

2024



Annual
COMPREHENSIVE FINANCIAL REPORT
for the Fiscal Years Ended June 30, 2024 and 2023
A Component Unit of the State of West Virginia





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Prepared by Finance and Administration Division

Michelle Painter, CPA
Deputy Director of Finance and Administration
and Chief Financial Officer

Annual Comprehensive Financial Report For the Fiscal Years Ended June 30, 2024 and 2023

A PDF download of this Annual Comprehensive Financial Report is available at wvlottery.com.
Go to iPlay With Purpose and then to Financial Reports or scan the QR code below.



This publication showcases some of the beautiful waterfalls located throughout “Almost Heaven” West Virginia. Thank you to the West Virginia Department of Tourism for allowing us to use their breathtaking photos.

Get your Waterfall Passport here:



TABLE OF CONTENTS

ABOUT THE LOTTERY

Letter from the Director John A. Myers	1
West Virginia Lottery Commission.....	2
Lottery Proceeds and Impact.....	3-6

INTRODUCTORY SECTION

Letter of Transmittal.....	8
Overview.....	9-10
Economic Outlook.....	11-14
Lottery Products.....	15-17
Financial Information.....	18-19
Accomplishments and Future Projects.....	20
Principal Officials and Organizational Chart.....	22
Certificate of Achievement for Excellence in Financial Reporting.....	23

FINANCIAL SECTION

Independent Auditor's Report.....	25-27
Management's Discussion and Analysis.....	28-36
Financial Statements	
Statements of Net Position.....	37
Statements of Revenues, Expenses, and Changes in Fund Net Position.....	38
Statements of Cash Flows.....	39-40
Notes to Financial Statements.....	41-73
Required Supplementary Information.....	75-78
Notes to Required Supplementary Information.....	79-82

STATISTICAL SECTION

Statistical Section Overview.....	84
Sales by Product and Other Revenues Last Ten Years.....	85-86
Expenses, Distributions, and Changes in Net Position Last Ten Years.....	85-86
Problem Gambling and Anonymity.....	87-88
Sales by Product Line Last Ten Years.....	89-91
Total Revenue Last Ten Years.....	92
Daily Averages Last Ten Years.....	93
Expenses and Nonoperating Distributions Last Ten Years.....	95
Total Expenses and Nonoperating Distributions Last Ten Years.....	96
Total Net Position.....	98
U.S. Lotteries Unaudited Sales for FY2023 (including Video Lottery, Table Games and Sports Wagering).....	99
U.S. Lotteries Unaudited Sales for FY2024 (including Video Lottery, Table Games and Sports Wagering).....	100
Lottery Myths.....	101
Ticket Sales by Price Point.....	102
U.S. Lotteries Unaudited Sales for FY2023 (excluding Video Lottery, Table Games and Sports Wagering).....	103
U.S. Lotteries Unaudited Sales for FY2024 (excluding Video Lottery, Table Games and Sports Wagering).....	104
Number of Employees.....	105
Principal Employers.....	105
State Demographic and Economic Information.....	106
Player and Population Demographics.....	107

Lottery
Operations
The West
Virginia
Lottery is a
proprietary
enterprise
fund that
operates much
like a private
business.
In-house
operations,
include
financial
administration,
security,
marketing,
media
relations,
licensing,
information
technology
and video
lottery.

MESSAGE FROM JOHN A. MYERS

Director, West Virginia Lottery



I am pleased to present this year's West Virginia Lottery Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024 to the Honorable Jim Justice, Governor; Larry Pack, Cabinet Secretary, Department of Revenue; and the West Virginia Legislature. Our mission to operate responsibly with the highest standards of integrity and security has helped to provide a continued revenue stream for programs that benefit the citizens of West Virginia for more than 38 years.

The Lottery was created in April 1985 pursuant to authority granted by the West Virginia Legislature with gaming operations beginning in January 1986. Since that time, the Lottery has generated over \$13 billion in gaming revenue for the State of West Virginia with proceeds supporting education, seniors, and tourism. Lottery operations have produced nearly \$4 billion for education, nearly \$1.7 billion for senior services, and nearly \$1.5 billion for tourism.

The financial, economic, demographic, and statistical data contained in this report is intended to help provide a framework of understanding of the Lottery's financial performance, and represents only the activity for which the West Virginia Lottery exercises regulatory authority. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests solely with the Lottery. An independent certified public accounting firm has audited the financial statements and accompanying notes contained in the financial section of this report.

A handwritten signature in blue ink that reads "John A. Myers". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

WEST VIRGINIA LOTTERY COMMISSION

The Commission was created in 1985 to assist and advise the Director of the Lottery and to carry on a continuous study of West Virginia Lottery operations throughout the state. Members are appointed by the Governor with the approval of the Senate. In accordance with state law, the Lottery Commission is required to have seven members comprised of a lawyer, a certified public accountant, a computer expert, a marketing specialist, and one member with not less than five years experience in law enforcement. An additional two members represent the “public at large.” No more than four members may be from the same political party. Unless filling an unexpired appointment, members serve overlapping terms of five years and are eligible for successive appointments to the Commission.



KENNETH L. GREEAR

Chairman
Charleston
Computer Expert



ROY E. SHREWSBERRY III

Vice Chairman
Beckley
Public at Large



PEGGY J. POPE

Charleston
Public at Large



ANDREW B. KNICELEY

Fairmont
Marketing



DAN A. MARSHALL

Parkersburg
Attorney



DOUGLAS A. BICKSLER, CPA

Lewisburg
Certified Public Accountant

*The law enforcement commission position is currently vacant.

Vision Statement

Create an exceptional gaming experience by incorporating service, innovation, respect and accountability. We aim to provide outstanding customer service, continually innovate and improve our offerings, treat all stakeholders with respect and maintain accountability in all our operations. Together we strive to maximize the Lottery's impact on the community and contribute to the State's prosperity and well-being.



“The West Virginia Lottery has generated more than \$13 billion in proceeds for the State of West Virginia since 1986.”



PARKINSONS FALLS, BROOKE COUNTY

LOTTERY IMPACT

The West Virginia Lottery began operations in 1986 with a single scratch-off game called “West Virginia Jackpot” that generated more than \$53 million in sales. Today, the West Virginia Lottery regulates several forms of gaming that include traditional lottery, racetrack video lottery, limited video lottery, table games, sports wagering, and interactive wagering.

The Lottery’s continued success is largely attributed to its partnerships with around 1,500 traditional and 1,200 limited video lottery retailers. These retailers employ thousands of West Virginians. Additionally, optimized products and ongoing communications have created satisfied Lottery players who continue to help us generate a significant, positive impact on West Virginia’s economy.

SENIORS & VETERANS

The West Virginia Lottery has contributed almost \$1.7 billion in proceeds to our Senior Citizens through providing funds to meet their nutritional, health, and long-term care needs. West Virginia Lottery dollars also help with transportation needs, care giving, matching Medicaid funding and give a property tax credit for seniors.

The West Virginia Lottery has proudly supported our veterans through our Veteran's Cash Scratch Off tickets where all proceeds go directly to the needs of our veterans. To date, \$21.5 million has been contributed to our veterans through these tickets alone.



EDUCATION

Proceeds from the West Virginia Lottery have improved the educational experience for countless West Virginia students, by investing nearly \$4.0 billion in the public education system, including new schools and renovations, computer technology, PROMISE scholarships, and much more.



TOURISM

West Virginia's scenic natural beauty, and wide-range of outdoor activities, attracts visitors from around the world. Lottery revenue appropriated from gaming sources is used to help the Division of Tourism, the Division of Natural Resources and the State Park Improvement Fund. To date, nearly \$1.5 billion in lottery proceeds have been invested in tourism-related areas.



OGLEBAY FALLS, OHIO COUNTY



Retailers

West Virginia Lottery's nearly 1,500 retailers, who sell scratch off tickets and draw game tickets, and have contributed greatly to our success. Retailers operate in the form of convenience, grocery, and department stores, restaurants, fraternal organizations and more employing thousands of West Virginians. Their commissions totalled nearly \$20 million in fiscal year 2024.



A stylized, light gray illustration of a waterfall cascading over a large rock formation. The waterfall is composed of several vertical lines of varying lengths, suggesting the flow of water. The rock formation is a large, craggy mass on the right side of the image. In the top left corner, there is a solid gray circle representing the sun or moon. The entire scene is set against a white background with a blue border at the bottom.

Introductory Section



P.O. BOX 2067
CHARLESTON, WV 25327

PHONE: 304-558-0500
1-800-WVA-CASH

James C. Justice
Governor

John A. Myers
Director

December 9, 2024

The Honorable James C. Justice II, Governor
Larry Pack, Cabinet Secretary, Department of Revenue
Kenneth L. Greear, Chairman, West Virginia Lottery Commission
Members of the West Virginia Lottery Commission
Citizens of the State of West Virginia

We are pleased to transmit to you the Annual Comprehensive Financial Report of the West Virginia Lottery (the Lottery) for the fiscal years ended June 30, 2024 and 2023. This report has been prepared by the Finance and Administration Division of the Lottery. Responsibility for both the accuracy of the financial data and the completeness and fairness of presentation, including all disclosures, rests solely with the Lottery. To the best of our knowledge and belief, the enclosed data and information are accurate and are reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the Lottery. All disclosures necessary to enable the reader to gain an understanding of the Lottery's financial activities have been included.

Presented in this report is information about the Lottery, an agency under the Department of Revenue of the State of West Virginia. The State Lottery Act §29-22 was passed in April 1985 by the West Virginia Legislature. The Lottery operates as a business enterprise within the framework of State laws, rules, and regulations. Its mission is to generate revenue to fund programs benefiting education, senior citizens, tourism, and such other programs as the Legislature may determine. This mission is being performed with the utmost integrity to ensure public confidence.

The Lottery is considered a component unit of the State of West Virginia. This report presents Lottery activity in a single enterprise fund; the fund includes all activity for which the West Virginia Lottery Commission exercises oversight responsibility. The Lottery has no component units and this report includes only the activity of the Lottery. This report does not include data and information related to any other state agency or fund.

A handwritten signature in blue ink that reads "John A. Myers".

John A. Myers
Director of West Virginia Lottery

A handwritten signature in blue ink that reads "J. Michelle Painter".

Michelle Painter, CPA
Deputy Director of Finance and Administration

OVERVIEW



Overall, West Virginia Lottery players, retailers, and casinos shared in a total of just over \$679 million in prizes and commissions from all forms of gaming in FY2024. Each of these gaming operations was able to provide the following in transfers: Traditional Lottery \$52.5 million, Racetrack Video Lottery \$219.9 million, Limited Video Lottery \$244.4 million, and \$16.3 million from table games. Additionally the Historic Resort at the Greenbrier supplied \$2.5 million in transfers, while sports wagering and interactive wagering were able to provide \$4.6 million and \$29.7 million, respectively.

Lottery proceeds leave a substantial imprint on a wide-range of programs that benefit the people and communities of West Virginia. The 2024 state budget included \$631.8 million in cash transfers from the Lottery. This included \$109.5 million for education, including \$29 million towards the PROMISE Scholarship fund, \$89.5 million for senior services, \$63.2 million for tourism, \$172.2 million to the General Fund, \$46.1 million towards the Infrastructure Council, with other agencies collecting \$151.3 million, including \$558.3 thousand for veterans. A total of \$28.2 million in statutory transfers were paid to county and local municipalities in FY2024.

