

**South Carolina Education
Lottery Commission**

***Independent Accountant's Report On
Applying Agreed-Upon Procedures***

For the period April 1, 2014 through March 31, 2015

South Carolina Education Lottery Commission

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Commissioners
South Carolina Education Lottery Commission
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Education Lottery Commission (the "Commission") and the other lotteries who offer for sale the "Lucky for Life" game (collectively the "Party Lotteries"), solely to assist the Commission and the Party Lotteries with respect to the annual evaluation of the sales and prize expense related to the "Lucky for Life" game for the period April 1, 2014 through March 31, 2015 (the "Period"). 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 parties specified in the report. 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.

All procedures were performed for balances, transactions and activity occurring within the Period. Our procedures and findings are as follows:

AGREED-UPON PROCEDURE #1

We obtained from the Commission the "Draw Activity Report" (Exhibit I) and the "Set Prize Analysis Report" (Exhibit II) generated by the Game Administrator (as defined in the Lucky for Life Finance and Operations Procedures) and checked them for mathematical accuracy and where applicable, noted any exceptions.

Findings:

We noted no exceptions as a result of performing these procedures.

AGREED-UPON PROCEDURE #2

We haphazardly selected *five* (5) draw dates from Exhibit I and compared the total amount of sales reflected in the "Sales" column for the respective draw dates to the "Daily Sales Report" produced by the Commission's gaming system and the "Daily Sales Report" produced by the Internal Control System (ICS), for indication that they are in agreement.

Findings:

We noted no exceptions as a result of performing these procedures.

AGREED-UPON PROCEDURE #3

We recalculated the total dollar amount of the set prizes (hereinafter “Set Prizes,” as defined in the Lucky for Life Official Game Rules, tiers 3 through 10), for the draw dates selected in Procedure 2 above, based on the total number of winners from the Commission’s gaming system for each prize level and the prize structure of the Lucky for Life Set Prizes. We then compared the recalculated total dollar amount of the set prizes to the amount listed in the “Actual Set Prizes” column reflected on Exhibit I for indication that they are in agreement.

Findings:

We noted no exceptions as a result of performing these procedures.

AGREED-UPON PROCEDURE #4

For each draw date selected in Procedure 2 above, we compared the amount of sales, actual Set Prizes, and share of Set Prizes reflected on Exhibit I to the amounts shown on the Commission’s “Lucky for Life Draw Reports” for indication that they are in agreement.

Findings:

We noted no exceptions as a result of performing these procedures.

AGREED-UPON PROCEDURE #5

We haphazardly selected *two* (2) months and obtained the “Expired Prize Allocation Report” distributed by the Game Administrator. For the *two* (2) months selected, we obtained from the Commission’s Computer Gaming System (CGS) the prizes unclaimed. We then compared the CGS data back to the data reported from the Game Administrator for each draw of the subject months for indication that they are in agreement.

Findings:

Per management, there were no prizes unclaimed for the Period.

AGREED-UPON PROCEDURE #6

We compared the amounts shown as the total of the actual Set Prizes and the total of the share of Set Prizes reflected on Exhibit I to the applicable amounts shown on Exhibit II for indication that they are in agreement.

Findings:

We noted no exceptions as a result of performing these procedures.

AGREED-UPON PROCEDURE #7

Where applicable, we traced the amount listed in the "Cost of Top Prizes" column of the "Cost of Top and Second Prize Report" (Exhibit III) to the cash disbursement subsidiary records which summarize the funds disbursed.

Findings:

We noted that there were no top prizes claimed for the Period.

AGREED-UPON PROCEDURE #8

Where applicable, we haphazardly selected all second prizes claimed (up to and including a maximum of five) in the "Cost of the Second Prizes" column of Exhibit III and traced the amounts to the cash disbursement subsidiary records which summarize the funds disbursed.

Findings:

We noted that there were no second prizes claimed for the Period.

