

T W TRAINER, WRIGHT & PATERNO
& P CERTIFIED PUBLIC ACCOUNTANTS

218 13TH STREET
P.O. BOX 2608
HUNTINGTON, WV 25726
304-697-7083
FAX: 304-697-7087
WWW.TRAINERWRIGHT.COM

Buyer
The West Virginia Lottery Commission
Purchasing Division
2019 Washington Street East
PO Box 50130
Charleston, West Virginia 25305-0130

Dear Buyer:

Our fees, as those of most accounting firms, are based on hourly rates which vary according to experience and ability of the professionals assigned to the engagement. The engagement member will structure the staff assignments so that all procedures will be performed at appropriate rates consistent with maintaining quality and the ability to professionally complete the task.

Our charges to the West Virginia Lottery Commission for *audit services* for the year ending June 30, 2006 will not exceed \$26,475.

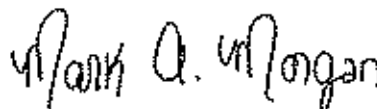
Should our fees be less than the estimated amounts for each respective service, we will, of course, bill you the lesser amount. Should we encounter any unforeseen circumstances which will require spending more time than presently anticipated, you will be notified promptly of the situation and, if possible, the estimated added cost.

If both parties are satisfied as to the agreement we would be happy to continue to provide these services under the same terms for 2 additional one year periods.

We are sensitive to cost control and have always worked diligently to minimize our fees, while maintaining high, quality standards. It is important to consider the qualifications of the firm, our experience and the total fee in selecting a professional firm. Finally, we would like to emphasize that we are interested in long-term relationships with our clients and we perform our tasks accordingly.

Very truly yours,

TRAINER, WRIGHT & PATERNO



Mark A. Morgan
Certified Public Accountant

MAM:lme

**ATTACHMENT A
COST BID SCHEDULE**

SCHEDULE OF TOTAL PROFESSIONAL FEES AND EXPENSES FOR THE ANNUAL FINANCIAL AUDIT.

	Hours	Hourly Rates	Total
Partners, Members	<u>100</u>	<u>105</u>	<u>10,500</u>
Managers	<u>25</u>	<u>95</u>	<u>2,375</u>
Supervisory Staff	<u>75</u>	<u>65</u>	<u>4,875</u>
Staff	<u>140</u>	<u>62.32</u>	<u>8,725</u>
Other (specify)	_____	_____	_____

Total all-inclusive maximum price
for the annual audit and other services
as required in this request for quotation

\$ 26,475



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
LOT331

PAGE
1

ADDRESS FOR RESPONDENCE TO ATTENTION OF
**CHUCK BOWMAN
 304-558-2157**

RFQ COPY
 TYPE NAME/ADDRESS HERE
**Trainer, Wright & Paterno
 218 13th Street
 P.O. Box 2608
 Huntington, WV 25701**

**LOTTERY COMMISSION
 312 MACCORKLE AVENUE, SE
 CHARLESTON, WV
 25314-1143 558-0500**

DATE PRINTED	TERMS OF SALE	SHIP VIA	Q3	FREIGHT TERMS
05/03/2006				

BID OPENING DATE: **06/06/2006** BID OPENING TIME: **01:30PM**

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	HR		946-20	\$26,475	\$26,475
<p>AUDITING SERVICES</p> <p>THE WEST VIRGINIA PURCHASING DIVISION, ON BEHALF OF THE AGENCY, THE WEST VIRGINIA LOTTERY COMMISSION, IS SOLICITING BIDS FOR A CPA FIRM TO PROVIDE ANNUAL AUDIT SERVICES FOR THE FISCAL YEAR ENDING JUNE 30, 2006, PER THE ATTACHED SPECIFICATIONS, BID REQUIREMENTS, AND TERMS AND CONDITIONS.</p> <p>PLEASE SEE THE ATTACHED SPECIFICATIONS AND FORMS. VENDORS ARE ENCOURAGED TO INDICATE THEIR ALL-INCLUSIVE MAXIMUM PRICE FOR THE ANNUAL AUDIT AND OTHER SERVICES AS REQUIRED IN THIS RFQ IN THE SPACE PROVIDED ON THE COST BID SCHEDULE INCLUDED HEREIN.</p> <p>EXHIBIT 3</p> <p>LIFE OF CONTRACT: THIS CONTRACT BECOMES EFFECTIVE ON UPON AWARD AND EXTENDS FOR A PERIOD OF ONE (1) YEAR OR UNTIL SUCH "REASONABLE TIME" THEREAFTER AS IS NECESSARY TO OBTAIN A NEW CONTRACT OR RENEW THE ORIGINAL CONTRACT. THE "REASONABLE TIME" PERIOD SHALL NOT EXCEED TWELVE (12) MONTHS. DURING THIS "REASONABLE TIME" THE VENDOR MAY TERMINATE THIS CONTRACT FOR ANY REASON UPON GIVING THE DIRECTOR OF PURCHASING 30 DAYS WRITTEN NOTICE.</p> <p>UNLESS SPECIFIC PROVISIONS ARE STIPULATED ELSEWHERE IN THIS CONTRACT DOCUMENT, THE TERMS, CONDITIONS AND PRICING SET HEREIN ARE FIRM FOR THE LIFE OF THE CONTRACT.</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE: *Mark D. Morgan* TELEPHONE: **(304) 697-7083** DATE: **June 6, 2006**

TITLE: **Director of Attest & Assurance Functions** 55-0554030 ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
LOT331

PAGE
2

ADDRESS FOR CORRESPONDENCE TO ATTENTION OF
CHUCK BOWMAN
304-558-2157

RFQ COPY
 TYPE NAME/ADDRESS HERE

Trainer, Wright & Paterno
218 13th Street
P.O. Box 2608
Huntington, WV 25726

LOTTERY COMMISSION

312 MACCORKLE AVENUE, SE
CHARLESTON, WV
25314-1143 558-0500

DATE PRINTED	TERMS OF SALE	SHIP VIA	POST	FREIGHT TERMS
05/03/2006				

BID OPENING DATE: **06/06/2006** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UNIT	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>RENEWAL: THIS CONTRACT MAY BE RENEWED UPON THE MUTUAL WRITTEN CONSENT OF THE SPENDING UNIT AND VENDOR, SUBMITTED TO THE DIRECTOR OF PURCHASING THIRTY (30) DAYS PRIOR TO THE EXPIRATION DATE. SUCH RENEWAL SHALL BE IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT AND SHALL BE LIMITED TO TWO (2) ONE (1) YEAR PERIODS.</p> <p>CANCELLATION: THE DIRECTOR OF PURCHASING RESERVES THE RIGHT TO CANCEL THIS CONTRACT IMMEDIATELY UPON WRITTEN NOTICE TO THE VENDOR IF THE COMMODITIES AND/OR SERVICE SUPPLIED ARE OF AN INFERIOR QUALITY OR DO NOT CONFORM TO THE SPECIFICATIONS OF THE BID AND CONTRACT HEREIN.</p> <p>OPEN MARKET CLAUSE: THE DIRECTOR OF PURCHASING MAY AUTHORIZE A SPENDING UNIT TO PURCHASE ON THE OPEN MARKET, WITHOUT THE FILING OF A REQUISITION OR COST ESTIMATE, ITEMS SPECIFIED ON THIS CONTRACT FOR IMMEDIATE DELIVERY IN EMERGENCIES DUE TO UNFORESEEN CAUSES (INCLUDING BUT NOT LIMITED TO DELAYS IN TRANSPORTATION OR AN UNANTICIPATED INCREASE IN THE VOLUME OF WORK.)</p> <p>QUANTITIES: QUANTITIES LISTED IN THE REQUISITION ARE APPROXIMATIONS ONLY, BASED ON ESTIMATES SUPPLIED BY THE STATE SPENDING UNIT. IT IS UNDERSTOOD AND AGREED THAT THE CONTRACT SHALL COVER THE QUANTITIES ACTUALLY ORDERED FOR DELIVERY DURING THE TERM OF THE CONTRACT, WHETHER MORE OR LESS THAN THE QUANTITIES SHOWN.</p> <p>ORDERING PROCEDURE: SPENDING UNIT(S) SHALL ISSUE A WRITTEN STATE CONTRACT ORDER (FORM NUMBER WV-39) TO THE VENDOR FOR COMMODITIES COVERED BY THIS CONTRACT. THE ORIGINAL COPY OF THE WV-39 SHALL BE MAILED TO THE VENDOR AS AUTHORIZATION FOR SHIPMENT, A SECOND COPY</p>						

