



**STATE LOTTERY DEPARTMENT
MEGAPLIER**

**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
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 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 Megaplier. 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 Megaplier drawings from the period April 2012 through March 2013 for testing as indicated in "C", "D", and "E" below.

May 11, 2012	June 5, 2012
September 14, 2012	October 5, 2012
November 9, 2012	
- 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'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 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 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 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 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 Megaplier 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 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/alh

Members of the Virginia State Lottery Board
 July 15, 2013

MEGAPLIER
 VIRGINIA LOTTERY DEPARTMENT
 VIRGINIA DRAW ACTIVITY
 From April 2012 through March 2013

Exhibit I

<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>
4/3/2012	\$ 74,532	\$ 19,809	\$ 71,074
4/6/2012	80,803	26,622	28,842
4/10/2012	74,898	27,642	45,499
4/13/2012	87,477	23,532	27,161
4/17/2012	79,683	25,011	30,266
4/20/2012	87,041	14,660	16,622
4/24/2012	80,655	775,299	83,052
4/27/2012	93,592	25,668	26,845
5/1/2012	99,146	27,240	33,675
5/4/2012	107,343	31,947	30,372
5/8/2012	70,619	17,750	23,259
5/11/2012	75,487	23,346	25,986
5/15/2012	69,432	30,720	96,089
5/18/2012	72,084	21,336	24,061
5/22/2012	65,649	6,112	6,809
5/25/2012	72,281	25,995	83,186
5/29/2012	61,947	32,230	14,457
6/1/2012	68,425	11,216	13,527
6/5/2012	64,697	12,678	14,799
6/8/2012	69,305	16,720	16,243
6/12/2012	65,415	19,314	27,885
6/15/2012	71,497	17,926	18,740
6/19/2012	66,264	7,656	8,596
6/22/2012	71,375	14,354	18,118
6/26/2012	69,863	22,233	141,910
6/29/2012	79,741	21,204	20,844
7/3/2012	76,660	23,286	24,199
7/6/2012	64,593	12,414	12,743
7/10/2012	60,463	25,218	33,637
7/13/2012	69,643	7,978	8,215
7/17/2012	63,609	19,023	23,353
7/20/2012	70,229	14,288	16,819
7/24/2012	64,702	21,660	20,459
7/27/2012	71,528	22,814	25,666
7/31/2012	59,360	10,380	12,891
8/3/2012	67,304	14,820	14,496
8/7/2012	63,759	22,119	23,096

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<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>
8/10/2012	71,566	23,310	25,145
8/14/2012	70,160	16,455	18,412
8/17/2012	78,503	15,952	22,790
8/21/2012	67,870	8,256	121,650
8/24/2012	74,813	16,344	7,146
8/28/2012	69,952	19,131	20,495
8/31/2012	83,554	32,330	16,085
9/4/2012	74,906	14,134	78,001
9/7/2012	91,260	54,393	32,922
9/11/2012	88,308	23,158	24,041
9/14/2012	65,551	16,461	18,648
9/18/2012	59,860	13,660	14,494
9/21/2012	62,743	16,506	19,667
9/25/2012	58,059	11,392	16,673
9/28/2012	66,067	51,681	83,430
10/2/2012	63,874	56,319	28,290
10/5/2012	68,971	13,266	16,392
10/9/2012	63,448	23,049	23,847
10/12/2012	70,357	23,358	27,840
10/16/2012	68,179	50,526	24,972
10/19/2012	62,584	12,304	18,248
10/23/2012	58,533	5,565	5,798
10/26/2012	64,576	6,745	8,636
10/30/2012	54,358	16,536	17,475
11/2/2012	68,505	16,974	141,798
11/6/2012	57,649	14,088	15,401
11/9/2012	61,763	19,080	23,937
11/13/2012	57,525	5,232	5,286
11/16/2012	65,074	18,543	82,318
11/20/2012	63,051	22,821	80,467
11/23/2012	66,709	20,589	20,702
11/27/2012	88,101	805,524	97,017
11/30/2012	71,205	17,096	17,524
12/4/2012	60,157	17,238	17,363
12/7/2012	65,263	12,296	14,552
12/11/2012	60,917	18,162	20,928
12/14/2012	66,884	18,546	18,034

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 VIRGINIA DRAW ACTIVITY
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Exhibit I

<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>
12/18/2012	57,840	16,930	19,137
12/21/2012	62,235	12,724	73,657
12/25/2012	51,704	14,232	15,736
12/28/2012	63,660	17,457	19,613
1/1/2013	56,352	49,746	31,334
1/4/2013	66,292	18,294	21,012
1/8/2013	61,147	49,488	24,472
1/11/2013	67,304	49,638	23,803
1/15/2013	63,351	25,311	23,961
1/18/2013	68,802	12,202	13,837
1/22/2013	66,845	16,296	19,119
1/25/2013	68,072	25,020	25,403
1/29/2013	54,258	12,144	13,531
2/1/2013	63,375	31,106	13,790
2/5/2013	60,459	24,819	26,491
2/8/2013	61,257	19,560	142,443
2/12/2013	59,065	10,074	12,840
2/15/2013	65,750	16,572	17,323
2/19/2013	62,377	14,082	13,368
2/22/2013	63,043	12,910	13,091
2/26/2013	57,735	21,684	33,287
3/1/2013	71,423	19,875	87,458
3/5/2013	68,485	12,288	13,318
3/8/2013	69,105	18,441	21,549
3/12/2013	66,683	28,071	29,582
3/15/2013	65,401	7,816	11,628
3/19/2013	60,687	13,500	16,884
3/22/2013	70,496	51,252	21,226
3/26/2013	63,957	13,875	16,081
3/29/2013	70,575	18,996	23,953
Total	<u>\$7,129,691</u>	<u>\$3,693,643</u>	<u>\$3,248,842</u>

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MEGAPLIER
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 FIXED PRIZE ANALYSIS
 From April 2012 through March 2013

Exhibit II

State	Receivable (Payable)	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In(Out)	Receivable (Payable)
California	\$ -	\$ -	\$ -	\$ -	\$ -
Georgia	326,471	1,304,649	2,008,079	(353,399)	(23,560)
Illinois	1,241,291	5,500,677	4,010,378	2,786,998	(55,408)
Massachusetts	377,351	1,110,026	1,437,997	93,103	(43,723)
Maryland	(396,772)	1,266,256	1,933,416	(1,013,706)	(50,226)
Michigan	(478,079)	1,508,339	2,340,236	(1,288,317)	(21,659)
New Jersey	820,777	2,241,271	3,329,791	(169,808)	(97,935)
New York	(164,193)	4,380,535	4,502,974	(159,695)	(126,937)
Ohio	160,927	8,157,689	5,630,013	2,743,785	(55,182)
POWER BALL					
Texas	(1,780,609)	11,778,231	12,197,002	(2,753,934)	554,554
Virginia	(631,519)	3,693,643	3,248,842	(114,566)	(72,152)
Washington State	524,355	<u>473,986</u>	<u>776,574</u>	229,539	(7,772)
Total		<u>\$41,415,302</u>	<u>\$41,415,302</u>		