

*Minnesota  
State Lottery  
2005  
Annual Report*





*Brittany Gordon of St. Francis won \$999 playing the 9s are Fine Scratch Game.*



*Eyler Voges of Coon Rapids won \$200,000 playing the \$200,000 Jackpot Riches Scratch Game.*



*John Tille of Worthington won \$1,000 playing the Winner Wonderland Scratch Game.*



*Reggie Jeffro of St. Cloud won \$50,000 playing the Super Crossword Scratch Game.*



*Jim Albrecht of New Ulm won \$100,000 playing the Winner Wonderland Scratch Game.*



*Chris Moore of Sauk Rapids won \$50,000 playing the High Roller Crossword Scratch Game.*



*Teresa Sadler of Bloomington won \$5,000 playing the \$100,000 Payday Scratch Game.*



*Russell Luns of Austin won \$100,000 playing the \$100,000 Payday Scratch Game.*

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Dear Fellow Minnesotans:

The Minnesota State Lottery generated a record \$106.2 million for Minnesota during fiscal year 2005. Sales increased by 5.5 percent compared to the previous fiscal year to reach a new record of \$408 million. The record amount generated for Minnesota can be attributed to both the record sales and the success of cost-saving measures that have been put in place.

When I came to the Minnesota State Lottery in October 2004, I was very pleased to find that considerable time and effort had already gone into ensuring that the Lottery was running in an efficient, secure manner. I've continued to look for even more ways to improve efficiency and return the most profit possible to the citizens of Minnesota while offering a fun product.

Operating costs, already down 26.5 percent in fiscal year 2004 compared to the previous year, were reduced an additional 2.6 percent in fiscal year 2005.

The lottery industry is ever-changing and while we are fortunate to have a solid foundation to build upon, we must always be mindful of the trends and technologies that shape the marketplace. Competition for consumers' entertainment dollars is plentiful and if we are to continue to be successful in our mission, we must always be ready to try new initiatives and take advantage of technological innovations.

The Minnesota State Lottery was created to raise money for the state of Minnesota. Since the Lottery's inception, more than \$1.3 billion has been raised for many important projects and programs. I am very proud to be part of the Minnesota State Lottery because I believe in the Lottery's mission. So much has already been accomplished and I look forward to the challenges and successes that lay ahead. We'll continue to work hard to meet or exceed our goals for the future.

So, I invite you to read on and learn more about the Minnesota State Lottery and its accomplishments.

Sincerely,

Clint Harris  
Executive Director



## *Celebrating 15 Years of Benefiting Minnesota*

Every time a Minnesota State Lottery ticket is purchased, the entire state wins, because lottery proceeds are used in ways that benefit everyone in Minnesota. Through the Environment and Natural Resources Trust Fund and other lottery beneficiaries, lottery proceeds will continue to benefit Minnesotans for generations to come.

Since the first Match 3 Scratch ticket was sold on April 17, 1990, the Lottery has raised over \$1.3 billion for Minnesota. Players have won more than \$3.2 billion in prizes.

Almost 89 percent of lottery dollars are returned to Minnesotans in the form of prize money, retailer commissions and contributions to the state for environmental projects, public services and problem gambling treatment and prevention programs.

### *Highlights of Fiscal Year 2005*

During fiscal year 2005, the Lottery celebrated its fifteenth year of providing Minnesotans with fun, innovative and secure games that raise money for important state projects and programs.

The state of Minnesota received a record \$106.2 million from lottery sales during fiscal year 2005.

Players won more than \$241.3 million in fiscal year 2005, including two back-to-back Powerball jackpot wins in July and August 2004, a record Hot Lotto jackpot win in September 2004, a record Northstar Cash jackpot win in October 2004 and the second-highest Gopher 5 jackpot in February 2005.

Fiscal year per capita sales were \$80.75, with a high of \$140.26 in Polk County and a low of \$39.42 in Lincoln County.



## *Record Lottery Sales and Record Profits for Minnesota*

Record ticket sales of \$408 million in fiscal year 2005 generated a record \$106.2 million for state projects and programs, including the Environment and Natural Resources Trust Fund and the state's General Fund.

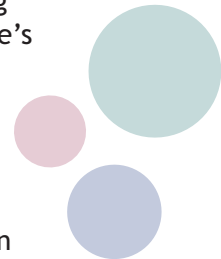
### *Environment and Natural Resources Trust Fund*

The Environment and Natural Resources Trust Fund receives 40 percent of lottery net proceeds – \$28 million was transferred in FY05. Since its inception, more than \$366.5 million has been raised for the Trust Fund.

The Trust Fund finances a variety of projects that preserve, restore and enhance Minnesota's natural resources, including improvements to state parks, the construction of state trails, enhanced hunting and fishing habitat and research that benefits Minnesota's environment. From 1990 through the 2003-05 biennium, lottery proceeds have helped finance 278 projects worth \$171 million. Projects have received funding in each of Minnesota's 87 counties.

Projects that have received funding from the Environment and Natural Resources Trust Fund include a \$1.3 million Gitchi-Gami State Trail grant. This grant will help finance the construction of approximately five miles of a planned 86-mile non-motorized recreational trail between Two Harbors and Grand Marais along the north shore of Lake Superior. Trail sponsors must also obtain at least \$400,000 in non-state money. Several segments of the trail are already open for hikers, cyclists and skaters. Completion of the trail is scheduled for 2012.

The Minnesota ReLeaf Community Forest Development and Protection project received a \$514,000 grant. This program assists Minnesota communities with planting and caring for their trees. Among its goals are energy conservation, reduction of atmospheric carbon dioxide and other environmental benefits. The Department of Natural Resources and Tree Trust are collaborating on this project to protect and develop urban and community forests. The bulk of this appropriation (at least \$350,000) will be used for matching grants to communities for the planting of native trees. Remaining funds will be used for the development of community forest management plans and the protection of forest resources.



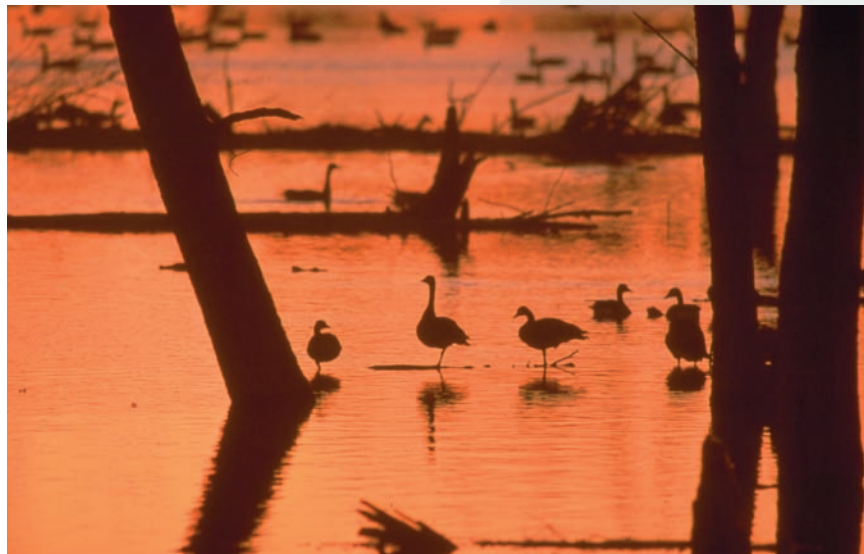
The Minnesota Landscape Arboretum in Chanhassen, part of the University of Minnesota's Department of Horticulture, provides over 1000 acres of public gardens and is a major center for research on horticultural practices for cold climates. The Minnesota Landscape Arboretum received a \$350,000 appropriation which will allow the Arboretum to continue to acquire privately held land within the Arboretum's borders.

A constitutional amendment passed in November 1998 ensures that the Trust Fund will continue to receive lottery proceeds through December 2024.

The Legislative Commission on Minnesota Resources, which consists of 20 legislators, reviews all funding requests and makes funding proposals to the full Legislature. The Legislature must pass a bill allocating the funds. Once passed, the bill may be signed or vetoed by the Governor. The Minnesota State Lottery has no input into how the money is spent.

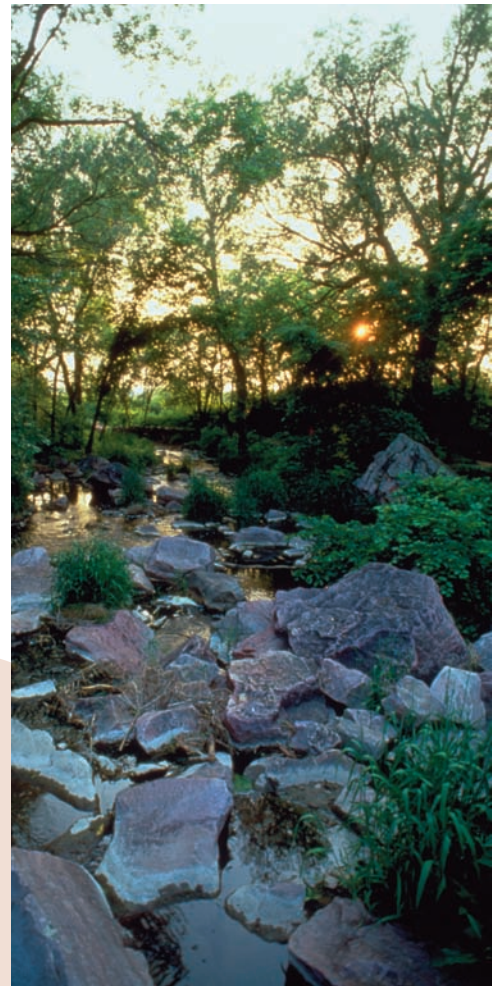
The Minnesota Constitution provides that up to 5.5 percent of the market value of the fund can be utilized for projects each year. Lottery proceeds are the primary source of funds used to build the principal of the Trust Fund, which was \$377.5 million on June 30, 2005. The Trust Fund may not be used as a substitute for traditional sources of environmental or natural resource funding.