The West Virginia Lottery's total operating costs were 3.8 percent of total sales, and this along with allowed the Lottery to generate an administrative surplus in the amount of \$15.4 million available for additional legislative appropriations.

Fiscal Year 2024 saw a record high \$93.4 million in draw games sales, with Powerball® bringing in \$42.6 million in sales or 45.7% of total draw games. Sports Wagering and Interactive wagering has continued to grow resulting in a combined \$33.9 million in sales.

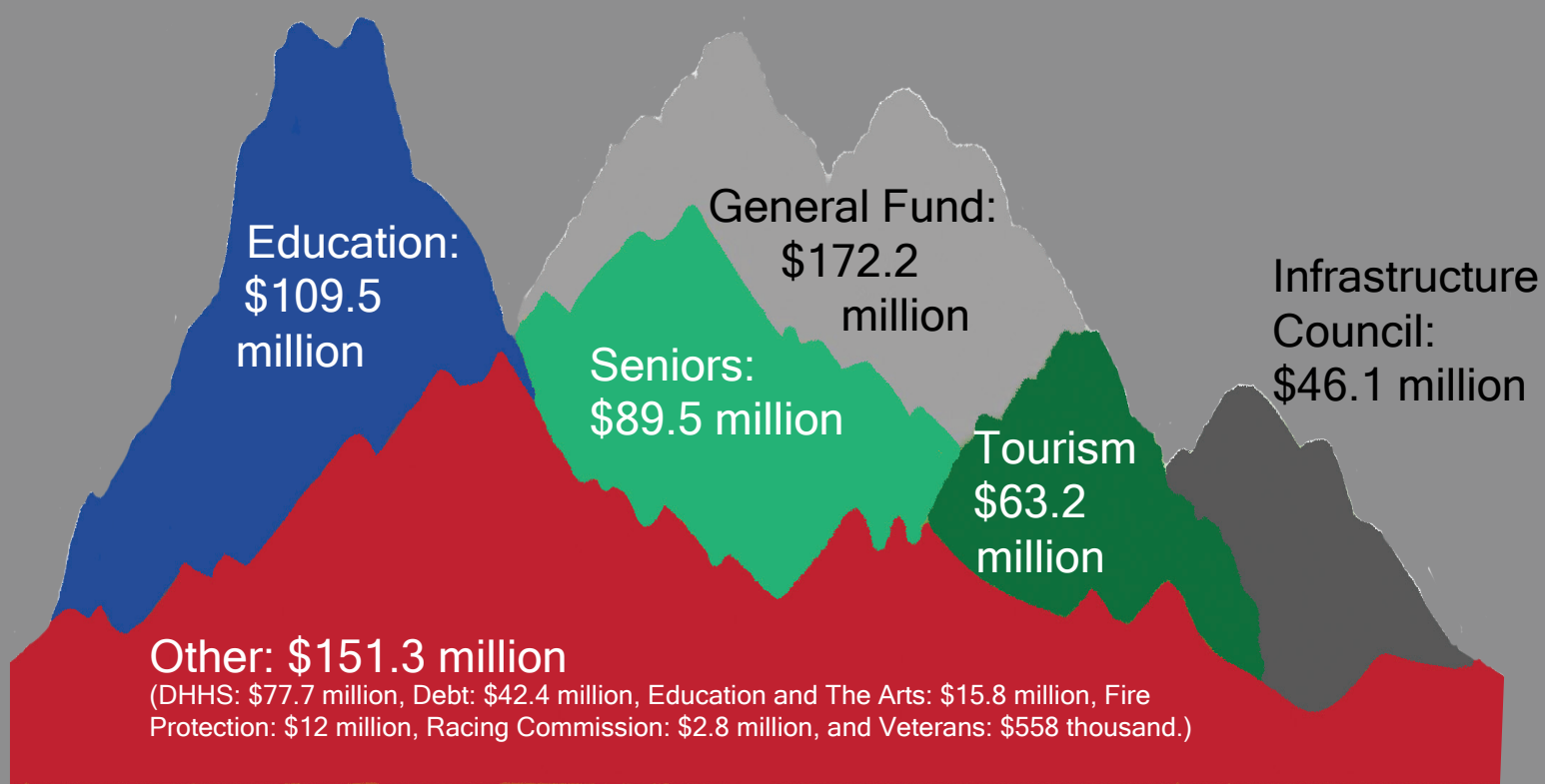
The West Virginia Lottery registered total gross sales of nearly \$1.3 billion for the fiscal year ending on June 30, 2024, nearly \$134.3 million above projections and the second highest ever for the West Virginia Lottery. The Lottery was able to allocate \$569.4 million in proceeds to the State.

The West Virginia Lottery registered
total gross sales of nearly

\$1.3 BILLION

for the fiscal year ending on June 30, 2024, over \$134
million above projections.

Where the money goes...



In Fiscal Year 2024, the West Virginia Lottery transferred **\$631.8 million** in proceeds for the people of the Mountain State.

ECONOMIC OUTLOOK

Fiscal Year (FY) 2024 continued West Virginia's streak of large budget surpluses, which ended June 30, 2024, with total General Revenue Fund collections of \$5.711 billion exceeding the Governor's original official revenue estimates by more than \$826 million. This is a decline, however, from both FY 2023's total General Revenue Fund collections (\$6.483 billion) and its surplus (\$1.847 billion). There are two primary explanations for this trend.

First, House Bill 2526, which Governor Justice signed into law on March 7, 2023. HB 2526 represents the largest tax cuts in West Virginia history, and it delivers these tax cuts primarily via the personal income tax. The largest provision in terms of dollars is an across-the-board reduction in each marginal personal income tax rate by 21.25 percent, retroactive to January 1, 2023. This retroactivity led to both excess withholding during the latter half of FY 2023 as well as larger refunds during the following tax season in FY 2024. From FY 2023 to FY 2024, Personal Income Tax collections declined from \$2,663.6 million to \$2,239.9 million, a drop of \$423.7 million or 15.9 percent.

Looking forward into FY 2025, these collections might be expected to bounce back given these one-time shifts due to the timing of HB 2526's passage, but other provisions of the bill make that unlikely. HB 2526 also created refundable tax credits for personal property taxes timely paid on automobiles and for small businesses on their inventory, machinery, and equipment. These credits can be taken for the first time on tax returns for Tax Year 2024, which will be filed in early 2025 during the current fiscal year. Because these credits are anticipated to be of a broadly similar magnitude, the one-time decrease due to the timing of HB 2526's passage will be replaced by ongoing tax credits leaving total revenues roughly unchanged.

Personal income tax collections will be receiving three additional future reductions. The first comes from yet another provision of HB 2526, which created an automatic trigger mechanism to further reduce personal income tax rates if certain General Revenue Fund collections metrics were met. The Secretary of the Department of Revenue and the State Auditor certified on August 15, 2024, that the conditions were met for an additional 4 percent reduction in each personal income tax marginal rate on January 1, 2025. For example, the current top marginal rate will be decreased from 5.12 percent to 4.92 percent. Over the course of a full fiscal year, this provision could reduce Personal Income Tax collections by as much as \$96 million. The FY 2025 impact will be less due to the mid-FY implementation and the distribution of collections across the fiscal year.

The second is Senate Bill 2033 from the 2024 2nd Special Session, which reduces the personal income tax an additional 2 percent on January 1, 2025. This, combined with the trigger, yields a total 6 percent reduction from the Tax Year 2024 rates to the rates in Tax Year 2025 or an additional yearly reduction of approximately \$46 million.

Finally, House Bill 4880 from the 2024 Regular Session was requested and signed by Governor Justice, fully eliminating personal income taxation on Social Security benefits over a period of three years, with full elimination beginning January 1, 2026. The anticipated revenue reduction from this legislation upon full implementation is about \$40 million per fiscal year.

Total General Revenue Fund collections declining from FY 2023 to FY 2024 were also due to lower Severance Tax collections. There was a 61.0 percent decline in Severance Tax collections from a record high \$946.5 million in FY 2023 to \$368.9 million in FY 2024. Substantially lower natural gas prices and declining coal production, particularly steam coal, combined to push Severance Tax collections down by more than \$575 million from FY 2023 to FY 2024. This category has been historically volatile, with FYs 2022 and 2023 both setting records for Severance Tax collections at \$768.8 and \$946.5 million, respectively. Further back, FYs 2015 to 2021 averaged \$337.3 million per fiscal year in Severance Tax collections, below the FY 2024 collection mark. Thus, Severance Tax collections have fallen to be more in line, but still slightly above, the historical figures immediately preceding Russia's invasion of Ukraine.

The remaining sources of general revenue increased by a collective \$228.6 million from Fiscal Year 2023 to Fiscal Year 2024. Interest Income, which saw a \$94.1 million increase to \$226.6 million in Fiscal Year 2024, was the largest driver of this increase. West Virginia experienced robust returns across its investment portfolio and has more assets under management due partially to the record surpluses of the past several years and the larger dollar amounts set aside for one-time investments.

West Virginia's revenue collections are a good proxy for the overall health of the economy, as revenues tend to rise during periods of growth and slow during recessions, but examining these among other indicators can paint a richer, more complete picture. One of the most straightforward measures of an economy's health is the unemployment rate. According to the Bureau of Labor Statistics (BLS), the preliminary seasonally adjusted unemployment rate for West Virginia was 4.2 percent in July 2024, ranking 39th across the 50 states, plus the District of Columbia, a sign of a continuing robust job market. West Virginia fares better than neighboring Kentucky (4.7 percent) and Ohio (4.5 percent), but worse than Maryland (2.8 percent), Pennsylvania (3.4 percent), and Virginia (2.7 percent). West Virginia also stands in a better position relative to the rest of the country than it did prior to the pandemic. In February 2020, the only states with an unemployment rate above West Virginia's 5.3 percent were Alaska, Mississippi, and the District of Columbia.

The BLS also reports the labor force participation rate (LFPR), which measures the percentage of the civilian noninstitutional population who are either employed or unemployed and actively seeking work. This metric has been the bane of West Virginia for decades, with the state historically ranking dead last. Today, an aging population and the opioid epidemic are



FALLS MILLS, BRAXTON COUNTY

headwinds that West Virginia did not face in decades past, but now must overcome if the state wishes to improve its relative standing. West Virginia has done so, making slow but steady progress on this metric over the course of the past decade. As of July 2024, West Virginia's preliminary LFPR stood at 55.1 percent, below the national rate of 62.7 percent and ahead of only Mississippi. In July 2014, West Virginia's LFPR stood at 53.5 percent to the nation's 62.9 percent. Comparing those two periods, the nation has dropped 0.2 points while West Virginia grew by 1.6 points. Despite West Virginia's struggles, it has managed to grow its labor force participation against a declining national trend.

