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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Texas Lottery Commission and Mega Millions Member Lotteries
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 Powerball 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:

1. Obtain from the Texas Lottery Commission the "Draw Activity" and the "Fixed Prize Analysis" for the period January 31, 2010 through March 31, 2011 and attach those as Exhibits I and II, respectively. Prove the mathematical accuracy of the schedules and note any exceptions.

Finding – No exceptions were noted although the reports attached as Exhibits I and II detail the activity beginning February 3, 2010 through March 31, 2011, since February 3, 2010 was the first draw date of the period.

2. Randomly select seven (7) draw dates from the period January 31, 2010 through March 31, 2011.

Finding – The following dates were selected for testing: February 3, 2010; March 24, 2010; July 10, 2010; August 28, 2010; October 6, 2010; December 25, 2010; and January 12, 2011.

Affiliated Companies

ML&R PERSONNEL SOLUTIONS LLC

"The Resource for Direct Hire & Project Staffing"

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

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3. For each draw date selected in step “2” above, compare the total amount of sales as shown on the daily sales report produced by the Texas Lottery Commission’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 draw date on the “Draw Activity” report attached as Exhibit I and ensure they are in agreement.

Finding – No exceptions were noted.

4. Calculate the total dollar amount of the fixed prizes for the draw dates selected in step “2” 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 Powerball 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 “Draw Activity” report attached as Exhibit I and ensure they are in agreement.

Finding – No exceptions were noted.

5. For each draw date selected in step “2” above, compare the amount of sales, actual fixed prizes, and share of fixed prizes shown on the “Draw Activity” report attached as Exhibit I to the amounts shown on the applicable Powerball Prize Settlement Reports and ensure they are in agreement.

Finding – No exceptions were noted.

6. 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.

Finding – February 2011 and March 2011 Expired Prize Settlement (“EPS”) reports were selected for examination. There were two instances whereby unclaimed prizes per the Texas Lottery Commission ICS did not agree to the amounts reported by the EPS reports distributed by the Virginia Lottery.

Unclaimed prizes for the March 3, 2010 draw date were reported as \$15,666 and \$15,618 by the Texas Lottery Commission ICS and EPS reports, respectively. Unclaimed prizes for the March 6, 2010 draw date were reported as \$16,516 and \$16,512 by the Texas Lottery Commission ICS and EPS reports, respectively. No other exceptions were noted.

Commission’s response – Management agrees. However, it is important to note that the amount of expired prizes reported to the Virginia Lottery is correct and the difference is due to internal processes that do not affect the ICS purging of prizes.

7. Compare 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 ensure they are in agreement.

Finding – No exceptions were noted.

8. For the amount (if any) listed in the “Cost of the Jackpot Prizes” column of the “Draw Activity Supplement” report attached as Exhibit III, 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.

Finding – This step was not performed as there were no Texas jackpot winners for the period February 3, 2010 through March 31, 2011. In addition, a Draw Activity Supplement report is not available to attach as Exhibit III.

Commission’s response – Management agrees. As noted, the step could not be performed because there were no Texas jackpot winners during the review period. Further, the report referenced in this step does not exist at this time.

9. 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.
 - iii. 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.

Finding – These steps were not performed as there were no Texas jackpot winners for the period February 3, 2010 through March 31, 2011.

10. 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.

Finding – No exceptions were noted.

11. Compare the balance listed as the Texas Lottery Commission's receivable as of March 31, 2011 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 Powerball Prize Settlement Report as of March 31, 2011 and ensure they are in agreement.

