



ANNUAL REPORT
OF
NON-FINANCIAL
DATA

FISCAL YEAR 2006

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C. Tom Clowe, Jr.
Chairman

James A. Cox, Jr.
Commissioner



TEXAS LOTTERY COMMISSION

Anthony J. Sadberry, Executive Director William L. Atkins, Director Charitable Bingo Operations

December 30, 2006

The Honorable Rick Perry, Governor
John O'Brien, Director, Legislative Budget Board
John Keel, CPA, State Auditor

Gentlemen:

We are pleased to submit the Texas Lottery Commission's *Annual Report of Nonfinancial Data* for the year ended August 31, 2006, in compliance with the TEX. GOV'T CODE ANN. § 2101.0115 and in accordance with the instructions for completing the Annual Report of Nonfinancial Data.

The accompanying report has not been audited and is considered to be independent of the agency's *Annual Financial Report*.

If you have any questions, please contact Kathy Pyka, Controller, at 344-5410.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony Sadberry", is written over a horizontal line.

Anthony Sadberry
Executive Director

cc: C. Tom Clowe, Jr., Chairman
Commissioner James A. Cox, Jr.

Unaudited

Texas Lottery Commission (362)

APPROPRIATION ITEM TRANSFER SCHEDULE*

For Fiscal Year Ended August 31, 2006

ITEM OF APPROPRIATION

	<u>Transfers - In</u>	<u>Transfers - Out</u>	<u>Net Transfers</u>
A. Goal: (Operate Lottery)			
Strategies:			
A.1.1. 13005 Lottery Operations	\$ 30,742.00	\$ -	\$ 30,742.00
A.1.2. 13012 Lottery Field Operations	\$ 83,829.00	\$ -	\$ 83,829.00
A.1.3. 13006 Marketing and Promotion	\$ -	\$ (252,037.00)	\$ (252,037.00)
A.1.4. 13008 Security	\$ 161,377.00	\$ -	\$ 161,377.00
A.1.5. 13013 Security Field Operations	\$ -	\$ -	\$ -
A.1.6. 13009 Central Administration	\$ 976,089.00	\$ -	\$ 976,089.00
A.1.7. 13014 Lottery Operator Contract	\$ -	\$ -	\$ -
A.1.8. 13015 Instant Ticket Production Contract	\$ -	\$ -	\$ -
A.1.9. 13007 Mass Media Advertising Contracts	\$ -	\$ (1,000,000.00)	\$ (1,000,000.00)
A.1.10. 13016 Inst Tkt Vending Machine Contract	\$ -	\$ -	\$ -
A.1.11. 13017 Drawing & Broadcast Contract	\$ -	\$ -	\$ -
A.1.12. 13018 Market Research Contract	\$ -	\$ -	\$ -
A.1.13. 13019 Retailer Bonus	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>
Total, Goal A: (Operate Lottery)	\$ 1,252,037.00	\$ (1,252,037.00)	\$ -
	<hr/>	<hr/>	<hr/>
B. Goal: (Enforce Bingo Laws)			
Strategies:			
B.1.1. 13004 Bingo Licensing	\$ -	\$ -	\$ -
B.1.2. 13010 Bingo Education and Development	\$ -	\$ -	\$ -
B.1.3. 13003 Bingo Law Compliance Field Oper	\$ -	\$ -	\$ -
B.1.4. 13020 Bingo Prize Fee Collection & Acct	\$ -	\$ -	\$ -
B.1.5. 13021 Bingo Prize Fee Allocations	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>
Total, Goal B: (Enforce Bingo Laws)	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>
NET APPROPRIATION ITEM TRANSFERS	<u>\$ 1,252,037.00</u>	<u>\$ (1,252,037.00)</u>	<u>\$ -</u>

* This schedule does not include Salary Increases, Benefit Replacement Pay Transfers, Retirement Incentive Payments, or Rider Reduction Transfers.

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Texas Lottery Commission - Agency 362

HUB STRATEGIC PLAN PROGRESS REPORT

For the Fiscal Year Ended August 31, 2006

(Source: Texas Government Code, Section 2161.124)

Category	Actual for FY 05*	Actual for FY 06*	Goal for FY 07**
Heavy construction other than building contracts ***	N/A	N/A	N/A
Building construction, including general contractors and operative builders contracts ***	N/A	N/A	N/A
Special trade construction contracts	3.03%	23.2%	57.2%
Professional services contracts	54.1%	94.8%	20.0%
Other services contracts	24.6%	23.6%	33.0%
Commodities contracts	7.47%	12.2%	12.6%

* **Actual** = Percent spent with HUBs from HUB report.

