

2 0 0 8



ANNUAL REPORT

and Resource Guide



ANNUAL REPORT **July 1, 2007 through June 30, 2008** **RESOURCE GUIDE**

When the Nebraska Lottery began operations in 1993, the consumer marketplace and the Lottery industry were different. Over the years, both have become more sophisticated and have worked to deliver greater customer service and value.

The Nebraska Lottery has grown and advanced considerably in that time, and a number of accomplishments—many of which were made possible by organizational maturity—helped distinguish its Fifteenth Anniversary.

The Nebraska Lottery continued its tradition of product innovation during Fiscal Year 2007-2008, and worked to capitalize upon organizational developments geared to greater efficiency and customer service. A combination of these, and other elements, contributed to another year of sales growth—and a record year at that.

This Annual Report and Resource Guide documents the activities, events, and outcomes that made 2007-2008 a memorable anniversary year for the Nebraska Lottery.

Douglas A. Ewald, State Tax Commissioner

James M. Haynes, Director

TABLE OF CONTENTS

summary of activities of the division

general information	1
operations	2
online (lotto) game developments	4
scratch developments	7
research and relationships	9
beneficiaries	10
retailers	12
winners	13
independent auditors' report	20
statement of net assets	22
statement of revenue, expenses and changes in net assets	23
statement of cash flows	24
notes to financial statements	25

GENERAL INFORMATION



general information

The Nebraska Lottery sells \$1, \$2, \$3, \$5, \$10, \$15, and \$20 Scratch tickets, with prizes ranging from a free \$1 ticket up to \$500,000. 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 games are operated on behalf of member lotteries by the Multi-state Lottery Association. Lotto drawings are held six nights a week, with the exception of Powerball drawings which are held twice a week, and 2by2 drawings which are held every night. Although the price for a single play of any game is \$1, the prizes range from a free ticket up to a multi-million-dollar jackpot.

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

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

NEBRASKA LOTTERY, CHARITABLE GAMING SHARE FUNCTIONALITY



Jim Haynes
Lottery Director



operations

Since merging, reorganizing, and relocating in 2007, the Nebraska Lottery and Charitable Gaming Division of the Nebraska Department of Revenue have identified and realized a number of operational efficiencies.

In addition to greater public accessibility, the combined units share support resources, policy and product review staff, and security and accounting staff. Additionally, opportunities for enhanced service delivery are being explored.

Agreement Has Improved Lottery Services

Early in the fiscal year (August of 2007), a pass-through agreement went into effect whereby Scratch tickets provided by GTECH are validated through the on-line game (Lotto) terminal provided by Intralot.

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



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

GTECH provides Scratch game production and distribution and retailer sales support and data processing services from its

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

Prior to the agreement, almost ten percent of the approximately 1,200 Nebraska Lottery retailers statewide had 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 of those 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 contract with GTECH commenced on July 1, 2001, for a seven-year term, with the option of a three-year extension beyond the initial July 1, 2008, termination to July 1, 2011. The current seven-year contract with Intralot for Lotto game equipment and sales and technical support commenced on July 1, 2004, and runs through July 1, 2011.

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) GAME DEVELOPMENTS

2by2 Enhancements Include Tuesday Special

Although no new Lotto games were introduced during the fiscal year, one game underwent a makeover, another game underwent a review, and plans were finalized for a new game.

On February 22, 2008, the Multi-state Lottery Association, which operates 2by2 on behalf of the Nebraska, South Dakota, and Kansas lotteries, instituted enhancements to the game. Players now have the chance to double their Tuesday prizes when buying a seven-day multi-draw ticket. In addition, the grand prize increased to \$22,000 and players can now play 2by2 seven days a week.

Purchasing a seven-day multi-draw 2by2 ticket gives players the chance to automatically double all prizes won on Tuesday. The 2by2 Tuesday feature is free to players as long as they purchase a multi-draw ticket in increments of seven.

Sales of 2by2 increased 7.16 percent over the previous fiscal year.



MyDaY Development

During the course of the fiscal year, plans were finalized for the fall 2008 launch of a new calendar-based game, MyDaY.



In December 2006, the Nebraska Lottery conducted a web-based survey to test various concepts for a new Lotto game. The survey was conducted through the Nebraska Lottery website, www.nelottery.com. The survey asked respondents' impressions of everything ranging from a game's matrix (how many numbers are drawn) to its prize structure, and from a game's play style to drawing frequency. Results were used to examine various game concepts, and led to the decision to introduce MyDaY as the fifth Lotto game offered by the Nebraska Lottery.

online (lotto) games

Beginning October 1, 2008, MyDaY players select one number from 1 to 12 for the MONTH, one number from 1 to 31 for the DAY, and two numbers from 0 to 9 for the last two digits of the YEAR. Each MyDaY play costs \$1.

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

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

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

Overall Odds: 1 in 8.17

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

As with Nebraska Pick 5 and Nebraska Pick 3, MyDaY drawings are managed by the Nebraska Lottery using random number generation software. The software was developed internally, and underwent extensive testing by an independent industry testing laboratory.

**Powerball Review
Conducted, Changes
Planned**



After nearly a year of discussion and research, the Multi-state Lottery Association, operator of Powerball, the world's best known jackpot lottery game, announced in August of 2008 that improvements will be made to the game with the addition of Florida in January of 2009.

By adding some white ball numbers and removing some red ball numbers, Powerball officials aim to increase the size of the average jackpot won while still making it easier to win other prizes. The white ball side will move from 55 to 59, while the red ball side will fall from 42 to 39. The jackpot odds will be increased to 1 in 195.2 million, while the overall odds of winning any prize will be dropped to 1 in 35.1.

The addition of another state will spur demand for the game, and help

contribute to larger jackpots. Powerball sales in Nebraska have always been strong, and the Nebraska Lottery has not felt the same need to change the game that other states have. Although Nebraska Lottery officials have consistently opposed changes to the game, Powerball is a multi-state game and the majority rules. The changes planned for January are expected to add some exciting elements to the game.

Improvements planned for Powerball include:

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

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

However, in the new game, the Match 5 prize is guaranteed to always draw the 5X multiplier, turning the \$200,000 cash prize into a \$1 million cash prize.

The unique Match 5 BONUS option, which increases the Match 5 prize pool when the game reaches record jackpots, will also continue as a popular feature of the game. The Match 5 BONUS feature allows us to occasionally create a rolling Match 5 pool that should offer even more fun and greater prizes for our players.

Over the course of the fiscal year, Powerball sales in Nebraska increased 9.54 percent.

SCRATCH DEVELOPMENTS

Anniversary Marked With Special Game

To celebrate its 15th Anniversary, the Nebraska Lottery released a new \$15 Scratch game, 15th Anniversary Spectacular.



Introduced in February of 2008, 15th Anniversary Spectacular is a limited edition game available for purchase during the Nebraska Lottery's anniversary year. Featuring an extended play style with eight games on one ticket, 15th Anniversary Spectacular offers players the chance to win one of two \$150,000 top prizes. Additionally, there is a total of \$3,942,500 in cash prizes available in the game.

The odds of winning the \$150,000 top prize in 15th Anniversary Spectacular are 1 in 180,000, while the overall odds of winning any prize are 1 in 2.97.

Along with the 15th Anniversary Spectacular Scratch game, the Nebraska Lottery celebrated its 15th Anniversary with three second chance contests for players of Nebraska Pick

5, Powerball, and select holiday Scratch games.

The promotions launched in February, June and October, respectively.

Lucky Numbers Hybrid Blends Scratch and Lotto

In June of 2008, the Nebraska Lottery launched its first hybrid Scratch and Lotto ticket, \$10 Lucky Numbers.

The Lucky Numbers Scratch game features a top prize of \$150,000, as well as \$1.7 million in total cash prizes.



Additionally, each Lucky Numbers ticket contains a perforated bonus area with the chance to win a barcoded coupon for a free \$1 Nebraska Pick 5 Lotto play.

