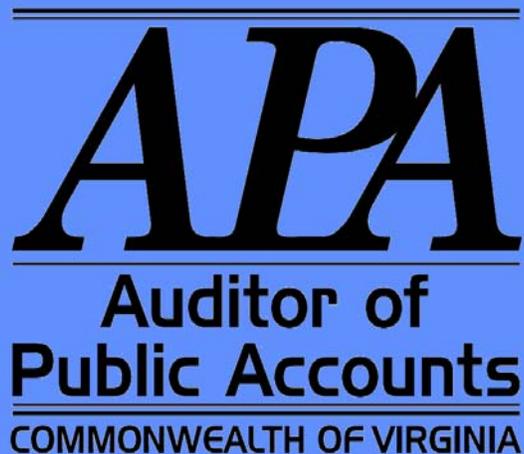


**STATE LOTTERY DEPARTMENT**

**REPORT ON APPLYING AGREED-PROCEDURES  
FOR THE PERIOD  
MARCH 1, 2006 THROUGH MARCH 31, 2007**





# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

July 31, 2007

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 Georgia and Kentucky (referred to as the "Member Lotteries"), which operate Win for Life ("WFL"), solely to assist the Virginia Lottery and Member Lotteries with respect to the evaluation of the following financial information associated with WFL: Virginia Lottery's sales and prize expense for the period March 1, 2006 through March 31, 2007. 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 agreed-upon 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 March 1, 2006 through March 31, 2007 and attached those as Exhibits I and II, respectively. We verified the mathematical accuracy of the schedules.
- B. We randomly selected the following five WFL draw dates from the period March 1, 2006 through March 31, 2007:

April 12, 2006  
August 30, 2006  
September 23, 2006

December 13, 2006  
March 21, 2007

- C. For each WFL draw date 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 with the balance listed in the “sales” column for the respective draw date 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 draw dates 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 the WFL 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 draw date on the “Draw Activity” report attached as Exhibit I and found them to be in agreement.
- E. For each draw date 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 WFL Settlement Reports and found them to be in agreement.
- F. For the period identified, we randomly selected two months and obtained the “Expired Prize Settlement Report” distributed by the Virginia Lottery. For the two months selected (March 2006 and September 2006) we obtained the Virginia Lottery’s Internal Control System (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 to ensure they are in agreement.
- G. We compared the amounts shown as the total of the actual fixed prizes and the total of the shared 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, 2007 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 WFL Prize Settlement Report as of March 31, 2007 and found them to be in agreement.

Members of the Virginia State Lottery Board  
July 31, 2007  
Page 3

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 Win for Life. 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 as 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

LCW/clj

WIN FOR LIFE  
 VIRGINIA LOTTERY DEPARTMENT  
 DRAW ACTIVITY

EXHIBIT I

For the period March 1, 2006 through March 31, 2007

Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	WFL Prize Amount (Purchased by VA)
03/01/06	\$ 1,356,676	\$ 475,316	\$ 490,162	\$ -
03/04/06	912,428	296,276	288,843	-
03/08/06	552,094	123,042	158,790	-
03/11/06	615,081	159,884	196,938	-
03/15/06	536,249	171,642	180,631	-
03/18/06	606,670	124,866	133,429	-
03/22/06	514,703	127,706	151,996	-
03/25/06	590,662	149,726	153,084	-
03/29/06	501,671	112,144	140,226	-
04/01/06	578,275	288,130	248,620	-
04/05/06	497,057	118,504	114,894	-
04/08/06	560,169	155,880	146,891	-
04/12/06	482,675	166,834	141,489	-
04/15/06	548,783	159,272	171,451	-
04/19/06	699,355	258,492	236,522	-
04/22/06	800,749	177,232	226,065	-
04/26/06	458,321	103,714	107,445	1,000,000
04/29/06	515,572	170,780	168,092	1,000,000
05/03/06	461,871	124,290	123,379	-
05/06/06	517,174	227,468	166,953	-
05/10/06	449,009	227,756	192,512	-
05/13/06	508,325	105,308	131,733	-
05/17/06	442,188	176,824	145,746	-
05/20/06	490,183	176,984	165,255	1,000,000
05/24/06	425,408	102,892	101,683	-
05/27/06	477,475	103,328	105,877	-
05/31/06	404,983	141,106	119,484	-
06/03/06	481,781	217,138	219,326	1,000,000
06/07/06	414,629	160,782	139,240	1,000,000
06/10/06	469,669	215,068	195,580	-
06/14/06	404,253	92,532	94,701	1,000,000
06/17/06	466,938	194,238	186,979	-
06/21/06	401,663	143,690	121,260	-
06/24/06	455,395	169,614	141,284	-
06/28/06	395,670	193,772	138,107	-
07/01/06	463,952	169,920	139,266	-
07/05/06	382,441	89,146	89,411	-
07/08/06	477,528	157,490	150,388	-
07/12/06	414,454	88,192	86,448	-
07/15/06	479,454	231,256	200,351	-
07/19/06	408,396	99,894	124,553	-
07/22/06	465,995	104,154	130,051	-
07/26/06	399,155	130,644	108,144	-
07/29/06	458,290	129,486	128,816	-
08/02/06	401,653	145,620	118,989	-

