
NEBRASKA DEPARTMENT OF REVENUE

2001 Annual Report

CHARITABLE



G A M I N G

CHARITABLE GAMING DIVISION ANNUAL REPORT 2001

In compliance with Chapter 9, section 9-1,101, R.S.Supp. 2000, the Department of Revenue submits herewith its charitable gaming annual report to the Governor, Legislature, Auditor of Public Accounts, and Attorney General. This report summarizes tax revenues received, expenses incurred, and other activities relating to the administration and enforcement of the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, and the Nebraska Pickle Card Lottery Act. This report covers the 2000-2001 Fiscal Year.

Mary Jane Egr
State Tax Commissioner

James M. Haynes
Director, Charitable Gaming and Investigative Services

This report is also available on the Nebraska Department of Revenue
Web site: www.revenue.state.ne.us

REVENUE, BUDGET, EXPENDITURES, AND DISTRIBUTIONS

Revenue

During the fiscal reporting period July 1, 2000 through June 30, 2001, the Department of Revenue's Bingo and Lottery Control Administration Program was self-supporting through 40 percent of the taxes collected from bingo, lottery by pickle card, county/city lottery, and lottery raffle activities. In addition, the program received the licensing fee for each sales agent and pickle card operator, the \$1,525 biennial licensing fee for each manufacturer-distributor of lottery supplies and equipment, the \$50 decal fee for the registration of each pickle card dispensing device, and any \$30 penalty assessed for the failure to properly register such devices. Tax revenue and license fees designated to the cash fund totaled \$2,426,611 plus other revenue of \$76,946 for total cash fund revenue of \$2,503,557. Cash funds distributed for expenses of the Charitable Gaming Division totaled \$1,806,560, plus Charitable Gaming Cash funds in the amount of \$31,665 were distributed for expenses of the Athletic Commission. **As required by LB248 operative in 1997, \$250,000 was transferred to the Compulsive Gamblers Assistance Fund for the fiscal year 1999-2000. As required by LB541 effective on May 15, 2001, an additional \$50,000 was transferred to the Compulsive Gamblers Assistance Fund for fiscal year 2000-01.** The remaining cash fund balance as of June 30, 2001, not expended or transferred to the Compulsive Gamblers Assistance Fund, is transferred annually to the General Fund. The program revenue accrued to the Charitable Gaming Operations Cash Fund and to the General Fund from July 1, 2000 through June 30, 2001, was as follows:

Receipt Type	Cash Fund	General Fund	Total
Tax Revenue	\$2,239,121	\$3,430,065	\$5,669,186
Fee Revenue	187,490	141,850	329,340
Total Tax and Fee Revenue	\$2,426,611	\$3,571,915	\$5,998,526
Other Revenue	76,946	0	76,946
TOTAL REVENUE	<u>\$2,503,557</u>	<u>\$3,571,915</u>	<u>\$6,075,472</u>

Budget, Expenditures, and Distributions

Expenditure Type	Budgeted Amounts*	Actual Expenditures**
Personal Services	\$1,612,407	\$1,435,954
Salaries	\$1,290,874	\$1,132,371
Benefits	321,533	303,583
Operating Expenses	\$ 209,867	\$ 216,705
Travel Expenses	99,129	75,952
Capital Outlay	89,412	77,949
Total Charitable Gaming Expenses	\$2,010,815	\$1,806,560
Athletic Commission Expenses Paid		
From Charitable Gaming Cash Fund	31,665***	31,665
Total Expenses From Cash Fund	<u>\$2,042,480</u>	<u>\$1,838,225</u>
Transferred to the Compulsive Gamblers Assistance Fund		\$300,000

* Annual budget amounts for fiscal year 2000-2001.

** Actual expenses recorded on a cash basis of accounting.

*** Total expenses for the Athletic Commission were \$51,985. Of this total, \$20,320 was paid from the Athletic Commission Cash Fund and not from the Charitable Gaming Cash Fund.

QUARTERLY BREAKDOWN

Gross Dollars Wagered

	Third Quarter 2000	Fourth Quarter 2000	First Quarter 2001	Second Quarter 2001	Total FY 2000-2001
Bingo	\$ 5,103,644	\$ 4,076,544	\$ 4,364,135	\$ 4,096,850	\$ 17,641,173
Pickle Card	18,491,186	17,181,872	18,196,956	17,521,505	71,391,519
County/City Lottery	39,481,529	40,991,619	44,322,397	41,256,323	166,051,868
Lottery/Raffle	1,096,650	946,967	1,182,247	1,012,417	4,238,281
TOTALS	<u>\$64,173,009</u>	<u>\$63,197,002</u>	<u>\$68,065,735</u>	<u>\$63,887,095</u>	<u>\$259,322,841</u>

Tax Revenues

Bingo	\$ 153,109	\$ 122,296	\$ 130,924	\$ 122,905	\$ 529,234
Pickle Card	450,029	417,837	442,580	426,291	1,736,737
County/City Lottery	789,630	819,832	886,448	825,126	3,321,036
Lottery/Raffle	21,933	18,939	23,645	20,241	84,758
TOTALS	<u>\$1,414,701</u>	<u>\$1,378,904</u>	<u>\$1,483,597</u>	<u>\$1,394,563</u>	<u>\$5,671,765*</u>

License Fees

Cash Fund	\$92,950	\$80,100	\$9,705	\$5,790	\$188,545
General Fund	<u>111,570</u>	<u>15,165</u>	<u>9,145</u>	<u>8,475</u>	<u>144,355</u>
TOTALS	<u>\$204,520</u>	<u>\$95,265</u>	<u>\$18,850</u>	<u>\$14,265</u>	<u>\$332,900</u>

Total Taxes and License Fees

TOTALS	<u>\$1,619,221</u>	<u>\$1,474,169</u>	<u>\$1,502,447</u>	<u>\$1,408,828</u>	<u>\$6,004,665</u>
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* Based upon tax returns filed; actual tax revenue received was \$5,669,186.

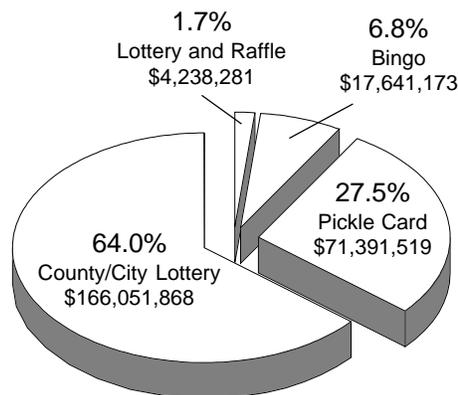
YEAR IN REVIEW

For the seventh consecutive year, the total dollars wagered on all charitable gaming activities declined. During the 2000-2001 reporting period, total charitable gaming dollars wagered (\$259,322,841) decreased 2.27 percent from the previous reporting period, and declined by 36.5 percent when compared to its peak year in 1994 when wagering reached \$408,222,880.

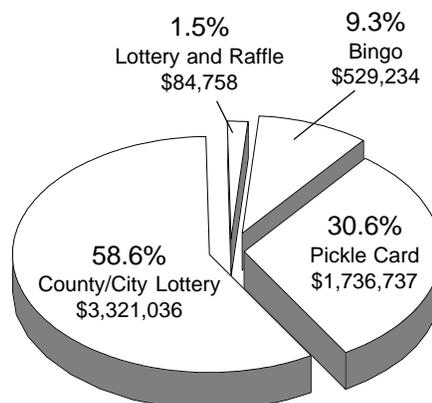
Wagering on bingo and pickle cards decreased during the reporting period while wagering on county/city lottery (keno) and lottery/raffle increased for the same period. As was the case in the previous six reporting periods, pickle card sales showed the largest decline, down 13.85 percent. Bingo continued the decrease started in 1994 with a further decrease from last year of 6.98 percent. Lottery/raffle activity is at an all-time high and increased by 11.21 percent from last year. County/city lottery wagering increased for the third year in a row with an increase of 3.98 percent over last year. However, as a result of the overall decline in wagering, gaming tax revenues were also down this reporting period (3.42 percent) when compared to last year.

The availability and variety of casino gambling in Iowa and other bordering states continue to be one of the major contributing factors to the decline in Nebraska's charitable gaming wagering. Additionally, the ongoing in-state use of illegal video gaming devices continues to have a negative effect on legitimate charitable gaming operations in Nebraska.

Total Gaming Dollars Wagered – \$259,322,841



Total Gaming Tax Revenue – \$5,671,765*



* Based upon tax returns filed; actual tax revenue received was \$5,669,186.