Lucky Numbers is the first hybrid ticket offered by the Nebraska Lottery that combines the instant win features of a Scratch game with the opportunity to win a Lotto jackpot of \$50,000 or more. The game has drawn the interest of other lotteries in the United States.

The odds of winning the \$150,000 top prize in Lucky Numbers are 1 in 120,000, while the odds of winning any prize are 1 in 3.33. The odds of winning the Nebraska Pick 5 jackpot, which starts at \$50,000 and grows by \$4,000 each time it is not won, are 1 in 501,942, while the overall odds of winning any prize in the game are 1 in 8.

RESEARCH AND RELATIONSHIPS

The Nebraska Lottery operates a relationship marketing program through which more than 200,000 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.

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

Also according to the Tracking Study, among all past-year players, 46 percent of Lottery purchases were planned. However, one quarter (25 percent) of this overall audience indicated they never planned their purchases, while approximately the same proportion (28 percent) indicated they always plan their lottery purchases.

Twenty-nine (29) percent of adult Nebraskans have played Scratch games in the past year. The median age of Nebraska Lottery Scratch ticket players is between 45 and 49, with a median household income of between \$50,000 and \$69,999.

Forty (40) percent of adult Nebraskans have played Powerball in the past year. The median age of Powerball (the best known on-line game) players is between 45 and 49, with a median household income of between \$50,000 and \$69,999.

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

December 2007 poll on the Nebraska Lottery website, nelottery.com, asked site visitors, “Will you give Lottery tickets as gifts this holiday season?” Almost 40 (39.62) percent said “Yes,” and another seven percent said they had already done so by the time of the poll, which ran December 13-25. Additionally, 14 percent of the 313 respondents said they might be giving tickets as gifts.

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

319 MILLION RAISED FOR NEBRASKA LOTTERY BENEFICIARIES

The Nebraska Lottery closed the fiscal year with a distribution of \$8,454,546 among its beneficiary funds derived from a share of Scratch and Lotto ticket sales for the previous three months.

As of June 30, 2008, a total of \$319,109,532 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, 2008 were:

Education Innovation Fund, \$118,077,447;

Nebraska Scholarship Fund, \$30,570,058;

Nebraska Environmental Trust Fund, \$130,186,508;

Nebraska State Fair Support and Improvement Fund, \$9,713,427; and

Compulsive Gamblers Assistance Fund, \$7,101,096.

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 as determined by the voters and the Legislature, while providing quality entertainment options to Nebraskans. All 93 counties in Nebraska have benefited from projects funded with these Nebraska Lottery proceeds.

beneficiaries

Beneficiary Awareness

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

A multi-faceted campaign started in 2007 has allowed the Nebraska Lottery to focus 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.

A combination of television, radio, and print advertising highlights the work of Nebraska Lottery beneficiary funds.

Website

The utility of the Nebraska Lottery website continues to grow, along with the sheer volume of visits. During the fiscal year, visits to nelottery.com grew by 13 percent to more than 2.8 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.

RETAILERS

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

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

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

Scratch, Top 10

Gas 'n Snaks, Seward
Skagway-5 Points, Grand Island
Pump & Pantry #16, York
Corner Stop, Columbus
Uncle Neal's #3, Lexington
Express Mart #1, Scottsbluff
Coffin's Corner, Grand Island
Pump & Pantry #7, Aurora
Trotter's Whoa & Go Express, Loup City
Fast Mart, Columbus

Lotto, Top 10

No Frills #3, Bellevue
Hy-Vee #1467, Omaha
Hy-Vee #1465, Omaha
No Frills #19, Omaha
Corner Stop, Columbus
Hy-Vee #1469, Omaha
Hy-Vee #1470, Omaha
Skagway-5 Points, Grand Island
Quik Trip #586, Bellevue
No Frills #18, Omaha

retailers

WINNERS

Omaha Winner Enjoys 2by2 Top Prize

Julius Balis of Omaha won \$22,000 playing 2by2 from the Nebraska Lottery.

There were more than 5,000 Nebraska Lottery Lotto winners in the Tuesday, May 20, 2008, drawings. Among these winners was Balis, who purchased a quick-pick 2by2 ticket at No Frills Supermarket, 4240 South 50th Street in Omaha. The ticket contained the winning red ball numbers (6, 24) and white ball numbers (6, 21) from the May 20 drawing for the \$22,000 top prize.

Balis wasted no time in claiming his prize, arriving at Nebraska Lottery headquarters the morning following the drawing. He told Nebraska Lottery officials that he learned of his win after visiting the Nebraska Lottery website, nelottery.com. He stated that at first he believed he had matched three of the four winning numbers for \$100. After checking the numbers on his ticket a second time, Balis realized he had won the \$22,000 top prize. He stated that he was “excited” to win and plans to pay for some home remodeling projects using his winnings.

Balis became the 150th player to win the 2by2 top prize since the game began in 2002. The odds of matching all four numbers win \$22,000 are win 1 in 105,625. The overall odds of winning anything playing 2by2 are 1 in 3.59.



Pilger Man Claims \$50,000 Scratch Prize

Matthew Topp of Pilger won \$50,000 playing the \$5 Scratch game Big Crossword from the Nebraska Lottery.

Topp is a regular Nebraska Lottery player who purchases tickets every week. He purchased his winning Big Crossword ticket at Hy-Vee Gas, 2310 Market Lane in Norfolk. Scratching the ticket, Topp revealed ten complete words for a corresponding prize of \$50,000.

While claiming his prize on April 30, 2008, Topp told Nebraska Lottery officials that he “couldn’t believe” he had won the \$50,000 top prize. There were two \$50,000 prizes available in Big Crossword. Topp was the first person to claim a top prize in the game.

Big Crossword offered players the chance to win \$1,633,000 in cash prizes from \$5 to \$50,000. The odds of winning the \$50,000 top prize in Big Crossword were 1 in 240,000, while the overall odds of winning any prize were 1 in 3.43.



Players' Group Shares \$200,000 Powerball Prize

A group of five men from central Nebraska split a \$200,000 Nebraska Powerball prize.

Every week for over seven years, David Thuernagle of Grand Island has purchased tickets for a group of five Powerball players. The other members of the group are Jerry Czarnick of Grand Island, Larry Salter of Grand Island, Bill Schleicher of Dannebrog, and Michael Sok of St. Paul.

For the Saturday, April 12, 2008, drawing, Thuernagle purchased a five-play quick pick multi-draw ticket at Skagway, 1607 South Locust Street in Grand Island. One play on the ticket contained all five of the winning white ball numbers (11, 29, 48, 52, 55) from the April 12 draw for a \$200,000 prize.

Members of the lottery group met at Nebraska Lottery headquarters on Thursday, April 17, to claim their winnings. Each received a \$40,000 share of the prize. The group learned of their win after Thuernagle checked the winning Powerball numbers in the "Grand Island Independent" newspaper. The group members had no definite plans for their winnings, but some stated that they might use their \$40,000 share for investments.

The odds of matching five white ball numbers to win \$200,000 are 1 in 3,563,609. The overall odds of winning anything in Powerball are 1 in 36.60.



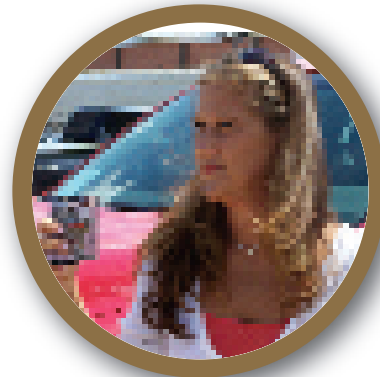
Hastings Woman Wins New Truck

Nicole Lobato of Hastings was the first winner of a 2007 Toyota Tundra Double Cab truck in the 11th edition of the Nebraska Lottery's Truck\$ & Buck\$ \$2 Scratch game.

She purchased her winning ticket at Midtowne Mart, 1921 West 2nd Street in Hastings. As she was leaving the store, Lobato scratched the ticket to reveal three matching truck symbols for the corresponding truck prize—one of three Toyota Tundras available in the game.

