



**OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY**

**MEGA MILLIONS AGREED-UPON PROCEDURES REPORT
FOR THE PERIOD APRIL 1, 2009 THROUGH MARCH 31, 2010**



Mary Taylor, CPA
Auditor of State

**OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY
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Auditor of State

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, 2009 through March 31, 2010. 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, 2009 to March 31, 2010 (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, 2009 to March 31, 2010 for testing and performed procedures "c", "d", and "e" below:

July 31, 2009
September 8, 2009
December 18, 2009
February 23, 2010
March 9, 2010

- 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 (September 2009 and January 2010) 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, 2009 to March 31, 2010:
- 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, 2010 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, 2010, 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, 2009 through March 31, 2010. 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

October 1, 2010

Exhibit I – Draw Activity
Exhibit II – Fixed Prize Analysis

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Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
4/03/2009	1,761,644	478,254			
4/07/2009	1,713,321	204,891	277,989		
4/10/2009	1,969,793	219,497	284,309		
4/14/2009	2,109,444	751,898	374,459		
4/17/2009	2,751,054	821,131	317,287		
4/21/2009	3,083,417	589,271	524,297		
4/24/2009	3,735,084	712,196	586,983		
4/28/2009	4,061,221	683,951	687,654		
5/01/2009	5,959,743	697,100	679,762		
5/05/2009	1,370,687	165,167	1,087,776	75,666,666	
5/08/2009	1,497,437	162,758	219,219		
5/12/2009	1,427,675	195,422	236,582		
5/15/2009	1,648,411	1,250,705	944,734		
5/19/2009	1,255,897	159,328	300,434		
5/22/2009	1,377,869	136,964	221,269		
5/26/2009	1,197,398	630,305	172,524		
5/29/2009	1,516,569	162,757	246,639		
6/02/2009	1,207,962	394,897	241,386		
6/05/2009	1,324,602	425,503	219,234		
6/09/2009	1,273,645	150,883	145,386		
6/12/2009	1,445,570	684,206	250,320		
6/16/2009	1,406,352	170,844	272,831		
6/19/2009	1,610,599	217,072	371,630		
6/23/2009	1,577,484	171,302	279,841		
6/26/2009	1,833,620	958,741	322,822		
6/30/2009	1,989,306	709,830	291,611		
7/03/2009	2,461,186	391,789	857,950		
7/07/2009	2,663,868	311,060	484,812		
7/10/2009	1,375,179	171,465	431,960		
7/14/2009	1,260,118	134,355	155,005		
7/17/2009	1,437,705	147,657	247,669		
7/21/2009	1,402,202	151,218	178,269		
7/24/2009	1,576,752	174,523	230,853		
7/28/2009	1,581,124	160,342	375,273		
7/31/2009	1,826,316	202,035	329,044		
8/04/2009	1,848,990	434,852	242,089		
8/07/2009	2,473,451	526,904	362,814		
8/11/2009	2,674,653	1,051,605	600,480		
8/14/2009	3,352,405	1,387,691	801,735		
8/18/2009	3,707,013	429,485	660,037		
8/21/2009	5,720,900	1,178,256	1,087,289		
8/25/2009	7,168,807	1,455,704	1,362,612		
8/28/2009	12,372,895	1,976,097	2,046,201		
9/01/2009	1,475,103	672,934	332,251		
9/04/2009	1,526,850	201,431	507,069		
9/08/2009	1,270,854	148,470	266,160		
9/11/2009	1,619,790	186,005	238,103		
9/15/2009	1,494,220	182,892	161,609		
9/18/2009	1,773,326	428,870	293,104		
9/22/2009	1,682,710	169,893	361,047		
9/25/2009	1,952,282	227,550	270,474		
9/29/2009	1,919,327	479,472	377,822		