2000-2001 LICENSEES

as of June 30, 2001

10	Manufacturers of Bingo Supplies/Equipment and Pickle Cards
3	Distributors of Bingo Supplies/Equipment and Pickle Cards
7	Manufacturer-Distributors of County/City Lottery Supplies and Equipment
194	Organizations Licensed to Conduct Bingo
161	Class I (Gross Receipts of less than \$150,000 per year)
33	Class II (Gross Receipts of \$150,000 or more per year)
92	Special Event Bingo Permits
603	Organizations Licensed to Conduct a Lottery by Pickle Cards
205	Class I (Selling only at own premises and/or bingo occasions)
398	Class II (Selling through pickle card operators, at own premises, and/or bingo occasions)
243	Organizations Licensed to Conduct Lotteries and Raffles
136	Counties, Cities or Villages Licensed to Conduct a Lottery
144	County/City Lottery Operators
529*	County/City Sales Outlet Locations
3,278**	County/City Lottery Workers
1,190	Utilization of Funds Members (Bingo, Pickle Cards, Lottery/Raffle)
47	Gaming Managers (Bingo)
10	Commercial Lessors (Bingo)
13	Commercial Bingo Halls
618	Sales Agents (Pickle Cards)
1,354	Pickle Card Operators
1,896	Pickle Card Operator Authorizations
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8,458	TOTAL LICENSEES

* Based on total number of licenses issued for 1999-2001 biennial licensing period.

** Based on total number of active licenses as of June 30, 2001.

LICENSED NONPROFIT ORGANIZATIONS AND COUNTY, CITY, OR VILLAGE LOTTERIES BY COUNTY

as of June 30, 2001

COUNTY	BINGO		PICKLE		Lottery/ Raffle	Co/City Lottery	COUNTY	BINGO		PICKLE		Lottery/ Raffle	Co/City Lottery
	Class I	Class II	Class I	Class II				Class I	Class II				
Adams	4	1	7	8	5	1	Jefferson	2		3	4		1
Antelope	1		1	3	3	1	Johnson	1		1	1		2
Arthur				1		1	Kearney				2		
Banner							Keith	2		2	6	2	1
Blaine							Keya Paha						
Boone	3		2	4	5		Kimball	1		2	1	1	1
Box Butte	4		3	2	2	2	Knox	4			2	1	1
Boyd				1	1		Lancaster	7	9	13	45	24	7
Brown	1			1	1	1	Lincoln	2		5	7	6	5
Buffalo	4	1	5	8	4	3	Logan			1			
Burt	1		3	2	1		Loup				1		
Butler	1		1	10	7	2	Madison	6		5	9	4	1
Cass	3		4	10	3	4	McPherson						
Cedar	2			3	2	2	Merrick	2		2	6		
Chase	4		2			2	Morrill					2	1
Cherry	1		1	1			Nance	1		2	3	2	1
Cheyenne	1		1	3	1	2	Nemaha	1		2	1		1
Clay			1	4	1		Nuckolls	1		3	2		2
Colfax	7		5	2	5	3	Otoe	4		2	8	2	4
Cuming	4		1	5	2	1	Pawnee			1	1		
Custer	1			4	1	1	Perkins						2
Dakota		3	3	5	3	2	Phelps	2		2	4	2	1
Dawes	1		1			2	Pierce	3		1	3		
Dawson	7		6	5	1	2	Platte	4	1	6	8	12	3
Deuel	1		1	1		1	Polk			1	2	1	
Dixon				1	1		Red Willow	5		4	2	2	1
Dodge	5	1	7	13	8	3	Richardson	1		3	4	4	
Douglas	5	12	37	63	73	7	Rock	1		1			
Dundy							Saline	2		2	10	3	2
Fillmore	4		2	6		4	Sarpy		2	3	19	6	6
Franklin	1			1		2	Saunders	3		3	9	9	7
Frontier	1			1		1	Scotts Bluff	4	1	5	3	5	6
Furnas				3	2	3	Seward				6	1	1
Gage	5		3	5	2	3	Sheridan	1		1	1	2	1
Garden	1		1		1		Sherman	2		2	4		1
Garfield	1		1	1			Sioux						
Gosper			1			1	Stanton	1		1	1		
Grant			1				Thayer	2		2	3		3
Greeley	2			2	1	3	Thomas						
Hall	5	2	8	10	6	2	Thurston				1		
Hamilton	2		1	3	1		Valley	3		2	3	1	
Harlan	1			2		1	Washington	1		4	2	1	2
Hayes							Wayne	1		1	3	2	
Hitchcock	2		2	2		3	Webster				4		
Holt	3		1	5	2	2	Wheeler						1
Hooker							York	1		3	3	2	2
Howard	1		1	3	1	1	TOTAL	161	33	205	398	243	136

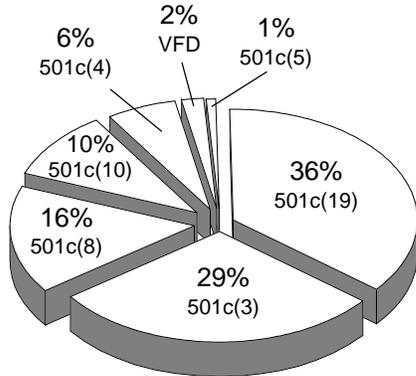
LICENSED SALES AGENTS, GAMING MANAGERS, AND PICKLE CARD OPERATORS, BY COUNTY

as of June 30, 2001

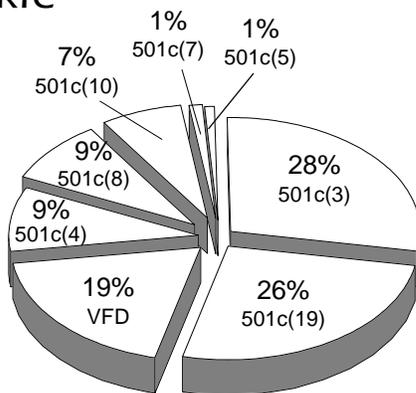
COUNTY	SALES AGENTS	GAMING MANAGERS	PICKLE CARD OPERATORS	COUNTY	SALES AGENTS	GAMING MANAGERS	PICKLE CARD OPERATORS
Adams	27	1	15	Jefferson	5		6
Antelope	5		4	Johnson	1		5
Arthur	1			Kearney	2		6
Banner				Keith	10		15
Blaine			1	Keya Paha			1
Boone	6		9	Kimball	2		4
Box Butte	2		8	Knox	3		10
Boyd	1		4	Lancaster	82	14	148
Brown	1		3	Lincoln	13		29
Buffalo	15	1	24	Logan			1
Burt	2		6	Loup	1		
Butler	10		13	Madison	14		36
Cass	13		19	McPherson			
Cedar	3		7	Merrick	7		13
Chase			3	Morrill			2
Cherry	3		13	Nance	3		8
Cheyenne	5		6	Nemaha	1		5
Clay	6		10	Nuckolls	2		3
Colfax	2		8	Otoe	13		20
Cuming	7		15	Pawnee	1		2
Custer	4		9	Perkins			3
Dakota	8	4	16	Phelps	4		4
Dawes			3	Pierce	5		15
Dawson	7		19	Platte	10	1	37
Deuel	2		4	Polk	2		11
Dixon	1		10	Red Willow	4		15
Dodge	19	1	55	Richardson	6		6
Douglas	112	15	306	Rock			1
Dundy			1	Saline	11		21
Fillmore	7		10	Sarpy	28	4	68
Franklin	2		5	Saunders	13		24
Frontier	2		4	Scotts Bluff	8	1	29
Furnas	4		4	Seward	7		21
Gage	8		20	Sheridan	2		3
Garden			1	Sherman	5		5
Garfield	1		4	Sioux			
Gosper			5	Stanton	1		4
Grant				Thayer	3		7
Greeley	2		6	Thomas			2
Hall	20	5	36	Thurston	1		3
Hamilton	3		7	Valley	3		3
Harlan	5		9	Washington	4		10
Hayes			1	Wayne	5		9
Hitchcock	2		4	Webster	4		7
Holt	6		10	Wheeler			1
Hooker			1	York	5		8
Howard	3		5	TOTAL	618	47	1,354

ORGANIZATIONS PARTICIPATING IN GAMING ACTIVITIES

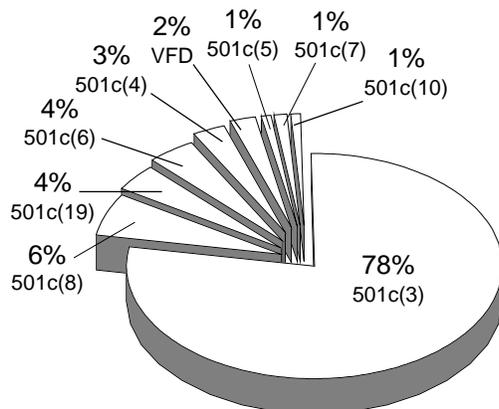
Bingo



Pickle



Lottery/Raffle



The following is a brief explanation of the Internal Revenue Code section 501(c) exemptions.

