



**OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY**

AGREED-UPON PROCEDURES

FOR THE YEAR ENDED MARCH 31, 2006



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 10, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

This Page is Intentionally Left Blank.

**OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Exhibit I – Mega Millions Multi-State Lottery – Draw Activity For the Period April 1, 2005 to March 31, 2006	5
Exhibit II – Mega Millions Multi-State Lottery – Fixed Prize Analysis For the Period April 1, 2005 to March 31, 2006	8

This page intentionally left blank.



Auditor of State Betty Montgomery

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's sales and prize expense for the period April 1, 2005 through March 31, 2006. 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, 2005 to March 31, 2006 (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, 2005 to March 31, 2006 for testing and performed procedures "c", "d", and "e" below:

April 15, 2005
November 25, 2005
November 29, 2005
December 2, 2005
December 16, 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.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

- 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 (September 2005 and February 2006) 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, 2005 to March 31, 2006:
- 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 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, 2006 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, 2006, 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, 2005 through March 31, 2006. 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

December 19, 2006

This page intentionally left blank.

OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY

EXHIBIT I

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
4/01/2005	1,877,441	392,144	350,669		
4/05/2005	1,908,521	201,266	348,925		
4/08/2005	2,671,051	322,248	623,825		
4/12/2005	2,812,227	305,891	419,254		
4/15/2005	3,659,848	428,164	706,737		
4/19/2005	4,172,876	666,896	740,549		
4/22/2005	7,195,149	1,476,393	1,217,207		
4/26/2005	985,581	108,161	173,622		
4/29/2005	1,084,326	145,328	219,097		
5/03/2005	1,065,816	290,725	134,162		
5/06/2005	1,207,932	129,506	180,999		
5/10/2005	1,161,380	128,841	171,706		
5/13/2005	1,376,151	162,374	283,270		
5/17/2005	1,367,240	194,473	246,841		
5/20/2005	1,616,038	193,653	278,712		
5/24/2005	1,662,081	193,783	287,001		
5/27/2005	1,915,586	227,087	287,215		
5/31/2005	1,773,793	217,239	314,580		
6/03/2005	2,548,012	323,650	493,077	106,000,000	
6/07/2005	896,482	99,143	164,496		
6/10/2005	971,982	116,837	170,956		
6/14/2005	970,004	122,723	120,680		
6/17/2005	1,169,375	290,018	149,893		
6/21/2005	1,146,728	117,235	150,695		
6/24/2005	1,352,250	148,466	193,531		
6/28/2005	1,343,127	142,665	215,541		
7/01/2005	1,586,641	196,977	227,405		
7/05/2005	1,406,749	146,466	163,505		
7/08/2005	1,787,382	439,179	386,001		
7/12/2005	2,148,213	220,665	342,588		
7/15/2005	2,688,007	542,788	521,337		
7/19/2005	2,985,535	576,919	525,467		
7/22/2005	3,819,052	1,202,069	731,576	170,000,000	
7/26/2005	959,349	371,540	198,975		
7/29/2005	1,090,841	145,933	243,402		
8/02/2005	1,089,281	118,201	152,057		
8/05/2005	1,266,912	130,330	141,248		
8/09/2005	1,251,885	144,262	213,580		
8/12/2005	1,461,260	168,431	203,376		
8/16/2005	1,444,914	151,584	378,441		
8/19/2005	1,673,591	683,476	305,889		
8/23/2005	1,685,384	483,366	612,779		
8/26/2005	2,105,705	464,918	285,832		
8/30/2005	2,296,171	250,130	359,291		
9/02/2005	2,784,056	557,476	454,321		
9/06/2005	2,649,280	548,993	469,560		
9/09/2005	3,652,481	634,432	571,332		
9/13/2005	4,811,472	1,034,657	778,308		
9/16/2005	7,315,806	1,370,390	1,305,788	1,305,788	
9/20/2005	1,129,514	130,451	167,853		
9/23/2005	1,236,574	127,167	197,647		
9/27/2005	1,165,124	157,913	218,359		

OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY

EXHIBIT I
(Continued)