Additional Trust Fund information, including an interactive map of Trust Fund projects by county, is available on the Lottery's Web site ([www.mnlottery.com](http://www.mnlottery.com)).



The Legislature appropriated \$30.1 million from the Environment and Natural Resources Trust Fund for 39 projects for the 2003-2005 biennium. This money was spent as follows:

- Restoring Minnesota's Fish and Wildlife Habitat Corridors - Phase II – \$4,850,000
- Metropolitan Area Wildlife Corridors – \$4,850,000
- Metropolitan Regional Parks Acquisition, Rehabilitation and Development – \$3,339,000
- Local Initiative Grants - Parks and Natural Areas – \$2,579,000
- State Park and Recreation Area Land Acquisition – \$1,500,000
- Gitchi-Gami State Trail – \$1,300,000
- Water Recreation Projects – \$1,150,000
- County Biological Survey – \$900,000
- Accelerating and Enhancing Surface Water Monitoring for Lakes and Streams – \$740,000
- Native Plants and Alternative Crops for Water Quality – \$622,000
- Wastewater Phosphorus Control and Reduction Initiative – \$540,000
- Minnesota ReLeaf Community Forest Development and Protection – \$514,000
- Local Initiative Grants - Conservation Partners and Environmental Partnerships – \$512,000
- Acquisition and Development of Scientific and Natural Areas – \$480,000
- Local Water Planning Matching Challenge Grants – \$444,000
- Restoring RIM Match – \$400,000
- Forest and Prairie Stewardship of Public and Private Lands – \$392,000
- Mesabi Trail – \$380,000





- Minnesota Landscape Arboretum Land Acquisition – \$350,000
- Local and Regional Trail Grant Initiative Program – \$320,000
- Continuous Indoor Air Quality Monitoring in Minnesota Schools – \$300,000
- Bucks and Buckthorn: Engaging Young Hunters in Restoration – \$255,000
- Mesabi Iron Range Geologic and Hydrogeological Maps and Data Bases – \$246,000
- Development and Rehabilitation of Minnesota Shooting Ranges – \$240,000



- Updating Outmoded Soil Surveys – \$236,000
- Advancing Utilization of Manure Methane Digester Electrical Generation – \$221,000
- Biological Control of European Buckthorn and Spotted Knapweed – \$198,000
- Linking Communities: Design, Technology and DNR Trail Resources – \$184,000
- Healthy Schools: Indoor Air Quality and Asthma Management – \$168,000
- TAPwaters: Technical Assistance Program for Watersheds – \$160,000
- Fort Ridgely Historic Site Interpretive Trail – \$150,000
- Resources for Redevelopment of Brownfields to Greenspaces – \$150,000
- Putting Green Environmental Adventure Park: Sustainability Education – \$132,000
- Intercommunity Groundwater Protection – \$125,000
- Developing Pheromones for Use in Carp Control – \$100,000
- Economic-based Analysis of Children’s Environmental Health Risks – \$95,000
- Dodge Nature Center Restoration Plan – \$83,000
- Maintaining Zooplankton (Daphnia) for Water Quality: Square Lake – \$32,000
- LCMR Study Commission on Park Systems – \$26,000

## *The State of Minnesota's General Fund*

The Lottery transferred \$59 million to the General Fund in FY05. This amount includes 60 percent of net proceeds, a portion of the 6.5 percent in-lieu-of-sales tax, unclaimed prizes and funds used for problem gambling treatment and prevention. The Lottery has transferred more than \$800.5 million to the General Fund since 1990. The General Fund supports state services, including public education, local government assistance, public safety and environmental protection.

The Lottery transfers 6.5 percent of sales to the state as in-lieu-of-sales tax payments. In FY05 these payments were allocated as follows: 36.2 percent to the Natural Resources Fund for state and Twin Cities metropolitan area parks and trails, local trails and the Minnesota Zoological Gardens, Como Zoo and Duluth Zoo; 36.2 percent to the Game and Fish Fund for activities that improve, enhance or protect fish and wildlife resources in Minnesota; and the remaining 27.6 percent to the General Fund.



## *The Natural Resources Fund*

In fiscal year 2005, 36.2 percent of the in-lieu-of-sales tax on lottery tickets was dedicated to the Natural Resources Fund. For the 2003-05 biennium, the following projects received funding:

- Metro Parks and Trails – \$8,304,000. This grant is to the Metropolitan Council for maintenance and operations at metropolitan area regional parks and trails.
- State Park Operations – \$6,924,000. These funds will allow the DNR to restore camping and day use in state parks, make camping available in the spring and fall, provide facility maintenance and security and partially fund winter operations.
- State Trail Operations – \$1,380,000. This funding helps the DNR manage over 1,100 miles of state trails.
- Local Trails – \$1,106,000. Through this program, the DNR will make grants to local units of government for trails. The local governments must agree to maintain the trails for at least 20 years.
- Como Zoo and Conservatory – \$164,000
- Duluth Zoo – \$164,000
- Minnesota Zoological Gardens – \$164,000





### *The Game and Fish Fund*

In fiscal year 2005, 36.2 percent of the in-lieu-of-sales tax on lottery tickets was dedicated to the Game and Fish Fund. For the 2003-05 biennium, the following projects received funding:

- Fish Management – \$7,996,000
- Wildlife Management – \$5,120,000
- Ecological Services – \$2,526,000
- Enforcement – \$2,328,000
- Forestry Management – \$484,000. This appropriation is to be used to implement ecological classification systems standards on forest landscapes.



### *Treatment and Prevention of Problem Gambling*

The Lottery continues to actively support the treatment and the prevention of problem gambling. The Lottery's efforts to increase awareness include sponsoring a statewide problem gambling conference, devoting extensive Web site space ([www.mnlottery.com](http://www.mnlottery.com)), placing problem gambling materials at all lottery retail locations and providing technical assistance to Minnesota organizations and service providers. The Lottery is also an active member of the National Council on Problem Gambling and Northstar Problem Gambling Alliance.

In FY05, \$1.9 million was appropriated for the Department of Human Services for problem gambling treatment and prevention. More than \$20.3 million has been appropriated since 1990.

There's Help for Problem Gamblers.  
**1-800-333-HOPE.**  
( 4 6 7 3 )



#230533

# Games and Winners

## Scratch Games



Trisha Hill of Braham won \$200,000 by playing the 10 Times the Luck Scratch Game. She purchased the winning ticket at Casey's General Store, 243 - 1st Ave. E. in Cambridge.

Scratch Game sales were a record \$253.4 million during the fiscal year, an increase of 17.5 percent over the previous fiscal year, accounting for 62.1 percent of total sales.

Scratch Game players redeemed more than \$168.9 million worth of winning tickets during the fiscal year, including 52 winning tickets redeemed for prizes ranging from \$50,000 to \$200,000.

Lottery research shows that players want a variety of games with different play styles and price points. Sales data clearly shows that many players like to try "new" games. Sales of a Scratch Game are always strongest in the days and weeks immediately following the launch. To meet the wishes of players, the Lottery introduced 45 Scratch Games ranging in price from \$1 to \$10 during FY05.



Duluth resident Betty Davey won \$1,005,027 as a contestant on the *Powerball® Instant Millionaire* game show. Davey was one of the last big winners to appear on the television game show before the show ended in July 2004. Players who uncovered an entry playing the Powerball® the Game Show Scratch ticket could mail it in for a chance to win a spot on the show or to be an at-home player.

Four lucky Minnesotans won a total of \$100,000 in the "biggest" Scratch Game marketing effort of the fiscal year. The Scratch Games Big Second Chance promotion was very popular with players – between January 17 and February 23, 2005, more than 269,000 entries were received for the promotion's four drawings (combined).



The Big Second Chance promotion was featured on a commuter train in downtown Minneapolis.

The number of entries received was a record for any Minnesota State Lottery mail-in promotion. New advertising agency Colle+McVoy designed a fun, attention-getting campaign to support the Big Second Chance. The campaign included wrapped light rail trains and “garbage” cans scattered throughout the Minneapolis and St. Paul skyways that stopped people in their tracks for a second look. The garbage cans included eye-catching “arms” sticking out grasping a Scratch ticket and the message, “Don’t throw away a chance to win.”



The first “Big Second Chance” winner was Wayne Bartunek of Montevideo. He won \$20,000. An entry that Bartunek sent to the Lottery was drawn on February 3 from an estimated 68,000 entries received.

Denise Flanagan of Owatonna won \$20,000. Flanagan’s entry was one of approximately 58,000 received for the drawing held on February 10.

Arnie Zahratka of Howard Lake was the Lottery’s third “Big Second Chance” winner – he won \$10,000. An entry that Zahratka sent to the Lottery was drawn on February 17 from an estimated 53,800 entries received.

Daniel Wattenhofer of Excelsior was selected as the \$50,000 winner from the fourth and final drawing held on Feb. 24, 2005 from an estimated 89,240 entries received.



