

FOR FISCAL YEAR

2025

ANNUAL FINANCIAL REPORT OF NON-FINANCIAL DATA

TEXAS
LOTTERY





TEXAS DEPARTMENT OF LICENSING & REGULATION

Lottery & Charitable Bingo Division • P.O. Box 16630 • Austin, Texas 78761-6630

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December 31, 2025

The Honorable Greg Abbott, Governor
Lisa Collier, State Auditor, State Auditor's Office
Jerry McGinty, Director, Legislative Budget Board

Lady and Gentlemen:

We are pleased to submit the Texas Lottery Commission's *Annual Report of Nonfinancial Data* for the year ending on August 31, 2025, in compliance with the Texas Government Code Annotated, § 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 independent of the agency's *Annual Financial Report*.

If you have any questions, please contact Sergio Rey, Interim Lottery & Charitable Bingo Deputy Executive Director, at 512-344-5426.

Sincerely,

Susanna Cutrone

Susanna Cutrone, Chief of Staff
for Courtney Arbour, Executive Director

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**Unaudited
Texas Lottery (362)**

APPROPRIATION ITEM TRANSFER SCHEDULE*

For Fiscal Year Ended August 31, 2025

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	\$ 428,666.56	\$ (53,009.13)	\$ 375,657.43
A.1.2.	13012	Lottery Field Operations	349,549.37	-	349,549.37
A.1.3.	13006	Product Development	41,385.76	(809,503.00)	(768,117.24)
A.1.4.	13008	Security	349,666.15	(6,091.92)	343,574.23
A.1.5.	13009	Central Administration	27,248.62	(334,713.55)	(307,464.93)
A.1.6.	13014	Lottery Operator Contract	-	-	-
A.1.7.	13015	Scratch Ticket Production Contract	876.14	-	876.14
A.1.8.	13007	Promote Lottery Games Contract	-	-	-
A.1.9.	13017	Drawing & Broadcast Contract	5,925.00	-	5,925.00
A.1.10.	13019	Retailer Bonus	-	-	-
A.1.11.	13023	Retailer Commissions	-	-	-
Total, Goal A: Operate Lottery			<u>\$ 1,203,317.60</u>	<u>\$ (1,203,317.60)</u>	<u>\$ (0.00)</u>
B. Goal:	Enforce Bingo Laws				
	Strategies:				
B.1.1.	13004	Bingo Licensing	\$ 6,263.40	\$ (26,003.19)	\$ (19,739.79)
B.1.2.	13010	Bingo Education and Development	7,000.00	-	7,000.00
B.1.3.	13003	Bingo Law Compliance Field Oper	35,679.59	(4,742.03)	30,937.56
B.1.4.	13020	Bingo Prize Fee Collection & Acct	-	(18,197.77)	(18,197.77)
Total, Goal B: Enforce Bingo Laws			<u>\$ 48,942.99</u>	<u>\$ (48,942.99)</u>	<u>\$ -</u>
NET APPROPRIATION ITEM TRANSFERS			<u><u>\$ 1,252,260.59</u></u>	<u><u>\$ (1,252,260.59)</u></u>	<u><u>\$ (0.00)</u></u>

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

**Unaudited
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SCHEDULE OF SPACE OCCUPIED

For the Fiscal Year Ended August 31, 2025

Location	Address	Lessor	Lease No.
<u>STATE-OWNED</u>			
El Paso	401 E. Franklin Ave, Suite 150	State Owned	
George HW Bush Building	1801 Congress Avenue, Suite 6.403	State Owned	
Total State-Owned Space			
<u>LEASED SPACE</u>			
Abilene	2 Vilage Drive, Suite 100	Abilene Centruy Plaza, LLC	20805
Amarillo	7120 IH-40 West, Suite 110	Amarillo Independent School District	9612
Austin Warehouse & Office Space	8006 Cameron Rd., Suite F	Sabrehal International, LTD	362-8905-E7A
Beaumont	6444 Concord Road	Walker Brothers Properties, LLC	303-6-10142
Corpus Christi	4639 Corona, Suite 19	Corona Business Park, LLC	1612
Dallas	8700 N. Stemmons Fwy, Suite 140	8700 Ricchi LLC	303-5-10925
Fort Worth	4040 Fossil Creek Blvd, Suite 102	Perry-Tubb Holdings, LLP	9996
Houston	13101 Northwest Freeway	NW Crossing Management, LLC	20773
Laredo	1202 Del Mar Blvd., Suite 4	ANB Resources-Laredo, LTD	8087
Lubbock	6202 Iola Avenue, Suite 900A	High Impact Properties Texas, LTD	303-7-10360
McAllen	4501 West Business 83, Suite A2	John P. Tomac and Vazma I. Tomac, Trustees of the Tomac Family Revocable Trust	10252
Odessa	4682 E. University, Suite 100	American Heritage Commercial Properties, Inc.	20112
San Antonio	4243 E Piedras Dr, Suite 106	BMARK 2020-B18 Brass Professional 11, LLC	20702
Tyler	4801 Troup Highway, Suite 603	Genecov Investment, LTD	20793
Victoria	2306 Leary Ln, Suite 400	CHG2020, LLC	303-1-20268
Total Lease Space			
TOTAL ALL SPACE			

