



**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 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 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, 2003 through March 30, 2004. 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, 2003 to March 30, 2004 (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, 2003 to March 30, 2004 for testing and performed procedures "c", "d", and "e" below:

July 18, 2003  
October 3, 2003  
November 18, 2003  
January 20, 2004  
February 10, 2004

- 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 (August 2003 and February 2004) 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, 2003 to March 30, 2004:
- 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 30, 2004 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 30, 2004, 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 OLC’s sales and prize expense for the period April 1, 2003 through March 30, 2004. 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 5, 2004

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**MEGA MILLIONS MULTI-STATE LOTTERY  
OHIO STATE LOTTERY**

(ALLSTFXPZMAR04)

**EXHIBIT I**

**DRAW ACTIVITY  
FOR THE PERIOD FROM APRIL 01, 2003 TO MARCH 30, 2004**

Draw Dates	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Cost of Jackpot Prizes (Purchased by OH)	Cash Options
4/1/2003	924,550	104,343	124,239	-	-
4/4/2003	970,656	103,985	130,900	-	-
4/8/2003	969,635	281,406	236,684	-	-
4/11/2003	1,076,416	134,851	152,214	-	-
4/15/2003	1,096,611	293,154	177,539	-	-
4/18/2003	1,289,004	151,100	268,009	-	-
4/22/2003	1,319,929	186,108	202,485	-	-
<b>NY 4/25/2003</b>	<b>1,576,318</b>	<b>187,559</b>	<b>244,570</b>	-	-
4/29/2003	856,402	93,854	153,401	-	-
5/2/2003	901,884	102,411	181,752	-	-
5/6/2003	882,754	99,494	103,518	-	-
5/9/2003	1,018,870	311,620	173,663	-	-
5/13/2003	1,049,887	103,995	158,344	-	-
5/16/2003	1,236,390	155,909	221,019	-	-
5/20/2003	1,233,750	141,468	214,032	-	-
5/23/2003	1,480,539	521,613	358,685	-	-
5/27/2003	1,460,634	561,155	432,644	-	-
5/30/2003	1,883,238	573,853	412,855	-	-
6/3/2003	2,137,225	269,556	510,242	-	-
6/6/2003	2,699,989	509,102	423,931	-	-
6/10/2003	3,168,159	710,401	531,146	-	-
6/13/2003	4,301,797	1,031,903	768,860	-	-
6/17/2003	5,205,945	1,086,914	884,651	-	-
<b>MD 6/20/2003</b>	<b>7,889,235</b>	<b>2,050,916</b>	<b>1,771,824</b>	-	-
6/24/2003	1,017,675	637,518	193,533	-	-
6/27/2003	1,024,723	111,246	142,498	-	-
7/1/2003	1,005,164	288,241	155,123	-	-
7/4/2003	1,025,602	306,800	215,638	-	-
7/8/2003	1,120,697	147,004	263,335	-	-
<b>NY 7/11/2003</b>	<b>1,297,439</b>	<b>186,014</b>	<b>379,150</b>	-	-
7/15/2003	889,663	93,058	131,591	-	-
7/18/2003	912,147	98,272	108,373	-	-
7/22/2003	881,355	99,812	126,091	-	-
7/25/2003	1,025,935	457,827	201,974	-	-
7/29/2003	1,052,938	119,812	172,375	-	-
8/1/2003	1,256,234	320,356	179,906	-	-
8/5/2003	1,348,888	323,408	229,162	-	-
<b>GA 8/8/2003</b>	<b>1,573,366</b>	<b>175,206</b>	<b>218,972</b>	-	-
8/12/2003	919,292	110,894	121,397	-	-
8/15/2003	897,503	108,066	162,946	-	-
8/19/2003	903,454	111,583	239,229	-	-
8/22/2003	1,015,518	119,487	178,692	-	-
8/26/2003	1,005,860	103,061	151,790	-	-
8/29/2003	1,166,213	135,196	204,012	-	-
9/2/2003	1,078,967	130,504	208,854	-	-
9/5/2003	1,366,471	151,153	275,853	-	-
9/9/2003	1,424,904	153,184	216,206	-	-
9/12/2003	1,705,861	358,723	282,307	-	-
9/16/2003	1,871,614	391,048	351,946	-	-
9/19/2003	2,260,954	420,202	465,334	-	-
9/23/2003	2,896,072	330,184	485,462	-	-
9/26/2003	3,655,918	794,100	564,034	-	-
<b>GA 9/30/2003</b>	<b>4,459,487</b>	<b>504,735</b>	<b>627,268</b>	-	-
10/3/2003	1,031,672	110,524	123,941	-	-
<b>NJ 10/7/2003</b>	<b>958,858</b>	<b>102,524</b>	<b>189,869</b>	-	-
10/10/2003	971,835	460,221	148,869	-	-
10/14/2003	908,532	103,755	117,480	-	-
10/17/2003	997,182	273,708	137,471	-	-
10/21/2003	1,018,466	112,008	151,039	-	-
10/24/2003	1,113,044	307,155	213,625	-	-
10/28/2003	1,153,784	128,659	185,817	-	-

**MEGA MILLIONS MULTI-STATE LOTTERY  
OHIO STATE LOTTERY**

(ALLSTFXPZMAR04)