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 Toche + Ritter LLP
August 29, 2011

| | Draw Date | Sales | Actual Fixed Prizes | Share of Fixed Prizes | Annuitized JP Amount | Cash Options Amount |
|-------|-----------|-----------|---------------------|-----------------------|----------------------|---------------------|
| PB | 2/03/2010 | 1,398,136 | 172,211 | 184,377 | | |
| | 2/06/2010 | 1,156,165 | 375,132 | 228,948 | | |
| | 2/10/2010 | 758,545 | 88,634 | 142,259 | | |
| | 2/13/2010 | 697,818 | 83,843 | 114,752 | | |
| | 2/17/2010 | 692,147 | 307,708 | 143,931 | | |
| | 2/20/2010 | 737,898 | 294,978 | 111,754 | | |
| | 2/24/2010 | 703,706 | 83,531 | 92,482 | | |
| | 2/27/2010 | 785,284 | 91,704 | 101,894 | | |
| | 3/03/2010 | 830,016 | 309,607 | 147,714 | | |
| | 3/06/2010 | 903,322 | 116,755 | 151,736 | | |
| NJ | 3/10/2010 | 1,014,050 | 520,317 | 158,965 | | |
| | 3/13/2010 | 1,272,392 | 187,323 | 216,348 | | |
| | 3/17/2010 | 605,994 | 72,154 | 97,915 | | |
| | 3/20/2010 | 627,873 | 78,291 | 98,795 | | |
| | 3/24/2010 | 614,605 | 280,441 | 139,535 | | |
| | 3/27/2010 | 688,295 | 85,811 | 92,372 | | |
| | 3/31/2010 | 705,941 | 85,637 | 115,579 | | |
| | 4/03/2010 | 889,675 | 107,625 | 157,144 | | |
| | 4/07/2010 | 941,380 | 132,518 | 141,300 | | |
| | 4/10/2010 | 1,115,932 | 135,877 | 195,351 | | |
| PB | 4/14/2010 | 1,185,937 | 158,895 | 240,440 | | |
| | 4/17/2010 | 1,562,050 | 218,069 | 227,795 | | |
| | 4/21/2010 | 2,024,619 | 268,898 | 375,543 | | |
| | 4/24/2010 | 738,221 | 298,972 | 161,982 | | |
| | 4/28/2010 | 686,947 | 109,054 | 144,154 | | |
| | 5/01/2010 | 812,078 | 94,609 | 127,687 | | |
| | 5/05/2010 | 774,438 | 302,398 | 136,328 | | |
| | 5/08/2010 | 815,902 | 335,845 | 216,389 | | |
| | 5/12/2010 | 880,613 | 297,878 | 140,893 | | |
| | 5/15/2010 | 1,049,285 | 168,313 | 197,738 | | |
| OH | 5/19/2010 | 1,120,206 | 154,710 | 204,497 | | |
| | 5/22/2010 | 1,258,870 | 146,454 | 163,753 | | |
| | 5/26/2010 | 1,303,035 | 217,259 | 284,811 | | |
| | 5/29/2010 | 1,612,586 | 219,715 | 315,006 | | |
| | 6/02/2010 | 1,945,801 | 483,770 | 309,931 | | |
| | 6/05/2010 | 891,254 | 321,295 | 157,614 | | |
| | 6/09/2010 | 779,412 | 100,597 | 106,898 | | |
| | 6/12/2010 | 887,837 | 106,679 | 202,306 | | |
| | 6/16/2010 | 878,694 | 129,500 | 168,533 | | |
| | 6/19/2010 | 980,766 | 141,135 | 151,225 | | |
| OH/PB | 6/23/2010 | 976,979 | 117,654 | 173,264 | | |
| | 6/26/2010 | 795,692 | 105,121 | 103,982 | | |
| | 6/30/2010 | 932,067 | 120,038 | 121,803 | | |
| | 7/03/2010 | 1,216,295 | 400,110 | 227,470 | | |
| PB | 7/07/2010 | 1,099,835 | 133,072 | 173,146 | | |
| | 7/10/2010 | 1,176,777 | 160,582 | 181,605 | | |
| | 7/14/2010 | 888,259 | 118,442 | 311,690 | | |
| | 7/17/2010 | 895,881 | 117,945 | 229,359 | | |
| | 7/21/2010 | 891,492 | 138,809 | 152,272 | | |
| | 7/24/2010 | 996,794 | 127,631 | 154,319 | | |
| PB | 7/28/2010 | 984,577 | 151,379 | 197,071 | | |
| | 7/31/2010 | 1,130,668 | 135,368 | 141,802 | | |

