

**TEXAS LOTTERY COMMISSION**

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES  
FOR MEGA MILLIONS MEMBER LOTTERIES**

**MARCH 31, 2014**



## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Texas Lottery Commission and  
Mega Millions Member Lotteries

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 Megaplier's 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 the 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 "Draw Activity" and the "Fixed Prize Analysis" for the period April 1, 2013 – March 31, 2014 and attach those as Exhibits I and II, respectively. Prove the mathematical accuracy of the schedules and note any exceptions.

*Finding* – We obtained the "Draw Activity" and the "Fixed Prize Analysis" for the period April 1, 2013 to March 31, 2014 and have attached those as Exhibits I and II, respectively. We footed the schedules without exception.

- b. Randomly select five (5) draw dates from the period April 1, 2013 – March 31, 2014.

*Finding* – We randomly selected the following dates: April 23, 2013, May 21, 2013, May 31, 2013, July 12, 2013, and August 23, 2013.

- 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 the 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 "Draw Activity" report attached as Exhibit I and ensure they are in agreement.

*Finding* – We agreed the total amount of sales as shown on the daily sales report produced by the Commission's gaming system and the total amount of sales shown on the related daily sales report produced by ICS with the balance listed in the "sales" column for the draw dates selected in step "b" on the "Draw Activity" report attached as Exhibit I without exception.

- 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 Megaplier 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* – We calculated the total dollar amount of the fixed prizes for the draw dates selected in step "b" above without exception. We agreed the calculated expense to the amount listed in the "Actual Fixed Prizes" column for the respective draw date on the "Draw Activity Report" attached at Exhibit I without exception.

- 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 "Draw Activity" report attached as Exhibit I to the amounts shown on the applicable Megaplier Prize Settlement Reports and ensure they are in agreement.

*Finding* – We agreed the amount of sales, actual fixed prizes, and share of fixed prizes shown on the "Draw Activity" report attached as Exhibit I for each draw date selected in step "b" to the amounts shown on the applicable Megaplier Prize Settlement Reports without exception.

- 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 Internal Control System 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* – We randomly selected the June 2012 and January 2013 Expired Prize Settlement ("EPS") reports prepared by the Virginia Lottery on July 10, 2013 and February 10, 2014 and agreed the Commission's ICS data to the data reported from the Virginia Lottery without exception.

- g. 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* – We agreed 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 without exception.

- h. 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* – We agreed the total of the period transfers from the Commission to the Virginia Lottery for settlement of the fixed prize liability as shown in the Commission's cash disbursement subsidiary records to the amount listed in the "Qtrly/Yrly Settlements Transfers In (Out)" column on the "Fixed Prize Analysis" attached as Exhibit II without exception.

- i. Compare the balance listed as the Texas Lottery Commission's receivable as of March 31, 2014 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 Megaplier Prize Settlement Report as of March 31, 2014 and ensure they are in agreement.

*Finding* – We agreed the balances listed as the Commission's receivable as of March 31, 2014 for the fixed prizes as shown on the "Fixed Prize Analysis" report attached as Exhibit II to the Commission's financial accounting records and the Megaplier Prize Settlement Report as of March 31, 2014 without exception.

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
August 22, 2014

MS400L  
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FIN76/VLTPRD

MEGAPLIER  
Texas Draw Activity  
From 04/02/2013 To 03/31/2014

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Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
4/02/2013	235,902	72,690	68,864		
4/05/2013	262,763	59,658	61,420		
4/09/2013	247,860	78,072	75,824		
4/12/2013	274,375	109,516	331,686		
4/16/2013	260,226	28,603	32,421		
4/19/2013	280,539	99,570	127,849		
4/23/2013	280,615	60,678	58,320		
4/26/2013	325,817	85,443	87,075		
4/30/2013	321,524	98,236	67,916		
5/03/2013	355,503	32,175	34,081		
5/07/2013	358,288	109,605	343,671		
5/10/2013	402,172	162,210	162,127		
5/14/2013	424,876	142,068	152,088		
5/17/2013	630,458	205,821	174,705		
5/21/2013	243,700	78,006	87,102		
5/24/2013	236,103	78,198	101,196		
5/28/2013	210,516	73,512	84,921		
5/31/2013	249,592	53,170	51,364		
6/04/2013	214,243	52,734	57,951		
6/07/2013	234,813	68,922	69,607		
6/11/2013	222,847	64,017	281,248		
6/14/2013	243,011	75,960	73,414		
6/18/2013	228,212	22,920	27,592		
6/21/2013	248,334	49,690	58,226		
6/25/2013	236,249	33,752	247,663		
6/28/2013	258,839	69,540	67,568		
7/02/2013	254,716	70,986	73,376		
7/05/2013	267,218	76,524	72,225		
7/09/2013	205,926	18,786	21,651		
7/12/2013	219,589	66,872	54,431		
7/16/2013	210,864	22,511	22,001		
7/19/2013	215,448	46,384	46,713		
7/23/2013	200,341	37,354	41,451		
7/26/2013	220,302	70,527	85,769		
7/30/2013	196,348	53,526	40,013		
8/02/2013	225,674	22,768	24,822		
8/06/2013	230,767	39,988	38,546		
8/09/2013	240,292	53,078	53,538		
8/13/2013	216,846	55,197	292,008		
8/16/2013	244,855	107,613	91,875		
8/20/2013	234,922	65,798	50,292		
8/23/2013	256,612	76,551	97,799		
8/27/2013	242,837	66,315	86,108		
8/30/2013	270,560	26,179	30,296		
9/03/2013	247,267	73,980	62,094		
9/06/2013	283,336	87,342	312,375		
9/10/2013	290,113	59,016	64,517		
9/13/2013	330,692	104,205	113,536		
9/17/2013	338,155	35,151	261,068		
9/20/2013	365,716	46,643	43,876		
9/24/2013	350,245	88,820	303,815		
9/27/2013	393,054	49,189	261,474		

