





# INTEROFFICE MEMO

*Gary Grief, Executive Director*

*Alfonso D. Royal III, Charitable Bingo Operations Director*

**To:** J. Winston Krause, Chairman  
Carmen Arrieta-Candelaria, Commissioner  
Peggy A. Heeg, Commissioner  
Doug Lowe, Commissioner  
Robert Rivera, Commissioner

**From:** Kathy Pyka, Controller 

**Date:** September 29, 2016

**Re:** Transfers to the State

The following document is provided for your information:

- I. Transfers to the Foundation School Fund, Texas Veterans Commission, and the allocation of unclaimed prizes for fiscal year 2016 transferred as of August 31, 2016

## Transfers to the State

Total accrued basis revenue transfers to the State for the fiscal year ending August 31, 2016 amounted to \$1.39 billion. Of the total amount transferred to the State from sales, \$1.295 billion was transferred to the Foundation School Fund; \$13.7 million was transferred to the Texas Veterans Commission with the remaining balance of \$83.6 million transferred from unclaimed prizes. The amount transferred to the Foundation School Fund from sales represents a 12.2% increase, or \$140.4 million, over the total amount transferred in fiscal year 2015. To date, cumulative accrued revenue transfers to the Foundation School Fund are \$19.7 billion.

Please feel free to contact me at 512-344-5410 if you need additional information or have any questions.

**Texas Lottery Commission**  
**Fiscal Year Detail of Accrued Revenue Transfers and Allocations to the State of Texas**  
**As of September 13, 2016**

Fiscal Year	Foundation School Fund	Texas Veteran's Commission	General Revenue	Multi- categorical Teaching Hospital Account	Other Beneficiaries*	Total Accrued Revenue Transfers
FY 1992	\$	\$	\$ 249,978,109	\$	\$	\$ 249,978,109
FY 1993			656,844,512			656,844,512
FY 1994			927,684,072			927,684,072
FY 1995			1,015,037,492			1,015,037,492
FY 1996			1,098,323,023			1,098,323,023
FY 1997	174,237,106		1,008,543,523			1,182,780,629
FY 1998	1,097,795,590					1,097,795,590
FY 1999	953,370,758					953,370,758
FY 2000	827,328,229			35,517,171		862,845,399
FY 2001	825,059,846			4,482,829	34,456,232	863,998,907
FY 2002	859,263,426			40,000,000	29,618,383	928,881,809
FY 2003	882,094,795				66,993,269	949,088,064
FY 2004	1,009,447,487		19,465,000	10,782,342	11,334,095	1,051,028,924
FY 2005	1,009,538,729		22,880,577	9,217,658	28,665,905	1,070,302,869
FY 2006	1,036,110,469		44,222,589	10,000,000		1,090,333,058
FY 2007	1,034,072,617		48,947,388	10,000,000		1,093,020,005
FY 2008	980,744,256		44,134,747	10,000,000		1,034,879,002
FY 2009	999,421,562		52,732,496	10,000,000		1,062,154,058
FY 2010	989,139,753	7,353,334	56,591,791	10,000,000		1,063,084,879
FY 2011	961,885,417	8,648,112	43,249,367	10,000,000		1,023,782,895
FY 2012	1,099,034,712	5,306,574	45,431,754	5,750,000		1,155,523,040
FY 2013	1,148,515,795	6,178,158	53,657,834	5,750,000		1,214,101,786
FY 2014	1,203,771,931	11,539,037		5,411,953		1,220,722,920
FY 2015	1,225,175,057	13,128,754		4,397,812		1,242,701,623
FY 2016**	1,372,719,992	14,680,974		4,904,883		1,392,305,849

**Cumulative Transfers**    \$    19,688,727,525    \$    66,834,942    \$    5,387,724,273    \$    186,214,648    \$    171,067,884    \$    25,500,569,272