| | Draw Date | Sales | Actual Fixed Prizes | Share of Fixed Prizes | Annuitized JP Amount | Cash Options Amount |
|-------|------------|-----------|---------------------|-----------------------|----------------------|---------------------|
| | 8/04/2010 | 825,560 | 95,312 | 103,080 | | |
| | 8/07/2010 | 855,050 | 334,346 | 139,165 | | |
| | 8/11/2010 | 809,409 | 110,890 | 174,828 | | |
| | 8/14/2010 | 923,976 | 117,522 | 115,072 | | |
| | 8/18/2010 | 879,543 | 107,504 | 113,190 | | |
| PB | 8/21/2010 | 1,016,639 | 163,246 | 398,581 | | |
| | 8/25/2010 | 717,496 | 100,057 | 125,314 | | |
| | 8/28/2010 | 774,396 | 119,888 | 117,786 | | |
| | 9/01/2010 | 773,870 | 120,977 | 179,483 | | |
| | 9/04/2010 | 908,543 | 113,178 | 146,878 | | |
| | 9/08/2010 | 832,135 | 118,739 | 171,551 | | |
| | 9/11/2010 | 989,378 | 129,345 | 221,386 | | |
| | 9/15/2010 | 1,000,207 | 123,184 | 153,727 | | |
| GA | 9/18/2010 | 1,224,999 | 356,134 | 182,745 | | |
| | 9/22/2010 | 706,277 | 97,312 | 137,928 | | |
| | 9/25/2010 | 773,291 | 104,591 | 109,387 | | |
| | 9/29/2010 | 713,047 | 82,483 | 110,684 | | |
| | 10/02/2010 | 856,982 | 126,307 | 118,238 | | |
| PB | 10/06/2010 | 806,837 | 117,430 | 130,806 | | |
| | 10/09/2010 | 715,550 | 92,472 | 88,768 | | |
| | 10/13/2010 | 617,888 | 74,627 | 78,396 | | |
| | 10/16/2010 | 720,673 | 297,943 | 175,300 | | |
| | 10/20/2010 | 661,862 | 82,552 | 154,783 | | |
| | 10/23/2010 | 774,488 | 135,548 | 151,109 | | |
| | 10/27/2010 | 742,171 | 110,651 | 121,502 | | |
| | 10/30/2010 | 871,268 | 111,251 | 158,144 | | |
| | 11/03/2010 | 1,096,267 | 160,564 | 224,770 | | |
| MI | 11/06/2010 | 1,341,295 | 208,505 | 243,179 | | |
| | 11/10/2010 | 667,685 | 91,007 | 127,744 | | |
| | 11/13/2010 | 750,456 | 94,962 | 118,493 | | |
| | 11/17/2010 | 704,000 | 295,268 | 120,171 | | |
| | 11/20/2010 | 838,623 | 92,892 | 123,829 | | |
| | 11/24/2010 | 837,716 | 114,495 | 134,098 | | |
| | 11/27/2010 | 830,964 | 122,061 | 129,308 | | |
| PB | 12/01/2010 | 936,183 | 357,918 | 496,125 | | |
| | 12/04/2010 | 736,531 | 117,517 | 220,582 | | |
| | 12/08/2010 | 623,078 | 82,174 | 83,157 | | |
| IL/PB | 12/11/2010 | 733,126 | 512,999 | 450,534 | | |
| | 12/15/2010 | 608,692 | 82,592 | 149,225 | | |
| | 12/18/2010 | 690,951 | 98,292 | 123,757 | | |
| | 12/22/2010 | 642,220 | 89,723 | 90,267 | | |
| NY | 12/25/2010 | 660,924 | 79,328 | 127,620 | | |
| | 12/29/2010 | 602,492 | 76,787 | 89,287 | | |
| | 1/01/2011 | 712,387 | 100,987 | 94,529 | | |
| | 1/05/2011 | 761,996 | 108,007 | 108,668 | | |
| | 1/08/2011 | 834,518 | 306,571 | 131,558 | | |
| | 1/12/2011 | 807,079 | 148,379 | 135,735 | | |
| | 1/15/2011 | 985,697 | 142,033 | 229,920 | | |
| | 1/19/2011 | 987,450 | 109,300 | 118,751 | | |
| NY | 1/22/2011 | 1,213,140 | 179,932 | 247,999 | | |
| | 1/26/2011 | 646,371 | 85,092 | 133,942 | | |
| | 1/29/2011 | 723,768 | 91,124 | 118,892 | | |