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
9/30/2005	1,395,903	169,101			
10/04/2005	1,360,001	412,439	285,079		
10/07/2005	1,614,320	675,391	299,019		
10/11/2005	1,510,100	414,175	319,300		
10/14/2005	1,779,197	235,311	336,202		
10/18/2005	1,908,306	987,981	258,347		
10/21/2005	2,390,116	539,885	471,170		
10/25/2005	2,256,827	310,404	441,346		
10/28/2005	2,666,233	271,868	401,880		
11/01/2005	2,736,785	362,055	455,782		
11/04/2005	3,489,214	886,952	484,157		
11/08/2005	4,173,383	534,536	509,575		
11/11/2005	5,230,980	852,964	1,033,408		
11/15/2005	7,753,295	1,213,947	796,628		
11/18/2005	1,330,345	407,988	1,338,138		
11/22/2005	1,265,526	131,341	186,340		
11/25/2005	1,216,007	135,785	215,583		
11/29/2005	1,400,025	161,488	231,082		
12/02/2005	1,260,492	158,860	281,204		
12/06/2005	1,200,366	399,770	199,084		
12/09/2005	1,267,135	418,031	257,367		
12/13/2005	1,314,894	160,775	212,982		
12/16/2005	1,448,985	433,180	307,685		
12/20/2005	1,493,262	145,362	244,543		
12/23/2005	1,775,908	184,002	229,633		
12/27/2005	1,559,216	194,425	212,162		
12/30/2005	1,952,128	476,651	312,995		
1/03/2006	1,129,724	152,412	363,031		
1/06/2006	1,248,340	151,223	193,802		
1/10/2006	1,112,366	138,749	218,552	15,000,000	
1/13/2006	1,295,131	145,620	259,886		
1/17/2006	1,201,135	174,465	240,258		
1/20/2006	1,396,243	163,032	197,174		
1/24/2006	1,350,524	146,885	177,426		
1/27/2006	1,564,039	508,177	186,512		
1/31/2006	1,585,192	154,717	441,794		
2/03/2006	1,919,074	503,437	189,214		
2/07/2006	1,828,116	218,760	383,290		
2/10/2006	2,470,959	249,846	405,535		
2/14/2006	2,581,344	770,262	451,432		
2/17/2006	3,495,893	410,220	670,204		
2/21/2006	3,752,343	947,156	765,634		
2/24/2006	5,571,500	1,265,957	1,200,916		
2/28/2006	6,677,985	1,314,664	1,142,865	270,000,000	
3/03/2006	1,529,156	212,696	292,154		
3/07/2006	1,459,425	156,381	211,298		
3/10/2006	1,697,228	417,752	300,678		
3/14/2006	1,675,633	181,183	373,522		
3/17/2006	1,903,924	469,027	314,268		
3/21/2006	1,860,376	265,749	429,072		
3/24/2006	2,126,391	501,070	401,943		
3/28/2006	2,219,491	281,046	316,749		

OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY

EXHIBIT I
(Continued)

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
3/31/2006	2,671,496	309,876	511,164		
* Totals *	223,474,153	39,628,651	40,163,933		

OHIO LOTTERY COMMISSION
 CUYAHOGA COUNTY

EXHIBIT II

	Receivable (Payable)	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In(Out)	Receivable (Payable)
California	314,764-	40,562,392	38,048,731	2,813,681	614,784-
Georgia	175,025	43,325,783	44,029,892	352,113-	176,971-
Illinois	81,043	22,347,687	24,319,928	1,523,053-	368,145-
Massachusetts	104,401-	21,024,843	21,751,019	500,833-	329,744-
Maryland	180,884-	42,417,028	43,313,228	1,076,052-	1,032-
Michigan	519,481-	58,148,533	59,393,363	2,963,031-	1,198,720
New Jersey	189,041	109,513,014	102,978,905	5,865,739	857,411
New York	400,284	39,628,651	40,163,933	11,430	146,428-
Ohio	198,754-	38,920,949	37,969,102	1,107,503	354,410-
Texas	275,093	26,320,068	29,398,248	2,653,944-	149,143-
Virginia	197,798	10,065,153	10,907,752	729,327-	84,526
Washington State					
** Totals **		452,274,101	452,274,101		



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

OHIO LOTTERY COMMISSION

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
JANUARY 16, 2007**