



2003
CHARITABLE GAMING
DIVISION
ANNUAL REPORT



NEBRASKA DEPARTMENT OF REVENUE



CHARITABLE GAMING DIVISION ANNUAL REPORT 2003

In compliance with Neb. Rev. Stat. § 9-1,101 (R.S.Supp. 2002), 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 2002-2003 Fiscal Year.



Mary Jane Egan
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

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REVENUE, BUDGET, EXPENDITURES, AND DISTRIBUTIONS

REVENUE

During the fiscal reporting period July 1, 2002 through June 30, 2003, 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 applicable biennial licensing fees for the various licenses issued in each area including the \$1,525 biennial licensing fee for each manufacturer-distributor of lottery supplies and equipment, the \$50 decal fee for the annual 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 \$2,393,817 plus other revenue of \$58,168 for total cash fund revenue of \$2,451,985. Cash funds distributed for expenses of the Charitable Gaming Division totaled \$1,912,956, plus the Charitable Gaming Cash Fund distribution of \$10,647 and the Athletic Commission Cash Fund distribution of \$25,851 for the \$36,498 total expenses of the Athletic Commission. The remaining cash fund balance as of June 30, 2003, less \$50,000 transferred to the Compulsive Gamblers Assistance Fund, may be transferred annually by the Legislature to the General Fund. The program revenue accrued to the Charitable Gaming Operations Cash Fund and to the General Fund from July 1, 2002 through June 30, 2003, was as follows:

Receipt Type	Cash Fund	General Fund	Total
Tax Revenue	\$2,288,602	\$3,454,104	\$5,742,706
Fee Revenue	105,215	189,700	294,915
Total Tax and Fee Revenue	\$2,393,817	\$3,643,804	\$6,037,621
Other Revenue	58,168	0	58,168
TOTAL REVENUE	<u>\$2,451,985</u>	<u>\$3,643,804</u>	<u>\$6,095,789</u>

BUDGET, EXPENDITURES, AND DISTRIBUTIONS

Expenditure Type	Budgeted Amounts*	Actual Expenditures**
Personal Services	\$1,679,866	\$1,560,900
Salaries	\$1,329,438	\$1,217,771
Benefits	350,428	343,129
Operating Expenses	247,779	224,817
Travel Expenses	117,768	72,729
Capital Outlay	64,665	54,510
Total Charitable Gaming Expenses	\$2,110,078	\$1,912,956
Athletic Commission Expenses Included		
In the Charitable Gaming Budget and Expenditures	36,498***	36,498***
Total Expenses From Cash Funds	<u>\$2,146,576</u>	<u>\$1,949,454</u>

* Annual budget amounts for fiscal year 2002-2003.

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

*** Total expenses for the Athletic Commission were \$36,498. Of this total, \$25,851 was paid from the Athletic Commission Cash Fund and \$10,647 from the Charitable Gaming Cash Fund.

QUARTERLY BREAKDOWN

GROSS DOLLARS WAGERED

	Third Quarter 2002	Fourth Quarter 2002	First Quarter 2003	Second Quarter 2003	Total FY 2002-2003
Bingo	\$ 4,390,632	\$ 4,058,770	\$ 4,029,011	\$ 4,080,430	\$ 16,558,843
Pickle Card	16,016,641	14,973,145	16,737,181	14,832,521	62,559,488
County/City Lottery	43,008,816	45,221,354	47,071,547	44,216,727	179,518,444
Lottery/Raffle	1,419,480	1,416,284	1,133,805	1,198,911	5,168,480
TOTALS	<u>\$64,835,569</u>	<u>\$65,669,553</u>	<u>\$68,971,544</u>	<u>\$64,328,589</u>	<u>\$263,805,255</u>

TAX REVENUES

Bingo	\$ 131,719	\$ 121,763	\$ 120,870	\$ 122,413	\$ 496,765
Pickle Card	389,950	365,586	408,653	362,840	1,527,029
County/City Lottery	860,176	904,427	941,431	884,335	3,590,369
Lottery/Raffle	28,390	28,326	22,676	23,987	103,379
TOTALS	<u>\$1,410,235</u>	<u>\$1,420,102</u>	<u>\$1,493,630</u>	<u>\$1,393,575</u>	<u>\$5,717,542*</u>

LICENSE FEES

Cash Fund	\$ 24,300	\$69,310	\$ 6,850	\$ 7,880	\$108,340
General Fund	130,290	8,945	7,495	46,770	193,500
TOTALS	<u>\$154,590</u>	<u>\$78,255</u>	<u>\$14,345</u>	<u>\$54,650</u>	<u>\$301,840</u>

TOTAL TAXES AND LICENSE FEES

TOTALS	<u>\$1,564,825</u>	<u>\$1,498,357</u>	<u>\$1,507,975</u>	<u>\$1,448,225</u>	<u>\$6,019,382</u>
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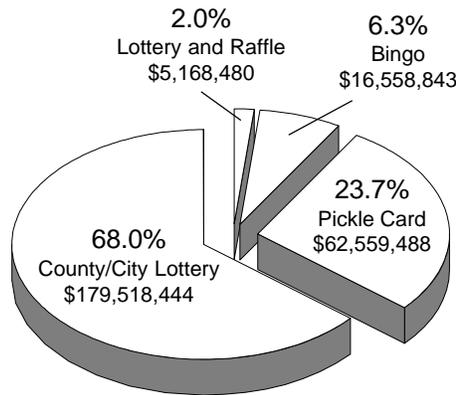
* Based upon tax returns filed; actual tax revenue received was \$5,742,706.

YEAR IN REVIEW

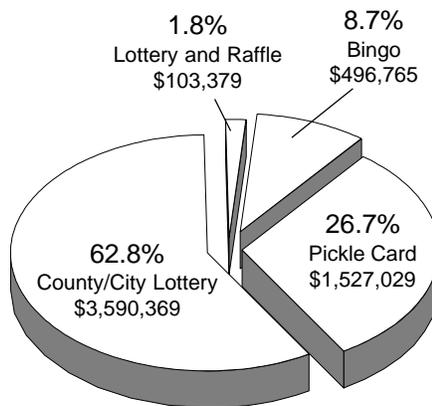
During the 2002-2003 reporting period, total charitable gaming dollars wagered (\$263,805,255) decreased by 1.0 percent from the previous reporting period. Overall wagering has declined by 35.38 percent when compared to its peak year in 1994 when wagering reached \$408,222,880.

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 eight reporting periods, pickle card sales showed a decline, down 8.41 percent. Bingo continued the decrease started in 1994 with a further decrease from last year of 0.76 percent. Lottery/raffle activity is at an all-time high and increased by 13.28 percent from last year. County/city lottery wagering increased for the fifth year in a row with an increase of 1.47 percent over last year. As a result of the overall decrease in wagering, gaming tax revenues were also down this reporting period (1.36 percent) when compared to last year.