AGREED-UPON PROCEDURE #9

Where applicable, for each annuitized Top and Second Prize settlement:

- a. We inspected all bid confirmations for indication that the annuity investments are (1) funded in accordance with allowed investment vehicles per the multi-state Lucky for Life rules or procedures or (2) if the Commission is prohibited by jurisdictional law from purchasing an annuity, inspected written estimates received from an approved licensed registered insurance broker for indication that the bids and estimates were obtained through a competitive bidding process.
- b. We inspected information reported to the group for indication that the information is accurate, including non-winning bid forms from the insurance companies or estimates from insurance brokers.

Findings:

We noted that there were no annuitized top and second prize settlements for the Period.

AGREED-UPON PROCEDURE #10

Where applicable, we compared total transfers from the Commission to the Game Administrator for settlement of the Actual Set Prize Liability as shown in the cash disbursement subsidiary records to the amount listed in the “Quarterly/Yearly Settlements Transfers In (Out)” column reflected on Exhibit II for indication that they are in agreement.

Findings:

Per management, there were no transfers from the Commission to the Game Administrator for settlement of the Actual Set Prize Liability during the Period.

AGREED-UPON PROCEDURE #11

We compared the balance listed as the Commission’s receivable/payable as of March 31, 2015, for the Set Prizes as shown on Exhibit II to the Commission’s financial accounting records and to the “Lucky for Life Draw Report”, filed by the Game Administrator, as of March 31, 2015 for indication that they are in agreement.

Findings:

We noted no exceptions as a result of performing these procedures.

We were not engaged to, and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 Commission, the other Party Lotteries, and the Multi-State Lottery Association, and is not intended to be and should not be used by anyone other than these specified parties.



Columbia, South Carolina
September 25, 2015

South Carolina Education Lottery Commission
Draw Activity Report
For the period April 1, 2014 through March 31, 2015

Draw Date	Lot	Total Number of Winners										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)
		First Prize Tier 1	Second Prize Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 7	Tier 8	Tier 9	Tier 10					
1/29/2015	SC	-	-	1	24	25	629	494	8,385	2,767	4,467	\$ 268,420.00	\$ 98,105.00	17.99%	\$ 95,828.70	\$ (2,276.30)
2/2/2015	SC	-	-	-	16	39	760	394	9,036	1,851	2,874	218,376.00	83,810.00	15.58%	93,261.78	9,451.78
2/5/2015	SC	-	-	-	15	34	607	503	8,400	2,620	4,187	257,544.00	90,483.00	14.93%	89,997.10	(485.90)
2/9/2015	SC	-	-	2	12	22	571	427	8,053	2,277	3,446	234,116.00	89,400.00	14.02%	88,266.88	(1,133.12)
2/12/2015	SC	-	-	1	9	45	594	466	8,043	2,302	3,727	256,188.00	89,929.00	14.69%	89,966.52	37.52
2/16/2015	SC	-	-	2	6	36	530	425	7,053	2,243	3,585	217,122.00	86,782.00	14.02%	79,837.25	(6,944.75)
2/19/2015	SC	-	-	1	17	33	647	450	9,130	2,116	3,220	241,346.00	90,506.00	14.72%	88,552.32	(1,953.68)
2/23/2015	SC	-	-	-	15	40	553	502	7,625	2,452	3,838	228,048.00	85,549.00	13.99%	85,387.88	(161.12)
2/26/2015	SC	-	-	-	19	25	590	554	8,712	2,630	3,917	240,550.00	90,784.00	14.51%	104,294.00	13,510.00
3/2/2015	SC	-	-	-	18	34	562	434	8,161	2,110	3,228	233,548.00	80,845.00	13.76%	83,378.69	2,533.69
3/5/2015	SC	-	-	-	21	34	553	470	8,138	2,326	3,550	243,408.00	84,680.00	14.83%	88,765.03	4,085.03
3/9/2015	SC	-	-	-	9	34	559	422	7,401	2,057	3,199	218,612.00	75,971.00	13.03%	78,790.42	2,819.42
3/12/2015	SC	-	-	-	5	36	525	416	7,167	2,125	3,495	227,182.00	75,531.00	13.70%	77,659.87	2,128.87
3/16/2015	SC	-	-	3	15	39	440	412	6,818	2,302	3,598	208,092.00	91,608.00	12.50%	80,212.24	(11,395.76)
3/19/2015	SC	-	-	-	9	33	548	468	7,400	2,290	3,616	217,444.00	79,814.00	12.65%	80,054.29	240.29
3/23/2015	SC	-	-	-	9	26	405	382	6,467	1,884	3,211	200,290.00	66,899.00	11.68%	70,615.24	3,716.24
3/26/2015	SC	-	-	3	14	28	445	398	6,342	2,079	3,359	207,474.00	85,786.00	11.74%	71,074.19	(14,711.81)
3/30/2015	SC	-	-	1	20	26	438	388	6,600	1,927	3,007	198,200.00	74,750.00	11.08%	71,375.95	(3,374.05)
Total		-	-	14	253	589	9,956	8,005	138,931	40,358	63,524	\$ 4,115,960	\$ 1,521,232.00		\$ 1,517,318.32	\$ (3,913.68)