- 501(c)(3)** Corporations, funds, or foundations organized and operated exclusively for religious, charitable, scientific, or educational purposes, to foster amateur sports competition, or for the prevention of cruelty to children or animals.
- 501(c)(4)** Civic leagues or nonprofit organizations promoting social welfare or local associations of employees.
- 501(c)(5)** Labor, agricultural, or horticultural organizations.
- 501(c)(6)** Business leagues or chambers of commerce.
- 501(c)(7)** Clubs organized for pleasure or recreation.
- 501(c)(8)** Fraternal beneficiary societies, orders, or associations which provide for payment of life, sick, accident, or other benefits to the members or their dependents.
- 501(c)(10)** Domestic fraternal societies, orders, or associations which do not provide for payment of life, sick, accident, or other benefits.
- 501(c)(19)** A post or organization of past or present members of the Armed Forces of the U.S., or an auxiliary unit.

Also eligible: Volunteer Fire Departments (VFD)

Only those organizations holding an exemption under section 501(c)(3), (4), (5), (8), (10), or (19), or a volunteer fire department may apply for a license to conduct bingo or a lottery by the sale of pickle cards. Additionally, a section 501(c)(7) organization is eligible to apply for a pickle card license.

An organization holding any section 501(c) exemption or a volunteer fire department may apply for a license to conduct lotteries or raffles.

THE GAMES

Bingo

For the eighth consecutive year, wagering on bingo in Nebraska declined. Bingo gross receipts for the reporting period were \$17,641,173, bingo's lowest wagering total in 14 years. Bingo gross receipts were down 6.98 percent from the previous reporting period.

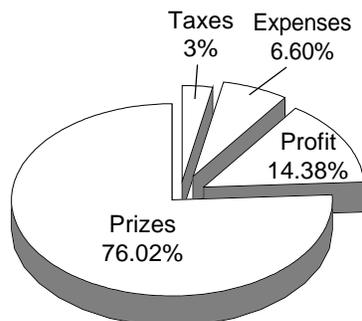
Class I bingo receipts at \$4,564,296 were down this reporting period by 13.57 percent from the previous reporting period. A decrease also occurred in the number of organizations holding a Class I bingo license (161 this period as compared to 172 last year). Class II bingo receipts for the reporting period totaled \$13,076,877, a decrease of 4.4 percent from the previous reporting period. This contrasts with a slight increase in the number of licensees for Class II bingo (33 this period as compared to 32 last year). Although bingo suffered a 10.76 percent decrease in attendance when compared to last year, the average player spend actually increased from \$20.90 to \$21.78.

Both Class I and Class II licensees showed a decrease in bingo expenses this reporting period when compared to last year. Both Class I and Class II licensees also had a decrease in prizes paid. Perhaps the most significant statistic to note in the bingo area during this reporting period is that for the third time since the Charitable Gaming Division started publishing annual reports (1990), Class II bingo actually showed a net profit. (Typically bingo acts as a loss leader for an organization's pickle card sales at the bingo occasion.) Both Class I and Class II bingo showed a decrease in actual income this reporting period as compared to last year. Class I and Class II both also experienced a decrease in net profit percentage of bingo gross receipts. The Class I bingo profit percentage decreased from 15.54 percent last year to 14.38 percent this year and Class II bingo profit percentage decreased from 1.19 percent to 1.06 percent this year. A decrease in taxes paid for both Class I and Class II bingo licensees is reflected in the pie charts below. This is the second annual report without any local bingo tax on these receipts due to a legislative change effective January 1, 1999, which eliminated the local bingo tax of 1 percent of the gross receipts.

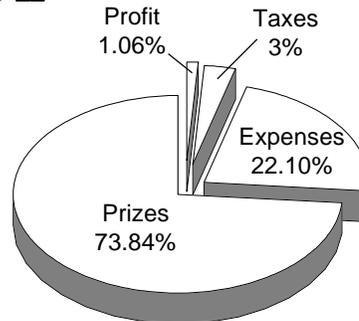
Although the figures on this page do not include attendance, wagering, prizes, or expenses for Special Event Bingo, it is noteworthy to mention its existence. Special Event Bingo is a charitable gaming option that became available in October of 1994 and which allows an organization to forego the requirement of obtaining a regular bingo license if it wants to conduct bingo only once or twice a year at a special function, such as a county fair or school fun night. As organizations have become more familiar with Special Event Bingo, many have dropped their Class I bingo licenses, obtaining a Special Event Bingo permit instead. Special Event Bingo is exempt from the tax, record keeping, and reporting requirements in place for Class I and Class II bingo licensees. The number of Special Event Bingo permits issued during this reporting period, 92, was about 30 percent less than the number issued last year, but over 48 percent more than issued in the preceding year.

	CLASS I	CLASS II	TOTAL
Bingo Gross Receipts	\$4,564,296	\$13,076,877	\$17,641,173
Prizes	3,469,806	9,655,867	13,125,673
Expenses	301,218	2,889,860	3,191,078
Taxes	136,928	392,306	529,234
Profit	\$ 656,344	\$ 138,844	\$ 795,188

Class I



Class II



Number of Occasions Conducted	11,700
Attendance Reported	809,890
Average Player Spend Per Occasion	\$21.78*

* Does not include player spend on pickle cards sold at the bingo occasions.

Pickle Cards

As has been the case for the past six reporting periods, total pickle card sales in Nebraska declined during this reporting period, totaling \$71,391,519. This is a 13.85 percent decrease compared to the previous reporting period, and marked the third consecutive year since 1986 that pickle card sales failed to reach \$100,000,000. Overall, pickle card sales are down 59.75 percent from their peak during the 1994 reporting period when sales hit \$177,359,919. Conjointly, the number of pickle card units sold during the reporting period also declined (down 12.92 percent) with only 34,755 units reported sold as compared to 39,910 for the previous reporting period.

Class I licensees, those selling pickle cards only at their designated premises (club facility) and bingo occasions, reported a decrease in sales of 13.36 percent, falling from \$16,002,976 last year to \$13,864,233 this year. For the same period, Class II licensees, those selling primarily through pickle card operators, had a similar decrease in sales of 13.96 percent, dropping from \$66,863,910 last year to \$57,527,286 this year. The number of organizations licensed to conduct a lottery by the sale of pickle cards also decreased again this reporting period (down from 623 to 603), with decreases in both Class I and Class II licensees.

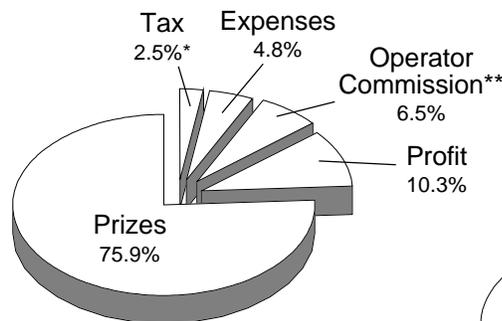
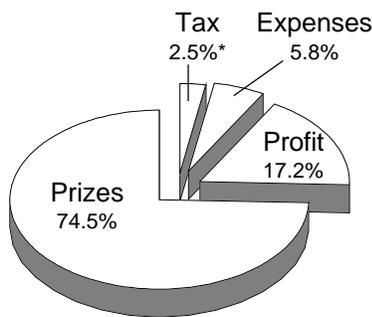
A majority of the pickle cards sold in Nebraska continue to be through pickle card operators (see pie chart on the right below), as evidenced by the increase in that percentage this reporting period (up from 71.4 percent to 74 percent). For the sixth consecutive year, the number of licensed pickle card operators continued to drop, going from 1,410 last year to 1,354 this year. The number of pickle card dispensing devices registered during the reporting period also declined from last year, dropping by 7.79 percent (1,528 devices registered this period as compared to 1,657 for the same period last year).