*Wayne Bartunek of Montevideo*



*Denise Flanagan of Owatonna*



*Arnie Zahratka of Howard Lake*



*Daniel Wattenhofer of Excelsior*



*Bruce Fremstad of Nisswa won \$100,000 playing the Jackpot Gold Scratch Game.*



*Shannon Bishir of St. Cloud won \$1,000 playing the Super Crossword Scratch Game.*



*Adam Merritt of Eamarack won \$200,000 playing the Winter Jackpot Scratch Game.*



*Donald DeZeeuw of Arlington won \$5,000 playing Powerball.*



*Julie Antinozzi of Zimmerman won \$10,000 playing the Royal Cards Scratch Game.*



*Rena Weber of Cold Spring won \$1,000 playing the Winner Wonderland Scratch Game.*



*Tim Nelson of St. Joseph won \$100,000 playing the Jackpot Gold Scratch Game.*



*Curtis Ziesmer of Olivia won \$1,000 playing the Super Crossword Scratch Game.*

# POWERBALL®

Minnesota Powerball players were very lucky in fiscal year 2005! Minnesota's 17th and 18th Powerball jackpot wins occurred during the summer of 2004 – a \$21.1 million jackpot and a \$98.7 million jackpot. An additional 2.5 million winning Powerball tickets with prizes ranging from \$3 to \$400,000, for a total of \$17.4 million in prizes, were purchased by Minnesota players.

Minnesota retailers sold \$92.5 million in Powerball tickets during the fiscal year.

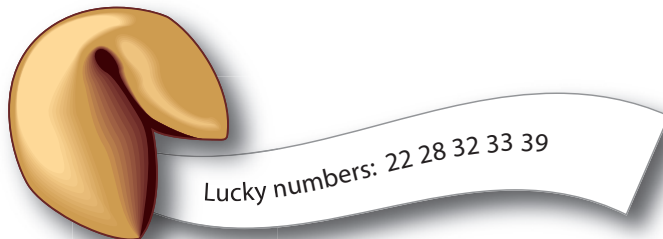
A Stillwater couple became Minnesota's 17th Powerball jackpot winners on July 7, 2004. The couple won a \$21.1 million jackpot on July 7, 2004. They selected the \$11.1 million cash option. The winning ticket was purchased at SuperAmerica, 2455 Centennial Road in North St. Paul.

The next Powerball jackpot winning ticket was also sold in Minnesota. Minnesota's 18th Powerball jackpot win happened on Aug. 14, 2004. David and Mary Beth Wenell of Eden Prairie claimed the second largest jackpot ever won in Minnesota, \$98.7 million. They selected the \$53.1 million cash option. Having consecutive Powerball jackpot wins in Minnesota has only happened once before, on Feb. 26, 1994 and March 2, 1994.

David and Mary Beth Wenell claimed the second largest jackpot ever won in Minnesota, \$98.7 million. The winning ticket was purchased at Cub Foods, 8015 Den Road in Eden Prairie.







Thanks to the very “lucky numbers” that he found in a fortune cookie and then used to play Powerball, Mark Hofmeister of Hutchinson was one of a record 110 Match 5 winners throughout the Powerball states on March 30, 2005. Approximately 90 percent of the Match 5 winners from that drawing used numbers that were printed on a fortune cookie message. Hofmeister’s \$100,000 winning ticket was purchased at Super-America, 1210 Highway 7 in Hutchinson.

On Nov. 12, 2004, Christopher, Joshua and Lucas Passe of Kellogg claimed the \$100,000 Powerball prize from the Oct. 30, 2004 drawing. The winning ticket was purchased at Kwik Trip, 115 S. Knowlton St. in Kellogg.

Bob and Kris Schmidt of Hermantown claimed a \$100,000 Powerball prize on Sept. 16, 2004. The winning ticket was for the drawing on Sept. 8, 2004 and was purchased at Food-N-Fuel, 4991 Miller Trunk Highway in Duluth.

John and Sandi Rice of Faribault claimed one of two \$100,000 prizes won in Minnesota from the Sept. 29, 2004 Powerball drawing. The couple claimed the prize on Oct. 4, 2004. The winning ticket was purchased at Kwik Trip, 102 N.E. 5th Ave. in Faribault.



*Mark Hofmeister of Hutchinson*



*Christopher, Joshua & Lucas Passe*



*Kris & Bob Schmidt*



*Sandi & John Rice of Faribault*





*Kris Hames of Rochester*

Kris Hames of Rochester claimed a \$100,000 Powerball prize on Dec. 9, 2004 (Dec. 8, 2004 drawing). The winning ticket was purchased at Kwik Trip, 3490 - 55th St. N.W. in Rochester.

Dennis Anderson of Maple Grove claimed a \$100,000 Powerball prize on Oct. 1, 2004. The winning ticket, which was for the Sept. 29, 2004 drawing, was purchased at SuperAmerica, 9363 Upland Ave. N. in Maple Grove.



*Dennis Anderson of Maple Grove*

Mark Peterson of Apple Valley heard a news story on the radio that there was a \$100,000 Powerball winner in Minnesota from the May 28 drawing. "I was thinking, 'That's me!'" Peterson said with a grin. He purchased the winning ticket at Lucky Seven, 820 Hoover Road N. in Virginia.

Linda Reinhardt-Sondrall of New Hope claimed a \$100,000 Powerball prize from the April 27, 2005 drawing. Reinhardt-Sondrall's winning ticket was purchased at Bill's Fuel Center, 6290 Boone Ave. N. in Brooklyn Park.



*Mark Peterson of Apple Valley*



*Linda Reinhardt-Sondrall*



*Fourteen employees of the Havenwood Care Center in Bemidji, who call themselves the "HCC Lucky 14," claimed a \$100,000 Powerball prize on May 27, 2005.*

# Gopher 5

MINNESOTA'S OWN CASH LOTTO GAME

Gopher 5, Minnesota's own cash lotto game, generated 225,595 winning tickets, worth a combined \$8.6 million. Twenty-two tickets matched all five numbers to win top prizes, including the second highest Gopher 5 jackpot on record – \$1.1 million, won by a resident of Guthrie.

Doris Battenberg of Minneapolis claimed a \$100,000 Gopher 5 prize on Nov. 22, 2004, from the drawing on Nov. 16, 2004. The winning ticket was purchased at Churchill Market, 150 - 2nd Ave. S. in Minneapolis.



# Hot Lotto

Minnesota was one of the eight lotteries to offer the Hot Lotto game. Jackpots start at \$1 million and grow until someone wins. Minnesota's Hot Lotto sales topped \$16.3 million during fiscal year 2005. Over 1 million winning tickets won a total of \$13.8 million.

On Sept. 15, 2004, Mary and Bob Mikkelson of Holmen, Wis. won a record \$10.8 million Hot Lotto jackpot. They chose the cash option of \$6.4 million. The winning ticket was purchased in Minnesota at Saver Stop, 100 Twilite St. in LaCrescent.







# Northstar Cash<sup>®</sup>

Northstar Cash jackpots start at \$25,000 and grow by a minimum of \$1,000 until won. Sales during the fiscal year were \$9,373,889.

On Oct. 4, 2004, the jackpot reached a record \$207,690. The ticket that Darold Bounds of International Falls purchased at Inter City Oil in International Falls matched all of the numbers drawn to win the record jackpot.

Bounds was the biggest Northstar Cash winner of the fiscal year, but many other players had luck with Northstar Cash as well. More than 1.6 million winning tickets worth a combined \$5,002,492 were sold during the fiscal year.

Big winners included five lucky players who all had winning tickets for the March 30, 2005 drawing to win shares of the \$177,995 jackpot – \$35,599 each.



Larry Pitcher of Pine River claimed the \$27,000 Northstar Cash jackpot from the Oct. 8, 2004 drawing.



John Powers of Minneapolis (with his son, Jeff Powers) claimed the \$56,123 Northstar Cash jackpot from the Feb. 19, 2005 drawing.



Jerry Kostreba of Rice won the \$201,615 jackpot from the June 4, 2005 Northstar Cash drawing.



*Stacy Dingmann of St. Cloud, Robert Lund of Roseau and Jeffrey Schmidt of Clear Lake (pictured with his wife Penny) each won \$35,599 from the March 30, 2005 drawing.*





The third generation of games – G3 Games – were developed in Minnesota and have the instant win aspect of Scratch Games, but are printed from the lottery terminal on demand. During the fiscal year, the Lottery offered six different G3 Games at any one time. Three G3 Games were launched during the fiscal year: G3 Crossword, a \$3 game with a \$20,000 top prize; G3 Pharaoh's Gold, a \$3 game with a top prize of \$10,000; and G3 Dominoes, a \$1 game offering a top prize of \$1,000. Combined sales for G3 Games during the fiscal year were \$8.8 million. G3 players claimed 930,032 winning tickets for a total of more than \$5 million.



*Scott Schultz of Gaylord won \$2,500 playing G3 Pharaoh's Gold.*



Launched on Aug. 14, 1990, Daily 3 has the distinction of being the longest running Minnesota State Lottery game. During fiscal year 2005, Daily 3 sales were \$13.1 million. The game produced 55,181 winning tickets paying players more than \$6.2 million in prizes during the fiscal year.

## Retailers

Approximately 3,000 authorized lottery retailers, located throughout Minnesota, play a crucial role in the success of the Lottery.

Retailers receive 5.5 cents for each \$1 of ticket sales at their business, as well as 1 percent of the amount of each winning ticket cashed at their store (lottery retailers can pay prizes up to \$599).

In fiscal year 2005, lottery retailers earned more than \$25 million in commission and incentives, which is up \$2.1 million, or 9.3 percent, over FY04. This is an average of \$8,071 per store.