Nebraska Lottery officials presented Lobato with her prize on July 25, 2007, at Midtowne Mart. "I never knew how I was going to act if I ever won anything big," said Lobato. "I had to ask about 20 people to actually believe it happened." 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.

The 11th edition of the Nebraska Lottery's popular 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 \$492,200 in total cash prizes. The truck prize was valued at \$44,000, which included \$1,102.50 for costs associated with ownership and state and federal withholding paid by the Nebraska Lottery of \$2,200 and \$11,000, respectively.



Major prize winners, claimed at Nebraska Lottery Claim Centers.

JULY 2007

Nebraska Pick 3® - \$600

Sally Butterfield, Grand Island
Bryan Parks, Lincoln
Ronald Allgood, Nebraska City
Kris Gentry, Valentine
Mae Arends, Grand Island
Carol Cordova, Norfolk (2x)
Dennis Buss, Humbolt
Julie Luellman, Bellevue
Gwen Taylor, Alliance
Amos Reed, Omaha
Julie Boryca, Omaha
Donna Swinarski, Omaha
Charles Young, Junction City, KS
Jeri Hays, Kimball
Donald Teeters, Omaha (2x)
Cheryl Ramirez, Bellevue
Lee Tinkler, Tecumseh
An T. Nguyen, Lincoln
Karleen Stutzman, Raymond
Abbas Alwaeci, Lincoln
Cindy Georges, Shubert
Larry Traudt, Omaha
Kem Crocker, Omaha
Van D. Paci, Wahoo
Jess Mullanax, Alliance
Ramo Popavic, Lincoln
Clyde Thinnies, Omaha
William Poole, Omaha
Joyce Jackson, Louisa, VA
Tanya Strayer, Lincoln

Nebraska Pick 3® - \$700

Leroy Bollwitt, Fremont
Ronald Elsner, Monroe

Nebraska Pick 3® - \$800

Robert Friend, Bellevue

Nebraska Pick 3® - \$1,200

Sharon Sehi, Oakdale

Nebraska Pick 3® - \$1,800

Rickey Meyer, Lincoln

3D - Tic Tac Toe - \$35,000

Robert Frauendorfer, Columbus

10 Times Lucky - \$200,000

Lisa Buschelman, Omaha

7-Tripler - \$10,000

Jeri Applegarth, Springfield

Groovy 8's - \$1,800

Nicholas Tellier, Lincoln

Hot \$500 - \$500

Ronald Smith, Pleasant Dale

\$35,000 Bingo - \$35,000

Paula Cortez, LaVista

Fabulous Fortune - \$50,000

Manuel Arroyo Parra, Lexington

Ty Kurtz, Blair

Quick 7's - \$7,000

Barry Deal, Lincoln

Sapphire Blue 7's - \$700

Michael Kilton, LaVista

Doug Custer, Platteville, WI

Constance Veatch, Lincoln

Audelia Murillo, Scottsbluff

Russell Davison, Lincoln

Heather Barker, Valley

Truck\$ & Buck\$ - TRUCK

Nicole Lobato, Hastings

Wild Cherries - \$2,000

Shelly Reiman, Fairfield

Nebraska Pick 5® - \$909

Robert P. Smith, Maxwell

Nebraska Pick 5® - \$70,000

Angela Ysac, Scottsbluff

Powerball® - \$100,000

Patricia A. Smith, Omaha

Ronald Lockman, Mitchell

Powerball® - \$200,000

Gene Ray, Hastings

AUGUST 2007

Nebraska Pick 3® - \$550

Suzanne Myers, North Platte

Nebraska Pick 3® - \$600

Sharen J. Kallhoff, S. Sioux City
Amos Reed, Omaha (x2)
Beverly Staley, Omaha (x2)
Winifred Stephens, Bellevue
Wade L. Stephens, Bellevue (x2)
Larry L. Kennedy, Omaha (x3)
Larry Braxton, Omaha
Wendy M. Wilson, Alliance
Samuel Hellbusch, Creston
Wordie Wright, Lincoln
Jean M. Morris, Genoa
Margaret Damme, Lincoln
Angela T. Washington, Omaha
Eddie Walker III, Omaha
Paul E. Mollak, Omaha
Linda Schumacher, Omaha
Darren Wallace, McCook (x2)
Janice Carman, Gibbon
Bob H. Butterfield, North Platte
Melvin Rein, Gering
Karleen C. Stutzman, Raymond
Edward Woltemath, Sedgwick, CO
Thomas Mann, Lincoln
Wesley Davis, Omaha
Kenneth Polland, Omaha
Dave L. Kraegel, Lincoln

Nebraska Pick 3® - \$700

Dennis Nielsen, Omaha
Gayle Carey, Blair
Jorge O. Vasquez, Fremont

Nebraska Pick 3® - \$950

Joy Zimmer, Duncan

10 Times Lucky - \$2,500

Emanuel Hulinsky, Burwell

\$150,000 Crossword Doubler - \$1,000

Dan B. Wilken, Hampton

\$500,000 Cash Jubilee - \$5,000

Suzanne Myers, North Platte

Cow Tips - \$2,000

Barbara Sand, Lincoln

\$35,000 Bingo - \$1,000

Rodney J. Grady, Lincoln

Sapphire Blue 7's - \$700

Neil Anderson, Lincoln

Julie Lerch, Bellwood

Josh Page, Crete

Bernie Rustermier, Lincoln

Sapphire Blue 7's - \$17,000

Lora L. Pavlin, Culbertson

Nicholas E. Chandler, Omaha

Truck\$ & Buck\$ - TRUCK

Kirk Niles, Aurora

Michael Frank, Gibbon

Pam Ballinger, Cedar Creek

(2nd Chance Winner)

Vegas - Las Vegas Trip

Vincent D. Sis, Stratton

Super Crossword - \$1,000

Ivan Colon Melendez, Grand Island

Super Crossword - \$50,000

Barbara Cook, Omaha

Nebraska Pick 5® - \$950

Joy Zimmer, Duncan

Nebraska Pick 5® - \$31,000

Roddy Hinman, LaVista

Thomas Jaixen, Omaha

Nebraska Pick 5® - \$178,000

Linda Phillips, Omaha

2by2 - \$20,000

William Stiles, Lincoln

Helen Bowers, Lincoln

Powerball® - \$10,000

Dale Larkins, Lexington

Scott E. Cavadini, Lincoln

Ray Stuhr, Columbus

Powerball® - \$200,000

(\$200,000 split 10 ways)

Shara D. Schurmann, Minden
Donna Walters, Minden
Hilda Baude, Axtell
Ana Beerman, Kearney
Carmen Randeros, Kearney
Barbara J. Hird, Axtell
Carol A. Jeffs, Nelson
Gloria J. Lien, Minden
Christopher Masseo, Kearney
Mario Mejia, Kearney

SEPTEMBER 2007

Nebraska Pick 3® - \$600

Keevin Alston, Omaha
Sharon Bopp, Grand Island
Roberta Driscoll, Council Bluffs, IA
Ronald Allgood, Nebraska City
Deb Swift, Lincoln
Royce Haines, Hastings
Mary Harrison, Plattsmouth
Melvin Rein, Scottsbluff
Bill Erickson, Hastings
Shaye Voigtman, Plattsmouth
Mary Hancock, Omaha
Sharon Botos, Omaha
Amos Reed, Jr., Omaha
Dorothy Klanecky, Hastings
Deena Reed, Cortland
Ruben Bentley, Omaha
Donald Teeters, Omaha
Francis Coffey, Omaha
David Beisner, Bellevue
Carrol Tetschner, Burwell
John Swinarski, Omaha
Debbie Benak-Klimantas, Omaha
Germaine Ross, Omaha
William Ball, McCook
Bryce Thumser, Plattsmouth
Mary Barr, Wolbach
Linus Haines, Grand Island
Jessica Hoguelson, Plattsmouth
Rodney Sutton, Grand Island
Margaret Graziane, Omaha
Edith Timmons, Sioux City, IA
Elizabeth Kuwamoto, Lincoln (x2)
Michael Radnov, Omaha
Lori Newsham, Wolbach
Bob Butterfield, North Platte
Virginia Richter, Omaha
Dale Peterson, Kearney
Darin Peterson, Fremont