****Goal** = Strategic Plan HUB goal.

*****NOTE:** The Texas Lottery Commission does not have strategies or programs related to construction. Therefore, the "Heavy Construction" and "Building Construction" categories are not applicable.



Prepared By

Joyce Bertolacini, HUB Coordinator

Printed Name

(512) 344-5293

Phone Number



APPROVED BY (Signature Required)

Anthony J. Sadberry, Executive Director

Printed Name

(512) 344-5561

Phone Number

Unaudited

Texas Lottery Commission (362)

INDIRECT COST SCHEDULE

For the Fiscal Year Ended August 31, 2006

A. Payroll Related Costs

FICA Employer Matching Contribution	\$ 164,141.25	
Group Health Insurance	239,683.97	
Retirement	147,463.15	
Unemployment	3,455.75	
FICA Employee Share Paid by State	-	
Total Payroll Related Costs		<u>\$ 554,744.12</u>

Workers' Compensation	-	
Benefit Replacement Pay (BRP)	\$ 25,467.11	
Total Workers' Compensation and BRP		<u>\$ 25,467.11</u>

B. Indirect Costs

Bond Debt Service Payments		
TBPC	-	
TPFA	-	
Other (if applicable)	-	
Total Indirect Costs		<u>\$ -</u>

C. Indirect Costs - Statewide Full Cost Allocation Plan

(based on FY 05 data)

Building Depreciation	9,815.00	
USAS Depreciation	-	
(301) Governor - Budget and Planning	9,827.00	
(304) Comptroller - Treasury Operations	70,769.00	
(306) Texas State Library and Archives Commission	-	
(306) ADJ Library	-	
(313) Dept. of Information Resources	12,604.00	
(303) TBPC - Purchasing	1,319.00	
(303) TBPC - Support Services	8,641.00	
(303) TBPC - Building & Property Services	8,353.00	
(303) TBPC - Facilities and Space Management	1,847.00	
(303) TBPC - Asbestos	(8.00)	
(479) SORM	4,668.00	
(101) State Senate	-	
(102) House of Representatives	-	
(103) Legislative Council	-	
(104) Legislative Budget Board	-	
(105) Ref Library	-	
(116) Sunset Advisory Commission	-	
Total Indirect Costs - Statewide Full Cost Allocation Plan		<u>\$ 127,835.00</u>

TOTAL INDIRECT COSTS \$ 708,046.23

Texas Lottery Commission (362)

