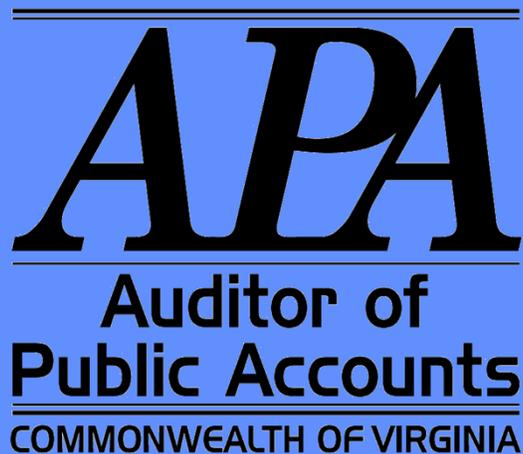


**STATE LOTTERY DEPARTMENT
WIN FOR LIFE**

**REPORT ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
APRIL 1, 2010 THROUGH MARCH 31, 2011**





Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

July 6, 2011

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 April 1, 2010 through March 31, 2011, and the Virginia Lottery's receivable or payable as of March 31, 2011. Kentucky withdrew as of January 29, 2011. 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 April 1, 2010 through March 31, 2011 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 April 1, 2010 through March 31, 2011:

April 21, 2010	January 8, 2011
October 30, 2010	February 26, 2011
January 1, 2011	
- 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 (ICS) 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 (August 2010 and October 2010) we obtained from the Virginia Lottery's 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, 2011 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 30, 2011 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 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

EJR/alh

WIN FOR LIFE
 VIRGINIA LOTTERY DEPARTMENT
 VIRGINIA DRAW ACTIVITY
 From April 1, 2010 through March 31, 2011

Exhibit I

<u>State</u>	<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>	<u>WFL Prize Amount (Purchased by VA)</u>
	4/3/2010	\$ 248,719	\$ 57,498	\$ 58,711	\$ -
	4/7/2010	219,620	101,168	78,998	-
GA	4/10/2010	244,119	52,084	56,173	-
	4/14/2010	222,631	53,492	52,464	-
	4/17/2010	246,401	68,636	66,715	-
	4/21/2010	226,135	60,708	57,088	-
	4/24/2010	249,135	57,792	61,235	-
	4/28/2010	223,937	53,180	52,249	-
	5/1/2010	251,654	63,912	62,738	-
	5/5/2010	230,422	59,572	58,408	-
	5/8/2010	241,498	63,214	92,954	-
	5/12/2010	217,939	97,194	73,187	-
	5/15/2010	239,476	122,568	92,229	-
	5/19/2010	219,983	150,182	115,894	-
	5/22/2010	240,046	50,068	53,901	-
	5/26/2010	214,962	51,442	49,239	-
	5/29/2010	237,812	84,416	78,505	-
	6/2/2010	212,266	54,764	53,213	-
	6/5/2010	236,305	53,330	54,684	-
	6/9/2010	213,932	44,224	45,434	-
	6/12/2010	232,261	58,238	60,214	-
	6/16/2010	212,081	97,658	102,594	-
	6/19/2010	228,209	82,452	104,657	-
	6/23/2010	206,170	55,568	53,861	-
	6/26/2010	228,761	115,654	90,634	-
	6/30/2010	207,979	53,144	53,801	-
	7/3/2010	232,791	52,016	80,190	-
	7/7/2010	204,716	103,186	77,781	-
	7/10/2010	232,597	54,200	54,214	-
	7/14/2010	211,757	38,856	40,765	-
	7/17/2010	230,155	56,768	54,004	-
	7/21/2010	207,132	58,966	56,215	-

WIN FOR LIFE
 VIRGINIA LOTTERY DEPARTMENT
 VIRGINIA DRAW ACTIVITY
 From April 1, 2010 through March 31, 2011