TOTAL GAMING DOLLARS WAGERED – \$263,805,255



TOTAL GAMING TAX REVENUE – \$5,717,542*



* Based upon tax returns filed; actual tax revenue received was \$5,742,706.

2002-2003 LICENSEES

as of June 30, 2003

8	Manufacturers of Bingo Supplies/Equipment and Pickle Cards
3	Distributors of Bingo Supplies/Equipment and Pickle Cards
8	Manufacturer-Distributors of County/City Lottery Supplies and Equipment
168	Organizations Licensed to Conduct Bingo
131	Class I (Gross Receipts of less than \$100,000 per year)
37	Class II (Gross Receipts of \$100,000 or more per year)
87	Special Event Bingo Permits
563	Organizations Licensed to Conduct a Lottery by Pickle Cards
194	Class I (Selling only at own premises and/or bingo occasions)
369	Class II (Selling through pickle card operators, at own premises, and/or bingo occasions)
296	Organizations Licensed to Conduct Lotteries and Raffles
138	Counties, Cities or Villages Licensed to Conduct a Lottery
137	County/City Lottery Operators
569	County/City Sales Outlet Locations
4,696	County/City Lottery Workers
1,174	Utilization of Funds Members (Bingo, Pickle Cards, Lottery/Raffle)
46	Gaming Managers (Bingo)
10	Commercial Lessors (Bingo)
14	Commercial Bingo Halls
590	Sales Agents (Pickle Cards)
1,263	Pickle Card Operators
1,763	Pickle Card Operator Authorizations
<hr/>	
9,756	TOTAL LICENSEES

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

as of June 30, 2003

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	3	3	7	8	7	1	Jefferson	2		3	4		1
Antelope	1			3	3	2	Johnson	1		1	1		1
Arthur				1		1	Kearney				1		
Banner							Keith	2		3	5	1	1
Blaine							Keya Paha						
Boone	2		3	4	4		Kimball			1	1	1	1
Box Butte	3	1	3	2	1	2	Knox	4			2	1	3
Boyd				1			Lancaster	5	7	10	40	29	7
Brown	1			1	1	1	Lincoln	1	1	5	6	9	5
Buffalo	4	1	5	8	5	2	Logan			1			
Burt	1		2	1			Loup				1		
Butler	1		1	9	7	2	Madison	3	3	5	8	7	1
Cass	3		4	10	5	2	McPherson						
Cedar	2			3	2	2	Merrick	2		2	5		
Chase	4		2			2	Morrill			1		2	1
Cherry	1		1	1		1	Nance	1		2	3	2	
Cheyenne	1		1	3	3	3	Nemaha	2		2	1		1
Clay			1	4	2		Nuckolls			2	2		2
Colfax	6		3	3	6	3	Otoe	3		1	7	1	3
Cuming	4		2	4	3	1	Pawnee			1	1		
Custer	1			2			Perkins					1	2
Dakota		2	1	7	2	2	Phelps	2		2	3	2	2
Dawes			1			2	Pierce	2		1	3	1	
Dawson	4		5	5	2	1	Platte	2	1	5	6	11	3
Deuel	1		1	1		1	Polk			1	2		1
Dixon				2	1		Red Willow	5		4	2	4	1
Dodge	6		7	14	9	3	Richardson	1		3	4	2	
Douglas	5	11	37	52	94	7	Rock	1		1			
Dundy							Saline	1		3	8	5	3
Fillmore	4		2	6		3	Sarpy		2	4	20	10	6
Franklin	1			1		4	Saunders	2		3	10	8	6
Frontier	1			1		1	Scotts Bluff	3	2	5	3	8	5
Furnas				1	2	3	Seward				5	2	
Gage	3	1	2	5	3	4	Sheridan	1		1	1	2	1
Garden	1		1				Sherman	2		2	4	1	1
Garfield	1		1	1			Sioux						
Gosper						1	Stanton	1		1	1		
Grant			1				Thayer	2		2	3		3
Greeley				2	3	3	Thomas						
Hall	5	2	10	8	9	2	Thurston				1		
Hamilton	1			3	1		Valley	3		2	3	1	1
Harlan	1			2		1	Washington	1		4	2	3	2
Hayes							Wayne	1		1	3	2	
Hitchcock	1		1	1		3	Webster				4		
Holt				5	2	2	Wheeler				1		2
Hooker							York	1		3	3	1	2
Howard	1		1	4	2	2	TOTAL	131	37	194	369	296	138

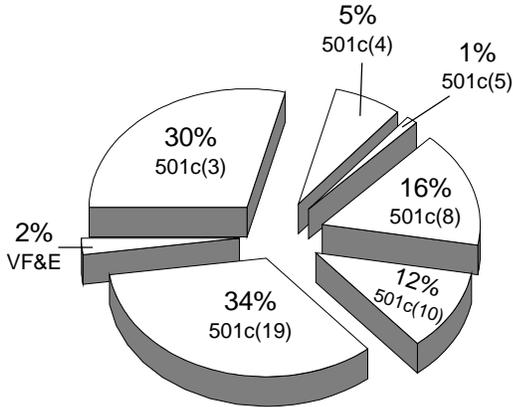
LICENSED SALES AGENTS, GAMING MANAGERS, AND PICKLE CARD OPERATORS, BY COUNTY

as of June 30, 2003

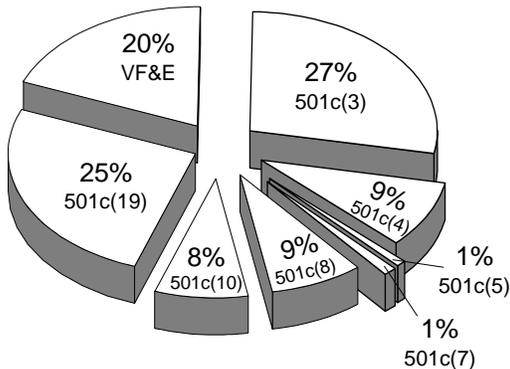
COUNTY	SALES AGENTS	GAMING MANAGERS	PICKLE CARD OPERATORS	COUNTY	SALES AGENTS	GAMING MANAGERS	PICKLE CARD OPERATORS
Adams	29	3	14	Jefferson	7		10
Antelope	4		5	Johnson	1		7
Arthur	1			Kearney	1		5
Banner				Keith	9		15
Blaine				Keya Paha			1
Boone	6		7	Kimball	2		5
Box Butte	2	1	5	Knox	3		9
Boyd	1		3	Lancaster	80	10	131
Brown	1		3	Lincoln	12	1	29
Buffalo	15	1	23	Logan			1
Burt	1		5	Loup	1		2
Butler	9		15	Madison	12	3	29
Cass	14		19	McPherson			
Cedar	3		12	Merrick	5		9
Chase			3	Morrill			2
Cherry	4		11	Nance	3		8
Cheyenne	5		7	Nemaha	1		6
Clay	6		9	Nuckolls	2		3
Colfax	3		8	Otoe	10		20
Cuming	6		15	Pawnee	1		2
Custer	2		5	Perkins			2
Dakota	11	2	14	Phelps	4		5
Dawes			3	Pierce	5		11
Dawson	7		13	Platte	8	1	37
Deuel	1		3	Polk	2		11
Dixon	2		13	Red Willow	4		13
Dodge	21		49	Richardson	5		7
Douglas	94	13	290	Rock			
Dundy			1	Saline	10		18
Fillmore	9		9	Sarpy	30	4	55
Franklin	2		4	Saunders	17		22
Frontier	2		3	Scotts Bluff	5	2	23
Furnas	1		4	Seward	7		19
Gage	8	1	20	Sheridan	2		3
Garden			1	Sherman	5		5
Garfield	1		4	Sioux			
Gosper			3	Stanton	1		4
Grant				Thayer	3		6
Greeley	2		6	Thomas			1
Hall	17	4	33	Thurston	2		4
Hamilton	3		7	Valley	3		5
Harlan	4		9	Washington	3		8
Hayes				Wayne	5		10
Hitchcock	2		6	Webster	4		8
Holt	7		14	Wheeler	1		2
Hooker			1	York	4		6
Howard	4		5	TOTAL	590	46	1,263