Nebraska Pick 3® - \$1,200

Melanie Parker, Bellevue

Jodi Novak, Dorchester

Richard Wade, Pawnee City

Nebraska Pick 3® - \$1,800

Leroy Bollwit, Fremont

Nebraska Pick 3® - \$2,400

Brent Bruning, Shickley

Alvin Motley, Bellevue

Double Wild 8's - \$18,000

Mary Ellen Marfia, Lincoln

\$500,000 Cash Jubilee - \$1,000

Linda Kay Coster, Weeping Water

\$35,000 Bingo - \$1,000

Charles Favors, Columbus

Lucky Day - \$35,000

Steven Thornburg, Lexington

Press Your Luck - \$50,000

Jan Lien, Lexington

Roads to Riches Giveaway - \$1,000

Chris Summers, Hershey

Michael Radnov, Omaha

Amy Graf, Stanton

Dave Batterton, York

John Klement, Ulysses

Nebraska Pick 5° - \$909

Todd Boysen, Fremont

Nebraska Pick 5° - \$78,000

Ricky Magdefrau, Norfolk

Nebraska Pick 5° - \$158,000

Lynn Shemek, Columbus

2by2 - \$20,000

Carolyn Sundermeier, Omaha

Powerball® - \$10,000

James Monroe, Louisville

Margaret Stinson, Lincoln

James Schafer, Lincoln

Sharron Warner, Bennington

Jane Gerths, West Point

William Genthe, Auburn

Randall Heiman, Omaha

Powerball® - \$10,021

Heather Broderson, Lincoln

Powerball® - \$10,241

Dustia Lawrence, North Platte

Powerball® - \$200,000

Dennis Stewart, McCook

Mary Urkevich, Omaha

OCTOBER 2007**Nebraska Pick 3° - \$600**

Sal A. Savala, Omaha

Jesse Cardenas, Omaha

Amelia A. Dahlke, Grand Island

Clyde M. Thinnies, Omaha

Adele M. Chavez, Alliance

Dennis J. McMahon, Omaha

Michelle L. Morales, Omaha

Edmund Wright, Omaha

Paul E. Mollak, Omaha

Karleen Stutzman, Raymond (x2)

Lee K. Tinkler, Tecumseh

Janet Evans, Lincoln

Peg Larsen, Omaha

Sharon C. Sehl, Oakdale (x3)

Sharon K. Batie, Cozad

Mark A. Fiegelson, Hastings

Denis Vontz, Lincoln

Nebraska Pick 3° - \$700

David J. White, Omaha

Francis Blaine Batten, Omaha

Nebraska Pick 3° - \$750

Minh Tran, Lincoln

Nebraska Pick 3° - \$850

Alvin Motley, Bellevue

Nebraska Pick 3° - \$900

Doug L. Renner, Hoskins

\$150,000 Crossword Doubler - \$150,000

Greg A. Miller, Bellevue

\$50,000 Blackjack - \$1,000

Phillip Ligenza, Lincoln

\$50,000 Blackjack - \$50,000

Patricia L. Stoeger, Dannebrog

Bonus Crossword - \$1,000

Jacqueline J. Gallegos, Fairbury

Deal or No Deal - \$1,000

Dennis L. Meyer, Holdrege

Jessie R. Perry, Rising City

Deal or No Deal - \$35,000

Joanna J. Sollars, Omaha

Diamond White 7's - \$700

Gisela R. Rozzell, Lincoln

Charles W. Beck, Kearney

Tammy S. Boyd, Fairfield

David Rennick, Torrington, WY

Lucky Symbols - \$1,000

Jim S. Reed, Nebraska City

Nebraska Pick 5° - \$900

Doug L. Renner, Hoskins

Nebraska Pick 5° - \$102,000

Antoinette Janicek, Omaha

Nikki Kirshenbaum, Omaha

Powerball® - \$800

Devereaux G. Wachtel, Lincoln

Powerball® - \$10,000

Jill D. Merchen, Omaha

Mildred M. Winkle, Pickrell

NOVEMBER 2007**Nebraska Pick 3° - \$550**

Lyle Meyer, Norfolk

Mel Irish, North Platte (x2)

Nebraska Pick 3° - \$600

Patricia A. Byam, Omaha

Richard E. Wade, Pawnee City

Jody L. Mendosa, Omaha

Connie M. Coe, Hooper

Kristine Pflug, Omaha

Patricia F. Zupan, Bellevue

Saïta R. Husser, Omaha

Dyana L. Anderson, Lincoln (x2)

Donald L. Hall, Lincoln

John Swinarski, Omaha

Debra A. Eutsler, Torrington, WY

Kevin B. Peters, Omaha

Freddie Berry, Lincoln

Donald W. Baumfalk, Firth

Lisa L. Akin, Lincoln

Donald W. Mource, Hickman

Richard A. Wilson, Omaha

Bryan C. Henthorn, Hastings

Isaac G. Quarells, Jr., Lincoln

Moses K. Agyapong, Omaha (x2)

Nebraska Pick 3° - \$700

Wordie Wright, Lincoln

Nebraska Pick 3° - \$950

Robert L. Perkins, Bellevue

Nebraska Pick 3° - \$1,000

Donna M. Hastings, Hastings

Nebraska Pick 3° - \$1,050

Donald T. Wiester, Kearney

Nebraska Pick 3° - \$1,158

Kristin E. Berke, Omaha

Nebraska Pick 3° - \$1,800

Phillip M. Bruning, Shickley

Brent W. Bruning, Shickley

\$200,000 Gold Card - \$200,000

Ryan M. Wilcox, Green River, WY

10 K - \$10,000

William L. Thurston, Kearney

Bonus Crossword - \$35,000

Wallace Carter, Bellevue

Deal or No Deal - \$35,000

Justin L. Peterson, Ames

Diamond 7's - \$77,700

Tom L. Hoebelheinrich, Yankton, SD

Diamond White 7's - \$700

Robert S. Jonak, Grand Island

Jennifer M. Lohr, Omaha

William E. Anaya, Bellevue

Cindy J. Johnson, Albion

Diamond White 7's - \$17,000

Vicki Dunkeson, Blair

Groovy 8's - \$1,800

Clifford A. Krings, Omaha

Merry Money Multiplier - \$50,000

Julie M. Thompson, Norfolk

Naughty or Nice Crossword - \$1,000

Rojelio Trevino, Grand Island

Naughty or Nice Crossword - \$35,000

Patricia A. Wallowing Bear, David City

Password Doubler - \$1,000

Kristine Pflug, Omaha

Quick 7's - \$7,000

Sandra A. Jordan, Omaha

Nebraska Pick 5° - \$1,359

James Atencio, Tonopah, AZ

Nebraska Pick 5° - \$65,000

Lavern E. Cline, Hastings

Nebraska Pick 5° - \$126,000

Christopher M. Romaire, Papillion

Powerball® - \$10,000

Darrel Goode, Omaha

Susan Pautler, Crofton

Powerball® - \$200,000

Loranz Davis, Jr., Omaha

DECEMBER 2007**Nebraska Pick 3° - \$600**

Adam Brabec, Columbus

Ted Handzlik, Omaha

Ricky Straw, Omaha

Jerry Snelling, Lincoln

Harold G. Ward, Mesquite, NV

Richard E. Wade, Pawnee City (x3)

George Maloley, Lexington

Roger McNeil, Utica

John Swinarski, Omaha

Karleen Stutzman, Raymond

Douglas Hardin, Lincoln

Melvin Rein, Gering (x2)

Doug Stratton, North Platte

Jean Morris, Genoa

Erin Meeks, Omaha

John Edward Erickson, Lincoln

Vanessa Pinkney, Omaha

Lakisha Renne Samuel, Oklahoma City, OK

Carl Franklin, Omaha

Darrell Wilson, Oconto

Ruben Bentley, Omaha

Diane Dinan, Lincoln

Lee Tinkler, Tecumseh (x2)

