

Texas Lottery Commission



Annual Report of Non-Financial Data Fiscal Year 2010

Mary Ann Williamson
Chairman

J. Winston Krause
Commissioner



TEXAS LOTTERY COMMISSION

Gary Grief, *Executive Director*

Philip D. Sanderson, *Charitable Bingo Operations Director*

December 17, 2010

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, 2010, in compliance with 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 blue ink that reads "Gary Grief".

Gary Grief
Executive Director

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Texas Lottery Commission (362)

APPROPRIATION ITEM TRANSFER SCHEDULE*

For Fiscal Year Ended August 31, 2010

ITEM OF APPROPRIATION

				Transfers - In	Transfers - Out	Net Transfers
A. Goal: (Operate Lottery)						
Strategies:						
A.1.1.	13005	Lottery Operations	\$	5,206.24	\$ (14,898.02)	\$ (9,691.78)
A.1.2.	13012	Lottery Field Operations	\$	56,492.56	\$ (6,827.91)	\$ 49,664.65
A.1.3.	13006	Marketing and Promotion	\$	55,097.96	\$ 108,172.63	\$ 163,270.59
A.1.4.	13008	Security	\$	(104,237.62)	\$ (98,087.97)	\$ (202,325.59)
A.1.5.	13009	Central Administration	\$	62,949.58	\$ (116,411.45)	\$ (53,461.87)
A.1.6.	13014	Lottery Operator Contract	\$	-	\$ -	\$ -
A.1.7.	13015	Instant Ticket Production Contract	\$	660,000.00	\$ (1,415,000.00)	\$ (755,000.00)
A.1.8.	13007	Mass Media Advertising Contracts	\$	1,400,000.00	\$ -	\$ 1,400,000.00
A.1.9.	13017	Drawing & Broadcast Contract	\$	-	\$ (67,456.00)	\$ (67,456.00)
A.1.10.	13018	Market Research Contract	\$	-	\$ -	\$ -
A.1.11.	13019	Retailer Bonus	\$	-	\$ (525,000.00)	\$ (525,000.00)
A.1.12.	13016	Inst Tkt Vending Machine Contract	\$	-	\$ -	\$ -
Total, Goal A: (Operate Lottery)				\$ 2,135,508.72	\$ (2,135,508.72)	\$ -
B. Goal: (Enforce Bingo Laws)						
Strategies:						
B.1.1.	13004	Bingo Licensing	\$	-	\$ (27,022.16)	\$ (27,022.16)
B.1.2.	13010	Bingo Education and Development	\$	353.16	\$ (14,729.00)	\$ (14,375.84)
B.1.3.	13003	Bingo Law Compliance Field Oper	\$	46,548.00	\$ (37,999.92)	\$ 8,548.08
B.1.4.	13020	Bingo Prize Fee Collection & Acct	\$	37,999.92	\$ (5,150.00)	\$ 32,849.92
B.1.5.	13021	Bingo Prize Fee Allocations	\$	-	\$ -	\$ -
Total, Goal B: (Enforce Bingo Laws)				\$ 84,901.08	\$ (84,901.08)	\$ 0.00
NET APPROPRIATION ITEM TRANSFERS				\$ 2,220,409.80	\$ (2,220,409.80)	\$ 0.00

* This schedule does not include Salary Increases, Benefit Replacement Pay Transfers or Capital Transfers.

ATTACHMENT C
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Texas Lottery Commission - Agency 362

HUB STRATEGIC PLAN PROGRESS REPORT

For the Fiscal Year Ended August 31, 2010

(Source: Texas Government Code, Section 2161.124)

Category	Actual for FY 09*	Actual for FY 10*	Goal for FY 11**
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	23.1%	60.6%	57.2%
Professional services contracts	91.8%	87.5%	20.0%
Other services contracts	21.9%	21.1%	33.0%
Commodities contracts	50.6%	54.7%	12.6%

* Actual = Percent spent with HUBs from HUB report.

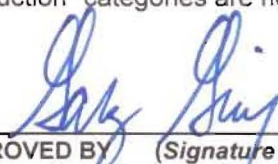
**Goal = Strategic Plan HUB goal. (The TLC is using the current HUB goals in 34 TAC §20.13, which are based on the original Texas Disparity Study, until such time that a new HUB rule based on the updated Disparity Study has been adopted by the Comptroller of Public Accounts.)