ORGANIZATIONS PARTICIPATING IN GAMING ACTIVITIES

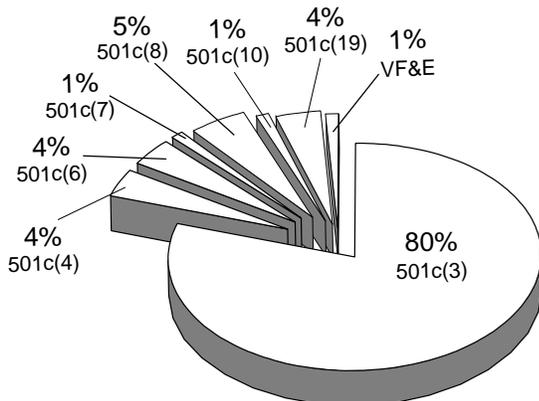
Bingo



Pickle



Lottery/Raffle



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

- 501(c)(3)** Corporations, community chests, 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, chambers of commerce, real estate boards, boards of trade, or professional football leagues.
- 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: Any volunteer fire company, or volunteer first-aid, rescue, ambulance, or emergency squad (VF&E).

Only those organizations holding an exemption under section 501(c)(3), (4), (5), (8), (10), or (19), or a volunteer fire company, or volunteer first-aid, rescue, ambulance, or emergency squad 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 company, or volunteer first-aid, rescue, ambulance, or emergency squad may apply for a license to conduct lotteries or raffles.

THE GAMES

BINGO

For the tenth consecutive year, wagering on bingo in Nebraska declined. Bingo gross receipts for the reporting period were \$16,558,843, bingo's lowest wagering total in 16 years. Bingo gross receipts were down 0.76 percent from the previous reporting period.

Class I bingo receipts at \$3,557,570 were down this reporting period by 22.26 percent from the previous reporting period. This coincides with a decrease in the number of organizations holding a Class I bingo license (131 this period as compared to 152 last year). However, at least \$912,165 of the Class I decrease is a result of the shifting or upgrading of 8 Class I bingo organizations to a Class II license. The change of license classification is the result of the passage of LB545 in 2002, which lowered the annual gross receipts threshold for a Class II bingo license from \$150,000 to \$100,000. Thus, the number of Class II bingo licensees jumped to 37 this period (as compared to 30 last year) and conjointly, the Class II bingo receipts for the reporting period totaled, \$13,001,273, increased by 7.36 percent over the previous reporting period. Although bingo suffered a 4.1 percent decrease in attendance when compared to last year, the average player spend actually increased from \$23.42 to \$24.23.

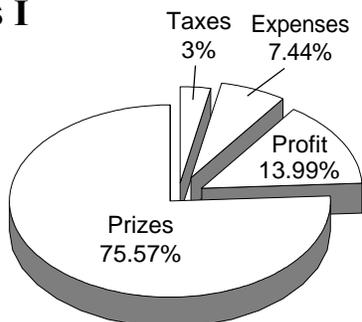
Class I bingo showed a decrease in actual income this reporting period as compared to last year while Class II bingo had an increase in income over last year. In fact, Class I bingo licensees reported a decrease from last year in gross receipts, prizes paid, bingo expenses, taxes, and profit this fiscal year. At least part of these decreases are attributable to the passage of LB545 mentioned above, and also partially explain why Class II bingo licensees had an increase in gross receipts, prizes paid, bingo expenses, taxes, and profit this fiscal year over last year. Additionally, the increase in Class II bingo net profit is, in all likelihood, attributable to the use of bingo card monitoring devices. A bingo card monitoring device is a technological aid used by a bingo player to monitor up to 72 bingo cards per game. The Department believes that the use of bingo card monitoring devices has saved many Class II bingo operations from having to cease operation altogether.

Another significant statistic to note in the bingo area during this reporting period is that for the fifth 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.) As suggested by the earlier statistics, the Class I bingo profit percentage decreased from 15.48 percent last year to 13.99 percent this year and Class II bingo profit percentage increased from 2.27 percent to 2.48 percent this year. This is the fourth annual report without any local bingo tax on these receipts due to legislative change effective January 1, 1999, which eliminated the local bingo tax of 1 percent of the gross receipts.

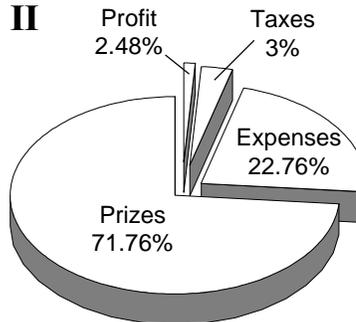
Although the figures on this page do not include attendance, wagering, prizes, or expenses for Special Event Bingo, it is noteworthy to mention its existence. Special Event Bingo is a charitable gaming option that became available in October of 1994, which allows an organization to forego the requirement 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 requirement in place for Class I and Class II bingo licensees. However, it appears that the number of Special Event Bingo permits issued during this reporting period, 87, is also now declining as it was 4.4 percent less than the number issued last year.

