

**MANAGEMENT LETTER  
OF THE  
NEBRASKA LOTTERY**

**JULY 1, 2010 THROUGH JUNE 30, 2011**

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**Issued on November 22, 2011**



## NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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November 22, 2011

Nebraska Lottery  
Lincoln, Nebraska

We have audited the basic financial statements of the Nebraska Lottery for the fiscal year ended June 30, 2011, and have issued our report thereon dated October 20, 2011.

In planning and performing our audit of the basic financial statements of the Nebraska Lottery, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We also performed tests of the Nebraska Lottery's compliance with certain provisions of laws, regulations, contracts, and other matters.

During our audit, we noted certain issues with operational matters that are presented here.

### **1. Gifts from Vendors and Contractors**

Employees of the Lottery and other divisions of the Department of Revenue have received a variety of gifts and other benefits from Lottery vendors and contractors, including: 1) meals, refreshments, and similar expenses from Lottery vendors; 2) free admission to a golf tournament, playing while on State time; 3) a \$50 Target gift card to the Tax Commissioner from VOCUS, Inc., a company that does business with the Lottery; and 4) free tickets to both Lincoln Stars hockey games and Cornhusker Fight Club events.

The following statutes constitute the criteria for addressing the specific issues set out above:

Neb. Rev. Stat. § 9-816(2) (Reissue 2007) states: "Neither the director, any employee of the [Lottery] division, nor any member of their immediate families shall ask for, offer to accept, or receive any gift, gratuity, or other thing of value which would inure to that person's benefit from (a) any entity contracting or seeking to contract with the state to supply equipment or materials for use by the division, (b) any applicant for a contract to act as a lottery game retailer to be awarded by the division, or (c) any lottery game retailer."

Neb. Rev. Stat. § 9-816(3) (Reissue 2007) states: “No (a) person, corporation, association, or organization contracting or seeking to contract to supply equipment or materials for use by the division, (b) applicant for a contract to act as a lottery game retailer to be awarded by the division, or (c) lottery game retailer shall offer or give the Tax Commissioner, the director, or any employee of the division or a member of his or her immediate family any gift, gratuity, or other thing of value which would inure to the recipient’s personal benefit.”

Neb. Rev. Stat. § 9-816(4)(a)(iv) (Reissue 2007) excludes from the definition of “gift, gratuity, or other thing of value,” as used in § 9-816(2), “breakfast, luncheon, dinner, or other refreshment consisting of food and beverage provided for immediate consumption.” A comparable exception for food and beverages is found in the Nebraska Political Accountability and Disclosure Act at Neb. Rev. Stat. § 49-1423 (Reissue 2010).

Neb. Rev. Stat. § 9-816(4)(a)(v) (Reissue 2007) excludes “[a]ny admission to a facility or event” from the definition of “gift, gratuity, or other thing of value,” as used in § 9-816(2).

Neb. Rev. Stat. § 49-1476 (Reissue 2010) states, in part: “The Legislature finds that in sponsoring a lottery, the state undertakes a unique enterprise which can succeed only if the public has confidence in the integrity of the lottery and the process by which government decisions relating to the lottery are made. The Legislature finds that there is a compelling state interest in ensuring the integrity and the appearance of integrity . . . of the state-sponsored lottery.”

Neb. Rev. Stat. § 49-14,101.01(1) (Reissue 2010) states: “A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.”

Neb. Rev. Stat. § 84-1001(1) (Reissue 2008) states: “All state officers and heads of departments and their deputies, assistants, and employees, except permanent part-time employees, temporary employees, and members of any board or commission not required to render full-time service, shall render not less than forty hours of labor each week except any week in which a paid holiday may occur.”

#### **A. Meals, Refreshments, and Similar Expenses from Lottery Vendors**

During our current and past audits of the Lottery, the APA obtained a list of employee expenses paid by Lottery vendors. This information was acquired directly from the Lottery’s three largest vendors, which are: GTECH, the Lottery’s vendor for scratch tickets, as well as the online game vendor beginning June 26, 2011, to the end of the fiscal year; Intralot, the Lottery’s vendor for all online games, such as Powerball, Mega Millions, and Pick 5, until June 26, 2011; and SKAR Advertising, the Lottery’s marketing and advertising vendor. This was also a comment in the prior audit.

The table below summarizes the employee expense information received from the three Lottery vendors. Due to a lack of documentation, it was impossible to segregate expenses paid for Lottery employees from those paid for vendor employees. Thus, the amounts in the table reflect expenses paid by the vendors for both Lottery and vendor employees.


Vendor:	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Totals
GTECH	\$ 3,821	\$ 2,753	\$ 1,017	\$ 1,338	\$ 521	\$ 9,450
Intralot	2,831	4,591	3,710	1,530	-	12,662
SKAR	Note 1	Note 1	Note 1	231	523	754
<b>Total by Year</b>	<b>\$ 6,652</b>	<b>\$ 7,344</b>	<b>\$ 4,727</b>	<b>\$ 3,099</b>	<b>\$ 1,044</b>	<b>\$ 22,866</b>

**Note 1:** Because SKAR Advertising was not the advertising vendor for fiscal years (FY) 2007, 2008, and 2009, the information for those years is not applicable.

**Exhibit A** provides the underlying detail for the summarized table above.

Included in the fiscal year 2011 expenses paid by SKAR Advertising was \$115 for lunch and a movie attended by seven Lottery employees. The movie was *The Green Lantern*, which related to the launch of the Lottery's *Green Lantern* instant ticket game.

Included in the fiscal year 2007 expenses was a vendor-sponsored meal costing \$1,608.16, including \$846.50 for alcohol, attended by employees of the Lottery. The details of that extravagant affair are provided in the receipt below:

The Capital Grille-Providence One Union Station 401-521-5600 Server: TOM N Table 93 Guests: 6 Reprint #: 2		ZBER.PRT 01/25/2007 10:29 PM #50013	
Absolut 8.50 Lewis Cell Res (2 @150.00) 300.00 Mer Soleil Char 86.00 Shrimp Cocktail (2 @13.00) 26.00 Lobster & Crab Cakes (2 @15.00) 30.00 Pan Fried Calamari (2 @12.00) 24.00 Capital Grl Field Greens (2 @8.00) 16.00 Wedge w/ Bleu Cheese 8.00 Caesar Salad 8.00 Kona Sirloin (2 @36.00) 72.00 Viader MTG Mag 360.00 Coconut Pie 7.00 Classic Creme Brulee 6.50 Key Lime Pie 6.50 Cheesecake w/ Strawberry 6.00 Flourless Chocolate Cake 6.00 Coffee 2.75 Viader 1/2 Mtg 92.00 Bass, Sea Dinner Special (3 @38.00) 114.00 Filet Mignon 10oz 32.00 Fresh Creamed Spinach 7.00 Au gratin Potatoes 9.00 Lyonnaise Potatoes 7.00 Fresh Asparagus 9.00	1243.25  Sub Total 1243.25 Comp -32.00 Disc Sub Total 1211.25 Tax 84.79 Liq Sec 0.09 Wine Sec 8.38 Food Sec 3.65  Total 1308.16 AMEX #XXXXXXXXXXXX2014 1308.16 Tip 300.00 Total 1608.16 Auth:580993 Exp 0709	→ Vodka \$ 8.50 → Wine \$ 300.00 → Wine \$ 86.00  → Wine \$ 360.00  → Wine \$ 92.00  \$ 846.50	

The items notated above in blue were added by the APA.

Section 49-14,101.01(1) prohibits a public official or public employee from using or authorizing “the use of his or her public office . . . to obtain financial gain, other than compensation provided by law . . .” Additionally, while § 9-816(4)(a) excludes both meals and admission to events from gifts prohibited to Lottery employees under § 9-816(2), acceptance of anything of value from vendors is problematic in light of the ethical standards established by § 49-1476 – which emphasizes not only the need to ensure that “the public has confidence in the integrity of the lottery” but also the importance of safeguarding “the integrity and the appearance of integrity . . . of the state-sponsored lottery.”

In order to ensure public confidence and to maintain both the actual and apparent integrity of the Lottery, all Department of Revenue employees, especially Lottery personnel, should refrain from accepting gifts, including meals and admission to events, from Lottery vendors and other contractors.

We recommend that all Department of Revenue employees, especially Lottery personnel, refrain from accepting gifts, including meals and admission to events, from Lottery vendors and other contractors.

*Lottery’s Response: The acceptance of vendor-provided meals and refreshments is permitted by State of Nebraska law and Nebraska Department of Revenue policy. The Auditor’s recommendation that Lottery employees not accept meals or refreshments of any kind is a stark reversal from his position last year, when he stated that it is acceptable for a Lottery vendor to bring food and refreshments to the Lottery headquarters. The \$1,044 expense identified by the Auditor for FY 2011 is misleading, as this figure includes amounts spent by Lottery vendors on their own employees, an expenditure which is outside the Lottery’s control and the Auditor’s review. For instance, the altered meal receipt from 2007 involved only \$150 in expenditures on behalf of Lottery employees. The overwhelming numbers of attendees at this dinner were GTECH employees; any criticism of this “extravagant affair” is best directed at GTECH senior management. The inclusion of this 2007 receipt for an audit review of FY 2011 is of questionable value, especially since the identical altered receipt was published by the APA in the Lottery’s FY 2010 report. Last, by not indicating any violation of State of Nebraska law, or any financial irregularities, the Auditor is in essence conducting a performance audit, which is outside of the Auditor’s statutory authority. See Neb. Rev. Stat. § 84-304(3).*

**APA Response: Conduct that may be legal is not necessarily appropriate. This is especially true in the case of the Lottery, given the following language found in Neb. Rev. Stat. § 49-1476 (Reissue 2010):**

*“The Legislature finds that in sponsoring a lottery, the state undertakes a unique enterprise which can succeed only if the public has confidence in the integrity of the lottery and the process by which government decisions relating to the lottery are made. The Legislature finds that there is a compelling state interest in ensuring the integrity and the appearance of integrity . . . of the state-sponsored lottery.”*

Senior officials at the Lottery have an obligation to the public to ensure Lottery contracts are awarded and negotiated through a fair and competitive process, and the selected contractors are monitored for performance. Excessive socializing between those who award government contracts and those to whom the contracts are awarded gives an appearance of impropriety. The APA has repeatedly expressed these concerns to Lottery officials and believes that, despite the strong objections of the Lottery, the matter should be publicly disclosed – thereby allowing the taxpayers to determine for themselves whether the Lottery has maintained the “appearance of integrity” called for under § 49-1476.

