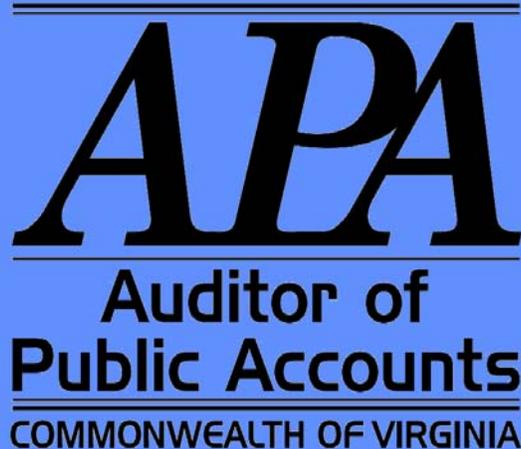


STATE LOTTERY DEPARTMENT

**REPORT ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
APRIL 1, 2007 THROUGH MARCH 31, 2008**





Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

July 30, 2008

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, 2007 through March 31, 2008. 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, 2007 through March 31, 2008 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, 2007 through March 31, 2008:

April 28, 2007
June 23, 2007
August 4, 2007

October 17, 2007
February 16, 2008

- 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 (May 2007 and November 2007) we obtained from 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, 2008 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 29, 2008 and found them to be in agreement.

Members of the Virginia State Lottery Board
July 30, 2008
Page Three

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 April 1, 2007 through March 31, 2008

Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	WFL Prize Amount (Purchased by VA)
4/4/2007	\$ 356,629	\$ 87,954	\$ 108,406	\$ -
4/7/2007	406,539	89,142	86,249	-
4/11/2007	344,231	82,086	80,885	-
4/14/2007	402,277	93,918	95,380	-
4/18/2007	332,075	63,002	66,498	-
4/21/2007	378,887	230,426	163,472	-
4/25/2007	325,061	122,110	99,449	-
4/28/2007	376,241	155,634	172,685	1,000,000
5/2/2007	329,743	142,776	115,077	-
5/5/2007	384,478	136,412	135,364	-
5/9/2007	328,049	78,194	103,969	-
5/12/2007	374,665	77,894	79,276	-
5/16/2007	316,069	99,442	119,633	-
5/19/2007	360,681	88,228	88,757	-
5/23/2007	314,002	74,606	76,900	-
5/26/2007	353,500	135,258	135,753	-
5/30/2007	306,047	67,414	70,071	-
6/2/2007	370,034	98,362	96,799	-
6/6/2007	316,678	74,616	77,763	-
6/9/2007	358,377	76,444	82,356	-
6/13/2007	311,496	59,276	64,786	1,000,000
6/16/2007	360,721	134,250	110,319	1,000,000
6/20/2007	318,314	74,916	99,309	-
6/23/2007	364,257	86,630	112,394	-
6/27/2007	314,945	71,176	70,488	-
6/30/2007	378,843	80,840	82,254	-
7/4/2007	309,061	65,524	64,680	-
7/7/2007	448,101	98,624	101,692	-
7/11/2007	317,173	64,036	93,021	-
7/14/2007	371,295	98,942	122,264	-
7/18/2007	316,312	136,448	110,179	-
7/21/2007	365,332	132,306	132,444	-
7/25/2007	314,808	188,540	134,430	-
7/28/2007	363,472	145,764	164,304	-
8/1/2007	321,248	77,124	81,024	-
8/4/2007	369,236	141,960	114,140	1,000,000
8/8/2007	317,407	85,978	84,129	-