Linda Schumacher, Omaha

Nebraska Pick 3° - \$800

Darren Wallace, McCook

Nebraska Pick 3° - \$950

Michael Hamilton, Bellevue

Nebraska Pick 3° - \$1,050

Lois Swails, Omaha

Nebraska Pick 3° - \$1,200

Patricia Zupan, Bellevue

Nebraska Pick 3° - \$1,800

Harlan Knoepfel, Grand Island

\$200,000 Gold Card - \$1,000

Mabry Martin, Bellevue

\$35,000 Bingo - \$35,000

Nicolasa Hernandez, Omaha

\$35,000 Bingo - \$1,000

Enriqueta Marroquinn, Grand Island

Elisa Hernandez, Omaha

\$50,000 Blackjack - \$50,000

Richard Winters, McCook

Big Bingo - \$1,000

Ronald L. Bishop, Omaha

Deal or No Deal - \$1,000

Alex Enfield, Omaha

Diamond White 7's - \$700

Sharon Conrad, Beaver Crossing

Donald Felker, McCook

Ryan Delozier, LaVista

Russell Hester, Council Bluffs, IA

Holiday Buck\$ - \$3,000

Paul Nyholm, Omaha

Frances Cable, Lincoln

Naughty or Nice Crossword - \$35,000

Kyle Gray, McCook

Nebraska Crossword - \$1,000

Zach Forrest, Omaha

Super Crossword - \$1,000

Sean E. Thompson, Elkhorn

2by2 - \$20,000

Lemuel Bates, Nebraska City

William Myers, Lincoln

Nebraska Pick 5° - \$58,000

Robert Aranda, Omaha

Nebraska Pick 5° - \$65,000

Aloysius Dobmeier, Omaha

Nebraska Pick 5° - \$122,000

Wayman J. Foulks, Lincoln

Powerball® - \$10,000

Michael Mulvaney, Knoxville, TN

Marvin Hernandez, S. Sioux City

Rose Mary Kallos, Grand Island

Lisa Haas, Lincoln

JANUARY 2008

Nebraska Pick 3® - \$550

James Victor, Omaha

Nebraska Pick 3® - \$600

Linda Jeffrey, Aurora (x2)

Clark Myers, Broadwater

Gail Phipps, Omaha (x4)

Katherine Ault, Omaha

Rose Immig, Omaha

Louis Gomez, Lexington

Vanessa Pinkney, Omaha

Shari Sehi, Oakdale

William Ball, McCook

Dyana Anderson, Lincoln

Brent Smith, Lincoln (x2)

Michael Warren, Omaha (x2)

William Poole, Omaha

Eleanor Kirby, Omaha

Nila Wanke, Norfolk

Troy Olmstead, Overton

Roberta Watson, Omaha (x2)

Karlo Albert, Beatrice

Richard Wade, Pawnee City

Gary Kilgore, North Platte

Gregory Sangster, Lincoln

Clint Brewer, Blair

Nebraska Pick 3® - \$800

Wordie Wright, Lincoln

James Ewers, St. Paul

Nebraska Pick 3® - \$950

James Ewers, St. Paul

Michael Hamilton, Bellevue

10K - \$10,000

Bob Lloyd, Monroe

\$35,000 Bingo - \$1,000

Irene Rodaway, Unadilla

4 Times Lucky - \$4,000

Jordan McIntyre, Hastings

Big Bingo - \$1,000

Shannon Addleman, Lincoln

Diamond White 7's - \$700

Robert Klein, Omaha

Keith Majors, Davenport, IA

Kristin Christensen, Lincoln

Bill Gray, Monroe

Go Nebraska - \$4,000

Ron Love, S. Sioux City

Darlene Zetta Osborn, Mullen

Hot Tamales - \$1,700

Phil Schutte, Gretna

Kings & Queens - \$10,000

Pamela Garland, Lincoln

Merry Money Multiplier - \$1,000

Ashley Schauer, Beatrice

Judy Hughes, Hazard

Merry Money Multiplier - \$50,000

Dawn Thumser, Plattsmouth

Naughty or Nice Crossword - \$1,000

Wanda Muse, Lincoln

Password Doubler - \$35,000

Judith Throener, Stanton

Quick 7's - \$7,000

Angie Decamp, Lincoln

Sea Treasures - \$1,000

Theodore Brown, Omaha

Super Crossword - \$50,000

Aisha Wright, Omaha

2by2 - \$20,000

Jane Gerths, West Point

Nebraska Pick 5® - \$900

William McLaughlin, Lyman

Nebraska Pick 5® - \$50,000

Mel Irish, North Platte

Nebraska Pick 5® - \$58,000

Mary Jo Rodenbaugh, Grand Island

Nebraska Pick 5® - \$66,009

Gregory Rodriguez, Omaha

Nebraska Pick 5® - \$90,000

Olaf Schavland, Syracuse

Powerball® - \$10,000

Peggy Hershley, Torrington, WY

Dennis Manning, Charlotte, NC

Judith Poppe, Lincoln

Maria Zavala, Grand Island

Richard Stanger, Omaha

Paul Koubek, North Platte

Judy Wellmann, Waco

Janice Knoepfler, Omaha

Powerball® - \$200,000

Tammy Overton, Lincoln

Pamela Jacobs, Omaha

FEBRUARY 2008

Nebraska Pick 3® - \$600

Bob Butterfield, North Platte (x2)

Karleen Stutzman, Raymond (x2)

Amos Reed, Jr., Omaha (x2)

Lyle Meyer, Norfolk

Elizabeth Vaughn, LaVista

Kem Crocker, Omaha

Ann M. Miller, Blair

Jean Morris, Genoa (x2)

Jess Mullanix, Alliance

Nona Wisnieski, Dodge

Denis Vontz, Lincoln

Donald Teeters, Omaha

Larry Johns, Lincoln

Judy Koll-Swim, Lincoln

James Wojtalewicz, Omaha

Mel Irish, North Platte

Steve Purbaugh, Omaha

Rob Wendeln, Lincoln

Brian Grell, Lincoln

Nebraska Pick 3® - \$700

Susan Knapp, St. Paul

James Ewers, St. Paul

Nebraska Pick 3® - \$1,150

Denise Griess, Clay Center

Sylvester Johnson, Lincoln

Nebraska Pick 3® - \$1,200

Brent Bruning, Shickley (x2)