Note: Total Lease Space excludes parking spaces.

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Type	Usable Square Feet / Units		FTE's	Rental per Month		Actual Annual Cost	Remarks
				Cost per Sq. Ft./ Units	Cost per Month		
Office	1,052	Sq. Ft.	2.00	0.0000	\$ -	\$ -	State Building
Office	52,550	Sq. Ft.	261.00	0.0000	\$ -	\$ -	State Building
	53,602	Sq. Ft.	263.00		\$ -	\$ -	
							Term
							Ending Date
Office	1,220	Sq. Ft.	2.00	2.1820	\$ 2,662.00	\$ 6,766.76	Lease expires 07/31/33
Office	500	Sq. Ft.	2.00	1.2500	\$ 625.00	\$ 7,500.00	Lease expires 04/30/27
W/H, Office	21,600	Sq. Ft.	2.00	1.7778	\$ 38,400.00	\$ 399,906.00	Lease expires 02/28/30
Office	1,044	Sq. Ft.	2.00	1.4813	\$ 1,546.49	\$ 18,455.10	Lease expires 02/28/31
Office	1,030	Sq. Ft.	2.00	1.0126	\$ 1,043.00	\$ 12,326.92	Lease expires 10/31/29
Office	3,011	Sq. Ft.	10.00	1.2392	\$ 3,731.13	\$ 41,073.84	Lease expires 11/30/30
Office	880	Sq. Ft.	4.00	1.4773	\$ 1,300.00	\$ 15,600.00	Lease expires 08/31/27
Office	4,370	Sq. Ft.	12.00	1.5375	\$ 6,718.88	\$ 74,514.50	Lease expires 01/31/32
Office	704	Sq. Ft.	2.00	1.3494	\$ 950.00	\$ 11,400.00	Lease expires 05/31/28
Office	585	Sq. Ft.	2.00	1.1544	\$ 675.30	\$ 8,103.60	Lease expires 06/30/32
Office	960	Sq. Ft.	2.00	2.0679	\$ 1,985.14	\$ 24,468.92	Lease expires 12/31/29
Office	1,064	Sq. Ft.	4.00	1.6450	\$ 1,750.27	\$ 19,702.13	Lease expires 08/31/29
Office	2,726	Sq. Ft.	9.00	1.6250	\$ 4,429.75	\$ 53,157.00	Lease expires 04/30/26
Office	1,565	Sq. Ft.	2.00	2.1989	\$ 3,441.21	\$ 19,865.88	Lease expires 04/30/33
Office	754	Sq. Ft.	2.00	1.4849	\$ 1,119.65	\$ 13,435.80	Lease expires 06/30/27
	42,013	Sq. Ft.	59.00		\$ 70,737.82	\$ 728,436.45	
	95,615	Sq. Ft.	322.00		\$ 70,737.82	\$ 728,436.45	

Unaudited

STATE AGENCY PROGRESS REPORT

(Source: Texas Government Code, Title 10, Subtitle D, Section 2161.124)

Agency Name: Texas Lottery Commission Agency #: 362 Report for Fiscal Year: 2026

HUB Report Procurement Categories	FY 2024		FY 2025		FY 2026
	Agency-Specific HUB Goal ¹	% of Dollars Spent w/HUBs ²	Agency-Specific HUB Goal ¹	% of Dollars Spent w/HUBs ²	Agency-Specific VetHUB Goal ³
Heavy construction other than building contracts	0.00%	0.00%	0.00%	0.00%	N/A
Building construction, including general contractors and operative builders contracts	0.00%	0.00%	0.00%	0.00%	N/A
Special trade construction contracts	32.90%	0.00%	32.90%	100.00%	N/A
Professional services contracts	23.70%	11.61%	23.70%	15.51%	N/A
Other services contracts	22.10%	10.16%	21.60%	6.95%	N/A
Commodities contracts	21.10%	61.71%	21.10%	37.26%	N/A

¹ For each of the procurement categories listed, enter the agency-specific HUB Goals submitted in the prior State Agency Progress Report for Fiscal Year 2025.