The Win! Win! winning ticket bonus incentive ran from January 1, 2005 - March 31, 2005. Many retailers won cash bonuses, ranging from \$250 to \$5,000, for selling top prize winning tickets during this incentive.

Marketplace Food and Drug in Bemidji received a \$5,000 Win! Win! bonus because a Gopher 5 ticket that a Guthrie resident purchased at the store won the second highest Gopher 5 jackpot ever – \$1.1 million. Convenience and video store manager Char Kvande said, "I was very happy for him! He's a loyal customer."



EZ Stop in Minneapolis sold a \$100,000 winning tickets so the store won, too! EZ Stop received a \$500 winning ticket bonus. Store manager Diane Schnell said, "It was really exciting to think that such a big winning ticket was sold here. My employees were really excited – they get excited when a player wins \$80 – so this was really big!"



Tom Fowler of Fowler Oil received a \$500 incentive check. The winner, Terry Brusse of Spring Valley, was a regular player who Tom convinced to try the new \$100,000 Payday Scratch Game.



Marketplace Food and Drug store manager Mick McGrath and convenience store manager Char Kvande.



Jim Albrecht of New Ulm said he was "in the right place at the right time." The right place was Food-N-Fuel in Montevideo. The store sold Albrecht a Winner Wonderland Scratch ticket. It turns out the ticket was a winner – Albrecht received a \$100,000 prize and Food-N-Fuel received a \$500 Win! Win! bonus for selling the ticket. Pictured left to right: store clerks Barb Rhoda and Lynn Moen; and regional manager Chuck Vien.

## *Top 10 sales locations in fiscal year 2005:*

- 1) Metropolitan Public Airport Foundation -  
Minneapolis/St. Paul International Airport
- 2) M & H Gas, Moorhead
- 3) Rice Street Spur, St. Paul
- 4) Holiday, St. Paul (Rice St.)
- 5) M & H Gas, St. Paul
- 6) Orton's Moorhead Citgo, Moorhead
- 7) SuperAmerica, Roseville (N. Lexington Ave.)
- 8) Charlie's Chocolate & Cravings, St. Paul
- 9) SuperAmerica, Anoka (E. Main St.)
- 10) SuperAmerica, Blaine (University Ave. N.E.)



It's a win-win situation when the Lottery teams up with retail partners to offer promotions, like the Win With the Twins! promotion. Carolyn Vossen of Oakdale was a Holiday Stationstores "Win With the Twins!" winner. She won tickets to see a Minnesota Twins home game and prior to the start of the game, had the opportunity to go on-field to spend 30 seconds in the Lottery's Loony Bin wind machine. Vossen won \$291 worth of Scratch tickets, \$40 worth of Holiday Stationstores gift certificates, four Minnesota Twins home game tickets and a Twins merchandise gift bag.

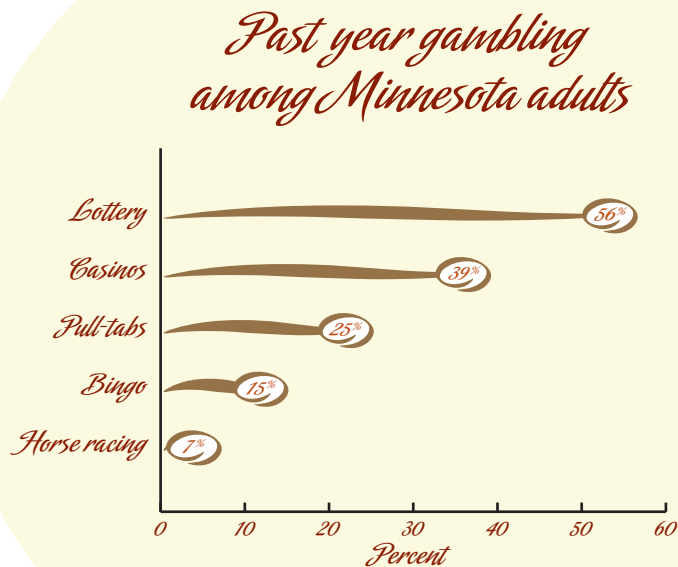


The Lottery added Instant Ticket Vending Machines to some retail locations during the fiscal year. By contract, the ITVMs can only dispense tickets while they're under supervision of a store employee and can be disabled by remote control. The Lottery is monitoring the effect the ITVMs are having on sales as well as feedback from retailers and players.



## Research

During fiscal year 2005, the Lottery continued its extensive research into the gaming practices of Minnesotans in order to better understand its market and help elected officials make policy decisions. Through surveys conducted with St. Cloud State University, the Lottery found that Minnesota adults continued their avid participation in a wide variety of gambling activity; in fact, more than four of every five gambled on one activity or other in the year preceding the April 2005 survey. As in previous years, the Lottery was the most popular form of gambling in the state. More than 2.1 million Minnesota adults purchased a lottery ticket during the year.



The survey also found that 60 percent of lottery players had household incomes of \$50,000 or more, that more than 70 percent have received education beyond high school and that men and women are equally likely to play.

The Lottery continued to evaluate its marketing, advertising and promotional efforts to ensure that money used for these purposes is well-spent. As part of this effort, attendees at several Lottery-sponsored events were given the opportunity to express their opinions about the Lottery and the event.

INDEPENDENT AUDITOR'S REPORT

Schechter Dokken Kanter  
Andrews & Selcer Ltd

The Director  
Minnesota State Lottery  
Roseville, Minnesota

Suite 1600

We have audited the accompanying balance sheets of the Minnesota State Lottery as of June 30, 2005 and 2004, and the related statements of revenues, expenses and changes in net assets for the years then ended. These financial statements are the responsibility of the Minnesota State Lottery's management. Our responsibility is to express an opinion on these financial statements based on our audits.

100 Washington Avenue South

We conducted our audits 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 that our audits provide a reasonable basis for our opinion.

Minneapolis, MN

55401-2192

Phone 612-332-5500

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota State Lottery as of June 30, 2005 and 2004, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2005, on our consideration of the Minnesota State Lottery's internal control and on our tests of its compliance with certain provisions of laws, regulations, and contracts. 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 audits.

[www.sdckcpa.com](http://www.sdckcpa.com)

The Management's Discussion and Analysis on pages 15 through 18 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of supplementary information. However, we did not audit the information and express no opinion on it.

*Schechter Dokken Kanter  
Andrews & Selcer Ltd*

August 30, 2005

INDEPENDENT PRACTITIONER'S SYSTRUST REPORT

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To the Management of Minnesota State Lottery:

We have examined the effectiveness of the Minnesota State Lottery's (the Lottery's) controls over the security and processing integrity of its AS/400, Novell, BPCS, ACCLAIMS, and ICS systems as of December 31, 2004, based on the AICPA/CICA Trust Services Criteria ([http://www.aicpa.org/download/trust\\_services/final-Trust-Services.pdf](http://www.aicpa.org/download/trust_services/final-Trust-Services.pdf)) for systems security and processing integrity. Maintaining the effectiveness of these controls is the responsibility of the Lottery's management. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included (1) obtaining an understanding of the Lottery's relevant system security and processing integrity controls; (2) testing and evaluating the operating effectiveness of the controls; and (3) performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Lottery maintained, in all material respects, effective controls over the security and processing integrity of the AS/400, Novell, BPCS, ACCLAIMS, and ICS systems to provide reasonable assurance that the systems were protected against unauthorized access (both physical and logical); and systems processing was complete, accurate, timely, and authorized as of December 31, 2004, based on the AICPA/CICA Trust Services criteria for systems security and processing integrity.

Because of inherent limitations in controls, error or fraud may occur and not be detected. Furthermore, the projection of any conclusions, based on our findings, to future periods is subject to the risk that the validity of such conclusions may be altered because of changes made to the system or controls, the failure to make needed changes to the system or controls, or a deterioration in the degree of effectiveness of the controls.

The SysTrust seal on the Lottery's Web site constitutes a symbolic representation of the contents of this report and it is not intended, nor should it be construed, to update this report or provide any additional assurance.

*Schechter Dokken Kanter  
Andrews & Selcer Ltd*

Minneapolis, Minnesota  
January 21, 2005



## *Management Discussion and Analysis*

### Overview of the Financial Statements

This report consists of two parts: management's discussion and analysis and the basic financial statements. Included below and on the following pages are the financial highlights, summary results of operations for the years ended June 30, 2005, 2004 and 2003, a condensed version of the Balance Sheets as of June 30, 2005, 2004 and 2003 and management's analysis of significant changes from last fiscal year to the current fiscal year.

### Financial Highlights

The Minnesota State Lottery had a record sales year in fiscal year 2005 with \$408 million in total sales, surpassing the previous record of \$397 million in fiscal year 2000. Record sales in conjunction with the lowest ever operating costs in a fiscal year of \$22.6 million resulted in a record \$106 million contribution to the State for fiscal year 2005.

