



VIRGINIA LOTTERY MEGAPLIER

REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE PERIOD APRIL 2013 THROUGH MARCH 2014

Auditor of Public Accounts
Martha S. Mavredes, CPA
www.apa.virginia.gov
(804) 225-3350





Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

June 18, 2014

Members of the Virginia 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 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 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 2013 through March 2014, and the Virginia Lottery's receivable or payable as of March 2014. 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 2013 through March 2014, 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 2013 through March 2014 for testing as indicated in "C," "D," and "E" below.

April 23, 2013
August 2, 2013
March 25, 2014

July 30, 2013
December 3, 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 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 “Draw Activity” report attached as Exhibit I 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 receivable as of March 2014 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 2014 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

AC/alh

MEGAPLIER
 VIRGINIA LOTTERY
 VIRGINIA DRAW ACTIVITY
 From April 2013 through March 2014

Exhibit I

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
4/2/2013	\$ 69,039	\$ 18,456	\$ 20,151	-	-
4/5/2013	75,513	18,720	17,648	-	-
4/9/2013	69,961	19,773	21,400	-	-
4/12/2013	76,247	43,512	92,172	-	-
4/16/2013	73,317	8,087	9,132	-	-
4/19/2013	77,137	63,174	35,152	-	-
4/23/2013	78,870	15,546	16,390	-	-
4/26/2013	89,844	25,560	24,009	-	-
4/30/2013	90,069	16,234	19,023	-	-
5/3/2013	98,775	8,875	9,467	-	-
5/7/2013	98,072	34,344	94,069	-	-
5/10/2013	108,415	65,247	43,703	-	-
5/14/2013	115,045	36,906	41,179	-	-
5/17/2013	171,528	44,121	47,530	-	-
5/21/2013	68,657	22,818	24,537	-	-
5/24/2013	67,469	24,342	28,916	-	-
5/28/2013	59,424	50,385	23,970	-	-
5/31/2013	71,321	15,452	14,676	-	-
6/4/2013	62,058	16,798	16,785	-	-
6/7/2013	67,765	22,881	20,086	-	-
6/11/2013	64,125	17,292	80,928	-	-
6/14/2013	67,900	18,057	20,511	-	-
6/18/2013	64,615	5,838	7,810	-	-
6/21/2013	70,923	36,250	16,628	-	-
6/25/2013	66,623	6,733	69,840	-	-
6/28/2013	72,460	17,676	18,913	-	-
7/2/2013	70,408	16,650	20,281	-	-
7/5/2013	72,236	21,387	19,523	-	-
7/9/2013	58,591	4,748	6,158	-	-
7/12/2013	61,616	14,698	15,271	-	-
7/16/2013	58,536	5,648	6,105	-	-
7/19/2013	59,413	11,184	12,880	-	-
7/23/2013	55,778	8,976	11,539	-	-
7/26/2013	61,813	19,194	24,063	-	-
7/30/2013	55,746	8,928	11,359	-	-
8/2/2013	64,803	6,807	7,126	-	-

MEGAPLIER
 VIRGINIA LOTTERY
 VIRGINIA DRAW ACTIVITY
 From April 2013 through March 2014

Exhibit I

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
8/6/2013	67,265	10,250	11,233	-	-
8/9/2013	67,722	15,102	15,087	-	-
8/13/2013	60,011	15,552	80,809	-	-
8/16/2013	67,707	20,250	25,403	-	-
8/20/2013	64,172	11,970	13,736	-	-
8/23/2013	69,526	21,789	26,496	-	-
8/27/2013	66,153	18,564	23,455	-	-
8/30/2013	75,488	8,051	8,451	-	-
9/3/2013	68,356	16,142	17,163	-	-
9/6/2013	79,612	29,004	87,769	-	-
9/10/2013	78,563	16,194	17,470	-	-
9/13/2013	91,279	29,316	31,337	-	-
9/17/2013	93,098	760,256	71,873	-	-
9/20/2013	99,175	8,740	11,896	-	-
9/24/2013	90,389	18,642	78,405	-	-
9/27/2013	102,365	10,154	68,096	-	-
10/1/2013	105,701	22,640	22,288	-	-
10/4/2013	67,026	15,198	20,907	-	-
10/8/2013	62,231	15,226	16,645	-	-
10/11/2013	67,266	16,686	18,899	-	-
10/15/2013	62,284	22,581	87,931	-	-
10/18/2013	69,616	18,195	84,753	-	-
10/22/2013	72,820	32,216	32,503	-	-
10/25/2013	82,892	9,879	10,076	-	-
10/29/2013	77,057	20,022	18,847	-	-
11/1/2013	89,073	32,024	34,458	-	-
11/5/2013	86,162	33,740	38,671	-	-
11/8/2013	93,892	10,790	10,679	-	-
11/12/2013	90,493	62,464	44,952	-	-
11/15/2013	98,069	33,078	33,449	-	-
11/19/2013	92,264	16,756	20,764	-	-
11/22/2013	104,510	25,066	27,051	-	-
11/26/2013	109,375	45,208	321,418	-	-
11/29/2013	119,373	41,205	41,206	-	-
12/3/2013	142,885	38,054	35,083	-	-
12/6/2013	162,876	36,010	37,408	-	-

