



**STATE LOTTERY DEPARTMENT  
POWER BALL**

**REPORT ON APPLYING  
AGREED-UPON PROCEDURES  
FOR THE PERIOD  
APRIL 2012 THROUGH MARCH 2013**



# Commonwealth of Virginia

## Auditor of Public Accounts

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P.O. Box 1295  
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July 15, 2013

Members of the Virginia State Lottery Board  
900 East Main Street  
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### Independent Auditor's Report on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below, which were agreed to by the Virginia Lottery Department and the other member lotteries in the states of Georgia, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Texas, and Washington (referred to as the "Member Lotteries"), which operate Power Ball, solely to assist the Virginia Lottery and Member Lotteries with respect to the evaluation of the following financial information associated with Power Ball: Virginia Lottery's sales and prize expense for the period April 2012 through March 2013, and the Virginia Lottery's receivable or payable as of March 2013. Virginia Lottery is responsible for its records of the financial information associated with Power Ball. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Virginia Lottery and Member Lotteries. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

- A. We obtained from the Virginia Lottery the "Draw Activity" and the "Fixed Prize Analysis" reports for the period April 2012 through March 2013, and attached those as Exhibit I and II, respectively. We verified the mathematical accuracy of the schedules.
- B. We randomly selected the following five Power Ball drawings from the period April 2012 through March 2013 for testing as indicated in "C", "D", and "E" below.

August 22, 2012  
February 2, 2013  
March 16, 2013

December 19, 2012  
February 23, 2013

- C. For each drawing selected in step "B" above, we compared the total amount of sales as shown on the daily sales report produced by the Virginia Lottery's gaming system and the total amount of sales shown on the related daily sales report produced by the Internal Control System (ICS) with the balance listed in the "Sales" column for the respective week on the "Draw Activity" report attached as Exhibit I and found them to be in agreement.
- D. We calculated the total dollar amount of the fixed prizes for the drawings selected in step "B" above, based on the total number of winners from the Virginia Lottery's gaming system for each prize level and the prize structure of Power Ball's fixed prizes (as defined in the official game rules). We compared the calculated expense with the amount listed in the "Actual Fixed Prizes" column for the respective drawing on the attached "Draw Activity" report and found them to be in agreement.

- E. For each drawing selected in step “B” above, we compared the amount of sales, actual fixed prizes, and share of fixed prizes shown on the “Draw Activity” report attached as Exhibit I to the amounts shown on the applicable Power Ball Prize Settlement Reports and found them to be in agreement.
- F. For the period identified in step “B” above, we randomly selected two months and obtained the “Expired Prize Settlement Report” distributed by the Virginia Lottery. For the two months selected, we obtained the actual fixed prizes awarded from the Virginia Lottery ICS and the prizes unclaimed from Virginia Lottery’s financial accounting records. We compared this data back to the data reported from the Virginia Lottery for each draw of the subject months and found them to be in agreement.
- G. We compared the amount shown as the total of the actual fixed prizes and the total of the share of fixed prizes on the “Draw Activity” report attached as Exhibit I to the applicable amounts shown on the “Fixed Prize Analysis” report attached as Exhibit II and found them to be in agreement.
- H. We compared the amount listed in the “Cash Options Amount” of the “Draw Activity” report attached as Exhibit I to the Virginia Lottery’s cash disbursement subsidiary records which summarize the funds disbursed to the prize winner and found them to be in agreement.
- I. We compared the total of the quarterly transfers from the Virginia Lottery for settlement of the fixed prize liability as shown in the Virginia Lottery’s cash disbursement subsidiary records to the amount listed in the “Qtrly/Yrly Settlements Transfers In/(Out)” column on the “Fixed Prize Analysis” report attached as Exhibit II and found them to be in agreement.
- J. We compared the balance listed as the Virginia Lottery’s receivable or payable as of March 2013 for the fixed prizes as shown on the “Fixed Prize Analysis” report attached as Exhibit II to the Virginia Lottery’s financial accounting records and to the Power Ball Prize Settlement Report as of March 2013 and found them to be in agreement.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified financial information associated with Power Ball. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Virginia Lottery and Member Lotteries specified above and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