WIN FOR LIFE
 VIRGINIA LOTTERY DEPARTMENT
 DRAW ACTIVITY

Exhibit I

For the period April 1, 2007 through March 31, 2008

Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	WFL Prize Amount (Purchased by VA)
8/11/2007	372,402	90,948	136,150	2,000,000
8/15/2007	338,292	183,408	135,216	-
8/18/2007	390,787	99,798	149,453	-
8/22/2007	344,085	90,416	89,389	-
8/25/2007	422,269	131,366	125,227	-
8/29/2007	351,826	68,728	70,833	-
9/1/2007	430,661	144,660	186,232	-
9/5/2007	334,014	80,312	83,295	-
9/8/2007	393,923	85,384	111,394	-
9/12/2007	338,236	126,066	100,277	-
9/15/2007	391,478	82,026	84,374	-
9/19/2007	332,412	71,732	73,782	-
9/22/2007	380,870	91,062	117,470	-
9/26/2007	326,231	80,438	84,468	-
9/29/2007	380,404	150,502	120,617	-
10/3/2007	332,772	70,618	71,879	-
10/6/2007	379,008	84,464	88,837	-
10/10/2007	321,946	68,798	96,011	-
10/13/2007	365,759	80,462	89,997	-
10/17/2007	317,252	77,852	80,493	-
10/20/2007	363,406	236,110	177,931	-
10/24/2007	308,927	83,622	131,802	1,000,000
10/27/2007	356,272	79,766	81,136	-
10/31/2007	335,236	71,968	105,151	-
11/3/2007	390,943	86,658	93,866	-
11/7/2007	336,184	87,376	117,987	-
11/10/2007	374,811	242,548	163,560	-
11/14/2007	312,434	79,426	81,484	-
11/17/2007	370,784	200,914	146,625	-
11/21/2007	343,285	87,478	85,459	-
11/24/2007	343,915	139,522	110,979	1,000,000
11/28/2007	322,808	95,050	92,220	-
12/1/2007	380,354	92,578	94,545	-
12/5/2007	327,720	71,154	74,297	-
12/8/2007	375,274	138,378	112,981	-
12/12/2007	337,038	74,688	75,446	-
12/15/2007	391,266	87,978	87,159	-

WIN FOR LIFE
 VIRGINIA LOTTERY DEPARTMENT
 DRAW ACTIVITY

Exhibit I

For the period April 1, 2007 through March 31, 2008

Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	WFL Prize Amount (Purchased by VA)
12/19/2007	339,361	84,628	82,981	-
12/22/2007	374,191	251,126	169,113	-
12/26/2007	296,338	77,588	74,780	-
12/29/2007	367,863	82,996	82,733	-
1/2/2008	306,608	61,844	66,655	-
1/5/2008	360,230	130,396	107,459	-
1/9/2008	316,752	68,258	69,132	-
1/12/2008	367,143	137,464	161,169	-
1/16/2008	321,235	76,046	76,960	-
1/19/2008	362,007	127,758	121,213	1,000,000
1/23/2008	315,756	172,702	123,402	-
1/26/2008	375,785	79,612	109,263	-
1/30/2008	327,217	66,938	71,869	-
2/2/2008	393,026	91,622	117,211	-
2/6/2008	341,739	73,360	131,461	-
2/9/2008	397,761	74,798	78,552	-
2/13/2008	326,699	101,844	100,990	-
2/16/2008	397,030	96,076	147,497	-
2/20/2008	343,927	73,742	127,050	1,000,000
2/23/2008	403,917	116,324	113,825	-
2/27/2008	325,566	68,342	69,922	-
3/1/2008	388,686	127,218	144,498	-
3/5/2008	331,737	60,692	64,900	-
3/8/2008	377,882	140,080	113,598	-
3/12/2008	324,447	190,394	138,092	-
3/15/2008	377,297	91,904	118,824	-
3/19/2008	322,256	195,732	144,148	-
3/22/2008	375,190	91,736	91,602	-
3/26/2008	322,949	93,594	90,370	-
3/29/2008	376,487	135,178	112,221	-
Total	\$ 36,668,650	\$ 10,970,498	\$ 10,946,111	\$ 10,000,000

WIN FOR LIFE
 VIRGINIA LOTTERY DEPARTMENT
 FIXED PRIZE ANALYSIS

Exhibit II

For the period April 1, 2007 through March 31, 2008

	Balance as of March 31, 2007	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In (Out)	Balance as of March 31, 2008 Receivable/ (Payable)
Georgia	\$ (174,942)	\$ 7,879,328	\$ 8,024,058	\$ (281,310)	\$ (38,362)
Kentucky	12,921	3,578,810	3,458,467	132,575	689
Virginia	162,021	10,970,498	10,946,111	148,735	37,673
Total	\$ -	\$ 22,428,636	\$ 22,428,636	\$ -	\$ -