² For each of the procurement categories listed, enter the percentage of dollars the agency spent with HUBs as reflected in the Annual HUB Reports.

³ Goals for FY 2026 should be established in line with the Veteran Heroes United in Business (VetHUB) program changes effective 12/2/25. **Senate Bill 3070, enacted by the 89th Texas Legislature during its regular session, abolished the Texas Lottery Commission and transferred all lottery and charitable bingo functions to the Texas Department of Licensing and Regulation. As a result, the Texas Lottery Commission (Agency 352) ceased operations effective September 1, 2025.**

Prepared By: Eric Williams
 Printed Name: Eric Williams
 Phone Number: 512-344-5241

Approved by: Courtney Arbour
 Printed Name: Courtney Arbour
 Phone Number: 512-463-3171

(Rev. 12/25)

**Unaudited
Texas Lottery (362)**

SCHEDULE OF PROFESSIONAL/CONSULTING FEES AND LEGAL SERVICE FEES

For the Fiscal Year Ended August 31, 2025

Professional/Consulting Fees

Name	Type of Service	Amount
McConnell & Jones LLP	Financial and Accounting Services	\$ 300,000.00
DK Partners PC	Financial and Accounting Services	836,726.00
Weaver & Tidwell, LLP	Financial and Accounting Services	80,027.00
Barker & Herbert Analytical Laboratories, Inc.	Other Professional Services	211,650.00
Elsym Consulting, Inc.	Other Professional Services	50,000.00
Elephant Productions Inc.	Other Professional Services	2,258,975.00
Eubank & Young Statistical Consulting, LLC	Other Professional Services	215,569.00
Guidehouse Inc	Other Professional Services	388,975.00
Texas Department of Public Safety	Other Professional Services	30,517.00
University of Houston	Other Professional Services	47,450.00
Elsym Consulting, Inc.	Information Technology Services	192,000.00
RFD & Associates, Inc.	Information Technology Services	550,200.00
Solid Border Inc	Information Technology Services	17,316.23
Oracle America Inc	Information Technology Services	192,950.00
Buchanan Technologies Inc	Information Technology Services	228,936.00
Texas Dept of Information Resources	Computer Services-Statewide Tech Ctr	178,396.18
Payments to Other Vendors- Under \$10,000		(10,467.16)
Total Professional/Consulting Fees		<u>\$ 5,769,220.25</u>

Legal Service Fees

Name	Type of Service	Amount
Jackson Walker LLP	Legal Services	19,845.98
Total Legal Service Fees		<u>\$ 19,845.98</u>

Total Professional/Consulting & Legal Services Fees **\$ 5,789,066.23**

**Unaudited
Texas Lottery (362)**

SCHEDULE OF ITEMIZED PURCHASES

For the Fiscal Year Ended August 31, 2025

Vendor name	Products purchased	PO amount	PO number
Garron Lottery Products	Preventative maintenance on Drawing Machines and Equipment	\$ 22,935.00	362-25-9330
Smartplay International, Inc.	Preventative maintenance on Drawing Machines and Equipment	\$ 16,006.00	362-25-9332 RV2
North American Association of State and Provincial Lotteries	Membership Dues	\$ 25,000.00	362-25-9357
World Lottery Association	Membership Dues	\$ 32,859.32	362-25-9321 RV1
Houston NFL Holdings, LP	Licensed Property Scratch Ticket Game with the Houston Texans	\$ 1,587,500.00	362-25-9050
Frisco Management LP	Trademark License and Promotional Support Agreement	\$ 850,000.00	362-25-9443
Pro Silver Star LTD	Licensed Property Scratch-Off Games with the Dallas Cowboys	\$ 5,387,500.00	362-25-9035
A-L TIER II, LLC dba IMG College LLC	Participation in a promotional event	\$ 180,000.00	362-25-9042
TLF Publications, Inc.	Registration costs for Le Fleur's 2024 Conference	\$ 22,220.00	362-25-2052 RV1