Nebraska Pick 3® - \$1,258

Dennis Berkej, Omaha

\$35,000 Bingo - \$1,000

Larry J. Anderson, Lincoln

\$200,000 Gold Card - \$200,000

Sue M. Nielsen, Columbus

\$500,000 Cash Jubilee - \$1,000

Mary Tesmer, St. Paul

\$500,000 Cash Jubilee - \$500,000

Ralph C. Hill, Cozad

15th Anniversary Spectacular - \$1,500

Denis W. Johnson, North Platte

Jocelyn Gilmore, Columbus

Big Bingo - \$50,000

Nahrin Amin, Lincoln

Tina Salisbury, Omaha

Bonus Crossword - \$1,000

Jerald Uehling, Norfolk

Championship Poker - \$1,000

Jack Appleby, Sidney

Championship Poker - \$50,000

Karen Marshall, Cozad

Dazzling Diamonds - \$1,000

Gary Churchill, Lincoln

Diamond White 7's - \$700

Dennis Cooley, Scribner

Diamond White 7's - \$17,000

Joanna Wallace, Scottsbluff

Double Doubler - \$4,000

Debra Cox, Hayes Center

Nebraska Crossword - \$1,000

Tiffany Mock, Ravenna

Tom Aholt, Ashland

Nebraska Crossword - \$35,000

Randy Rosenberg, Jr., North Platte

Password Doubler - \$1,000

Charles Gray, McCook

Ruby Red 7's - \$700

Suzanne Campbell, Papillion

Dan Rosenquist, York

Jeri Pedersen, Geneva

Ruby Red 7's - \$17,000

Diana Farfan, Grand Island

Sea Treasures - \$50,000

Robert Mullins, Ravenna

Tic Tac Wow - \$2,000

Andrew Bencker, Omaha

Winning 7's - \$1,000

Renee Milligan, Kearney

2by2® - \$20,000

James R. Boyles, Wahoo

Linda Ortiz, Omaha

Nebraska Pick 5® - \$900

Tommy Le, Lincoln

Nebraska Pick 5® - \$909

Bruce Wright, Lincoln

Dennis Wynne, Juniata

Nebraska Pick 5® - \$927

Charles Kinderknecht, Almena, KS

Nebraska Pick 5® - \$140,000

Melissa Gaylor, Schuyler

Nebraska Pick 5® - \$204,000

Mark Widman, Omaha

Powerball® - \$10,000

Patricia Nogg, Waterloo

Margaret Nusser-Gerlach, Omaha

George Tillwick, Omaha

Martin Nordhues, Randolph

Powerball® - \$200,000

Ken Bratetic, Norfolk

MARCH 2008

Nebraska Pick 3® - \$600

Clayton R. Mason, Omaha

Bob H. Butterfield, North Platte (x2)

Suzanne L. Myers, North Platte

Victor C. Stepanek, Papillion

Isaac G. Quarells, Jr., Lincoln

Pedro T. Castillo, North Platte

Jeremy D. Witt, Lyman

Jacqueline S. Brouillette, North Platte

Richard J. Lesiak, Columbus

Connie K. Munk, Newport

Michael D. Rosenthal, Omaha

Ronald D. Allgood, Nebraska City

Amos Reed, Jr., Omaha

Kenneth E. Stock, Omaha

Thomas P. Jaixen, Omaha

Linda S. Schumacher, Omaha

Lloyd L. Shaw, Fairfield

Fred M. Schreyer, Cheyenne, WY

Jennifer L. Martinez, Grand Island

Dennis Britt, Tecumseh

Raul Barbosa, Schuyler

Timothy G. Zeleny, Gretna

Emanuel L. Hulinsky, Burwell

Mel R. Irish, North Platte

Elizabeth Kuwamoto, Lincoln

Henry Grier, Omaha

Dawn R. Thumser, Plattsmouth

David C. Sutton, Bellevue

Laverne B. Schaf, Lincoln

Leon Syms, Omaha

Gary W. Wever, Bellevue

Nebraska Pick 3® - \$700

Richard R. Gunning, Lincoln

Nebraska Pick 3® - \$950

Elma L. Wisdom, Bellevue

Nebraska Pick 3® - \$1,000

Inthavay Insixiengmay, Grand Island

Nebraska Pick 3® - \$1,050

Sara L. Nielsen, Fremont

Nebraska Pick 3® - \$1,200

Connie K. Munk, Newport

Nebraska Pick 3® - \$3,000

Valerie L. Pember, Plattsmouth

\$35,000 Bingo - \$35,000

Sue M. Janda, Omaha

10 Times Lucky - \$1,000

James M. Gress, Nebraska City

21 Tripler - \$3,000

Fred Kirschner, Wayne

Tom Flagle, North Platte

15th Anniversary Spectacular - \$500
 Matt B. Springer, Lincoln
15th Anniversary Spectacular - \$1,500
 Andrew Klusaw, Omaha
15th Anniversary Spectacular - \$15,000
 Charlene M. Eichner, Ogallala
Championship Poker - \$1,000
 Justin D. Casteel, Lincoln
Championship Poker - \$50,000
 Martin Ceballos, Lexington
Dazzling Diamonds - \$1,000
 Charles E. Curtis, Omaha
Hot Cards - \$5,000
 Kevin O'Donnell, Seward
Ruby Red 7's - \$700
 Linda Froehlich, Omaha
 Joseph J. Pignotti III, Omaha
 James D. Nabower, Kearney
Sea Treasures - \$1,000
 Marcie M. Berry, Lincoln
Spin The Bottle - \$3,000
 Ron L. Sawyer, Grand Island
Super Lucky 7 - \$777
 Lyle W. Hasenauer, North Platte
Quick 7's - \$7,000
 Debra A. Clinebell, Kearney
Winning 7's - \$10,000
 Joshua B. Ealy, Red Cloud
2by2® - \$22,000
 Mary A. Koch, Columbus
 Larry D. Barg, Pawnee City
 John R. Strong, Central City
 Ngoc T. Dang, Lincoln
Nebraska Pick 5® - \$909
 Charles D. Pearson, Oakland
Nebraska Pick 5® - \$94,000
 Jay E. Fahrenbruch, Kearney
Nebraska Pick 5® - \$166,000
 Bob E. Norton, Omaha
Powerball® - \$10,000
 Andrew J. Johnson, Elkhorn
 Edward M. Hosch, Hartington
 Joshua K. Anderson, Omaha
 William M. Spominato, Omaha
 Walter E. Williams, Fargo, ND
 Cory L. Skrivaneck, Stanton
 Jeffrey A. Hennings, Papillion
 Theodore A. Johnson, Lincoln
 Lillie M. Harris, Omaha
 Larry M. Holm, Papillion
 Consuelo G. Martinez, Omaha
Powerball® - \$40,000
 Nicole D. Anderson, Bellevue
Powerball® - \$200,000
 Jan L. Lund, Omaha
 Pat A. Mulvaney, Beatrice

APRIL 2008

Nebraska Pick 3® - \$600
 Brad Mallett, Omaha
 Ronald Allgood, Nebraska City (x2)
 Ramon G. Gonzales, Lexington
 Amos Reed, Jr., Omaha
 Timothy Zeleny, Gretna
 Carolyn Gress, Nebraska City
 Mark Luellman, Bellevue
 Marva Y. Tolbert, Omaha
 Chance L. Straight, Lincoln
 Juan Gonzales, Scottsbluff
 Luther Givehand, Nebraska City
 Dawn Thumser, Plattsmouth
 Darlene Pollock, Bennington
 Melvin L. Rein, Gering
 Wilma Bugbee, Alma
 Linda Schumacher, Omaha
Nebraska Pick 3® - \$700
 Tim Shindle, St. Paul
Nebraska Pick 3® - \$800
 Katherine Ault, Omaha
Nebraska Pick 3® - \$1,250
 Denise Griess, Clay Center

3-D Tic Tac Toe - \$1,000
 Amrosio Casanova, Humphrey
15th Anniversary Spectacular - \$500
 Mel Irish, North Platte
15th Anniversary Spectacular - \$1,500
 Robert L. Turner, Kearney
Big Crossword - \$1,000
 Glen Gladden, Omaha
Big Crossword - \$50,000
 Matthew G. Topp, Pilger
Bonus Crossword - \$35,000
 Richard L. Jones, Murdock
Diamond 7's - \$77,777
 Theit C. Pham, La Vista
Double Wild 8's - \$18,000
 Jerome Coyne, Omaha
Harley-Davidson® - BIKE
 Robert St. John, Lincoln
Mocha Moolah - \$2,500
 Shannon M. Cook, Kearney
Password Doubler - \$1,000
 Henry Kobza, Bellwood
Red Line Doubler Bingo - \$1,000
 William Curran, Omaha
 Doug Steinhoff, Anita, IA
Ruby Red 7's - \$700
 Kevin C. Adams, Minature
 Greg Mendoza, Lincoln
Sea Treasures - \$50,000
 Rachel Hulbert, Seward
Super Lucky 7 - \$77,777
 Brian W. Davis, Lincoln
Winning 7's - \$1,000
 Jennifer Prue, Lincoln
 Margie Wilson, Lincoln
Nebraska Pick 5® - \$74,000
 Carol Wehrbein, Beatrice
Nebraska Pick 5® - \$94,000
 Alvin Motley, Bellevue
Powerball® - \$520
 Timothy Ryan, Omaha
Powerball® - \$565
 Scott Harmon, Trumbull
Powerball® - \$640
 Lawrence Newell, Elkhorn
Powerball® - \$1,000
 Mike Frisch, Madison
 Robert Schwarting, Kearney
 Phillip Weed, Omaha
 Delores A. Bell, Omaha
 Patricia Lenner, Omaha
 Robert Albertson, Bellevue
 Avis Rice, Winnebago
 David Sirek, Elkhorn
 Jerry Ridder, Malcolm
 Dennis M. Murphy, Omaha
 Herschel Tapp, Papillion
 Gene Waddle, Norfolk
 Richard Snowden, Omaha
Powerball® - \$1,140
 Roger Allen, Omaha
Powerball® - \$10,000
 Tony Kuntz, Fremont
 Hai Vi Luu, Lincoln
 Darcy Gansebom, Norfolk
 Dennis McKeon, Grand Island
 Kent Nelson, Lincoln
 Louise Rownd, Omaha
 Betty M. Smith, Lincoln
Powerball® - \$10,014
 Frank Stoysich, Omaha
Powerball® - \$200,000
 Dave Thuernagle, Grand Island

