



**OFFICE OF AUDITOR OF STATE
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Auditor of State

NEWS RELEASE

FOR RELEASE _____ September 8, 2016

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released an agreed-upon procedures report on the Lucky for Life game administered by the Iowa Lottery Authority for the period January 25, 2016 through March 31, 2016.

A copy of the agreed-upon procedures report is available for review at the Iowa Lottery Authority, in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1760-6270-BC00>.

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IOWA LOTTERY AUTHORITY

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD
JANUARY 25, 2016 THROUGH MARCH 31, 2016

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Iowa Lottery Authority



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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board Members of the Iowa Lottery Authority:

We have performed the procedures enumerated below, which were agreed to by the Iowa Lottery Authority (Authority) for the period January 25, 2016 through March 31, 2016 in connection with the *Lucky for Life* game, solely to assist the Authority, the other Party Lotteries (defined as Connecticut Lottery Corporation, Massachusetts State Lottery Commission, Maine State Liquor and Lottery Commission, New Hampshire Lottery Commission, Vermont Lottery Commission, Rhode Island Division of Lotteries, Minnesota State Lottery, Idaho Lottery, D.C. Lottery & Charitable Games Board, Arkansas Scholarship Lottery, Michigan Lottery, Missouri Lottery, South Carolina Education Lottery, Delaware State Lottery, Kentucky Lottery Corporation and the Montana Lottery for the period April 1, 2015 through March 31, 2016; Ohio Lottery Commission for the period November 16, 2015 through March 31, 2016; North Dakota Lottery for the period February 1, 2016 through March 31, 2016; and North Carolina Education Lottery for the period February 8, 2016 through March 31, 2016) and the Multi-State Lottery Association with respect to the evaluation of certain financial information associated with the *Lucky for Life* game. The Authority's management is responsible for the financial information.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Authority. 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 we performed and related findings are summarized as follows:

- a. We obtained from the Authority the "Draw Activity" report and the "Set Prize Analysis" report, generated by the Game Administrator, for the period January 25, 2016 through March 31, 2016 and attached those as Exhibits 1 and 2, respectively. We re-performed the mathematical calculations within the schedules and noted no exceptions.
- b. We judgmentally selected five draw dates for the period from January 25, 2016 through March 31, 2016. The dates selected were as follows:
 1. Thursday, January 28, 2016
 2. Monday, February 8, 2016
 3. Thursday, March 3, 2016
 4. Monday, March 14, 2016
 5. Monday, March 21, 2016
- c. For each draw date selected in step "b" above, we compared the total amount of sales as shown on the daily sales report produced by the Authority's gaming system and the total amount of sales shown on the related daily sales report produced by Internal Control System ("ICS"), with the balance listed in the "Sales" column for the respective draw date on the "Draw Activity" report shown as Exhibit 1. Amounts agreed and no exceptions were noted.

- d. We recalculated the total dollar amount of the set prizes (tiers 3 through 10), for the draw dates selected in step “b” above, based on the total number of winners from the Authority’s gaming system for each prize level and the prize structure of the *Lucky for Life* set prizes. We compared the recalculated expense with the amount listed in the “Actual Set Prizes or Actual Low-Tier Prizes” column for the respective draw date on the “Draw Activity” report shown as Exhibit 1. Amounts agreed and no exceptions were noted.
- e. For each draw date selected in step “b” above, we compared the amount of sales, actual set prizes or actual low-tier prizes and share of set prizes or allocated low-tier prizes shown on the “Draw Activity” report shown as Exhibit 1 to the amounts shown on the Authority’s *Lucky for Life* draw reports. Amounts agreed and no exceptions were noted.
- f. The Authority joined the *Lucky for Life* game January 25, 2016. Prizes won expire if not claimed within 365 days of the drawing; therefore there were no expired prizes for the period January 25, 2016 through March 31, 2016 and no procedures were performed.
- g. We compared the amounts shown as the total of the actual set prizes or actual low-tier prizes and the total of the share of set prizes or allocated low-tier prizes on the “Draw Activity” report shown as Exhibit 1 to the applicable amounts shown on the “Set Prize Analysis” report shown as Exhibit 2. Amounts agreed and no exceptions were noted.
- h. We reviewed the “Draw Activity” report shown as Exhibit 1 for top prize winners, noting there were no top prize winners during the period January 25, 2016 through March 31, 2016; therefore no procedures were performed.
- i. We selected the one second prize listed in the “Second Prize Tier 2” winners column of the “Draw Activity” report shown as Exhibit 1. For the second prize selected, we compared the “Cost of Second Prizes” reported in the “Cost of Top and Second Prize” report to the Authority’s cash disbursement check report. Amount agreed and no exceptions were noted.
- j. There have been no annuitized top or second prize settlements for the period January 25, 2016 through March 31, 2016; therefore no procedures were performed.
- k. There were no transfers from the Authority to the Game Administrator for settlement of the actual set prize or actual lower tier prize liability per the “Settlement” column on the “Set Prize Analysis” report shown as Exhibit 2; therefore no procedures were performed.
- l. We compared the balance listed as the Authority’s payable as of March 31, 2016, for the actual set prizes or actual lower tier prize liability as shown on the “Set Prize Analysis” report shown as Exhibit 2 to the Authority’s financial accounting records and to the *Lucky for Life* draw report. Amounts agreed and no exceptions were noted.
- m. Management of the Authority has informed us that no activity affecting the sales and prize expense for *Lucky for Life* for the period January 25, 2016 through March 31, 2016 has occurred through the date of this report.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the financial information associated with the Authority’s sales and prize expense for *Lucky for Life* for the period January 25, 2016 through March 31, 2016.