***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.

 Joyce Bertolacini
Prepared By

Joyce Bertolacini, HUB Coordinator
Printed Name

(512) 344-5293
Phone Number

 Gary Grief
APPROVED BY (Signature Required)

Gary Grief, Executive Director
Printed Name

(512) 344-5160
Phone Number

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Texas Lottery Commission (362)

INDIRECT COST SCHEDULE

For the Fiscal Year Ended August 31, 2010

A. Payroll Related Costs

FICA Employer Matching Contribution	
Group Health Insurance	256,711.67
Retirement	138,418.94
Unemployment	161,684.41
FICA Employee Share Paid by State	-
Total Payroll Related Costs	<u>\$ 556,815.02</u>

Workers' Compensation	-
Benefit Replacement Pay (BRP)	\$ 20,218.65
Total Workers' Compensation and BRP	<u>\$ 20,218.65</u>

B. Indirect Costs

Bond Debt Service Payments	
TBPC	-
TPFA	30,852.00
Other (if applicable)	-
Total Indirect Costs	<u>\$ 30,852.00</u>

C. Indirect Costs - Statewide Full Cost Allocation Plan

(based on FY 08 data)

Building Depreciation	12,277.00
Equipment Depreciation	-
(304) CPA Administration	124,075.00
(304) CPA Fiscal and ITD	86,615.00
(304) CPA Purchasing & Support (TPASS)	7,032.00
(304) CPA Rebates	(1,641.00)
(313) Dept of Information Resources	2,211.00
DPS Capitol Security	-
(303) TFC Admin	-
(303) TFC Building & Utilities	18,410.00
(303)TFC Fac Const & Space Mgmt	10,947.00
Governor Budget and Planning	29,639.00
(479) State Office of Risk Management	748.00
(809) State Preservation Brd	-
(101) State Senate	17,057.00
(102) House of Representatives	20,145.00
(103) Legislative Council	15,993.00
(104) Legislative Budget Board	122,959.00
(105) Ref Library	17,153.00
(116) Sunset Advisory Commission	20,057.00
Total Indirect Costs -	
Statewide Full Cost Allocation Plan	<u>\$ 503,677.00</u>
TOTAL INDIRECT COSTS	<u><u>\$ 1,111,562.67</u></u>

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SCHEDULE OF PROFESSIONAL/CONSULTING FEES AND LEGAL SERVICE FEES

For the Fiscal Year Ended August 31, 2010

Name	Type of Service Rendered	Amount
Professional/Consulting Fees		
Denim Group LTD	Educational/Training	16,000.00
Variate Consulting	Educational/Training	18,175.00
	Financial and Accounting	
Davila Buschhorn & Associates, PC	Services	628,025.00
	Financial and Accounting	
Grant Thornton LLP	Services	124,299.46
	Financial and Accounting	
Maxwell Locke and Ritter, LLP	Services	79,165.50
Barker & Herbert Analytical Laboratories, Inc.	Other Professional Services	168,450.00
Battelle	Other Professional Services	121,060.00
Elephant Productions Inc.	Other Professional Services	802,421.34
Eubank & Young Statistical Consulting, LLC	Other Professional Services	108,810.00
Grant Thornton LLP	Other Professional Services	193,701.97
IPSOS-Reid Corp.	Other Professional Services	535,350.00
M and S Works, Inc.	Other Professional Services	772,727.70
Paul Adams Productions	Other Professional Services	114,900.00
Texas Department of Public Safety	Other Professional Services	66,653.48
TLP Inc DBA Tracy Locke	Other Professional Services	96,662.25
University of Houston	Other Professional Services	50,000.00
UT Center for Social Work	Other Professional Services	12,480.00
SunGard Availability Services	Computer Programming Services	278,448.20
Payments to Other Vendors - Under \$10,000		(287,829.00)
Total Professional/Consulting Fees		<u>\$ 3,899,500.90</u>
Legal Service Fees		
Graves Dougherty Hearon & Moody	Legal Services	274,160.00
Meyertons Hood Kilvin Kowert & Goetzel PC	Legal Services	77,260.12
Total Legal Services Fees		<u>\$ 351,420.12</u>
Total Professional/Consulting Fees and Legal Services Fees		<u><u>\$ 4,250,921.02</u></u>

For the Fiscal Year Ended August 31, 2010

Note Excludes parking spaces.