\*Includes HHSC Graduate Medical Education and Tertiary Care

\*\*As of August 2016 revenue transfer

Source: with the exception of FY 2016, Audited Financial Statements

Texas Lottery Commission						
Unaudited Monthly Detail of Revenue Transfers and Allocations to the State of Texas						
FY 2016 Accrued Revenue Transfers		Foundation School Fund	Texas Veterans Commission	Unclaimed Prizes	Total Accrued Revenue Transfers	Reserve For Administration Expenditures
Transfer Period	Transfer Date*					
September-15	10/12/15	84,383,873	855,674	-	85,239,547	25,692,572
October-15	11/10/15	80,112,520	698,928	-	80,811,448	26,409,835
October-15	11/10/15	1,503,003 <sup>A</sup>	-	-	1,503,003	-
November-15	12/09/15	81,696,553	978,180	23,806,966	106,481,699	25,065,423
December-15	01/11/16	94,398,462	1,659,628	-	96,058,090	29,326,044
January-16	02/03/16	176,796,201	1,433,507	-	178,229,709	45,112,665
February-16	03/04/16	95,543,003	941,472	18,583,559	115,068,034	29,466,559
March-16	04/05/16	94,911,082	654,241	-	95,565,323	29,884,366
April-16	05/06/16	116,001,358	422,430	-	116,423,788	6,475,820
May-16	06/06/16	127,080,476	589,075	16,589,281	144,258,831	23,110
June-16	07/07/16	119,367,981	953,395	-	120,321,376	1,956,221
July-16	08/08/16	128,652,968	2,149,701	-	130,802,669	914,305
August-16	09/07/16	-	2,388,556	24,501,835	26,890,390	27,981,915
August-16	09/12/16	-	-	71,151	71,151	-
August-16	09/13/16	83,391,126	-	-	83,391,126	-
August-16	09/13/16	1,793,526 <sup>B</sup>	-	-	1,793,526	-
August-16	09/13/16	9,396,137 <sup>C</sup>	-	-	9,396,137	-
<b>Total FY 2016</b>		<b>1,295,028,270</b>	<b>13,724,788</b>	<b>83,552,791</b>	<b>1,392,305,849</b>	<b>248,308,835</b>

**FY 2016 Reserve for Administration 248,308,835**

Quarterly Detail of Unclaimed Prizes Transferred to the State of Texas					
FY 2016 Accrued Revenue Transfers		Foundation School Fund	Texas Veterans Commission	Multicategorical	Total Accrued Revenue Transfers
Transfer Period	Transfer Date			Teaching	
November-15	12/09/15	18,686,282	215,801	4,904,883	23,806,966
February-16	03/04/16	18,197,905	385,653	-	18,583,559
May-16	06/03/16	16,589,301	(20)	-	16,589,281
August-16	09/07/16	24,147,082	354,752	-	24,501,835
August-16	09/12/16	71,151	-	-	71,151
<b>Total FY 2016</b>		<b>77,691,721</b>	<b>956,186</b>	<b>4,904,883</b>	<b>83,552,791</b>

\* Current month transfers to Foundation School Fund and Texas Veterans Commission are due by 15th of each month