CA/OH/VA

CA/VA

NY

NY

CA/NY

GA

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
10/02/2009	2,554,543	290,811	541,272		
10/06/2009	2,632,603	582,535	405,980		
10/09/2009	3,224,530	608,655	511,233		
10/13/2009	3,296,589	591,173	562,652		
10/16/2009	4,695,734	1,029,947	878,391		
10/20/2009	1,398,419	395,943	347,687		
10/23/2009	1,539,915	160,785	188,503		
10/27/2009	1,436,414	169,613	306,845		
10/30/2009	1,722,354	443,866	305,568		
11/03/2009	1,676,897	179,112	274,565		
11/06/2009	1,909,709	233,014	380,533		
11/10/2009	1,863,107	210,374	358,783		
11/13/2009	1,498,788	171,264	373,003		
11/17/2009	1,340,340	178,518	158,521		
11/20/2009	1,543,559	199,056	278,780		
11/24/2009	1,482,625	160,586	283,110		
11/27/2009	1,448,703	187,263	300,860		
12/01/2009	1,622,510	184,144	274,239		
12/04/2009	1,834,645	467,855	347,947		
12/08/2009	1,865,902	215,748	277,418		
12/11/2009	2,613,050	546,741	412,738		
12/15/2009	2,681,532	581,172	514,956		
12/18/2009	3,397,076	912,962	541,309		
12/22/2009	3,439,443	397,812	615,956		
12/25/2009	1,265,088	414,866	227,181		
12/29/2009	1,289,249	143,654	282,527		
1/01/2010	1,307,107	160,852	190,865		
1/05/2010	1,342,682	412,126	248,565		
1/08/2010	1,529,772	171,599	246,680		
1/12/2010	1,594,424	173,072	283,722		
1/15/2010	1,904,165	750,385	476,073		
1/19/2010	1,902,357	466,417	281,915		
1/22/2010	2,586,289	308,102	456,670		
1/26/2010	2,659,272	313,573	406,134		
1/29/2010	3,277,301	428,736	668,046		
2/02/2010	1,399,707	173,188	213,942		
2/05/2010	1,460,690	154,912	166,706		
2/09/2010	1,326,869	135,804	209,229		
2/12/2010	1,637,083	180,344	206,622		
2/16/2010	1,504,117	202,795	283,884		
2/19/2010	1,831,261	233,322	254,559		
2/23/2010	1,863,449	446,329	492,356		
2/26/2010	2,196,245	248,046	295,273		
3/02/2010	2,539,421	311,722	427,943		
3/05/2010	3,151,395	383,031	507,359		
3/09/2010	1,379,418	167,565	284,779		
3/12/2010	1,527,262	162,671	202,522		
3/16/2010	1,298,098	161,745	250,195		
3/19/2010	1,469,952	141,008	239,835		
3/23/2010	1,380,507	191,711	317,498		
3/26/2010	1,569,057	412,627	193,863		
3/30/2010	1,513,607	154,463	246,972		
* Totals *	224,148,661	41,591,042	41,104,128		

	Receivable (Payable)	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In (Out)	Receivable (Payable)
California	519,400	39,906,385	40,261,536	377,434-	541,683
Georgia	1,061,881-	42,929,989	42,979,887	1,424,552-	312,773
Illinois	162,554	23,440,201	23,595,904	472,046	465,195-
Massachusetts	425,580	25,767,091	24,982,783	575,938	633,950
Maryland	291,946	40,278,675	41,253,026	171,027-	511,378-
Michigan	1,145,143-	61,340,446	60,266,954	96,460	168,111-
New Jersey	706,578	98,973,830	102,712,627	2,451,942-	580,277-
New York	295,095-	41,591,042	41,104,128	1,420,010	1,228,191-
Ohio					
POWER BALL					
Texas	675,648	40,289,504	39,305,632	1,309,983	349,537
Virginia	43,284	35,531,493	33,986,127	1,372,202	216,448
Washington State	322,871-	13,401,835	13,001,887	821,684-	898,761
** Totals **		463,450,491	463,450,491		

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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 21, 2010**