AVG/alh

Members of the Virginia State Lottery Board  
 July 15, 2013

POWER BALL  
 VIRGINIA LOTTERY DEPARTMENT  
 VIRGINIA DRAW ACTIVITY  
 From April 2012 through March 2013

Exhibit I

<u>State</u>	<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>	<u>Cash Options Amt</u>
	4/4/2012	\$ 691,632	\$ 50,577	\$ 181,100	\$ -
	4/7/2012	764,124	2,094,059	461,329	-
	4/11/2012	752,344	62,116	61,377	-
	4/14/2012	961,626	71,395	81,334	-
	4/18/2012	896,236	64,541	68,234	-
	4/21/2012	1,022,060	74,315	80,451	-
PB	4/25/2012	1,021,410	85,822	84,065	-
	4/28/2012	658,330	57,245	117,469	-
	5/2/2012	566,562	42,381	44,640	-
	5/5/2012	639,438	47,497	120,141	-
	5/9/2012	608,352	64,726	109,707	-
	5/12/2012	711,124	50,247	181,243	-
	5/16/2012	668,350	53,082	123,266	-
	5/19/2012	853,636	60,769	128,297	-
	5/23/2012	802,666	55,946	116,244	-
	5/26/2012	911,610	73,320	248,823	-
	5/30/2012	857,790	81,690	128,853	-
	6/2/2012	1,082,716	82,517	149,383	-
	6/6/2012	1,099,162	80,408	87,656	-
	6/9/2012	1,358,350	98,040	219,261	-
PB	6/13/2012	1,436,842	111,652	173,957	-
	6/16/2012	645,356	50,577	183,358	-
	6/20/2012	563,044	39,983	108,158	-
PB	6/23/2012	647,546	47,157	50,785	-
	6/27/2012	512,328	38,243	40,596	-
	6/30/2012	541,842	58,912	46,230	-
	7/4/2012	509,452	57,241	42,742	-
	7/7/2012	668,310	59,943	249,340	-
	7/11/2012	657,480	47,372	179,498	-
	7/14/2012	770,292	60,439	192,198	-
	7/18/2012	846,772	75,729	253,207	-
	7/21/2012	923,600	66,560	131,803	-
	7/25/2012	907,852	64,940	129,290	-
	7/28/2012	1,003,680	90,706	147,164	-
	8/1/2012	1,075,786	88,165	192,202	-
	8/4/2012	1,293,332	183,080	223,933	-

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 From April 2012 through March 2013

Exhibit I

<u>State</u>	<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>	<u>Cash Options Amt</u>
	8/11/2012	2,079,284	174,818	219,658	-
MI	8/15/2012	4,942,500	1,402,678	524,772	-
	8/18/2012	619,460	1,051,310	175,924	-
	8/22/2012	593,580	45,941	173,739	-
	8/25/2012	671,246	64,305	193,178	-
	8/29/2012	617,624	43,384	46,504	-
	9/1/2012	752,842	65,697	63,599	-
	9/5/2012	674,302	50,909	52,535	-
	9/8/2012	851,340	73,469	69,927	-
	9/12/2012	803,954	81,033	185,633	-
	9/15/2012	985,682	79,559	252,715	-
	9/19/2012	1,008,980	79,916	92,306	-
	9/22/2012	1,201,904	89,792	266,281	-
PB	9/26/2012	1,409,702	106,674	324,702	-
	9/29/2012	681,194	1,052,089	324,595	-
PB	10/3/2012	629,332	1,057,405	113,476	-
	10/6/2012	642,886	78,793	56,846	-
	10/10/2012	574,152	49,656	44,624	-
	10/13/2012	668,516	63,944	59,956	-
	10/17/2012	622,984	75,454	128,518	-
	10/20/2012	753,102	58,822	194,883	-
	10/24/2012	730,370	58,245	59,915	-
	10/27/2012	945,068	77,633	76,978	-
	10/31/2012	775,268	60,133	64,716	-
	11/3/2012	994,572	94,300	273,676	-
	11/7/2012	997,366	80,587	77,243	-
	11/10/2012	1,150,218	78,438	250,571	-
	11/14/2012	1,192,772	91,265	153,065	-
	11/17/2012	1,522,112	140,118	364,925	-
	11/21/2012	1,885,148	163,862	293,522	-
	11/24/2012	3,393,310	1,247,557	650,280	-
PB	11/28/2012	16,519,178	5,427,484	3,383,141	-
	12/1/2012	701,668	55,327	185,415	-
PB	12/5/2012	717,672	1,070,650	133,372	-
	12/8/2012	733,992	1,057,027	130,881	-
MA	12/12/2012	769,028	57,072	127,774	-
PB	12/19/2012	685,916	68,629	134,109	-

