

**STATE LOTTERY DEPARTMENT
RICHMOND, VIRGINIA**

**REPORT ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
APRIL 1, 2001 THROUGH MARCH 31, 2002**



August 19, 2002

The 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, Illinois, Maryland, Massachusetts, Michigan, and New Jersey (referred to as the "Member Lotteries") who operate the Big Game, solely to assist the Virginia Lottery and Member Lotteries with respect to the evaluation of the following financial information associated with the Big Game: Virginia Lottery's sales and prize expense for the period April 1, 2001 through March 31, 2002, and the Virginia Lottery's receivable or payable as of March 31, 2002. Virginia Lottery is responsible for its records of the financial information associated with the Big Game. 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 specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures prescribed 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 Big Game "Draw Activity" and the "Fixed Prize Analysis" for the period April 1, 2001 to March 31, 2002, and attached those as Exhibit I and II, respectively. We verified the mathematical accuracy of the schedules.
- B. We randomly selected five Big Game drawings from the period April 1, 2001 to March 31, 2002, for testing as indicated in "C", "D", and "E" below.
- C. For each drawing selected, 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 based on the total number of winners from the Virginia Lottery's gaming system for each prize level and the prize structure of the Big Game'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 attached "Draw Activity" report and found them to be in agreement.
- E. For each drawing selected, we compared the amount of sales, actual fixed prizes, and share of fixed prizes shown on the "Draw Activity" report to the amounts shown on the applicable Big Game Prize Settlement Reports and found them to be in agreement.
- F. 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 were compared to the applicable amounts shown on the "Fixed Prize Analysis" (Exhibit II) and found to be in agreement.
- G. For each amount (if any) listed in the "Cost of Jackpot Prizes" column on the attached "Draw Activity" report, we compared the "cost of jackpot prize" amount to the Virginia Lottery's cash disbursement subsidiary records which summarize the funds dispersed to the prize winner and the broker from which the jackpot annuities were purchased and found them to be in agreement.
- H. For each purchase (if any) of investments associated with the Big Game jackpot prizes:
 - 1) We obtained broker confirmations and noted that the investments were properly funded solely through the purchase of 100 percent United States Government STRIP Bonds; and
 - 2) We obtained the bid sheets and supporting documentation and noted that the investments were purchased properly through a competitive bidding process involving a minimum of three primary brokerage firms.
- I. We compared the total of the quarterly transfers to the Virginia Lottery for settlement of the fixed prize liability as shown in the Virginia Lottery's cash disbursement subsidiary records to the amount listed in the "Transfers" column on the "Fixed Prize Analysis" report attached as Exhibit II and found them to be in agreement.
- J. We compared the balance listed as the Virginia Lottery's receivable or payable as of March 31, 2002, for the fixed prizes as shown on the "Fixed Prize Analysis" report to the Virginia Lottery's financial accounting records and to the Big Game Prize Settlement Report as of March 31, 2002, 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 the Big Game. Accordingly, we do not express such an opinion here. 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.

AUDITOR OF PUBLIC ACCOUNTS

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The Big Game
Virginia State Lottery Department
Draw Activity
For the Period Ending March 31, 2002

Draw Dates	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Cost of Jackpot Prizes (purchased by Virginia)
04/03/01	\$ 649,350	\$ 68,022	\$ 108,144	\$ -
04/06/01	713,792	80,633	95,351	-
04/10/01	716,448	76,052	120,737	-
04/13/01	835,910	83,845	100,286	-
04/17/01	905,773	151,755	252,342	-
04/20/01	1,117,284	136,038	189,945	-
04/24/01	1,110,163	127,913	334,900	-
04/27/01	1,351,162	147,639	225,990	-
05/01/01	1,536,487	174,986	245,782	-
05/04/01	2,190,485	519,731	338,606	-
05/08/01	554,347	50,653	124,763	-
05/11/01	539,112	66,554	76,959	-
05/15/01	525,393	50,866	107,097	-
05/18/01	595,724	77,342	68,599	-
05/22/01	448,665	47,021	81,733	-
05/25/01	505,571	69,699	121,126	-
05/29/01	460,129	47,831	100,024	-
06/01/01	563,576	49,641	70,265	-
06/05/01	547,671	51,159	84,254	-
06/08/01	614,808	76,182	77,638	-
06/12/01	617,699	71,537	122,772	-
06/15/01	692,344	76,976	89,196	-
06/19/01	697,901	73,131	126,201	-
06/22/01	487,131	195,070	76,040	-
06/26/01	463,145	47,165	68,670	-
06/29/01	510,702	66,048	81,038	4,789,218
07/03/01	463,385	200,216	85,304	-
07/06/01	482,932	58,827	80,107	-
07/10/01	470,759	50,397	87,593	-
07/13/01	542,230	46,784	64,008	-
07/17/01	524,401	58,549	88,404	-
07/20/01	581,258	63,014	85,535	-
07/24/01	590,842	82,473	148,856	-
07/27/01	656,179	64,077	63,688	-
07/31/01	673,952	117,267	227,089	-
08/03/01	804,444	90,851	137,355	-
08/07/01	829,657	233,868	121,777	-
08/10/01	942,127	242,496	147,826	-
08/14/01	972,922	87,049	172,691	-
08/17/01	1,263,736	285,919	171,472	-