According to WorkForce West Virginia, total nonfarm payroll employment in July 2024 was 713,800. This same figure in July 2019 was 712,900, showing West Virginia's nonfarm payroll employment has fully recovered from the pandemic. Although this took longer than many states, it is again notable that West Virginia has recovered despite the demographic headwinds that persist. Notable industries with employment growth include education and health services (+10,100 jobs), professional and business services (+3,400 jobs), and financial activities (+2,100 jobs). In addition to areas of strong employment growth, these industries are also notable because they demonstrate a diversification of West Virginia's economy and employment profile.

In addition to natural growth across industries over time, West Virginia has made a concerted effort to diversify its economy in recent years, with high-profile manufacturing economic development projects including a Nucor steel mill in Mason County, expansions to Toyota's manufacturing facility in Putnam County, Procter & Gamble's plant in Berkeley County, Form Energy's iron-air battery factory in Hancock County, and significant investments in tourism especially in the New River Gorge region, which is the United States' newest National Park. Nevertheless, the energy industry remains an important contributor to West Virginia's economy and tax base.

Natural gas marketed production in West Virginia has risen exponentially since the Marcellus shale boom. In 2010, natural gas marketed production in West Virginia, according to the Energy Information Administration (EIA), totaled 265,174 million cubic feet (MMcf). By 2023, that production had grown more than 10 times over to 3,239,174 MMcf, with year over year growth every year. Despite record production levels, volatile prices receive more attention as price spikes can lead to larger royalty payments and severance taxes (as was seen through much of 2021 and 2022), and price collapses can have the opposite effect (as was seen in 2023 and the first half of 2024). The Henry Hub spot natural gas price peaked in August 2022 at \$8.80 per million British thermal units (BTUs) before bottoming out in March 2024 at \$1.49 per million BTUs. EIA's Short-Term Energy Outlook forecasts prices to generally rise through the remainder of 2024 and 2025, with prices generally in the \$3.00 to \$3.50 per million BTU range.

Continued on next page...

ECONOMIC OUTLOOK

Coal production in West Virginia for the first three months of 2024 was 20.1 million short tons according to the EIA. That is a small increase of around 500,000 short tons from the previous quarter, but a 9.9 percent drop from the same period in 2023. Nationally, coal production dropped 12.7 percent between Q1 2023 and Q1 2024. Declining production is somewhat expected, as export prices for coal declined to \$153.34 per short ton in Q1 2024 from \$177.89 in Q1 2023 and \$187.20 in Q1 2022. Nevertheless, current prices remain above pre-pandemic levels, when prices were \$106.94 and \$110.18 per short ton in Q1 2018 and Q1 2019, respectively. Across the Appalachian region, EIA forecasts total coal production to decline from 165.1 million short tons in 2023 to 144.6 million short tons in 2024 and 139.3 million short tons in 2025.

The Federal Reserve Bank of Atlanta's GDPNow model forecasts real gross domestic product (GDP) growth of 2.1 percent for the third quarter of 2024 on a seasonally adjusted annualized basis. While a healthy long-term growth rate for a developed economy, there are some signs that the economy may be beginning to weaken. For example, the BLS recently revised its nonfarm payroll employment figures from April 2023 through March 2024 down by 818,000 jobs. Although this reduction is approximately 0.5 percent, and job growth remained positive over this period, this negative revision is larger than most previous revisions. However, the subsequent jobs reports in July and August were both revised upwards, perhaps indicating a slowdown is not yet imminent.

Members of the Federal Reserve Open Market Committee have indicated in public statements that the signs of a potentially slowing job market exerted pressure for the Federal Reserve to cut its federal funds target rate during their September meetings. A reduction of 50 basis points occurred at that September meeting, bringing the effective federal funds rate to 4.83 percent. Inflation has been cooling in recent months, with a 2.9 percent rate from July 2023 to July 2024. While still higher than the Fed's target rate of 2.0 percent, the risk of a stalling labor market appears to be greater than the FOMC is willing to bear.

An important component of economic forecasting is consumer sentiment and, by extension, consumer spending. If consumers are concerned about an economic slowdown or downturn, this can manifest in their behavior, perhaps most notably in the tightening of their budgets. As their budgets tighten, spending slows, which can have a self-prophetic impact on the economy. If consumers anticipate changes in economic conditions and behave accordingly, it can trigger macroeconomic effects that are decoupled from the fundamentals of the underlying economy. These behaviors can also be bellwethers of changes in macroeconomic conditions, as individual families and households respond to their own financial situations which propagate throughout the economy to later be revealed in macroeconomic data.

Thus, both consumer sentiment and consumer spending can provide relevant up-to-date information on the economy's direction. The University of Michigan's Surveys of Consumers

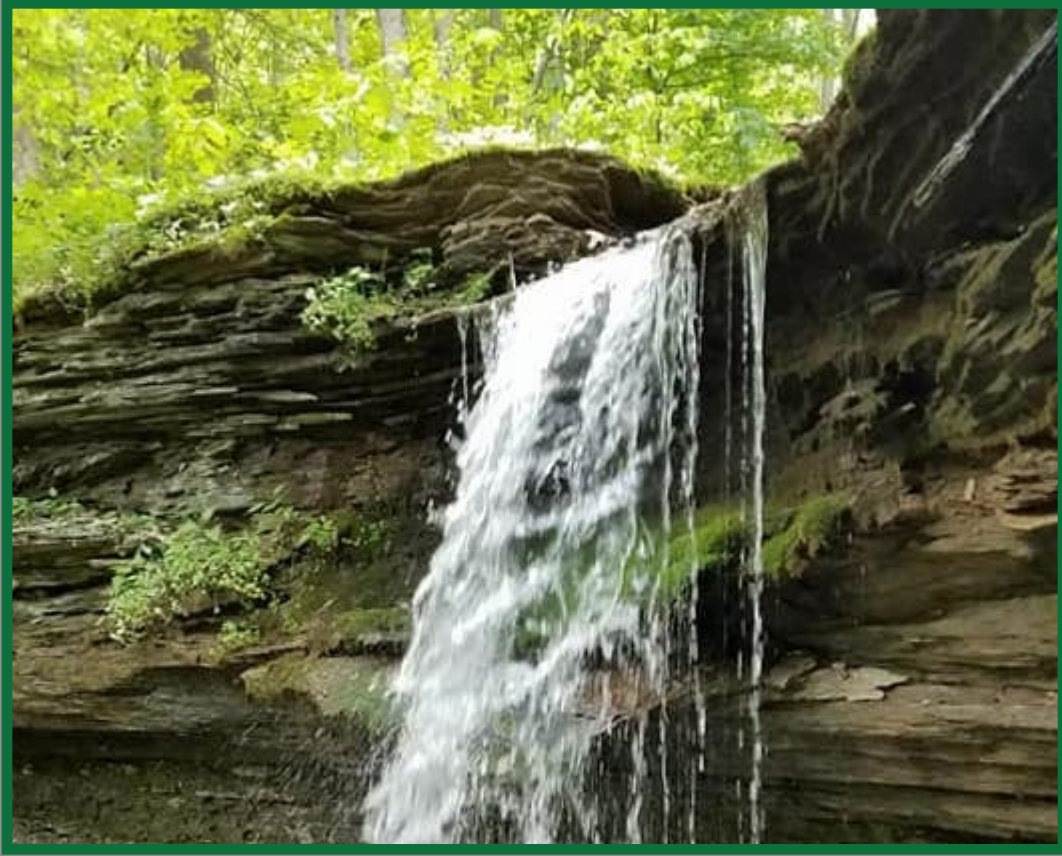
asks questions regarding families' financial conditions now relative to a year ago, their expectation of those conditions one year from now, their expectations of business conditions both one year and five years ahead, and whether it is currently a good time to purchase a major household item such as a refrigerator or television. Answers to these questions are used to create indices of consumer sentiment and expectations. The index of consumer sentiment was 67.9 in August 2024, a decrease of 2.2 percent from August 2023 but a 2.3 percent increase from the previous month. This is a sharp decline from immediately prior to the pandemic, when this index was 101.0. Similarly, the index of consumer expectations remains well below pre-pandemic levels (72.1 in August of 2024 versus 92.1 in February 2020). However, this index is up 4.8 percent from last month and 10.2 percent from the same period the previous year. Thus, consumers appear to find their own conditions roughly equivalent or slightly better than a year ago, but their expectations of the economy are improving.

Although sentiment remains muted, real growth in personal income and consumption expenditures continues. According to preliminary data from the Bureau of Economic Analysis, real disposable income grew by 1.1 percent from July 2023 to July 2024 and real personal consumption expenditures grew by 2.7 percent. Notably, growth in services (2.9 percent) outpaced goods (2.3 percent) and, within goods, durable goods (3.4 percent) increased more quickly than nondurable goods (1.7 percent).

Overall, the outlook for West Virginia tilts positive. West Virginia has recovered its employment from prior to the pandemic, has seen positive real earnings and consumption growth, and has bucked national labor force trends to find itself heading in the right direction. Furthermore, large tax policy changes are rolling out which hope to provide more disposable income for taxpayers, encouraging spending and driving economic growth. The state must be careful to balance these considerations with the provision of government services and ensure that these reductions in revenue can be offset by foregoing growth in government spending or through finding efficiencies therein. State policymakers will need to balance the necessary functions of government alongside the drying up of federal Covid funding and the largest tax cuts in West Virginia's history.

Without question, persistent demographic trends and the opioid epidemic continue to weigh down West Virginia's economic potential. West Virginia's aging population will continue to do so, and the state will need to rely on net positive migration in the short term and net positive migration and increased childbearing over the long run to mitigate or try and reverse these trends. Additionally, the state must address the opioid crisis, which puts a strain on the social safety net in West Virginia and brings down employment, earnings, and economic opportunity. If the state can navigate these challenges as the national economy continues to cool towards what is hopefully a period of normal, stable economic growth, West Virginia can find itself well-positioned to compete and continue to grow.

Written by Peter Shirley, Deputy Secretary, West Virginia Department of Revenue



TUCKER FALLS, MONONGALIA COUNTY

“Fiscal Year (FY) 2024 which ended June 30, 2024, continued West Virginia’s streak of budget surpluses, total General Revenue Fund collections of \$5.711 billion exceeded the Governor’s original official revenue estimates by more than \$826 million.”



Scratch-off games were the Lottery's first type of Lottery game introduced in January of 1986. Instant games offer a wide variety of game themes, and ways to win. During Fiscal Year 2024, there were 34 new games introduced in amounts of \$1, \$3, \$5, \$10, \$20, and \$30. Instant games provided over \$165 million in sales and 64% of traditional sales in Fiscal Year 2024.

Lottery Products



Daily 3 is a draw game introduced in February of 1987. Players choose three numbers from 0 to 9 for prizes ranging from \$40 to \$500. Drawings are held six nights a week. Daily 3 sales were \$7 million in FY2024.



Cash 25 is a draw game introduced in February 1990. Players pick six numbers between 1 and 25 for a chance to win cash prizes ranging from \$1 to \$25,000. Drawings are held four nights a week, Monday, Tuesday, Thursday, and Friday. Fiscal Year Sales for Cash 25 totalled \$4.4 million.



Keno Go, draw game introduced in December 1992, was updated to be made available at all retail locations in July 2020. Drawings are held every three minutes, seven days a week. Players choose numbers from 1 to 80. The Lottery's secured number generator. Keno Go Bonus is a chance to increase your winnings by 3, 4, 5, and 10 times. Sales for Fiscal Year 2024 amounted to \$4.4 million.