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POWER BALL  
 VIRGINIA LOTTERY DEPARTMENT  
 VIRGINIA DRAW ACTIVITY  
 From April 2012 through March 2013

Exhibit I

<u>State</u>	<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>	<u>Cash Options Amt</u>
	12/22/2012	723,660	76,431	338,557	-
PB	12/26/2012	603,616	56,167	183,762	-
	12/29/2012	684,108	46,704	52,535	-
	1/2/2013	621,844	44,003	47,194	-
	1/5/2013	706,000	51,774	191,781	-
	1/9/2013	661,620	50,140	52,593	-
	1/12/2013	739,390	1,072,958	195,372	-
	1/16/2013	719,404	56,926	61,959	-
	1/19/2013	897,432	79,974	135,027	-
	1/23/2013	836,692	76,105	72,674	-
	1/26/2013	910,560	70,481	126,066	-
	1/30/2013	1,041,028	1,072,064	183,770	-
	2/2/2013	1,300,754	100,870	356,296	-
VA	2/6/2013	1,583,006	133,203	272,928	136,450,911
	2/9/2013	688,286	51,693	187,021	-
	2/13/2013	674,628	51,219	124,461	-
	2/16/2013	797,234	58,314	126,080	-
	2/20/2013	750,146	72,905	67,116	-
	2/23/2013	873,662	86,754	338,169	-
	2/27/2013	862,250	63,768	198,684	-
	3/2/2013	1,127,164	82,435	88,778	-
	3/6/2013	1,005,180	72,750	184,132	-
	3/9/2013	1,226,054	105,777	153,922	-
	3/13/2013	1,319,578	113,674	107,715	-
	3/16/2013	1,736,420	1,142,251	660,809	-
	3/20/2013	2,134,134	184,450	228,575	-
NJ	3/23/2013	4,185,900	1,304,822	607,129	-
	3/27/2013	648,130	45,383	50,036	-
IL	3/30/2013	<u>833,062</u>	<u>73,463</u>	<u>137,906</u>	-
<b>Total</b>		<u>\$118,567,330</u>	<u>\$26,887,578</u>	<u>\$21,499,239</u>	<u>\$136,450,911</u>

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POWER BALL  
 VIRGINIA LOTTERY DEPARTMENT  
 FIXED PRIZE ANALYSIS  
 From April 2012 to March 2013

Exhibit II

<u>State</u>	<u>Receivable (Payable)</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>	<u>Qtrly/Yrly Settlements Transfers In(Out)</u>	<u>Receivable (Payable)</u>
Georgia	(\$676,501)	\$ 22,683,172	\$ 27,360,130	(\$5,140,201)	(\$213,258)
Illinois	(730,628)	37,755,340	36,460,470	(1,621,213)	2,185,455
Massachusetts	(415,760)	20,408,157	22,178,520	(987,325)	(1,198,798)
Maryland	(437,948)	17,300,295	20,304,880	(4,497,112)	1,054,579
Michigan	470,660	22,283,100	26,742,798	(2,590,585)	(1,398,453)
New Jersey	218,920	48,826,403	45,361,228	3,118,190	565,905
New York	(386,175)	89,246,331	86,974,838	4,233,107	(2,347,789)
Ohio	(457,885)	23,319,459	24,587,306	(3,553,700)	1,827,968
POWER BALL					
Texas	112,705	45,416,819	44,427,246	2,005,416	(903,138)
Virginia	1,557,967	26,887,578	21,499,239	5,922,578	1,023,728
Washington State	744,645	<u>13,154,958</u>	<u>11,384,957</u>	3,110,845	(596,199)
<b>Total</b>		<u>\$367,281,612</u>	<u>\$367,281,612</u>		