Draw Dates	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Cost of Jackpot Prizes (purchased by Virginia)
08/21/01	1,570,484	314,759	283,771	-
08/24/01	2,222,471	270,477	354,035	-
08/28/01	2,688,069	279,500	444,161	-
08/31/01	3,587,717	879,057	751,304	-
09/04/01	752,497	72,111	80,118	-
09/07/01	724,978	72,540	107,326	-
09/11/01	605,392	211,599	145,527	-
09/14/01	641,544	86,945	70,855	-
09/18/01	636,834	72,419	134,882	-
09/21/01	702,268	90,257	75,734	-
09/25/01	685,338	225,278	126,554	-
09/28/01	760,691	260,538	208,361	-
10/02/01	771,155	91,174	143,887	-
10/05/01	822,443	245,505	191,817	-
10/09/01	820,419	92,779	191,522	-
10/12/01	914,123	108,252	210,477	-
10/16/01	960,657	86,752	128,710	-
10/19/01	567,607	54,506	109,828	-
10/23/01	520,672	54,414	119,167	-
10/26/01	561,920	67,613	83,234	-
10/30/01	546,470	51,726	84,660	-
11/02/01	517,528	203,120	89,476	-
11/06/01	501,595	210,356	110,873	-
11/09/01	544,607	69,899	141,277	-
11/13/01	457,457	51,368	102,477	-
11/16/01	484,602	51,160	83,506	-
11/20/01	468,995	203,283	102,654	-
11/23/01	491,266	200,114	83,117	-
11/27/01	529,258	203,230	120,965	-
11/30/01	579,522	225,425	153,523	-
12/04/01	571,691	89,400	113,037	-
12/07/01	649,222	127,938	146,613	-
12/11/01	643,016	61,116	64,356	-
12/14/01	718,433	521,080	154,969	-
12/18/01	735,666	76,809	108,279	-
12/21/01	809,932	96,264	121,843	-
12/25/01	719,640	70,040	103,248	-
12/28/01	937,816	83,872	128,934	-
01/01/02	953,432	250,486	154,480	-
01/04/02	1,018,886	267,211	222,636	-
01/08/02	1,154,905	109,029	178,138	-
01/11/02	1,685,213	345,197	285,933	-
01/15/02	573,821	57,928	75,712	-
01/18/02	588,268	85,565	153,054	-

Draw Dates	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Cost of Jackpot Prizes (purchased by Virginia)
01/22/02	531,788	54,164	68,567	-
01/25/02	612,820	63,304	82,320	-
01/29/02	600,227	49,993	105,412	-
02/01/02	693,811	234,997	109,439	-
02/05/02	691,338	79,304	110,282	-
02/08/02	534,135	54,222	78,662	-
02/12/02	508,241	213,751	156,240	-
02/15/02	561,258	65,545	76,583	-
02/19/02	554,317	54,836	120,585	-
02/22/02	614,045	367,601	111,299	-
02/26/02	604,801	76,473	93,911	-
03/01/02	709,357	60,418	102,512	-
03/05/02	708,637	70,508	129,799	-
03/08/02	809,217	225,885	143,602	-
03/12/02	813,890	95,498	143,940	-
03/15/02	951,325	100,762	191,106	-
03/19/02	978,975	252,483	171,270	-
03/22/02	1,135,247	565,091	227,871	-
03/26/02	1,240,134	144,290	273,658	-
03/29/02	1,580,804	160,994	209,410	-
TOTAL	\$ 83,582,483	\$ 14,703,486	\$ 14,921,661	\$ 4,789,218

The Big Game
Virginia State Lottery Department
Fixed Prize Analysis
For the Period Ending March 31, 2002

State	Balance as of April 1, 2001 Receivable (Payable)	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In (Out)	Balance as of March 31, 2002 Receivable (Payable)
Georgia	\$ (523,107)	\$ 25,854,008	\$ 25,245,326	\$ (399,227)	\$ 484,802
Illinois	176,241	28,309,928	28,239,782	296,332	(49,945)
Massachusetts	661,074	15,557,577	13,744,273	1,728,274	746,104
Maryland	59,511	7,978,006	9,338,526	(624,160)	(676,849)
Michigan	173,805	27,778,947	26,891,703	2,000,874	(939,825)
New Jersey	(1,525,201)	30,675,619	32,476,300	(3,175,339)	(150,543)
Virginia	977,677	14,703,486	14,921,661	173,246	586,256
Total	\$ -	\$ 150,857,571	\$ 150,857,571	\$ -	\$ -