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, a public record by law, is intended solely for the information and use of the Iowa Lottery Authority, the other Party Lotteries and the Multi-State Lottery Association. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Iowa Lottery Authority during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


MARY MOSIMAN, CPA
Auditor of State

August 3, 2016

Iowa Lottery Authority

Draw Activity

January 25, 2016 through March 31, 2016

Total Number of Winners

| DrawDate | First Prize Tier 1 | Second Prize Tier 2 | Tier 3 | Tier 4 | Tier 5 | Tier 6 | Tier 7 | Tier 8 | Tier 9 | Tier 10 |
|-----------|--------------------|---------------------|--------|--------|--------|--------|--------|--------|--------|---------|
| 1/25/2016 | - | - | - | 2 | 2 | 73 | 52 | 1,030 | 303 | 487 |
| 1/28/2016 | - | - | - | 3 | 7 | 125 | 124 | 1,906 | 606 | 891 |
| 2/1/2016 | - | - | - | 2 | 8 | 166 | 135 | 2,550 | 747 | 1,201 |
| 2/4/2016 | - | - | - | 6 | 11 | 190 | 137 | 2,341 | 726 | 1,054 |
| 2/8/2016 | - | - | 1 | 7 | 11 | 186 | 137 | 2,562 | 676 | 1,208 |
| 2/11/2016 | - | - | - | 2 | 16 | 177 | 129 | 2,568 | 821 | 1,225 |
| 2/15/2016 | - | - | 1 | 4 | 12 | 216 | 161 | 2,722 | 788 | 1,227 |
| 2/18/2016 | - | - | - | 3 | 11 | 232 | 143 | 2,734 | 751 | 1,190 |
| 2/22/2016 | - | - | - | 6 | 18 | 194 | 157 | 2,882 | 808 | 1,310 |
| 2/25/2016 | - | - | - | 1 | 8 | 184 | 157 | 2,666 | 849 | 1,382 |
| 2/29/2016 | - | - | 1 | 8 | 13 | 193 | 169 | 2,926 | 905 | 1,514 |
| 3/3/2016 | - | - | - | 4 | 18 | 247 | 164 | 2,938 | 781 | 1,135 |
| 3/7/2016 | - | - | - | 6 | 18 | 231 | 198 | 2,909 | 821 | 1,201 |
| 3/10/2016 | - | - | - | 6 | 14 | 205 | 158 | 2,724 | 805 | 1,194 |
| 3/14/2016 | - | - | - | 4 | 11 | 189 | 134 | 2,762 | 784 | 1,168 |
| 3/17/2016 | - | - | - | 5 | 10 | 199 | 158 | 2,601 | 689 | 1,069 |
| 3/21/2016 | - | - | - | 4 | 6 | 174 | 151 | 2,380 | 750 | 1,110 |
| 3/24/2016 | - | - | - | 7 | 10 | 186 | 130 | 2,229 | 628 | 1,024 |
| 3/28/2016 | - | 1 | - | 7 | 15 | 189 | 151 | 2,274 | 699 | 1,157 |
| 3/31/2016 | - | - | - | 3 | 12 | 144 | 126 | 2,269 | 711 | 1,118 |
| Total | - | 1 | 3 | 90 | 231 | 3,700 | 2,871 | 49,973 | 14,648 | 22,865 |