Minnesota State Lottery's gross receipts for fiscal year 2005 increased 5.5 percent to \$381 million compared to \$362 million in fiscal year 2004, which increased 10 percent compared to \$329 million in 2003. Total funds contributed for the State (General Fund, Environmental Fund and other programs) increased 5.4 percent in 2005 and 26.8 percent in 2004 and consist of the following:

	<b>2005</b>	<b>2004</b>	<b>2003</b>
Net proceeds to the State	\$69,982,049	\$66,703,798	\$48,120,080
In-lieu-of-sales tax	26,520,677	25,149,720	22,868,079
Compulsive gambling contribution	1,896,000	1,896,000	1,796,000
Unclaimed prizes to the State	<u>7,777,552</u>	<u>6,960,534</u>	<u>6,619,107</u>
<b>Total Paid to State</b>	<b><u>\$106,176,278</u></b>	<b><u>\$100,710,052</u></b>	<b><u>\$79,403,266</u></b>

Since its inception in 1990, the Lottery has contributed over \$1.3 billion to the State in the following manner:

Total to General Fund/Other	\$839,010,611
Total to Environment and Natural Resources Trust Fund	366,520,833
Total to Game and Fish Fund	50,867,401
Total to Natural Resources Fund	<u>50,867,401</u>

**Total Paid to State** **\$1,307,266,246**

Operating income and net proceeds increased 5.1 percent and 4.9 percent respectively in 2005, primarily due to a 5.5 percent increase of gross receipts and a 2.6 percent reduction of operating expenses. In 2004, operating income and net proceeds increased 36.0 percent and 38.6 percent respectively due to a 10 percent increase of gross receipts and a 27.0 percent reduction of operating expenses. The decrease in operating expenses was due to cost cutting measures implemented in fiscal year 2004 along with a more favorable Online vendor contract.

## Summary Results of Operations

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Gross receipts	\$381,489,741	\$361,769,051	\$328,948,525
Prizes, commissions and ticket costs	<u>279,997,211</u>	<u>263,499,525</u>	<u>241,978,907</u>
Gross profit	101,492,530	98,269,526	89,969,618
Operating expenses	<u>22,571,484</u>	<u>23,170,227</u>	<u>31,764,158</u>
Operating income	<u>78,921,046</u>	<u>75,099,299</u>	<u>55,205,460</u>
Non-operating revenues (expense):			
Interest earned on investments	734,555	461,033	1,329,727
Payments to State (not including sales tax)	<u>(79,655,601)</u>	<u>(75,560,332)</u>	<u>(56,535,187)</u>
Total non-operating revenue (expense)	<u>(78,921,046)</u>	<u>(75,099,299)</u>	<u>(55,205,460)</u>
Net Income	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

## Summary Results of Operations - Highlights

Lottery Revenues - The following is a summary of Lottery revenues in each of the following years:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Scratch ticket sales	\$253,425,269	\$215,696,083	\$210,919,223
Online ticket sales:			
Daily 3	13,134,177	13,250,961	14,123,024
Gopher 5	14,531,607	18,333,018	15,828,015
Powerball	89,562,348	114,291,526	99,052,849
Power Play	2,945,483	3,233,759	2,885,867
Hot Lotto	16,274,511	10,421,797	9,007,626
Northstar Cash	9,373,889	6,268,682	0
Generation 3	<u>8,763,134</u>	<u>5,422,945</u>	<u>0</u>
Total operating revenue	408,010,418	386,918,771	351,816,604
Less in-lieu-of-sales tax	<u>26,520,677</u>	<u>25,149,720</u>	<u>22,868,079</u>
Gross receipts	<u>\$381,489,741</u>	<u>\$361,769,051</u>	<u>\$328,948,525</u>

Gross Receipts - In 2005, gross receipts increased by 5.5 percent due mainly to the 17.5 percent increase in Scratch ticket sales as well as an increase of almost 50 percent or more in the lower volume Online sales Games: Hot Lotto, Northstar Cash and Generation 3. These gains were partially offset by a decrease in Powerball and Gopher 5 sales which experienced a 21.6 percent and a 20.7 percent sales decrease in fiscal year 2005 over fiscal year 2004, respectively. The decrease in Powerball and Gopher 5 sales was attributable to the smaller jackpots in 2005. Sales for Daily 3 and Power Play Online Games were comparable between 2005 and 2004.

Gross receipts in fiscal year 2004 increased by 10 percent over fiscal year 2003 due to the increase in the sales of all Lottery games offered with the exception of Daily 3. An additional \$11.7 million in sales was attributable to the introduction of two new Online Games in fiscal year 2004.

Gross Profit - Gross profit increased 3.3 percent to \$101.5 million in fiscal year 2005 from \$98.3 million in 2004. Gross profit in 2004 was up 9.2 percent from fiscal year 2003 which was \$90.0 million.

Operating Expenses - The Lottery had statutory authorization for operating costs of \$27 million. However, actual operating costs for fiscal year 2005 were \$22.6 million. The difference between authorized and actual operating costs of \$4.8 million was included in net proceeds paid to the State Treasury.

## Balance Sheets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>Assets:</b>			
Cash and cash equivalents	\$19,081,645	\$17,134,901	\$19,441,653
Receivables	2,003,947	6,222,444	6,138,421
Prize annuity investments	0	0	3,467,327
Capital assets & other assets	<u>2,265,693</u>	<u>2,144,098</u>	<u>5,169,344</u>
	<u>\$23,351,285</u>	<u>\$25,501,443</u>	<u>\$34,216,745</u>
<b>Liabilities and fund equity:</b>			
Due to State and State agencies	\$11,476,341	\$10,642,463	\$11,307,622
Accounts payable and accrued expenses	5,269,379	4,372,031	8,681,484
Current accrued prizes & prize annuity liabilities	6,605,565	10,486,949	10,109,328
Long term accrued prizes and prize annuity liabilities	0	0	4,118,311
Net assets	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$23,351,285</u>	<u>\$25,501,443</u>	<u>\$34,216,745</u>

## Balance Sheet Highlights

The Lottery is required to advance net proceeds to the state of Minnesota and therefore, fund equity remains unchanged from year to year. In general, short term assets and liabilities will fluctuate with the activity of games being played.

**Cash and Cash Equivalents** – The fiscal year 2005 increase of \$1.9 million was due to collecting \$4.2 million more in revenue and the reductions in liabilities of \$2.2 million. In fiscal year 2004 there was a \$2.3 million decrease in Cash and Cash Equivalents due to a corresponding decrease in Accounts Payable and In-Lieu-of-Sales Tax.

**Receivables** – Receivables decreased in fiscal year 2005 by \$4.2 million due mainly to a timing difference between the day of the week the period ended for fiscal year 2005 versus the day of the week the period ended for fiscal year 2004. Receivables accrued for only three days at the end of fiscal year 2005 versus nine days in fiscal year 2004. In fiscal year 2004 there was little change relative to fiscal year 2003.

**Accounts Payable and Accrued Expenses and Current Accrued Prizes & Prize Annuity Liabilities** – There was a decrease of approximately \$3 million in fiscal year 2005, which was due mainly to the reduction in the prize liabilities outstanding on Scratch tickets in fiscal year 2005 relative to fiscal year 2004. The decrease of \$4.3 million in fiscal year 2004 from fiscal year 2003 was due to the state requiring an early payment of sales tax for June and a general reduction in expenditures in fiscal year 2004.

During fiscal year 2004, the Lottery sold its prize annuity investments and purchased lifetime annuities to cover the lifetime annuity liabilities. As a result, the corresponding prize annuity investments as well as the prize annuity liability was reduced to zero.

**Capital Assets and Other Assets** – Additions to capital assets in fiscal year 2005 were \$560 thousand mainly consisting of purchases of computer hardware, software and vehicles. Additions to capital assets in fiscal year 2004 were \$233 thousand mainly consisting of computer hardware, software and warehouse equipment.

Fiscal year 2005 retirement of capital assets was less than \$9 thousand, net of depreciation, consisting mainly of computer equipment and vehicles. Fiscal year 2004 retirement of capital assets was \$350 thousand, net of depreciation, consisting of computer equipment, Omnilink machines, vehicles, and leasehold improvements. Other assets decreased by \$2.2 million in fiscal year 2004 primarily due to a prepayment for the compulsive gambling fund in 2003 and no payment in 2004.

**Due to State and State Agencies** – Fiscal year 2005 increase of \$834 thousand over fiscal year 2004 was due mainly to the increase of unclaimed prize money due to the state. Fiscal year 2004 decrease of \$665 thousand from fiscal year 2003 was due mainly to the effect of higher sales in June of fiscal year 2003 relative to the sales in June of fiscal year 2004.



## *Balance Sheets*

### *June 30, 2005 and 2004*

<b>ASSETS:</b>	<u>2005</u>	<u>2004</u>
Current Assets:		
Cash and Cash Equivalents (Note 3)	\$19,081,645	\$17,134,901
Accounts Receivable	2,003,947	6,222,444
Scratch Ticket Inventory	381,454	687,372
Merchandise Prize Inventory	0	7,701
Prepaid Expense	<u>788,314</u>	<u>515,322</u>
Total Current Assets	22,255,360	24,567,740
Capital Assets, Net (Note 5)	<u>1,095,925</u>	<u>933,703</u>
Total Assets	<u>\$23,351,285</u>	<u>\$25,501,443</u>
 <b>LIABILITIES AND NET ASSETS:</b>		
Current Liabilities:		
Net Proceeds Due to State (Note 8)	\$3,680,395	\$3,665,821
Unclaimed Prizes Due to State (Note 6)	7,777,552	6,960,534
Due to Other State Agencies	18,394	16,108
Accounts Payable	3,730,960	3,244,043
In-Lieu-of-Sales Tax Payable	0	16,000
Prize Liability	6,605,565	10,486,948
Compensated Absences Payable, current (Note 7)	615,379	566,849
Deferred Revenue	<u>390,485</u>	<u>203,777</u>
Total Current Liabilities	<u>22,818,730</u>	<u>25,600,080</u>
Compensated absences payable, net of current portion (Note 7)	<u>532,555</u>	<u>341,363</u>
Commitments and Contingencies (Notes 9 and 10)		
Net Assets:		
Unrestricted Net Assets	(1,095,925)	(933,703)
Net Assets Invested in Capital Assets (Note 8)	<u>1,095,925</u>	<u>933,703</u>
Total Net Assets	<u>0</u>	<u>0</u>
Total Liabilities and Net Assets	<u>\$23,351,285</u>	<u>\$25,501,443</u>

