



INTEROFFICE MEMO

Gary Grief, Executive Director

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

From: Kathy Pyka, Controller *KP*

Date: March 30, 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 February 29, 2016

Transfers to the State

Total accrued basis revenue transfers to the State for the six month period ending February 29, 2016 amounted to \$663.4 million. Of the total amount transferred to the State from sales, \$614.4 million was transferred to the Foundation School Fund; \$6.6 million was transferred to the Texas Veterans Commission with the remaining balance of \$42.4 million transferred from unclaimed prizes. The amount transferred to the Foundation School Fund from sales represents a 17.4% increase, or \$91.0 million, over the total amount transferred in fiscal year 2015. To date, cumulative accrued revenue transfers to the Foundation School Fund are \$18.97 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 March 4, 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**	651,317,804	7,168,844		4,904,883		663,391,531

Cumulative Transfers \$ 18,967,325,337 \$ 59,322,812 \$ 5,387,724,273 \$ 186,214,648 \$ 171,067,884 \$ 24,771,654,954

*Includes HHSC Graduate Medical Education and Tertiary Care

**As of February 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 ^A	-	-	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
Total FY 2016		614,433,616	6,567,390	42,390,525	663,391,531	181,073,098

FY 2016 Reserve for Administration	181,073,098
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Quarterly Detail of Unclaimed Prizes Transferred to the State of Texas					
FY 2016 Accrued Revenue Transfers		Foundation School Fund	Texas Veterans Commission	Multicategorical Teaching Hospital Account	Total Accrued Revenue Transfers
Transfer Period	Transfer Date				
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
Total FY 2016		36,884,188	601,454	4,904,883	42,390,525

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

^A FY2014 Unspent Administration

TEXAS LOTTERY COMMISSION
Unaudited Transfer Calculation for Fund 5025
For the Period February 29, 2016

Sales Revenue	February Final	Year-to-Date	% Sales by Game
Scratch Tickets	330,385,041.00	1,821,969,311.00	70.43%
Lotto Texas	9,137,421.00	64,639,950.00	2.50%
Lotto Texas Extra	1,661,692.00	11,049,488.00	0.43%
Pick 3	21,534,769.00	126,704,089.50	4.90%
Pick 3- Sum It Up	452,863.00	2,577,716.00	0.10%
Cash Five	3,907,086.00	23,447,080.00	0.91%
Texas Two-Step	4,929,304.00	26,264,275.00	1.02%
Mega Millions	9,541,339.00	65,031,057.00	2.51%
Megaplier	2,492,536.00	16,277,869.00	0.63%
Daily 4	7,799,316.00	44,454,896.00	1.72%
Daily 4 - Sum It Up	422,308.00	2,334,875.00	0.09%
Powerball	21,138,480.00	318,508,508.00	12.31%
Power Play	2,939,526.00	34,154,258.00	1.32%
All or Nothing	2,647,988.00	15,756,966.00	0.61%
Texas Triple Chance	1,961,173.00	13,588,200.00	0.53%
Sub-total Sales Revenue	<u>420,950,842.00</u>	<u>2,586,758,538.50</u>	100.00%
Retailer Fees	26,850.00	170,520.00	
Total Sales Revenue	<u>420,977,692.00</u>	<u>2,586,929,058.50</u>	
Prize Expenses			Prize Expenses as % of Revenue
Scratch Tickets	229,548,527.60	1,265,219,300.07	69.44%
Lotto Texas	4,569,973.25	38,269,922.50	59.20%
Lotto Texas Extra	940,512.00	5,742,776.00	51.97%
Pick 3	10,483,770.00	62,801,340.00	49.57%
Pick 3- Sum It Up	231,730.00	1,243,570.00	48.24%
Cash Five	1,953,543.00	11,723,540.00	50.00%
Texas Two-Step	2,453,411.11	13,251,366.39	50.45%
Mega Millions	4,708,562.76	33,127,265.73	50.94%
Megaplier	1,209,430.00	8,128,710.00	49.94%
Daily 4	3,130,900.00	23,582,375.00	53.05%
Daily 4 - Sum It Up	160,737.00	881,289.00	37.74%
Powerball	10,344,555.00	159,096,091.00	49.95%
Power Play	1,442,593.00	17,054,793.00	49.93%
All or Nothing	1,487,362.00	8,350,886.00	53.00%
Texas Triple Chance	1,312,126.00	8,506,356.00	62.60%
Sub-total Prize Expenses	<u>273,977,732.72</u>	<u>1,656,979,580.69</u>	64.06%
Less:			
Unclaimed Prizes - Transferred in FY16	-	(23,806,966.36)	
Unclaimed Prizes - Prior Month(s) Accrual*	-	(14,962,611.90)	
Unclaimed Prizes - Current Month Accrual	(3,620,946.60)	(3,620,946.60)	
Sub-total Unclaimed Prizes	<u>(3,620,946.60)</u>	<u>(42,390,524.86)</u>	
Sub-total Prize Expenses as Adjusted for Unclaimed Prizes	<u>270,356,786.12</u>	<u>1,614,589,055.83</u>	62.41%
Retailer Commissions	21,048,924.65	129,378,377.33	5.00%
Total Expenses	<u>291,405,710.77</u>	<u>1,743,967,433.16</u>	
Amount Available to Transfer	<u>129,571,981.23</u>	<u>842,961,625.34</u>	