	CLASS I	CLASS II	TOTAL
Bingo Gross Receipts	\$3,557,570	\$13,001,273	\$16,558,843
Prizes	2,688,472	9,330,030	12,010,129
Expenses	264,860	2,959,253	3,260,436
Taxes	106,727	390,038	496,765
Profit	\$ 497,511	\$ 321,952	\$ 791,513

Class I



Class II



Number of Occasions Conducted	10,660
Attendance Reported	683,346
Average Player Spend Per Occasion	\$24.23*

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

PICKLE CARDS

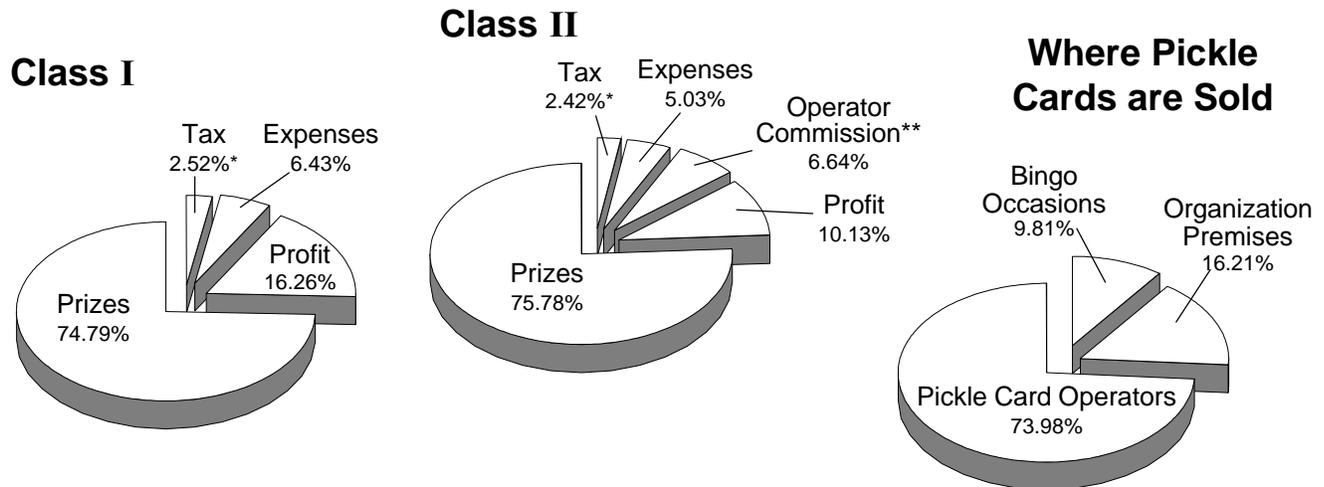
As has been the case for the past eight reporting periods, total pickle card sales in Nebraska declined during this reporting period, totaling \$62,559,488. This is a 8.41 percent decrease compared to the previous reporting period, and marked the fifth consecutive year that pickle card sales failed to reach \$100,000,000. Overall, pickle card sales are down 64.73 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 8.02 percent) with only 30,572 units reported sold as compared to 33,239 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 7.29 percent, falling from \$13,306,502 last year to \$12,336,954 this year. For the same period, Class II licensees, those selling primarily through pickle card operators, had a similar decrease in sales of 8.68 percent, dropping from \$54,996,022 last year to \$50,222,534 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 575 to 563), 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), although there was a slight increase in that percentage this reporting period (up from 73 percent to almost 74 percent). For the first time in eight years, the number of licensed pickle card operators increased slightly, going from 1,250 last year to 1,263 this year. However, the number of pickle card dispensing devices registered during the reporting period declined from last year, dropping by 7.05 percent (1,371 devices registered this period as compared to 1,475 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	\$12,336,954	\$50,222,534	\$62,559,488
Prizes	9,226,243	38,059,553	47,285,796
Operator Commissions	N/A	3,337,218	3,337,218
Expenses	793,489	2,526,916	3,320,405
Taxes	311,071	1,215,958	1,527,029
Profit	\$ 2,006,151	\$ 5,082,889	\$ 7,089,040



Pickle Card Dispensing Devices Registered	1,371
Number of Pickle Card Units Sold	30,572

* The statutory pickle card tax rate is ten percent of definite profit, which translates to approximately 2.44 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 \$5,168,480. The lottery/raffle combined gross proceeds represent an increase of almost 13.28 percent when compared to the same period last year. Last year's proceeds had also set a new record at \$4,562,701; a 7.65 percent increase over the previous period. In five earlier 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 3.78 percent while the sale of raffle tickets (primarily merchandise prize drawing) jumped 35.27 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.

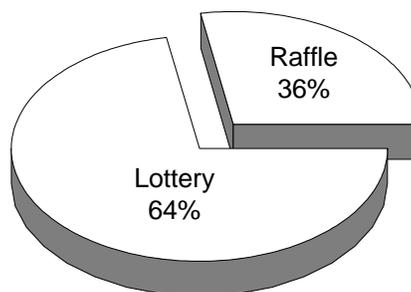
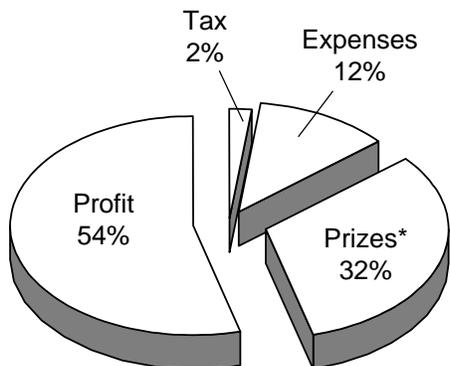
The total number of lottery/raffle licensees increased by more than 12 percent during this reporting period (296 this period compared to 264 last year). Most of the increase in licenses may be attributable to increased awareness and compliance with licensing requirements through enhanced educational efforts by the Department of the organizations that are subject to licensing.

This is the fifth year we have illustrated the percentage of dollars spent on lottery versus raffle tickets as reflected in the pie chart on the right below. 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.

The percentage distributions of the lottery/raffle gross proceeds for this reporting period, as illustrated in the pie chart on the left below, are unchanged from last year's percentages. Thus, profits remained at 54 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	\$3,307,789	
Raffle Gross Proceeds	1,860,691	
Total Gross Proceeds		\$5,168,480
Prizes		1,673,615
Expenses		612,544
Total Taxes		103,379
Profit		\$2,778,942



* Actual prizes awarded equaled 42 percent of the total gross proceeds; however, of this 42 percent, 10 percent of the prizes awarded were donated prizes.