| Draw Date | Sales | Actual Fixed Prizes | Share of Fixed Prizes | Annuitized JP Amount | Cash Options Amount |
|--------------|-------------|---------------------|-----------------------|----------------------|---------------------|
| 2/02/2011 | 595,414 | 77,809 | 76,622 | | |
| 2/05/2011 | 779,122 | 92,552 | 128,932 | | |
| 2/09/2011 | 751,889 | 113,101 | 123,476 | | |
| 2/12/2011 | 908,224 | 126,376 | 203,589 | | |
| 2/16/2011 | 1,087,140 | 163,609 | 154,992 | | |
| 2/19/2011 | 1,282,776 | 182,898 | 185,089 | | |
| 2/23/2011 | 1,379,152 | 160,449 | 230,907 | | |
| PB 2/26/2011 | 1,642,207 | 236,931 | 296,707 | | |
| 3/02/2011 | 679,001 | 88,447 | 108,018 | | |
| 3/05/2011 | 725,986 | 103,186 | 127,872 | | |
| 3/09/2011 | 660,078 | 82,983 | 133,572 | | |
| 3/12/2011 | 794,459 | 309,833 | 133,186 | | |
| 3/16/2011 | 722,095 | 96,390 | 113,001 | | |
| 3/19/2011 | 874,370 | 119,010 | 167,123 | | |
| 3/23/2011 | 1,026,129 | 159,891 | 206,325 | | |
| 3/26/2011 | 1,295,332 | 579,345 | 299,203 | | |
| 3/30/2011 | 1,409,889 | 390,136 | 213,462 | | |
| * Totals * | 110,391,448 | 20,285,237 | 20,186,504 | | |

| | Receivable (Payable) | Actual Fixed Prizes | Share of Fixed Prizes | Qtrly/Yrly Settlements Transfers In(Out) | Receivable (Payable) |
|---------------------|-------------------------|------------------------|--------------------------|--|-------------------------|
| Georgia | | 15,018,981 | 16,419,679 | 1,947,856- | 547,158 |
| Illinois | | 19,672,151 | 18,960,910 | 875,662 | 164,421- |
| Massachusetts | | 11,643,382 | 12,850,481 | 596,705- | 610,394- |
| Maryland | | 11,388,378 | 11,819,041 | 631,377- | 200,714 |
| Michigan | | 14,395,855 | 15,933,845 | 1,348,289- | 189,701- |
| New Jersey | | 27,176,431 | 26,548,029 | 750,919 | 122,517- |
| New York | | 44,795,645 | 40,385,325 | 4,152,743 | 257,577 |
| Ohio | | 12,308,008 | 12,039,063 | 522,157 | 253,212- |
| POWER BALL | | | | | |
| Texas | | 20,285,237 | 20,186,504 | 58,384 | 40,349 |
| Virginia | | 11,847,106 | 12,543,970 | 1,033,432- | 336,568 |
| Washington State | | 6,682,053 | 7,526,380 | 802,206- | 42,121- |
| ** Totals ** | | 195,213,227 | 195,213,227 | | |