MAY 2008

Nebraska Pick 3® - \$600
 Richard Kirby, LaVista
 Roland Ledesma, Lincoln
 Madeline Shaw, Salem
 Diana Lynn Dinan, Lincoln
 Anna McCoy, North Platte
 George Maloley, Lexington
 Jerry L. Snelling, Lincoln
 Jim Tylkowski, Omaha

Margaret Southworth, Bellevue
 Kenneth Bray, Columbus
 Norman Bratton, Omaha
 Lewis Abernathy, Omaha
 Barbara Graham, Omaha
 Clabe Ford Sr., Omaha
 Timothy Zeleny, Gretna
 Terry Murnane, Kansas City, MO
 Lori Newsham, Wolbach
 Robert Perkins, Bellevue
 Connie Munk, Newport
 Sharon Botos, Omaha
 Clayton White, Omaha
 Dyana Anderson, Lincoln
 Eleanor Kirby, Omaha
 Jeanette Cyza, Silver Creek
 Judy Koll-Swim, Lincoln
 Dennis Berke, Omaha
Nebraska Pick 3® - \$700
 Charles Kalkowski, Lynch
 L.B. Liggins, Omaha
Nebraska Pick 3® - \$800
 William Bedinger, Hampton
Nebraska Pick 3® - \$950
 Jeffrey Phelps, Bellville, OH
Nebraska Pick 3® - \$1,050
 Kenneth Schneider, Ulysses
Nebraska Pick 3® - \$1,150
 Karen Honeycutt, North Platte
5 Times The Pay - \$5,000
 Oscar Jimenez, Omaha
15th Anniversary Spectacular - \$1,500
 Virginia Kelley, Ogallala
 Amber Sorensen, Fremont
 Betty Willmer, Valley
\$50,000 Diamonds & Gold - \$50,000
 Theodore C. Williams, Lincoln
Big Crossword - \$1,000
 Kenneth Reed, Wymore
Bonus Crossword - \$1,000
 Thomas Zagurski, Lincoln
Harley-Davidson® - \$1,000
 Greg Kaster, Tecumseh
Lucky Symbols - \$1,000
 Velma Kroeker, York
Password Doubler - \$35,000
 Gloria D. Jackson, Omaha
Red Line Doubler Bingo - \$35,000
 John E. Kirby, Lincoln
Ruby Red 7's - \$700
 Gretchen Mayer, Mansfield, SD
 Sherrie Cheshire, Omaha
Triple Tripler - \$3,333
 Veronica Myers, Papillion
Triple Tripler - \$50,000
 Mary Lou Anderson, Hastings
2by2® - \$22,000
 James McGraw, Kearney
 Charlette Casey, Ogallala
 Jean Shipps, Syracuse
 Julius Balis, Omaha
 Doran Beatty, Douglas
 Genene Minnick, Lincoln
Nebraska Pick 5® - \$918
 Duane Stroebel, Elmwood
Nebraska Pick 5® - \$122,000
 Mike S. Anderson, Papillion
Powerball® - \$1,000
 Wilfred Boneshirt, St. Francis, SD
Powerball® - \$10,000
 Jay Whalen, Hubbard
 Alicia Lyons, Lincoln
 Duane Menke, Bellevue
Powerball® - \$20,000
 Steven Wehmer, Crab Orchard

JUNE 2008

Nebraska Pick 3® - \$600
 Dennis Collins, Omaha (x2)
 Wendy Wilson, Alliance
 James Kaufman, Hastings
 Donald Teeters, Omaha
 Corina Fiscus, Schuyler
 Shawn Lewis, Fremont
 Jerri Niver, Omaha

Ronald Hessler, Mitchell
 Linda Schumacher, Omaha
 Ollie Thompson, Omaha
 Wordie Wright, Lincoln
 Lemuel Bates, Nebraska City
 Denis Vontz, Lincoln
 Mary Szalewski, Omaha
 Patricia Zupan, Bellevue
 Floyd Brown, Lincoln
 Debbie Walker, Omaha
 Katherine Ault, Omaha
 David Rivera, Lincoln
 Sheila Spitz, Columbus
 Marcus Birdrowski, Omaha
Nebraska Pick 3® - \$1,550
 Jessica Cook, Bellevue (x2)
15th Anniversary Spectacular - \$1,500
 Doug Peterson, Alliance
 Andrew Draper, Omaha
\$35,000 Bingo - \$1,000
 Tonia Martinez, Omaha
 Gail Dusang, Lincoln
\$50,000 Diamonds & Gold - \$1,000
 Diana Krause, Clarkson

Ace of Spades - \$3,000
 Barbara Schamp, Burwell
Bonus Crossword - \$35,000
 Evelyn Dies, Hastings
Harley-Davidson®2nd Chance - BIKE
 Randy Hulse, Blackfoot, ID
Harley-Davidson®2nd Chance - \$1,000
 Michael Beaty, Holstein
 Krystal Reeker, Norfolk
 Russ McGinnis, Axtell
 Bill Reeker, Norfolk
Mocha Moolah - \$2,500
 Julia Graudin, St. Louis, MO
Money Magnet - \$3,000
 Denea Jenneman, Grand Island
Quick 7's - \$7,000
 Arthur Mackey, Falls City
Red Line Doubler Bingo - \$1,000
 Frank J. Blahak, Jr., Columbus
Ruby Red 7's - \$700
 Mae Morgan, Hastings
Ruby Red 7's - \$17,000
 Neil E. Thorsen, Sr., Ashland

Triple Tripler - \$3,333
 Barbara Harris, Table Rock
2by2® - \$22,000
 Scott Borgman, Friend
 Dorothy Thiem, North Platte
Nebraska Pick 5® - \$58,000
 Daniel J. O'Brien, Omaha
Nebraska Pick 5® - \$66,000
 Dorothy Bissantz, Fairfield
Nebraska Pick 5® - \$114,000
 Mary Jane Reid, Hamburg, IA
Powerball® - \$500
 Dennis Johnson, Carter Lake, IA
Powerball® - \$1,070
 Dustin Kowalski, Columbus
Powerball® - \$10,000
 David Shere, Omaha
 Priscilla Balasa, Aurora
 Courtney Hiner, Honey Creek, IA
Powerball® - \$200,000
 Dave Kokenge, Grand Island
Powerball® - \$200,003
 William D. Yates, Omaha

FINANCIAL STATEMENTS



NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Poley
State Auditor

Mike.Poley@panhandle.gov
P.O. Box 98917
State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111 FAX 402-471-3901
www.auditoren.state.ne.us

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, 2008, 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, 2008, 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, 2008, 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 8, 2008, 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.)