COUNTY/CITY LOTTERIES

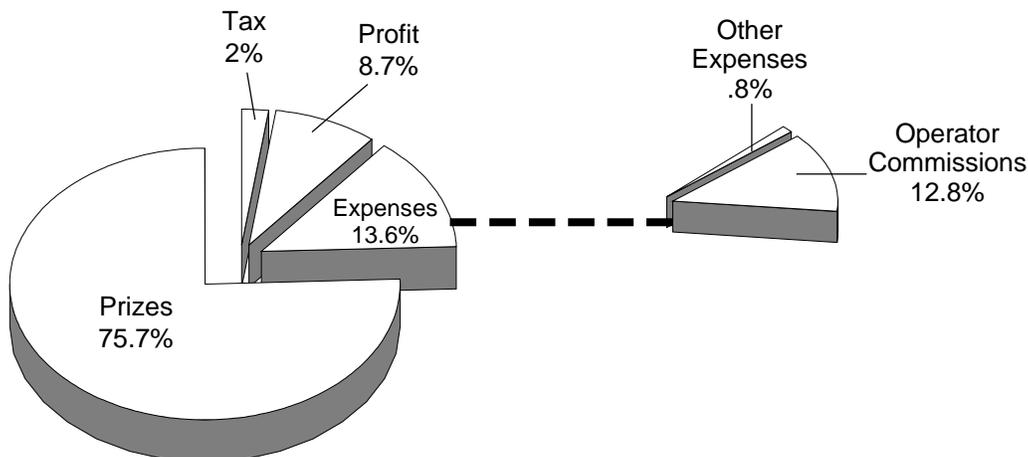
County/city lottery (keno) continued the rebound started four years ago, showing a 1.47 percent increase over the previous reporting period. Gross wagering at \$179,518,444 represented an increase of over 2.6 million dollars. A large portion of this increased wagering is attributable to those communities 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, Kearney, Hall County, Papillion, Ralston, North Platte, Ashland, Terrytown, Crawford, and Bloomington. A portion of this increase is also due to seven new communities that were licensed to start conducting county/city lottery activity during the reporting period (the villages of Bertrand, Dannebrog, Dorchester, Naponee, North Loup, Odell, and Orchard). Despite this year's repeated positive news, overall county/city lottery wagering is still down 13.97 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 some are considering enhancements which may restore part 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 number 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.

Nine communities held an election on the establishment of a lottery during the reporting period as compared to two for the same period last year. Eight of the communities approved and one defeated the operation of a lottery within their jurisdiction (see pages 12 and 13 of this report for election status details). The number of communities licensed to conduct a lottery increased to 138 during the reporting period. There were 128 licensed as of the end of the prior fiscal year, although there were seven communities that were inactive. Of the 138 licensed for the current period, it should be noted that eleven 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 prizes paid increased 0.1 percent from last year while the offsetting 0.1 percent decrease is to the profit for the communities at 8.7 percent.

County/City Lottery Gross Proceeds	\$179,518,444
Prizes	135,904,277
Lottery Operator Commissions	\$22,936,012
Other Expenses	\$ 1,476,186
Total Expenses	24,412,198
Taxes	3,590,369
Profit	\$ 15,611,600



COUNTY/CITY LOTTERY ELECTION AND LICENSING STATUS

as of June 30, 2003

Holding Election	Result of Election	License Issued	Status	Holding Election	Result of Election	License Issued	Status
Ainsworth	Defeated			Dodge	Affirmative		(c)
Albion	Defeated			Dodge County	Affirmative		(b)
Alda	Affirmative		(b)	Doniphan	Affirmative	Yes	Active
Alliance	Affirmative	Yes	Active	Dorchester	Affirmative	Yes	Active
Anselmo	Affirmative		Inactive (c)	Douglas County	Affirmative (Part of Omaha)		Active (a)
Arlington	Defeated			Duncan	Affirmative	Yes	Inactive (a)
Arthur County	Affirmative	Yes	Inactive (c)	Dwight	Affirmative	Yes	Inactive (a)
Ashland	Affirmative	Yes	Active	Eagle	Affirmative	Yes	Inactive (c)
Auburn	Affirmative	Yes	Active	Elkhorn	Affirmative	Yes	Active (a)
Aurora	Defeated			Elm Creek	Affirmative	Yes	Active
Avoca	Affirmative		Inactive (c)	Elwood	Affirmative		(b)
Banner County	Affirmative		(b)	Ericson	Affirmative	Yes	Active
Barneston	Affirmative	Yes	Active	Eustis	Affirmative	Yes	Active
Battle Creek	Affirmative	Yes	Active	Exeter	Affirmative		Inactive (c)
Bayard	Affirmative	Yes	Active	Fairbury	Affirmative	Yes	Active
Beatrice	Affirmative	Yes	Active (a)	Fairfield	Affirmative		Inactive (a)
Beaver City	Affirmative		(b)	Fairmont	Affirmative		(b)
Beaver Crossing	Affirmative		Inactive (a)	Falls City	Defeated		
Bee	Affirmative		(b)	Fillmore County	Affirmative	Yes	Active
Beemer	Affirmative	Yes	Active	Fort Calhoun	Affirmative	Yes	Active (a)
Belgrade	Affirmative		Inactive (c)	Franklin	Affirmative	Yes	Active
Bellevue	Affirmative	Yes	Active (a)	Fremont	Affirmative	Yes	Active
Belvidere	Affirmative	Yes	Active (a)	Fullerton	Affirmative		Inactive (a)
Benedict	Affirmative	Yes	Active	Gage County	Affirmative		(b)
Benkelman	Affirmative		Inactive (c)	Geneva	Defeated		
Bennington	Affirmative	Yes	Active	Genoa	Affirmative		(b)
Bertrand	Affirmative	Yes	Active	Gering	Affirmative	Yes	Active
Blair	Affirmative	Yes	Active	Goehner	Affirmative		(b)
Bloomfield	Affirmative	Yes	Active	Gosper County	Affirmative	Yes	Active
Bloomington	Affirmative	Yes	Active	Grafton	Affirmative	Yes	Active
Blue Hill	Affirmative		(b)	Grant	Affirmative	Yes	Active
Blue Springs	Affirmative	Yes	Active	Greeley	Affirmative	Yes	Active
Brady	Affirmative	Yes	Active	Greenwood	Affirmative		(c)
Brewster	Affirmative		(b)	Gretna	Affirmative	Yes	Active
Bridgeport	Affirmative		Inactive (c)	Gurley	Affirmative		(b)
Brown County	Defeated			Hadar	Defeated		
Brownville	Affirmative		Inactive (c)	Haigler	Affirmative		(b)
Buffalo County	Defeated			Hall County	Affirmative	Yes	Active
Burr	Affirmative		(b)	Hardy	Affirmative	Yes	Active
Callaway	Defeated			Harlan County	Affirmative	Yes	Active
Cambridge	Affirmative	Yes	Inactive (c)	Hartington	Affirmative		Inactive (c)
Cedar Creek	Affirmative		Inactive (a)	Hastings	Affirmative	Yes	Active
Central City	Defeated			Hay Springs	Affirmative	Yes	Active
Chadron	Affirmative	Yes	Active	Hebron	Affirmative	Yes	Inactive (c)
Chappell	Affirmative		(b)	Hemingford	Affirmative	Yes	Active
Chase County	Affirmative	Yes	Active	Hershey	Affirmative	Yes	Active
Cheyenne County	Affirmative	Yes	Active	Hickman	Defeated		
Clarkson	Affirmative	Yes	Active	Hitchcock County	Affirmative	Yes	Active
Columbus	Affirmative	Yes	Active	Holbrook	Affirmative	Yes	Active (a)
Cortland	Affirmative		(b)	Holdrege	Affirmative	Yes	Active
Cozad	Defeated			Holstein	Affirmative		(c)
Craig	Affirmative		(b)	Hooper	Affirmative		(b)
Crawford	Affirmative	Yes	Active	Howells	Affirmative	Yes	Active
Creston	Affirmative		Inactive (a)	Hubbell	Affirmative	Yes	Active
Crete	Affirmative	Yes	Active (a)	Humboldt	Affirmative		(b)
Dakota City	Affirmative (Part of S. Sioux City)		Active (a)	Humphrey	Affirmative		(b)
Dannebrog	Affirmative	Yes	Active	Imperial	Affirmative		(b)
David City	Affirmative	Yes	Active (a)	Indianola	Affirmative	Yes	Active
Dawson County	Affirmative	Yes	Active	Inglewood	Affirmative (Part of Fremont)		Active
Denton	Affirmative	Yes	Active (a)	Kearney	Affirmative	Yes	Active
Deuel County	Affirmative	Yes	Active	Keith County	Affirmative	Yes	Active