SCHEDULE OF PROFESSIONAL/CONSULTING FEES AND LEGAL SERVICE FEES

For the Fiscal Year Ended August 31, 2006

Name	Type of Service Rendered	Amount
Professional/Consulting Fees		
AFFILIATED FORENSIC LABORATORY	OTHER PROFESSIONAL SERVICES	\$230,400.00
ALLIANCE WORK PARTNERS	OTHER PROFESSIONAL SERVICES	4,875.00
AMERICAN RED CROSS	EDUCATIONAL/TRAINING SERVICES	2,250.00
AUSTIN RIBBON & COMPUTER	INFORMATION TECHNOLOGY SERVICES	53,998.47
BRENDA PISANA	MEDICAL SERVICES	150.00
DAVILLA BUSCHHORN & ASSOCIATES P C	FINANCIAL AND ACCOUNTING SERV	420,000.00
DEPT. OF ASST. & REH. SERVICES	OTHER PROFESSIONAL SERVICES	24,750.00
DEPT. OF INFORMATION RESOURCES	INFORMATION TECHNOLOGY SERVICES	763,711.68
FOSTER & FREEMAN USA INC	EDUCATIONAL/TRAINING SERVICES	950.00
FOX, SMOLEN & ASSOCIATES	OTHER PROFESSIONAL SERVICES	2,325.00
GRANT BUILDING AUSTIN	ARCHITECTUAL/ENGINEERING SERV	(2,839.93)
HANSEN INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY SERVICES	375.00
HORIZON FILM & VIDEO	OTHER PROFESSIONAL SERVICES	4,800.00
HUTCHINSON CO	CONSULTANT SERVICES-OTHER	693.09
IPSOS-REID CORP	OTHER PROFESSIONAL SERVICES	1,319,250.00
JEFFERSON WELLS INTERNATIONAL	FINANCIAL AND ACCOUNTING SERV	(119.00)
KAMPFE/DE STIJL INC	ARCHITECTUAL/ENGINEERING SERV	3,200.00
LANTANTA COMMUNICATIONS	EDUCATIONAL/TRAINING SERVICES	(585.00)
LEITA A HART CPA & ASSOC	EDUCATIONAL/TRAINING SERVICES	1,500.00
LIFE SAFETY ASSOCIATES	EDUCATIONAL/TRAINING SERVICES	3,995.00
M AND S WORKS	OTHER PROFESSIONAL SERVICES	1,538,172.86
MCGUIRE & ASSOCIATES CONSULTING	EDUCATIONAL/TRAINING SERVICES	4,500.00
MICHAEL E JAMES & ASSOC INC	CONSULTANT SERVICES-OTHER	7,192.50
MINDLEADERS	EDUCATIONAL/TRAINING SERVICES	3,960.00
N LINE TRAFFIC MAINTENANCE	ARCHITECTUAL/ENGINEERING SERV	685.00
NEAL M BURNS	CONSULTANT SERVICES-OTHER	9,410.00
NORTHROP GRUMMAN TECHNICAL	OTHER PROFESSIONAL SERVICES	66,884.64
PAUL ADAMS PRODUCTIONS	OTHER PROFESSIONAL SERVICES	88,750.00
PLUGGED IN	OTHER PROFESSIONAL SERVICES	81,966.10
RANDALL L. EUBANK	OTHER PROFESSIONAL SERVICES	136,272.00
RICHARD H TARR CISA CIA	FINANCIAL AND ACCOUNTING SERV	5,000.00
SOURCE INC	INFORMATION TECHNOLOGY SERVICES	17,500.00
STEVE CLARK	EDUCATIONAL/TRAINING SERVICES	1,000.00
STEVEN BEEBE	EDUCATIONAL/TRAINING SERVICES	(1,000.00)
TEXAS STATE AUDITOR'S OFFICE	FINANCIAL AND ACCOUNTING SERV	312,000.00
TEXAS WORKFORCE COMMISSION	EDUCATIONAL/TRAINING SERVICES	2,500.00
TX DEPT. OF PUBLIC SAFETY	OTHER PROFESSIONAL SERVICES	319,122.42
UNIVERSITY OF TEXAS AT ARLINGTON	OTHER PROFESSIONAL SERVICES	52,835.36
UNIVERSITY OF TEXAS AT AUSTIN	OTHER PROFESSIONAL SERVICES	197,976.78
VERICENTER INC	INFORMATION TECHNOLOGY SERVICES	254,656.25
YORK CAREER DEVELOPMENT INC.	EDUCATIONAL/TRAINING SERVICES	2,000.00
Total Professional/Consulting Fees		<u>\$ 5,935,063.22</u>
Legal Service Fees		
GRAVES DOUGHERTY HEARON & MOODY	Legal Services	\$300,000.00
MEYERTONS HOOD KIVLIN KOWERT AND GOETZEL PC	Legal Services	\$150,000.00
Total Legal Service Fees		<u>\$ 450,000.00</u>
Total Professional/Consulting Fees and Legal Service Fees		<u><u>\$ 6,385,063.22</u></u>

Unaudited

Texas Lottery Commission (362)

