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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Texas Lottery Commission
Austin, Texas

We have performed the procedures enumerated below, which were agreed to by the Texas Lottery Commission (the "Commission") and the Mega Millions member lotteries (collectively, the specified parties), solely to assist you with respect to procedures surrounding Mega Millions accounting and reporting by the Commission. The Commission's management is responsible for the Commission's accounting records. 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 the 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 and findings are as follows:

- A.** Obtain from the Texas Lottery Commission the "Texas Draw Activity" and the "Fixed Prize Analysis" for the period April 1, 2009 through March 31, 2010 and attach those as Exhibits I and II, respectively. Prove the mathematical accuracy of the schedules and note any exceptions.
1. **Finding** – No exceptions were noted although the reports attached as Exhibits I and II detail the activity beginning April 3, 2009 through March 31, 2010, since April 3, 2009 was the first draw date of the period.
- B.** Randomly select five (5) draw dates from the period (as agreed to by member lotteries).
1. **Finding** – The following dates were selected for testing:
 - April 14, 2009
 - July 3, 2009
 - August 21, 2009
 - December 25, 2009
 - January 12, 2010

Affiliated Companies
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* This firm is not a CPA firm

C. For each draw date selected in step “B” above, compare the total amount of sales as shown on the daily sales report produced by Texas Lottery Commission’s gaming system and the total amount of sales shown on the related daily sales report produced by Internal Control System (“ICS”), with the balance listed in the “sales” column for the respective draw date on the “Texas Draw Activity” report attached as Exhibit I and ensure they are in agreement.

1. **Finding** – No exceptions were noted.

D. Calculate the total dollar amount of the fixed prizes for the draw dates selected in step “B” above, based on the total number of winners from the Texas Lottery Commission’s gaming system for each prize level and the prize structure of the Mega Millions’ fixed prizes (as defined in the official game rules). Compare the calculated expense with the amount listed in the “Actual Fixed Prizes” column for the respective draw date on the “Texas Draw Activity” report attached as Exhibit I and ensure they are in agreement.

1. **Finding** – No exceptions were noted.

E. For each draw date selected in step “B” above, compare the amount of sales, actual fixed prizes, and share of fixed prizes shown on the “Texas Draw Activity” report attached as Exhibit I to the amounts shown on the applicable Mega Millions Prize Settlement Reports and ensure they are in agreement.

1. **Finding** – No exceptions were noted.

F. For the period identified, randomly select two months and obtain the “Expired Prize Settlement Report” distributed by the Virginia Lottery. For the two months selected, obtain from the Texas Lottery Commission ICS the actual fixed prizes awarded and the prizes unclaimed. Compare the ICS data back to the data reported from the Virginia Lottery for each draw of the subject months to ensure they are in agreement.

1. **Finding** – September 2009 and February 2010 Expired Prize Settlement reports were selected for examination and no exceptions were noted.

G. Compare the amounts shown as the total of the actual fixed prizes and the total of the share of fixed prizes on the “Texas Draw Activity” report attached as Exhibit I to the applicable amounts shown on the “Fixed Prize Analysis” report attached as Exhibit II and ensure they are in agreement.

1. **Finding** – No exceptions were noted.

H. For the amount (if any) listed in the “Cost of the Jackpot Prizes” column of the “Texas Draw Activity” report attached as Exhibit I, obtain and compare the “cost of the jackpot prize” amount to the Texas Lottery Commission’s cash disbursement subsidiary records which summarize the funds disbursed to the prize winner and/or the broker from which the jackpot annuities were purchased and verify agreement.

1. **Finding** – The amount listed in the “Annuitized JP Amount” column in the “Texas Draw Activity” report equaled the par value of the jackpot annuity purchased plus the gross initial payment to the winner. The Commission’s cash disbursement subsidiary records reflected the purchase price of the jackpot annuity plus the initial payment to the winner, less federal income tax withholding.