While some very limited amount of food provided to Lottery staff may be reasonable, the amounts disclosed in this comment exceed that level. Thus, contrary to the Lottery’s assertion, the APA’s comment regarding the acceptance of meals by Lottery staff is hardly a “stark reversal from his position last year, when he stated that it is acceptable for a Lottery vendor to bring food and refreshments to the Lottery headquarters.” In fact, the apparent inability of the Lottery to draw any sort of ethical distinction between accepting small, inexpensive food gifts and full meals paid for by contractors is more than a little disturbing.

Interestingly, the Lottery attempts to defend its behavior by claiming that the “overwhelming numbers of attendees at this dinner were GTECH employees.” Based upon information provided by GTECH, the following six individuals attended the dinner: two Lottery employees; three GTECH employees; and one Intralot employee. This does not constitute “overwhelming numbers” of attendees, much less of GTECH staff. If, as asserted, the two Lottery employees accounted for “only” \$150 worth of the total meal expenditure, that comes to \$75 per person – a not inconsiderable amount to most working citizens who pay for their own meals. However, as noted in the comment, because it was impossible to segregate expenses paid for Lottery employees from those attributable to their vendor counterparts, the APA is unable to verify the Lottery’s claim that “only” \$150 was spent on the two Lottery employees.

The Lottery suggests that GTECH senior management be criticized for sponsoring what the APA has accurately described in the management letter as an “extravagant affair” – an apt description, as evinced by a \$1,200 bill for a table of six. It is unfortunate that the APA must point out to Lottery staff that the actions of GTECH, a private corporation that is free to spend its own funds as it sees fit, are not at issue. The Lottery, not GTECH, is held to heightened standards of ethical conduct under § 49-1476. Thus, the Lottery bears sole responsibility for – and should not seek to implicate others in – the actions of its own personnel.

Regarding the Lottery’s disingenuous reference to “the altered meal receipt,” even the most cursory examination of that document reveals that it was not, in fact, altered – at least, not in the inappropriate manner suggested by the Lottery. None of the details, including the items served or the prices paid, were changed in any way. The information in blue was added by the APA simply to clarify and summarize the alcohol-related purchases on the receipt, as was plainly explained in the comment. No other modification was made to the receipt, which left all of the relevant details absolutely unaltered.

Similarly, the Lottery accuses the APA of making misleading reference to \$1,044 in vendor expenditures, claiming that the figure includes “amounts spent by Lottery vendors on their own employees.” The management letter states clearly regarding that total:

*“Due to a lack of documentation, it was impossible to segregate expenses paid for Lottery employees from those paid for vendor employees. Thus, the amounts in the table reflect expenses paid by the vendors for both Lottery and vendor employees.”*

Given such a straightforward admonition, it is difficult to imagine how the Lottery – or anyone else, for that matter – could possibly find the reference in question misleading in the slightest.

Most astounding of all, perhaps, is the Lottery’s baseless allegation that the APA was conducting a performance audit. Such an assertion is attributable to either ignorance of applicable auditing standards or an attempt to avert attention from the issues raised in the management letter. Regardless, both Neb. Rev. Stat. § 84-304(3) and (9) (Reissue 2008) require audits undertaken by the APA to conform to the government auditing standards published by the Comptroller General of the United States. Section 516 of *Government Auditing Standards* (GAGAS) (2007 Revision), published by the Comptroller General of the United States, Government Accountability Office, mandates:

*“When auditors detect violations of provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential, they should communicate those findings in writing to officials of the audited entity. Determining whether and how to communicate to officials of the audited entity fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that is inconsequential is a matter of professional judgment.”* (Emphasis added.)

Section 4.12 of that same publication defines abuse as follows:

*“Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement.”* (Emphasis added.)

While this comment does not rise to the level of required reporting of abuse in the “Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*,” GAGAS clearly obligates the APA to communicate in writing to the audited entity any abuse considered “more than inconsequential” – a term applied in Chapter 5 of GAGAS to any amount that is less than material but significant nonetheless. Thus, despite the Lottery’s misguided claim, the APA’s reporting of abuse, as both defined by and required under GAGAS, has nothing whatsoever to do with performance auditing; rather, it is done in strict compliance with § 84-304.

Particularly disturbing is the unabashed sense of entitlement revealed by the Lottery’s response to this comment. Rather than acknowledging the evident – namely, that the acceptance of certain types of gifts from vendors and other contractors is inconsistent with maintaining the “appearance of integrity,” as required by § 49-1476 – the Lottery seeks to minimize or excuse its actions. The unmistakable implication is that the Lottery intends to persist in accepting such gifts. Therefore, we continue to recommend that all Department of Revenue employees, including Lottery personnel, refrain from accepting gifts, such as expensive meals, from Lottery vendors and other contractors. This is integral to maintaining the appearance of integrity.

**B. Free Admission to a Golf Tournament – Played on State Time**

Eight Department of Revenue staff members – four Lottery employees, three employees from another division, and the Tax Commissioner – received free admission to a golf tournament. All eight employees participated in the tournament while on State time. However, of the eight employees, two employees – one from Lottery and the Tax Commissioner – worked additional hours, in excess of the time spent golfing, during the pay period in which the golf event was held.

The tournament was held at the ArborLinks golf course in Nebraska City, Nebraska, on May 20, 2011, starting at 11:00 am. The event sponsor was Creating Family Choices, a non-profit organization that provides grants to agencies and individuals offering family support and treatment options to those with addiction issues, including pathological gambling. The Lottery paid \$3,500 to advertise at the golf tournament.

The Lottery placed three teams, each with four individuals, in the golf tournament – one team with Lottery staff, one team with staff from another division of the Department of Revenue, and one team with staff from a Lottery vendor. In addition to allowing six of the eight staff members to participate in the golf event on State time, none of the Lottery or other Department of Revenue employees paid anything to enter the tournament. The entrance fee for other golfers was \$200. Thus, participating Lottery and other Department of Revenue personnel received a benefit/gift of \$200 each. As reflected in the table below, moreover, the paid work hours used by the six Lottery and other Department of Revenue staff totaled an additional \$929.

**Estimated Payroll Costs for Time Spent Golfing**

Employee	Hourly Rate	Number of Hours	Payroll Costs per Employee
1	\$ 34.90	6	\$ 209
2	\$ 28.77	6	173
3	\$ 24.23	6	145
4	\$ 22.79	6	137
5	\$ 22.63	6	136
6	\$ 21.49	6	129
<b>Total Payroll Costs</b>			<b>\$ 929</b>

Note: Travel time to Nebraska City and back was estimated at two hours, and golfing time was estimated at four hours – for a total of six hours.



The Department of Revenue's own internal Policy No. 012 (October 6, 2009) permits Lottery employees to accept "admission to facilities or events." Likewise, § 9-816(4)(a)(v) excludes "[a]ny admission to a facility or event" from gifts prohibited to Lottery employees under § 9-816(2). Nevertheless, Lottery and other Department of Revenue employees accepting free admission to a golf tournament, not to mention playing on State time, is problematic for the following reasons.

To start, § 84-1001(1) requires full-time State employees to "render not less than forty hours of labor each week" – something difficult to accomplish while playing golf during normal work hours. Furthermore, § 49-14,101.01(1) prohibits a public official or public employee from using or authorizing "the use of his or her public office . . . to obtain financial gain, other than compensation provided by law . . ." No less important, § 49-1476 emphasizes not only the need to ensure that "the public has confidence in the integrity of the lottery" but also the importance of safeguarding "the integrity and the appearance of integrity . . . of the state-sponsored lottery."

It is difficult to imagine how the acceptance of golf tournament passes worth \$200 apiece by employees of the Lottery and another division within the Department of Revenue – not to mention then playing golf on State time – can be thought compatible with any of the three statutory directives referenced above.

In order to ensure public confidence and to maintain both the actual and apparent integrity of the Lottery, employees of the Lottery and other divisions within the Department of Revenue should refrain from accepting gifts from those who engage in business with the Lottery. When choosing to take part in activities sponsored by such individuals or entities, moreover, Lottery and other Department of Revenue staff should pay their own admission fees and, for purposes of § 84-1001(1), avoid participating on State time.

We recommend employees of the Lottery and other divisions within the Department of Revenue refrain from accepting gifts from those who engage in business with the Lottery. We recommend also that, when choosing to take part in activities sponsored by such individuals or entities, Lottery and other Department of Revenue employees pay their own admission fees and avoid participating on State time.