Holding Election	Result of Election	License Issued	Status	Holding Election	Result of Election	License Issued	Status
Kenesaw	Defeated			Prague	Affirmative	Yes	Active
Kennard	Affirmative		(a)	Ralston	Affirmative	Yes	Active (a)
Kilgore	Affirmative	Yes	Inactive (c)	Randolph	Affirmative	Yes	Active
Kimball	Affirmative	Yes	Active	Ravenna	Affirmative		Inactive (a)
Lancaster County	Affirmative (Part of Lincoln)		Active	Raymond	Affirmative	Yes	Active
LaVista	Affirmative	Yes	Active (a)	Riverton	Affirmative	Yes	Inactive (c)
Lewellen	Affirmative		(b)	Roca	Affirmative	Yes	Active
Lincoln	Affirmative	Yes	Active	Rulo	Affirmative		Inactive (a)
Lincoln County	Affirmative (Part of North Platte)		Active	Rushville	Affirmative		Inactive (a)
Lindsay	Affirmative	Yes	Active (a)	St. Edward	Affirmative		(a)
Lodgepole	Affirmative	Yes	Active	St. Paul	Affirmative	Yes	Active
Long Pine	Affirmative	Yes	Active	Sargent	Affirmative		(b)
Lorton	Affirmative	Yes	Active	Sarpy County	Affirmative	Yes	Active
Louisville	Affirmative		(b)	Schuyler	Affirmative	Yes	Active (a)
Loup City	Affirmative	Yes	Active (a)	Scotts Bluff Co	Affirmative	Yes	Active (a)
Lyman	Affirmative	Yes	Active	Scribner	Affirmative		Inactive (a)
Madison	Defeated			Seward	Defeated		
Madrid	Affirmative	Yes	Active	Seward County	Defeated		
Mason City	Affirmative		(c)	Shelby	Affirmative		(b)
Maywood	Affirmative		Inactive (c)	Shelton	Affirmative		Inactive (c)
McCook	Affirmative		Inactive (c)	Sidney	Defeated		
McGrew	Affirmative	Yes	Active	Silver Creek	Affirmative		Inactive (a)
Melbeta	Affirmative		(b)	Smithfield	Affirmative		(b)
Memphis	Affirmative	Yes	Active	Snyder	Affirmative		(a)
Merriman	Defeated			South Bend	Affirmative		(b)
Milligan	Affirmative	Yes	Inactive (c)	South Sioux City	Affirmative	Yes	Active (a)
Minatare	Affirmative		Inactive (c)	Spalding	Affirmative	Yes	Active
Minden	Defeated			Sprague	Affirmative	Yes	Active
Monroe	Affirmative		(b)	Springfield	Affirmative	Yes	Active
Morrill	Affirmative		(c)	Stanton	Affirmative		(b)
Morse Bluff	Affirmative	Yes	Active (a)	Sterling	Affirmative		Inactive (c)
Mullen	Affirmative		(a)	Stuart	Affirmative	Yes	Active
Naponee	Affirmative	Yes	Active	Superior	Affirmative	Yes	Active
Nebraska City	Defeated			Sutherland	Affirmative	Yes	Active
Nehawka	Affirmative		Inactive (c)	Sutton	Defeated		
Neligh	Affirmative	Yes	Active	Syracuse	Affirmative	Yes	Active
Niobrara	Affirmative	Yes	Active	Talmage	Affirmative		(b)
Norfolk	Defeated			Tecumseh	Affirmative	Yes	Active
North Bend	Affirmative	Yes	Active	Terrytown	Affirmative	Yes	Active
North Loup	Affirmative	Yes	Active	Trenton	Affirmative	Yes	Active
North Platte	Affirmative	Yes	Active	Unadilla	Affirmative		Inactive (c)
Odell	Affirmative (Part of Beatrice)		Active	Utica	Defeated		
Omaha	Affirmative	Yes	Active (a)	Valentine	Defeated		
O'Neill	Affirmative	Yes	Inactive (c)	Valley	Affirmative	Yes	Active
Ong	Affirmative		Inactive (c)	Valley County	Affirmative		(a)
Orchard	Affirmative	Yes	Active	Valparaiso	Affirmative	Yes	Active
Ord	Defeated			Verdigre	Affirmative	Yes	Active
Osceola	Affirmative	Yes	Active	Verdon	Affirmative		(b)
Oshkosh	Affirmative		(c)	Waco	Affirmative	Yes	Active
Osmond	Defeated			Wahoo	Affirmative	Yes	Active
Otoe	Affirmative		Inactive (c)	Wallace	Affirmative		(b)
Overton	Affirmative		Inactive (c)	Walthill	Affirmative		Inactive (a)
Oxford	Affirmative	Yes	Active (a)	Washington Co	Affirmative		(b)
Palisade	Affirmative	Yes	Active	Waterloo	Affirmative	Yes	Active
Palmer	Defeated			Wauneta	Affirmative	Yes	Active
Palmyra	Affirmative	Yes	Active	Waverly	Affirmative	Yes	Active
Papillion	Affirmative	Yes	Active (a)	Wayne	Affirmative		(a)
Pawnee City	Affirmative		Inactive (a)	West Point	Defeated		
Peru	Affirmative		(b)	Wilber	Affirmative	Yes	Active
Platte Center	Affirmative		Inactive (a)	Wisner	Defeated		
Plattsmouth	Affirmative	Yes	Active (a)	Wolbach	Affirmative	Yes	Active
Pleasant Dale	Affirmative		Inactive (c)	Wymore	Affirmative		(c)
Polk	Defeated			Wynot	Affirmative	Yes	Active
Potter	Affirmative	Yes	Active	Yutan	Affirmative		Inactive (c)

(a) Election valid anytime

(b) Election expired

(c) Election subject to expiration

LOTTERIES LICENSED BY COUNTY

as of June 30, 2003

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

ADMINISTRATION, AUDIT, AND ENFORCEMENT

During the 2002-2003 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:

Reconsideration of intended license application denial:	
License Denial	6
License Suspension	1
License Cancellation	1
Reconsideration of intended license application denial:	
License Approval	1

Administrative Actions Initiated and Pending:

Administrative Fine***	8
License Denial	5
License Revocation	2

Administrative Actions Initiated and Resolved without an Order:

License Denial, Suspension, Cancellation, Revocation	
Rescinded*	4
Resolved by Operation of Law**	21
Resolved by Stipulation, Suspension, and/or Fine***	2
Dismissed	2
Waiver of Hearing and Voluntary Surrender of License....	1
Administrative Fine	
Waiver of Hearing and Payment of Fine***	9
Dismissed	3

*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: \$12,104.62. 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 were granted:

Utilization of Funds Member	5
Class I Lottery by the Sale of Pickle Cards	2
Pickle Card Operator	3
Manufacturer-Distributor	1

The Licensing Section is responsible for the licensing of individuals, businesses, nonprofit organizations, counties, cities, and villages which conduct charitable gaming activities in Nebraska.