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Need for specifications	Competing products not satisfactory
Maintenance Services	Garron Lottery Products is the manufacturer of several existing machines and equipment utilized by the TLC. The working components of these machines and the custom designs are proprietary in nature and can only be serviced by Garron Lottery Products.
Maintenance Services	Smartplay International Inc. is the manufacturer of the several existing machines and equipment utilized by the TLC. The working components of these machines and the custom designs are proprietary in nature and can only be serviced by Smartplay International Inc.
Membership Dues	North American Association of State and Provincial Lotteries (NASPL) represents 53 lottery organizations. The Association's mission is to assemble and disseminate information and benefits of state and provincial lottery organizations through education and communications and where appropriate, publicly advocate the positions of the Association on matters of general policy.
Membership Dues	The World Lottery Association (WLA) has a role to play in setting international standards and recommending best practices in the lottery industry. Membership with this association will provide the Texas Lottery with additional resources to continue its mission of generating revenue for the State of Texas through the responsible management and sale of entertaining lottery products.
Trademark License and Promotional Agreement	Licensed property scratch tickets games help serve a niche by capitalizing on well known, branded concepts. The agency believes that the strength of the Houston Texans brand combined with the excitement related to second chance drawings for merchandise and experiential prize packages will create a successful game that will contribute positively to lottery sales and revenue generation for the Foundation School Fund.
Trademark License and Promotional Support Agreement	Frisco Management, L.P. a Texas limited partnership that owns and/or has the rights to license the trademarks of The Star Complex in Frisco, Texas (the Dallas Cowboys team training facility). It includes the rights for advertising and promotional support of the Texas Lottery in The Star Complex and its digital signage and social media assets, and to use The Star Complex, complex and related trademarks to market and promote Texas Lottery games, including but not limited to a Dallas Cowboys scratch ticket(s). The agency believes the appeal of The Star Complex and the Dallas Cowboys brand combined with the opportunity to reach additional players with the Texas Lottery brand will enhance sales of lottery games and contribute positively to lottery sales and revenue generation for the Foundation School Fund.
Trademark License and Promotional Agreement	Licensed property scratch-off games help serve a niche by capitalizing on well known, branded concepts. The agency believes that the strength of the Dallas Cowboys brand combined with the popularity of the unique experiential second chance-drawing prizes should create a successful game that will contribute positively to lottery sales and revenue generation for the Foundation School Fund.
Promotional & Sponsorship Agreement	The Texas Lottery partnership with A-L Tier, LLC which represents UT Football would include season-long marketing and promotions opportunities both in venue and through social and broadcast. The season usually includes six home games scheduled to start in the Fall. The associated marketing and promotional support generated provides an opportunity for members of the public who might not typically purchase a lottery ticket to do so, because of the appeal and engagement provided by live sports.
Conference Registration	TLF Publications has published over 90 statistical publications including the La Fleur's Magazine which is the premier trade publication reporting on the worldwide lottery industry and is used by government lottery executives, industry suppliers and governmental officials. Information related to the Texas Lottery's line of business will be covered during this 3-day conference through presentations, interactive breaks and lottery executive panels.

**Unaudited
Texas Lottery (362)**

Vendor name	Products purchased	PO amount	PO number
Poteet Strawberry Festival Association, Inc.	Rental of Space	\$ 19,500.00	362-25-4145
Round Rock Baseball Club LP dba Round Rock Express	Rental of Space	\$ 20,000.00	362-25-4144
Mayfest, Inc. dba Trinity Collaborative Inc	Rental of Space	\$ 13,000.00	362-25-4167
San Antonio Spurs LLC dba Spurs Sports & Entertainment	Promotional and Sponsorship Agreement	\$ 250,000.00	362-25-9001
Consejo Real De Reyes Feos Anteriores Inc dba Rey Feo Educational Foundation	Rental of Space	\$ 15,000.00	362-25-4108
The National Medal of Honor Museum Foundation	Promotional and Sponsorship Agreement	\$ 125,000.00	362-25-9038
Smartplay International Inc	Lotto Texas Halogen Machine	\$ 12,550.00	362-25-2072
Abila, Inc.	MIP Fund Accounting System maintenance and support	\$ 23,080.42	362-25-9245
NASPL	Registration costs for 2024 NASPL Professional Development Seminar 7/28/25 - 7/31/25	\$ 21,000.00	362-25-4225

**Unaudited
Texas Lottery (362)**

Need for specifications

Promotional event

Competing products not satisfactory

The Poteet Strawberry Festival is a three-day festival in Poteet, Texas. This event attracts over 100,000 people and reaches many smaller, rural communities that events in the city may not. The associated marketing and promotional support generated from this agreement provide an opportunity for members of the public who might not typically purchase a lottery ticket to do so in a fun festival environment because of the appeal and engagement provided by the Texas Lottery.