*Lottery's Response: Neb. Rev. Stat. § 9-816(4)(a)(v) permits Lottery employees to accept any admission to a facility or event, such as a golf tournament. Neb. Rev. Stat. § 49-1490 (3) permits a sponsoring agency to offer, and an executive branch official or member of the official's staff to accept, an admission to any state-sponsored event, regardless of value. The Auditor's assertion that Lottery employees did not work 40 hours during the week in question is devoid of any evidence or analysis. Work is not always confined to the traditional office environment. Here, employees represented the Lottery at an event pertaining to problem gambling, an area clearly germane to the lottery industry. The Auditor cites Neb. Rev. Stat. § 49-14,101.01(1), a statute prohibiting a public employee from using his or her office for financial gain, yet does not allege any financial gain by any individual. The Auditor also cites Neb. Rev. Stat. § 49-1476, which has no applicability whatsoever, as it governs campaign contributions by Lottery contractors to*

*candidates for state elective office. Listing this issue only second-guesses Lottery business practices and program effectiveness. The Auditor is again conducting a performance audit, which is outside of the Auditor's statutory authority. See Neb. Rev. Stat. § 84-304(3).*

**APA Response:** As noted in the Auditor's response to 1. A., conduct that may be legal is not necessarily appropriate. The appearance of integrity is essential to public confidence in the Lottery, as made clear by § 49-1476. The issue that the Lottery must face, then, is whether taxpayers would view golfing on State time as an appropriate activity for public employees under any circumstances.

To claim that § 49-1476 is inapplicable to the present discussion is, quite simply, an astonishing assertion – one that provides further proof, as if any were needed, of the Lottery's sense of entitlement, as noted in the previous response. The Lottery is correct that the statute in question addresses campaign contributions by Lottery contractors; however, the explicit legislative intent revealed in that statutory language regarding the importance of maintaining both the actual and apparent integrity of the Lottery is unequivocal. Accepting the peculiar interpretation of § 49-1476 espoused by the Lottery would be to endorse the preposterous assumption that integrity on the part of the Lottery should be expected only when campaign contributions are involved. In all other instances, the Lottery appears to contend, integrity is irrelevant, and public confidence should be held to a minimum. The APA rejects outright such a self-serving application of § 49-1476 by the Lottery.

The Lottery charges that the APA's observations regarding the failure of certain State employees to work 40 hours during the week of the golf tournament are "devoid of any evidence or analysis." In fact, the evidence for such observations came directly from the approved timesheets of the employees who participated in the tournament. Those original timesheets revealed that the employees were in a work status on the day of the golf tournament. No additional time worked over 40 hours was documented for six of the eight State employees, as noted in the comment. The incontrovertible nature of that timesheet evidence, which was completed and certified by the employees themselves, precluded the need for any additional analysis.

The attempted argument that questioning participation in the golfing event "only second-guesses Lottery business practices and program effectiveness" is unsupportable. This is because three of the six State employees found to have been golfing during work hours, at the behest of the Lottery, were not even members of that division. Rather, those individuals were employees of the Motor Fuels division. According to the Lottery, "employees represented the Lottery at an event pertaining to problem gambling, an area clearly germane to the lottery industry." No explanation is offered, though, of how the Lottery was being represented by employees of the Motor Fuels division. Thus, not only was participation in the golfing event unrelated to the Lottery's "business practices and program effectiveness," but also the fact that all six of the participants were State employees raises the legitimate question of how they were able to play golf during regular office hours – in apparent contravention of Neb. Rev. Stat. § 84-1001(1) (Reissue 2008), which requires them to work 40 hours per week.

**Additionally, the Lottery states that the APA “does not allege any financial gain by any individual” in relation to § 49-14,101.01(1), which prohibits a public employee from using his or her office for financial gain. This is surprising, given the actual comment contained in the management letter:**

*“The entrance fee for other golfers was \$200. Thus, participating Lottery and other Department of Revenue personnel received a benefit/gift of \$200 each.”*

**The comment also states:**

*“It is difficult to imagine how the acceptance of golf tournament passes worth \$200 apiece by employees of the Lottery and other divisions within the Department of Revenue – not to mention then playing golf on State time – can be thought compatible with any of the three statutory directives referenced above.”*

**Among the three statutes referenced was § 49-14,101.01(1). Apparently, the Lottery’s sense of entitlement has become so engrained that it effectively blinds that division to what must be painfully obvious to virtually every taxpayer, not to mention what is indicated plainly in the management letter – namely, that accepting a pass worth \$200 to play golf on State time constitutes a financial benefit that accrued as a direct result of the recipients’ positions as public employees.**

**Our response to the statement that the APA was conducting a performance audit is the same as noted in Comment 1. A.**

**We continue to recommend employees of the Lottery and other divisions within the Department of Revenue refrain from accepting gifts, such as golfing passes worth hundreds of dollars, from those who have a financial relationship with the Lottery. We recommend also that, when choosing to take part in activities sponsored by such individuals or entities, Lottery and other Department of Revenue employees pay their own admission fees and avoid participating on State time.**

### **C. Gift Card to the Tax Commissioner**

The Department of Revenue Tax Commissioner received a \$50 Target gift card from VOCUS, Inc., a company that has done business with the Lottery since 2004. The gift card was received for participating in a VOCUS product demonstration for the Department of Revenue on May 26, 2010. During fiscal year 2011 alone, the Lottery paid VOCUS \$16,515 for use of its Public Relations software. The Tax Commissioner reported the gift card on his “Statement of Financial Interest” for calendar year 2010, which was filed with the Nebraska Accountability and Disclosure Commission.

Section 9-816(2) prohibits only the Lottery Director and employees of the division, as well as members of their immediate families, from accepting gifts from contractors who supply equipment or materials. Interestingly, that prohibition does not apply also to the Tax Commissioner. Under subsection (3) of the same statute, however, the Tax Commissioner is included among those individuals to whom Lottery contractors are forbidden to make gifts.

While the Tax Commissioner did include the gift card on his “Statement of Financial Interest,” a provision of the Nebraska Political Accountability and Disclosure Act merits mention. Specifically, § 49-14,101.01 prohibits a public official or public employee from using or authorizing “the use of his or her public office to obtain financial gain.”

Finally, § 49-1476 emphasizes not only the need to ensure that “the public has confidence in the integrity of the lottery” but also the importance of safeguarding “the integrity and the appearance of integrity . . . of the state-sponsored lottery.” Regardless of whether the Tax Commissioner is prohibited from accepting gifts from Lottery contractors, doing so appears problematic in light of the ethical standards established by § 49-1476.

In order to ensure public confidence and to maintain both the actual and apparent integrity of the Lottery, the Tax Commissioner should refrain from accepting gifts from contractors who supply equipment or materials to the Lottery. By refusing such gifts, moreover, the Tax Commissioner will avoid appearing to be complicit in any violation of § 9-816(3).

We recommend the Tax Commissioner refrain from accepting gifts from contractors who supply equipment or materials to the Lottery.

*Lottery’s Response: This unsolicited gift card was provided following a VOCUS product demonstration that did not involve the Lottery and which was unrelated to Lottery business. By refusing to clarify the context in which the gift card was provided, the Auditor knowingly misrepresents and concludes that the integrity of the Lottery was somehow compromised. Such a representation is a violation of the AICPA Code of Professional Conduct. The code provides in ET Section 102 – Integrity and Objectivity, that “[i]n the performance of any professional service, a member shall maintain objectivity and integrity, shall be free of conflicts of interest, and shall not knowingly misrepresent facts or subordinate his or her judgment to others.” In addition, Neb. Rev. Stat. § 9-816(3) prevents the Tax Commissioner from accepting a gift from a contractor providing “equipment or materials” to the Lottery Division. VOCUS merely maintains a web portal that contains media contact lists, a service which cannot be described as providing either “equipment” or “materials.” Finally, the Auditor is misinterpreting Neb. Rev. Stat. § 49-14,101.01 as banning a public official from receiving unsolicited gifts of any kind, an interpretation which is clearly broader than the intended purpose of Nebraska Public Accountability and Disclosure Act (Act). In fact, § 49-1490(1)(a) and (2) allows a principal or lobbyist to give gifts to an official within the executive branch, and allows the official to accept such gifts, provided the aggregate value of the gift does not exceed \$50 in any one calendar month. This gift card was fully disclosed to the Nebraska Accountability and Disclosure Commission, so the Tax Commissioner has completely fulfilled his statutory obligations. See Neb. Rev. Stat. § 49-1496.*

**APA Response: According to the Lottery, it is the context in which the gift card was given to the Tax Commissioner that makes that gift permissible. That is not what Neb. Rev. Stat. § 9-816(3) (Reissue 2007) says, however. Aside from the inapplicable exceptions provided under subsection (4) of that statute, § 9-816(3) creates a strict prohibition against any “person, corporation, association, or organization contracting or seeking to contract to supply equipment or materials for use by the division” making “any gift, gratuity, or other**

thing of value which would inure to the recipient's personal benefit" to, among others, the Tax Commissioner. The statutory language contains no exception for promotional demonstrations.

Based upon its erroneous assumption that promotional demonstrations constitute an exception to § 9-816(3), the Lottery accuses the APA of violating the Code of Professional Conduct promulgated by the American Institute of CPAs (AICPA). Such an accusation is untenable, as made clear by AICPA ET Section 56 - Article V - Due Care, which states:

*"A member should observe the profession's technical and ethical standards, strive continually to improve competence and the quality of services, and discharge professional responsibility to the best of the member's ability."*

Section .01 of that same Article states:

*"The quest for excellence is the essence of due care. Due care requires a member to discharge professional responsibilities with competence and diligence. It imposes the obligation to perform professional services to the best of a member's ability with concern for the best interest of those for whom the services are performed and consistent with the profession's responsibility to the public."*

As noted in GAGAS 4.12 and 5.16, both of which are quoted at length in the response to comment 1. A., the APA must communicate "behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances." In following that directive, the APA has not only fulfilled a responsibility to the public, per AICPA ET Section 56 - Article V, but also complied with both § 84-304(3) and (9).