SIGNATURE <i>Mark A. Morgan</i>			TELEPHONE (304) 697-7083		DATE June 6, 2006
TITLE Director of Attest & Assurance Functions			FAX 55-0554030		ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED "VENDOR"



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
LOT331

PAGE
3

ADDRESS CORRESPONDENCE TO (OR LOCATION OF)
CHUCK BOWMAN
304-558-2157

VENDOR

RFQ COPY
 TYPE NAME/ADDRESS HERE

Trainer, Wright & Paterno
218 13th Street
P.O. Box 2608
Huntington, WV 25701

BUYER

LOTTERY COMMISSION
312 MACCORKLE AVENUE, SE
CHARLESTON, WV
25314-1143 558-0500

DATE PRINTED: 05/03/2006	TERMS OF SALE	SHIP/UNIT	FOB	FREIGHT TERMS
------------------------------------	---------------	-----------	-----	---------------

BID OPENING DATE: **06/06/2006** BID OPENING TIME **01:30PM**

LINE	QUANTITY	UCP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>MAILED TO THE PURCHASING DIVISION, AND A THIRD COPY RETAINED BY THE SPENDING UNIT.</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THIS CONTRACT IS AUTOMATICALLY NULL AND VOID, AND IS TERMINATED WITHOUT FURTHER ORDER.</p> <p>THE TERMS AND CONDITIONS CONTAINED IN THIS CONTRACT SHALL SUPERSEDE ANY AND ALL SUBSEQUENT TERMS AND CONDITIONS WHICH MAY APPEAR ON ANY ATTACHED PRINTED DOCUMENTS SUCH AS PRICE LISTS, ORDER FORMS, SALES AGREEMENTS OR MAINTENANCE AGREEMENTS, INCLUDING ANY ELECTRONIC MEDIUM SUCH AS CD-ROM.</p> <p>REV. 04/11/2001</p> <p style="text-align: center;">VENDOR PREFERENCE CERTIFICATE</p> <p>CERTIFICATION AND APPLICATION* IS HEREBY MADE FOR PREFERENCE IN ACCORDANCE WITH WEST VIRGINIA CODE, 5A-3-37 (DOES NOT APPLY TO CONSTRUCTION CONTRACTS).</p> <p>A. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>() BIDDER IS AN INDIVIDUAL RESIDENT VENDOR AND HAS RESIDED CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p> <p>() BIDDER IS A PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR AND HAS MAINTAINED ITS HEAD-QUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR 80% OF THE OWNERSHI</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS			
SIGNATURE <i>Mark A. Moran</i>	TELEPHONE (304) 697-7083	DATE June 6, 2006	
THE Director of Attest & Assurance Functions 55-0554030		ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
LOT331

PAGE
4

ADDRESS CORRESPONDENCE TO ATTENTION OF
CHUCK BOWMAN
304-558-2157

RFQ COPY
 TYPE NAME/ADDRESS HERE

Trainer, Wright & Paterno
218 13th Street
P.O. Box 2608
Huntington, WV 25701

LOTTERY COMMISSION

312 MACCORKLE AVENUE, SE
CHARLESTON, WV
25314-1143 558-0500

DATE PRINTED 05/03/2006	TERMS OF SALE	SHIP VIA	EST.	FREIGHT TERMS
-----------------------------------	---------------	----------	------	---------------

BID OPENING DATE: 06/06/2006	BID OPENING TIME 01:30PM
--	------------------------------------

LINE	QUANTITY	UOP	CAT	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>INTEREST OF BIDDER IS HELD BY ANOTHER INDIVIDUAL, PARTNERSHIP, ASSOCIATION OR CORPORATION RESIDENT VENDOR WHO HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS CONTINUOUSLY IN WEST VIRGINIA FOR FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION; OR</p> <p>() BIDDER IS A CORPORATION NONRESIDENT VENDOR WHICH HAS AN AFFILIATE OR SUBSIDIARY WHICH EMPLOYS A MINIMUM OF ONE HUNDRED STATE RESIDENTS AND WHICH HAS MAINTAINED ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA CONTINUOUSLY FOR THE FOUR (4) YEARS IMMEDIATELY PRECEDING THE DATE OF THIS CERTIFICATION.</p> <p>B. APPLICATION IS MADE FOR 2.5% PREFERENCE FOR THE REASON CHECKED:</p> <p>(X) BIDDER IS A RESIDENT VENDOR WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES WORKING ON THE PROJECT BEING BID ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID;</p> <p>OR</p> <p>() BIDDER IS A NONRESIDENT VENDOR EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS OR IS A NONRESIDENT VENDOR WITH AN AFFILIATE OR SUBSIDIARY WHICH MAINTAINS ITS HEADQUARTERS OR PRINCIPAL PLACE OF BUSINESS WITHIN WEST VIRGINIA EMPLOYING A MINIMUM OF ONE HUNDRED STATE RESIDENTS WHO CERTIFIES THAT, DURING THE LIFE OF THE CONTRACT, ON AVERAGE AT LEAST 75% OF THE EMPLOYEES OR BIDDERS' AFFILIATE'S OR SUBSIDIARY'S EMPLOYEES ARE RESIDENTS OF WEST VIRGINIA WHO HAVE RESIDED IN THE STATE CONTINUOUSLY FOR THE TWO YEARS IMMEDIATELY PRECEDING SUBMISSION OF THIS BID.</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS		
SIGNATURE <i>Mark A. Morgan</i>	TELEPHONE (304) 697-7083	DATE June 6, 2006
TITLE Director of Attest & Assurance Functions	55-0554030	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 26305-0130

Request for Quotation

RFQ NUMBER
LDT331

PAGE
5

ADDRESS CORRESPONDENCE TO ATTENTION OF
**CHUCK BOWMAN
 304-558-2157**

RFQ COPY
 TYPE NAME/ADDRESS HERE
**Trainer, Wright & Paterno
 218 13th Street
 P.O. Box 2608
 Huntington, WV 25701**

