



INTEROFFICE MEMO

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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: September 22, 2017

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 2017 transferred as of August 31, 2017

Transfers to the State

Total accrued basis revenue transfers to the State for the fiscal year ending August 31, 2017 amounted to \$1.33 billion. Of the total amount transferred to the State from sales, \$1.250 billion was transferred to the Foundation School Fund; \$14.6 million was transferred to the Texas Veterans Commission with the remaining balance of \$69.7 million transferred from unclaimed prizes. The amount transferred to the Foundation School Fund from sales represents a 3.5% decrease, or \$45.3 million, under the total amount transferred in fiscal year 2016. To date, cumulative accrued revenue transfers to the Foundation School Fund are \$21.0 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 14, 2017

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			35,517,171		953,370,758
FY 2000	827,328,229			4,482,829	34,456,232	862,845,399
FY 2001	825,059,846			40,000,000	29,618,383	863,998,907
FY 2002	859,263,426				66,993,269	928,881,809
FY 2003	882,094,795				11,334,095	949,088,064
FY 2004	1,009,447,487		19,465,000	10,782,342	28,665,905	1,051,028,924
FY 2005	1,009,538,729		22,880,577	9,217,658		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
FY 2017**	1,312,856,719	16,206,348		4,904,882		1,333,967,949
Cumulative Transfers	\$ 21,001,584,244	\$ 83,041,290	\$ 5,387,724,273	\$ 191,119,530	\$ 171,067,884	\$ 26,834,537,222

*Includes HHSC Graduate Medical Education and Tertiary Care

**As of August 2017 revenue transfer

Source: with the exception of FY 2017, Audited Financial Statements

Texas Lottery Commission

Unaudited Monthly Detail of Revenue Transfers and Allocations to the State of Texas

FY 2017 Accrued Revenue Transfers		Foundation School Fund	Texas Veterans Commission	Unclaimed Prizes	Total Accrued Revenue Transfers	Reserve For Administration Expenditures
Transfer Period	Transfer Date*					
September-16	10/11/16	82,502,877	1,935,383	-	84,438,260	25,773,675
October-16	11/04/16	82,849,991	1,905,842	-	84,755,833	27,257,608
November-16	12/07/16	88,495,812	1,940,960	13,419,253	103,856,024	27,951,437
December-16	01/05/17	85,883,918	1,701,838	-	87,585,756	29,691,249
January-17	02/08/17	91,066,353	1,029,692	-	92,096,044	28,617,465
February-17	03/09/17	96,036,044	1,181,592	20,849,357	118,066,993	29,126,026
March-17	04/05/17	103,613,546	828,800	-	104,442,346	32,607,184
April-17	05/05/17	104,351,732	505,739	-	104,857,471	16,363,600
May-17	06/08/17	128,170,000	906,232	18,617,428	147,693,660	-
June-17	07/10/17	121,619,018	1,001,680	-	122,620,698	2,902,458
July-17	08/07/17	122,167,762	783,541	-	122,951,304	-
August-17	09/12/17	130,510,719	846,863	16,790,881	148,148,463	24,709,325
August-17	09/14/17	12,455,096 ^A	-	-	12,455,096	-
Total FY 2017		1,249,722,867	14,568,163	69,676,919	1,333,967,949	245,000,027

FY 2017 Reserve for Administration 245,000,027

Quarterly Detail of Unclaimed Prizes Transferred to the State of Texas

FY 2017 Accrued Revenue Transfers		Foundation School Fund	Texas Veterans Commission	Multicategorical Teaching Hospital Account		Total Accrued Revenue Transfers
Transfer Period	Transfer Date					
November-16	12/07/16	7,907,009	607,362	4,904,882		13,419,253
February-17	03/09/17	20,605,412	243,945	-		20,849,357
May-17	06/08/17	18,170,655	446,773	-		18,617,428
August-17	09/12/17	16,450,776	340,105	-		16,790,881
Total FY 2017		63,133,852	1,638,185	4,904,882		69,676,919

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

^A FY 17 Unspent Admin

TEXAS LOTTERY COMMISSION
Unaudited Transfer Calculation for Fund 5025
For the Period August 31, 2017

