



**OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY**

AGREED-UPON PROCEDURES

FOR THE PERIOD ENDED APRIL 1, 2004 THROUGH MARCH 31, 2005



**Auditor of State
Betty Montgomery**

**OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY**

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Auditor of State Betty Montgomery

REPORT OF INDEPENDENT ACCOUNTANTS ON APPLYING AGREED-UPON PROCEDURES

Ohio Lottery Commission
Cuyahoga County
615 West Superior Avenue
Cleveland, Ohio 441113

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 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's sales and prize expense for the period April 1, 2004 through March 31, 2005. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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, 2004 to March 31, 2005 (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, 2004 to March 31, 2005 for testing and performed procedures "c", "d", and "e" below:

April 9, 2004
July 2, 2004
December 31, 2004
January 18, 2005
March 1, 2005

- 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'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 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's 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 prizes and share of low tier 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 (June 2004 and March 2005) 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 low tier prizes and the total of the share of low tier 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 “Cost of Jackpot Prizes” 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’s 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, 2004 to March 30, 2005:
- We obtained broker confirmations. Investments per the confirmations were limited solely to United States Government STRIP bonds.
 - We obtained and inspected Ohio Lottery Commission bid sheets. These documents indicated that 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 Ohio Lottery Commission 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’s receivable or payable as of March 31, 2005 for the low tier prizes as shown on the “Fixed Prize Analysis” report attached as Exhibit II to Mega Million Prize Settlement Report as of March 31, 2005, 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’s sales and prize expense for the period April 1, 2004 through March 31, 2005. 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 30, 2005

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EXHIBIT I

MS400L
MS400PF1
FIN76/VLTPRD

MEGA MILLIONS
Ohio Draw Activity
From 04/02/2004 To 03/31/2005

Date: 4/21/05
Time: 14:26:23
Page: 1

	Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
	4/02/2004	2,144,249	242,551	377,889		
	4/06/2004	2,335,644	637,713	397,885		
MD	4/09/2004	2,889,055	962,409	769,026		
	4/13/2004	1,099,761	131,581	155,316		
	4/16/2004	1,136,546	127,878	209,451		
	4/20/2004	1,120,901	300,457	179,358		
	4/23/2004	1,283,454	132,673	252,450		
	4/27/2004	1,252,458	158,706	310,212		
	4/30/2004	1,451,147	144,026	311,163		
	5/04/2004	1,502,692	190,308	267,795		
NY	5/07/2004	1,727,761	189,317	325,408		
	5/11/2004	967,824	107,795	175,842		
	5/14/2004	1,030,460	122,259	180,491		
	5/18/2004	1,011,944	111,448	147,712		
	5/21/2004	1,133,867	137,861	229,104		
	5/25/2004	1,152,869	125,113	140,774		
	5/28/2004	1,335,747	155,026	214,978		
	6/01/2004	1,288,435	156,039	232,333		
	6/04/2004	1,705,096	193,013	260,379		
	6/08/2004	1,833,094	214,126	269,092		
	6/11/2004	2,173,117	257,007	336,719		
	6/15/2004	2,820,374	693,852	568,699		
	6/18/2004	3,532,695	629,150	695,263		
	6/22/2004	4,031,317	493,408	702,112		
	6/25/2004	5,453,639	809,028	866,136		
	6/29/2004	7,842,277	2,356,491	1,641,388		
MA	7/02/2004	13,293,695	1,887,281	2,185,299		
	7/06/2004	1,037,325	481,421	227,660		
	7/09/2004	1,180,201	141,594	173,564		
	7/13/2004	1,187,593	125,493	198,981		
	7/16/2004	1,376,580	162,126	255,909		
	7/20/2004	1,369,904	196,578	260,931		
MI	7/23/2004	1,576,246	543,852	284,481		
NY	7/27/2004	1,023,000	843,216	685,837		
	7/30/2004	1,072,405	125,080	204,236		
	8/03/2004	1,038,565	313,948	307,134		
	8/06/2004	1,172,541	129,234	188,123		
	8/10/2004	1,144,349	300,645	200,361		
	8/13/2004	1,342,358	140,335	155,480		
	8/17/2004	1,318,563	343,768	268,962		
OH	8/20/2004	1,564,785	349,348	290,897	52,000,000	
	8/24/2004	942,256	116,140	129,044		
	8/27/2004	1,038,660	276,954	176,540		
	8/31/2004	1,017,531	112,687	199,365		
	9/03/2004	1,194,035	156,617	259,073		
	9/07/2004	1,068,837	106,517	157,177		
	9/10/2004	1,298,916	136,372	186,320		
	9/14/2004	1,323,051	135,777	168,616		
	9/17/2004	1,502,914	338,345	296,913		
	9/21/2004	1,590,372	240,120	298,662		
	9/24/2004	1,970,616	228,418	331,203		
	9/28/2004	2,094,571	222,999	323,325		