Promotional event

Round Rock Express Baseball is the only Minor League Baseball (MiLB) team of the Pacific Coast League in the greater Austin area. The team is a Triple-A affiliate of the Texas Rangers, a Major League Baseball (MLB) club. Attendance averages over 8,500 per game. The Texas Lottery is choosing to partner with the Round Rock Express 2024 season. The associated marketing and promotional support generated from this agreement provide an opportunity for members of the public who might not typically purchase a lottery ticket to do so, because of the appeal, excitement, support and engagement provided by the live sports event.

Promotional event

Mayfest is a four-day festival in Fort Worth, Texas and is the largest event in the Dallas-Fort Worth area during this time of the year and attracts over 225,000 people. This partnership may include prime location selling and promotional space, with name and logo recognition on digital platforms, social media and event maps. The associated marketing and promotional support generated from this agreement provide an opportunity for members of the public who might not typically purchase a lottery ticket to do so in a fun festival environment because of the appeal and engagement provided by the Texas Lottery.

Promotional and
Sponsorship Agreement

The San Antonio Spurs is the only major professional sports team in the city and the only NBA team in central Texas. The Texas Lottery partnership with Spurs Sports & Entertainment, LLC would include season-long marketing and promotions opportunities both in venue and through digital, social and broadcast spaces. The agency believes the strength of the San Antonio Spurs venue and brand combined with the opportunity to reach additional players with the Texas Lottery brand will enhance sales of lottery games and contribute positively to lottery sales and revenue generation for the Foundation School Fund.

Promotional event

Fiesta de los Reyes is a 10-day festival in San Antonio, TX. This event attracts over 600,000 people, making it one of the largest free events during Fiesta. The associated marketing and promotional support generated from this agreement provide an opportunity for members of the public who might not typically purchase a lottery ticket to do so in a fun festival environment because of the appeal and engagement provided by the Texas Lottery.

Promotional and
Sponsorship Agreement

The National Medal of Honor Museum located in Arlington, TX will serve as the premier national institution dedicated to the stories, impact and legacy of the service members who went on to become Medal of Honor recipients. The agency believes the strength of the National Medal of Honor Museum and brand combined with the opportunity to increase awareness of the Texas Lottery will contribute positively to lottery sales and revenue.

Drawing Equipment

The Lotto Texas Halogen Drawing Machines are custom designed by Smartplay International, Inc. for the Texas Lottery Commission. Repairs of this machine from Smartplay International, Inc. will ensure that the specifications for the Lotto Texas draw game drawings are consistent, along with the current appearance and consistency with game performance.

Software maintenance and
support

Software maintenance and support services for the MIP Fund Accounting System from Community Brands, a parent/branch company of Abila. The Agency must maintain the MIP System until the conversion to CAPPs which is projected by 9/1/2025.

Conference Registration

North American Association of State and Provincial Lotteries (NASPL) represents 53 lottery organizations across North America. Agency staff from various divisions will be attending this seminar along with the Executive Director to represent the agency. This arrangement allows for candid discussions and information sharing among participants and provides attendees with tangible ideas about how to take advantage of the industry's biggest opportunities and find solutions to its greatest challenges.

**Unaudited
Texas Lottery (362)**

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

For the Fiscal Year Ended August 31, 2025

Year	License Plate	Model	Description	Name and job title of each employee authorized to use a state-owned or state- leased vehicle:
2014	1164644	Ford E350	Wagon XL Super Duty	By agency 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 Texas Lottery state-owned or state-leased vehicles are considered pooled vehicles and are used in the daily course of business by employees meeting the agency's requirements for operating a vehicle.
2013	1141206	Ford E250	Ford Cargo Van	

TEXAS DEPARTMENT OF LICENSING AND REGULATION

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