The first county/city lottery worker license renewals were completed in May of 2003 due to the enactment of LB545 in 2002. These lottery worker licenses will expire on May 31 of odd-numbered years. The counties, cities, villages, lottery operators, and sales outlet location licenses will expire May 31, 2004.

The Licensing Section now issues all licenses for a biennial period. Licenses issued to nonprofit organizations which are tax-exempt under section 501(c)(3) or (c)(4) or volunteer fire companies, or volunteer first-aid, rescue, ambulance, or emergency squads (VF&E) expire on September 30 of odd-

numbered years while licenses issued to nonprofit organizations having tax exempt status other than 501(c)(3) or (c)(4) or VF&E expire on September 30 of even-numbered years.

The Policy Section is responsible for the implementation of legislation enacted by the Nebraska Legislature relative to charitable gaming activities, identification of needed legislative changes in the charitable gaming areas which it regulates, recommendation and drafting of proposed legislation relative to charitable gaming, promulgation of administrative regulations and revenue rulings to clarify and supplement statutory provisions, development and publication of information guides and a periodic 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 LB429 relating to the use of bingo card monitoring devices. LB429 contained the emergency clause and was effective April 3, 2003. A bingo card monitoring device is a technological aid which allows a bingo player to enter numbers as they are announced at a bingo occasion and which marks or otherwise conceals those numbers on bingo cards which are electronically stored in and displayed on the device. Prior to the enactment of LB429, players who used bingo card monitoring devices were also required to mark or daub disposable paper bingo cards. LB429 eliminated the necessity for disposable paper bingo cards to be used with such devices and redefined bingo card to include a facsimile of a bingo card electronically displayed on a bingo card monitoring device.

In November 2002, the Charitable Gaming Division testified at the General Affairs Committee Interim Study Hearing on LR433. The purpose of LR433 was to study the Nebraska Lottery and Raffle Act and the Nebraska Small Lottery and Raffle Act and to determine whether legislation should be introduced to update Nebraska's lottery and raffle laws. As a result of the interim study hearing, the Policy Section worked with the General Affairs Committee and selected nonprofit organizations in developing a legislative proposal to revise Nebraska's laws on lotteries and raffles. LB782 was introduced by the General Affairs Committee reflecting the recommended changes to these laws. LB782 was subsequently indefinitely postponed by the Committee. Although LB782 was not enacted, statutory revisions are still desired to simplify the lottery and raffle laws and eliminate the inconsistencies in the current laws.

We have again received inquiries regarding the use of pickle card dispensing devices which incorporate the use of bar code technology and a video display of the pickle card. Traditional pickle cards are dispensed from the device which scans a bar code on the pickle card in order to display the winning or losing status of the pickle card. Based on an Attorney General's opinion (97004) issued in 1997, the use of this type of device is not specifically authorized under the Nebraska Pickle Card Lottery Act and legislation would be required in order to permit its use in Nebraska.

Work continues on revisions to the county/city lottery regulations. A draft of changes regarding game conduct has been sent to a number of licensees for input. We have also been working with the Division's Audit Section in revising the keno audit requirements and reporting requirements. A public hearing on the proposed changes is expected in early 2004.

The Nebraska Pickle Card Lottery Act requires manufacturers of pickle cards to submit new products to the Department for approval prior to marketing such products in Nebraska. In the past, new pickle card products were allowed to be submitted for approval on a monthly basis. The process included the actual submission of sample pickle cards and the flare card for the new game. The approval process was not only time consuming for the manufacturer but also involved a significant amount of Division staff time in updating a printed approved products listing for distribution to the manufacturers and distributors. In August 2003, an "e-submission" process was implemented whereby manufacturers could submit new products to the Department electronically. Electronic images of the pickle cards and flare cards are reviewed by Division staff prior to their approval. New products which have been approved are no longer distributed in a printed approved product listing, but instead are published on the Division's portion of the Department of Revenue's web site and updated on a weekly basis.

The Audit Section has responsibility for the enforcement and compliance review of the financial aspects of the licensed organizations conducting bingo, pickle card, and lottery/raffle activities and of licensed

counties, cities, and villages conducting county/city lottery (keno). The section is also responsible for the review of certain accounting elements 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 reviews 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:

- 612 Pickle card annual reports reviewed
- 195 Bingo annual reports reviewed
- 305 Lottery/raffle annual reports reviewed
- 66 County/city lottery annual reports reviewed
- 89 Annual report nonfilers identified and referred to Inspection Section and/or Investigative Services
- 14 Annual report shortages or audited losses identified and referred to Inspection Section and/or Investigative Services
- 30 Other annual report violations identified and referred to Inspection Section and/or Investigative Services
- 22 Other annual report violations identified and referred to Policy Section and/or Legal Services
- 2 Field audits of bingo operations
- 19 Field audits of pickle card operations
- 7 Field audits of county/city lottery operations
- 238 Letters written to licensees in an attempt to explain problems with the annual reports and how a nonprofit can use the annual reports to audit themselves
- 21 Tracking of monthly reconciliation of pickle card funds for organizations reporting a shortage of funds
- 13 Organizations remitting additional tax of \$2,814 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 and provided to Legal and Investigative Services for further action where there were violations of gaming laws.

The Nebraska Lottery by Pickle Card Annual Report (Form 35A), Nebraska Bingo Annual Report (Forms 35 and 35C), and the Nebraska Lottery/Raffle Annual Report (Form 35B) were all placed on the Department's Web site under Charitable Gaming's tab. Relevant information may be entered on blank forms which contain formulas and all calculations are automatically performed. The completed form must be printed, signed, and provided to the membership of the organization and a copy mailed to the Charitable Gaming Division.

Extensive time was spent reviewing county/city lottery annual reports. These reports are based on procedures developed in 1996. Many cash survey field visits have also been completed and we are currently revising the keno tax return to develop a form which could be completed by keno licensees in lieu of the current procedural reports. This new form would summarize bank account activities and provide an income statement on an annual basis for the counties, cities, and villages licensed for keno. Informational notices based on our annual report reviews have been mailed to the licensees introducing them to areas of financial concern. The proposed changes may provide more valuable information on the operation of the keno game as well as save the counties, cities, and villages time and money.