<sup>A</sup> FY2014 Unspent Administration

<sup>B</sup> FY2015 Unspent Administration

<sup>C</sup> FY2016 Unspent Administration

**TEXAS LOTTERY COMMISSION**  
**Unaudited Transfer Calculation for Fund 5025**  
**For the Period August 31, 2016**

	August Final	Year-to-Date	
<b>Sales Revenue</b>			<b>% Sales by Game</b>
Scratch Tickets	301,388,888.00	3,715,807,432.00	73.33%
Lotto Texas	9,181,238.00	120,296,888.00	2.37%
Lotto Texas Extra	1,751,683.00	21,562,840.00	0.43%
Pick 3	20,699,279.00	254,964,234.00	5.03%
Pick 3- Sum It Up	394,001.50	5,197,013.00	0.10%
Cash Five	3,738,517.00	46,001,855.00	0.91%
Texas Two-Step	5,734,634.00	54,581,665.00	1.08%
Mega Millions	9,437,126.00	156,425,470.00	3.09%
Megaplier	2,632,085.00	39,333,577.00	0.78%
Daily 4	7,528,888.50	90,277,855.00	1.78%
Daily 4 - Sum It Up	407,286.50	4,833,641.50	0.10%
Powerball	15,986,283.00	452,073,274.00	8.92%
Power Play	2,393,273.00	52,634,622.00	1.04%
All or Nothing	2,325,676.00	30,360,972.00	0.60%
Texas Triple Chance	1,325,832.00	23,166,584.00	0.46%
Sub-total Sales Revenue	<u>384,924,690.50</u>	<u>5,067,517,922.50</u>	100.00%
Retailer Fees	26,705.00	345,908.27	
<b>Total Sales Revenue</b>	<u><b>384,951,395.50</b></u>	<u><b>5,067,863,830.77</b></u>	
<b>Prize Expenses</b>			<b>Prize Expenses as % of Revenue</b>
Scratch Tickets	210,389,074.65	2,584,718,137.97	69.56%
Lotto Texas	4,591,299.79	68,639,400.00	57.06%
Lotto Texas Extra	914,580.00	11,490,536.00	53.29%
Pick 3	10,021,770.00	125,632,970.00	49.27%
Pick 3- Sum It Up	169,402.00	2,509,700.00	48.29%
Cash Five	1,869,258.50	23,000,927.50	50.00%
Texas Two-Step	2,962,132.81	27,776,358.33	50.89%
Mega Millions	4,867,593.51	79,946,690.67	51.11%
Megaplier	1,329,696.00	19,700,074.50	50.08%
Daily 4	3,448,450.00	42,101,175.00	46.64%
Daily 4 - Sum It Up	168,059.00	2,171,888.00	44.93%
Powerball	8,099,353.00	226,240,217.00	50.05%
Power Play	1,211,281.50	26,343,494.00	50.05%
All or Nothing	1,092,532.00	15,876,826.00	52.29%
Monopoly	-	(22,993.06)	0.00%
Texas Triple Chance	808,731.00	13,856,778.00	59.81%
Sub-total Prize Expenses	<u>251,943,213.76</u>	<u>3,269,982,179.91</u>	64.53%
Less:			
Unclaimed Prizes - Transferred in FY16	-	(64,947,210.93)	
Unclaimed Prizes - Prior Month(s) Accrual*	-	(11,576,787.37)	
Unclaimed Prizes - Current Month Accrual	(7,028,792.33)	(7,028,792.33)	
Sub-total Unclaimed Prizes	<u>(7,028,792.33)</u>	<u>(83,552,790.63)</u>	
<b>Sub-total Prize Expenses as Adjusted for Unclaimed Prizes</b>	<u><b>244,914,421.43</b></u>	<u><b>3,186,429,389.28</b></u>	<b>62.88%</b>
Retailer Commissions	19,246,584.83	253,512,424.15	5.00%
<b>Total Expenses</b>	<u><b>264,161,006.26</b></u>	<u><b>3,439,941,813.43</b></u>	
<b>Amount Available to Transfer</b>	<u><b>120,790,389.24</b></u>	<u><b>1,627,922,017.34</b></u>	

	August Final	Year-to-Date
<b>Amount Available to Transfer</b>	<b>120,790,389.24</b>	<b>1,627,922,017.34</b>
Less:		
Total AY16 Foundation School Fund		(1,200,447,480.77)
Transfers Applicable to AY14		1,503,002.99
Transfers to Date		(1,198,944,477.78)
Total AY16 Texas Veterans Commission		
Transfers to Date		(11,336,232.02)
Unclaimed Prizes - Transferred in FY16	-	(64,947,210.93)
Unclaimed Prizes - Prior Month(s) Accrual*	-	(11,576,787.37)
Unclaimed Prizes - Current Month Accrual	(7,028,792.33)	(7,028,792.33)
Sub-total Unclaimed Prizes	<u>(7,028,792.33)</u>	<u>(83,552,790.63)</u>
FY16 Administrative Expenses Allocation through 08/31/2016	(27,981,915.00)	(248,308,835.00)
<b>Current Month Amount Available to Transfer</b>	<u><b>85,779,681.91</b></u>	<u><b>85,779,681.91</b></u>
Current Month Transfer to Texas Veterans Commission	2,388,555.51	2,388,555.51
Current Month Transfer to Foundation School Fund	83,391,126.40	83,391,126.40
<b>Total Transferred for Current Month</b>	<u><b>85,779,681.91</b></u>	<u><b>85,779,681.91</b></u>

\*Totals may not sum due to rounding.