South Carolina Education Lottery Commission

Set Prize Analysis Report

For the period April 1, 2014 through March 31, 2015

Qtrly/Yrly Settlements Transfers In (Out)

	<u>Sales</u>	<u>Beginning Balance at 4/1/14</u>	<u>Due From / (Due to) 7/14/14</u>	<u>Due From / (Due to) 1/26/15</u>	<u>Total Actual Set Prizes or Actual Lower Tier Prize Liability</u>	<u>Total Share of Set Prizes or Actual Lower Tier Prize Liability</u>	<u>Due From / (Due to) March 2015</u>
AR	\$ 945,230.00	\$ -	\$ -	\$ -	\$ 343,861.00	\$ 347,868.50	\$ (4,007.50)
CT	21,415,446.00	(105,125.62)	120,827.58	(10,088.39)	5,254,793.00	5,258,741.62	1,664.95
DC	524,180.00	-	-	-	194,060.00	192,236.57	1,823.43
DE	972,836.00	-	-	-	376,134.00	357,682.71	18,451.29
ID	893,214.00	-	-	-	334,388.00	329,561.87	4,826.13
KY	277,034.00	-	-	-	95,274.00	97,542.11	(2,268.11)
MA	27,542,628.00	95,681.10	(111,649.17)	24,452.00	6,703,223.00	6,754,006.40	(42,299.47)
ME	4,687,938.00	19,793.72	(13,091.21)	(2,101.27)	1,131,371.00	1,145,207.84	(9,235.60)
MI	4,793,842.00	-	-	-	1,774,471.00	1,765,734.52	8,736.48
MN	2,534,106.00	-	-	-	923,379.00	935,603.79	(12,224.79)
MO	2,105,896.00	-	-	-	798,044.00	775,411.93	22,632.07
MT	788,634.00	-	-	-	303,557.00	290,247.47	13,309.53
NH	5,352,638.00	(14,996.49)	13,233.65	(6,941.79)	1,305,611.00	1,307,777.86	(10,871.49)
RI	5,427,760.00	8,976.46	(5,421.05)	(9,421.98)	1,348,396.00	1,332,266.11	10,263.32
SC	4,115,960.00	-	-	-	1,521,232.00	1,517,318.32	3,913.68
VT	1,875,500.00	(4,329.17)	(3,899.80)	4,101.43	459,290.00	459,876.37	(4,713.91)
		-	-				
	<u>\$ 84,252,842.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ -</u>	<u>\$ 22,867,084.00</u>	<u>\$ 22,867,084.00</u>	<u>\$ (0.00)</u>