Regarding the applicability of § 9-816, the Lottery claims that VOCUS was a Lottery contractor providing "a web portal that contains media contact lists." When questioned about the VOCUS purchase during the course of the audit, however, the Lottery stated that the expenditure was made for "marketing and public relations software." The invoice for the purchase also indicated that the expenditure had been for software and electronic storage.

Whether either marketing and public relations software or a web portal qualifies as "equipment or materials" for purposes of § 9-816 might well require further legal analysis. Regardless, the heart of the issue is whether it is appropriate for a Lottery contractor to make a gift to the Tax Commissioner, as well as whether the Tax Commissioner should accept a gift from a Lottery contractor, under any circumstances. Thus, no conclusion was offered as to the legality of the Tax Commissioner's acceptance of the gift card – only that such action appears suspect, given both § 9-816(3), which prohibits certain Lottery contractors from making gifts to the Tax Commissioner, and § 49-1476, which stresses the importance of maintaining the actual and apparent integrity of the Lottery.

Finally, despite the Lottery's unfounded assertion to the contrary, the APA never indicated, either explicitly or otherwise, that § 49-14,101.01 prohibits a public official from receiving unsolicited gifts of any kind. Rather, the management letter states:

*“While the Tax Commissioner did include the gift card on his ‘Statement of Financial Interest,’ a provision of the Nebraska Political Accountability and Disclosure Act merits mention. Specifically, § 49-14,101.01 prohibits a public official or public employee from using or authorizing ‘the use of his or her public office to obtain financial gain.’”*

As made clear by the context of the above statement within the management letter, the APA’s position is that § 49-14,101.01 and § 49-1476 should operate in tandem to discourage the Tax Commissioner from accepting gifts from contractors who supply equipment or materials to the Lottery. This is a position that the APA continues to support strongly.

**D. Free Event Tickets**

The Lottery contracts with various event and sponsorship organizers for promotional purposes. Those agreements often contain provisions granting the Lottery complimentary tickets to promotional events. For instance, the Lottery has contracted with IMG College to provide promotional services at University of Nebraska athletic events. Under the terms of that contract, the Lottery receives tickets to Nebraska football, volleyball, and basketball games. The Lottery has similar contracts with the Lincoln Stars, the Cornhusker Fight Club, and numerous others.

Lottery employees use complimentary tickets to access events for promotional purposes, including: 1) distributing Lottery promotional items; 2) answering product or promotion questions; and 3) monitoring the execution and effectiveness of the sponsorship. The following table shows the usage of complimentary event tickets by Lottery and other Department of Revenue personnel during 2011:

Date	Event	Number of Tickets	Number of Tickets used by Lottery Staff	Number of Tickets used by Revenue Employees	Estimated Value of Tickets Used
November 12, 2010	Lincoln Stars - Lottery Promotion Night	30	3	10	\$ 182
March 18, 2011	Lincoln Stars - Lottery Promotion Night	30	3	0	\$ 42
April 8, 2011	Lincoln Stars - Lottery Promotion Night	30	6	0	\$ 84
November 19, 2010	Cornhusker Fight Club	66	2	3	\$ 230
December 17, 2010	Cornhusker Fight Club	58	3	0	\$ 180
February 25, 2011	Cornhusker Fight Club	58	2	0	\$ 120
March 25, 2011	Cornhusker Fight Club	58	7	10	\$ 565
February 5, 2011	UNL Men’s Basketball – Lottery Sponsor Night	40	2	0	\$ 11
June 4, 2011	Cornhusker Fight Club	58	6	0	\$ 255
				<b>Total</b>	<b>\$ 1,669</b>

Note: The cost of a Lincoln Stars hockey ticket for the 2011-2012 season ranges from \$14 to \$24. The lowest ticket cost of \$14 was used in the calculation of the ticket value. A Cornhusker Fight Club general admission ticket cost \$25, and a VIP table seat ticket cost \$60. Both types of tickets are used in the calculation of the ticket value. UNL Men’s Basketball tickets for the 2011-2012 season cost \$5.50 per game.

The Department of Revenue's own internal Policy No. 012 (October 6, 2009) permits Lottery employees to accept "admission to facilities or events." Both § 9-816(4)(a)(vii) and Policy No. 012 also allow Lottery employees to accept, respectively, anything of value "received in legitimate furtherance of the objectives of the State Lottery Act" or "that further[s] the objectives of the Nebraska Lottery."

While monitoring the effectiveness of promotional activities may be beneficial, it is not necessary for employees of the Lottery or other divisions within the Department of Revenue to attend public events in order to do so. Even if such attendance were necessary, reliance upon access to complimentary tickets to facilitate that monitoring creates enormous potential for abuse.

The lack of consistency revealed by the above table gives rise to questions regarding the propriety of ticket usage by Lottery employees. Questions of that nature are troubling in light of § 49-14,101.01(1), which prohibits a public official or public employee from using "his or her public office . . . to obtain financial gain, other than compensation provided by law . . ." Such questions also give rise to concerns regarding adherence to the ethical standards established by § 49-1476, which emphasizes not only the need to ensure that "the public has confidence in the integrity of the lottery" but also the importance of safeguarding "the integrity and the appearance of integrity . . . of the state-sponsored lottery."

In order to ensure public confidence and to maintain both the actual and apparent integrity of the Lottery, the use of complimentary event tickets by Lottery and other Department of Revenue staff should be discontinued.

We recommend that the Lottery and other Department of Revenue staff discontinue the practice of using complimentary tickets to attend public events.

*Lottery's Response: Neb. Rev. Stat. § 9-816(4)(a)(v) permits Lottery employees to accept any admission to a facility or event, such as the Lincoln Stars and Cornhusker Fight Club events in question. At all events mentioned by the Auditor, Lottery employees actively participated in or monitored promotional activities, and thereby acted in their official capacities as representatives of a sponsoring entity. The Auditor states his opposition to this practice by stating, "[w]hile monitoring the effectiveness of promotional activities may be beneficial, it is not necessary...to attend public events in order to do so." Plainly, the Auditor's objection is based upon his assessment of Lottery business practices and program effectiveness. Neb. Rev. Stat. § 50-1203(8) includes among the characteristics of a performance audit, "the assessment of a program's effectiveness and results, economy and efficiency..." By including an obvious critique of the Lottery's business practices, and by not indicating any violation of law or policy, or any financial irregularity, the Auditor is again conducting a performance audit, which is outside of the Auditor's statutory authority. See Neb. Rev. Stat. § 84-304(3).*

**APA Response: The Lottery receives complimentary tickets to various sporting events through its advertising/sponsorship contracts. Many of those tickets serve as promotional items, such as prizes in second-chance drawings. Other tickets are used by Lottery and**

**Department of Revenue staff to attend certain events. Allowing Lottery and Department of Revenue employees to use complimentary tickets, all of which have some monetary value, creates an environment for abuse and reduces public confidence in the Lottery.**

**Our response to the Lottery's repeated assertion that the APA was conducting a performance audit is the same as noted in Comment 1. A. In this particular instance, though, additional discussion is warranted. The Lottery claims that the APA's management letter includes "an obvious critique of the Lottery's business practices." This statement is demonstrably false.**

**The APA acknowledges critiquing the Lottery's practice of using complimentary tickets to attend various sporting events. However, such a critique has absolutely nothing to do with the definition of a performance audit provided under Neb. Rev. Stat. § 50-1203(8) (Reissue 2010). The management letter offers no "assessment of a program's effectiveness and results, economy and efficiency," as intimated by the Lottery. Nowhere in the management letter, moreover, does the APA make any direct mention of, or even veiled reference to, performance measures or results. Rather, the APA's critique is aimed solely at compliance with § 49-14,101.01(1), which prohibits a public official or public employee from using his or her office for personal gain, and § 49-1476, which emphasizes not only the need to ensure public confidence in the integrity of the Lottery but also the importance of safeguarding both the actual and apparent integrity of the Lottery. This is made abundantly clear in the comment, and to suggest otherwise is either grossly imperceptive or intentionally misleading.**

**We continue to recommend the Lottery and other Department of Revenue staff discontinue the practice of using complimentary tickets to attend public events.**

## **2. Vendor Payments to Subcontractors**

During fiscal year 2011, the Nebraska State Patrol requested the assistance of the APA in investigating allegations made against a company with which the Lottery had previously contracted to provide advertising and marketing services. It has been alleged that, despite being paid in full, that company failed to pay its subcontractors for more than four hundred thousand dollars worth of services provided in fulfillment of the Lottery contract. The Lottery no longer has a contract with this company.

The APA verified that the State of Nebraska has paid the company in question more than \$25 million since 2003. The majority of those payments were made on behalf of the Lottery. Additionally, the APA confirmed with the subcontractors of the company, who had provided services in fulfillment of the Lottery contract, a total of \$433,253 allegedly was still unpaid to them by the company. On March 31, 2011, the APA forwarded these and other findings to both the Nebraska State Patrol and the Attorney General for review.