LOTTERY COMMISSION
**312 MACCORKLE AVENUE, SE
 CHARLESTON, WV
 25314-1143 558-0500**

DATE PRINTED	TERMS OF SALE	SHIP VIA	TOR	FREIGHT TERMS
05/03/2006				
BID OPENING DATE: 06/06/2006		BID OPENING TIME 01:30PM		

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>BIDDER UNDERSTANDS IF THE SECRETARY OF TAX & REVENUE DETERMINES THAT A BIDDER RECEIVING PREFERENCE HAS FAILED TO CONTINUE TO MEET THE REQUIREMENTS FOR SUCH PREFERENCE, THE SECRETARY MAY ORDER THE DIRECTOR OF PURCHASING TO: (A) RESCIND THE CONTRACT OR PURCHASE ORDER ISSUED; OR (B) ASSESS A PENALTY AGAINST SUCH BIDDER IN AN AMOUNT NOT TO EXCEED 5% OF THE BID AMOUNT AND THAT SUCH PENALTY WILL BE PAID TO THE CONTRACTING AGENCY OR DEDUCTED FROM ANY UNPAID BALANCE ON THE CONTRACT OR PURCHASE ORDER.</p> <p>BY SUBMISSION OF THIS CERTIFICATE, BIDDER AGREES TO DISCLOSE ANY REASONABLY REQUESTED INFORMATION TO THE PURCHASING DIVISION AND AUTHORIZES THE DEPARTMENT OF TAX AND REVENUE TO DISCLOSE TO THE DIRECTOR OF PURCHASING APPROPRIATE INFORMATION VERIFYING THAT BIDDER HAS PAID THE REQUIRED BUSINESS TAXES, PROVIDED THAT SUCH INFORMATION DOES NOT CONTAIN THE AMOUNTS OF TAXES PAID NOR ANY OTHER INFORMATION DEEMED BY THE TAX COMMISSIONER TO BE CONFIDENTIAL.</p> <p>UNDER PENALTY OF LAW FOR FALSE SWEARING (WEST VIRGINIA CODE 61-5-3), BIDDER HEREBY CERTIFIES THAT THIS CERTIFICATE IS TRUE AND ACCURATE IN ALL RESPECTS; AND THAT IF A CONTRACT IS ISSUED TO BIDDER AND IF ANYTHING CONTAINED WITHIN THIS CERTIFICATE CHANGES DURING THE TERM OF THE CONTRACT, BIDDER WILL NOTIFY THE PURCHASING DIVISION IN WRITING IMMEDIATELY.</p> <p>BIDDER: <u>Mark A. Morgan</u></p> <p>DATE: <u>June 6, 2006</u></p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE: Mark A. Morgan TITLE: Director of Attest & Assurance Functions PHONE: (304) 697-7083 DATE: June 6, 2006

55-055030 ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER
LOT331

PAGE
6

ADDRESS (CORRESPONDENCE ATTENTION TO)
**CHUCK BOWMAN
 304-558-2157**

RFQ COPY

TYPE NAME/ADDRESS HERE
**Trainer, Wright & Paterno
 218 13th Street
 P.O. Box 2608
 Huntington, WV 25701**

RFQ COPY

**LOTTERY COMMISSION
 312 MACCORKLE AVENUE, SE
 CHARLESTON, WV
 25314-1143 558-0500**

DATE PRINTED 05/03/2006	TERMS OF SALE	UNIT	CO'S	FREIGHT TERMS
BID OPENING DATE: 06/06/2006	BID OPENING TIME		01:30PM	

LINE	QUANTITY	UOM	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
<p>SIGNED: <i>Frank A. Morgan</i></p> <p>TITLE: Director of Attest & Assurance Functions</p> <p>* CHECK ANY COMBINATION OF PREFERENCE CONSIDERATION(S) IN EITHER "A" OR "B", OR BOTH "A" AND "B" WHICH YOU ARE ENTITLED TO RECEIVE. YOU MAY REQUEST UP TO THE MAXIMUM 5% PREFERENCE FOR BOTH "A" AND "B". (REV. 12/00)</p> <p>NOTICE</p> <p>AN ORIGINAL, SIGNED BID MUST BE SUBMITTED TO:</p> <p>DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130</p> <p>AN EXACT DUPLICATE MUST BE SUBMITTED TO:</p> <p>STATE AUDITOR'S OFFICE BID OBSERVER BUILDING 1, ROOM W114 1900 KANAWHA BOULEVARD, EAST CHARLESTON, WV 25305-0230</p> <p>BOTH BIDS MUST CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPES OR THE BIDS MAY NOT BE CONSIDERED:</p>						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE <i>Frank A. Morgan</i>	TELEPHONE (304) 697-7083	DATE June 6, 2006
TITLE Director of Attest & Assurance Functions	FIRM 55-0554030	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 60130
 Charleston, WV 25305-0130

Request for Quotation

RFQ NUMBER: **LOT331**

PAGE: **7**

ADDRESS CORRESPONDING TO ALLOCATION OF FUNDS:
CHUCK BOWMAN
504-558-2157

RFQ COPY

TYPE NAME/ADDRESS HERE
Trainer, Wright & Paterno
218 13th Street
P.O. Box 2608
Huntington, WV 25701

RFQ COPY

LOTTERY COMMISSION
312 MACCORKLE AVENUE, SE
CHARLESTON, WV
25314-1143 558-0500

DATE PRINTED	TERMS OF SALE	SHIP VIA	FOB	FREIGHT TERMS
05/03/2006				

BID OPENING DATE: **06/06/2006** BID OPENING TIME: **01:30PM**

LINE	QUANTITY	OP	QTY NO	ITEM NUMBER	UNIT PRICE	AMOUNT
SEALED BID						
BUYER:			CB-23			
RFQ. NO.:			LOT331			
BID OPENING DATE:			06/06/2006			
BID OPENING TIME:			1:30 PM			
PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:						
----- 304-697-7083 -----						
CONTACT PERSON (PLEASE PRINT CLEARLY):						
Mark A. Morgan, CPA						

***** THIS IS THE END OF RFQ LOT331 ***** TOTAL:						\$26,475

SEE REVERSE SIDE FOR TERMS AND CONDITIONS

SIGNATURE: *Mark A. Morgan* TELEPHONE: **(304) 697-7083** DATE: **June 6, 2006**

TITLE: **Director of Attest & Assurance Functions** FEIN: **55-0554030** ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

A F F I D A V I T

056

West Virginia Code §5A-3-10a states:

No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owned is an amount greater than one thousand dollars in the aggregate.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Debtor" means any individual, corporation, partnership, association, limited liability company or any other form or business association owing a debt to the state or any of its political subdivisions.

"Political subdivision" means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

EXCEPTION:

The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

LICENSING:

The vendor must be licensed in accordance with any and all state requirements to do business with the state of West Virginia.

CONFIDENTIALITY:

The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendors should visit www.state.wv.us/admin/purchase/privacy for the Notice of Agency Confidentiality Policies.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), it is hereby certified that the vendor acknowledges the information in this said affidavit and are in compliance with the requirements as stated.