South Carolina Education Lottery Commission

Cost of Top and Second Prize Report

For the period April 1, 2014 through March 31, 2015

TOP PRIZE

<u>Draw date</u>	<u>Win num</u>	<u>Claim date</u>	<u>Option</u>	<u>Cost of Top Prizes</u>	<u>Reported</u>	<u>Settlement</u>	<u>SC</u>	<u>SC</u>
None								

SECOND PRIZE

Reported in previous year

<u>Draw date</u>	<u>Win num</u>	<u>Claim date</u>	<u>Option</u>	<u>Cost of Second Prizes</u>	<u>Reported</u>	<u>Settlement</u>	<u>SC</u>	<u>SC</u>
09/26/13	MA	1	09/25/14	cash	\$ 390,000.00	09/29/14	10/13/14	0.00% \$ -
09/30/13	CT	2	10/04/13	cash	390,000.00	10/07/13	10/21/13	0.00% -
09/30/13	MA	3	10/22/13	cash	390,000.00	10/28/13	11/12/13	0.00% -
10/10/13	MA	4	10/11/13	cash	390,000.00	10/14/13	10/28/13	0.00% -
10/21/13	MA	5	11/05/13	cash	390,000.00	11/12/13	11/25/13	0.00% -
10/21/13	ME	6	10/25/13	cash	390,000.00	10/28/13	11/12/13	0.00% -
10/21/13	RI	7	10/23/13	annuity	495,311.00	10/25/13	11/08/13	0.00% -
10/24/13	CT	8	10/28/13	cash	390,000.00	11/18/13	12/02/13	0.00% -
10/31/13	CT	9	11/01/13	annuity	467,119.00	02/08/14	02/24/14	0.00% -
12/19/13	ME	10	12/23/13	cash	390,000.00	02/03/14	02/17/14	0.00% -
12/23/13	RI	11	02/03/14	cash	390,000.00	02/10/14	02/24/14	0.00% -
12/30/13	ME	12	01/28/14	cash	390,000.00	02/03/14	02/17/14	0.00% -
01/09/14	MA	13	01/23/14	cash	390,000.00	01/27/14	02/10/14	0.00% -
01/23/14	CT	14	01/24/14	cash	390,000.00	01/27/14	02/10/14	0.00% -
02/06/14	RI	15	02/07/14	cash	390,000.00	02/10/14	02/24/14	0.00% -
02/10/14	CT	16	02/19/14	cash	390,000.00	02/24/14	03/10/14	0.00% -
02/27/14	CT	17	08/14/14	annuity	391,313.00	12/08/14	12/22/14	0.00% -
04/03/14	NH	18	04/18/14	annuity	456,763.00	04/18/14	05/07/14	0.00% -
04/07/14	CT	19	04/11/14	cash	390,000.00	04/12/14	04/28/14	0.00% -
04/07/14	VT	20	04/14/14	cash	390,000.00	04/14/14	05/05/14	0.00% -
04/17/14	ME	21						0.00% -
04/28/14	CT	22	05/01/14	cash	390,000.00	05/05/14	05/19/14	0.00% -
05/01/14	MA	23	05/05/14	cash	390,000.00	05/12/14	05/27/14	0.00% -
05/22/14	CT	24	05/29/14	cash	390,000.00	05/30/14	06/16/14	0.00% -
06/02/14	NH	25	06/04/14	cash	390,000.00	08/04/14	08/18/14	0.00% -
06/05/14	CT	26	06/09/14	annuity	462,938.00	12/08/14	12/22/14	0.00% -
06/05/14	MA	27	06/12/14	cash	390,000.00	06/16/14	06/30/14	0.00% -
06/16/14	MA	28	06/17/14	cash	390,000.00	06/23/14	07/07/14	0.00% -
06/23/14	MA	29	06/25/14	cash	390,000.00	06/30/14	07/14/14	0.00% -
07/07/14	CT	30	07/09/14	cash	390,000.00	07/21/14	08/04/14	0.00% -
07/17/14	MA	31	07/21/14	cash	390,000.00	07/28/14	08/11/14	0.00% -
07/28/14	CT	32	08/04/14	Annuity	506,250.00	12/08/14	12/22/14	0.00% -
07/28/14	CT	33	08/29/14	cash	390,000.00	09/08/14	09/22/14	0.00% -
08/07/14	CT	34	09/05/14	cash	390,000.00	09/08/14	09/22/14	0.00% -
08/14/14	MA	35	09/08/14	cash	390,000.00	09/15/14	09/29/14	0.00% -
09/04/14	MA	36	09/09/14	cash	390,000.00	09/15/14	09/29/14	0.00% -
09/04/14	MA	37	09/10/14	cash	390,000.00	09/15/14	09/29/14	0.00% -
09/22/14	MA	38	09/24/14	cash	390,000.00	09/29/14	10/13/14	0.00% -
09/22/14	NH	39	09/24/14	cash	390,000.00	09/29/14	10/13/14	0.00% -

