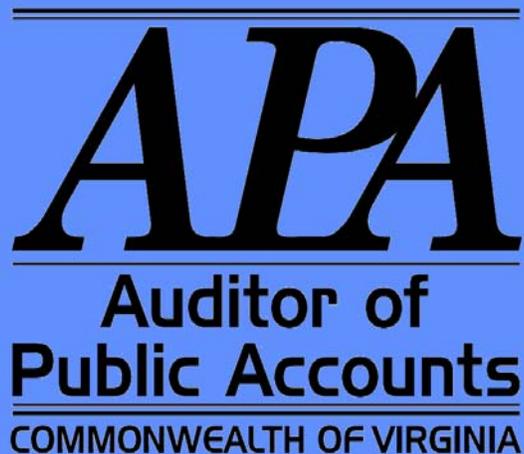


**STATE LOTTERY DEPARTMENT
MEGAPLIER**

**REPORT ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
JANUARY 18, 2011 THROUGH MARCH 31, 2012**





Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

June 22, 2012

Members of the Virginia State Lottery Board
900 East Main Street
Richmond, Virginia

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 California, Georgia, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Ohio, Texas, and Washington (referred to as the "Member Lotteries"), which operate Megaplier, solely to assist the Virginia Lottery and Member Lotteries with respect to the evaluation of the following financial information associated with Megaplier: Virginia Lottery's sales and prize expense for the period January 18, 2011 through March 31, 2012, and the Virginia Lottery's receivable or payable as of March 31, 2012. Virginia Lottery is responsible for its records of the financial information associated with Megaplier. This engagement to apply agreed-upon procedures was performed in accordance with 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 January 18, 2011 through March 31, 2012, and attached those as Exhibit I and II, respectively. We verified the mathematical accuracy of the schedules.
- B. We randomly selected seven Megaplier drawings from the period January 18, 2011 through March 31, 2012, for testing as indicated in "C", "D", and "E" below.

April 26, 2011	January 27, 2012
July 1, 2011	February 14, 2012
November 25, 2011	March 6, 2012
December 13, 2011	

- 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 Megaplier’ 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 Megaplier 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 from the Virginia Lottery ICS the actual fixed prizes awarded and the prizes unclaimed. We compared the ICS 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 total of the quarterly transfers to/from the Virginia Lottery for settlement of the shared 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.
- I. We compared the balance listed as the Virginia Lottery’s payable/receivable as of March 31, 2012 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 Megaplier Prize Settlement Report as of March 30, 2012 and found them to be in agreement.

We were not engaged to, and did not perform an audit or an examination, the objective of which would be the expression of an opinion on the specified financial information associated with Megaplier. 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/clj

MEGAPLIER
VIRGINIA LOTTERY DEPARTMENT
VIRGINIA DRAW ACTIVITY
From January 18, 2011 through March 31, 2012

<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>
1/18/2011	\$ 89,622	\$ 29,355	\$ 99,842
1/21/2011	105,376	814,947	105,222
1/25/2011	101,415	33,369	100,967
1/28/2011	109,258	29,037	99,166
2/1/2011	120,348	40,395	39,651
2/4/2011	89,967	26,691	26,093
2/8/2011	81,057	7,972	69,904
2/11/2011	90,516	10,768	12,761
2/15/2011	86,362	23,199	28,900
2/18/2011	97,099	24,802	22,720
2/22/2011	91,348	31,875	29,470
2/25/2011	103,944	42,264	44,948
3/1/2011	107,496	31,166	36,667
3/4/2011	126,618	51,276	63,046
3/8/2011	123,662	37,767	98,867
3/11/2011	138,898	24,560	16,255
3/15/2011	143,465	46,509	106,787
3/18/2011	180,018	48,225	119,280
3/22/2011	198,451	50,271	164,573
3/25/2011	309,685	181,050	105,280
3/29/2011	75,739	21,006	23,842
4/1/2011	94,878	17,302	21,926
4/5/2011	87,170	10,527	12,189
4/8/2011	95,270	18,674	23,279
4/12/2011	88,873	8,957	11,458
4/15/2011	101,887	19,910	21,626
4/19/2011	73,616	15,564	20,544
4/22/2011	81,752	14,880	77,700
4/26/2011	74,559	12,088	15,445
4/29/2011	87,440	29,847	30,602
5/3/2011	83,899	8,213	8,056
5/6/2011	74,917	17,346	17,359
5/10/2011	70,775	17,508	21,483
5/13/2011	82,387	55,530	27,768
5/17/2011	67,501	48,228	81,207

MEGAPLIER
VIRGINIA LOTTERY DEPARTMENT
VIRGINIA DRAW ACTIVITY
From January 18, 2011 through March 31, 2012