Vendor's Name: Trainer, Wright & PaternoAuthorized Signature:  Date: June 6, 2006

T W TRAINER, WRIGHT & PATERNO
& P CERTIFIED PUBLIC ACCOUNTANTS

218 13TH STREET

P.O. Box 2608
HUNTINGTON, WV 25726
304-697-7083
FAX: 304-697-7087
WWW.TRAINERWRIGHT.COM

June 6, 2006

Buyer
The West Virginia Lottery Commission
Purchasing Division
2019 Washington Street East
PO Box 50130
Charleston, West Virginia 25305-0130

Dear Buyer:

This letter and proposal are in response to the recent request by your Organization for a bid proposal to audit the West Virginia Lottery Commission for the year ended June 30, 2006.

Trainer, Wright & Paterno is pleased to have this opportunity to outline our professional services and submit a proposal of our fee for an audit of the financial statements of the West Virginia Lottery Commission.

The accounting firm of Trainer, Wright & Paterno is a mid-sized regional CPA firm, serving the State of West Virginia and the surrounding areas of Kentucky and Ohio. We offer a comprehensive array of professional services, including auditing, tax, management advisory, valuations and litigation support, just to name a few. The firm's five members, who have over 100 years of combined years in public accounting, head up a professional staff of 15, including 10 CPAs.

We have been providing accounting, auditing and tax services to component units of the State of West Virginia and 501(c)(3) organizations for more than thirty-nine years. Our clientele ranges in funding size from \$100,000 to multimillion dollar agencies. We have extensive experience auditing component units of the State of West Virginia including serving as auditor of the Public Defender Services for the last five (5) years and Educational Broadcasting Authority and Affiliates for the last two (2) years and financial and compliance auditing of governmental entities, as well as, 501(c)(3) organizations in accordance with *Government Auditing Standards* and the requirements of the State of West Virginia Procedures Manual. This experience permits us to design, perform and complete an audit engagement for your agency in an efficient manner and at a reasonable cost.

Although we serve large clients, several of whom are leaders in their industry, our practice consists predominately of medium and smaller size entities. Our professional objective is to provide the finest quality services on a timely basis. *We endeavor to build a warm relationship which continues throughout the year, rather than an association limited to year-end contact.* We provide the expertise of a large firm combined with the personal relationship of a smaller firm.

Buyer
The West Virginia Lottery Commission
Page 2

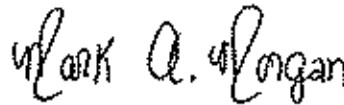
In reviewing our audit proposal, consideration should be given to our experience, ability to provide service, timeliness of service and finally, price. We believe our extensive experience and professional staff enables us to provide excellent service in a timely and efficient manner.

We appreciate this opportunity to submit this proposal and look forward to having this organization as a valued client.

If you should have any questions concerning our proposal, please do not hesitate to contact us. It is our pleasure to have this opportunity to be of service to your organization.

Very truly yours,

TRAINER, WRIGHT & PATERNO



Mark A. Morgan
Certified Public Accountant

MAM:ime

Enclosure

**AUDIT PROPOSAL FOR
THE WEST VIRGINIA
LOTTERY COMMISSION
CHARLESTON, WEST VIRGINIA
FOR THE YEAR ENDING
JUNE 30, 2006**

**Proposal Submitted By
Trainer, Wright & Paterno
Certified Public Accountants
P. O. Box 2608
Huntington, West Virginia 25726
Phone: 304-697-7083
Fax: 304-697-7087**

**Contact:
Mark A. Morgan, CPA**

TABLE OF CONTENTS

	<u>Page</u>
I. Firm Profile	1 - 5
II. Prior Auditing Experience	5 - 8
III. Qualifications of Proposed Personnel	8 - 19
IV. Audit Plan and Understanding of Work to be Performed	20 - 24

T W TRAINER, WRIGHT & PATERNO

& P CERTIFIED PUBLIC ACCOUNTANTS

218 13TH STREET

P.O. Box 2008
HUNTINGTON, WV 25726
304-697-7083
FAX: 304-697-7087
WWW.TRAINERWRIGHT.COM

I. FIRM PROFILE

Trainer, Wright & Paterno is a locally owned public accounting firm serving the Tri-State area of West Virginia, Kentucky, and Ohio. The firm was founded in 1972 by Donald E. Trainer and Charles William Wright, although the history extends back over fifty years. During the course of the last thirty plus years, Trainer, Wright and Paterno has established one of the best reputations for an accounting firm in the State of West Virginia, as well as, the region.

We are members of the Private Companies Practice Section (PCPS) and the Government Audit Quality Control Center (GAQC) of the American Institute of Certified Public Accountants. As members of PCPS and GAQC, we have agreed to subject our policies and procedures to an independent outside review. In our most recent peer review the report stated that in the opinion of the peer review team *"the system of quality control for the accounting and auditing practice of Trainer, Wright & Paterno in effect for the year ended September 30, 2002, meet the objectives of quality control standards established by the AICPA, and was being complied with during the year ended to provide the firm with reasonable assurance of conforming with professional standards."*

Our professional staff has the experience, the knowledge and the capabilities to meet the clients needs as they occur. While our clients are both large and small, our services are always individualized. Our professional objective is to provide the finest quality services on a *timely basis. We endeavor to build a warm relationship which continues throughout the year, rather than an association limited to year-end contact.* We provide the expertise of a large firm combined with the personal relationship of a small firm.

As a firm, we recognize that our principal responsibility is to our clients. Our business is to help you produce at your maximum potential for growth and profitability. Trainer, Wright & Paterno is committed to:

- Provide high quality, cost-effective accounting, tax, management advisory and related services to present and prospective clients.
- Respond to the individual needs of each client.
- Uphold the ethical and professional standards of the profession.
- Provide an environment conducive to the maximum professional development of every member of the Firm.
- Contribute to the advancement of the profession through performance, innovation and participation in professional societies and associations.
- Strive to improve the general public's perception of public accounting and enhance the Firm's reputation.

I. FIRM PROFILE (CONTINUED)

FIRM PHILOSOPHY

We have as an overriding objective the provision of high quality audit, accounting, tax and management advisory services to clients in the best professional manner. Our partners and staff are expected to comply with this statement of philosophy in order to achieve that objective.

Professionalism in the accounting profession means integrity, objectivity, independence where required, adherence to professional standards and applicable laws and regulations, and a demonstrated will to maintain and improve the quality of professional services and to withstand all pressures, competitive and otherwise, to compromise on principles, standards and quality. In the field of auditing, particularly, professionalism requires an understanding of, and dedication to, the public interest.

Trainer, Wright & Paterno demands integrity, objectivity, competence, and due care from all of its personnel in the conduct of all of its engagements, whatever their nature. We demand independence, in fact and appearance, in all audit and other engagements where independence is required by applicable laws and regulations and the requirements of our professional societies. We take steps to insure that personnel assigned to engagements, whatever their nature, have the professional and specialized knowledge required to carry out their responsibilities, recognizing that supervisors and other reviewers and consultants can complement that knowledge.

Our firm is structured to provide leadership in achieving high quality professional performance while maintaining the concept of individual responsibility so necessary to clients and to the individuals within the firm. Trainer, Wright & Paterno has established policies and procedures that we believe provide assurance that professional engagements are properly planned and executed and that decisions are based on the substance of issues, not on form. Accounting standards cannot deal with all possible situations and we, at all times, urge our clients to adopt accounting and reporting policies that we believe are the most appropriate for their respective circumstance.