No significant changes were seen this reporting period as compared to last with respect to the percentage distribution of pickle card gross proceeds for both Class I and Class II licensees (see pair of pie charts on the left below).

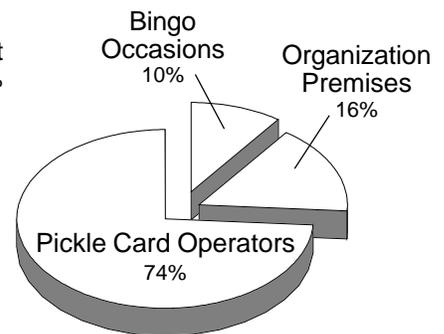
	CLASS I	CLASS II	TOTAL
Pickle Card Gross Proceeds	\$13,864,233	\$57,527,286	\$71,391,519
Prizes	10,325,447	43,681,095	54,006,542
Operator Commissions	N/A	3,749,927	3,749,927
Expenses	798,439	2,746,002	3,544,441
Taxes	352,118	1,384,619	1,736,737
Profit	\$ 2,388,229	\$ 5,965,643	\$ 8,353,872

Class II

Class I



Where Pickle Cards are Sold



Pickle Card Dispensing Devices Registered	1,528
Number of Pickle Card Units Sold	34,755

* The statutory pickle card tax rate is ten percent of definite profit, which translates to approximately 2.5 percent of gross proceeds.

** The statutory maximum allowed for a pickle card operator commission is 30 percent of definite profit, which translates to approximately 7 percent of gross proceeds.

Lotteries and Raffles

Lottery/raffle gross proceeds have reached a new high at \$4,238,281. The lottery/raffle combined gross proceeds represent an increase of more than 11 percent when compared to the same period last year. Last year's proceeds had also set a new peak at \$3,811,149 or a 10 percent increase over the previous period. In the five prior periods (the years ended between 1995 and 1999), gross proceeds had held fairly steady between the 3 and 3.5 million dollar mark. Separating the two activities, the sale of lottery tickets (primarily cash prize drawing) increased 10.9 percent while the sale of raffle tickets (primarily merchandise prize drawing) jumped 12 percent. We caution, however, that due to the relatively small volume of lottery/raffle activity in comparison to the other charitable gaming activities, one or two large lotteries or raffles per reporting period can have a significant impact on the percent of increase or decrease for this program.

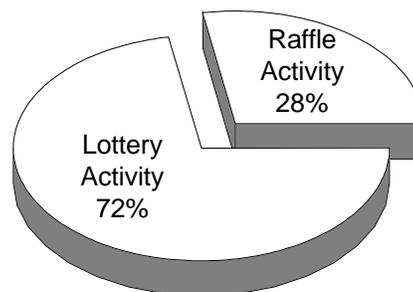
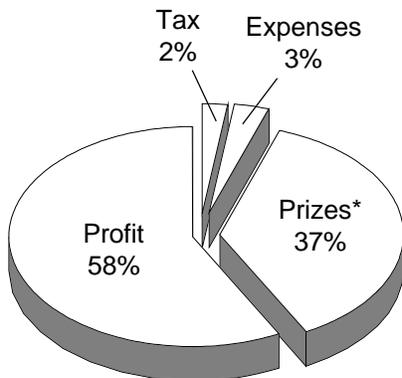
The total number of lottery/raffle licensees increased by more than 22 percent during this reporting period (243 this period compared to 199 last year). Most of the increase in licenses may be attributable to increased compliance with licensing requirements through enhanced educational efforts of the organizations that are subject to licensing.

A more in-depth analysis of lottery versus raffle activity was completed again this year by the Charitable Gaming Division, resulting in the pie chart on the right being included on this page for the third time, illustrating the percentage of dollars spent on lottery versus raffle tickets. This pie chart clearly demonstrates, at least with respect to licensed lotteries and raffles, drawings for cash or primarily cash prizes are far more prevalent than drawings for merchandise prizes.

Some shifts in the percentage distributions of the lottery/raffle gross proceeds were seen this reporting period, as illustrated in the pie chart on the left below. The prizes paid remained the same as reported for the previous year at 37 percent. Expenses decreased from 6 percent last year to 3 percent this year, while the profits showed a corresponding increase from 55 percent last year to 58 percent this year.

It should be noted that the figures on this page represent only lotteries with gross proceeds (ticket sales) exceeding \$1,000 and raffles with gross proceeds exceeding \$5,000. Nonprofit organizations conducting lotteries or raffles with gross proceeds equal to or below these thresholds are not required to file reports with the Department or pay any lottery/raffle tax. A significant number of lotteries and raffles conducted in Nebraska fall within the non-reportable category.

Lottery Gross Proceeds	\$3,070,211
Raffle Gross Proceeds	1,168,070
Total Gross Proceeds	\$4,238,281
Prizes	1,568,163
Expenses	127,157
Total Taxes	84,758
Profit	\$2,458,203



* Actual prizes awarded equaled 47 percent of the total gross proceeds; however, of this 47 percent, 10 percent of the prizes awarded were donated prizes.

County/City Lotteries

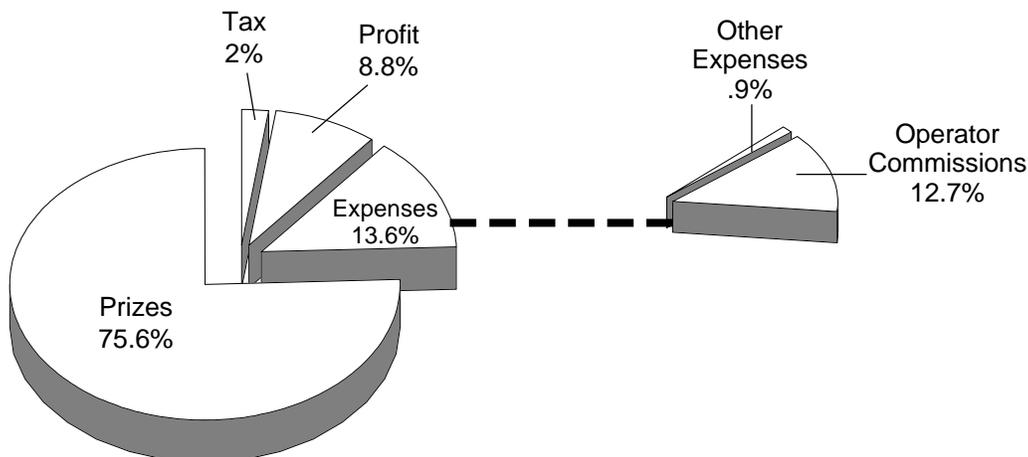
County/city lottery (keno) continued the rebound started two years ago, showing a 3.98 percent increase over the previous reporting period. Gross wagering at \$166,051,868 represented an increase of almost 6.4 million dollars. A large portion of this increased wagering is attributable to those communities which experienced a notable increase in wagering from that reported in the prior year. The largest increases were reported by, in descending order of the dollar amount of their increase, Omaha, Bellevue, Lincoln, Ralston, North Platte, La Vista, Beatrice, Hall County, Sarpy County, and Crete. A portion of this increase is also due to four new communities that were licensed to start conducting county/city lottery activity during the reporting period (the counties of Chase and Hitchcock and the villages of Barneston and Eustis). Despite this year's repeated positive news, overall county/city lottery wagering is still down 20.42 percent from its peak wagering of \$208,670,897 during the 1995 reporting period.

Communities and lottery operators are continuing to evaluate the performance of their lotteries and considering enhancements which may restore some of the handle lost to other forms of gambling. Progressive jackpots, larger prizes, and other game enhancements to attract increased play are more prevalent. Some live ball draw operations are opting for the automated ball draw method of winning number selection or are using a random generator during their slower times in order to reduce labor costs. There continue to be concerns expressed about the statutory five-minute requirement between games, the prohibition against player activation of keno equipment, and the requirement for a paper ticket.

Ten communities held an election on the establishment of a lottery during the reporting period as compared to six for the same period last year. Of these communities, nine approved the operation of a lottery within their jurisdictions and one defeated the measure (see pages 12 and 13 of this report for election status details). The number of communities licensed to conduct a lottery increased to 136 during the reporting period. There were 126 licensed for the same period last year, although there were six communities that were inactive. Of the 136 communities licensed for the current period, it should be noted that eight communities were not operating their lotteries at the close of this reporting period (see pages 12 and 13 for licensed but inactive lotteries).