- I. For each purchase (if any) of investments associated with the jackpot prizes:
- i. Review broker confirmations to verify that investments are funded in accordance with allowed investment vehicles per the multi-state rules, regulations or procedures.
 - ii. Obtain the bid sheets and supporting documentation and verify the investments were purchased through a competitive bidding process involving a minimum of three brokerage firms.
1. **Finding** – No exceptions were noted.
- J. Obtain the Security Purchase report which lists the results of the security purchase and verify that the information reported to the group is accurate, including the annuity factor for the non-winning bidders.
1. **Finding** – No exceptions were noted.
- K. Compare the total of the period transfers from the Texas Lottery Commission to the Virginia Lottery for settlement of the fixed prize liability as shown in the Texas Lottery Commission's cash disbursement subsidiary records to the amount listed in the "Qtrly/Yrly Settlements Transfers In (Out)" column on the "Fixed Prize Analysis" report attached as Exhibit II and ensure they are in agreement.
1. **Finding** – No exceptions were noted.
- L. Compare the balance listed as the Texas Lottery Commission's receivable as of March 31, 2010 for the fixed prizes as shown on the "Fixed Prize Analysis" report attached as Exhibit II to the Texas Lottery Commission's financial accounting records and to the Mega Millions Prize Settlement Report as of March 31, 2010 and ensure they are in agreement.
1. **Finding** – No exceptions were noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion, on the Commission's accounting records. 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 information and use of the specified parties and is not intended to be and should not be used by anyone other than those specified parties.

Maxwell Socha + Ritter LLP

June 22, 2010

Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
4/03/2009	1,756,581	215,555	277,190		
4/07/2009	1,736,194	226,724	288,105		
4/10/2009	2,000,502	495,718	380,297		
4/14/2009	2,165,465	224,307	325,714		
4/17/2009	2,727,791	826,811	519,864		
4/21/2009	2,992,389	575,235	569,654		
4/24/2009	3,544,343	427,753	652,538		
4/28/2009	3,964,761	923,484	663,617		
5/01/2009	5,410,848	1,173,044	987,591		
5/05/2009	1,512,210	160,694	241,854		
5/08/2009	1,527,497	173,903	241,332		
5/12/2009	1,461,606	431,221	289,373		
5/15/2009	1,689,137	2,042,829	968,075		
5/19/2009	1,324,037	450,022	316,734		
5/22/2009	1,481,328	206,125	237,883		
5/26/2009	1,293,326	130,242	186,346		
5/29/2009	1,591,644	404,415	258,848		
6/02/2009	1,262,457	155,662	252,276		
6/05/2009	1,407,337	143,226	232,928		
6/09/2009	1,361,537	158,328	155,418		
6/12/2009	1,523,477	415,443	263,811		
6/16/2009	1,494,228	172,852	289,879		
6/19/2009	1,701,513	989,087	392,608		
6/23/2009	1,665,584	200,446	295,470		
6/26/2009	1,925,107	231,259	338,929		
6/30/2009	2,037,878	201,010	298,731		
7/03/2009	2,528,831	924,053	881,530		
7/07/2009	2,627,795	538,974	478,246		
7/10/2009	1,441,551	195,331	452,808		
7/14/2009	1,379,778	168,630	169,724		
7/17/2009	1,628,507	189,996	280,538		
7/21/2009	1,575,633	433,566	200,318		
7/24/2009	1,790,748	215,588	262,184		
7/28/2009	1,783,667	953,681	423,346		
7/31/2009	2,108,635	496,452	379,909		
8/04/2009	2,031,280	238,478	265,956		
8/07/2009	2,521,106	273,615	369,804		
8/11/2009	2,737,330	582,946	614,551		
8/14/2009	3,398,328	379,119	812,717		
8/18/2009	3,795,317	703,178	675,760		
8/21/2009	5,312,257	1,064,233	1,009,624		
8/25/2009	6,694,842	1,555,591	1,272,523		
8/28/2009	11,634,980	2,376,255	1,924,166		
9/01/2009	1,534,227	161,873	345,568		
9/04/2009	1,578,350	428,666	524,172		
9/08/2009	1,290,812	189,415	270,340		
9/11/2009	1,605,708	169,372	236,033		
9/15/2009	1,486,696	173,890	160,795		
9/18/2009	1,743,937	223,798	288,246		
9/22/2009	1,665,419	450,422	357,337		
9/25/2009	1,963,832	218,623	272,074		
9/29/2009	1,885,092	223,319	371,083		