Exhibit I

<u>State</u>	<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>	<u>WFL Prize Amount (Purchased by VA)</u>
	7/24/2010	\$225,768	\$ 74,674	\$ 71,660	-
	7/28/2010	204,724	93,982	96,191	-
	7/31/2010	230,960	56,182	56,572	-
	8/4/2010	208,849	38,738	41,024	-
	8/7/2010	227,979	55,510	80,275	-
	8/11/2010	205,889	298,046	180,257	-
	8/14/2010	227,371	74,100	97,975	-
	8/18/2010	205,735	59,190	57,074	-
	8/21/2010	230,450	160,914	112,689	-
	8/25/2010	207,343	50,282	49,169	-
	8/28/2010	227,739	60,526	86,705	-
	9/1/2010	206,844	48,148	47,692	-
	9/4/2010	226,714	65,842	62,401	-
	9/8/2010	202,079	46,682	45,928	-
	9/11/2010	224,601	63,490	61,721	-
	9/15/2010	203,372	41,764	69,732	-
VA	9/18/2010	223,190	103,654	79,081	-
	9/22/2010	199,162	44,466	43,060	1,000,000
	9/25/2010	218,258	96,540	73,914	-
VA	9/29/2010	195,350	56,958	56,530	-
	10/2/2010	225,767	55,394	53,824	1,000,000
VA	10/6/2010	203,410	101,390	106,822	-
	10/9/2010	222,268	53,150	52,378	1,000,000
	10/13/2010	201,151	59,096	60,612	-
	10/16/2010	222,531	56,786	56,734	-
	10/20/2010	202,528	53,792	56,827	-
	10/23/2010	224,763	61,106	58,765	-
	10/27/2010	202,556	58,558	54,444	-
	10/30/2010	225,428	53,460	53,559	-
GA	11/3/2010	204,115	55,704	53,382	-
	11/6/2010	221,132	49,582	50,482	-
	11/10/2010	199,610	46,598	45,223	-

WIN FOR LIFE
 VIRGINIA LOTTERY DEPARTMENT
 VIRGINIA DRAW ACTIVITY
 From April 1, 2010 through March 31, 2011

Exhibit I

<u>State</u>	<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>	<u>WFL Prize Amount (Purchased by VA)</u>
	11/13/2010	\$217,006	\$ 50,896	\$ 52,833	-
	11/17/2010	197,747	43,760	46,615	-
	11/20/2010	214,665	55,288	55,391	-
	11/24/2010	203,427	96,432	73,167	-
	11/27/2010	199,618	59,054	56,778	-
	12/1/2010	199,299	45,038	43,333	-
	12/4/2010	217,281	50,488	51,410	-
	12/8/2010	193,723	58,410	57,364	-
	12/11/2010	214,603	45,642	45,753	-
	12/15/2010	196,256	43,406	45,457	-
	12/18/2010	209,658	104,970	78,390	-
	12/22/2010	203,233	52,010	51,226	-
	12/25/2010	197,134	50,098	79,212	-
	12/29/2010	192,708	93,974	71,604	-
	1/1/2011	222,460	101,920	78,761	-
	1/5/2011	219,504	58,350	90,165	-
	1/8/2011	222,096	42,026	72,117	-
	1/12/2011	198,745	43,942	43,215	-
	1/15/2011	221,704	55,254	55,125	-
	1/19/2011	199,043	40,570	41,704	-
	1/22/2011	220,586	62,866	90,563	-
	1/26/2011	188,764	127,330	100,169	-
	1/29/2011	217,361	48,832	49,858	-
	2/2/2011	201,277	43,572	42,609	-
	2/5/2011	217,537	60,036	60,808	-
	2/9/2011	192,897	56,380	54,631	-
	2/12/2011	210,581	41,280	43,095	-
	2/16/2011	190,896	39,084	38,118	-
	2/19/2011	207,470	116,552	94,253	-
	2/23/2011	188,086	40,640	39,242	-
	2/26/2011	207,695	52,238	51,890	-
	3/2/2011	192,119	37,932	37,843	-

WIN FOR LIFE
 VIRGINIA LOTTERY DEPARTMENT
 VIRGINIA DRAW ACTIVITY
 From April 1, 2010 through March 31, 2011

Exhibit I

<u>State</u>	<u>Draw Date</u>	<u>Sales</u>	<u>Actual Fixed Prizes</u>	<u>Share of Fixed Prizes</u>	<u>WFL Prize Amount (Purchased by VA)</u>
	3/5/2011	\$ 212,330	\$ 44,682	\$ 45,756	-
	3/9/2011	188,625	47,282	45,971	-
	3/12/2011	204,346	48,106	47,499	-
	3/16/2011	187,263	34,988	35,713	-
	3/19/2011	205,260	94,634	75,916	-
	3/23/2011	189,624	38,680	74,763	-
	3/26/2011	213,947	55,460	55,530	-
	3/30/2011	<u>181,294</u>	<u>36,840</u>	<u>36,905</u>	-
Totals		<u>\$22,287,105</u>	<u>\$6,839,396</u>	<u>\$6,626,403</u>	

WIN FOR LIFE
 VIRGINIA LOTTERY DEPARTMENT
 FIXED PRIZE ANALYSIS
 From April 1, 2010 Through March 31, 2011

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>
Georgia	\$ (17,171)	\$ 3,554,062	\$ 3,690,946	\$ (146,211)	\$ (7,844)
Kentucky	(249,550)	1,684,962	1,761,071	(325,659)	-
Virginia	266,721	<u>6,839,396</u>	<u>6,626,403</u>	471,870	7,844
Totals		<u>\$ 12,078,420</u>	<u>\$ 12,078,420</u>		