Again, there was little change seen this reporting period as compared to last with respect to the distribution of county/city lottery gross proceeds (see pie chart below). The percent of prizes paid showed a slight increase from 75.2 percent to 75.6 percent, as did expenses increasing from 13.4 to 13.6 percent. Concurrently, the communities saw a decrease in their profits from 9.4 to 8.8 percent.

County/City Lottery Gross Proceeds	\$166,051,868
Prizes	125,579,228
Lottery Operator Commissions	\$21,038,750
Other Expenses	\$ 1,568,397
Total Expenses	22,607,147
Taxes	3,321,036
Profit	\$ 14,544,457



COUNTY/CITY LOTTERY ELECTION AND LICENSING STATUS

as of June 30, 2001

Holding Election	Result of Election	License Issued	Status	Holding Election	Result of Election	License Issued	Status
Ainsworth	Defeated			Genoa	Affirmative		(b)
Albion	Defeated			Gering	Affirmative	Yes	Active
Alda	Affirmative		(b)	Goehner	Affirmative		(b)
Alliance	Affirmative	Yes	Active	Gosper County	Affirmative	Yes	Active
Anselmo	Affirmative	Yes	Inactive (c)	Grafton	Affirmative	Yes	Active
Arlington	Defeated			Grant	Affirmative	Yes	Active
Arthur County	Affirmative	Yes	Active	Greeley	Affirmative	Yes	Active
Ashland	Affirmative	Yes	Active	Greenwood	Affirmative		(c)
Auburn	Affirmative	Yes	Active	Gretna	Affirmative	Yes	Active
Aurora	Defeated			Gurley	Affirmative		(b)
Avoca	Affirmative		Inactive (c)	Hadar	Defeated		
Banner County	Affirmative		(b)	Haigler	Affirmative		(b)
Barneston	Affirmative	Yes	Active	Hall County	Affirmative	Yes	Active
Battle Creek	Affirmative	Yes	Active	Hardy	Affirmative	Yes	Active
Bayard	Affirmative	Yes	Active	Harlan County	Affirmative	Yes	Active
Beatrice	Affirmative	Yes	Active (a)	Hartington	Affirmative		Inactive (c)
Beaver City	Affirmative		(b)	Hastings	Affirmative	Yes	Active
Beaver Crossing	Affirmative	Yes	Inactive (a)	Hay Springs	Affirmative	Yes	Active
Bee	Affirmative		(b)	Hebron	Affirmative	Yes	Active
Beemer	Affirmative	Yes	Active	Hemingford	Affirmative	Yes	Active
Belgrade	Affirmative	Yes	Inactive (c)	Hershey	Affirmative	Yes	Active
Bellevue	Affirmative	Yes	Active (a)	Hickman	Defeated		
Belvidere	Affirmative	Yes	Active (a)	Hitchcock County	Affirmative	Yes	Active
Benedict	Affirmative	Yes	Active	Holbrook	Affirmative	Yes	Active (a)
Benkelman	Affirmative		Inactive (c)	Holdrege	Affirmative	Yes	Active
Bennington	Affirmative	Yes	Active	Holstein	Affirmative		(c)
Bertrand	Affirmative		(c)	Hooper	Affirmative		(b)
Blair	Affirmative	Yes	Active	Howells	Affirmative	Yes	Active
Bloomfield	Affirmative	Yes	Active	Hubbell	Affirmative	Yes	Active
Bloomington	Affirmative	Yes	Active	Humboldt	Affirmative		(b)
Blue Hill	Affirmative		(b)	Humphrey	Affirmative		(b)
Blue Springs	Affirmative	Yes	Active	Imperial	Affirmative		(b)
Brady	Affirmative	Yes	Active	Indianola	Affirmative	Yes	Active
Brewster	Affirmative		(b)	Inglewood	Affirmative	(Part of Fremont)	Active
Bridgeport	Affirmative		Inactive (c)	Kearney	Affirmative	Yes	Active
Brown County	Defeated			Keith County	Affirmative	Yes	Active
Brownville	Affirmative		Inactive (c)	Kenasaw	Defeated		
Buffalo County	Defeated			Kennard	Affirmative		(a)
Burr	Affirmative		(b)	Kilgore	Affirmative		(c)
Cambridge	Affirmative	Yes	Inactive (c)	Kimball	Affirmative	Yes	Active
Cedar Creek	Affirmative	Yes	Active (a)	Lancaster County	Affirmative	(Part of Lincoln)	Active
Central City	Defeated			LaVista	Affirmative	Yes	Active (a)
Chadron	Affirmative	Yes	Active	Lewellen	Affirmative		(b)
Chappell	Affirmative		(b)	Lincoln	Affirmative	Yes	Active
Chase County	Affirmative	Yes	Active	Lincoln County	Affirmative	(Part of North Platte)	Active
Cheyenne County	Affirmative	Yes	Active	Lindsay	Affirmative	Yes	Active (a)
Clarkson	Affirmative	Yes	Active	Lodgepole	Affirmative		(c)
Columbus	Affirmative	Yes	Active	Long Pine	Affirmative	Yes	Active
Cortland	Affirmative		(b)	Lorton	Affirmative	Yes	Active
Cozad	Defeated			Louisville	Affirmative		(b)
Craig	Affirmative		(b)	Loup City	Affirmative	Yes	Active (a)
Crawford	Affirmative	Yes	Active	Lyman	Affirmative	Yes	Active
Creston	Affirmative		Inactive (a)	Madison	Defeated		
Crete	Affirmative	Yes	Active (a)	Madrid	Affirmative	Yes	Active
Dakota City	Affirmative (part of S. Sioux City)		Active (a)	Mason City	Affirmative		(c)
David City	Affirmative	Yes	Active (a)	Maywood	Affirmative		Inactive (c)
Dawson County	Affirmative	Yes	Active	McCook	Affirmative		Inactive (c)
Denton	Affirmative	Yes	Active (a)	McGrew	Affirmative	Yes	Active
Deuel County	Affirmative	Yes	Active	Melbeta	Affirmative		(b)
Dodge	Affirmative		(c)	Memphis	Affirmative	Yes	Inactive (c)
Dodge County	Affirmative		(b)	Merriman	Defeated		
Doniphan	Affirmative	Yes	Active	Milligan	Affirmative	Yes	Active
Douglas County	Affirmative (Part of Omaha)		Active (a)	Minatare	Affirmative	Yes	Inactive (c)
Duncan	Affirmative	Yes	Active (a)	Minden	Defeated		
Dwight	Affirmative	Yes	Active (a)	Monroe	Affirmative		(b)
Eagle	Affirmative	Yes	Active	Morrill	Affirmative		(c)
Elkhorn	Affirmative	Yes	Active (a)	Morse Bluff	Affirmative	Yes	Active (a)
Elm Creek	Affirmative	Yes	Active	Mullen	Affirmative		(a)
Elwood	Affirmative		(b)	Naponee	Defeated		
Ericson	Affirmative	Yes	Active	Nebraska City	Defeated		
Eustis	Affirmative	Yes	Active	Nehawka	Affirmative	Yes	Active
Exeter	Affirmative	Yes	Active	Neligh	Affirmative	Yes	Active
Fairbury	Affirmative	Yes	Active	Niobrara	Affirmative		(c)
Fairfield	Affirmative		Inactive (a)	Norfolk	Defeated		
Fairmont	Affirmative		(b)	North Bend	Affirmative	Yes	Active
Falls City	Defeated			North Platte	Affirmative	Yes	Active
Fillmore County	Affirmative	Yes	Active	Odell	Affirmative		(b)
Fort Calhoun	Affirmative	Yes	Active (a)	Omaha	Affirmative	Yes	Active (a)
Franklin	Affirmative	Yes	Active	O'Neill	Affirmative	Yes	Active
Fremont	Affirmative	Yes	Active	Ong	Affirmative		Inactive (c)
Fullerton	Affirmative		Inactive (a)	Ord	Defeated		
Gage County	Affirmative		(b)	Osceola	Defeated		
Geneva	Defeated			Oshkosh	Affirmative		(c)

