the Plan.

Effective January 1, 2007, retirement plan membership is mandatory for all full-time employees immediately upon date of hire. Retirement plan membership is voluntary for part-time employees who have attained the age of twenty. An employee may retire after age 55 with five years of State service, or any time after age 65. Contributions to State retirement will be at the rate of 4.8%. The State contributes 156% of the employee contribution. 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, or credit for participation in another governmental plan prior to actual contribution to the plan.

**Defined Contribution Benefit.** 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, 2006, employees contributed \$48,770 and the Nebraska Lottery contributed \$76,080. 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 account receivable is net of allowance for uncollectible in the amount of \$19,213.

**Accounts Receivable:**

Retailers (net)	\$4,182,258
Other	244,217
Total	<u>\$4,426,475</u>

**5. CAPITAL ASSETS**

**Capital asset activity for the year ended June 30, 2006, was as follows:**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Total Capital Assets	\$ 447,698	\$ 18,505	\$ 46,633	\$ 419,570
Total Accumulated Depreciation	403,922	24,970	46,075	382,817
Total Capital Assets, Net	<u>\$ 43,776</u>	<u>\$ (6,465)</u>	<u>\$ 558</u>	<u>\$ 36,753</u>

**6. ON-LINE GAMES**

During the fiscal year ended June 30, 2006, 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	\$ 1,606,000
NEBRASKA PICK 5®	Nebraska Lottery	n/a
NEBRASKA PICK 3®	Nebraska Lottery	n/a
2by2®	MUSL	127,682
		<u>\$ 1,733,682</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. SIGNIFICANT COMPLIANCE REQUIREMENTS**

Neb. Rev. Stat. Section 9-812 R.S.Supp., 2004 requires, until January 1, 2008, a portion of the dollar amount of the lottery tickets that have been sold on an annualized basis to 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. Subsequently, Neb. Const. art. III, Section 24,

Amendment 4, was passed and states, from January 1, 2005, and forward, 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. Thereafter, twenty-two and one-fourth percent shall be transferred to the Education Innovation Fund, twenty-two and one-fourth percent shall be transferred to the Nebraska Scholarship Fund, forty-four and one-half percent shall be transferred to the 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 \$27,601,895 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 \$6,631 in delinquent State taxes and \$16,140 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.

## **8. 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.