*Lottery's Response: The Lottery brought this matter to the attention of the APA two years ago. Since that time, the Lottery has assisted both the Nebraska State Patrol and the APA in their review of the allegations of this former vendor. All vendor invoices were properly paid by the Lottery, and the Lottery has provided all information as requested.*



\* \* \* \* \*

*Lottery's Overall Response: The Nebraska Lottery (Lottery) wishes to acknowledge the work and effort that the auditors of the APA put forth in completing the Lottery's FY 2011 annual audit. The audit results give us confidence that the Lottery is in strong financial shape, has reliable financial records, and sound internal controls in place in accordance with generally accepted government accounting standards. The absence of any financial irregularities or any other material reportable issues confirms the Lottery is an efficient organization with appropriate management oversight.*

**APA Overall Response: The APA appreciates the Lottery's acknowledgment of the thorough work performed by the auditors during the present audit. At the same time, however, the APA believes that the Lottery mischaracterizes somewhat the true nature of the findings contained in the resulting management letter. Though reporting no material issues with the Lottery's internal controls, the APA did point out concerns regarding abuse and possible noncompliance with statute – which, though nonmaterial, were significant nonetheless. By failing to recognize these important matters, the Lottery portrays the overall tone of the management letter in a far more positive light than what is actually warranted.**

\* \* \* \* \*

It should be noted this management letter is critical in nature since it contains only our comments and recommendations on the areas noted for improvement and does not include our observations on any strong features of the Nebraska Lottery.

Draft copies of the comments and recommendations included in this management letter were furnished to the Nebraska Lottery to provide them an opportunity to review the comments and recommendations and to respond to these comments and recommendations. All formal responses received have been incorporated into this management letter. Responses have been objectively evaluated and recognized, as appropriate, in the management letter. Responses that indicate corrective action has been taken were not verified at this time, but will be verified in the next audit.

This letter is intended solely for the information and use of management, others within the Nebraska Lottery, and the appropriate Federal and regulatory agencies. However this management letter is a matter of public record and its distribution is not limited.

Sincerely,

Signed Original on File

Timothy J. Channer, CPA  
Assistant Deputy Auditor

Enclosure: Exhibit A

**NEBRASKA LOTTERY**  
**EXPENSES PAID BY VENDORS**  
For Fiscal Years 2007, 2008, 2009, 2010 and 2011

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
GTECH	7/24/2006	\$ 98.44	Dinner	Alliance, NE	Lottery: Jill Marshall, Brian Rockey, Sharron Goings GTECH: B. Melcher	Retailer Roundtable
GTECH	7/24/2006	\$ 19.56	Refreshments	Alliance, NE	Lottery: Jill Marshall, Brian Rockey GTECH: B. Melcher	Retailer Roundtable
GTECH	7/25/2006	\$ 29.75	Refreshments	Sidney, NE	Lottery: Jill Marshall, Brian Rockey GTECH: B. Melcher	Retailer Roundtable
GTECH	7/26/2006	\$ 35.95	Lunch	Scottsbluff, NE	Lottery: Jill Marshall, Brian Rockey GTECH: B. Melcher	Retailer Roundtable
GTECH	7/26/2006	\$ 47.04	Refreshments	McCook, NE	Lottery: Jill Marshall GTECH: B. Melcher, T. Pochop	Retailer Roundtable
GTECH	10/23/2006	\$ 176.16	Dinner	Kearney, NE	Lottery: Jill Marshall, Sharron Goings, Cheryl Knuth GTECH: B. Melcher, A. Pierson	Retailer Roundtable
GTECH	10/25/2006	\$ 135.31	Dinner	Columbus, NE	Lottery: Jill Marshall, Sharron Goings, Cheryl Knuth GTECH: B. Melcher, A. Pierson	Retailer Roundtable
GTECH	10/26/2006	\$ 67.33	Lunch	Norfolk, NE	Lottery: Jill Marshall, Sharron Goings, Cheryl Knuth GTECH: B. Melcher, A. Pierson	Retailer Roundtable
GTECH	1/18/2007	\$ 130.36	Refreshments	Lincoln, NE	Lottery: Jim Haynes, Brian Rockey, Neil Watson, Dennis Nelson GTECH: B. Melcher	Legislative Dinner/Banquet
GTECH	1/24/2007	\$ 125.67	Refreshments	Providence, RI	Lottery: Jim Haynes, Mark Ludwig GTECH: A. Haley, M. Hansen, A. Valanciunas Intralot: W. Cunningham	Discuss 3 year Contract Extension & Pass Thru
GTECH	1/25/2007	\$ 101.72	Refreshments	Providence, RI	Lottery: Jim Haynes, Mark Ludwig GTECH: A. Haley, S. Gunn, J. Grey, A. Valanciunas Intralot: W. Cunningham	Discuss 3 year Contract Extension & Pass Thru
GTECH	1/25/2007	\$ 1,558.16 Note	Dinner	Providence, RI	Lottery: Jim Haynes, Mark Ludwig GTECH: A. Haley, A. Valanciunas, S. Gunn Intralot: W. Cunningham	Discuss 3 year Contract Extension & Pass Thru
GTECH	1/30/2007	\$ 174.33	Lunch		Lottery: Jim Haynes, Brian Rockey, Neil Watson, Dennis Nelson, Jill Marshall GTECH: B. Melcher	Trust Funds Awareness Luncheon
GTECH	2/15/2007	\$ 243.47	Lunch		Lottery: Jim Haynes, Dennis Nelson, Brian Rockey GTECH: A. Haley, A. Valanciunas, M. Hansen Intralot: W. Cunningham	Pass Thru Project Planning - Session
GTECH	2/16/2007	\$ 183.59	Coffee Break		Lottery: Jim Haynes, Dennis Nelson, Brian Rockey GTECH: A. Haley, A. Valanciunas, M. Hansen Intralot: W. Cunningham	Pass Thru Project Planning - Session
GTECH	4/23/2007	\$ 38.00	Refreshments	South Sioux City, NE	Lottery: Neil Watson GTECH: B. Melcher	OCC Tour

Note: This amount was reported to the APA from GTECH. The APA is aware the receipt shown in Comment Number 1 does not agree to this amount.

(Continued)

**NEBRASKA LOTTERY**  
**EXPENSES PAID BY VENDORS**  
 For Fiscal Years 2007, 2008, 2009, 2010 and 2011

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
GTECH	5/16/2007	\$ 258.24	Dinner		Lottery: Brian Rockey, Jill Marshall, Angela Peterson Oberthur: G. McCaffery	2008 Business Plan Meeting
GTECH	5/25/2007	\$ 75.00	Refreshments		Lottery: Brian Rockey, Jill Marshall GTECH: B. Melcher	Compulsive Gamblers Assistance Golf Outing
GTECH	6/7/2007	\$ 299.37	Dinner		Lottery: Jim Haynes & Spouse GTECH: B. Melcher Intralot: W. Cunningham	Review Pass Thru Conversion Project
GTECH	6/17/2007	\$ 23.54	Lunch	Lincoln, NE	Lottery: Jim Haynes, Kathleen Hubertus, Shawn Fotinos GTECH: B. Melcher	Moving to the 501 Building Hardware

GTECH FY2007 Total \$ 3,820.99

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
GTECH	7/24/2007	\$ 293.18	Dinner		Lottery: Brian Rockey, Angela Petersen GTECH: W. Gaddy, B. Melcher, and A. Valanciunas	Scratch Ticket Printing by GTECH
GTECH	7/25/2007	\$ 110.00	Lunch		Lottery: Jim Haynes, Brian Rockey, Angela Petersen, Dennis Nelson, Mark Ludwig GTECH; W. Gaddy, B. Melcher, A. Pearson, J. Goff, and A. Valanciunas	\$20 Scratch Ticket Game Review
GTECH	7/26/2007	\$ 155.34	Dinner		Lottery: Jill Marshall, Brian Rocky, Tom Bash, Angela Peterson GTECH: B. Melcher	Marketing and Advertising Meeting
GTECH	8/23/2007	\$ 854.47	Saltdogs Game w/ food provided	Lincoln, NE	Doug Ewald (Tax Commissioner), Jim Haynes (Lottery Director), and 28 other Lottery, Revenue, and Vendor employees	Lottery/Revenue Team Building
GTECH	9/17/2007	\$ 180.52	Dinner	Valentine, NE	Lottery: Jill Marshall, Neil Watson, Cheryl Knuth, Sharron Goings GTECH: B. Melcher	Retailer roundtable
GTECH	9/17/2007	\$ 103.75	Refreshments	Valentine, NE	Lottery: Jill Marshall, Neil Watson, Cheryl Knuth, Sharron Goings GTECH: B. Melcher	Retailer roundtable
GTECH	9/18/2007	\$ 42.00	Refreshments	Alliance, NE	Lottery: Jill Marshall, Neil Watson, Cheryl Knuth, Sharron Goings GTECH: B. Melcher	Retailer roundtable
GTECH	9/19/2007	\$ 130.23	Dinner	Lexington, NE	Lottery: Jill Marshall, Neil Watson, Cheryl Knuth, Sharron Goings GTECH: B. Melcher	Retailer roundtable
GTECH	10/17/2007	\$ 112.61	Refreshments		Lottery: Jill Marshall, Brian Rocky, Angela Petersen GTECH: B. Melcher, A. Valanciunas Intralot: 6 employees	Focus Group Coffee Shop Research
GTECH	12/17/2007	\$ 126.98	Dinner		Lottery: Tom Johnson, and Susan Brannigan GTECH: B. Melcher	Lottery Event 2008 - Planning

(Continued)

**NEBRASKA LOTTERY**  
**EXPENSES PAID BY VENDORS**  
 For Fiscal Years 2007, 2008, 2009, 2010 and 2011

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
GTECH	1/17/2008	\$ 34.62	Refreshments	Lincoln, NE	Lottery: Jill Marshall, and Brian Rockey GTECH: B. Melcher	Legislative/Grocers Convention
GTECH	2/13/2008	\$ 38.68	Lunch		Lottery: Brian Rockey GTECH: A. Valanciunas, B. Melcher	GTECH Printing and Working Papers
GTECH	5/12/2008	\$ 571.05	Catered Lunch	Lincoln, NE	4 Lottery, 6 GTECH, 8 Intralot, 1 Axoim, 2 IQ = 21 total members	2009 Business Plan Meeting