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	2,396,977	262,079	507,886		
10/06/2009	2,392,620	244,805	368,971		
10/09/2009	2,694,282	292,357	427,165		
10/13/2009	2,820,477	532,663	481,391		
10/16/2009	3,706,456	912,440	693,335		
10/20/2009	1,385,723	150,933	344,531		
10/23/2009	1,459,202	172,144	178,623		
10/27/2009	1,356,587	406,163	289,792		
10/30/2009	1,635,306	445,129	290,125		
11/03/2009	1,607,839	196,678	263,258		
11/06/2009	1,812,923	525,457	361,247		
11/10/2009	1,734,932	204,226	334,100		
11/13/2009	1,519,618	168,578	378,187		
11/17/2009	1,320,680	155,593	156,196		
11/20/2009	1,509,231	156,426	272,580		
11/24/2009	1,454,414	168,283	277,723		
11/27/2009	1,478,958	402,782	307,143		
12/01/2009	1,537,505	155,644	259,871		
12/04/2009	1,725,970	190,362	327,336		
12/08/2009	1,735,393	210,526	258,014		
12/11/2009	2,263,058	286,647	357,456		
12/15/2009	2,284,633	503,385	438,737		
12/18/2009	2,692,162	539,971	428,984		
12/22/2009	2,959,630	628,957	530,028		
12/25/2009	1,368,118	140,383	245,683		
12/29/2009	1,324,871	148,113	290,333		
1/01/2010	1,509,710	159,554	220,449		
1/05/2010	1,496,659	163,360	277,070		
1/08/2010	1,613,803	162,367	260,230		
1/12/2010	1,626,471	180,963	289,424		
1/15/2010	1,835,631	282,132	458,939		
1/19/2010	1,775,968	235,055	263,185		
1/22/2010	2,209,966	780,396	390,221		
1/26/2010	2,282,137	476,501	348,537		
1/29/2010	2,586,432	824,004	527,219		
2/02/2010	1,279,857	187,020	195,624		
2/05/2010	1,394,516	135,033	159,154		
2/09/2010	1,281,180	143,432	202,024		
2/12/2010	1,377,566	151,626	173,867		
2/16/2010	1,429,686	188,369	269,836		
2/19/2010	1,609,026	199,526	223,667		
2/23/2010	1,521,794	683,924	402,085		
2/26/2010	1,820,086	234,784	244,701		
3/02/2010	1,889,406	201,474	318,403		
3/05/2010	2,158,691	225,068	347,538		
3/09/2010	1,205,837	142,232	248,943		
3/12/2010	1,295,252	132,300	171,756		
3/16/2010	1,071,598	118,674	206,539		
3/19/2010	1,218,994	132,859	198,889		
3/23/2010	1,122,837	415,109	258,237		
3/26/2010	1,283,151	126,959	158,538		
3/30/2010	1,210,075	121,600	197,445		
* Totals *	213,587,329	40,289,504	39,305,632	144,000,000	

MEGA MILLIONS
 Fixed Prize Analysis
 From 04/03/2009 To 03/31/2010

	Receivable (Payable)	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In(Out)	Receivable (Payable)
California					
Georgia	519,400	39,906,385	40,261,536	377,434-	541,683
Illinois	1,061,881-	42,929,989	42,979,887	1,424,552-	312,773
Massachusetts	162,554	23,440,201	23,595,904	472,046	465,195-
Maryland	425,580	25,767,091	24,982,783	575,938	633,950
Michigan	291,946	40,278,675	41,253,026	171,027-	511,378-
New Jersey	1,145,143-	61,340,446	60,266,954	96,460	168,111-
New York	706,578	98,973,830	102,712,627	2,451,942-	580,277-
Ohio	295,095-	41,591,042	41,104,128	1,420,010	1,228,191-
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		