| | Sales | Actual Set Prizes or Actual Low-Tier Prizes | % of All State's Sales | Share of Set Prizes or Allocated Low-Tier Prizes | Due From/(Due to) |
|-----------|------------------|----------------------------------------------------|-------------------------------|---------------------------------------------------------|--------------------------|
| \$ | 32,554 | 10,316 | 2.07% | \$ 10,125 | 191 |
| | 59,140 | 20,168 | 3.64% | 20,842 | (674) |
| | 75,084 | 25,231 | 4.31% | 26,785 | (1,554) |
| | 65,750 | 25,670 | 3.80% | 29,383 | (3,713) |
| | 79,284 | 31,769 | 4.29% | 26,223 | 5,546 |
| | 75,386 | 27,095 | 3.88% | 29,515 | (2,420) |
| | 77,318 | 33,747 | 4.11% | 33,100 | 647 |
| | 78,680 | 27,933 | 3.98% | 29,589 | (1,656) |
| | 86,346 | 30,439 | 4.27% | 29,266 | 1,173 |
| | 82,450 | 27,625 | 4.19% | 30,068 | (2,443) |
| | 88,806 | 36,899 | 4.31% | 32,782 | 4,117 |
| | 80,974 | 30,580 | 3.92% | 33,434 | (2,854) |
| | 80,466 | 31,927 | 3.88% | 34,895 | (2,968) |
| | 78,590 | 29,128 | 3.87% | 31,613 | (2,485) |
| | 80,704 | 27,242 | 4.00% | 28,927 | (1,685) |
| | 74,082 | 26,643 | 3.66% | 26,149 | 494 |
| | 69,590 | 25,035 | 3.57% | 27,714 | (2,679) |
| | 64,754 | 24,421 | 3.38% | 29,121 | (4,700) |
| | 67,706 | 26,849 | 3.58% | 28,167 | (1,318) |
| | 67,902 | 23,975 | 3.53% | 24,845 | (870) |
| \$ | 1,465,566 | 542,692 | | \$ 562,543 | (19,851) |

Exhibit 2

Iowa Lottery Authority

Set Prize Analysis

March 31, 2016

| | Sales | Beginning Balance at 4/1/15 | June 30 Year end Settlement - Due From/(Due to) 7/13/15 Draw report | Total Actual Set Prizes or Actual Lower Tier Prize Liability | Total Share of Set Prizes or Actual Lower Tier Prize Liability | Due From/(Due to) March 2016 |
|-----------|--------------------|--------------------------------------------|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------|
| AR | \$ 3,642,290 | (4,008) | (11,052) | 1,383,725 | 1,376,133 | (7,468) |
| CT | 22,222,452 | 1,665 | (22,809) | 8,415,814 | 8,404,720 | (10,050) |
| DC | 3,433,642 | 1,823 | (4,892) | 1,288,182 | 1,299,131 | (14,018) |
| DE | 4,544,434 | 18,452 | (18,838) | 1,743,245 | 1,718,954 | 23,905 |
| IA | 1,465,566 | - | - | 542,692 | 562,543 | (19,851) |
| ID | 3,731,032 | 4,826 | 13,274 | 1,402,246 | 1,411,672 | 8,674 |
| KY | 9,645,892 | (2,268) | (3,440) | 3,698,694 | 3,646,917 | 46,069 |
| MA | 27,666,460 | (42,299) | 5,806 | 10,514,904 | 10,466,460 | 11,951 |
| ME | 4,610,402 | (9,236) | (6,410) | 1,756,182 | 1,743,594 | (3,058) |
| MI | 19,944,156 | 8,736 | 43,545 | 7,460,090 | 7,545,577 | (33,206) |
| MN | 8,620,362 | (12,224) | 31,483 | 3,222,227 | 3,257,553 | (16,067) |
| MO | 8,962,130 | 22,632 | (11,333) | 3,378,692 | 3,386,468 | 3,523 |
| MT | 3,672,902 | 13,310 | (33,379) | 1,422,595 | 1,389,270 | 13,256 |
| NC | 3,991,792 | - | - | 1,546,485 | 1,546,499 | (14) |
| ND | 1,005,032 | - | - | 382,618 | 391,009 | (8,391) |
| NH | 5,292,662 | (10,872) | 26,332 | 1,986,858 | 2,002,829 | (511) |
| OH | 8,597,814 | - | - | 3,244,749 | 3,264,215 | (19,466) |
| RI | 5,594,146 | 10,263 | (1,046) | 2,099,647 | 2,117,981 | (9,117) |
| SC | 18,057,288 | 3,914 | (14,188) | 6,870,142 | 6,828,085 | 31,783 |
| VT | 1,815,336 | (4,714) | 6,947 | 686,439 | 686,616 | 2,056 |
| \$ | 166,515,790 | - | - | 63,046,226 | 63,046,226 | - |

Iowa Lottery Authority

Staff

This engagement was performed by:

Pamela J. Bormann, CPA, Manager
Jenny M. Podrebarac, Senior Auditor II



Andrew E. Nielsen, CPA
Deputy Auditor of State