Holding Election	Result of Election	License Issued	Status	Holding Election	Result of Election	License Issued	Status
Osmond	Defeated			South Sioux City	Affirmative	Yes	Active (a)
Otoe	Affirmative		Inactive (c)	Spalding	Affirmative	Yes	Active
Overton	Affirmative	Yes	Inactive (c)	Sprague	Affirmative	Yes	Active
Oxford	Affirmative	Yes	Active (a)	Springfield	Affirmative	Yes	Active
Palisade	Affirmative	Yes	Active	Stanton	Affirmative		(b)
Palmer	Defeated			Sterling	Affirmative	Yes	Active
Palmyra	Affirmative	Yes	Active	Stuart	Affirmative	Yes	Active
Papillion	Affirmative	Yes	Active (a)	Superior	Affirmative	Yes	Active
Pawnee City	Affirmative		Inactive (a)	Sutherland	Affirmative	Yes	Active
Peru	Affirmative		(b)	Sutton	Defeated		
Platte Center	Affirmative		Inactive (a)	Syracuse	Affirmative	Yes	Active
Plattsmouth	Affirmative	Yes	Active (a)	Talmage	Affirmative		(b)
Pleasant Dale	Affirmative		Inactive (c)	Tecumseh	Affirmative	Yes	Active
Polk	Defeated			Terrytown	Affirmative	Yes	Active
Potter	Affirmative	Yes	Active	Trenton	Affirmative	Yes	Active
Prague	Affirmative	Yes	Active	Unadilla	Affirmative	Yes	Active
Ralston	Affirmative	Yes	Active (a)	Utica	Defeated		
Randolph	Affirmative	Yes	Active	Valentine	Defeated		
Ravenna	Affirmative		Inactive (a)	Valley	Affirmative	Yes	Active
Raymond	Affirmative	Yes	Active	Valley County	Affirmative		(a)
Roca	Affirmative	Yes	Active	Valparaiso	Affirmative	Yes	Active
Rulo	Affirmative		Inactive (a)	Verdigré	Affirmative		(c)
Rushville	Affirmative		Inactive (a)	Verdon	Affirmative		(b)
St. Edward	Affirmative		(a)	Waco	Affirmative	Yes	Active
St. Paul	Affirmative		(c)	Wahoo	Affirmative	Yes	Active
Sargent	Affirmative		(b)	Wallace	Affirmative		(b)
Sarpy County	Affirmative	Yes	Active	Walthill	Affirmative		Inactive (a)
Schuyler	Affirmative	Yes	Active (a)	Washington County	Affirmative		(b)
Scotts Bluff County	Affirmative	Yes	Active (a)	Waterloo	Affirmative	Yes	Active
Scribner	Affirmative		Inactive (a)	Wauneta	Affirmative	Yes	Active
Seward	Defeated			Waverly	Affirmative	Yes	Active
Seward County	Defeated			Wayne	Affirmative		(a)
Shelby	Affirmative		(b)	West Point	Defeated		
Shelton	Affirmative	Yes	Inactive (c)	Wilber	Affirmative	Yes	Active
Sidney	Defeated			Wisner	Defeated		
Silver Creek	Affirmative		Inactive (a)	Wolbach	Affirmative	Yes	Active
Smithfield	Affirmative		(b)	Wymore	Defeated		
Snyder	Affirmative		(a)	Wynot	Affirmative	Yes	Active
South Bend	Affirmative		(b)	Yutan	Affirmative	Yes	Active

(a) Election valid anytime

(b) Election expired

(c) Election subject to expiration

LOTTERIES LICENSED BY COUNTY

as of June 30, 2001

Adams	Dakota	Gosper	Lincoln	Sarpy (cont.)
City of Hastings	City of Dakota City	Gosper County	Village of Brady	City of Papillion
Antelope	City of South Sioux City	Greeley	Village of Hershey	Sarpy County
City of Neligh	Dawes	Village of Greeley	Lincoln County	City of Springfield
Arthur	City of Chadron	Village of Spalding	City of North Platte	Saunders
Arthur County	City of Crawford	Village of Wolbach	Village of Sutherland	City of Ashland
Box Butte	Dawson	Hall	Madison	Village of Memphis*
City of Alliance	Dawson County	Village of Doniphan	City of Battle Creek	Village of Morse Bluff
Village of Hemingford	Village of Overton*	Hall County	Morrill	Village of Prague
Brown	Deuel	Harlan	City of Bayard	Village of Valparaiso
City of Long Pine	Deuel County	Harlan County	Nance	City of Wahoo
Buffalo	Dodge	Hitchcock	Village of Belgrade*	City of Yutan
Village of Elm Creek	City of Fremont	Hitchcock County	Nemaha	Scotts Bluff
City of Kearney	Village of Inglewood	Village of Palisade	City of Auburn	City of Gering
Village of Shelton*	City of North Bend	Village of Trenton	Nuckolls	Village of Lyman
Butler	Douglas	Holt	Village of Hardy	Village of McGrew
City of David City	City of Bennington	City of O'Neill	City of Superior	City of Minatare*
Village of Dwight	Douglas County	Village of Stuart	Otoe	Scotts Bluff County
Cass	City of Elkhorn	Howard	Village of Lorton	Village of Terrytown
Village of Cedar Creek	City of Omaha	City of St. Paul	Village of Palmyra	Seward
Village of Eagle	City of Ralston	Jefferson	City of Syracuse	Village of Beaver
Village of Nehawka	City of Valley	City of Fairbury	Village of Unadilla	Crossing*
City of Plattsmouth	Village of Waterloo	Johnson	Perkins	Sheridan
Cedar	Filmore	Village of Sterling	City of Grant	City of Hay Springs
City of Randolph	Village of Exeter	City of Tecumseh	Village of Madrid	Sherman
Village of Wynot	Fillmore County	Keith	Phelps	City of Loup City
Chase	Village of Grafton	Keith County	City of Holdrege	Thayer
Chase County	Village of Milligan	Kimball	Platte	City of Belvidere
Village of Wauneta	Franklin	City of Kimball	City of Columbus	City of Hebron
Cheyenne	Village of Bloomington	Knox	Village of Duncan	Village of Hubbell
Cheyenne County	City of Franklin*	City of Bloomfield	Village of Lindsay	Washington
Village of Potter	Frontier	Lancaster	Red Willow	City of Blair
Colfax	Village of Eustis	Village of Denton	City of Indianola	City of Fort Calhoun
City of Clarkson	Furnas	Lancaster County	Saline	Wheeler
Village of Howells	City of Cambridge*	City of Lincoln	City of Crete	Village of Ericson
City of Schuyler	Village of Holbrook	Village of Raymond	City of Wilber	York
Cuming	Village of Oxford	Village of Roca	Sarpy	Village of Benedict
Village of Beemer	Gage	Village of Sprague	City of Bellevue	Village of Waco
Custer	Village of Barneston	City of Waverly	City of Gretna	
Village of Anselmo*	City of Beatrice		City of LaVista	
	City of Blue Springs			

* Licensed but inactive

ADMINISTRATION, AUDIT, AND ENFORCEMENT

During the 2000-2001 reporting period, the Charitable Gaming Division initiated and/or resolved separate administrative actions involving gaming licenses. Below is a summary of the Division's Administrative Actions:

Administrative Orders Issued:

License Denial	1
Cease and Desist	1
Other	1

Administrative Actions Initiated and Pending:

Administrative Fine	1
License Denial	6
License Revocation	2
Tax Assessment	1

Administrative Actions Initiated and Resolved without an Order:

License Denial, Suspension, Cancellation, Revocation	
Rescinded*	12
Resolved by Operation of Law**	39
Resolved by Stipulation, Suspension and/or Fine***	12
Dismissed	4
Administrative Fine	
Waiver of Hearing and Payment of Fine***	15
Dismissed	2

*License denials were rescinded for a number of reasons, including the applicant withdrew the application and the payment of delinquent taxes in instances where the license denial was based on nonpayment of taxes.

**Resolution by operation of law occurs when a license application denial becomes final because a license applicant does not respond to a Notice of Intent to Deny within the 30-day time period allowed to request an administrative hearing.

***Total amount collected: \$5,402. Monies collected from the fines assessed are deposited by the State Treasurer into the Permanent School Fund for the support and maintenance of schools in Nebraska.

Temporary licenses and authorizations were granted by the State Tax Commissioner to applicants where the Department sought to deny a license application in order to protect the rights of the parties during the pendency of any administrative or court proceedings. As of the close of the annual reporting period, the following temporary licenses and authorizations had been granted:

Class II Bingo	1
Bingo Gaming Manager	2
Utilization of Funds Member	2
Class I Lottery by the Sale of Pickle Cards	1
Pickle Card Operator	8
Pickle Card Authorizations	14

The Policy/Licensing Section of the Charitable Gaming Division is responsible for the licensing of individuals, businesses, counties, cities, and villages, and nonprofit organizations which conduct charitable gaming activities in Nebraska. It is also responsible for the implementation of legislation enacted by the Nebraska Legislature relative to charitable gaming activities, identifying needed legislative changes in the charitable gaming areas which it regulates, recommending and drafting proposed legislation relative to charitable gaming, promulgating administrative regulations and revenue rulings to clarify and supplement statutory provisions, the development and publication of information guides and a biannual newsletter for gaming licensees, and for the rendering of day-to-day opinions and interpretations of charitable gaming laws.