Mega Millions® is a draw game jointly operated in 44 states, the District of Columbia and the U.S. Virgin Islands. West Virginia Lottery began selling Mega Millions® when the game was rebranded from "The Big Game" in January 31, 2010. An optional Megaplier feature allows players to pay \$1 for the chance to multiply winnings 2, 3, 4, or 5 times. Drawings are held twice weekly on Tuesdays and Fridays. In FY 2024, Mega Millions sales totalled \$22.3 million.

WEST VIRGINIA



Powerball® is a draw game offering jackpots of \$20 million or more paid in either a cash lump sum or a 29 year annuity. Drawings are held 3 nights a week, Monday, Wednesday, and Saturday. Jointly operated in 44 states, the District of Columbia, the U.S. Virgin Islands, and Puerto Rico, Powerball® first was introduced on April 22, 1992. The Power Play multiplier was added in March of 2001, which increases all non-jackpot prizes by 2, 3, 4, 5, and 10 (if the jackpot is less than \$150 million) times. Sales in FY2024 was over \$42.6 million.



Cash Pop™ is a fast draw game first introduced in February of 2022. Drawings are held every fifteen minutes, seven days a week, from 5:01 a.m. to 3:46 a.m. Players may win 5 to 500 times the dollar amount played. The Lottery's secured random number generator picks a single number per draw. FY2024 sales were \$2.6 million.



Lotto America® is a draw game jointly operated in 13 states, and was launched in November 2017. Drawings are held on Wednesday and Saturday. Players choose 5 numbers from 1 to 52 and a star ball, numbered 1 to 10. The All Star Bonus multiplier increases non-jackpot winnings from 2 to 5 times. Jackpots start at \$2 million and increases by \$50 thousand until it is won. Sales for Lotto America® in Fiscal Year 2024 were in the amount of \$5.4 million.



Daily 4 is a draw game introduced in February 1987. Players choose four numbers from 0 to 9 for prizes ranging from \$100 to \$5,000. Drawings are held six nights a week. In Fiscal Year 2024, sales equalled \$4.6 million.

The West Virginia Lottery regulates several forms of gaming that include racetrack video lottery, limited video lottery, table games, sports wagering, and interactive wagering:

RACETRACK VIDEO LOTTERY games were implemented in 1994 when the West Virginia Legislature passed the Racetrack Video Lottery Act, making video lottery terminals available to the four racetracks in the state subject to passage of local referendums. In September 1994, three racetracks (Mountaineer Casino Racetrack & Resort, Wheeling Island Hotel, Casino & Racetrack, and Mardi Gras Casino & Resort) began operating with 1,200 video lottery machines. A fourth racetrack (Hollywood Casino at Charles Town Races) began video gaming in September 1997. Games offered include poker, blackjack, keno, and spinning reel types. Effective June 1999, legislative action has allowed mechanical reel coin drop machines. As of June 30, 2024, the West Virginia Lottery Commission had an average of 4,543 terminals available for play at the four racetracks in the state. Racetrack Video Lottery sales were 36.8 percent of total 2024 fiscal sales.

LIMITED VIDEO LOTTERY games were approved by the Legislature in April 2001. The legislation provides up to 9,000 video lottery terminals to be placed in retailer locations with specific types of West Virginia Alcohol Beverage Control Administration licenses. The first terminals were enabled for play on December 17, 2001. A total of 8,610 terminals were operating at licensed retail locations throughout the state as of June 30, 2024. Limited video lottery sales were 37.7 percent of total 2024 fiscal sales at 1,190 operating retailer locations.

TABLE GAMES were implemented in Fiscal Year 2008 when the West Virginia Legislature passed the Racetrack Table Games Act, making table games available to the four racetracks in the state, subject to passage of local referendums. In October 2007, two racetracks (Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel, Casino & Racetrack) began operating with poker tables only and added full table games in December 2007. In August 2008, a third racetrack (Mardi Gras Casino & Resort) began operating with poker tables only and added full table games in October 2008. The fourth racetrack (Hollywood Casino at Charles Town Races) began operating full table games on July 1, 2010. Games offered include Poker, Blackjack, Caribbean Stud, Craps, Roulette, Three and Four Card Poker, and other miscellaneous games. Racetrack Table Games sales were 2.5 percent of total 2024 fiscal sales.

HISTORIC RESORT implemented video lottery and table games in Fiscal Year 2010 when the West Virginia Legislature passed the Casino Act, which also required the passage of local referendum. In October 2009, The Greenbrier began operating both video lottery and table games. Table Games offered are Blackjack, Roulette, and Three Card Poker.

SPORTS WAGERING was implemented in Fiscal Year 2019 when the West Virginia Legislature passed Senate Bill 415 permitting wagering on the results of permitted professional or collegiate sports or athletic events and other events authorized as West Virginia Lottery sports wagering activities.

INTERACTIVE WAGERING was implemented in Fiscal Year 2020 when the West Virginia Legislature passed House Bill 2934 permitting existing racetrack casinos and the casino in a historic resort hotel to offer wagering on any authorized interactive game. Authorized interactive games are computerized or virtual versions of any game of chance or digital simulation thereof, including, but not limited to, casino-themed slot simulations, table games, and other games approved by the commission. Interactive Wagering sales were 2.2 percent of total fiscal year 2024 sales.

FINANCIAL INFORMATION

ENTERPRISE OPERATIONS

The West Virginia Lottery operating activities include sales of instant and on-line tickets, the regulation of video lottery, table games, sports wagering, and interactive wagering operations to the general public and the related supporting functions: personnel, finance, and administration, video, marketing, security, table games and licensing. No general government functions or operations are managed by the Lottery or included in this report. Sales in Fiscal Year 2024 decreased 2.2 percent to \$1.3 billion from \$1.32 billion in Fiscal Year 2023. Distributions to the State of West Virginia decreased 1.2 percent from \$576.46 million in Fiscal Year 2023 to \$569.42 million in Fiscal Year 2024.

ACCOUNTING SYSTEMS AND POLICIES

The West Virginia Lottery operates as an enterprise fund that, like a private business, utilizes the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

BUDGETARY CONTROLS

The Lottery's budgeted funds are the State Lottery Fund and State Excess Lottery Fund. Budgetary control for these funds is addressed through enabling legislation, which provides specific limitations on operating and administrative expenses. For budgetary purposes, the State Lottery and Excess Lottery Funds are classified as non-appropriated special revenue funds and do not have a legally adopted budget. An estimate of expected expenditures is filed annually with the Budget Division of the Department of Revenue and is monitored throughout the year by this Division. In addition, Lottery financial management staff monitors actual expenditures for compliance with operational requirements and compliance with lottery statutes.

INTERNAL CONTROL ENVIRONMENT

Management of the Lottery is responsible for establishing and maintaining internal controls whose cost does not exceed the benefits to be derived, but whose objective is to provide reasonable, rather than absolute assurance, that assets are protected from loss, theft, or misuse, transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements that are free of material misstatement and in conformity with generally accepted accounting principles. Internal control is also designed to reduce, to an acceptable level, the risk that errors or irregularities in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Management believes that the Lottery's internal control meets the above objectives.

To enhance controls over accounting procedures, the Lottery has segregated the following functions: personnel, payroll, purchasing, accounts payable, accounts receivable and general ledger accounting. Data input and processing are separate from system programming with management providing approval and oversight. In addition, an internal auditor reviews all areas of Lottery operations and reports to the Finance and Audit Committee of the Lottery Commission.

Since the Lottery manages a valuable ticket inventory and controls the disbursement of prizes, the following steps are taken to ensure the operations remain secure and meet the highest ethical standards:

- Hiring specialized security and law enforcement staff
- Maintaining secure Lottery facilities and limiting access
- Performing background checks on retailers, contractors, and Lottery employees
- Printing lottery tickets with special inks, dyes, and security codes
- Providing detailed procedures for random on-line drawings
- Hiring an independent CPA firm to witness the drawings
- Providing a variety of access and other controls to all computer systems
- Providing operating policies and procedures

The Lottery currently has 183 employees; the majority of the staff is located at Lottery headquarters. The drawing studio is located at the broadcast facility of the television station in Charleston, West Virginia, which produces the nightly drawings.

INDEPENDENT AUDIT

West Virginia statutes require an annual audit by an independent certified public accountant. The independent auditors' opinion on the Lottery's financial statements is included in the financial section of this report.

ACKNOWLEDGEMENTS

This report demonstrates the collaborative efforts of the Finance and Administration Division and Marketing Division of the West Virginia Lottery. We appreciate the contributions of this year's project team comprised of Lorie Brown, Lottery Financial Reporting Specialist 2/Project Coordinator; Paul Barnette, Lottery Chief Accountant; Michael Thaxton, Product Development Manager; and Caitie Smith, Public Relations. We could not have successfully completed this report without their efficient and dedicated services. The Lottery continues its commitment to providing thorough and relevant financial information to the public.

This annual comprehensive financial report reflects our commitment to maintain the highest standards of accountability while working to maintain public trust through ethics and integrity. The Lottery also extends its sincere gratitude to Commission Chairman Kenneth L. Greear and the members of the West Virginia Lottery Commission for their diligence to the law in operating the Lottery in a professional and forward-thinking manner.

GFOA CERTIFICATE OF ACHIEVEMENT

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Virginia Lottery for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the 27th consecutive year that the West Virginia Lottery has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

UPPER FALLS, KANAWHA COUNTY





SANDSTONE FALLS, SUMMERS COUNTY

ACCOMPLISHMENTS

The Lottery's Halloween production received two Gold Telly awards for Use of Animation and Sound and Sound Design while its Holiday production was awarded a Gold Telly for Videography and Cinematography. The Telly Awards are the world's largest honor for video and television across all screens in the advertising industry. In FY2024, the Tellys received more than 13,000 entries from 56 countries.

FY2024 provided players in the Eastern Panhandle with quicker ways to claim traditional prizes by working with Penn Entertainment at Hollywood Casino at Charles Town to serve as a "super cashier", the ability to cash scratch off and draw game tickets up to \$5,000.

After approval from the West Virginia Legislature (rule change 179 CSR 4-4.5.d.2.J), retailers began accepting cashless payments for instant game and draw game lottery purchases in early Fiscal Year 2024, this was expanded to include vending machines in June of 2024.