	August Final	Year-to-Date	
Sales Revenue			% Sales by Game
Scratch Tickets	\$ 316,368,680	\$ 3,935,220,022	77.50%
Lotto Texas	9,852,067	112,735,346	2.22%
Lotto Texas Extra	2,086,573	22,484,022	0.44%
Pick 3	20,198,807	250,608,170	4.94%
Pick 3- Sum It Up	413,489	4,843,455	0.10%
Cash Five	3,560,591	43,723,393	0.86%
Texas Two-Step	4,884,756	54,953,867	1.08%
Mega Millions	19,810,387	131,487,294	2.59%
Megaplier	5,018,146	35,134,876	0.69%
Daily 4	8,153,629	96,367,736	1.90%
Daily 4 - Sum It Up	415,596	5,131,756	0.10%
Powerball	80,947,536	299,861,004	5.91%
Power Play	10,233,671	41,298,957	0.81%
All or Nothing	2,386,040	29,042,796	0.57%
Texas Triple Chance	1,143,856	14,568,958	0.29%
Sub-total Sales Revenue	<u>485,473,823</u>	<u>5,077,461,652</u>	100.00%
Retailer Fees	25,510	354,740	
Total Sales Revenue	<u>485,499,333</u>	<u>5,077,816,392</u>	
Prize Expenses			Prize Expenses as % of Revenue
Scratch Tickets	221,107,287	2,749,003,014	69.86%
Lotto Texas	5,171,121	58,024,445	51.47%
Lotto Texas Extra	1,096,910	11,819,380	52.57%
Pick 3	8,342,370	121,887,740	48.64%
Pick 3- Sum It Up	186,395	2,238,631	46.22%
Cash Five	1,780,296	21,861,697	50.00%
Texas Two-Step	2,481,369	27,959,900	50.88%
Mega Millions	10,488,504	67,003,192	50.96%
Megaplier	2,586,539	17,543,480	49.93%
Daily 4	4,008,000	51,556,200	53.50%
Daily 4 - Sum It Up	130,338	3,554,073	69.26%
Powerball	40,648,761	149,797,449	49.96%
Power Play	5,136,876	20,627,826	49.95%
All or Nothing	1,373,562	16,142,350	55.58%
Texas Triple Chance	616,375	8,032,887	55.14%
Sub-total Prize Expenses	<u>305,154,702</u>	<u>3,327,052,263</u>	65.53%
Less:			
Unclaimed Prizes - Transferred in FY17	-	(52,886,038)	
Unclaimed Prizes - Prior Month(s) Accrual*	-	(8,389,514)	
Unclaimed Prizes - Current Month Accrual	(8,401,367)	(8,401,367)	
Sub-total Unclaimed Prizes	<u>(8,401,367)</u>	<u>(69,676,919)</u>	
Sub-total Prize Expenses as Adjusted for Unclaimed Prizes	<u>296,753,335</u>	<u>3,257,375,344</u>	64.15%
Retailer Commissions	24,277,724	253,928,168	5.00%
Total Expenses	<u>321,031,059</u>	<u>3,511,303,512</u>	
Amount Available to Transfer	<u>\$ 164,468,274</u>	<u>\$ 1,566,512,880</u>	

	August Final	Year-to-Date
Amount Available to Transfer	\$ 164,468,274	\$ 1,566,512,880
Less:		
Total AY17 Foundation School Fund		
Transfers to Date		(1,106,757,052)
Total AY17 Texas Veterans Commission		
Transfers to Date		(13,721,300)
Unclaimed Prizes - Transferred in FY17	-	(52,886,038)
Unclaimed Prizes - Prior Month(s) Accrual*	-	(8,389,514)
Unclaimed Prizes - Current Month Accrual	(8,401,367)	(8,401,367)
Sub-total Unclaimed Prizes	<u>(8,401,367)</u>	<u>(69,676,919)</u>
FY17 Administrative Expenses Allocation through 8/31/17	(24,709,325)	(245,000,027)
Current Month Amount Available to Transfer	<u>\$ 131,357,582</u>	<u>\$ 131,357,582</u>
Current Month Transfer to Texas Veterans Commission	846,863	846,863
Current Month Transfer to Foundation School Fund	130,510,719	130,510,719
Total Transferred for Current Month	<u>\$ 131,357,582</u>	<u>\$ 131,357,582</u>

*Unclaimed Prizes are transferred on a quarterly basis

*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	\$2,657,590,483
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	\$217,499,596	\$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	\$1,008,545,523	-	-	\$35,517,171
To Multicategorical Teaching Hospital Account	-	-	-	-	-	-	-	-	-
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	\$862,845,399
	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	\$1,056,110,469	\$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	FY17	Cumulative
SALES:									
Total Sales	\$3,738,569,487	\$3,811,270,135	\$4,190,815,913	\$4,376,286,456	\$4,384,597,063	\$4,529,700,425	\$5,067,517,923	\$5,077,461,652	\$89,930,211,688
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	\$3,186,430,316	3,327,052,263	\$53,964,894,026
Prize Payout Percentage	61.5%	62.6%	62.8%	63.2%	62.5%	63.1%	62.9%	65.5%	60.0%
Commissions	\$187,302,974	\$190,808,232	\$209,816,328	\$218,892,925	\$219,540,166	\$226,667,064	\$253,512,424	\$253,928,168	\$4,499,532,073
Retailer Payments	\$8,857,990	\$21,424,731	\$16,061,583	\$17,940,232	\$17,959,225	\$21,897,293	\$19,793,946	\$22,319,775	\$219,871,274
Administrative Expenses	\$185,283,677	\$184,320,962	\$169,440,523	\$181,966,473	\$185,435,445	\$189,334,443	\$206,170,765	\$207,402,737	\$4,613,065,970
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	\$83,552,791	\$69,676,919	\$1,105,812,697
ACCRUED TRANSFERS:									
To General Revenue Fund	\$56,591,791	\$43,249,367	\$45,431,754	\$53,657,834	-	-	-	-	\$5,387,724,273
To Multicategorical Teaching Hospital Account	\$10,000,000	\$10,000,000	\$5,750,000	\$5,411,953	\$4,397,812	\$4,904,883	\$4,904,882	\$4,904,882	\$19,119,530
To Tertiary Care Facility Account	-	-	-	-	-	-	-	-	\$13,067,884
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	\$1,312,856,719	\$21,001,584,244
To Texas Veterans Commission	\$7,553,334	\$8,648,112	\$5,306,574	\$6,178,158	\$11,539,037	\$13,128,754	\$14,680,974	\$16,206,348	\$83,041,290
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	\$1,333,967,949	\$26,834,537,222

(1) Includes transfers from sales and unclaimed prizes
* Through August, 2017