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Texas Draw Activity  
From 04/02/2013 To 03/31/2014

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Draw Date	Sales	Actual Fixed Prizes	Share of Fixed Prizes	Annuitized JP Amount	Cash Options Amount
10/01/2013	402,126	75,950	84,797		
10/04/2013	240,244	73,162	74,943		
10/08/2013	216,277	48,286	57,857		
10/11/2013	237,678	68,706	66,782		
10/15/2013	223,058	75,273	314,914		
10/18/2013	241,612	66,072	294,153		
10/22/2013	220,933	99,868	98,619		
10/25/2013	252,251	29,731	30,669		
10/29/2013	240,667	60,276	58,870		
11/01/2013	271,246	109,668	104,939		
11/05/2013	274,646	109,504	123,272		
11/08/2013	314,082	37,451	35,730		
11/12/2013	315,034	141,160	156,499		
11/15/2013	337,582	112,485	115,146		
11/19/2013	413,046	103,078	92,964		
11/22/2013	472,590	113,278	122,330		
11/26/2013	553,377	4,259,732	1,626,208		
11/29/2013	623,522	208,521	215,237		
12/03/2013	619,450	147,390	152,103		
12/06/2013	604,215	140,892	138,777		
12/10/2013	849,619	111,615	107,307		
12/13/2013	2,045,706	239,116	258,985		
12/17/2013	4,502,755	1,865,616	1,903,779		
12/20/2013	291,720	41,574	35,202		
12/24/2013	295,027	82,522	69,821		
12/27/2013	271,027	131,772	135,341		
12/31/2013	332,120	74,190	75,745		
1/03/2014	304,279	152,800	155,913		
1/07/2014	250,485	134,200	111,650		
1/10/2014	269,652	61,774	62,243		
1/14/2014	255,756	57,400	60,415		
1/17/2014	274,590	3,128,052	1,017,194		
1/21/2014	259,470	92,862	100,121		
1/24/2014	265,938	122,500	117,378		
1/28/2014	257,927	65,510	57,184		
1/31/2014	300,686	122,997	123,117		
2/04/2014	294,743	70,578	70,910		
2/07/2014	315,146	70,970	80,132		
2/11/2014	324,408	31,755	35,212		
2/14/2014	362,471	85,734	85,609		
2/18/2014	408,319	181,688	181,823		
2/21/2014	440,267	232,688	239,027		
2/25/2014	427,233	213,948	228,644		
2/28/2014	507,356	176,376	172,090		
3/04/2014					
3/07/2014					
3/11/2014					
3/14/2014					
3/18/2014					
3/21/2014					
3/25/2014					
3/28/2014					
* Totals *	35,420,408	17,214,789	15,081,219		

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FIN76/VLTPRD

MEGAPLIER  
Fixed Prize Analysis  
From 04/02/2013 To 03/31/2014

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	Receivable (Payable)	Actual Fixed Prizes	Share of Fixed Prizes	Qtrly/Yrly Settlements Transfers In(Out)	Receivable (Payable)
California					
Georgia	23,560-	1,891,249	2,673,070	676,806-	128,575-
Illinois	55,408-	3,672,142	4,457,479	636,394-	204,351-
Massachusetts	43,723-	1,239,137	1,859,132	550,262-	113,456-
Maryland	50,226-	3,207,630	2,653,490	663,185	159,271-
Michigan	21,659-	2,051,109	2,991,907	794,013-	168,444-
New Jersey	97,935-	5,430,996	4,624,179	937,428	228,546-
New York	126,937-	5,715,432	6,288,074	347,276-	352,303-
Ohio	55,182-	5,778,811	6,448,478	366,695-	358,154-
POWER BALL					
Texas	554,554	17,214,789	15,081,219	2,688,124	
Virginia	72,152-	5,682,606	4,317,771	487,499-	1,780,182
Washington State	7,772-	814,101	1,303,203	429,792-	67,082-
<b>** Totals **</b>		<b>52,698,002</b>	<b>52,698,002</b>		