<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>
5/20/2011	73,857	51,684	25,311
5/24/2011	68,317	16,670	15,383
5/27/2011	77,353	31,452	33,689
5/31/2011	61,560	12,374	14,162
6/3/2011	72,914	13,292	13,576
6/7/2011	69,519	20,397	21,058
6/10/2011	77,441	20,278	20,242
6/14/2011	75,623	25,566	26,740
6/17/2011	85,727	23,967	24,410
6/21/2011	80,854	17,932	18,899
6/24/2011	89,654	17,862	21,181
6/28/2011	83,926	25,311	26,005
7/1/2011	110,461	33,309	37,272
7/5/2011	62,225	6,926	7,997
7/8/2011	73,487	32,094	16,167
7/12/2011	69,649	26,037	30,355
7/15/2011	79,127	17,068	15,603
7/19/2011	74,215	25,248	31,925
7/22/2011	82,864	20,259	28,729
7/26/2011	79,222	15,830	75,264
7/29/2011	88,714	22,857	33,886
8/2/2011	89,751	30,135	30,309
8/5/2011	103,505	23,570	24,032
8/9/2011	66,863	21,297	21,723
8/12/2011	71,531	21,516	24,047
8/16/2011	68,854	16,887	21,465
8/19/2011	77,251	7,204	7,534
8/23/2011	62,074	13,304	14,554
8/26/2011	70,461	13,232	77,021
8/30/2011	60,486	17,220	20,922
9/2/2011	78,489	13,248	15,883
9/6/2011	66,951	19,026	21,934
9/9/2011	79,459	29,595	153,319
9/13/2011	76,192	20,121	22,737
9/16/2011	86,332	25,365	27,895
9/20/2011	83,263	21,651	22,330

MEGAPLIER
 VIRGINIA LOTTERY DEPARTMENT
 VIRGINIA DRAW ACTIVITY
 From January 18, 2011 through March 31, 2012

<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>
9/23/2011	92,629	26,490	28,970
9/27/2011	92,556	25,890	139,806
9/30/2011	117,467	36,582	97,353
10/4/2011	68,029	12,624	14,704
10/7/2011	72,230	24,573	36,128
10/11/2011	69,185	20,352	22,356
10/14/2011	78,037	53,592	25,171
10/18/2011	73,215	5,995	8,166
10/21/2011	82,853	16,246	81,522
10/25/2011	77,980	26,211	29,452
10/28/2011	90,759	23,436	89,056
11/1/2011	94,865	15,086	85,573
11/4/2011	75,840	23,379	26,391
11/8/2011	66,908	19,635	80,168
11/11/2011	78,833	23,193	25,748
11/15/2011	70,898	25,722	32,581
11/18/2011	76,523	51,717	30,472
11/22/2011	74,927	7,160	9,124
11/25/2011	74,046	13,076	14,009
11/29/2011	78,688	53,766	88,406
12/2/2011	92,367	22,563	36,822
12/6/2011	89,009	27,084	29,545
12/9/2011	109,014	32,127	36,507
12/13/2011	106,357	34,107	39,358
12/16/2011	120,768	24,350	29,048
12/20/2011	123,245	36,504	95,595
12/23/2011	143,063	57,693	120,789
12/27/2011	152,702	51,076	97,566
12/30/2011	78,679	19,479	27,851
1/3/2012	66,099	7,758	7,955
1/6/2012	74,022	7,008	7,637
1/10/2012	70,711	13,896	13,630
1/13/2012	79,093	16,600	18,326
1/17/2012	69,956	7,325	7,423
1/20/2012	78,126	8,861	9,214
1/24/2012	72,987	21,099	78,713

MEGAPLIER
VIRGINIA LOTTERY DEPARTMENT
VIRGINIA DRAW ACTIVITY
From January 18, 2011 through March 31, 2012

<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>
1/27/2012	64,773	22,293	20,032
1/31/2012	61,950	14,860	17,247
2/3/2012	73,433	20,382	24,749
2/7/2012	70,558	20,499	25,304
2/10/2012	82,777	27,453	87,671
2/14/2012	75,430	22,590	70,725
2/17/2012	80,829	18,168	18,695
2/21/2012	75,432	12,644	16,324
2/24/2012	84,491	25,998	29,936
2/28/2012	85,637	17,716	20,470
3/2/2012	104,369	10,270	65,946
3/6/2012	102,543	57,804	33,964
3/9/2012	113,819	43,113	45,465
3/13/2012	117,550	24,504	27,248
3/16/2012	148,102	32,946	36,996
3/20/2012	165,372	77,214	160,181
3/23/2012	220,214	110,877	87,119
3/27/2012	361,696	112,482	139,143
3/30/2012	<u>995,571</u>	<u>313,864</u>	<u>335,293</u>
Total	<u>\$12,730,651</u>	<u>\$4,548,794</u>	<u>\$5,732,085</u>

Members of the Virginia State Lottery Board
June 22, 2012

MEGAPLIER
VIRGINIA LOTTERY DEPARTMENT
FIXED PRIZE ANALYSIS
From January 18, 2011 through March 31, 2012

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>
California	\$-	\$ -	\$ -	\$ -	\$ -
Georgia	-	4,470,618	3,505,351	638,796	326,471
Illinois	-	8,330,070	7,298,410	(209,631)	1,241,291
Massachusetts	-	3,096,419	2,572,031	147,037	377,351
Maryland	-	3,292,224	2,744,153	944,843	(396,772)
Michigan	-	3,420,272	4,090,530	(192,179)	(478,079)
New Jersey	-	6,196,837	5,926,560	(550,500)	820,777
New York	-	6,164,430	7,325,229	(996,606)	(164,193)
Ohio	-	10,116,907	10,848,091	(892,111)	160,927
POWER BALL					
Texas	-	22,748,393	22,537,493	1,991,509	(1,780,609)
Virginia	-	4,548,794	5,732,085	(551,772)	(631,519)
Washington State	-	<u>1,645,107</u>	<u>1,450,138</u>	(329,386)	524,355
Total		<u>\$74,030,071</u>	<u>\$74,030,071</u>		