	February Final	Year-to-Date
Amount Available to Transfer	129,571,981.23	842,961,625.34
Less:		
Total AY16 Foundation School Fund		(518,890,612.89)
Transfers Applicable to AY14		1,503,002.99
Transfers to Date		<u>(517,387,609.90)</u>
Total AY16 Texas Veterans Commission		
Transfers to Date		(5,625,917.19)
Unclaimed Prizes - Transferred in FY16	-	(23,806,966.36)
Unclaimed Prizes - Prior Month(s) Accrual*	-	(14,962,611.90)
Unclaimed Prizes - Current Month Accrual	(3,620,946.60)	(3,620,946.60)
Sub-total Unclaimed Prizes	<u>(3,620,946.60)</u>	<u>(42,390,524.86)</u>
FY16 Administrative Expenses Allocation through 02/29/2016	(29,466,558.94)	(181,073,097.70)
Current Month Amount Available to Transfer	<u>96,484,475.69</u>	<u>96,484,475.69</u>
Current Month Transfer to Texas Veterans Commission	941,472.44	941,472.44
Current Month Transfer to Foundation School Fund	95,543,003.25	95,543,003.25
Total Transferred for Current Month	<u>96,484,475.69</u>	<u>96,484,475.69</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
SALES:										
	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
EXPENSE:										
	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
UNCLAIMED PRIZES										
	Unclaimed Prizes Transferred to State	-	-	-	\$2,647,094	\$7,284,316	\$2,982,148	-	\$9,688,000	\$35,517,171
ACCRUED TRANSFERS:										
	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
SALES:										
	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
EXPENSE:										
	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
UNCLAIMED PRIZES										
	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
ACCRUED TRANSFERS:										
	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	
SALES:								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	\$2,586,758,539	\$82,371,990,653	
EXPENSE:										
	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	\$1,656,979,581	\$49,108,391,028	
	Prize Payout Percentage	61.5%	62.6%	62.8%	63.2%	62.5%	63.1%	64.1%	59.6%	
	Commissions	\$187,302,974	\$190,808,232	\$209,816,328	\$218,892,925	\$219,540,166	\$226,667,064	\$129,378,377	\$4,121,469,859	
	Retailer Payments	\$8,857,990	\$21,424,731	\$16,061,583	\$17,940,232	\$17,959,225	\$21,897,293	\$6,367,192	\$184,124,744	
	Administrative Expenses	\$185,283,677	\$184,320,962	\$169,440,523	\$181,966,473	\$185,435,445	\$191,300,439	\$83,186,242	\$4,284,644,706	
UNCLAIMED PRIZES										
	Unclaimed Prizes Transferred to State	\$66,591,791	\$53,775,634	\$51,743,502	\$59,870,140	\$78,324,661	\$76,225,020	\$42,390,525	\$994,973,512	
ACCRUED TRANSFERS:										
	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	\$651,317,804	\$18,967,325,337	
	To Texas Veterans Commission	\$7,353,334	\$8,648,112	\$5,306,574	\$6,178,158	\$11,539,037	\$13,128,754	\$7,168,844	\$59,322,812	
	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	\$663,391,531	\$24,771,654,955	

* Totals may not sum due to rounding.

*Through February, 2016