



**OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY**

**MEGA MILLIONS AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD APRIL 1, 2008 THROUGH MARCH 31, 2009**



Mary Taylor, CPA
Auditor of State

**OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Ohio Lottery Commission
Cuyahoga County
615 West Superior Avenue
Cleveland, Ohio 44113

We have performed the procedures enumerated below, which were agreed to by the Ohio Lottery Commission (the OLC) and the other member lotteries in the states of California, Georgia, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Virginia, Texas, and Washington (referred to as the "Member Lotteries") who operate Mega Millions, solely to assist the OLC and the Member Lotteries with respect to the evaluation of the following financial information associated with Mega Millions: The OLC sales and prize expense for the period April 1, 2008 through March 31, 2009. We followed the American Institute of Certified Public Accountants' attestation standards for agreed-upon procedures engagements and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. 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. Our procedures were as follows:

- a) We obtained from the OLC the "Draw Activity" and the "Fixed Prize Analysis" report for the period April 1, 2008 to March 31, 2009 (attached as Exhibits I and II respectively). We proved their mathematical accuracy with no exceptions noted.
- b) We randomly selected the following five (5) drawings from the period April 1, 2008 to March 31, 2009 for testing and performed procedures "c", "d", and "e" below:

July 4, 2008
October 24, 2008
November 14, 2008
December 16, 2008
January 20, 2009

- c) For each drawing selected in step "b" above, we compared the total amount of sales as shown on the Daily Sales Report produced by the OLC 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 drawing 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 low tier prizes for the drawings selected in step "b" above based on the total number of winners obtained from the OLC gaming system for each prize level and the prize structure of Mega Million's low tier prizes (as defined in the Official Game Rules obtained from the OLC). We compared the calculated expense with the amount listed in the "Actual Fixed Prizes" column for the respective drawing on the "Draw Activity" report attached as Exhibit I, and found them to be in agreement.

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- e) For each drawing selected in step “b” above, we compared the amount of sales, actual low tier (fixed) prizes and share of low tier (fixed) prizes shown on the “Draw Activity” report attached as Exhibit I to the amounts shown on the applicable Mega Million Prize Settlement Reports obtained from the OLC and, found them to be in agreement.
- f) We selected two months (August 2008 and March 2009) and obtained the “Expired Prize Settlement Report” distributed by the Virginia Lottery. For the two months selected, we obtained from the OLC Internal Control System (ICS) the actual fixed prizes awarded and the prizes unclaimed. We agreed the ICS data to the data reported by the Virginia Lottery for each draw of the selected months and found them to be in agreement.
- g) We compared the amounts shown as the total of the actual fixed prizes and the total of the share of 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) For each amount listed in the “Annuitized Jackpot” or “Cash Options” column on the “Draw Activity” report attached as Exhibit I, we compared the “Annuitized Jackpot” or “Cash Options” amounts, as applicable, to the OLC cash disbursement subsidiary records which summarize the funds disbursed to the prize winner or the broker from which the jackpot annuities were purchased and found them to be in agreement.
- i) For the investment purchases associated with jackpot prizes during the period from April 1, 2008 to March 31, 2009:
- We obtained broker confirmations and verified that investments were funded solely through the purchase of United States Government STRIP bonds.
 - We obtained and reviewed bid sheets and supporting documentation, and verified that the investments were purchased through a competitive bidding practice involving a minimum of three primary brokerage firms.
 - We obtained the Security Purchase Report which lists the results of the purchase, including the annuity factor for the non-winning bidders. We found this report to be in agreement with the OLC bid sheets.
- j) We compared the total of the annual transfers by the OLC to the Virginia Lottery for settlement of the fixed prize liability as shown in the cash receipts/disbursement subsidiary records obtained from the OLC 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.
- k) We compared the balance listed in the OLC receivable or payable as of March 31, 2009 for the low tier (fixed) prizes as shown on the “Fixed Prize Analysis” report attached as Exhibit II to Mega Million Prize Settlement Report as of March 31, 2009, and found them to be in agreement.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the OLC sales and prize expense for the period April 1, 2008 through March 31, 2009. 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 use of the Ohio Lottery Commission and Member Lotteries, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