Our policies and procedures provide for staff to consult on significant matters with designated partners of the Firm, whose opinions are to be sought on significant ethical, technical and industry questions. The policies and procedures we have established are designed to assure that our clients receive the best professional services we can provide and that in providing those services we continually keep in mind the public interest in our work. Once Trainer, Wright & Paterno undertakes a client engagement, we bring all the resources to that engagement necessary in the circumstances.

CLIENT RELATIONSHIPS

We value our reputation for quality services and believe that reputation is the basis on which we attract new clients and continue to build our practice for the future. The value of our services is, to a large degree, dependent on the public perception of our integrity and objectivity. If the public were to doubt our integrity or objectivity, or our competence or professional care as a result of our work for a given client, the value of our services to that client, to all other clients, and to the public at large would be comprised.

I. FIRM PROFILE (CONTINUED)

Accordingly, just as our clients are selective in their choice of CPA firms, Trainer, Wright & Paterno is selective in accepting clients. Our responsibilities to existing clients and to the public, demand that we consider the appropriateness of client relationships and that we carefully consider the nature of services we are asked to provide. We then assess our ability to provide those services in a quality manner in conformity with all relevant professional standards, yet assess the value and the timeliness of these services.

We are committed to rendering value for our fees and believe our clients should have a reasonable basis for making that judgment for themselves. Accordingly, we carefully evaluate the services we are asked to provide and the factors, such as the nature of control systems and procedures, that will affect the costs we expect to incur in providing such services before we inform present and potential clients of the fees we estimate those services will entail.

SERVICES PROVIDED

If the public accounting profession, as a whole and Trainer, Wright & Paterno in particular, are to meet the legitimate and changing needs of clients and the public, arbitrary restrictions on the services provided are not appropriate. However, Trainer, Wright & Paterno, as a matter of policy, will undertake only engagements that, we believe, *we can perform with competence, that will be useful to the clients or to appropriate third parties, that will not impair our independence in fact or appearance* and that will help attract and retain the personnel we need to provide the knowledge base essential to maintain our ability to serve our clients and the public in a professional manner. In evaluating proposed engagements, as well as the way we inform clients and others of our capabilities, we consider whether such engagements will lessen public confidence in our independence, integrity and objectivity in the performance of the engagement or in our commitment to that function.

Trainer, Wright & Paterno provides a full range of tax, audit, accounting, and management advisory services, consistent with ethical and professional standards and regulatory requirements in the United States and with the limitations imposed by our Firm's membership in the AICPA Division for CPA Firms.

Tax Services

Under the direction of experienced tax professionals, Trainer, Wright & Paterno's tax department offers assistance in, but not limited to, the following:

- Consulting and planning business operations.
- Complying with federal, state and local tax laws.
- Administering income
- Gift and estate tax planning
- Communicating with the Internal Revenue Service on the clients behalf.

I. FIRM PROFILE (CONTINUED)

In order to stay abreast of the tremendous number of tax changes, we devote a significant amount of resources and time to continuing professional education. Our staff frequently attend seminars on specific tax topics and we often bring recognized speakers "in-house" to make presentations on given subjects.

The Tax Department maintains an extensive library of tax publications, including nationally recognized tax services and various other publications. Important current tax information is distilled and distributed among our professional staff to keep them alert of the changing tax environment. With this information available, our team works with clients in analyzing the possible impact of any tax legislation upon their particular financial affairs.

We keep our clients advised of tax changes in a number of ways. We provide clients with a year-end tax planning brochure, and send special tax announcements when there are specific changes in the tax law.

Attest and Assurance Services

These are more commonly known as, auditing and accounting services and include audited, reviewed and compiled financial statements, as well as reviews of internal accounting controls, special purpose audits and agreed upon procedures engagements.

Trainer, Wright & Paterno's auditing and accounting professional staff members attend seminars throughout the year to remain current on the evolving changes with the accounting profession. Our auditing and accounting department maintains an extensive library which includes the most recent auditing, review and compilation risk alerts issued by the AICPA, most recent statements of position and all other guiding principles.

The accounting and auditing department's objective is to make financial reporting understandable and informative. We supplement our report on the financial statements with a management letter offering recommendations for a more efficient operation, stronger financial structure and improved internal accounting and administrative controls, often resulting in cost savings.

Our general accounting services department provides accounting and bookkeeping services for all types of businesses. In addition to maintaining general accounting records, these services include preparation of financial statements, payrolls and related tax reports, sales tax returns and various other required reports.

Management Advisory Services

Trainer, Wright and Paterno offers assistance in the following management advisory areas:

- Review and installation of accounting systems
- Policies and Procedures Manuals
- Financial forecasts and projections

I. FIRM PROFILE (CONTINUED)

- Budgeting
- Litigation support
- Fraud Investigations
- Business Valuation
- Long-range planning
- Acquisitions, mergers, liquidations and dispositions

These services are often correlated with the Firm's auditing, tax and accounting services. The management advisory department assists clients in improving efficiency and profitability. We undertake studies designed to provide a fresh viewpoint and an objective evaluation in assisting or developing short and long-range plans for solving problems and creating more effective operating controls. The management advisory department assists clients in performing detailed financial analysis to ascertain efficiencies and deficiencies which ultimately help profitability. In order to provide such services, we look at and assemble a team from all resources throughout the firm focusing on the personnel's expertise. Such diversified expertise enables us to provide an understanding and explanation to the client of the ramifications relating to each aspect of the entity.

Our management advisory department also offers data processing services including the following:

- Evaluation and installation of information systems, including hardware and software
- General ledger processing
- Payroll
- Accounts receivable tracking
- Depreciation
- Job costing

Over the past thirty plus years our commitment has remained the same. To provide professional service, sound business judgment, and a thorough knowledge of financial planning, taxation, auditing, accounting, and management advisory services to our clients.

II. PRIOR AUDITING EXPERIENCE

Our firm's experience in auditing Component Units of the State of West Virginia and non-profit organizations with federal and state grant awards during the past three years totals approximately 4,500 hours annually. We have audited component units, community action agencies, workforce investment boards, churches, health care facilities, various other agencies designed to provide assistance to the elderly and low income people and various other non-profit organizations. We have vast experience in auditing component units of the State of West Virginia and governmental programs in accordance with *Standards for Audit of Governmental Organizations, Programs, Activities and Functions* issued by the Comptroller General of the United States, the Single Audit Act of 1984, and the various Office of Management and Budget (OMB) Circulars (A-110; A-122; and A-133) and the State of West Virginia Procedures Manual.