GTECH FY2008 Total \$ 2,753.43

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
GTECH	2/19/2009	\$ 292.10	Dinner		Lottery: Jim Haynes GTECH: A. Valanciunas, B. Melcher	Post retailer advisory meeting
GTECH	3/24/2009	\$ 317.79	Dinner		Lottery: Jim Haynes, Brian Rockey, Tom Johnson GTECH: B. Melcher	Advertising Meeting
GTECH	4/6/2009	\$ 254.65	Dinner		Lottery: Jim Haynes GTECH: A. Valanciunas, B. Melcher	Changes in Game Styles
GTECH	4/24/2009	\$ 152.87	Lunch & Golf		Lottery: Brian Rockey, Mike Elwood GTECH: B. Melcher	Consumer Research Projects

GTECH FY2009 Total \$ 1,017.41

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
GTECH	7/22/2009	\$ 134.12	Lunch		Lottery: Jim Haynes, Aaron Hendry, Greg Schnasse GTECH: A. Valanciunas, K. Gederman, B. Melcher	Retailer Events Review
GTECH	8/18/2009	\$ 86.29	Refreshments		Lottery: Mike Elwood, Jill Marshall GTECH: W. Gaddy, B. Melcher	Advertising Meeting - Scratch Tickets
GTECH	9/10/2009	\$ 602.62	Dinner		Lottery: Jim Haynes, Brian Rockey, Aaron Hendry, Dennis Nelson GTECH: A. Valanciunas, T. Saragnese, A. Haley, B. Melcher	Discuss GTECH's Equipment & Services
GTECH	9/28/2009	\$ 30.07	Lunch		Lottery: Mike Elwood GTECH: B. Melcher, A. Koopman	Scratch Ticket Planning Meeting
GTECH	11/22/2009	\$ 99.98	Dinner		Lottery: Brian Rockey, Mike Elwood GTECH: B. Melcher	KS City Chiefs Ticket Lic. Evaluation

(Continued)

**NEBRASKA LOTTERY**  
**EXPENSES PAID BY VENDORS**  
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Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
GTECH	1/5/2010	\$ 347.16	Dinner		Lottery: Aaron Hendry, Jim Haynes GTECH: A. Valanciunas, D. DeCosta, B. Melcher	NE Lottery - Rules & Regs
GTECH	1/16/2010	\$ 37.23	Lunch		Lottery: Mike Elwood, Brian Rockey GTECH: B. Melcher	KS City Chiefs Ticket Lic. Agreement

GTECH FY2010 Total \$ 1,337.47

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
GTECH	3/1/2011	\$ 148.19	Dinner		Lottery: Jill Marshall, Mike Olsen, Jim Haynes, Aaron Hendry, Cheryl Knuth GTECH: G. Jain	NE Conversion Project Review
GTECH	5/6/2011	\$ 373.30	Dinner		Lottery: Jill Marshall, Neil Watson, Aaron Hendry, Bonnie Amgwert, Mike Elwood, Brian Rockey GTECH: A. Valanciunas	NE Lottery Yearly Planning Meeting

GTECH FY2011 Total \$ 521.49

Total Paid by GTECH \$ 9,450.79

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
Intralot	7/18/2006	\$ 43.00	Food/Beverage	Lincoln, NE	Lottery: Mary Jane Egr Intralot: W. Cunningham	
Intralot	7/20/2006	\$ 27.25	Food/Beverage	Lincoln, NE	Lottery: Mary Jane Egr Intralot: W. Cunningham	
Intralot	7/26/2007	\$ 33.14	Food/Beverage	Lincoln, NE	Lottery: Mary Jane Egr Intralot: W. Cunningham	Drinks
Intralot	7/27/2007	\$ 107.00	Refreshments	Lincoln, NE	Lottery: Mary Jane Egr Intralot: 3 employees	
Intralot	8/2/2006	\$ 21.28	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes (paid own bill) Intralot: W. Cunningham	Lunch
Intralot	8/17/2006	\$ 146.32	Food/Beverage	Lincoln, NE	Lottery: Mary Jane Egr & husband Intralot: 2 employees	Wilderness Ridge Golf Club
Intralot	10/3/2006	\$ 45.21	Food/Beverage	Lincoln, NE	Lottery: Mary Jane Egr Intralot: W. Cunningham	Golf Outing
Intralot	10/19/2006	\$ 16.37	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	10/23/2006	\$ 123.54	Food/Beverage	Lincoln, NE	Lottery: Mary Jane Egr and 1 other Lottery employee Intralot: 3 employees	Dinner
Intralot	10/26/2006	\$ 18.78	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	10/30/2006	\$ 140.56	Food/Beverage/ Gift Certificates	Lincoln, NE	Various Lottery, GTECH, and Intralot Staff	Joint Halloween Luncheon w/ gifts, costumes - GTECH, Lottery, Intralot
Intralot	11/1/2006	\$ 29.11	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch

(Continued)

**NEBRASKA LOTTERY**  
**EXPENSES PAID BY VENDORS**  
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Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
Intralot	11/14/2006	\$ 86.92	Food/Beverage	Lincoln, NE	Lottery: Mary Jane Egr & Lottery Staff Intralot: W. Cunningham	Mary Jane's going away
Intralot	11/16/2006	\$ 77.50	Food/Beverage	Lincoln, NE	Lottery: Mary Jane Egr & Lottery Staff Intralot: W. Cunningham	Mary Jane's going away
Intralot	12/1/2006	\$ 29.81	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	12/8/2006	\$ 348.67	Food/Beverage	Lincoln, NE	Various Lottery, GTECH and Intralot Staff	Beneficiary Lunch split between Intralot & GTECH
Intralot	1/10/2007	\$ 32.72	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	1/12/2007	\$ 40.37	Refreshments	Lincoln, NE	Lottery: Mary Jane Egr, Mark Ludwig Intralot: 2 employees	
Intralot	1/23/2007	\$ 157.01	Food/Beverage	Lincoln, NE	Various Lottery Staff	Lunch after Loyalty Club Meeting
Intralot	1/26/2007	\$ 21.46	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Mark Ludwig Intralot: W. Cunningham	
Intralot	1/31/2007	\$ 261.73	Food/Beverage	Duluth, GA	Lottery: Jim Haynes, Brian Rockey, Mark Ludwig Intralot: W. Cunningham	Dinner
Intralot	2/26/2007	\$ 100.16	Food/Beverage	Lincoln, NE	Lottery: Dennis Nelson, Sharron Goings Intralot: 5 employees	Lunch after Functional Spec. (Pass thru) Meeting
Intralot	3/12/2007	\$ 414.90	Food/Beverage	Lincoln, NE	9 State Senators, Lottery staff, Intralot staff	Lunch for Senator Vicky McDonald, 8 other senators, Lottery staff, Intralot staff during oversight/information committee meeting. Review how Intralot operates.
Intralot	3/21/2007	\$ 22.00	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	4/2/2007	\$ 56.75	Refreshments	Lincoln, NE	Lottery: Jim Haynes, Mark Ludwig Intralot: 2 employees	Drinks
Intralot	4/3/2007	\$ 44.11	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: 2 employees	Lunch
Intralot	4/5/2007	\$ 150.35	Food/Beverage	Lincoln, NE	Various Lottery Staff	Going away for Scott Dishong, Tyson Barr, Vendor Marketing Meeting
Intralot	4/18/2007	\$ 52.55	Food/Beverage	Lincoln, NE	Lottery: Greg Schansse Intralot: 3 employees	Lunch, Rick Rhebb, Tim Rutten, Will Cunningham
Intralot	4/26/2007	\$ 17.09	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	5/8/2007	\$ 33.55	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Tim Young Intralot: W. Cunningham	
Intralot	5/19/2007	\$ 26.26	Food/Beverage	Lincoln, NE	Lottery: Brian Rockey Intralot: W. Cunningham	Discuss Promotions
Intralot	6/4/2007	\$ 30.75	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Dinner
Intralot	6/7/2007	\$ 42.00	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: 3 employees	Drinks
Intralot	6/23/2007	\$ 32.50	Food/Beverage	Lincoln, NE	Lottery: Mark Ludwig Intralot: 4 employees	Lunch while working Power Up Bike Rally Lottery Event

Intralot FY2007 Total \$ 2,830.72

(Continued)