During this past legislative session, the Nebraska Legislature enacted LB142, LB268, and LB541. LB142 authorized the creation of municipal counties. Policy staff worked with Senator Schimek's office in addressing the disposition of county/city lotteries conducted by a county, city, or village which becomes part of a municipal county and is subsequently dissolved after the creation of the municipal county. LB268 increased the number of days a qualifying nonprofit organization may conduct special event bingo from two per calendar year not exceeding a total of four days in duration to two per calendar year not exceeding a total of 14 days in duration. The bill also increased the number of times a premises may be used for special event bingo per calendar year from two to 14 days. LB541, an appropriation bill relating to the Cash Reserve Fund, reduced the amount of money which is to be transferred each year from the Charitable Gaming Operations Fund to the Compulsive Gamblers Assistance Fund to a maximum of \$50,000 each fiscal year. Prior to this change, Neb. Rev. Stat. §83-162.06 (R.S.Supp. 2000) required, for fiscal year 2000-01 and each fiscal year thereafter, the money remaining in the Charitable Gaming Operations Fund not used by the Charitable Gaming Division in its administration and enforcement duties be transferred to the Compulsive Gamblers Assistance Fund. LB541 repealed §83-162.06.

During the 2001 Legislative Session, the General Affairs Committee introduced, on behalf of the Department of Revenue, LB545 and LB546. Both of these bills were advanced to General File and will be carried over to the 2002 session. LB545 addresses changes with respect to the licensing of county/city lottery workers. LB546 addresses a number of technical issues relating to bingo, lottery by pickle cards, and lottery/raffle activities conducted by nonprofit organizations and county/city lotteries conducted by counties, cities, or villages. One significant change, if enacted, would be the ability for the Department to prorate charitable gaming licensing fees. With the implementation of biennial licensing this past year, the ability to prorate license fees on an annual basis will be more equitable to those licensees who discontinue their gaming activities during the first year of the biennium and those new license applicants who do not apply for a license until the second year of the biennium.

Revised bingo regulations were drafted and a public hearing was held on December 14, 2000. The revised bingo regulations were not approved by the Attorney General due to an exception noted with the use of electronic bingo card monitoring devices and a procedural error in the hearing notification process. After revising the proposed regulations on the use of electronic bingo card monitoring devices, another public hearing was held on October 11, 2001. At the time of publication of this report, the regulations are being reviewed again by the Attorney General.

A public hearing was held on August 24, 2001, to change the expiration date of county/city lottery licenses from September 30 of odd-numbered years to May 31 of even-numbered years. In addition, the expiration date of current county/city lottery licensees was extended until May 31, 2002. The purpose of this change was to shift the processing of county/city lottery license renewal applications from the busiest period for Charitable Gaming Division staff and to spread license renewal application processing work over the entire year. These changes were effective on September 29, 2001.

The Policy staff continue to work on revisions to pickle card, lottery/raffle, and county/city lottery regulations to reflect recent statutory changes and address other regulatory issues. Public hearings are expected to be held in 2002.

In August of this year, the Licensing staff began the initial phase of the biennial licensing of certain types of charitable gaming licensees. Nonprofit organizations which are tax exempt under section 501(c)(3) or (c)(4) of the Internal Revenue Code were converted to biennial licensing effective October 1, 2001. Pickle card operator and commercial lessor license applicants were also converted to biennial licensing effective October 1, 2001. The remainder of the nonprofit organizations will be converted to biennial licensing effective October 1, 2002.

Due to declining wagering in charitable gaming activities, there continue to be proposals made to the Policy/Licensing Section by interested parties to enhance the existing games. A number of proposals have been received and reviewed by our office relating to enhancements to the game of keno. Currently pending is a proposal to offer a \$2 million progressive keno jackpot involving a 5-ball draw as opposed to the usual 20-ball draw.

An additional enhancement was made to the Charitable Gaming Division's portion of the Department of Revenue's Web site. Now included on the Web site is an online database containing the names of individuals currently licensed as county/city lottery workers. The database also contains the names of individuals who have recently filed a county/city lottery worker license application but such applications have not completed processing. The information is accessed by county/city lottery licensees to make certain lottery workers are licensed or have an application on file before commencing their duties.

The Audit Section of the Charitable Gaming Division has responsibility for the enforcement and compliance review of licensed organizations conducting bingo, pickle card, and lottery/raffle, and of licensed counties, cities, and villages conducting city/county lottery (keno) activity. The section is also responsible for the review of certain financial aspects of the computerized keno systems that are approved by the Department for use in county and city lottery operations.

In addition to routine and requested field audits, the Audit Section conducted monthly reviews of the pickle card tax returns submitted by licensed distributors; monthly review of the pickle card activity of organizations with significant cash shortages; reviews of bingo paper usage reflected on quarterly reports filed by Class II bingo licensees; quarterly reviews of the tax returns submitted by organizations conducting bingo and lottery/raffle and by counties, cities, and villages conducting keno; annual reviews of the gaming activity reports for counties, cities, and villages conducting keno and all nonprofit organizations which were involved in charitable gaming activity. The activity breakdown is as follows:

652	Pickle card annual reports reviewed
219	Bingo annual reports reviewed
202	Lottery/raffle annual reports reviewed
131	County/city lottery annual reports reviewed
103	Annual report nonfilers identified and referred to Inspections Section and/or Investigative Services
26	Annual report shortages or audited losses identified and referred to Inspections Section and/or Investigative Services
30	Other annual report violations identified and referred to Inspections Section and/or Investigative Services
17	Other annual report violations identified and referred to Policy Section and/or Legal Services

- 7 Field audits of bingo operations
- 19 Field audits of pickle cards operations
- 5 Field audits of keno operations (county/city lottery)
- 221 Letters written to licensees in an attempt to explain problems with the annual reports, how a nonprofit can use the annual reports to audit themselves
- 5 Field audit visits to explain problems on the annual reports, take inventory, reconcile what the organization deposited into the pickle card account to the calculated amount of the funds generated from the sale of pickle cards
- 31 Tracking of monthly reconciliation of pickle card funds for organizations reporting a shortage of funds
- 6 Organizations remitting additional tax of \$1,808.00 as a result of the annual report review or bingo audit
- 3 Organizations placed on legal stipulation (probation) as result of audits

In addition, memoranda, with audit findings and work papers, were prepared where there were violations of gaming laws and provided to Legal and Investigative Services for further action.

The Audit Section prepared for and testified for the Department of Revenue in two (2) formal hearings regarding gaming violations. A pickle card presentation, including handouts and transparencies, was completed for the state conference held for representatives of all Veterans of Foreign Wars within Nebraska.

The Audit Section continued working with the MicroSupport Unit to develop an improved and more extensive statistical FoxPro computer program to be used for the entry of 2000-2001 and future bingo, pickle card, and lottery/raffle annual reports. Considerable time and effort has been devoted to cross training within the section and with other Charitable Gaming staff in the keno audit and inspection areas. Several training sessions have been held, including training at the NAGRA conference, the divisional retreat, and in-house which will be continued into the next fiscal year.

The Inspection Section consists of a supervisor and six inspectors. The inspectors work out of regional offices located in Scottsbluff, Grand Island, Norfolk, and Omaha, as well as the main office in Lincoln. While the inspectors continue to review the conduct of bingo and the sales of pickle cards by licensees, they have extended their review to the financial reporting and record keeping of licensed organizations and their use of charitable gaming funds for lawful purposes. Inspectors have also begun reviewing the conduct of county/city lottery (keno) activities including the licensing of keno writers, the sponsoring community's controls, and the use of the funds designated for community betterment purposes. During the reporting period, the staff assigned to inspections conducted the following charitable gaming activities:

- 109 Bingo game inspections
- 449 Organization inspections (pickle card and lottery/raffle)
- 2,460 Pickle card operator inspections
- 112 Keno compliance visitations
- 11 Formal presentations to gaming licensees or potential licensees
- 18 Illegal device follow-ups

Investigative Services is responsible for investigative and enforcement functions involving charitable gaming activities, as well as numerous other responsibilities within the Department. Investigative Services staff members are located at various locations throughout the State, having responsibility for general investigations and license applicant background investigations.