II. PRIOR AUDITING EXPERIENCE (CONTINUED)

A partial list of the many health care and non-profit organizations which we have performed auditing services for are as follows:

Prior Experience Auditing Component Units of the State of West Virginia

State of West Virginia, Department Of Administration, Public Defender Services Building 3, Room 330 1900 Kanawha Boulevard, East Charleston, WV 25305-0730	Mr. John A. Rodgers	558-3905
West Virginia Public Broadcasting 124 Industrial Park Drive Beaver, WV 25813	Mr. Michael Meador Ms. Tammy Treadway	254-7842
Marshall University Athletic Department P.O. Box 1360 Huntington, WV 25715-1360	Mr. David Steele	696-2483

Prior Experience Auditing Federal and State Government Funded Non-Profit Entities

South Western Workforce Investment Board - Region 2 2699 Park Avenue, Suite 210 Huntington, WV 25704	Ms. Lisa Thornburg	429-5900
West Virginia Region 6 Workforce Investment Board, Inc. 106-109 Adams Street, Suite 140 Fairmont, WV 26554 WVSC Metro Area Agency on Aging, Inc. P. O. Box 518 Institute, WV 25112	Ms. Barbara DeMary Mr. James Recco	368-9530 755-2385
Mason County Action Group, Inc. P.O. Box 12 Pl. Pleasant, WV 25550	Mrs. Gene Salem	675-2369
Wayne County Community Service Organization, Inc. P.O. Box 276 Wayne, WV 25570	Mrs. Rose Meredith	272-5650

II. PRIOR AUDITING EXPERIENCE (CONTINUED)

Prior Experience Auditing Federal and State Government Funded Non-Profit Entities(Continued)

Kanawha Valley Senior Services, Inc. 2428 Kanawha Blvd. East Charleston, WV 25311	Mr. Scott McClanahan Mr. Leon Harrison	348-6432
Jackson County Commission on Aging, Inc. P.O. Box 617 Ripley, WV 25271	Ms. Amanda Hanna	372-2406
Putnam County Aging Program, Inc. P.O. Box 330 Scott Depot, WV 25560	Mr. Clinton Beaver	755-2385
Mingo Community Action Partnership, Inc. P.O. Box 1406 Williamson, West Virginia 25661	Mr. Tim Crum	235-1701
Putnam County Community Action Program, Inc. P.O. Box 622 Teays, West Virginia 25569	Ms. Dawn Bennett	760-0680
Ebenezer Medical Outreach, Inc. 1448 Tenth Avenue Huntington, WV 25701	Ms. Yvonne Jones	529-0753
Other Non-Profit Organizations		
Big Brothers/Big Sisters of the Tri-State 501 Fifth Avenue Huntington, WV 25701	Mrs. Patty Price	522-2191
The Larry Joe Harless Community Center Foundation, Inc. P.O. Box 1987 Gilbert, WV 25621	Mr. James H. "Buck" Harless, or Mr. James Thornburg	664-2500
Kiwanis Day Nursery 71 West Fourth Avenue Huntington, WV 25704	Mrs. Patty Nelson	525-8701

II. PRIOR AUDITING EXPERIENCE (CONTINUED)

Other Non-Profit Organizations (Continued)

Cabell-Wayne Association of the Blind, Inc. 38 Washington Avenue Huntington, WV 25701	Mr. Paul Stone	522-6991
United Way of the River Cities, Inc. P.O. Box 2416 Huntington, WV 25726	Ms. Janice Leonard	523-8929
Hospital Hospitality House of Huntington, Inc. 3801 S. Stanton Huntington, WV 25702	Ms. Jo Fannin	522-1832
Big Green Scholarship Foundation, Inc. P.O. Box 1360 Huntington, WV 25715-1360	Mr. David Steele	696-2483

Our firm has provided a number of other services for various non-profit organizations including: Accounting system survey certifications for grant applications, conducting seminars, preparing accounting policies and procedures manuals, preparing proposals regarding indirect cost allocation systems, and providing assistance in selecting computer equipment and software, as well as, implementation.

III. QUALIFICATIONS OF PROPOSED PERSONNEL

Following are the professional staff which would be performing the engagement. The personal resumes of these individuals have been included to illustrate their qualifications and experience.

Mark A. Morgan, CPA	Member, Director of Attest & Assurance Functions
Todd M. Williams, CPA	Member, Director of Litigation & Management Services
Tim P. Scott, CPA	Manager
Betty M. Rowe, CPA	Senior Accountant
Angela Shockley	Staff Accountant
Misty Gregg	Staff Accountant

III. QUALIFICATIONS OF PROPOSED PERSONNEL (CONTINUED)

Criteria for advancement with Trainer, Wright & Paterno include years of experience, successful completion of the Uniform Certified Public Accountant examination and other factors. An associate must successfully pass the CPA examination to attain the position of supervisor and above. The personnel proposed for use in performance of this engagement are highly motivated, energetic, creative and possess various technical skills as evident by their credentials described in the attached resumes.

Management structure and engagement supervision of Trainer, Wright & Paterno is accomplished by close communication between the various levels of personnel. The member is responsible for engagement administration, final workpaper review and approval of the final product. The field work of an engagement is under the constant supervision of the Director and/or the manager. They are responsible for planning and administration of field work and total coordination of the engagement including supervision of staff, review of workpapers, and to keep the engagement member aware of all areas of the engagement. Staff auditors/accountants, under the supervision of the Director, are given assignments of testing, reconciliation, vouching and various other tasks as assigned. The second member is responsible for all technical review's or secondary review of the engagement, in order to make sure the financial statements are presented in accordance with professional standards.

In accordance with our memberships in the West Virginia Society of Certified Public Accountants and American Institute of Certified Public Accountants, our personnel are required to complete forty, (40), hours of continuing professional education each year.

All personnel have met the annual requirement of 40 hours of continuing professional education.

All CPA's of Trainer, Wright & Paterno have complied with the statutes of the State of West Virginia for the regulation of the practice of public accounting and with the requirements prescribed by the West Virginia Board of Accountancy and the American Institute of Certified Public Accountants.

Following is a brief summary of the experience and resumes of our audit personnel assigned to this engagement.

PERSONAL RESUME

Mark A. Morgan, CPA
Member
P.O. Box 2608
Huntington, West Virginia 25726

EDUCATION: Marshall University, Huntington, West Virginia
Graduate 1996
Degree: Bachelor of Business Administration
Major - Accounting

EMPLOYMENT: Trainer, Wright & Paterno
Certified Public Accountants
July 1997 - Present
Position - Director of Attest & Assurance Functions

EXPERIENCE: Eight years on Trainer, Wright & Paterno's staff
Participated in audits:
Corporations
Limited Partnerships
Employee Benefit Plans
Component Units of the State of West Virginia
Governmental Funded Program Audits
State, County and Municipal Governmental Audit
Health Clinics
Non-profit Organizations
Consultant - Mid-Iowa Community Action, Inc. -
National Services Division
Perform assessments and consulting on community
action programs that are in need of crisis
intervention

OTHER: Certified Public Accountant
State of West Virginia
Certificate No. 4251

Professional Memberships:
American Institute of Certified Public Accountants
Association of Certified Fraud Examiners
West Virginia Society of Certified Public
Accountants
Huntington Chapter of West Virginia Society of
Certified Public Accountants
Ohio Valley Accountants Association

Mark A. Morgan, CPA - Member (Continued)
West Virginia CPA Certificate No. 4251

Professional Activities:

Board Member - Huntington Chapter of West
Virginia Society of Certified Public Accountants
Member of "Careers in Accounting" Project
Group through the West Virginia Society of
Certified Public Accountants

**CONTINUING PROFESSIONAL
EDUCATION:**

Current compliance with the West Virginia State Society
of Certified Public Accountants continuing professional
education requirements with over 40 hours CPE in the last
year.

With eight years on the audit staff of Trainer, Wright & Paterno, Mr. Morgan has extensive
experience auditing Component units of the State of West Virginia and government funded not
for profit corporations.

As a consultant with MICA, Mr. Morgan has reviewed agencies that have had significant
accounting problems and are seeking intervention from experts within their respective fields.
He has provided technical assistance in the areas of accounting principles, internal controls,
accounting system set-up, compliance of federal and state grants, and sound business practices,
as well as provided an understanding of the roles and responsibilities of management and the
board of directors relating to the financial responsibilities of each individual or group of
individuals.

