



**OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY**

REPORT ON APPLYING AGREED UPON PROCEDURES

FOR THE YEAR ENDED MARCH 31, 2007



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, 2006 through March 31, 2007. 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, 2006 to March 31, 2007 (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, 2006 to March 31, 2007 for testing and performed procedures "c", "d", and "e" below:

July 14, 2006
September 1, 2006
December 29, 2006
February 2, 2007
March 2, 2007

- 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 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 (January 2007 and March 2007) 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, 2006 to March 31, 2007:
- 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, 2007 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, 2007, 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, 2006 through March 31, 2007. 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

December 12, 2007

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
4/04/2006	2,795,150	304,091	436,369		
4/07/2006	3,175,900	587,683	520,118		
4/11/2006	3,330,533	643,136	601,450		
4/14/2006	4,258,644	1,036,560	927,875		
4/18/2006	4,805,875	1,032,345	974,456	265,000,000	
4/21/2006	1,379,829	436,233	382,292		
4/25/2006	1,395,897	157,915	207,686		
4/28/2006	1,585,377	196,889	257,551		
5/02/2006	1,628,011	525,117	605,747		
5/05/2006	1,836,240	450,675	297,020		
5/09/2006	1,804,754	194,573	289,115		
5/12/2006	2,081,879	238,462	398,491		
5/16/2006	2,148,537	721,446	414,994		
5/19/2006	1,438,917	412,559	260,659		
5/23/2006	1,326,451	406,877	189,311		
5/26/2006	1,494,898	159,985	248,799		
5/30/2006	1,281,170	685,321	247,843		
6/02/2006	1,663,711	196,429	238,987		
6/06/2006	1,263,028	141,150	267,331		
6/09/2006	1,350,862	163,367	190,251		
6/13/2006	1,335,057	153,361	200,124		
6/16/2006	1,487,057	420,237	230,031		
6/20/2006	1,191,537	131,273	153,936		
6/23/2006	1,277,943	135,465	180,082		
6/27/2006	1,260,471	139,080	194,374	24,000,000	
6/30/2006	1,236,509	159,395	161,792		
7/04/2006	968,146	351,955	187,514		
7/07/2006	1,296,561	127,557	134,391		
7/11/2006	1,277,735	161,143	217,210		
7/14/2006	1,435,661	402,357	175,747		
7/18/2006	1,432,999	143,567	256,840		
7/21/2006	1,229,032	370,667	240,502		
7/25/2006	1,144,257	386,643	185,446		
7/28/2006	1,287,700	172,415	287,799		
8/01/2006	1,281,924	119,809	167,073		
8/04/2006	1,192,525	119,013	150,634		
8/08/2006	1,130,627	146,546	182,088		
8/11/2006	1,288,447	128,722	246,782		
8/15/2006	1,283,348	155,239	201,767		
8/18/2006	1,436,335	171,037	303,267		
8/22/2006	1,440,918	203,675	307,939		
8/25/2006	1,660,516	180,720	250,833		
8/29/2006	1,690,698	188,997	192,087		
9/01/2006	2,046,312	234,790	306,149		
9/05/2006	1,947,076	191,499	354,278		
9/08/2006	2,712,468	293,091	486,413		
9/12/2006	2,929,003	361,028	475,711		
9/15/2006	3,684,481	678,496	567,360		
9/19/2006	1,255,516	128,091	149,659		
9/22/2006	1,302,726	157,453	173,747		
9/26/2006	1,237,902	146,989	248,317		
9/29/2006	1,308,773	148,213	209,036		

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Amnuitized JP Amount	Cash Options Amount
10/03/2006	1,269,050	155,761	245,404		
10/06/2006	1,443,475	172,402	304,496		
10/10/2006	1,407,419	159,434	180,116		
10/13/2006	1,645,112	691,950	294,943		
10/17/2006	1,600,192	170,259	333,369		
10/20/2006	1,313,622	172,337	202,135		
10/24/2006	1,211,105	112,268	182,025		
10/27/2006	1,360,633	189,190	192,206		
10/31/2006	1,361,773	679,124	280,628		
11/03/2006	1,586,198	441,773	352,732		
11/07/2006	1,618,829	172,262	249,216		
11/10/2006	1,829,571	440,486	269,119		
11/14/2006	1,893,476	486,859	357,735		
11/17/2006	1,310,780	423,010	206,574		
11/21/2006	1,232,601	136,386	179,990		
11/24/2006	1,230,822	368,163	178,029		
11/28/2006	1,380,533	157,938	241,591		
12/01/2006	1,557,218	164,132	268,886		
12/05/2006	1,164,767	131,005	182,680		
12/08/2006	1,258,911	146,658	207,953		
12/12/2006	1,301,128	138,805	198,718		
12/15/2006	1,482,213	182,589	289,086		
12/19/2006	1,487,327	171,195	205,243		
12/22/2006	1,765,391	221,402	356,988		
12/26/2006	1,516,769	439,808	245,197		
12/29/2006	2,039,965	258,157	340,118		
1/02/2007	1,954,939	710,985	338,512		
1/05/2007	2,937,271	819,574	434,167		
1/09/2007	3,090,891	374,870	552,869		
1/12/2007	1,391,631	161,454	244,312		
1/16/2007	1,234,588	154,668	294,827		
1/19/2007	1,442,176	187,337	177,658		
1/23/2007	1,384,616	177,852	228,496		
1/26/2007	1,559,305	165,185	184,691		
1/30/2007	1,529,572	402,123	218,245		
2/02/2007	1,863,042	200,491	300,856		
2/06/2007	1,704,590	512,833	375,971		
2/09/2007	2,278,794	1,007,729	415,127		
2/13/2007	2,241,610	273,000	389,832		
2/16/2007	2,707,104	306,113	373,814		
2/20/2007	3,154,489	346,619	415,095		
2/23/2007	4,279,249	1,043,102	805,163		
2/27/2007	5,635,505	872,370	975,676		
3/02/2007	8,239,002	1,389,900	1,158,454		
3/06/2007	15,120,435	2,298,267	2,507,212		
3/09/2007	1,508,246	458,760	271,526		
3/13/2007	1,391,757	168,697	214,671		
3/16/2007	1,577,450	167,034	235,993		
3/20/2007	1,589,154	161,906	283,714		
3/23/2007	1,765,349	186,752	314,359		
3/27/2007	1,752,354	183,207	296,425		
3/30/2007	1,965,772	247,019	362,306		
	204,303,694	35,660,536	34,650,421	40,000,000	

* Totals *

	Receivable (Payable)	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In(Out)	Receivable (Payable)
California	614,784-	32,618,165	31,572,571	1,075,729	644,919-
Georgia	176,971-	31,865,683	34,635,901	2,897,434-	49,755-
Illinois	368,145-	19,454,100	20,732,456	1,591,051-	55,450-
Massachusetts	329,744-	16,337,429	17,115,151	1,052,482-	54,984-
Maryland	1,032-	35,718,517	35,258,433	739,320	280,268-
Michigan	1,198,720	42,637,171	42,286,305	1,991,021	441,435-
New Jersey	857,411	79,502,103	79,437,136	11,188-	933,566
New York	146,428-	35,660,536	34,650,421	1,456,540	592,853-
Ohio	354,410-	29,276,639	28,893,888	466,677-	495,018
Texas	149,143-	23,895,543	22,962,444	194,504	589,452
Virginia	84,526	10,533,655	9,954,835	561,718	101,628
Washington State					
** Totals **		357,499,541	357,499,541		



Mary Taylor, CPA
Auditor of State

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 17, 2008**