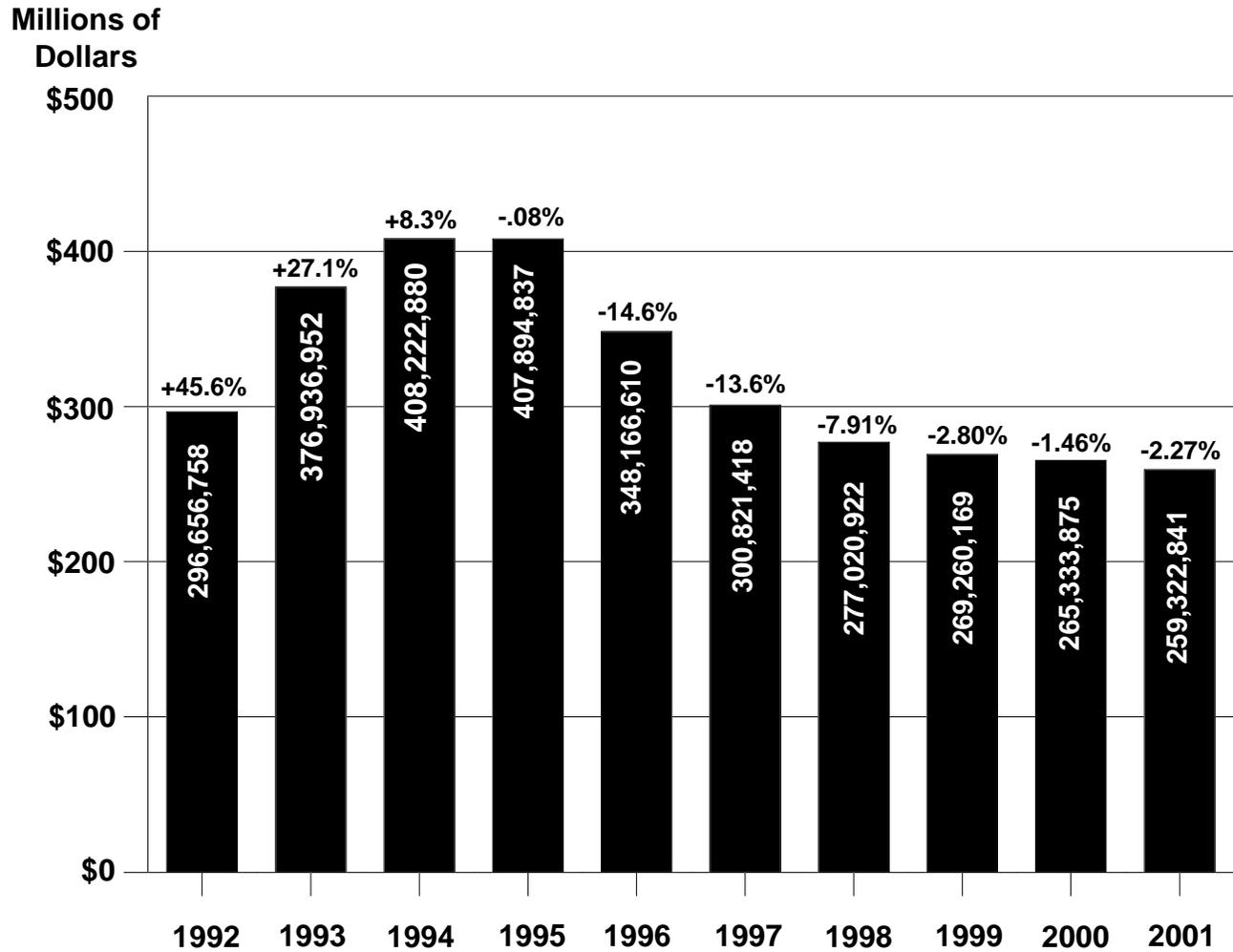
Investigative Services continues to work closely with the Charitable Gaming Division on gaming related matters in an effort to keep gaming activities as well enforced as possible, and yet flexible enough to accommodate the public. During recent years, wagering on charitable gaming activities has shown a decline which, like in the past, has shown an effect on the gaming activities of Investigative Services, resulting in an 11 percent decrease in general investigations during this reporting period, compared to a 17 percent decrease the previous reporting period. It should be noted, however, that due to staffing changes within Investigative Services, each investigator is still assigned approximately the same amount of investigations as previously. The investigations conducted by the service area are both civil and criminal in nature and, following completion, a large number of those investigations are forwarded to local prosecuting attorneys for potential criminal prosecution. Investigative Services continues to enjoy an excellent working relationship with various law enforcement agencies and prosecuting attorneys throughout the State.

During the reporting period, Investigative Services conducted the following charitable gaming-related investigative and enforcement-related activities:

- 4 Manufacturer background investigations
- 5 County/City Lottery background investigations
- 227 Investigations resulting from alleged violations and/or complaints (all gaming activities combined)

APPENDIX

Ten-Year Comparison of Total Gross Dollars Wagered by Fiscal Year



NOTE: Percentages reflect increase/decrease in gross dollars wagered compared to immediately preceding fiscal year.

Ten-Year Comparison of Gross Dollars Wagered by Activity by Fiscal Year

Bingo

2001	\$17,641,173
2000	\$18,965,647
1999	\$19,229,963
1998	\$19,355,648
1997	\$20,166,019
1996	\$21,327,226
1995	\$23,218,067
1994	\$24,540,035
1993	\$25,803,263
1992	\$25,613,448

Pickle Card

2001	\$71,391,519
2000	\$82,866,886
1999	\$90,502,926
1998	\$100,289,010
1997	\$116,790,134
1996	\$144,343,073
1995	\$172,747,356
1994	\$177,359,919
1993	\$176,401,514
1992	\$155,867,845

Lottery/Raffle*

2001	\$4,238,281
2000	\$3,811,149
1999	\$3,458,815
1998	\$3,541,481
1997	\$3,343,691
1996	\$3,066,071
1995	\$3,258,517
1994	\$2,603,287
1993	\$2,910,865
1992	\$2,893,116

County/City Lotteries

2001	\$166,051,868
2000	\$159,690,193
1999	\$156,068,465
1998	\$153,834,783
1997	\$160,521,574
1996	\$179,430,240
1995	\$208,670,897
1994	\$203,719,639
1993	\$171,821,310
1992	\$112,282,349

* Includes only lotteries exceeding \$1,000 in gross proceeds and raffles exceeding \$5,000 in gross proceeds.

Ten-Year Comparison of Licensees by Fiscal Year

Bingo

2001	████████	194
2000	████████	204
1999	████████	216
1998	████████	228
1997	████████	238
1996	████████	255
1995	████████	264
1994	████████	300
1993	████████	319
1992	████████	324

Pickle Card

2001	████████████████████	603
2000	████████████████████	623
1999	████████████████████	653
1998	████████████████████	671
1997	████████████████████	691
1996	████████████████████	694
1995	████████████████████	683
1994	████████████████████	655
1993	████████████████████	627
1992	████████████████████	590

Lottery/Raffle

2001	████████████	243
2000	██████████	199
1999	██████████	186
1998	██████████	186
1997	██████████	178
1996	██████████	177
1995	██████████	177
1994	██████████	169
1993	██████████	156
1992	██████████	156

County/City Lottery

2001	██████████	136
2000	██████████	126
1999	██████████	137
1998	██████████	132
1997	██████████	136
1996	██████████	131
1995	██████████	132
1994	██████████	118
1993	██████████	117
1992	██████████	75

Ten-Year Comparison of Licensees by Fiscal Year

Pickle Card Sales Agents

2001	██████████	618
2000	██████████	645
1999	██████████	678
1998	██████████	691
1997	██████████	718
1996	██████████	750
1995	██████████	701
1994	██████████	643
1993	██████████	554
1992	██████████	461

Pickle Card Operators

2001	██████████	1,354
2000	██████████	1,410
1999	██████████	1,495
1998	██████████	1,551
1997	██████████	1,620
1996	██████████	1,715
1995	██████████	1,753
1994	██████████	1,635
1993	██████████	1,465
1992	██████████	1,259

Utilization of Funds Members

2001	██████████	1,190
2000	██████████	1,164
1999	██████████	1,210
1998	██████████	1,242
1997	██████████	1,282
1996	██████████	1,318
1995	██████████	1,342
1994	██████████	1,467
1993	██████████	1,362
1992	██████████	1,273