See Accompanying Notes to Financial Statements

## *Statements of Revenues, Expenses & Changes in Net Assets* *Years ended June 30, 2005 and 2004*

	<u>2005</u>	<u>2004</u>
<b>Operating Revenues:</b>		
Scratch Ticket Sales	\$253,425,269	\$215,696,083
Online Ticket Sales	<u>154,585,149</u>	<u>171,222,688</u>
Total Operating Revenues	408,010,418	386,918,771
Less: In-Lieu-of-Sales Tax	<u>26,520,677</u>	<u>25,149,720</u>
Gross Receipts	<u>381,489,741</u>	<u>361,769,051</u>
 <b>Direct Costs:</b>		
Scratch Ticket Prizes	166,740,541	141,353,134
Online Ticket Prizes	74,553,796	84,175,584
Online Vendor Expense	9,447,919	10,506,715
Ticket Costs	4,287,651	4,649,504
Retailer Commissions and Incentives (Note 11)	<u>24,967,304</u>	<u>22,814,588</u>
Total Direct Costs	<u>279,997,211</u>	<u>263,499,525</u>
Gross Profit	<u>101,492,530</u>	<u>98,269,526</u>
 <b>Operating Expenses: (Note 12)</b>		
Advertising (Note 12)	4,701,021	5,069,953
Salaries and Benefits (Note 13)	10,080,101	11,003,729
Promotion	2,364,686	2,563,982
Purchased Services	1,027,980	864,956
Communication	441,433	469,978
Occupancy Costs (Note 9)	1,760,919	1,932,388
Supplies and Materials	1,086,508	561,877
Computer and Omnipoint Maintenance	212,122	131,739
Depreciation	388,719	538,051
Other Expense	507,995	913,298
Gain on Settlement of Prize Annuity (Note 4)	<u>0</u>	<u>(879,724)</u>
Total Operating Expenses	<u>22,571,484</u>	<u>23,170,227</u>
 <b>Operating Income</b>	<u>78,921,046</u>	<u>75,099,299</u>
 <b>Nonoperating Revenue (Expense)</b>		
Interest Earned on Investments	734,555	461,033
Payments to State:		
Compulsive Gambling Contribution from Prize Fund (Note 10)	(1,896,000)	(1,896,000)
Unclaimed Prizes to State (Note 6)	(7,777,552)	(6,960,534)
Net Proceeds to State (Note 8)	<u>(69,982,049)</u>	<u>(66,703,798)</u>
Total Nonoperating Revenue (Expense)	<u>(78,921,046)</u>	<u>(75,099,299)</u>
 <b>Net Income</b>	0	0
 <b>Net Assets at Beginning of Year (Note 8)</b>	<u>0</u>	<u>0</u>
 <b>Net Assets at End of Year (Note 8)</b>	<u>\$0</u>	<u>\$0</u>

See Accompanying Notes to Financial Statements

## *Statements of Cash Flows*

### *Years ended June 30, 2005 and 2004*

	<u>2005</u>	<u>2004</u>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$412,415,625	\$386,088,453
Cash Received from Other Income	99,936	109,725
Payments to State (In-Lieu-of-Sales Tax)	(26,536,677)	(27,091,883)
Payments to Employees	(9,840,379)	(11,328,704)
Payments to Suppliers	(25,299,744)	(27,270,306)
Payments to Retailers	(25,067,240)	(22,924,313)
Payments to Prize Winners	(245,175,720)	(229,269,409)
Net Cash Provided by Operating Activities	<u>80,595,801</u>	<u>68,313,563</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Net Proceeds Paid to State	(69,967,475)	(67,696,527)
Compulsive Gambling Contribution Transfer	(1,896,000)	0
Unclaimed Prizes Transfer	<u>(6,960,534)</u>	<u>(6,619,107)</u>
Net Cash Used by Non-Capital Financing Activities	<u>(78,824,009)</u>	<u>(74,315,634)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Purchases of Capital Assets	<u>(559,603)</u>	<u>(233,042)</u>
Net Cash Used by Capital Financing Activities	<u>(559,603)</u>	<u>(233,042)</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Redemption or Sale of Prize Annuity Investments	0	3,467,328
Investment Income	<u>734,555</u>	<u>461,033</u>
Net Cash Provided by Investing Activities	<u>734,555</u>	<u>3,928,361</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,946,744	(2,306,752)
<b>Beginning of Year Cash and Cash Equivalents</b>	<u>17,134,901</u>	<u>19,441,653</u>
<b>End of Year Cash and Cash Equivalents</b>	<u>\$19,081,645</u>	<u>\$17,134,901</u>
<b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided by Operating Activities:</b>		
Operating Income	\$78,921,046	\$75,099,299
<b>Adjustments to Reconcile Operating Income</b>		
<b>to Net Cash Provided by Operating Activities:</b>		
Depreciation	388,719	538,051
Loss on Disposal of Capital Assets	8,662	350,034
<b>Net Change in Assets and Liabilities:</b>		
Inventory	313,619	155,335
Other Assets	3,945,505	234,844
Current Liabilities	899,633	(4,323,309)
Prize Awards Payable	<u>(3,881,383)</u>	<u>(3,740,691)</u>
Net Cash Provided by Operating Activities	<u>\$80,595,801</u>	<u>\$68,313,563</u>

See Accompanying Notes to Financial Statements



# *Notes to the Financial Statements*

## *Years ended June 30, 2005 and June 30, 2004*

### *1. Organization of the Minnesota State Lottery*

In 1988, Minnesotans voted to amend their Constitution to authorize a state-run lottery. In 1989, the Legislature approved and the Governor signed Minnesota Statutes Chapter 349A into law, officially creating the Minnesota State Lottery, the 33rd lottery in the country.

The Minnesota State Lottery (the Lottery), an enterprise fund of the State of Minnesota, is under the supervision and control of the Director of the Lottery, who is appointed by the Governor with the advice and consent of the Senate. Lottery operations began on October 9, 1989 when the first Lottery staff was hired. The Lottery sold its first Scratch tickets on April 17, 1990. The sale of Daily 3 and LottoAmerica Online tickets began on August 14, 1990. LottoAmerica was the first Multi-State Lottery Association (MUSL) game. The Lottery's sales mix currently consists of Scratch tickets and Online Games: Daily 3, Northstar Cash, G3 Games, Gopher 5, Powerball, Power Play and Hot Lotto.

### *2. Summary of Significant Accounting Policies*

The Lottery is an agency of the State of Minnesota using proprietary type enterprise accounting. The financial statements are prepared in accordance with generally accepted accounting principles as applicable to governmental units. Following are the more significant accounting policies:

#### **(a) Basis of Accounting**

The financial statements of the Lottery have been prepared on the accrual basis of accounting. Revenues are recorded when they are earned and expenses are recognized as incurred.

Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, provides that proprietary and similar trust funds should apply all GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board Opinions (APB) and Accounting Research Bulletins (ARB). As permitted by GASB Statement No. 20, the Lottery has elected not to apply FASB statements or interpretations issued on or after November 30, 1989, unless the GASB specifically adopts such statements or interpretations.

#### **(b) Accounting Standard: GASB No. 34**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. This Statement established new financial reporting requirements for state and local governments. This statement also requires budgetary comparison schedules to be presented as supplementary information. The Lottery is not legally required to adopt a budget and therefore budgetary comparison schedules are not included as supplementary information.

#### **(c) Measurement Focus**

A proprietary fund is accounted for using the "economic resources" measurement focus. This means that all assets and liabilities associated with its activity are included on its balance sheet. The proprietary fund type operating statement presents increases (revenues) and decreases (expenses) in net total assets.

#### **(d) Revenue Recognition**

Packs of Scratch tickets are distributed to retail sales outlets. Scratch ticket sales are recognized as revenue upon settlement of ticket packs by retailers and are recorded at the sale price to the consumer. Sales of Online tickets are recognized as revenue on the date of the draw for which the tickets were purchased. Revenues from future Online ticket draw sales are deferred until the date of the draw for which the tickets were purchased.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents include an amount in demand deposits as well as funds held in the State Treasury and invested by the State Board of Investment.

**(f) Prizes and Reserves**

Scratch ticket prize expense is recognized in accordance with the predetermined prize structure for each game and is accrued when revenue is recognized. High tier prizes for certain Scratch ticket games may also be structured and paid as an annuity.

Prize expense for Daily 3 is recorded based upon the actual winners on the date of the draw. Prize expense for Generation 3 games are based on actual winners and is recorded at the time of sale. The prize expense for Northstar Cash is recorded at 50 percent of draw sales and Gopher 5 prize expense is recorded at 57 percent of draw sales. An additional percentage of Gopher 5 sales is expensed to provide a reserve for guaranteed grand prize amounts.

Included in the Lottery Prize Liability for fiscal year 2004 is a \$436,267 prize reserve which reflects funds due to the State Treasury that have been set aside in the lottery prize fund by the Director in accordance with Minnesota Statutes, Section 349A.10, subdivision 2(b) to assure proper funding for future lottery prizes. The prize reserve as of June 30, 2005 is zero.