SCHEDULE OF SPACE OCCUPIED

For the Fiscal Year Ended August 31, 2006

Location	Address	Lessor	Lease Number	Type	Usable Square Feet / Units	FTEs	Rental per Month Cost per Sq. Ft. / Units	Actual Annual Cost	Comments
State-Owned Buildings:									
El Paso	401 E. Franklin, Ste. 150			Office	2,138 Sq. Ft.	2	0.00	0.00	
Total State Owned Space					2,138	2			
Free Space:									
None									
Leased Space:									
Ablene	209 S. Danville, Suite C-103	LJ Property	304-8976	Office	500 Sq. Ft.	2	0.6378	\$3,827.04	Lease expires 7/31/2007
Amarillo	7120 IH-40 West, Suite 110	Amarillo Independent School District	304-09612	Office	500 Sq. Ft.	2	0.8316	\$4,989.72	Lease expires 4/30/2007
Austin Central Office	611 E. 6th St.	Grant Building - Austin L.P.	362-9756	Office	75,578 Sq. Ft.	255	2.3827	\$2,160,939.84	Lease expires 5/7/2010
Austin Warehouse	8006 Cameron Rd., Suite F	Sabrehal International, LTD.	362-8905-E7A	Warehouse	12,850 Sq. Ft.	2	1.0992	\$169,491.50	Lease expires 2/14/2010
Austin Convention Parking									
Garage	601 E 5th Street	City of Austin	362-1121	Parking	145 Spaces	0	120.00	\$208,800.00	Lease expires 5/31/2010
Beaumont	6440 Concord Road	Madeline Linn Walker	303-6-10142	Office	1,044 Sq. Ft.	2	0.9899	\$12,401.52	Lease expires 2/28/2011
Corpus Christi	4639 Corona, Suite 19	CUNA Mutual Life Insurance Co.	362-1612	Office	1,030 Sq. Ft.	2	0.7893	\$9,755.16	Lease expires 10/31/2009
Dallas	1555 W. Mockingbird Ln., Ste 203	Oakbrook Plaza Ltd.	362-09873	Office	3,746 Sq. Ft.	12	1.1846	\$53,252.04	Lease expires 7/31/2008
Fort Worth	4040 Fossil Creek Blvd, Ste 102	Perry-Tubb Holdings, LLP	304-09996	Office	880 Sq. Ft.	3	1.1012	\$11,628.84	Lease expires 4/30/2008
Houston	1919 N. Loop W., Suite 100	PNO, LTD	304-10614	Office	4,225 Sq. Ft.	11	1.1653	\$59,082.96	Lease expires 2/29/2008
Laredo	1202 Del Mar Blvd., Ste. 4	ANB Resources-Laredo, ITD	304-08087	Office	704 Sq. Ft.	2	1.0874	\$9,186.48	Lease expires 5/31/2008
Lubbock	4630 50th St., Ste. 109A	Rehab Properties, LLC et al.	304-07508	Office	563 Sq. Ft.	2	0.6955	\$4,698.48	Lease expires 6/30/2007
McAllen	4501 West Business 83, Suite A2	John P Tomac and Vazma I Tomac	324-10252-E11D	Office	960 Sq. Ft.	2	1.1833	\$13,632.00	Lease expires 12/14/2009
Odessa	4682 E. University, Ste. 100	Heritage FLP Properties, LTD	303-20112	Office	1,064 Sq. Ft.	4	0.6355	\$8,113.80	Lease expires 8/31/2009
San Antonio	9514 Console, Ste. 111	Sonora Properties, Ltd	303-9328	Office	2,418 Sq. Ft.	8	0.9012	\$26,149.80	Lease expires 4/30/2006
Tyler	3800 Paluxy Dr., Ste. 330	Genecov Investment, Ltd	304-09797	Office	500 Sq. Ft.	2	0.9880	\$5,928.12	Lease expires 8/31/2007
Victoria	2601 Azalea, Ste. 16	Westlakes Mall, Ltd	362-07365	Office	580 Sq. Ft.	2	0.8300	\$5,776.80	Lease expires 2/29/2012
Total Lease Space					116,037	313		\$240,255.55	
TOTAL ALL SPACE					118,175	315		\$240,255.55	\$2,883,066.60

The agency's efforts towards achieving the objective provided by Section 2165.104, Government Code, include evaluating all leases as they come up for renewal to ensure they are brought into compliance.

Unaudited

Texas Lottery Commission (362)

FY 2006 Agency Report of Recycled, Remanufactured and Environmentally Sensitive Purchases					
Agency No. 362		Agency Name: Texas Lottery Commission			
Point of Contact: Debi Barbre					
Phone Number: (512) 344-5232					
E-Mail Address: debra.barbre@lottery.state.tx.us					
E1, E2, or E3	Description	Total Expenditures			
		Non-Delegated	Delegated	Total	
Total E1 Including 1 st Choice	Recycled	\$50,592.92	\$14,119.39	\$64,712.31	
Total E2 Including 1 st Choice	Remanufactured	\$0.00	\$3,269.83	\$3,269.83	
Total E3 Including 1 st Choice	Environmentally Sensitive	\$0.00	\$300,839.28	\$300,839.28	
Total of E1, E2 and E3 includes Recycled 1st Choice Targeted Totals		\$50,592.92	\$318,228.50	\$368,821.42	
FY 2006 1 st Choice Targeted Commodities * Non-Delegated	Expenditures			% Spent on 1 st Choice Products 100 * [A/(A+B)]	
	1 st Choice Products (A)	Virgin Counterpart (B)	Total (A+B)		
Motor Oil & Lubricants	\$0.00	\$0.00	\$0.00	0%	
Toilet Paper, Toilet Seat Covers & Paper Towels	\$0.00	\$0.00	\$0.00	0%	
Printing Paper, Copier Paper & Computer Paper	\$23,245.20	\$0.00	\$23,245.20	100%	
Business Envelopes	\$0.00	\$0.00	\$0.00	0%	
Plastic Trash Bags	\$0.00	\$0.00	\$0.00	0%	
Plastic Covered Binders	\$0.00	\$0.00	\$0.00	0%	
Recycling Containers	\$0.00	\$0.00	\$0.00	0%	
Photocopiers	\$0.00	\$0.00	\$0.00	0%	
Total 1st Choice Targeted Commodities	\$23,245.20	\$0.00	\$23,245.20	100%	
Summary of Total Number of FY 2006 Justification Letters * Delegated		Total Cost	Total Quality	Total Not Available	Total Other
Motor Oil & Lubricants		0	0	0	0
Toilet Paper, Toilet Seat Covers & Paper Towels		0	0	0	0
Printing Paper, Copier Paper & Computer Paper		0	0	0	0
Business Envelopes		0	0	0	0
Plastic Trash Bags		0	0	0	0
Plastic Covered Binders		0	0	0	0
Recycling Containers		0	0	0	0
Photocopiers		0	0	0	0
Total Number(s)		0	0	0	0