**EXHIBIT I
(Continued)**

MS400L
MS400PF1
FIN76/VLTPRD

MEGA MILLIONS
Ohio Draw Activity
From 04/02/2004 To 03/31/2005

Date: 4/21/05
Time: 14:26:23
Page: 2

	Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount	
TX	10/01/2004	3,138,075	390,993	708,183			
	10/05/2004	1,012,768	105,818	227,799			
	10/08/2004	1,049,989	125,164	159,409			
	10/12/2004	971,075	107,155	148,812			
	10/15/2004	1,137,908	310,767	292,127			
	10/19/2004	1,114,887	122,342	178,380			
	10/22/2004	1,279,706	153,949	205,813			
	10/26/2004	1,237,878	132,354	200,592			
	10/29/2004	1,439,206	502,219	278,252			
	11/02/2004	1,499,043	156,988	213,641			
	11/05/2004	1,789,728	550,085	361,485			
	11/09/2004	2,032,121	246,854	327,078			
	11/12/2004	2,655,280	309,481	428,068			
	11/16/2004	2,911,590	543,468	613,115			
	NY	11/19/2004	3,733,753	602,681	616,274		
		11/23/2004	976,118	106,077	138,485		
		11/26/2004	892,424	97,904	187,773		
NJ	11/30/2004	963,973	114,811	160,465			
	12/03/2004	1,143,372	141,266	152,315			
	12/07/2004	926,791	283,863	193,499			
	12/10/2004	1,012,923	113,899	200,721			
	12/14/2004	929,204	269,753	161,670			
	12/17/2004	1,107,717	109,743	132,919			
	12/21/2004	1,117,091	129,440	204,020			
	12/24/2004	1,137,886	124,206	229,380			
	12/28/2004	1,102,957	124,624	242,507			
	12/31/2004	1,541,485	361,248	258,328			
	1/04/2005	1,551,544	434,676	423,680			
	1/07/2005	1,873,431	220,375	370,283			
	1/11/2005	2,155,371	773,305	361,065			
	1/14/2005	3,178,050	504,189	538,456			
GA	1/18/2005	3,415,357	741,899	786,461			
	1/21/2005	1,107,287	124,609	156,892			
	1/25/2005	955,551	109,744	233,402			
	1/28/2005	1,103,359	115,550	143,422			
	2/01/2005	1,136,819	303,774	256,010			
	2/04/2005	1,297,710	335,196	242,895			
	2/08/2005	1,285,980	167,384	243,147			
	2/11/2005	1,515,877	360,517	254,046			
	2/15/2005	1,479,218	351,277	255,328			
	2/18/2005	1,768,937	561,098	325,476			
TX	2/22/2005	1,889,181	209,922	334,668			
	2/25/2005	2,462,494	788,452	463,465			
	3/01/2005	2,803,166	334,681	441,500			
	3/04/2005	1,130,101	319,614	235,421			
	3/08/2005	987,716	484,482	274,728			
	3/11/2005	1,144,372	138,759	207,863			
	3/15/2005	1,132,714	122,210	208,801			
	3/18/2005	1,268,219	327,927	168,696			
	3/22/2005	1,280,039	348,690	236,290			
	3/25/2005	1,476,650	168,547	181,944			
3/29/2005	1,500,027	348,131	260,140				
* Totals *		181,750,410	32,966,260	33,456,257			

**MEGA MILLIONS
MULTI-STATE LOTTERY
FIXED PRIZE ANALYSIS
FOR THE PERIOD FROM APRIL 02, 2004 TO MARCH 31, 2005**

EXHIBIT II

	April 2, 2004 Receivable (Payable)	Prior Year Settlement Adjustment*	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In (Out)	March 31, 2005 Receivable (Payable)
Georgia	(271,770)	517	33,250,297	31,808,132	1,485,676	(314,764)
Illinois	291,478	690	36,261,727	36,708,727	(329,857)	175,025
Massachusetts	(201,519)	202	16,434,713	17,411,696	(1,259,343)	81,043
Maryland	297,525	(5,849)	16,645,631	17,840,605	(798,897)	(104,401)
Michigan	(494,532)	578	34,783,018	34,888,329	(418,381)	(180,884)
New Jersey	564,538	685	44,268,257	44,919,419	433,542	(519,481)
New York	(439,256)	1,355	83,390,892	83,029,103	(265,153)	189,041
Ohio	(457,066)	542	32,966,260	33,456,257	(1,346,805)	400,284
Texas	(365,454)	740	35,447,364	36,660,325	(1,378,921)	(198,754)
Virginia	632,980	364	27,215,845	25,448,928	2,125,168	275,093
Washington	443,076	176	11,145,354	9,637,837	1,752,971	197,798
Total	<u>0</u>	<u>0</u>	<u>371,809,358</u>	<u>371,809,358</u>	<u>0</u>	<u>0</u>

*Prize Adjustment Report for Draw Date 12/09/03 prepared on 6/28/04.
Correction for Maryland winner count.

Approved: _____

Date: _____



**Auditor of State
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**OHIO LOTTERY COMISSION
AGREED UPON PROCEDURES**

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 30, 2005**