Prize expenses for Powerball, Power Play and Hot Lotto are recorded at 50 percent of draw sales in accordance with the Multi-State Lottery Association (MUSL) prize structure. The Powerball, Power Play, and Hot Lotto prizes are paid with funds held by MUSL. MUSL has established separate prize pool reserves for Powerball, Power Play and Hot Lotto to support payment of prizes in light of the remote possibility of claims greatly exceeding the expected amounts. In the event that the Lottery ceases to participate in one of these games, the Lottery may make claim to assets, if any, in the related prize pool reserve. The Lottery's share of these prize reserves as of June 30, 2005 was as follows:

Powerball	\$5,159,000
Hot Lotto	<u>426,665</u>
	<u>\$5,585,665</u>

These reserves held by MUSL are not included in these financial statements.

**(g) Scratch Ticket Inventory**

Scratch ticket inventories are carried at cost using the specific identification method. Tickets are charged to operating expense over the estimated life of each Scratch game.

**(h) Prize Annuity Investments**

During fiscal year 2004, the Lottery sold its prize annuity investments and purchased lifetime annuities to satisfy the lifetime annuity liabilities.

**(i) Capital Assets**

Assets costing five thousand dollars or more are capitalized and are carried at cost, less accumulated depreciation. Depreciation is computed on the straight-line method using estimated useful lives. Computer equipment, PCs and printers are depreciated over three years. Vehicles, other than the warehouse truck, are depreciated over four years. Office equipment, Online drawing equipment and signs are depreciated over five years. Office furniture and the warehouse truck and equipment are depreciated over seven years. Leasehold improvements are depreciated on a straight-line basis over the shorter of the useful life or length of the lease. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized.

**(j) In-Lieu-of-Sales Tax**

From every dollar in Lottery sales, the Lottery sets aside six and one-half cents as in-lieu-of-sales tax and remits that amount monthly to the Commissioner of Revenue as required by Minnesota Statutes, Section 297A.259. Minnesota Laws 2003, Chapter 128, Article 1, Section 154, provides that for FY04 and thereafter, 27.57% of the in-lieu-of-sales-tax is credited to the General Fund and the remaining 72.43% is credited to the Game and Fish Fund and the Natural Resources Fund to be used for natural resources projects as specified by law.

**(k) Income Taxes**

The Lottery, as an agency of the State of Minnesota, is exempt from federal and state income taxes. Accordingly, the Lottery makes no provision for income taxes.

**(l) Use of Estimates in the Preparation of Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*3. Cash and Cash Equivalents*

Minnesota Statutes, Section 349A.10, subdivision 7(a), requires that the Lottery transfer all funds to a Lottery cash flow account in the State Treasury. Funds necessary to cover cash needs are transferred as needed from the State Treasury to the Lottery fund. Funds in this account earn interest, which is credited monthly to the Lottery’s account. Cash on deposit in the State Treasury is uninsured. Cash on deposit with financial institutions is covered up to \$100,000 per institution by the federal depository insurance. At times, cash balances may be in excess of the FDIC insurance limit. As a result, the financial institutions are required to pledge collateral to the Lottery in an amount equal to the funds in excess of the FDIC insurance limit. At June 30, 2005, the bank balances were below the FDIC insured limits, however, the financial institutions held pledged securities with a market value of \$7,911,021.

The following table summarizes the Lottery’s cash and cash equivalents as of June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Cash (checks issued but not yet presented for payment)	\$(450,518)	\$(692,189)
Cash on Deposit	<u>19,532,163</u>	<u>17,827,090</u>
Total Cash and Cash Equivalents	\$19,081,645	\$17,134,901

Available cash in the State Treasury is invested by the State Board of Investment. In accordance with Minnesota Statutes, Section 11A.24, the State Board of Investment must invest in obligations and stocks of U.S. and Canadian governments, their agencies and their registered corporations, short-term obligations of specified high quality, restricted participation as a limited partner in venture capital, real estate, or resource equity investments, and restricted participation in registered mutual funds. Lottery funds on deposit in the State Treasury cannot be tied to specific investment securities.

*4. Prize Annuity Investments and Payables*

The prize structure of certain Scratch Games operated solely by the Lottery included prizes in the form of lifetime annuities. Since 1991, the Lottery has awarded 16 Scratch Game annuity prizes.

In fiscal year 2004, the Lottery sold the investments used to fund these prizes, and it purchased lifetime annuities in each winner’s name from Principal Financial Group to satisfy its obligation related to the lifetime annuity prizes. Although Principal is responsible for paying the annuities, the Lottery could ultimately be responsible in the event of default by Principal (see Note 9). The net gain recognized with this decision was \$742,344 which consisted of a realized loss of \$137,380 (included investment income) on the investments sale and a gain of \$879,724 on the difference between the recorded liability and the amount paid for the annuities from Principal.



## 5. Capital Assets

Summary of changes in capital assets for the years ended June 30, 2005 and 2004 are as follows:

	2005			June 30, 2005
	July 1, 2004	Additions	Deletions	
<b>Depreciable Capital Assets:</b>				
Office Equipment & Furniture	\$2,236,137	\$92,085	\$(16,128)	\$2,312,094
PC & Printer Equipment	1,398,388		(213,841)	1,184,547
Leasehold Improvements	1,670,407		(36,059)	1,634,348
Vehicles	979,579	170,081	(120,934)	1,028,726
Computer Equipment	1,184,463	312,278	(41,206)	1,455,535
Online Drawing Equipment	694,498			694,498
Signs	196,691			196,691
Warehouse Equipment	201,775			201,775
To Be Placed in Service	14,841	(14,841)		0
<b>Total</b>	<b>8,576,779</b>	<b>559,603</b>	<b>(428,168)</b>	<b>8,708,214</b>
<b>Less - Accumulated Depreciation:</b>				
Office Equipment & Furniture	(2,080,822)	(85,997)	16,128	(2,150,691)
PC & Printer Equipment	(1,350,582)	(39,486)	213,563	(1,176,505)
Leasehold Improvements	(1,529,689)	(34,412)	27,675	(1,536,426)
Vehicles	(935,777)	(45,739)	120,934	(860,582)
Computer Equipment	(1,072,046)	(76,516)	41,206	(1,107,356)
Online Drawing Equipment	(328,698)	(98,195)		(426,893)
Signs	(196,570)	(121)		(196,691)
Warehouse Equipment	(148,892)	(8,253)		(157,145)
<b>Total Accumulated Depreciation</b>	<b>(7,643,076)</b>	<b>(388,719)</b>	<b>419,506</b>	<b>(7,612,289)</b>
<b>Net Capital Assets</b>	<b>\$933,703</b>	<b>\$170,884</b>	<b>\$(8,662)</b>	<b>\$1,095,925</b>
<b>2004</b>				
	July 1, 2003	Additions	Deletions	June 30, 2004
<b>Depreciable Capital Assets:</b>				
Omnilink Equipment	\$3,541,126		\$(3,541,126)	\$0
Office Equipment & Furniture	2,248,818	13,074	(25,755)	2,236,137
PC & Printer Equipment	1,820,197		(421,809)	1,398,388
Leasehold Improvements	2,356,235	21,425	(707,253)	1,670,407
Vehicles	1,197,693		(218,114)	979,579
Computer Equipment	1,157,971	85,681	(59,189)	1,184,463
Online Drawing Equipment	642,485	52,013		694,498
Signs	196,691			196,691
Warehouse Equipment	182,921	46,008	(27,154)	201,775
To Be Placed in Service	0	14,841		14,841
<b>Total</b>	<b>13,344,137</b>	<b>233,042</b>	<b>(5,000,400)</b>	<b>8,576,779</b>
<b>Less - Accumulated Depreciation:</b>				
Omnilink Equipment	(3,541,126)		3,541,126	0
Office Equipment & Furniture	(2,015,139)	(91,440)	25,757	(2,080,822)
PC & Printer Equipment	(1,714,607)	(57,385)	421,410	(1,350,582)
Leasehold Improvements	(1,722,874)	(165,665)	358,850	(1,529,689)
Vehicles	(1,059,814)	(92,844)	216,881	(935,777)
Computer Equipment	(1,099,785)	(31,449)	59,188	(1,072,046)
Online Drawing Equipment	(233,104)	(95,594)		(328,698)
Signs	(195,125)	(1,445)		(196,570)
Warehouse Equipment	(173,817)	(2,229)	27,154	(148,892)
<b>Total Accumulated Depreciation</b>	<b>(11,755,391)</b>	<b>(538,051)</b>	<b>4,650,366</b>	<b>(7,643,076)</b>
<b>Net Capital Assets</b>	<b>\$1,588,746</b>	<b>\$(305,009)</b>	<b>\$(350,034)</b>	<b>\$933,703</b>

### *6. Unclaimed Prizes*

Effective July 1, 2003 pursuant to Minnesota Laws 2003, 1st Special Session, Chapter 1, Article 2, Section 101, all unclaimed prizes will be transferred to the General Fund at the end of the fiscal year. The unclaimed prizes due to the State are \$7,777,552 and \$6,960,534 on June 30, 2005 and 2004, respectively.

### *7. Compensated Absences*

A liability is recognized for unpaid vacation, compensatory hours, vested severance and anticipated severance pay when earned. Non-vested severance pay is estimated based upon historical trends and current demographics.