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FY 2010 Agency Report of Recycled, Remanufactured and Environmentally Sensitive Purchases					
Agency No. 362		Agency Name: Texas Lottery Commission			
Point of Contact: Debbie Pina					
Phone Number: (512) 344-5367					
E-Mail Address: debbie.pina@lottery.state.tx.us					
E1, E2, or E3	Description	Total Expenditures			
		Non-Delegated	Delegated	Total	
Total E1 Including 1 st Choice	Recycled	\$12,293.65	\$680,727.71	\$693,021.36	
Total E2 Including 1 st Choice	Remanufactured	\$0.00	\$6,390.64	\$6,390.64	
Total E3 Including 1 st Choice	Environmentally Sensitive	\$178.60	\$172,153.20	\$172,331.80	
Total of E1, E2 and E3 includes Recycled 1 st Choice Targeted Totals		\$12,472.25	\$859,271.55	\$871,743.80	
FY 2010 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	\$10,637.20	\$0.00	\$10,637.20	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 1 st Choice Targeted Commodities	\$10,637.20	\$0.00	\$10,637.20	100%	
Summary of Total Number of FY 2010 Virgin Counterpart Justifications * Non-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
Note1: This report is included in the Non-Financial Report sent to the governor's office by December 31st					

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SCHEDULE OF AIRCRAFT OPERATION

For the Fiscal Year Ended August 31, 2010

<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

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SCHEDULE OF ITEMIZED PURCHASES

For the Fiscal Year Ended August 31, 2010

Need for Specifications	Competing products not satisfactory	Products Purchased	PO amount	Vendor Name	PO Number
Promotional event(s) 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	\$7,313.00	Lester Meier Rodeo Company	362-10-0005
Promotional event(s) 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	\$9,333.30	Midland Sports Inc. dba Midland Rockhounds Baseball Club	362-10-0004
Promotional event(s) 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	\$69,450.00	State Fair of Texas	362-10-9000
Promotional event(s) 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	\$7,500.00	Blue Ridge Sports & Entertainment, Inc.	362-10-0039
RADDs Second Signal Cable and Installation	The RADDs was custom designed for the Texas Lottery Commission by Scientific Games International, Inc. The purchase and installation of a second signal cable is to allow for broadcast simulation and testing of the Megaplier drawing for the recent successful proposer to the Drawings Studio and Productions Services Contract.	Second Signal Cable	\$7,060.00	Scientific Games International, Inc.	362-10-4108
Promotional event(s) 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	\$6,000.00	Round Rock Baseball Club LLP	362-10-0149
Promotional event(s) 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	362-10-0159

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Promotional event(s) 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	\$6,500.00	San Antonio Zulu Assoc (SAZA) Commission, Inc.	362-10-0191
Promotional event(s) 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	\$6,000.00	Corpus Christi Baseball Club LP	362-10-0202
Trademark License	Licensed property scratch-off games help serve a niche by capitalizing on well known, branded concepts. The TLC has evaluated the potential for a licensed property scratch-off games featuring the Dallas Cowboys and believes the game will contribute positively to lottery sales and revenue generation for the Foundation School Fund.	Dallas Cowboys Licensing Fee and Merchandise Prize Packs	\$ 4,350,000.00	Pro Silver Star Ltd	362-10-0285 362-10-0315
Trademark License	Licensed property scratch-off games help serve a niche by capitalizing on well known, branded concepts. The TLC has evaluated the potential for a licensed property scratch-off games featuring the Houston Texans and believes the game will contribute positively to lottery sales and revenue generation for the Foundation School Fund.	Houston Texans Licensing Fee and Merchandise Prize Packs	\$ 1,484,050.00	Houston NFL Holdings, LP	362-10-0304 362-10-0316

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SCHEDULE OF VEHICLES PURCHASED

For the Fiscal Year Ended August 31, 2010

Make	Model	Purchase Price	Type of Use	Fuel Efficiency
Not Applicable				

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PERSONNEL USE OF STATE VEHICLES

For the Fiscal Year Ended August 31, 2010

Year	License Plate	Model	Description	Name and job title of each employee authorized to use a state-owned or state-leased vehicle:
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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SCHEDULE OF BONDED EMPLOYEES

For the Fiscal Year Ended August 31, 2010

LIST OF BONDED EMPLOYEES

None



Texas Lottery Commission

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www.txlottery.org