Signed Original on File

October 8, 2008

Assistant Deputy Auditor

STATEMENT OF

As of June 30, 2008

ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$7,719,092
Accounts Receivable, Net of Allowance (Note 4)	5,126,026
Prepaid Prizes	201,730
Prepaid Contract Costs - Instant	328,564

TOTAL CURRENT ASSETS

13,375,412

NONCURRENT ASSETS:

Reserves on Deposit (Note 6)	1,769,561
Capital Assets:	
Furniture, Fixtures, and Equipment (Note 5)	422,256
Less: Accumulated Depreciation	(386,566)
Total Capital Assets, Net	35,690

TOTAL NONCURRENT ASSETS

1,805,251

TOTAL ASSETS

\$15,180,663

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	\$258,576
Vendors Payable	1,315,404
Compensated Absences Payable (Note 7)	15,721
Accrued Payroll Payable	80,377
Withheld Taxes on Prizes Paid	39,925
Prizes Payable	5,513,061
Due to Other Funds	23,198
Other Accrued Liabilities	129,342

TOTAL CURRENT LIABILITIES

7,375,604

NONCURRENT LIABILITIES:

Compensated Absences Payable (Note 7)	208,862
---------------------------------------	---------

TOTAL NONCURRENT LIABILITIES

208,862

TOTAL LIABILITIES

7,584,466

NET ASSETS

Invested in Capital Assets	35,690
Restricted for Future Prizes (Note 6)	1,769,561
Unrestricted (Note 10)	5,790,946

TOTAL NET ASSETS

7,596,197

TOTAL LIABILITIES AND FUND EQUITY

\$15,180,663

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

net
assets

STATEMENT OF

For The Year Ended June 30, 2008

OPERATING REVENUE:

Sales	\$124,868,072
Less: Sales Returns	2,958,062

TOTAL OPERATING REVENUE

121,910,010

OPERATING EXPENSES:

Prize Expense	69,239,065
Retailer Commissions	7,409,453
Contractual Services Expense	8,538,103
Marketing	4,505,206
Lottery Operating	1,961,124

TOTAL OPERATING EXPENSES

91,652,951

OPERATING INCOME

30,257,059

NONOPERATING REVENUES:

Interest Income	607,109
Multi-State Lottery Association Income	167,481

TOTAL NONOPERATING REVENUES

774,590

INCOME BEFORE TRANSFERS

31,031,649

TRANSFERS TO OTHER FUNDS (Note 9)

(31,008,281)

CHANGE IN NET ASSETS

23,368

TOTAL NET ASSETS, BEGINNING OF YEAR

7,572,829

TOTAL NET ASSETS, END OF YEAR

\$7,596,197

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

r
e
v
e
n
u
e
s

e
x
p
e
n
s
e
s

a
n
d

c
h
a
n
g
e
s

i
n

n
e
t

a
s
s
e
t
s

STATEMENT OF

For The Year Ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES:

Ticket Sales	\$121,665,499
Prizes Paid to Winners	(70,309,313)
Commissions Paid to Retailers	(7,415,787)
Paid to Contractors for Goods and Services	(12,930,907)
Paid to Employees	(1,365,282)
Other Operating Expenses	(615,400)
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>29,028,810</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Paid to Education Innovation Fund	(6,025,386)
Paid to Nebraska Scholarship Fund	(7,550,801)
Paid to State Fair Support and Improvement Fund	(3,050,828)
Paid to Environmental Trust Fund	(13,576,184)
Paid to Compulsive Gamblers Assistance Fund	(805,802)
Net Cash Used in NonCapital Financing Activities	<u>(31,008,281)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of Property and Equipment	<u>(30,804)</u>
------------------------------------	-----------------

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on Cash	607,109
Multi-State Lottery Association Income	62,971
Net Cash Provided by Investing Activities	<u>670,080</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (1,340,195)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

9,059,287

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$7,719,092

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

Operating Income	<u>\$30,257,059</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	18,836
Changes in Assets (Increase) Decrease in:	
Reserves on Deposit	(170,079)
Prepaid Prizes	(81,330)
Accounts Receivable (Net)	(465,510)
Prepaid Contract Costs - Instant	(109,492)
Changes in Liabilities Increase (Decrease) in:	
Other Accrued Liabilities	56,810
Accounts Payable and Due to Other Funds	(301,645)
Prizes Payable	(557,454)
Compensated Absences and Accrued Payroll Payable	35,489
Withheld Taxes on Prizes Paid	22,625
Vendor Payable	323,501
Total Adjustments	<u>(1,228,249)</u>
Net Cash Provided by Operating Activities	<u>\$29,028,810</u>

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

c
a
s
h

f
l
o
w
s

nebraska lottery

notes to the financial statements

For the Fiscal Year Ended June 30, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

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

B. Reporting Entity

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

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

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

C. Measurement Focus, Basis of Accounting

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

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

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

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, 2008, was \$2,588,839.

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, 2008, approximates market. Banks pledge collateral, as required by law, to guarantee State funds held in time and demand deposits.

Cash and cash equivalents are under the control of the State Treasurer or other administrative bodies as determined by law. Investments of all available cash is made by the State Investment Officer on a daily basis, based on total bank balances. These funds are held in the State of Nebraska Operating Investment Pool (OIP), an internal investment pool. Interest earned on these investments is allocated to funds based on their percentage of the investment pool. Additional information on the deposits and investments portfolio including investment policies, risks, and types of investments can be found in the State of Nebraska's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008.

E. Budgetary Process

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

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

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

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

F. Receivables and Related Allowance for Uncollectible Amounts

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

G. Capital Assets

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

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

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

H. Compensated Absences

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

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

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

I. Use of Estimates

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

2. CONTINGENCIES AND COMMITMENTS

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

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

Detail of the coverage is available from the Department of Administrative Services - Risk Management Division.

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

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

3. STATE EMPLOYEES RETIREMENT PLAN (PLAN)

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

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

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

The employee's account is fully vested. The employer's account is 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, 2008, employees contributed \$51,883 and the Nebraska Lottery contributed \$80,938. A separate plan report is issued and can be obtained from the Nebraska Public Employees Retirement System. This report contains full pension-related disclosures.

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

4. RECEIVABLES

Retailers comprised principally of grocery stores, convenience stores, and off sale liquor stores serve as the primary distribution channel for lottery sales to the general public. No one retailer accounts for a significant amount of the Nebraska Lottery's sales or accounts receivable. Retailers must pay for instant lottery tickets 45 days after activation or when the pack is 70% validated, whichever comes first. Retailers pay for on-line tickets each Wednesday for balances due through the previous Saturday. The retailers accounts receivable is net of allowance for uncollectible in the amount of \$41,578.

Accounts Receivable:

Retailers (net)	\$4,761,986
Other	364,040
Total	<u>\$5,126,026</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Total Capital Assets	\$ 407,901	\$ 30,804	\$ 16,449	\$ 422,256
Total Accumulated Depreciation	384,179	18,836	16,449	386,566
Total Capital Assets, Net	<u>\$ 23,722</u>	<u>\$ 11,968</u>	<u>\$ 0</u>	<u>\$ 35,690</u>

6. ON-LINE GAMES

During the fiscal year ended June 30, 2008, the Nebraska Lottery offered a variety of on-line games as described in the following table.

Game Name	Operated by	Nebraska's Share of Prize Reserves
POWERBALL®	MUSL	\$ 1,641,879
NEBRASKA PICK 5®	Nebraska Lottery	n/a
NEBRASKA PICK 3®	Nebraska Lottery	n/a
2by2®	MUSL	127,682
		<u>\$ 1,769,561</u>

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

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

7. NONCURRENT LIABILITIES

Changes in noncurrent liabilities for the year ended June 30, 2008, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$181,402	\$55,879	\$12,698	\$224,583	\$15,721

8. LEASE COMMITMENTS

The minimum annual office lease payments for operating leases as of June 30, 2008, are as follows:

Year	Amount
2009	\$ 49,753
2010	49,753
2011	49,754
2012	49,754
2013	51,137
2014-2017	214,082
Total	\$ 464,233

Total operating lease payments for the fiscal year ended June 30, 2008, were \$49,753.

9. SIGNIFICANT COMPLIANCE REQUIREMENTS

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

As required under its enabling legislation, transfers of \$31,008,281 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 \$7,048 in delinquent State taxes and \$37,412 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 effect 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.