South Carolina Education Lottery Commission
Cost of Top and Second Prize Report
For the period April 1, 2014 through March 31, 2015

<u>Draw date</u>	<u>win num</u>	<u>Claim date</u>	<u>option</u>	<u>Cost of Second Prizes</u>	<u>reported</u>	<u>Settlement</u>	<u>SC</u>	<u>SC</u>	
09/29/14	MA	40	10/01/14	cash	390,000.00	10/06/14	10/20/14	0.00%	-
10/09/14	MA	41	10/10/14	cash	390,000.00	10/13/14	10/27/14	0.00%	-
10/13/14	MA	42	10/14/14	cash	390,000.00	10/20/14	11/03/14	0.00%	-
10/20/14	CT	43	12/21/14	Annuity	502,439.00	12/08/14	12/22/14	0.00%	-
10/20/14	MA	44	10/23/14	cash	390,000.00	10/27/14	11/10/14	0.00%	-
10/20/14	MA	45	10/23/14	cash	390,000.00	10/27/14	11/10/14	0.00%	-
11/13/14	MA	46	01/12/15	cash	390,000.00	01/19/15	02/02/15	0.00%	-
11/24/14	NH	47						0.00%	-
12/01/14	CT	48	12/11/14	cash	390,000.00	12/15/14	12/29/14	0.00%	-
01/01/15	CT	49	01/05/15	annuity	-	pending		0.00%	-
02/02/15	MA	50	03/31/15	cash	390,000.00	04/06/15	04/20/15	15.58%	60,753.21
02/09/15	MA	51	02/12/15	annuity	593,570.00	03/06/15	03/20/15	14.02%	83,198.47
02/09/15	MN	52	02/10/15	annuity	626,222.00	03/06/15	03/20/15	14.02%	87,775.17
02/12/15	CT	53	03/12/15	annuity	-	pending		14.69%	-
02/26/15	MT	54	03/04/15	annuity	473,475.00	03/06/15	03/20/15	14.51%	68,707.36
03/12/15	MI	55	03/16/15	annuity	625,905.20	03/23/15	04/06/15	13.70%	85,745.43
03/12/15	MN	56	03/13/15	cash	390,000.00	03/16/15	03/30/15	13.70%	53,427.77
03/16/15	ID	57	03/18/15	annuity	545,926.00	03/20/15	04/03/15	12.50%	68,227.55
03/16/15	MO	58	03/23/15	cash	390,000.00	04/06/15	04/20/15	12.50%	48,740.57
03/23/15	MO	59	03/25/15	cash	390,000.00	04/06/15	04/20/15	11.68%	45,549.71
03/26/15	CT	60	03/30/15	cash	390,000.00	04/06/15	04/20/15	11.74%	45,768.76
03/26/15	CT	61	03/27/15	cash	390,000.00	04/13/15	04/27/15	11.74%	45,768.76
					<u>\$ 23,697,231.20</u>				<u>\$ 693,662.76</u>