## Texas Lottery Commission Summary Financial Information

(Audited unless otherwise noted)

		FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00
<b>SALES:</b>										
	Total Sales	\$591,570,852	\$1,856,090,753	\$2,760,217,110	\$3,036,517,308	\$3,432,309,408	\$3,745,469,123	\$3,090,031,624	\$2,571,599,617	\$2,657,290,483
<b>EXPENSE:</b>										
	Total Prize Expense	\$268,869,533	\$981,698,406	\$1,528,691,259	\$1,689,345,205	\$1,951,060,296	\$2,151,737,003	\$1,648,106,270	\$1,329,014,108	\$1,508,849,679
	Prize Payout Percentage	45.5%	52.9%	55.4%	55.6%	56.8%	57.4%	53.3%	51.7%	56.8%
	Commissions	\$29,578,543	\$92,815,046	\$138,011,596	\$151,845,090	\$171,719,838	\$187,394,765	\$154,581,140	\$128,827,796	\$133,000,980
	Retailer Payments	-	\$4,282,752	\$6,107,225	\$6,942,860	\$5,429,790	\$6,019,956	\$5,596,251	\$4,482,957	\$4,390,015
	Administrative Expenses	\$45,116,542	\$124,873,791	\$166,644,017	\$188,383,295	\$217,499,396	\$236,216,507	\$198,286,932	\$169,307,159	\$172,193,140
<b>UNCLAIMED PRIZES</b>										
	Unclaimed Prizes Transferred to State	-	-	-	\$2,647,094	\$7,284,316	\$2,982,148	-	\$9,688,000	\$35,517,171
<b>ACCRUED TRANSFERS:</b>										
	To General Revenue Fund	\$249,978,109	\$656,844,512	\$927,684,072	\$1,015,037,492	\$1,098,323,023	\$1,008,543,523	-	-	-
	To Multicategorical Teaching Hospital Account	-	-	-	-	-	-	-	-	\$35,517,171
	To Tertiary Care Facility Account	-	-	-	-	-	-	-	-	-
	To HHSC Graduate Medical Program	-	-	-	-	-	-	-	-	-
	To Foundation School Fund	-	-	-	-	-	\$174,237,106	\$1,097,795,590	\$953,370,758	\$827,328,229
	To Texas Veterans Commission	-	-	-	-	-	-	-	-	-
	Total Accrued Transfers to State	\$249,978,109	\$656,844,512	\$927,684,072	\$1,015,037,492	\$1,098,323,023	\$1,182,780,629	\$1,097,795,590	\$953,370,758	\$862,845,400
		FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09
<b>SALES:</b>										
	Total Sales	\$2,825,298,062	\$2,966,262,259	\$3,130,692,602	\$3,487,924,570	\$3,662,462,838	\$3,774,685,562	\$3,774,178,802	\$3,671,477,953	\$3,720,113,711
<b>EXPENSE:</b>										
	Total Prize Expense	\$1,643,183,197	\$1,715,355,958	\$1,845,198,257	\$2,068,643,667	\$2,228,000,419	\$2,310,561,488	\$2,315,304,967	\$2,281,125,261	\$2,299,752,567
	Prize Payout Percentage	58.2%	57.8%	58.9%	59.3%	60.8%	61.2%	61.3%	62.1%	61.8%
	Commissions	\$141,299,672	\$148,359,044	\$156,554,911	\$174,413,287	\$183,176,006	\$188,818,621	\$188,751,041	\$183,771,055	\$186,145,362
	Retailer Payments	\$5,048,075	\$4,172,483	\$3,606,784	\$2,143,103	\$4,286,558	\$2,804,521	\$4,423,161	\$1,953,223	\$1,926,785
	Administrative Expenses	\$172,823,281	\$166,748,438	\$158,329,321	\$180,818,463	\$178,795,994	\$184,901,385	\$182,731,292	\$167,594,360	\$192,447,630
<b>UNCLAIMED PRIZES</b>										
	Unclaimed Prizes Transferred to State	\$38,939,061	\$69,618,383	\$66,993,269	\$41,581,437	\$60,764,140	\$54,222,589	\$58,947,388	\$54,134,747	\$62,732,496