**NEBRASKA LOTTERY**  
**EXPENSES PAID BY VENDORS**  
 For Fiscal Years 2007, 2008, 2009, 2010 and 2011

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
Intralot	7/26/2007	\$ 115.90	Food/Beverage	Lincoln, NE	Lottery, Intralot, and GTECH Staff	Going away function, Lottery staff, Intralot staff, GTECH staff - Intralot paid for drinks/GTECH paid for food.
Intralot	7/27/2007	\$ 32.89	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	8/7/2007	\$ 8.55	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes (paid his own bill) Intralot: W. Cunningham	Lunch
Intralot	8/9/2007	\$ 7.99	Food/Beverage	Lincoln, NE	Lottery Staff	Breakfast doughnuts for Lottery Meeting
Intralot	8/15/2007	\$ 7.51	Beverage	Lincoln, NE	Lottery: Brian Rockey Intralot: 3 employees	Outing w/ Lottery Marketing Director
Intralot	8/17/2007	\$ 49.65	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	8/24/2007	\$ 73.22	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot : 2 employees	Dinner w/Tim Young
Intralot	9/8/2007	\$ 42.70	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Dinner
Intralot	9/22/2007	\$ 28.57	Food/Beverage	Lincoln, NE	Lottery: Brian Rockey Intralot: R. Rhee	Discuss observations and action items for our LSR ridealong
Intralot	9/26/2007	\$ 45.68	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Greg Schnasse Intralot : W. Cunningham MUSL: E. Minter	Lunch w/Ed Minter (MUSL)
Intralot	10/2/2007	\$ 437.34	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Brian Rockey, Bonnie Amgwert Intralot: 4 employees	NASPL Dinner
Intralot	10/2/2007	\$ 165.35	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Brian Rockey, Bonnie Amgwert Intralot: 4 employees	Drinks - NASPL
Intralot	10/3/2007	\$ 364.41	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Brian Rockey, Bonnie Amgwert Intralot: 4 employees	NASPL Dinner
Intralot	10/3/2007	\$ 38.44	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Brian Rockey, Bonnie Amgwert Intralot: 4 employees	Drinks - NASPL
Intralot	10/17/2007	\$ 51.41	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Brian Rockey Intralot: 2 employees	Lunch meeting re: Intralot involvement
Intralot	10/23/2007	\$ 333.47	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes & Spouse Intralot: 2 employees	Dinner w/ Tom Little
Intralot	10/24/2007	\$ 14.07	Food/Beverage	Lincoln, NE	Lottery employees, and 2 Intralot employees	Breakfast Doughnuts
Intralot	10/24/2007	\$ 302.68	Food/Beverage	Lincoln, NE	Doug Ewald (Tax Commissioner) Lottery: Jim Haynes & Spouse Intralot: T. Little, W. Cunningham	Dinner w/ Tom Little
Intralot	10/24/2007	\$ 39.24	Beverage	Lincoln, NE	Doug Ewald (Tax Commissioner) Lottery: Jim Haynes & Spouse Intralot: T. Little, W. Cunningham	Drinks w/ Tom Little
Intralot	10/24/2007	\$ 171.99	Green Fees	Lincoln, NE	Doug Ewald (Tax Commissioner) Lottery: Jim Haynes Intralot: T. Little, W. Cunningham	Fees Doug Ewald, Jim Haynes

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**NEBRASKA LOTTERY**  
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Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
Intralot	11/7/2007	\$ 33.90	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: 2 employees	Lunch w/ Tom Little
Intralot	11/26/2007	\$ 47.65	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Dinner
Intralot	12/3/2007	\$ 72.34	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: 2 employees	Dinner w/ Tom Little
Intralot	12/6/2007	\$ 43.56	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes & Spouse Intralot: W. Cunningham	2 x 2 Discussion
Intralot	12/14/2007	\$ 126.99	Food/Beverage	Lincoln, NE	Lottery Ambassadors	Dinner w/ GTECH
Intralot	12/18/2007	\$ 34.72	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Dennis Nelson Intralot: 2 employees	2 x 2 Discussion
Intralot	12/21/2007	\$ 111.58	Food/Beverage	Lincoln, NE	All Lottery Employees	Holiday Gathering
Intralot	12/31/2007	\$ 32.59	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Brian Rockey Intralot: W. Cunningham	Lunch
Intralot	1/28/2008	\$ 185.17	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes & Spouse Intralot: W. Cunningham	Dinner
Intralot	2/9/2008	\$ 21.58	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	2/26/2008	\$ 16.20	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	2/29/2008	\$ 17.94	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes & Spouse Intralot: W. Cunningham	Lunch
Intralot	3/3/2008	\$ 22.69	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	3/11/2008	\$ 7.99	Food/Beverage	Lincoln, NE	Various Lottery and Intralot Staff	Lottery Meeting
Intralot	3/12/2008	\$ 33.88	Food/Beverage	Lincoln, NE	Lottery: Brian Rockey Intralot: 3 employees	Discuss Tyson's return to Intralot
Intralot	3/22/2008	\$ 23.31	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	3/26/2008	\$ 67.05	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Brian Rockey Intralot: 2 employees	Lunch
Intralot	4/10/2008	\$ 59.66	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Dennis Nelson Intralot: 2 employees	Lunch
Intralot	4/25/2008	\$ 33.91	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Tim Young Intralot: W. Cunningham	Lunch
Intralot	5/1/2008	\$ 59.36	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Brian Rockey, Aaron Hendry Intralot: 5 employees	Dinner w/ Legal Counsel
Intralot	5/1/2008	\$ 463.60	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Brian Rockey, Aaron Hendry Intralot: 5 employees	Dinner w/ Legal Counsel
Intralot	5/8/2008	\$ 49.27	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Tim Young Intralot: 2 employees	Dinner
Intralot	5/12/2008	\$ 184.94	Food/Beverage	Lincoln, NE	All Lottery staff, IQ staff, GTECH staff, and Intralot staff	Drinks & Food FY2009 Budget Planning
Intralot	5/13/2008	\$ 22.80	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch

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Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
Intralot	5/25/2008	\$ 96.54	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes & Spouse Intralot: W. Cunningham	Dinner
Intralot	6/6/2008	\$ 36.83	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch
Intralot	6/8/2008	\$ 35.65	Food/Beverage	New Orleans, LA	Lottery: Jim Haynes & Spouse Intralot: W. Cunningham	Snacks
Intralot	6/8/2008	\$ 60.00	Cab Fare	New Orleans, LA	Lottery: Jim Haynes & Spouse Intralot: 3 employees	Cab from Airport
Intralot	6/9/2008	\$ 26.45	Food/Beverage	New Orleans, LA	Lottery: Becky Haynes (Wife of Jim) Intralot: 3 employees	Lunch during Charitable games event
Intralot	6/11/2008	\$ 160.32	Food/Beverage	New Orleans, LA	Lottery: Jim Haynes & Spouse Intralot: 2 employees	Dinner Charitable games event
Intralot	6/13/2008	\$ 36.00	Cab Fare	New Orleans, LA	Lottery: Jim Haynes & Spouse Intralot: W. Cunningham	Cab to Airport
Intralot	6/24/2008	\$ 35.26	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: W. Cunningham	Lunch

Intralot FY2008 Total \$ 4,590.79

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
Intralot	7/16/2008	\$ 183.39	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: 2 employees	Dinner
Intralot	7/20/2008	\$ 604.41	Food/Beverage	Lincoln, NE		Saltdogs Promotion
Intralot	7/20/2008	\$ 44.58	Food/Beverage	Lincoln, NE		Drinks after Saltdogs Promotion
Intralot	7/30/2008	\$ 60.43	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: 3 employees	Lunch
Intralot	7/30/2008	\$ 158.35	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes Intralot: 3 employees	Dinner
Intralot	8/21/2008	\$ 54.55	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Mike Elwood, Brain Rockey Intralot: W. Cunningham	Lunch
Intralot	9/15/2008	\$ 130.95	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Mike Elwood, Brain Rockey, Neil Watson Intralot: W. Cunningham	Retailer Appreciation Tour - Dinner
Intralot	9/24/2008	\$ 105.55	Food/Beverage	Philadelphia, PA	5 Lottery Employees, and 5 Intralot employees	NASPL Meeting
Intralot	1/28/2009	\$ 46.46	Food/Beverage	Lincoln, NE	Lottery: Matt Johnson Intralot: 3 employees	Lunch
Intralot	2/12/2009	\$ 29.94	Food/Beverage	Lincoln, NE	5 Lottery Employees, and 6 Intralot employees	Marketing Meeting
Intralot	2/27/2009	\$ 53.98	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Aaron Hendry Intralot: 2 employees	Lunch
Intralot	3/3/2009	\$ 64.84	Food/Beverage	Lincoln, NE	Lottery: Jill Marshall Intralot: 4 employees	Dinner to discuss Blast Panel Installations
Intralot	3/20/2009	\$ 292.77	Food/Beverage	Lincoln, NE	25 employees. Included staff from GTECH, Intralot, and Lottery	State Senator Tour of Intralot facility.
Intralot	3/23/2009	\$ 361.26	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Brian Rockey, Tom Johnson Intralot: 3 employees	Dinner for Advertising RFP Committee