	<u>Beginning July</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>
Compensated absences:				
2005	\$908,212	\$1,169,021	\$(929,299)	\$1,147,934
2004	1,233,186	1,277,577	(1,602,551)	908,212

### *8. Net Assets*

Within 30 days after the end of each month the Lottery is required by Minnesota Statutes, Section 349A.10, subdivision 5 to deposit the net proceeds in the State Treasury. The monthly transfer of net proceeds leaves a zero balance in total Net Assets. The amount to be paid for the month ended June 30, 2005 and 2004 was \$3,680,395 and \$3,665,821, respectively, shown as Net Proceeds Due to State on the accompanying balance sheets. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation.

### *9. Comments and Contingencies*

#### **(a) Risk Management**

The Lottery is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters.

The Lottery participates in the State's Risk Management Fund for property, liability, crime and automobile insurance coverage. The Lottery pays annual premiums for this coverage. The State's Risk Management Fund covers all claims above the deductible. The Lottery has not experienced any settlements in excess of coverage in the past three years.

The areas of insurance coverage, limits and deductibles as of June 30, 2005 are as follows:

<u>Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Property	\$5,614,760	\$1,000
Auto		
Bodily Injury & Property Damage	300,000/1,000,000	500
Primary Crime		
Employee Dishonesty, Money & Securities	25,000	1,000
General Liability	300,000/1,000,000	None
Excess Crime		
Employee Dishonesty	1,000,000	25,000
Forgery or Alteration	1,000,000	500
Computer Fraud	1,000,000	5,000
Wire Transfer	1,000,000	5,000
Robbery and Safe Burglary	50,000	100

The Lottery also participates in the State's workers' compensation coverage. The State is a member of the Workers' Compensation Reinsurance Association that pays for workers' compensation claims in excess of \$450,000. The Lottery is responsible for all workers' compensation claims below \$450,000. The Lottery accrues for workers' compensation claims when it is probable that a loss has occurred and the amount can be reasonably estimated. The Lottery does not have a workers' compensation accrual as of June 30, 2005 or 2004.

The Lottery purchased 16 lifetime annuities from Principal Financial Group. If Principal Financial Group were to default on those obligations these policies would be covered under a "Guaranty Fund Law" which is administered by the State of Minnesota. The amount guaranteed per annuity is \$300,000. The Lottery may be ultimately responsible for the lifetime annuities, however management feels that the possibility of Principal Financial Group defaulting on its obligations in a material sum in excess of the \$300,000 guaranteed by the State is remote.

**(b) Operating Leases**

The Lottery is committed under various leases for building and office space. The leases are classified as operating leases for accounting purposes. For the years ended June 30, 2005 and 2004, the lease expense was \$1,333,693 and \$1,595,391, respectively. This is net of sublease rental income of \$28,634 in fiscal year 2005. Sublease rental income is included within occupancy costs on the financial statements. Future minimum lease payments for existing lease agreements are:

Year Ending	<u>Amount</u>
2006	\$1,332,672
2007	1,357,571
2008	1,302,883
2009	1,338,563
2010	1,358,895
Thereafter	<u>3,563,139</u>
Total	<u>\$10,253,723</u>

*10. Compulsive Gambling Contribution Provided From Prize Fund*

Minnesota Laws 1998, Chapter 407, Article 8, Section 11 directed the Lottery to pay \$340,000 annually from the prize fund to a special Indian Gaming account in the State Treasury. Funds in this account are transferred to the Department of Human Services for compulsive gambling programs.

Minnesota Laws 2003, 1st Special Session, Chapter, 14 Article 9, Section 2, subdivisions 8(e) and 9 appropriated \$1,556,000 in fiscal year 2004 and 2005 from the prize fund to the Department of Human Services for statewide compulsive gambling programs.

*11. Retailer Commissions*

Retailer commission is set by Minnesota Rule 7856.4030 as 5.5% of the price of each lottery ticket sold by a retailer and 1 percent of the amount of each winning lottery ticket cashed by a retailer.

*12. Statutory Limitation on Operating and Advertising Expenses*

Gross revenue is defined in law as ticket sales and all other income less in-lieu-of-sales tax. Direct costs are expenses that are a direct function of lottery sales, which include all prize payouts, retailer commissions and incentives, amounts paid to produce and deliver Scratch lottery tickets and amounts paid to an outside vendor to operate and maintain an Online gaming system. Operating costs include all other expenses of the Lottery.

Minnesota Statutes, Section 349A.10, subdivision 3, limits the Lottery's advertising costs to 2.75 percent and operating costs to 15 percent of gross revenue. Minnesota Laws 2003, 1st Special Session, Chapter 1, Article 1, Section 23, as amended by Minnesota Laws 2004, Chapter 233, Section 6, provides that notwithstanding Minnesota Statutes, section 349A.10, the operating costs of the Lottery may not exceed \$27,419,000 in fiscal year 2004 and \$27,419,000 in fiscal year 2005. The Lottery is in compliance with the statutory limits on advertising and operating costs. Advertising costs as a percentage of gross revenue were 1.23 percent and 1.40 percent for the years ended June 30, 2005 and 2004, respectively. Operating costs as a percentage of gross revenue were 5.90 percent and 6.39 percent for the years ended June 30, 2005 and 2004, respectively. Minnesota Statutes, Section 349A.10, subdivision 3 was amended by the 2005 Legislature to provide that effective July 1, 2005 the Lottery's operating costs may not exceed 9.00 percent of gross revenue (Minnesota Laws 2005, Chapter 15, Article 2, Section 36).



### *13. Retirement Plans*

The Lottery is involved in two pension programs as follows:

#### **(a) General Plan - Defined Benefit Pension Plan - Statewide**

**Plan Description:**

The Lottery contributes to the Minnesota State Retirement System (MSRS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the MSRS. The plan provides retirement and disability benefits, annual cost of living adjustments and death benefits to qualifying plan members and beneficiaries. Benefit provisions are established and may be amended by state statute and vest after three years of credited service. MSRS issues a publicly available financial report that includes financial statements and required supplementary information for MSRS. That report may be obtained by contacting MSRS.

**Funding Policy:**

Plan members are required to contribute 4 percent of their annual covered salary and the Lottery is required to contribute at an actuarially-determined rate. The Lottery's current rate is 4 percent of annual covered payroll. The contribution requirements of plan members and the Lottery are established and may be amended by state statute.

The Lottery's contributions to MSRS for the years ending June 30, 2005, 2004 and 2003 were equal to the required contribution for each year, as follows:

	<u>JUNE 30</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
MSRS	\$278,704	\$317,619	\$353,201

#### **(b) Unclassified Plan - Defined Contribution Plan - Statewide:**

**Plan Description:**

The Lottery contributes to the MSRS, which is a multiple-employer defined contribution plan administered by the MSRS. The plan provides retirement and disability benefits and death benefits to qualifying plan members and beneficiaries. Benefit provisions are established and may be amended by state statute and vest immediately. MSRS issues a publicly available financial report that includes financial statements and required supplementary information for MSRS. That report may be obtained by contacting MSRS.

**Funding Policy:**

Plan members are required to contribute 4 percent of their annual covered salary and the Lottery is required to contribute 6 percent of the annual covered payroll. The contribution requirements of plan members and the Lottery are established and may be amended by state statute.

The Lottery's contributions to MSRS for the years ending June 30, 2005, 2004 and 2003 were equal to the required contributions for each year, as follows:

	<u>JUNE 30</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
MSRS	\$41,018	\$47,363	\$46,572



CERTIFICATION OF CHIEF FINANCIAL OFFICER

IN CONSIDERATION OF SECTION 302 OF THE SARBANES-OXLEY ACT OF  
2002 AS IT RELATES TO THE MINNESOTA STATE LOTTERY

I, Joseph Pahl, Chief Financial Officer of the Minnesota State Lottery, certify that:

1. I have reviewed these Financial Statements for the fiscal year ended June 30, 2005 of the Minnesota State Lottery;
2. Based on my knowledge, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by these statements;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Minnesota State Lottery as of, and for, the periods presented in these Financial Statements;
4. The Minnesota State Lottery's other certifying officer and I have disclosed, based on our most recent review of internal control over financial reporting, to the Minnesota State Lottery's auditors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Minnesota State Lottery's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Minnesota State Lottery's internal control over financial reporting.

Date: December 30, 2005

By:

Joseph Pahl, Chief Financial Officer



## CERTIFICATION OF EXECUTIVE DIRECTOR

### IN CONSIDERATION OF SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002 AS IT RELATES TO THE MINNESOTA STATE LOTTERY

I, Clint Harris, Executive Director of the Minnesota State Lottery, certify that:

1. I have reviewed these Financial Statements for the fiscal year ended June 30, 2005 of the Minnesota State Lottery;
2. Based on my knowledge, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by these statements;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Minnesota State Lottery as of, and for, the periods presented in these Financial Statements;
4. The Minnesota State Lottery's other certifying officer and I have disclosed, based on our most recent review of internal control over financial reporting, to the Minnesota State Lottery's auditors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Minnesota State Lottery's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Minnesota State Lottery's internal control over financial reporting.

Date: December 30, 2005

By: 

Clint Harris, Director



# Certificate of Achievement for Excellence in Financial Reporting

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## Minnesota State Lottery

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June 30, 2004

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*Nancy L. Zielke*

President

*Jeffrey R. Emer*

Executive Director

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**Legal Counsel/Assistant Director:** Dale McDonnell

**Director for Operations:** Don Masterson

**Director for Marketing:** John Mellein

**Public Relations Manager:** Debbie Hoffmann

**Research & Planning Director:** Don Feeney

**Chief Financial Officer:** Joe Pahl

**Chief of Security:** Doug Wills

Written by: Marie Hinton

Designed by: Kara Vagts

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