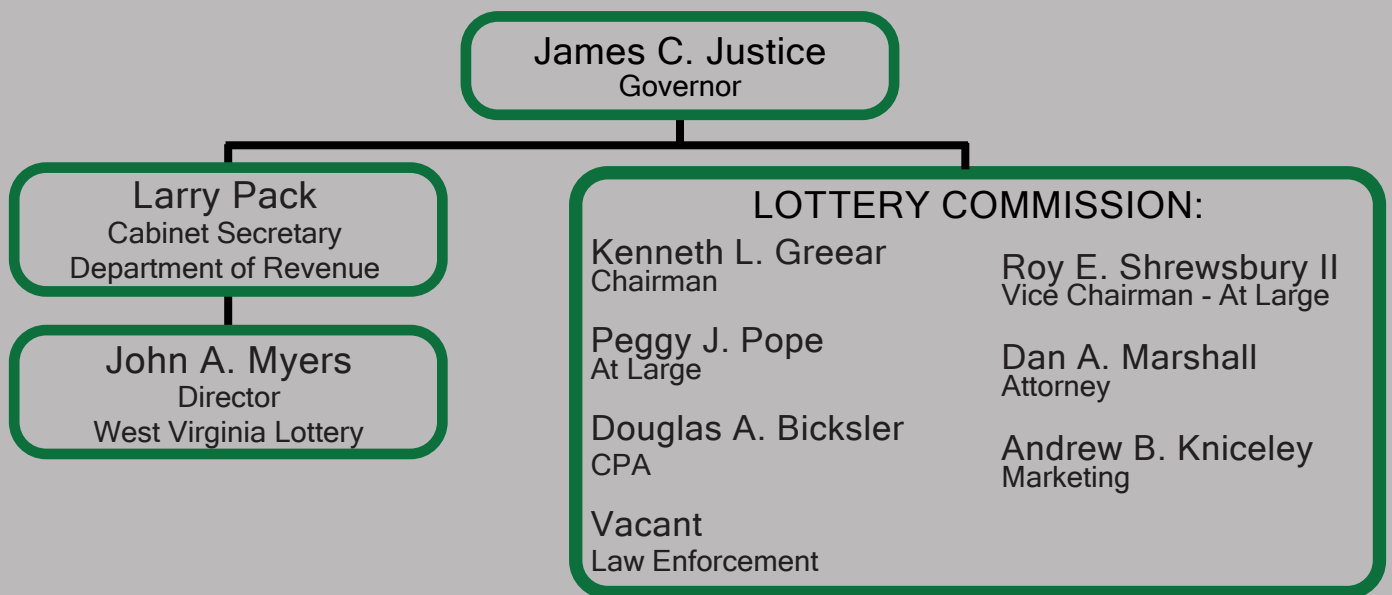
FUTURE PROJECTS

The West Virginia Lottery has continued with its application of the new iLottery program, which includes vendor selection and setting up player reward incentives. FY2025 subsequently saw the launch of iLottery which began on October 31, 2024. This included the addition of elnstants and MUSL draw based games, Poweball, Mega Millions®, and Lotto America®. Future plans include rolling out the draw based games available through iLottery to include Daily 3, Daily 4, Cash 25, Keno, and Cash Pop.

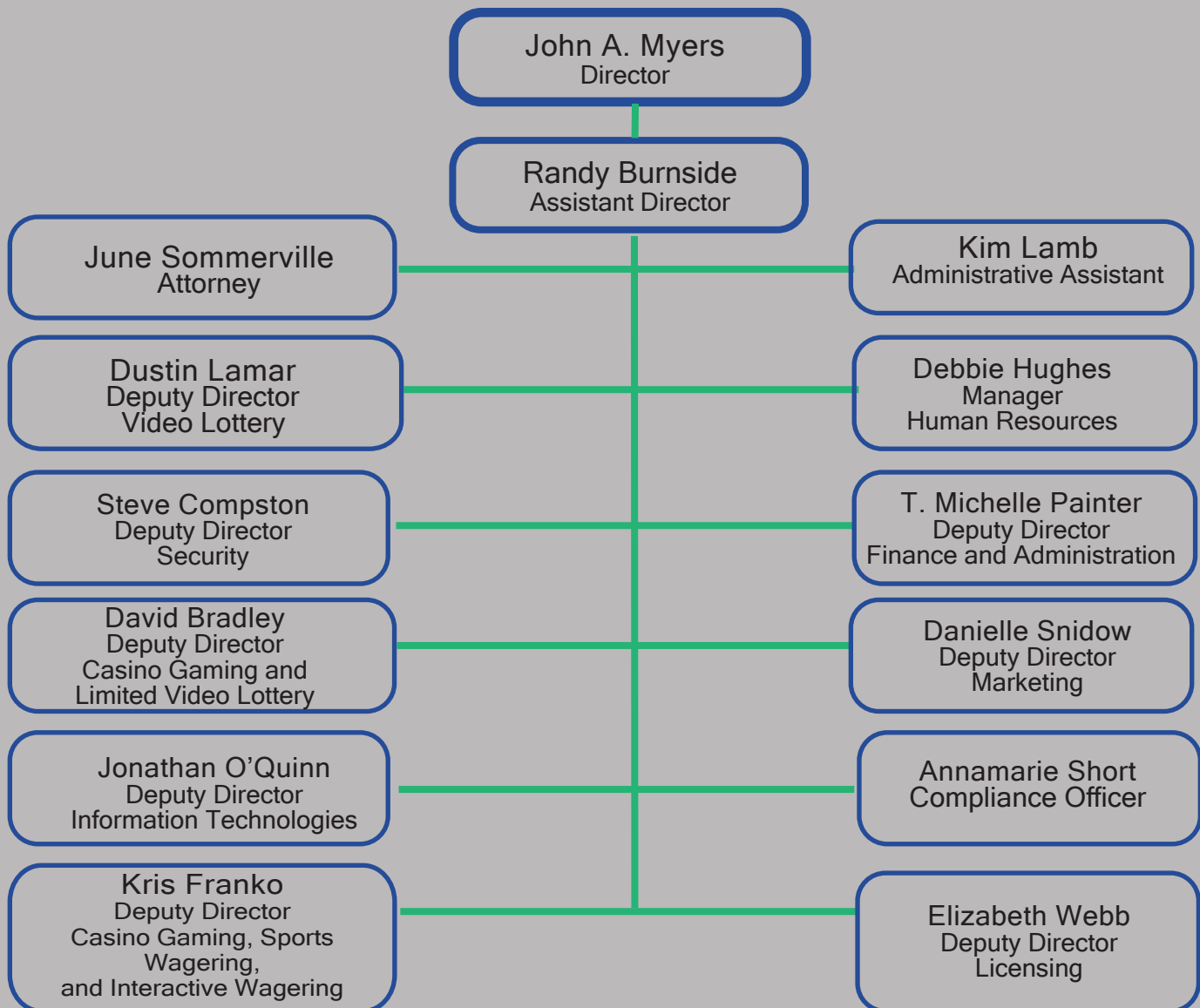
In addition to the launch of the iLottery program, the Lottery rolled out a new website design, to have separate concentrations, one for business purposes and one focused on player friendly features. The new website was subsequently launched with iLottery on October 31, 2024.



PRINCIPAL OFFICIALS AND ORGANIZATIONAL CHART



EXECUTIVE ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

West Virginia Lottery

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Members of the
West Virginia Lottery Commission
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the West Virginia Lottery (the Lottery), a component unit of the State of West Virginia, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Lottery's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lottery, as of June 30, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lottery and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lottery's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lottery's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lottery's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the proportionate share of the net pension liability (asset) PERS, the schedules of contributions to the PERS, the schedules of the proportionate share of the net OPEB liability (asset), the schedules of contributions to the RHBT, and the accompanying notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

Required Supplementary Information (Continued)

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
September 26, 2024

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Our discussion of the West Virginia Lottery's (the Lottery) financial performance provides for an overview of the Lottery's financial activities for the fiscal years ended June 30, 2024 and 2023. In reading the Management's Discussion and Analysis (MD&A), the current year refers to fiscal year ending June 30, 2024, and the prior year refers to fiscal year ending June 30, 2023. This analysis is to be considered in conjunction with the financial statements, which begin on page 37.

Financial Highlights

The Lottery's operating income decreased in 2024 \$11.5 million or 2% compared to the prior year. The following summary is provided below:

- Lottery revenues for the current year decreased \$28.6 million or 2.2% compared to the prior year, which increased \$54.5 million or 4.3% from 2022.
- Commissions for the current year decreased \$14.4 million or 2.7% compared to the prior year, which increased \$12.3 million or 2.4% from 2022.
- Gross profit for the current year decreased \$8 million or 1.3% compared to the prior year, which increased \$28.6 million or 4.9% from 2022.
- Nonoperating expenses decreased \$11 million or 1.9% compared to the prior year, which increased \$20.6 million or 3.6% from 2022. The predominant nonoperating expense is the distributions to the State of West Virginia, which decreased \$7 million or 1.2% compared to the prior year, which increased \$30.7 million or 5.6% from 2022.

Using This Annual Report

The Lottery is a component unit of the State of West Virginia, and is accounted for as a proprietary type enterprise fund using the accrual basis of accounting much like a private business entity. As such, this report consists of a series of financial statements, along with explanatory notes to the financial statements. To assess the Lottery's financial position, the reader of these statements should pay particular attention to changes in the components of assets and liabilities as set forth in the Statements of Net Position and changes in operating revenues, expenses and nonoperating distributions to the State of West Virginia as set forth in the Statements of Revenues, Expenses and Changes in Fund Net Position.

Statements of Net Position

As shown in Table 1, current assets for the current year decreased \$58.7 million or 18.0% compared to the prior year, which increased \$9.9 million or 3.1% from 2022, due to the transfer of unappropriated surplus balance.

Capital assets of land, building and equipment, net of accumulated depreciation and amortization, decreased in the current year by \$1.04 million or 2.5% due to depreciation compared to the prior year which decreased by \$917 thousand or 2.2% from 2022, due to depreciation. For additional information on capital assets, please refer to Note 4 to the financial statements.

(Continued)

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

Statements of Net Position (Continued)

Table 1
Assets and Deferred Outflows of Resources
(in \$000's)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>			
Current assets	\$ 267,889	\$ 326,570	\$ 316,653
Noncurrent assets,			
Capital assets net of accumulated depreciation and amortization	40,371	41,409	42,326
Restricted net pension & OPEB assets	<u>228</u>	<u>-</u>	<u>4,513</u>
Total assets	<u>\$ 308,488</u>	<u>\$ 367,979</u>	<u>\$ 363,492</u>
<u>Deferred Outflows of Resources</u>			
Deferred outflows of resources	<u>\$ 1,471</u>	<u>\$ 2,340</u>	<u>\$ 2,436</u>

As shown in Table 2, the Lottery's current liabilities for the current year decreased \$59.2 million or 19.3% compared to the prior year, which increased \$9.7 million or 3.3% compared to 2022 due to the due to the transfer of unappropriated surplus balance..

Net position - net investment in capital assets decreased in the current year by \$1.04 million or 2.5% due to depreciation, compared to the prior year which increased by \$917 thousand or 2.2% compared to 2022, due to depreciation. Refer to Note 4 to the financial statements for additional information on capital assets.

Net position – restricted net pension and OPEB assets increased \$228 thousand or 100% compared to the prior year, which decreased by \$4.5 million or 100% compared to 2022.

Net position – unrestricted increased \$1.1 million or 5.6% for the year ended June 30, 2024 compared to the prior year which increased \$6 million or 42.4% compared to 2022.