Unaudited

Texas Lottery Commission (362)

SCHEDULE OF AIRCRAFT OPERATION

For the Fiscal Year Ended August 31, 2006

<u>Flight</u>	<u>Start Date</u>	<u>End Date</u>	<u>Flight Time</u>	<u>Rate/Hr.</u>	<u>Flight Time Cost</u>	<u>Co-Pilot Fee</u>	<u>Total Flight Cost</u>
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Not Applicable

Unaudited
Texas Lottery Commission (362)

SCHEDULE OF ITEMIZED PURCHASES

For the Fiscal Year Ended August 31, 2006

Need for specifications	Competing products not satisfactory	Products purchased	PO amount	Vendor name	PO number
Promotional event to promote the Games of Texas	Events are scheduled for participation and entertainment for local communities. TLC attendance is based on location, participation and time of the event	Promotional fees	\$5,000.00	Texarkana Museums System	362L0600019
Promotional event to promote the Games of Texas	Events are scheduled for participation and entertainment for local communities. TLC attendance is based on location, participation and time of the event	Rental of space/advertising	\$5,000.00	Hidalgo Chamber of Commerce	362L0600645
Promotional event to promote the Games of Texas	Events are scheduled for participation and entertainment for local communities. TLC attendance is based on location, participation and time of the event	Rental of space/advertising	\$7,000.00	Poteet Strawberry Festival Association	362L0600661
Promotional event to promote the Games of Texas	Events are scheduled for participation and entertainment for local communities. TLC attendance is based on location, participation and time of the event	Rental of space/advertising	\$16,000.00	Midland Rockhounds Baseball	362L0600731
Promotional event to promote the Games of Texas	Events are scheduled for participation and entertainment for local communities. TLC attendance is based on location, participation and time of the event	Rental of space/advertising	\$5,000.00	Smith Music Group	362L0600939
Promotional event to promote the Games of Texas	Events are scheduled for participation and entertainment for local communities. TLC attendance is based on location, participation and time of the event	Rental of space/advertising	\$5,000.00	Regent Broadcasting of El Paso	362L0600988
Promotional event to promote the Games of Texas	Events are scheduled for participation and entertainment for local communities. TLC attendance is based on location, participation and time of the event	Rental of space/advertising	\$5,000.00	Central Houston Civic Improvement Inc.	362L0601085
Promotional event to promote the Games of Texas	Events are scheduled for participation and entertainment for local communities. TLC attendance is based on location, participation and time of the event	Promotional fees	\$60,000.00	State Fair of Texas	362L0609169

Unaudited

Texas Lottery Commission (362)

SCHEDULE OF VEHICLES PURCHASED

For the Fiscal Year Ended August 31, 2006

Make	Model	Purchase Price	Type of Use	Fuel Efficiency
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Not Applicable

Unaudited

Texas Lottery Commission (362)

SCHEDULE OF STATE-OWNED OR LEASED VEHICLES USED BY STATE EMPLOYEES

For the Fiscal Year Ended August 31, 2006

Year	License Plate	Model	Description	Name and job title of each employee authorized to use a
1996	709005	1500	Dodge Ram Cargo Van	By Lottery Commission Policy, a Commission motor vehicle may not be assigned to a specific employee or agency head, but must be available for use by all eligible employees authorized to operate the vehicles. Therefore, all Lottery Commission state-owned or state-leased vehicles are considered pooled vehicles and are used in the daily course of business by employees meeting the Lottery's requirements for operating a vehicle.
2004	861890	Ford E150	Ford Cargo Van	

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Texas Lottery Commission (362)

SCHEDULE OF BONDED EMPLOYEES

For the Fiscal Year Ended August 31, 2006

LIST OF BONDED EMPLOYEES

None

Unaudited

Texas Lottery Commission (362)

MASTER FILE REPORT VERIFICATION FORM

For the Fiscal Year Ended August 31, 2006

Not Applicable



Texas Lottery Commission
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