Speaker and instructor of various seminars relating to accounting and taxation issues of not-for-
profit organizations and the roles and responsibilities of not-for-profit board of directors.

PERSONAL RESUME

Todd M. Williams, CPA, CVA
Member
P.O. Box 2608
Huntington, West Virginia 25726

EDUCATION:

Bethany College, Bethany, West Virginia
Graduate May 1994
Degree: Bachelor of Arts
Major - Accounting
Minor - Economics

EMPLOYMENT:

Trainer, Wright & Paterno
Certified Public Accountants
January 1998 - Present
Duties Include: Participating in the planning and preparation of Government Funded Programs Audits, and Component Units of the State of West Virginia Other Non-Profit Audits and Small Business Audits; Participating in the planning and preparation of Employee Benefit Plan Audits; Participating in the planning and preparation of Small Business Audits; and Preparing various tax returns including Form 990 Return of Organizations Exempt from Income Tax and Form 5500 Annual Return/Report of Employee Benefits.

Wallace, Harris & Sims
Attorneys at Law
August 1994 - December 1997

OTHER:

Certified Public Accountant
State of West Virginia
Certificate No. 4271

MEMBERSHIPS:

American Institute of Certified Public Accountants
West Virginia Society of Certified Public Accountants
Huntington Chapter of West Virginia Society of
Certified Public Accountants
Ohio Valley Accountants Association
Association of Certified Valuation Analyst

**CONTINUING PROFESSIONAL
EDUCATION:**

Complied with the West Virginia Society's CPE requirements including 16 hours in non-profit, local and governmental auditing.

Todd M. Williams, CPA, CVA - Member (Continued)
West Virginia CPA Certificate No. 4271

With over eight years experience on the Trainer, Wright & Paterno audit staff, Mr. Williams has assisted on numerous audit engagements including Component Units of the State of West Virginia and not-for-profit organizations.

Mr. Williams is also designated as the technical reviewer for all audit engagements.

PERSONAL RESUME

Timothy P. Scott, CPA
Manager
P.O. Box 2608
Huntington, West Virginia 25726

EDUCATION: Marshall University, Huntington, WV
Graduate 1989
Degree: Bachelor of Business Administration
Major - Accounting

Fairland High School, Proctorville, Ohio
Graduate 1983

EMPLOYMENT: Trainer, Wright & Paterno
Certified Public Accountants
March, 1991 - Present
Position: Manager

EXPERIENCE: Thirteen years of Public Accounting
Participated in audits of:
Component Units of the State of West Virginia
Not-for-Profit Organizations
Private Corporations, and Employee
Benefit Plans

**CONTINUING PROFESSIONAL
EDUCATION:** Current compliance with the West Virginia State
Society of Certified Public Accountants continuing
professional education requirements with 40 plus
hours in the past year, including 16 hours in local and
governmental auditing.

OTHER: Certified Public Accountant
State of West Virginia
Certificate No. 2941
State of Ohio
Certificate No. 30,359

With over ten years experience at Trainer, Wright & Paterno. Mr. Scott has assisted on numerous audit engagement including Component Units of the State of West Virginia and not-for-profit organizations.

PERSONAL RESUME

Betty M. Rowe, CPA
Senior Accountant
P.O. Box 2608
Huntington, West Virginia 25726

EDUCATION: Marshall University, Huntington, West Virginia
Graduate 2001
Degree: Bachelor of Business Administration
Major - Accounting

EMPLOYMENT: Trainer, Wright & Paterno
Certified Public Accountants
January 2003 - Present
Position - Senior Accountant

PriceWaterhouse Coopers
Position - Staff Accountant

EXPERIENCE: Over three years on Trainer, Wright & Paterno's staff
and seven months on PriceWaterhouse Coopers staff
Participated in audits:
Corporations
Limited Partnerships
Employee Benefit Plans
Component Units of the State of West Virginia
State of Ohio
Governmental Funded Program Audits
Health Clinics
Non-profit Organization

OTHER: Certified Public Accountant
State of Ohio
Certificate No. 63336

Professional Memberships:
American Institute of Certified Public Accountants
Association of Certified Fraud Examiners
West Virginia Society of Certified Public Accountants
Ohio Society of Certified Public Accountants
Huntington Chapter of West Virginia Society of
Certified Public Accountants

Betty M. Rowe, CPA (Continued)
Ohio Certificate No. 63336

**CONTINUING PROFESSIONAL
EDUCATION:**

Current compliance with the Ohio State Society of Certified Public Accountants continuing professional education requirements with 40 hours CPE in the last year.

PERSONAL RESUME

Angela T. Shockley
Staff Accountant
P.O. Box 2608
Huntington, West Virginia 25726

EDUCATION: Marshall University, Huntington, West Virginia
Graduate 2000
Degree: Bachelor of Business Administration
Major - Accounting

EMPLOYMENT: Trainer, Wright & Paterno
Certified Public Accountants
February 2006 - Present
Position - Staff Auditor

St. Mary's Medical Center, Inc.
October 2001 - February 2006
Position - Staff Accountant

Hayflich & Steinberg, CPA's
November 1999 - October 2001
Position - Staff Accountant

EXPERIENCE: Two years on Hayflich & Steinberg health care staff
and currently a member of Trainer, Wright & Paterno
audit staff; participating in audits of:
For-profit Corporations
Non-profit Organizations
Employee Benefit Plans
Acute Care Hospitals and Health Clinics
Governmental Funded Program Audits
Limited Partnerships

While employed by Hayflich & Steinberg, also performed desk reviews of Medicaid cost reports
of long-term care facilities for the State of Ohio, desk reviews of Medicare cost reports of renal
dialysis facilities for the State of Maryland, and completed Medicare and Medicaid cost reports
and related filings for healthcare clients.

Angela T. Shockley - Staff Accountant (Continued)

While employed by St. Mary's Medical Center, completed the filing of the Medicare and Medicaid cost reports for both West Virginia and Ohio, completed tax returns for general partnerships, for-profit corporations, and non-profit corporations, assisted in the filing of the Uniform Financial Report as required by the West Virginia Health Care Authority, and completed monthly write-up work and financial statements for multiple entities.

PERSONAL RESUME

Misty L. Gregg
Staff Accountant
P.O. Box 2608
Huntington, West Virginia 25726

EDUCATION: Marshall University, Huntington, West Virginia
Graduate 2006
Degree: Bachelor of Business Administration
Major - Accounting
Minor - Economics, International Affairs

EMPLOYMENT: Trainer, Wright & Paterno
Certified Public Accountants
October 2005 - Present
Position - Staff Accountant

EXPERIENCE: While on staff at on Trainer, Wright & Paterno,
participated in audits of:
Corporations
Limited Partnerships
Governmental Funded Program Audits
Health Clinics
Non-profit Organization

OTHER: Professional Memberships:
West Virginia Society of Certified Public Accountants

**CONTINUING PROFESSIONAL
EDUCATION:** Continuing professional education requirements with 20
hours CPE in the prior year.