<b>ACCRUED TRANSFERS:</b>										
	To General Revenue Fund	-	-	-	\$19,465,000	\$22,880,577	\$44,222,589	\$48,947,388	\$44,134,747	\$52,732,496
	To Multicategorical Teaching Hospital Account	\$4,482,829	\$40,000,000	-	\$10,782,342	\$9,217,658	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
	To Tertiary Care Facility Account	\$34,456,232	\$29,618,383	\$66,993,269	-	-	-	-	-	-
	To HHSC Graduate Medical Program	-	-	-	\$11,334,095	\$28,665,905	-	-	-	-
	To Foundation School Fund	\$825,059,846	\$859,263,426	\$882,094,795	\$1,009,447,487	\$1,009,538,729	\$1,036,110,469	\$1,034,072,617	\$980,744,256	\$999,421,562
	To Texas Veterans Commission	-	-	-	-	-	-	-	-	-
	Total Accrued Transfers to State	\$863,998,907	\$928,881,809	\$949,088,064	\$1,051,028,924	\$1,070,302,869	\$1,090,333,058	\$1,093,020,005	\$1,034,879,002	\$1,062,154,058
		FY10	FY11	FY12	FY13	FY14	FY15	FY16*	Cumulative	
<b>SALES:</b>								Unaudited	Unaudited	
	Total Sales	\$3,738,369,487	\$3,811,270,135	\$4,190,815,913	\$4,376,286,456	\$4,384,597,063	\$4,529,700,425	\$5,067,517,923	\$84,852,750,037	
<b>EXPENSE:</b>										
	Total Prize Expense	\$2,300,182,561	\$2,387,243,785	\$2,632,624,266	\$2,767,359,068	\$2,741,184,820	\$2,858,319,409	\$3,269,982,180	\$50,721,393,628	
	Prize Payout Percentage	61.5%	62.6%	62.8%	63.2%	62.5%	63.1%	64.5%	59.8%	
	Commissions	\$187,302,974	\$190,808,232	\$209,816,328	\$218,892,925	\$219,540,166	\$226,667,064	\$253,512,424	\$4,245,603,906	
	Retailer Payments	\$8,857,990	\$21,424,731	\$16,061,583	\$17,940,232	\$17,959,225	\$21,897,293	\$19,768,929	\$197,526,481	
	Administrative Expenses	\$185,283,677	\$184,320,962	\$169,440,523	\$181,966,473	\$185,435,445	\$191,300,439	\$190,301,110	\$4,391,759,572	
<b>UNCLAIMED PRIZES</b>										
	Unclaimed Prizes Transferred to State	\$66,591,791	\$53,775,634	\$51,743,502	\$59,870,140	\$78,324,661	\$76,225,020	\$83,552,791	\$1,036,135,778	
<b>ACCRUED TRANSFERS:</b>										
	To General Revenue Fund	\$56,591,791	\$43,249,367	\$45,431,754	\$53,657,834	-	-	-	\$5,387,724,274	
	To Multicategorical Teaching Hospital Account	\$10,000,000	\$10,000,000	\$5,750,000	\$5,750,000	\$5,411,953	\$4,397,812	\$4,904,883	\$186,214,648	
	To Tertiary Care Facility Account	-	-	-	-	-	-	-	\$131,067,884	
	To HHSC Graduate Medical Program	-	-	-	-	-	-	-	\$40,000,000	
	To Foundation School Fund	\$989,139,753	\$961,885,417	\$1,099,034,712	\$1,148,515,795	\$1,203,771,931	\$1,225,175,057	\$1,372,719,992	\$19,688,727,526	
	To Texas Veterans Commission	\$7,353,334	\$8,648,112	\$5,306,574	\$6,178,158	\$11,539,037	\$13,128,754	\$14,680,974	\$66,834,942	
	Total Accrued Transfers to State	\$1,063,084,879	\$1,023,782,895	\$1,155,523,040	\$1,214,101,786	\$1,220,722,920	\$1,242,701,623	\$1,392,305,849	\$25,500,569,274	

\* Totals may not sum due to rounding.

\*Through August, 2016