Table 2
Liabilities, Deferred Inflows of Resources and Net Position
(in \$000's)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current liabilities	\$ 248,057	\$ 307,241	\$ 297,541
Noncurrent liabilities	<u>-</u>	<u>883</u>	<u>-</u>
Total liabilities	<u>\$ 248,057</u>	<u>\$ 308,124</u>	<u>\$ 297,541</u>
Deferred inflows of resources	<u>\$ 370</u>	<u>\$ 766</u>	<u>\$ 7,491</u>
Net position			
Net investment in capital assets	\$ 40,372	\$ 41,409	\$ 42,326
Restricted for pension and OPEB	228	-	4,513
Unrestricted	<u>20,933</u>	<u>20,020</u>	<u>14,057</u>
Total net position	<u>\$ 61,532</u>	<u>\$ 61,429</u>	<u>\$ 60,896</u>

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Capital Assets

Capital assets as of June 30, 2024 amounted to \$63.9 million (at cost). This investment in capital assets includes, land, building, construction in progress, and equipment. Total capital assets for the current year increased \$658 thousand or 1% from the prior fiscal year.

Table 3
Capital Assets
(in \$000's)

	2024	2023	2022
Construction in progress	\$ 2,811	\$ 2,153	\$ 1,565
Land	1,681	1,681	1,681
Building	48,243	48,243	48,243
Equipment	<u>11,180</u>	<u>11,180</u>	<u>10,999</u>
Total assets	<u>\$ 63,915</u>	<u>\$ 63,257</u>	<u>\$ 62,488</u>

Capital asset activities included \$467 thousand of construction in progress for the acquisition of an IT infrastructure and system and \$191 thousand for the acquisition of a new security system during the year ending June 30, 2024. Additional information on capital assets can be found in Note 4 of the financial statements.

Revenues, Expenses and Changes in Fund Net Position

The content of Table 4 is a summary of activities and is related to the discussion of Table 5.

Table 4
Revenues, Expenses and Changes in Fund Net Position
(in \$000's)

	2024	2023	2022
Revenues:			
On-line games	\$ 93,357	\$ 93,339	\$ 73,956
Instant games	164,648	171,856	168,838
Racetrack video lottery	476,731	498,269	474,765
Limited video lottery	488,365	493,640	490,922
Table games	32,775	34,922	36,195
Historic resort	6,137	6,404	7,963
Sports wagering	5,278	5,262	4,485
Interactive wagering	<u>28,621</u>	<u>20,845</u>	<u>12,926</u>
	1,295,912	1,324,537	1,270,050
Less commissions:			
On-line games	6,528	6,538	5,185
Instant games	11,525	12,029	11,818
Racetrack video lottery	245,547	255,882	245,183
Limited video lottery	239,300	241,884	240,552
Table games	13,960	14,846	15,339
Historic resort	<u>3,078</u>	<u>3,176</u>	<u>3,981</u>
	519,938	534,355	522,058

(Continued)

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Revenues, Expenses and Changes in Fund Net Position (Continued)

Table 4
Revenues, Expenses and Changes in Fund Net Position
(in \$000's)

Less on-line prize costs	46,097	47,401	37,390
Less instant ticket prize costs	113,131	117,251	115,062
Less ticket costs	1,933	2,233	1,998
Less vendor fees and costs	<u>11,008</u>	<u>11,525</u>	<u>10,377</u>
	<u>172,169</u>	<u>178,410</u>	<u>164,827</u>
Gross profit	<u>603,805</u>	<u>611,772</u>	<u>583,165</u>
Administrative expenses:			
Advertising and promotions	5,221	5,626	5,790
Wages and related benefits	13,341	10,891	8,307
Telecommunications	804	762	686
Contractual and professional	12,232	11,315	6,594
Lease	246	282	276
Depreciation and amortization	1,696	1,686	1,659
Other administrative expenses	<u>3,800</u>	<u>2,605</u>	<u>2,157</u>
	<u>37,340</u>	<u>33,167</u>	<u>25,469</u>
Other operating income	<u>11,036</u>	<u>10,373</u>	<u>13,987</u>
Operating income	<u>577,501</u>	<u>588,978</u>	<u>571,683</u>
Nonoperating income (expense):			
Investment income	13,505	9,297	111
Distributions to municipalities and counties	(9,572)	(9,675)	(9,622)
Distributions for capital reinvestment	(11,912)	(11,606)	(12,560)
Distributions to the State of West Virginia	<u>(569,419)</u>	<u>(576,461)</u>	<u>(545,748)</u>
Net Income	<u>103</u>	<u>533</u>	<u>3,864</u>
Net position, beginning of year	<u>61,429</u>	<u>60,896</u>	<u>57,032</u>
Net position, end of year	<u>\$ 61,532</u>	<u>\$ 61,429</u>	<u>\$ 60,896</u>

Sales and Prizes, Commissions, Ticket Costs and Vendor Fees

Table 5 compares sales (referred to as lottery revenues in financial statements), prizes, commissions, ticket printing costs, vendor fees and costs and gross profit for each lottery game category for fiscal years 2024, 2023, and 2022. Sales and gross profits fluctuated in certain categories; however, gross profit percentages remained consistent from year to year.

(Continued)

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Sales and Prizes, Commissions, Ticket Costs and Vendor Fees (Continued)

Table 5
Lottery Sales
(in \$000's)

	Instant			On-Line*			Racetrack Video Lottery		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Gross sales	\$ 164,648	\$ 171,856	\$ 168,838	\$ 93,357	\$ 93,339	\$ 73,956	\$ 476,731	\$ 498,269	\$ 474,765
Less direct costs:									
Prizes and bonuses	113,131	117,251	115,062	46,097	47,401	37,390	-	-	-
Commissions	11,525	12,029	11,818	6,528	6,538	5,185	245,547	255,882	245,183
Ticket printing costs	1,933	2,233	1,998	-	-	-	-	-	-
Vendor fees and costs	6,921	7,430	7,222	4,087	4,095	3,155	-	-	-
Total direct costs	133,510	138,943	136,100	56,712	58,034	45,730	245,547	255,882	245,183
Gross Profit	\$ 31,138	\$ 32,913	\$ 32,738	\$ 36,645	\$ 35,305	\$ 28,226	\$ 231,184	\$ 242,387	\$ 229,582
Gross profit percentage	18.9%	19.2%	19.4%	39.3%	37.8%	38.2%	48.5%	48.6%	48.4%
* On-line games include the results of Powerball® and Mega Millions which are significant components of the results described above.									
	Limited Video Lottery			Table Games			Historic Resort		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Gross sales	\$ 488,365	\$ 493,640	\$ 490,922	\$ 32,775	\$ 34,922	\$ 36,195	\$ 6,137	\$ 6,404	\$ 7,963
Less direct costs:									
Prizes and bonuses	-	-	-	-	-	-	-	-	-
Commissions	239,300	241,884	240,552	13,960	14,846	15,339	3,078	3,176	3,981
Ticket printing costs	-	-	-	-	-	-	-	-	-
Vendor fees and costs	-	-	-	-	-	-	-	-	-
Total direct costs	239,300	241,884	240,552	13,960	14,846	15,339	3,078	3,176	3,981
Gross Profit	\$ 249,065	\$ 251,756	\$ 250,370	\$ 18,815	\$ 20,076	\$ 20,856	\$ 3,059	\$ 3,228	\$ 3,982
Gross profit percentage	51.0%	51.0%	51.0%	57.4%	57.5%	57.6%	49.8%	50.4%	50.0%
	Sports Wagering			Interactive Wagering			Total		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Gross sales	\$ 5,278	\$ 5,262	\$ 4,485	\$ 28,621	\$ 20,845	\$ 12,926	\$ 1,295,912	\$ 1,324,537	\$ 1,270,050
Less direct costs:									
Prizes and bonuses	-	-	-	-	-	-	159,228	164,652	152,452
Commissions	-	-	-	-	-	-	519,938	534,355	522,058
Ticket printing costs	-	-	-	-	-	-	1,933	2,233	1,998
Vendor fees and costs	-	-	-	-	-	-	11,008	11,525	10,377
Total direct costs	-	-	-	-	-	-	692,107	712,765	686,885
Gross Profit	\$ 5,278	\$ 5,262	\$ 4,485	\$ 28,621	\$ 20,845	\$ 12,926	\$ 603,805	\$ 611,772	\$ 583,165
Gross profit percentage	100.0%	100.0%	100.0%	100.0%	100.0%	-	46.6%	46.2%	45.9%

Instant Sales

Instant ticket sales for the current year decreased by \$7 million or 4.2% compared to the prior year, which had increased \$3 million or 1.8% from 2022. Thirty-four games were introduced in 2024 and approximately forty game options were available for play. The Lottery continues to implement the results of research and design efforts, including families of games, varied play styles, and continued monitoring of price points mix, prize structures, play styles, and colors to create the best variety of games available. There were six ten-dollar, four twenty-dollar, and one thirty-dollar tickets introduced in 2024. There were also twelve five-dollar tickets and two three-dollar tickets introduced. The Lottery continues to work to review and adjust games and order quantities to maximize revenue for the State. The Lottery has increased average games available from twenty-four to twenty-eight over the last two fiscal years.

(Continued)

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Instant Sales (Continued)

Instant prizes and commissions have a direct correlation to sales, therefore, as sales increase, so do the related prizes and commissions paid by the Lottery. Prize expenses for instant games are controllable by designing and printing a predetermined number and value of winning tickets. While each game has a designed prize payout structure, the overall amount paid as prize expense is consistent over time.

Vendor fees and costs are 4.3% of instant and on-line ticket sales for 2024, 2023 and 2022. The Lottery (as is the case with most lotteries located in North America) has elected to enter into a long-term contract with a vendor to provide a central computer system, retailer terminals and related equipment to sell and cash all tickets for instant and on-line games.

Powerball® Sales

Powerball® is a \$2 Multi-State (MUSL) Lottery game designed to grow large jackpot amounts, with occasional jackpots in excess of \$400 million. Sales for the current year increased \$5.3 million or 14.2% compared to the prior year, which increased \$5.8 million or 18.6% from 2022. Sales are generally driven by the jackpot size.

Prize costs are 50% of sales and over time such prize payouts generally reflect the design of the game and the related mathematical odds of winning.

Traditional retailers are those retailers licensed by the Lottery to sell instant and on-line games (which includes Powerball®) and by statute were paid 7% of such sales.

Mega Millions® Sales

Mega Millions® sales offers jackpots starting at \$15 million and other prizes ranging from \$1 to \$1,000,000. Sales for the current year decreased \$2.5 million or 10.2% compared to the prior year, which increased \$11.9 million or 92% from 2022.

Approximately 50% of every dollar wagered goes back to the players in prizes and by statute 7% of sales are paid to retailer commissions.

All Other On-line Games

All other on-line games consist of Daily 3, Daily 4, Cash 25, Travel Keno, Cash Pop and one Multi-State games Lotto America™. Sales for the current year decreased \$2.8 million or 8.9% compared to the prior year, which increased \$1.6 million or 5.5% from 2022.

In general, prize costs by game will increase or decrease from year-to-year in proportion to the sales for a particular game. Prizes and commissions have remained consistent as presented in Tables 4 and 5.

Racetrack Video Lottery

Racetrack video lottery revenues are reported as total wagers net of prizes and credits. Revenues for the current year decreased \$21.5 million or 4.3% compared to the prior year, which increased \$23.5 million or 5% from 2022.