The Inspection Section consists of six inspectors supervised by the Charitable Gaming Division Audit Manager. 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, pickle cards, and lottery/raffle activities, 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 are also reviewing the conduct of county/city lottery (keno) activities including the licensing and financial accountability of keno writers, the sponsoring community's controls, and the use of the funds designated for community betterment purposes. During the 2002-2003 reporting period, the staff assigned to inspections conducted the following charitable gaming activities:

154	Bingo Game Inspections
208	Organization Inspections (Pickle Card and Lottery/Raffle)
1,466	Pickle Card Operator Inspections
299	Keno Compliance Visitations
59	Formal Presentations to Gaming Licensees or Potential Licensees
112	Illegal Device Follow-ups
1,671	MAD Inspections
309	Annual Report Reviews and Filing Follow-ups
206	Administrative Contact and Inquiries

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.

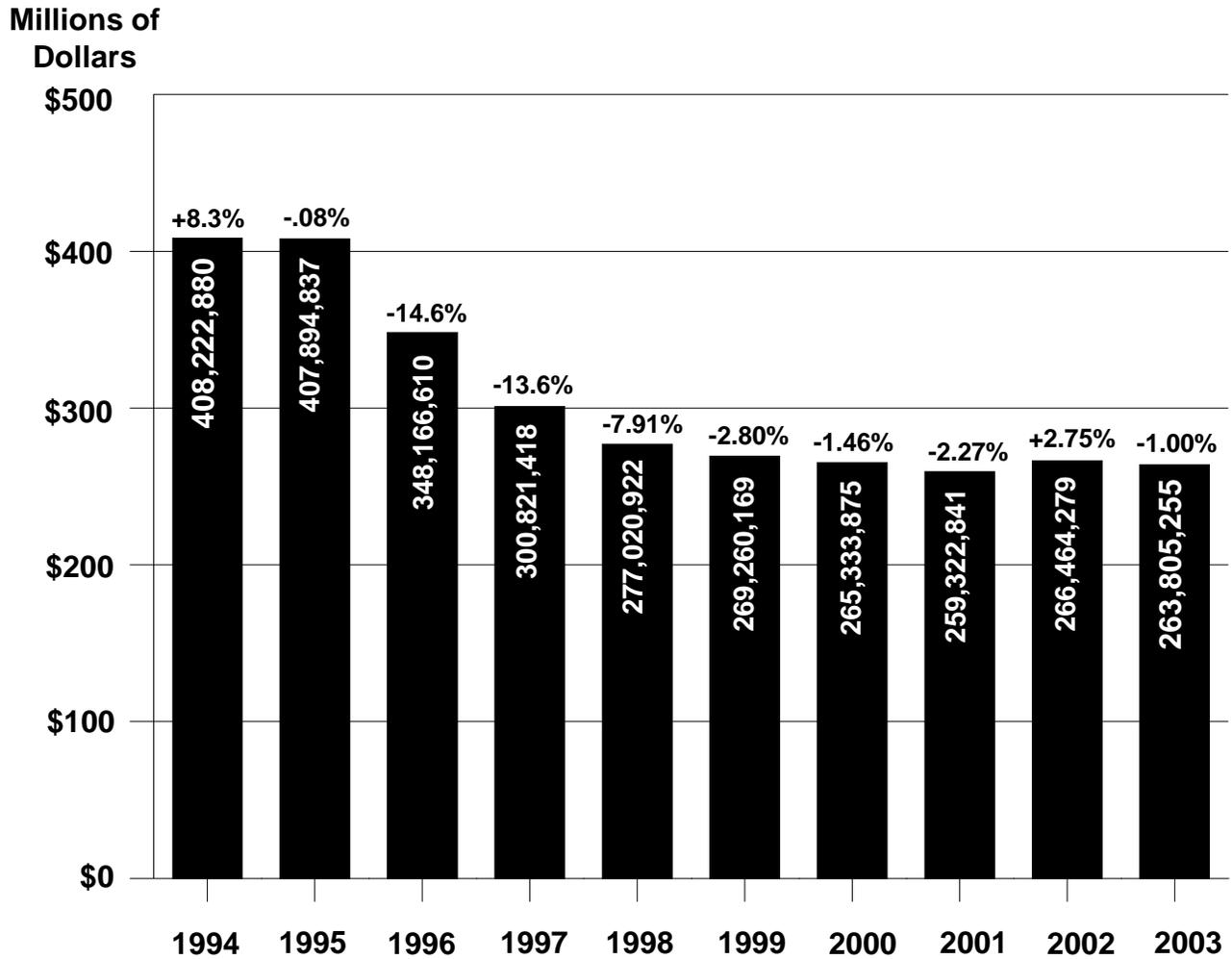
Investigative Services continues to work closely with the Charitable Gaming Division on gaming related matters in an effort to keep gaming activities as well enforced as possible, and yet flexible enough to accommodate the public. The investigations conducted by the service area are both civil and criminal in nature and, following completion, a large number of the 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:

3	Manufacturer Background Investigations
5	County/City Lottery Background Investigations
184	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

2003	\$16,558,843
2002	\$16,686,076
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

Pickle Card

2003	\$62,559,488
2002	\$68,302,524
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

Lottery/Raffle*

2003	\$5,168,480
2002	\$4,562,701
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

County/City Lottery

2003	\$179,518,444
2002	\$176,912,978
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

* 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

2003	168
2002	182
2001	194
2000	204
1999	216
1998	228
1997	238
1996	255
1995	264
1994	300

Pickle Card

2003	563
2002	575
2001	603
2000	623
1999	653
1998	671
1997	691
1996	694
1995	683
1994	655

Lottery/Raffle

2003	296
2002	264
2001	243
2000	199
1999	186
1998	186
1997	178
1996	177
1995	177
1994	169

County/City Lottery

2003	138
2002	128
2001	136
2000	126
1999	137
1998	132
1997	136
1996	131
1995	132
1994	118

Ten-Year Comparison of Licensees by Fiscal Year

Pickle Card Sales Agents

2003	██████	590
2002	██████	567
2001	██████	618
2000	██████	645
1999	██████	678
1998	██████	691
1997	██████	718
1996	██████	750
1995	██████	701
1994	██████	643

Pickle Card Operators

2003	██████████████	1,263
2002	██████████████	1,250
2001	██████████████	1,354
2000	██████████████	1,410
1999	██████████████	1,495
1998	██████████████	1,551
1997	██████████████	1,620
1996	██████████████	1,715
1995	██████████████	1,753
1994	██████████████	1,635

Utilization of Funds Members

2003	██████████████	1,174
2002	██████████████	1,146
2001	██████████████	1,190
2000	██████████████	1,164
1999	██████████████	1,210
1998	██████████████	1,242
1997	██████████████	1,282
1996	██████████████	1,318
1995	██████████████	1,342
1994	██████████████	1,467