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**NEBRASKA LOTTERY**  
**EXPENSES PAID BY VENDORS**  
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Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
Intralot	4/2/2009	\$ 11.60	Food/Beverage	Lincoln, NE	Lottery: Marketing Staff	Doughnuts for Marketing Meeting
Intralot	4/11/2009	\$ 227.98	Food/Beverage	Lincoln, NE	Lottery: Jill Marshall, Brian Rockey, Neil Watson, Tom Johnson Intralot: 21 employees	Lunch for new advertising firm
Intralot	4/15/2009	\$ 59.49	Food/Beverage	Lincoln, NE	Lottery: Neil Watson, Jill Marshall, Brian Rockey, Mike Elwood Intralot T. Rutten	Lunch
Intralot	4/21/2009	\$ 263.49	Food/Beverage	North Platte, NE	Lottery: Cheryl Knuth, Mike Elwood, Neil Watson, Jill Marshall Intralot: 3 employees	Dinner during retailer roundtable tour
Intralot	4/22/2009	\$ 159.43	Food/Beverage	Cozad, NE	Lottery: Cheryl Knuth, Mike Elwood, Sharron Goings, Neil Watson Intralot; T. Barr	Dinner during retailer roundtable tour
Intralot	4/30/2009	\$ 59.25	Food/Beverage	Lincoln, NE	Lottery: Aaron Hendry Intralot: 2 employees	Dinner
Intralot	4/30/2009	\$ 146.28	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Aaron Hendry, Tim Young Intralot: 4 employees	Dinner
Intralot	4/30/2009	\$ 29.92	Food/Beverage	Lincoln, NE	Lottery: Marketing Staff	Snacks for Marketing meeting
Intralot	5/5/2009	\$ 45.95	Food/Beverage	Lincoln, NE	Lottery: Matt Johnson Intralot: T. Rutten	Dinner
Intralot	5/8/2009	\$ 16.80	Food/Beverage	Lincoln, NE	Lottery: Marketing Staff	Doughnuts for morning meeting
Intralot	5/11/2009	\$ 255.00	Food/Beverage	Lincoln, NE	Lottery: Jim Haynes, Jill Marshall, Neil Watson Intralot: 12 employees	Dinner for Business Planning Meeting
Intralot	5/14/2009	\$ 8.40	Food/Beverage	Lincoln, NE	Lottery: Marketing Staff	Snacks for marketing meeting
Intralot	6/11/2009	\$ 52.06	Food/Beverage	Lincoln, NE	Lottery: Brian Rockey, Jill Marshall Intralot: 2 employees	Lunch to discuss LSR incentives
Intralot	6/17/2009	\$ 138.46	Food/Beverage	Lincoln, NE	Lottery: Jill Marshall Intralot: 4 employees	Dinner for pilot program installations
Intralot	6/24/2009	\$ 28.25	Food/Beverage	Lincoln, NE	Lottery: Brian Rockey Intralot: T. Rutten	Lunch
Intralot	6/24/2009	\$ 15.91	Food/Beverage	Omaha, NE	Lottery: Jill Marshall Intralot: T. Barr	Lunch during client recruitment trip

Intralot FY2009 Total \$ 3,709.73

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
Intralot	7/6/2009	\$ 37.75	Food/Beverage	Grand Island, NE	Lottery: Cheryl Knuth, Jill Marshall, Brian Rockey Intralot: 3 employees	Retailer rallies
Intralot	7/7/2009	\$ 241.53	Food/Beverage	Norfolk, NE	Lottery: Sharron Goings, Cheryl Knuth, Neil Watson, Jill Marshall, Brian Rockey Intralot: 5 employees Other: 4 individuals	Retailer rallies
Intralot	7/7/2009	\$ 76.34	Food/Beverage	O'Neill, NE	Lottery: Sharron Goings, Cheryl Knuth, Neil Watson, Jill Marshall, Brian Rockey Intralot: 3 employees	2009 Truck Tour

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**NEBRASKA LOTTERY**  
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Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
Intralot	7/30/2009	\$ 42.39	Food/Beverage	Neb. City, NE	Lottery: Jill Marshall Intralot: 2 employees Other: 1 Individual	2009 Truck Tour
Intralot	8/12/2009	\$ 112.19	Food/Beverage	Lincoln, NE	Lottery: Shawn Fotinos, Matt Johnson Intralot: T. Rutten Other: 3 individuals	Dinner with MUSL
Intralot	8/13/2009	\$ 88.18	Food/Beverage	Lincoln, NE	All Lottery employees	Food for Dept of Revenue Saltdogs outing
Intralot	9/14/2009	\$ 42.25	Food/Beverage	Col. Springs, CO	Lottery: Jill Marshall, Mike Elwood Intralot: T. Barr Other: 1 individual	NASPL Meeting
Intralot	9/16/2009	\$ 113.25	Food/Beverage	Col. Springs, CO	Lottery: Jill Marshall Intralot: 2 employees Other: 6 individuals	NASPL Meeting
Intralot	9/30/2009	\$ 107.89	Food/Beverage	Omaha, NE	Lottery: Jill Marshall, Mike Elwood, Neil Watson, Sharron Goings Intralot: 5 employees	Retailer rallys
Intralot	10/8/2009	\$ 90.08	Food/Beverage	Okl. City, OK	Lottery: Dennis Nelson, Mike Elwood, Brian Rockey Intralot: T. Rutten	NASPL Meeting
Intralot	10/9/2009	\$ 116.55	Food/Beverage	Okl. City, OK	Lottery: Dennis Nelson, Mike Elwood, Brian Rockey Intralot: T. Rutten Other: 3 individuals	NASPL Meeting
Intralot	11/24/2009	\$ 79.56	Food/Beverage	Lincoln, NE	Lottery: Dennis Nelson, Brian Rockey Intralot: 2 employees Other: 2 individuals	Lunch to introduce Paul Ostendorf
Intralot	1/15/2010	\$ 54.15	Food/Beverage	Lincoln, NE	Lottery: Brian Rockey Intralot: T. Rutten Other: 2 individuals	Lunch to discuss Ohio trip
Intralot	2/11/2010	\$ 65.14	Food/Beverage	Lincoln, NE	Lottery: Brian Rockey Intralot: 3 employees	Lunch to discuss LSR Powerplay contest
Intralot	2/17/2010	\$ 73.29	Food/Beverage	Chicago, IL	Lottery: Jim Haynes, Jill Marshall, Dennis Nelson, Aaron Hendry, Brian Rockey	Trip to Intralot Ohio site / Lunch
Intralot	2/19/2010	\$ 25.85	Food/Beverage	Lincoln, NE	Lottery: Neil Watson Intralot: T. Rutten	Dinner w/ Lottery
Intralot	3/2/2010	\$ 21.01	Food/Beverage	Lincoln, NE	Lottery: Tom Johnson Intralot: T. Barr	
Intralot	3/16/2010	\$ 10.84	Food/Beverage	Omaha, NE	Lottery: Jill Marshall Intralot: T. Barr	
Intralot	3/17/2010	\$ 12.63	Food/Beverage	Omaha, NE	Lottery: Jill Marshall Intralot: T. Barr	
Intralot	3/19/2010	\$ 119.66	Food/Beverage	Lincoln, NE	Lottery: Neil Watson, Jill Marshall, Brian Rockey, Dennis Nelson Intralot: 5 employees Other: 5 individuals	

Intralot FY2010 Total \$ 1,530.53

Total Paid by Intralot \$ 12,661.77 No expenses were paid by Intralot in FY2011.

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
SKAR	7/2/2009	\$ 20.88	Lunch		Lottery: Brian Rockey	Lunch
SKAR	7/22/2009	\$ 12.51	Lunch		Lottery: Tom Johnson	Lunch

(Continued)

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Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
SKAR	9/17/2009	\$ 11.00	Refreshments		Lottery: Tom Johnson	Wine for Tom Johnson for Retirement Party
SKAR	10/16/2009	\$ 8.57	Lunch		Lottery: Jill Marshall	Lunch
SKAR	11/19/2009	\$ 8.50	Refreshments		Lottery Staff	Meeting Refreshments
SKAR	11/19/2009	\$ 15.52	Refreshments		Lottery: Brian Rockey, Neil Watson	Drinks for Brian Rockey and Neil Watson
SKAR	11/24/2009	\$ 19.50	Lunch		Lottery: Brian Rockey, Mike Elwood	Lunch
SKAR	1/12/2010	\$ 12.83	Lunch		Lottery: Brian Rockey, Mike Elwood	Lunch
SKAR	2/8/2010	\$ 16.32	Refreshments		Lottery Staff	Meeting Refreshments
SKAR	2/23/2010	\$ 9.60	Lunch		Lottery: Brian Rockey	Lunch
SKAR	4/28/2010	\$ 20.00	Refreshments		Lottery Staff	Meeting Refreshments
SKAR	5/6/2010	\$ 20.54	Lunch		Lottery: Brian Rockey, Mike Elwood	Lunch
SKAR	5/27/2010	\$ 8.50	Refreshments		Lottery Staff	Meeting Refreshments
SKAR	6/4/2010	\$ 18.95	Lunch		Lottery: Brian Rockey	Lunch
SKAR	6/29/2010	\$ 28.07	Lunch		Lottery: Brian Rockey, Mike Elwood	Lunch
SKAR FY2010 Total		\$ 231.29				

Vendor	Date of Expense	Amount paid by Vendor	Type of Expense	Location of Expense	Attendees	Purpose
SKAR	7/9/2010	\$ 148.49	Lunch		Lottery: Brian Rockey, Jill Marshall, Neil Watson, Shawn Fotinos, Jim Haynes	Meeting
SKAR	8/5/2010	\$ 10.10	Lunch		Lottery: Mike Elwood	Meeting
SKAR	8/17/2010	\$ 9.24	Lunch		Lottery: Brian Rockey	Meeting
SKAR	9/10/2010	\$ 24.15	Lunch		Lottery: Brian Rockey, Mike Elwood	Meeting
SKAR	9/23/2010	\$ 23.10	Drinks		Lottery: Jim Haynes, Brian Rockey, Jill Marshall	Meeting
SKAR	9/29/2010	\$ 70.98	Lunch		Lottery: Jim Haynes, Brian Rockey, Jill Marshall, Neil Watson	Meeting
SKAR	2/14/2011	\$ 46.89	Lunch		Lottery: Jim Haynes, Brian Rockey	Meeting
SKAR	3/24/2011	\$ 8.28	Lunch		Lottery: Brian Rockey	Meeting
SKAR	4/23/2011	\$ 67.00	Lunch		Lottery: Brian Rockey, Mike Elwood	Meeting
SKAR	6/17/2011	\$ 115.00	Lunch/Movie		Lottery: Brian Rockey, Neil Watson, Jill Marshall, Mike Elwood, Kim Vu, Tom Johnson, Tom Bash	Meeting
SKAR FY2011 Total		\$ 523.23				
Total Paid by SKAR		\$ 754.52				

(Concluded)