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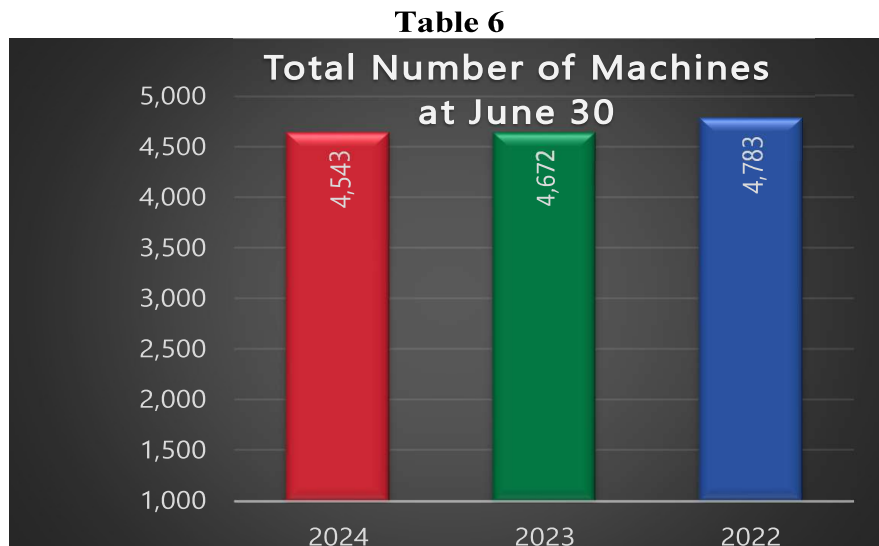
WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Racetrack Video Lottery (Continued)

A portion of racetrack video lottery sales, as prescribed by statute, are paid to racetracks and other private entities associated with the racing industry and are reported as commissions. See Note 6 to the financial statements for further discussion of racetrack video lottery distributions. Commissions in the current year decreased \$10.3 million or 4% compared to the prior year, which increased \$10.7 million or 4.4% compared to 2022.

Competition from gaming operations in neighboring states has led the racetracks to continually re-evaluate their gaming environments which have resulted in changes to the layout and design of gaming floors. The Number of Machines at June 30 in Table 6 was restated in 2023 to more accurately depict the total number of actual machines in operation.



Limited Video Lottery

Sales for the current year decreased \$5.3 million or 1% compared to the prior year, which increased \$2.7 million or 0.6% from 2022. Commissions are paid to operators and retailers as provided for by statute and have a direct correlation to changes in sales. For the current year, commissions decreased \$2.6 million or 1% compared to the prior year, which increased \$1.3 million or 0.6% from 2022.

Table 7 illustrates the number of machines which decreased by 37 machines for the current year compared to the prior year increase of 37 machines from 2022. The Number of Machine at June 30 in Table 7 was restated in 2023 to more accurately depict the total number of actual machines in operation.

(Continued)

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Limited Video Lottery (Continued)

Table 7

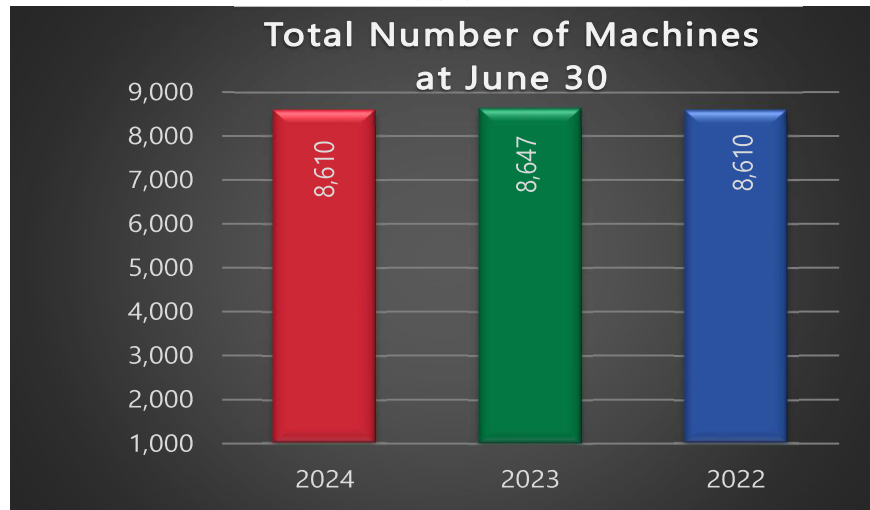


Table Games

Revenues from table games are calculated at a 35% privilege tax of adjusted gross receipts. Revenues for the current year decreased \$2.1 million or 6.2% compared to the prior year, which decreased \$1.3 million or 3.5% from 2022.

A portion of table games revenues are paid to entities associated with the racetracks and are reported as commissions. See Note 8 to the financial statements. Commissions for the current year decreased \$886 thousand or 6% compared to the prior year, which decreased \$493 thousand or 3.2% from 2022.

Historic Resort

Video Lottery revenues from Historic Resort are calculated as defined in Note 9 to the financial statements. Revenues from Historic Resort table games are calculated at a 35% privilege tax of adjusted gross receipts.

Combined revenues of video lottery and table games at the Historic Resort, for the current year decreased \$267 thousand or 4.2% compared to the prior year, which decreased \$1.6 thousand or 19.6% from 2022.

A portion of revenues are paid to entities associated with the Historic Resort and are reported as commissions. Commissions for the current year decreased \$98 thousand or 3.1% compared to the prior year, which decreased \$805 thousand or 20.2% from 2022.

Sports Wagering

On March 3, 2019, the West Virginia Legislature passed Senate Bill 415 which allowed for the four racetracks and historic resort in West Virginia to permit wagering on certain professional or collegiate sports or athletic events and other events authorized as Lottery sports wagering activities.

Sports wagering revenues are calculated as defined in Note 10 to the financial statements and are derived from privilege taxes (of 10%) on the licensed racetracks and Historic Resort for sports wagering activities. Revenues for the current year increased \$16 thousand or 0.3% compared to the prior year, which increased \$777 thousand or 17.3% from 2022.

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Interactive Wagering

On March 9, 2019, the West Virginia Legislature passed House Bill 2934 which allowed for the four racetrack casinos and the casino in a historic resort hotel in West Virginia to conduct interactive wagering. This allows the placing of wagers through a server-based gaming system using a computer network of interoperable packet switched data networks through which the operator may offer authorized interactive games. Revenues for the current year increased \$7.7 million or 37.3% compared to the prior year, which increased \$7.9 million or 61.3% from 2022.

Other Operating Income

Refer to Table 4. Changes in other operating income are primarily related to fees collected for the permitting and licensure of manufacturers, operators, retailers and service technicians. Limited Video Lottery permits are issued to qualifying recipients for a 10-year period which initially expired on June 30, 2021. During the year ended June 30, 2021, bid fees totaling \$67.9 million were paid by successful bidders for the right to be permitted for 10-years beginning July 1, 2021.

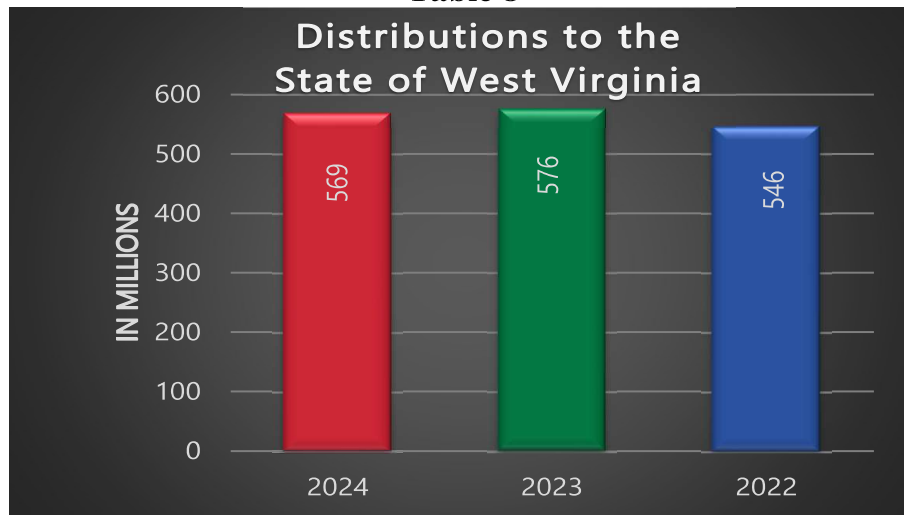
Nonoperating Income / Expense

Refer to Table 4. Nonoperating expenses reflect a 2% distribution to counties and incorporated municipalities of net terminal income from limited video lottery operations. This distribution will fluctuate with any changes in limited video lottery revenues.

A portion of net revenue from racetrack video lottery is accrued and distributed to each racetrack for capital improvements.

Refer to Table 8. The Lottery's distributions to the State of West Virginia, for the current fiscal year decreased by \$7 million compared to the prior year, which increased by \$30.7 million from 2022.

Table 8



Requests for Information

This financial report is designed to provide a general overview of the Lottery's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Deputy Director of Finance and Administration, West Virginia Lottery, 900 Pennsylvania Avenue, Charleston WV 25302

WEST VIRGINIA LOTTERY

STATEMENTS OF NET POSITION (In Thousands) June 30, 2024 and 2023

<u>ASSETS</u>	2024	2023
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 227,763	\$ 288,680
Accounts receivable	38,583	35,255
Inventory	1,330	1,228
Other assets	213	1,407
Total current assets	<u>267,889</u>	<u>326,570</u>
NONCURRENT ASSETS		
Capital assets (Note 4)	63,915	63,257
Less accumulated depreciation and amortization (Note 4)	<u>(23,544)</u>	<u>(21,848)</u>
	40,371	41,409
Restricted net pension asset (Note 13)	24	-
Restricted Net OPEB asset (Note 14)	204	-
Total noncurrent assets	<u>40,599</u>	<u>41,409</u>
Total assets	<u>308,488</u>	<u>367,979</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows of resources related to pension and OPEB (Notes 13 and 14)	<u>1,471</u>	<u>2,340</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accrued nonoperating distributions to the State of West Virginia (Note 12)	190,015	252,394
Estimated prize claims	19,293	18,081
Accounts payable	5,104	3,673
Other accrued liabilities	<u>33,645</u>	<u>33,093</u>
Total current liabilities	<u>248,057</u>	<u>307,241</u>
NONCURRENT LIABILITIES		
Net pension liability (Note 13)	-	735
Net OPEB liability (Note 14)	<u>-</u>	<u>148</u>
Total noncurrent liabilities	-	883
Total liabilities	<u>248,057</u>	<u>308,124</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows of resources related to pension and OPEB (Notes 13 and 14)	<u>370</u>	<u>766</u>
<u>NET POSITION</u>		
Net investment in capital assets	40,371	41,409
Restricted for pension and OPEB	228	-
Unrestricted	<u>20,933</u>	<u>20,020</u>
Total net position	<u>\$ 61,532</u>	<u>\$ 61,429</u>

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA LOTTERY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

(In Thousands)