MEGAPLIER
 VIRGINIA LOTTERY
 VIRGINIA DRAW ACTIVITY
 From April 2013 through March 2014

Exhibit I

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
12/10/2013	184,988	22,508	23,362	-	-
12/13/2013	406,157	57,605	51,417	-	-
12/17/2013	739,492	315,162	312,658	-	-
12/20/2013	78,499	8,913	9,471	-	-
12/24/2013	83,093	15,852	19,662	-	-
12/27/2013	73,049	36,928	36,476	-	-
12/31/2013	92,402	20,432	21,072	-	-
1/3/2014	78,731	58,780	40,340	-	-
1/7/2014	66,172	24,692	29,494	-	-
1/10/2014	71,532	15,634	16,509	-	-
1/14/2014	68,886	14,992	16,270	-	-
1/17/2014	76,043	27,093	281,692	-	-
1/21/2014	68,973	22,266	26,613	-	-
1/24/2014	72,755	30,092	32,110	-	-
1/28/2014	72,347	15,126	16,038	-	-
1/31/2014	78,832	31,812	32,276	-	-
2/4/2014	82,209	18,424	19,776	-	-
2/7/2014	89,183	20,254	22,675	-	-
2/11/2014	91,483	9,562	9,928	-	-
2/14/2014	87,591	20,136	20,686	-	-
2/18/2014	108,483	68,572	48,305	-	-
2/21/2014	115,584	53,060	62,750	-	-
2/25/2014	110,865	54,156	59,330	-	-
2/28/2014	133,095	43,941	45,143	-	-
3/4/2014	121,374	18,894	15,629	-	-
3/7/2014	143,218	58,386	48,812	-	-
3/11/2014	164,158	53,145	55,086	-	-
3/14/2014	204,530	2,043,942	268,100	-	-
3/18/2014	293,743	80,004	86,016	-	-
3/21/2014	77,563	35,792	36,475	-	-
3/25/2014	76,067	19,040	17,413	-	-
3/28/2014	<u>81,392</u>	<u>19,100</u>	<u>20,590</u>	-	-
Total	<u>\$ 10,103,347</u>	<u>\$ 5,682,606</u>	<u>\$ 4,317,771</u>	-	-

MEGAPLIER
 VIRGINIA LOTTERY
 FIXED PRIZE ANALYSIS
 From April 2013 to March 2014

Exhibit II

State	Receivable (Payable)	Actual Fixed Prizes	Actual Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In (Out)	Receivable (Payable)
California	\$ -	\$ -	\$ -	\$ -	\$ -
Georgia	(23,560)	1,891,249	2,673,070	(676,806)	(128,575)
Illinois	(55,408)	3,672,142	4,457,479	(636,394)	(204,351)
Massachusetts	(43,723)	1,239,137	1,859,132	(550,262)	(113,456)
Maryland	(50,226)	3,207,630	2,653,490	663,185	(159,271)
Michigan	(21,659)	2,051,109	2,991,907	(794,013)	(168,444)
New Jersey	(97,935)	5,430,996	4,624,179	937,428	(228,546)
New York	(126,937)	5,715,432	6,288,074	(347,276)	(352,303)
Ohio	(55,182)	5,778,811	6,448,478	(366,695)	(358,154)
POWERBALL					
Texas	554,554	17,214,789	15,081,219	2,688,124	-
Virginia	(72,152)	5,682,606	4,317,771	(487,499)	1,780,182
Washington State	(7,772)	<u>814,101</u>	<u>1,303,203</u>	(429,792)	(67,082)
Total		<u>\$ 52,698,002</u>	<u>\$ 52,698,002</u>		