IV. AUDIT PLAN AND UNDERSTANDING OF WORK TO BE PERFORMED

Philosophy

The main objective of the audit process with respect to governmentally funded not-for-profit entities is to express an opinion on the fair presentation of the financial position of the Lottery Commission and the results of its operations. It takes a collaborative effort between the external auditor, the State of West Virginia, Lottery Commission's staff and individuals of the respective circuits staff and or external accountant to achieve a system of procedures and controls that assures accountability of the funds while maximizing the use of available Lottery Commission's resources.

Major goals that will guide our approach to the of the West Virginia, Lottery Commission's audit are as follows:

Planning - We will place major emphasis on pre-audit engagement planning. After our pre-audit conference, we will know exactly what to expect from individual circuits staff and they will know exactly what to expect from us. At this meeting we will determine schedules that the circuits staff. will prepare, the date the schedules will be due, and the date that the final fieldwork will begin.

Risk Assessment - Our engagement team's experience with not-for-profit organizations is invaluable when it comes to risk assessment. The vastly different type of services requires a different approach than would be taken with traditional business.

Timing - The audit fieldwork would be scheduled to begin in August after the books are closed. We will issue draft reports by August 31, 2006 to the Commission and by September 15, 2006 to the State of West Virginia and our final reports by October 13, 2006. Our goal is to come in, get the job done, and wrap things up as quickly and as efficiently as possible. However, we will complete the engagement in accordance with your time table.

Auditors' Reports

In accordance with Professional Auditing Standards, we will issue the following reports:

1. Opinion on the general-purpose financial statement.
2. Opinion on financial reporting over internal control and other matters in accordance with *Government Auditing Standards*.

If we become aware of any frauds, irregularities or illegal acts, we shall make immediate written notification to the executive director and board chairperson.

IV. AUDIT PLAN AND UNDERSTANDING OF WORK TO BE PERFORMED (CONTINUED)

In order to accomplish our audit objectives in the most effective and meaningful manner possible, our team will employ a risk-based systems evaluation approach to auditing.

A. Planning

Upon notification that our proposal has been accepted, we will begin developing the necessary audit working papers and audit programs to be used.

1. *Document our understanding of your operating environment*

Our engagement will begin by documenting our understanding of your operating environment. We will meet with the finance office and other departments where financial transactions either originate or are processed and review important information about your control environment, accounting system, and control procedures. To help us identify complex and contentious accounting issues in advance, we will first conduct a preliminary analytical review.

2. *Conduct Planning Meeting*

We will conduct an initial planning meeting with the Lottery Commission's management. The agenda would include, but not be limited to:

- Accounting principles
- Any Lottery Commission's staff concerns
- Initial audit approach and dates
- Assistance by the Lottery Commission's personnel
- Initial audit concerns
- Progress reporting process

During this meeting, we will also discuss any format changes to the financial statements.

3. *Review the Data Processing System*

Because of its importance to the Lottery Commission's accounting systems and the internal controls, our information technology team member is a computer controls specialist who will conduct a review of the data processing systems in order to provide us with a complete understanding of how the systems work and to determine the potential impact of general control strengths and weaknesses. Major emphasis of this review will be to ensure that the computer systems operate efficiently.

IV. AUDIT PLAN AND UNDERSTANDING OF WORK TO BE PERFORMED (CONTINUED)

4. *Conduct an Analytical Review*

One of the most inefficient ways to conduct an audit is to spend significant time examining transactions that have little or no importance to the financial statements as a whole or which represent minimal risk. We will perform a preliminary analytic review to analyze the financial statements for unusual trends and results and to identify in advance the high audit risk areas. Extended audit procedures are then focused on the areas of unusual results or potential audit risk.

5. *Identify Major Areas of Audit Risk and Define Major Objectives*

Based on our understanding of the operating environment, the general purpose financial statement format, and our analytical review, we will identify areas in which to emphasize the audit effort. We will define the objectives for the audit, concentrating on the identified areas of audit concern that are important to the Lottery Commission's.

6. *Understand the Control Environment and Test Key Controls*

We will perform a review of the internal control documentation, focusing on formulating comments and suggestions for improving operations. Our basic documentation technique is to use a discussion memorandum format that documents accounting cycles and processes from start to finish. We will also complete questionnaires to further document an understanding of the Lottery Commission's, internal controls where appropriate. Three key steps are included in the systems evaluation:

- Review internal controls
- Review administrative controls
- Identify control strengths and weaknesses

7. *Assessment of the Risk of Fraud (SAS 99)*

A new fraud audit standard, Statement of Auditing Standard No. 99 "Consideration of Fraud in a Financial Statement Audit" effective for audits of periods beginning on or after December 15, 2002, was issued by the Auditing Standards Board. This standard requires auditors to document fraud risk factors that relate to the misappropriation of assets and fraudulent financial reporting and to design and perform additional procedures if deemed necessary based on the risk factors present. Our documentation of these risk factors is accomplished through discussions with key personnel during the planning stages of the audit. The goal of this discussion is to identify areas of risk, inquire as to your knowledge of any occurrence of fraud and to inquire or any areas where you may have a concern.

IV. AUDIT PLAN AND UNDERSTANDING OF WORK TO BE PERFORMED (CONTINUED)

B. Testing

Sampling

The team's approach to sampling will be dictated by a risk-based approach to evaluating a transaction balance or class. For example, we will generally stratify our sample in order to focus on the high dollar transactions while at the same time maintaining proper coverage over the balance of the population. Random samples are taken whenever possible. We will utilize statistical sampling methods when we believe that their usage will result in more efficient and effective testing. Our team believes that statistical section techniques are one of many audit tools to choose from, and their use should be limited to those instances where they result in the most efficient and effective testing of an account balance.

C. Reporting

Deadlines

We will schedule fieldwork in advance and shall be prepared to render our opinion on the financial statements in DRAFT form no later than August 31, 2006 and our final opinion no later than October 13, 2006.

We will also issue all quantities of reports as outlined in the RFP.

The estimated time requirement of personnel proposed to be utilized during the engagement are as follows:

Mark A. Morgan, CPA - Member, Director of Attest & Assurance Functions	75
Todd M. Williams, CPA - Member, Technical Review	25
Tim P. Scott, CPA - Manager	25
Betty M. Rowe, CPA - Senior Accountant	75
Angela Shockley - Staff Accountant	65
Misty Gregg - Staff Accountant	<u>75</u>
TOTAL HOURS	<u>340</u>

The Firm's plan for performance of the proposed contracts incorporates the members' and staffs' experience, AICPA professional standards and GAO statements.

At the conclusion of our audits we will hold a conference with the Lottery Commission representatives to discuss all matters relevant to the Organization's internal control and compliance.

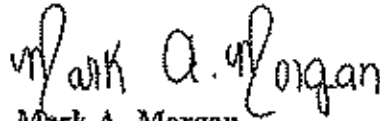
IV. AUDIT PLAN AND UNDERSTANDING OF WORK TO BE PERFORMED (CONTINUED)

We have enclosed our price proposal in a separate sealed envelope.

We are sensitive to cost control and have always worked diligently to minimize our fees, while maintaining high, quality standards. It is important to consider the qualifications of the firm, our experience and the total fee in selecting a professional firm. Finally, we would like to emphasize that we are interested in long-term relationships with our clients and we perform our tasks accordingly.

Very truly yours,

TRAINER, WRIGHT & PATERNO

A handwritten signature in cursive script that reads "Mark A. Morgan".

Mark A. Morgan
Certified Public Accountant

MAM:lmc