WIN FOR LIFE  
 VIRGINIA LOTTERY DEPARTMENT  
 DRAW ACTIVITY

EXHIBIT I

For the period March 1, 2006 through March 31, 2007

Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	WFL Prize Amount (Purchased by VA)
08/05/06	457,625	103,466	103,890	-
08/09/06	396,823	145,410	117,353	1,000,000
08/12/06	456,747	161,176	151,353	-
08/16/06	396,260	153,020	125,362	-
08/19/06	456,344	102,326	101,871	-
08/23/06	399,519	182,868	145,925	-
08/26/06	464,172	155,344	129,653	-
08/30/06	399,482	228,642	167,594	-
09/02/06	471,606	121,658	144,311	-
09/06/06	405,675	87,574	118,505	-
09/09/06	477,437	157,538	153,173	-
09/13/06	410,728	90,426	117,931	-
09/16/06	479,353	169,018	136,692	-
09/20/06	388,575	140,300	111,891	-
09/23/06	448,055	143,792	157,036	-
09/27/06	384,146	110,166	131,813	-
09/30/06	456,784	107,554	130,711	-
10/04/06	394,741	91,632	138,049	-
10/07/06	445,714	184,410	222,062	-
10/11/06	379,832	97,136	125,028	-
10/14/06	442,364	235,032	220,241	-
10/18/06	375,566	80,132	102,847	-
10/21/06	434,316	92,928	100,622	-
10/25/06	367,187	142,844	107,904	-
10/28/06	422,809	116,746	111,527	-
11/01/06	371,038	82,526	88,275	-
11/04/06	434,976	210,534	150,868	-
11/08/06	365,999	115,314	136,089	-
11/11/06	425,948	100,316	149,164	-
11/15/06	367,821	95,056	96,305	-
11/18/06	416,057	113,674	137,734	-
11/22/06	367,174	156,384	148,912	-
11/25/06	385,876	91,498	119,166	-
11/29/06	354,237	83,632	87,268	-
12/02/06	423,338	100,016	105,002	-
12/06/06	357,848	135,170	131,786	-
12/09/06	400,899	98,166	114,931	-
12/13/06	351,350	154,260	122,132	-
12/16/06	413,009	97,622	128,179	-
12/20/06	359,722	130,644	108,328	-
12/23/06	431,182	101,282	145,968	-
12/27/06	340,802	76,788	79,433	-
12/30/06	427,753	129,360	123,123	-
01/03/07	355,871	78,350	81,326	-
01/06/07	426,142	108,740	106,620	-

WIN FOR LIFE  
 VIRGINIA LOTTERY DEPARTMENT  
 DRAW ACTIVITY

EXHIBIT I

For the period March 1, 2006 through March 31, 2007

Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	WFL Prize Amount (Purchased by VA)
01/10/07	448,222	128,592	122,367	-
01/13/07	460,191	164,186	136,828	-
01/17/07	386,240	107,876	103,476	-
01/20/07	437,588	110,660	110,435	-
01/24/07	374,878	90,732	111,520	-
01/27/07	449,362	120,648	115,630	-
01/31/07	381,077	140,670	114,044	-
02/03/07	437,386	169,530	169,166	1,000,000
02/07/07	357,091	90,206	89,898	-
02/10/07	426,834	100,230	98,413	-
02/14/07	352,640	79,092	80,379	-
02/17/07	431,705	117,446	115,774	-
02/21/07	366,373	80,798	81,140	-
02/24/07	437,347	114,392	135,957	-
02/28/07	380,352	139,480	112,902	-
03/03/07	458,256	256,406	217,711	-
03/07/07	403,989	147,952	123,287	-
03/10/07	418,939	168,884	138,239	-
03/14/07	353,646	153,676	138,549	-
03/17/07	411,463	92,506	96,820	-
03/21/07	356,137	128,856	100,975	-
03/24/07	405,879	129,392	158,085	-
03/28/07	351,797	151,244	130,329	-
03/31/07	415,988	110,774	126,185	-
<b>Total</b>	<b>\$ 51,437,404</b>	<b>\$ 16,212,730</b>	<b>\$ 15,883,146</b>	<b>\$ 8,000,000</b>

WIN FOR LIFE  
 VIRGINIA LOTTERY DEPARTMENT  
 FIXED PRIZE ANALYSIS

EXHIBIT II

For the period March 1, 2006 through March 31, 2007

	Balance as of March 1, 2006	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In (Out)	Balance as of March 31, 2007
	Receivable (Payable)				Receivable/ (Payable)
Georgia	\$ -	\$ 15,354,498	\$ 15,619,253	\$ (89,813)	\$ (174,942)
Kentucky	-	5,802,704	5,867,533	(77,750)	12,921
Virginia	-	16,212,730	15,883,146	167,563	162,021
Total	\$ -	\$ 37,369,932	\$ 37,369,932	\$ -	\$ -