November 13, 2009

Exhibit I – Draw Activity
Exhibit II – Fixed Prize Analysis

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Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Amnuitized JP Amount	Cash Options Amount
MI					
4/01/2008	2,742,324	312,084	476,313		
4/04/2008	1,410,554	175,162	207,576		
4/08/2008	1,274,176	137,471	161,757		
4/11/2008	1,466,656	165,647	253,753		
4/15/2008	1,411,689	419,866	235,419		
4/18/2008	1,567,875	175,680	276,968		
4/22/2008	1,552,067	167,324	280,679		
4/25/2008	1,749,432	189,214	245,235		
4/29/2008	1,750,990	183,721	220,706		
5/02/2008	2,418,120	499,597	389,700		
5/06/2008	2,474,739	533,923	440,092		
5/09/2008	2,963,795	564,093	634,843		
5/13/2008	3,107,771	354,474	523,305		
5/16/2008	4,084,952	468,709	808,954	196,000,000	
5/20/2008	1,202,563	136,110	223,918		
5/23/2008	1,347,774	217,613	345,008		
5/27/2008	1,064,033	113,947	218,306		
5/30/2008	1,338,082	138,400	152,360		
6/03/2008	1,317,164	387,677	276,722		
6/06/2008	1,452,177	185,226	237,210		
6/10/2008	1,384,441	169,154	241,615		
6/13/2008	1,609,841	224,326	229,950		
6/17/2008	1,145,045	365,004	198,880		
6/20/2008	1,247,931	137,020	213,793		
6/24/2008	1,214,803	116,932	163,392		
6/27/2008	1,375,233	168,091	246,764		
7/01/2008	1,353,009	152,031	164,900		
7/04/2008	1,399,270	700,169	495,343		
7/08/2008	1,508,105	432,880	303,326		
7/11/2008	1,737,129	201,592	288,722		
7/15/2008	1,751,829	184,925	210,014		
7/18/2008	2,261,530	285,713	448,867		
7/22/2008	2,413,842	282,604	396,875		
7/25/2008	1,291,940	157,631	196,608		
7/29/2008	1,177,372	384,574	304,815		
8/01/2008	1,371,880	177,469	273,669		
8/05/2008	1,337,981	657,731	420,933		
8/08/2008	1,564,883	481,800	423,934		
8/12/2008	1,533,977	184,993	268,917		
8/15/2008	1,759,087	442,400	324,691		
8/19/2008	1,770,352	256,221	327,316		
8/22/2008	2,110,129	480,671	296,118		
8/26/2008	2,363,704	266,257	407,960		
8/29/2008	2,852,400	580,026	446,876		
9/02/2008	1,126,103	106,161	181,646		
9/05/2008	1,345,860	167,199	270,478		
9/09/2008	1,292,758	134,353	181,485		
9/12/2008	1,267,486	137,024	215,559		
9/16/2008	1,059,991	375,453	200,897	15,000,000	
9/19/2008	1,198,684	124,539	194,170		
9/23/2008	1,143,603	146,088	213,634		
9/26/2008	1,310,423	170,243	224,309		
OH					
IL/NY					
MI					
NJ					
GA					
MD					

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
9/30/2008	1,287,951	149,538	256,678		
10/03/2008	1,502,225	146,695	281,662		
10/07/2008	1,119,112	123,525	161,389		
10/10/2008	1,254,901	146,893	160,568		
10/14/2008	1,193,012	145,717	154,550		
10/17/2008	1,367,092	169,598	286,391		
10/21/2008	1,323,227	137,849	138,770		
10/24/2008	1,175,711	172,332	225,742		
10/28/2008	1,091,274	107,433	136,867		
10/31/2008	1,255,188	401,482	200,591		
11/04/2008	1,258,001	393,209	214,816		
11/07/2008	1,424,929	179,960	264,124		
11/11/2008	1,396,787	427,918	219,136		
11/14/2008	1,644,888	196,733	244,716		
11/18/2008	1,595,979	171,718	220,999		
11/21/2008	1,837,570	710,104	332,210		
11/25/2008	1,971,072	477,614	323,306		
11/28/2008	2,216,659	502,432	328,429		
12/02/2008	2,689,701	586,796	445,727		
12/05/2008	3,391,015	869,630	483,180		
12/09/2008	3,940,457	1,503,765	787,752		
12/12/2008	5,813,595	982,744	1,170,362	207,000,000	
12/16/2008	1,199,670	134,945	147,861		
12/19/2008	1,322,361	630,393	277,448		
12/23/2008	1,304,391	139,726	199,286		
12/26/2008	1,288,204	407,774	282,985		
12/30/2008	1,429,500	139,743	258,609		
1/02/2009	1,480,709	209,196	231,779		
1/06/2009	1,185,216	207,711	291,344		
1/09/2009	1,337,452	173,965	245,756		
1/13/2009	1,247,310	163,507	225,324		
1/16/2009	1,178,979	124,420	197,381		
1/20/2009	1,135,766	138,388	180,719		
1/23/2009	1,376,567	705,173	414,285		
1/27/2009	1,301,838	225,563	478,629		
1/30/2009	1,422,936	392,527	322,335		
2/03/2009	1,535,874	176,951	191,337		
2/06/2009	1,743,542	231,878	357,800		
2/10/2009	1,799,442	452,436	304,182		
2/13/2009	2,094,602	228,259	304,428		
2/17/2009	2,611,314	331,399	438,107		
2/20/2009	3,285,025	393,950	547,013		
2/24/2009	3,751,208	434,906	659,975		
2/27/2009	4,864,863	741,049	941,325		
3/03/2009	6,388,157	1,428,508	1,140,647		
3/06/2009	1,478,775	176,376	228,408		
3/10/2009	1,370,406	143,376	172,105		
3/13/2009	1,600,165	425,444	247,191		
3/17/2009	1,294,673	214,993	282,805		
3/20/2009	1,417,730	394,478	239,493		
3/24/2009	1,365,515	155,701	231,973		
3/27/2009	1,567,484	432,221	322,649		

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
3/31/2009	1,528,291	161,369	208,951		

* Totals * 186,635,875 33,397,222 33,195,375

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	Receivable (Payable)	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In(Out)	Receivable (Payable)
California	278,581	34,335,017	35,918,846	1,824,648-	519,400
Georgia	578,065-	32,932,053	35,744,709	2,328,840-	1,061,881-
Illinois	106,792-	21,413,480	20,397,685	746,449	162,554
Massachusetts	174,825-	22,882,070	21,703,327	578,338	425,580
Maryland	68,066	33,406,515	34,237,168	1,054,533-	291,946
Michigan	476,378	47,293,412	48,429,169	485,764	1,145,143-
New Jersey	963,474-	83,493,481	83,125,659	1,302,230-	706,578
New York	147,031-	33,397,222	33,195,375	349,911	295,095-
Ohio	468,099	36,350,443	32,563,502	3,579,392	675,648
Texas	872,258	28,236,065	27,940,895	1,124,144	43,284
Virginia	193,195-	9,944,683	10,428,106	353,747-	322,871-
Washington State					
** Totals **		383,684,441	383,684,441		



Mary Taylor, CPA
Auditor of State

OHIO LOTTERY COMMISSION MEGA MILLIONS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2009**