**EXHIBIT I**

**DRAW ACTIVITY  
FOR THE PERIOD FROM APRIL 01, 2003 TO MARCH 30, 2004**

Draw Dates	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Cost of Jackpot Prizes (Purchased by OH)	Cash Options
10/31/2003	1,308,779	165,090	250,732	-	-
11/4/2003	1,460,549	338,960	229,610	-	-
11/7/2003	1,704,797	215,472	361,544	-	-
<b>GA/MI 11/11/2003</b>	<b>1,814,124</b>	<b>248,150</b>	<b>372,462</b>	-	-
11/14/2003	971,391	108,118	204,623	-	-
11/18/2003	908,986	116,337	162,240	-	-
11/21/2003	992,349	122,132	126,525	-	-
11/25/2003	1,013,074	290,674	191,352	-	-
11/28/2003	998,971	115,699	146,998	-	-
12/2/2003	1,160,828	477,471	222,693	-	-
12/5/2003	1,291,914	162,868	247,501	-	-
12/9/2003	1,446,036	154,839	222,990	-	-
12/12/2003	1,691,240	366,026	273,687	-	-
12/16/2003	1,905,618	215,037	335,113	-	-
12/19/2003	2,233,359	969,492	431,523	-	-
12/23/2003	3,382,331	763,441	593,702	-	-
12/26/2003	3,454,010	792,873	701,502	-	-
<b>OH 12/30/2003</b>	<b>5,213,496</b>	<b>1,098,012</b>	<b>978,204</b>	<b>162,000,000</b>	-
1/2/2004	918,810	110,315	149,903	-	-
1/6/2004	934,834	115,141	185,690	-	-
1/9/2004	1,141,356	298,667	188,490	-	-
1/13/2004	1,200,788	148,456	187,514	-	-
1/16/2004	1,331,453	136,313	170,824	-	-
1/20/2004	1,350,784	714,705	322,539	-	-
1/23/2004	1,535,977	351,662	282,338	-	-
1/27/2004	1,569,472	704,425	266,767	-	-
1/30/2004	1,931,028	224,004	344,967	-	-
2/3/2004	2,127,386	406,775	384,379	-	-
2/6/2004	2,891,630	696,574	645,676	-	-
2/10/2004	3,298,997	790,941	775,248	-	-
2/13/2004	4,245,082	656,073	726,110	-	-
2/17/2004	5,414,898	800,341	974,456	-	-
<b>VA 2/20/2004</b>	<b>10,963,055</b>	<b>2,569,931</b>	<b>2,321,485</b>	-	-
2/24/2004	1,171,486	150,416	177,321	-	-
2/27/2004	1,244,423	154,086	178,433	-	-
<b>OH 3/2/2004</b>	<b>1,270,953</b>	<b>331,648</b>	<b>306,733</b>	<b>21,000,000</b>	-
3/5/2004	1,165,743	145,223	241,562	-	-
3/9/2004	1,115,431	112,885	158,998	-	-
3/12/2004	1,261,033	142,989	209,425	-	-
3/16/2004	1,182,869	136,763	186,998	-	-
3/19/2004	1,410,538	161,710	231,311	-	-
3/23/2004	1,417,740	149,390	248,379	-	-
3/26/2004	1,620,876	374,449	266,611	-	-
3/30/2004	1,720,380	191,359	329,118	-	-
	<b>185,231,978</b>	<b>36,147,850</b>	<b>33,872,645</b>	<b>183,000,000</b>	-

Approved: \_\_\_\_\_

Date: \_\_\_\_\_

**MEGA MILLIONS  
MULTI-STATE LOTTERY  
FIXED PRIZE ANALYSIS  
FOR THE PERIOD FROM APRIL 01, 2003 TO MARCH 30, 2004**

(ALLSTFXPZMAR04)

**EXHIBIT II**

	<b>April 1, 2003 Receivable (Payable)</b>	<b>Actual Fixed Prizes</b>	<b>Share of Fixed Prizes</b>	<b>Qtrly/Yrly Settlements Transfers In (Out)</b>	<b>March 30, 2004 Receivable (Payable)</b>
Georgia	(308,599.00)	30,824,782.00	32,215,274.00	(1,427,321.00)	(271,770.00)
Illinois	(305,081.00)	39,170,314.00	41,126,792.00	(2,553,037.00)	291,478.00
Massachusetts	120,656.00	16,303,463.00	16,282,628.00	343,010.00	(201,519.00)
Maryland	(211,486.00)	14,389,926.00	15,411,447.00	(1,530,532.00)	297,525.00
Michigan	(307,065.00)	36,330,293.00	34,892,477.00	1,625,283.00	(494,532.00)
New Jersey	847,049.00	44,841,385.00	45,322,933.00	(199,037.00)	564,538.00
New York	(104,397.00)	85,771,699.00	87,042,469.00	(935,911.00)	(439,256.00)
Ohio	(47,961.00)	36,147,850.00	33,872,645.00	2,684,310.00	(457,066.00)
Texas	-	16,291,867.00	16,559,304.00	98,017.00	(365,454.00)
Virginia	341,489.00	25,695,894.00	22,458,038.00	2,946,365.00	632,980.00
Washington	(24,605.00)	9,632,013.00	10,215,479.00	(1,051,147.00)	443,076.00
<b>Total</b>	<u>-</u>	<u>355,399,486.00</u>	<u>355,399,486.00</u>	<u>-</u>	<u>-</u>

Approved: \_\_\_\_\_

Date: \_\_\_\_\_

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**Auditor of State  
Betty Montgomery**

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**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  
DECEMBER 14, 2004**