Years Ended June 30, 2024 and 2023

	2024	2023
LOTTERY REVENUES		
On-line games	\$ 93,357	\$ 93,339
Instant games	164,648	171,856
Racetrack video lottery (Note 6)	476,731	498,269
Limited video lottery (Note 7)	488,365	493,640
Table games (Note 8)	32,775	34,922
Historic resort (Note 9)	6,137	6,404
Sports Wagering (Note 10)	5,278	5,262
Interactive Wagering (Note 11)	28,621	20,845
	<u>1,295,912</u>	<u>1,324,537</u>
LESS COMMISSIONS		
On-line games	6,528	6,538
Instant games	11,525	12,029
Racetrack video lottery (Note 6)	245,547	255,882
Limited video lottery (Note 7)	239,300	241,884
Table games (Note 8)	13,960	14,846
Historic resort (Note 9)	3,078	3,176
	<u>519,938</u>	<u>534,355</u>
Less on-line prize costs	46,097	47,401
Less instant prize costs	113,131	117,251
Less ticket costs	1,933	2,233
Less vendor fees and costs	11,008	11,525
	<u>172,169</u>	<u>178,410</u>
Gross profit	<u>603,805</u>	<u>611,772</u>
ADMINISTRATIVE EXPENSES		
Advertising and promotions	5,221	5,626
Wages and related benefits	13,341	10,891
Telecommunications	804	762
Contractual and professional	12,232	11,315
Lease	246	282
Depreciation and amortization	1,696	1,686
Other administrative expenses	3,800	2,605
	<u>37,340</u>	<u>33,167</u>
Other operating income	<u>11,036</u>	<u>10,373</u>
Operating income	<u>577,501</u>	<u>588,978</u>
NONOPERATING INCOME (EXPENSES)		
Investment income	13,505	9,297
Distributions to municipalities and counties	(9,572)	(9,675)
Distributions for capital reinvestment	(11,912)	(11,606)
Distributions to the State of West Virginia (Note 12)	(569,419)	(576,461)
	<u>(577,398)</u>	<u>(588,445)</u>
Change in net position	103	533
NET POSITION, beginning	<u>61,429</u>	<u>60,896</u>
NET POSITION, ending	<u>\$ 61,532</u>	<u>\$ 61,429</u>

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
(In Thousands)
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash receipts from customers and other sources	\$ 1,303,620	\$ 1,331,687
Cash payments for:		
Personnel costs	(13,442)	(21,052)
Suppliers	(19,409)	(12,454)
Other operating costs	(689,402)	(714,021)
Cash provided by operating activities	<u>581,367</u>	<u>584,160</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(631,798)	(564,248)
Distributions to municipalities and counties	(9,613)	(9,645)
Distributions to racetracks from racetrack capital reinvestment fund	(13,720)	(11,823)
Cash used in noncapital financing activities	<u>(655,131)</u>	<u>(585,716)</u>
Cash flows from capital financing activities:		
Purchase of capital assets	<u>(658)</u>	<u>(769)</u>
Cash flows from investing activities:		
Investment earnings	<u>13,505</u>	<u>9,297</u>
Increase (decrease) in cash and cash equivalents	(60,917)	6,972
CASH AND CASH EQUIVALENTS, beginning	<u>288,680</u>	<u>281,708</u>
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 227,763</u></u>	<u><u>\$ 288,680</u></u>

(Continued)

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
(In Thousands)
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 577,501	\$ 588,978
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	1,696	1,686
Pension expense	803	362
OPEB expense	(668)	(772)
OPEB support	127	143
Changes in operating accounts:		
(Increase) decrease in:		
Accounts receivable	(3,328)	(3,223)
Inventory	(102)	208
Other assets	1,194	70
Deferred outflows of resources	(900)	(966)
Increase (decrease) in:		
Estimated prize claims	1,212	1,929
Accounts payable	1,431	(538)
Other accrued liabilities	<u>2,401</u>	<u>(3,717)</u>
Cash provided by operating activities	<u>\$ 581,367</u>	<u>\$ 584,160</u>

The accompanying notes are an integral part of these financial statements

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 1. Legislative Enactment

The West Virginia Lottery (the Lottery) was established by the State Lottery Act (the Act) passed April 13, 1985, which created a fund in the State Treasury designated as the “State Lottery Fund.” The purpose of the Act was to establish and implement a state-operated lottery under the supervision of a state lottery commission (the Commission) and a Director. The Commission, consisting of seven members, and the Director are appointed by the Governor. Under the Act, the Commission has certain powers and the duty to establish rules for conducting games, to select the type and number of gaming systems or games, to enter into contracts and agreements, and to do all acts necessary or incidental to the performance of its duties and exercise of its power and duty to operate the Lottery in a highly efficient manner. The Act provides that a minimum annual average of 45% of the gross amount received from each lottery shall be allocated for prizes and also provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be distributed to the State of West Virginia (the State) and local governments as required by law. As the State is able to impose its will over the Lottery, the Lottery is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a discretely presented component unit.

Note 2. Summary of Significant Accounting Policies

Basis of presentation

The West Virginia Lottery is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with accounting principles generally accepted in the United States of America for governmental entities, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred.

Use of estimates

Certain estimates and assumptions are required by management in the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP). The significant estimates and assumptions that affect the reporting of amounts of assets and liabilities at the statement of net position dates and revenues and expenses for the years then ended are those required in the determination of estimated prize claims. Actual results in the near-term could differ from the estimates used to prepare these financial statements.

Lottery game operations

The West Virginia Lottery derives its revenues from six basic types of lottery games: instant, on-line, video type games, table games, and taxes derived from sports and interactive wagering. The Lottery develops multiple game themes and prize structures to comply with its enabling legislation, including aggregate annual minimum prize provisions. All bonded retailers and agents comprised principally of grocery and convenience stores serve as the primary distribution channel for instant and on-line lottery sales to the general public.

The Lottery has contracted with a private vendor to manufacture, distribute, and provide data processing support for instant and on-line lottery games. Under the terms of the agreements, the Lottery pays a percentage of gross revenues for the processing and manufacturing of the games.

Revenue from instant games is recognized when game tickets are sold to the retailers, and the related prize expense is recorded based on the specific game prize structure. Instant ticket sales and related prizes do not include the value of free plays issued for the purpose of increasing the odds of winning a prize.

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 2. Summary of Significant Accounting Policies (Continued)

Lottery game operations (Continued)

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL®, a multi-state “jackpot” game; LOTTO AMERICA, a multi-state “lotto” game; MEGA MILLIONS®, a multi-state “lotto” game; Cash Pop and Cash25 “lotto” games; Daily 3 and 4 “numbers” games; and Travel, an online “keno” game. Revenue is recognized when the agent sells the tickets to the public. Prize expense is recognized on the basis of actual drawing results.

Commissions are paid to instant game retailers and on-line agents at the rate of seven percent of gross sales. A portion of the commission not to exceed one and one quarter percent of gross sales may be paid from unclaimed prize moneys. The amount paid from unclaimed prize moneys is credited against prize costs. In addition, retailers and agents are paid limited bonus incentives that include prize shares on winning tickets they sold and a ticket cashing bonus on winning tickets they cash. On a weekly basis, retailers and agents must remit amounts due to the Lottery. Retailers may not be able to order additional instant tickets if payment has not been made for the previous billing period, while an agent's on-line terminal may be rendered inactive if payment is not received. No one retailer or agent accounts for a significant amount of the Lottery's sales or accounts receivable. Historically credit losses have been nominal and no allowance for doubtful accounts receivable is considered necessary.

Racetrack video lottery is a self-activated video version of lottery games. The board-operated games allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The games allow a player to use coins, currency, tokens, or tickets to place bets for the chance to receive coins, tokens, or ticket awards, which may be redeemed for cash or used for replay in the games. The racetrack video lottery games' prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as racetrack video lottery revenue “gross terminal income” equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to private and local government entities are reported as commissions.

Racetrack video lottery legislation has established specific requirements for racetrack video lottery and imposed certain restrictions limiting the licensing for the operation of racetrack video lottery games to horse and dog racetracks in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from racetrack video lottery games, and requires any licensed racetrack to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Limited video lottery is also a self-activated video version of lottery games located in limited licensed retailer areas restricted for adult amusement. The games allow a player to use currency to place bets for the chance to receive free games or vouchers, which may be redeemed for cash. The limited video lottery games' prize structures are designed to award prizes, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as limited video lottery revenue “gross terminal income” equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to private entities are reported as commissions. Limited video lottery permit holders are statutorily responsible for acquiring equipment and bearing the risk associated with the costs of operating the games.

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 2. Summary of Significant Accounting Policies (Continued)

Lottery game operations (Continued)

Table games legislation has established specific requirements for table games and imposed certain restrictions limiting the licensing for operation of table games to horse and dog racetracks and a historic resort in West Virginia, subject to local county elections permitting the same. Each location licensed as an agent of the Commission to operate West Virginia table games shall have written rules of play for each table game it operates which must be approved by the Commission. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding a table games license, there is levied a privilege tax of thirty-five percent of each licensee's adjusted gross receipts from the operation of Lottery table games which the Lottery records as revenue. Amounts required by statute to be paid to private and local government entities are reported as commissions. The legislation further stipulates the distribution of revenues from West Virginia table games, and requires any licensed location to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Historic resort lottery games are a combination of self-activated video lottery games as well as table games which are located at a licensed historic resort hotel as defined by the WV Code. Video lotteries at the historic resort are board-operated games that allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The video lottery games allow a player to use coins, currency, tokens, or tickets, to place bets for the chance to receive coins, tokens, or ticket awards which may be redeemed for cash or used for replay in the games.

The historic resort video lottery games' prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes video lottery revenue consisting of "gross terminal income" equivalent to all wagers, net of related prizes; and historic resort table games revenue consisting of a privilege tax of thirty-five percent of adjusted gross receipts for the operation of table game as historic resort lottery revenues.

Amounts required by statute to be paid to the private and local government entities are reported as commissions. The Lottery Act as amended has established specific requirements for historic resort video and table games lotteries and imposed certain restrictions limiting the licensing for operation of historic resort lottery games in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from historic resort lottery games, and requires the licensed historic resort to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Sports wagering legislation has established specific requirements for sports wagering and imposed certain restrictions limiting the licensing for operation of sports wagering to horse and dog racetracks and the historic resort in West Virginia. Each location licensed as an agent of the Lottery to operate West Virginia sports wagering shall have written rules of play which must be approved by the Lottery. All wagers and pay-offs of winning wagers shall be made according to those rules play. For the privilege of holding a sports wagering license, there is levied a privilege tax of ten percent of each licensee's adjusted gross sports wagering receipts from the operation of sports wagering which the Lottery records as revenue. The legislation requires any licensed location to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing sports wagering.

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 2. Summary of Significant Accounting Policies (Continued)

Lottery game operations (Continued)

Interactive wagering legislation has established specific requirements for interactive wagering and imposed certain restrictions limiting the licensing for operation of interactive wagering to horse and dog racetracks and the historic resort in West Virginia. Each location licensed as an agent of the Lottery to operate West Virginia interactive wagering shall have written rules of play which must be approved by the Lottery. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding an interactive wagering license, there is levied a privilege tax of fifteen percent of each licensee's adjusted gross interactive wagering receipts from the operation of interactive wagering which the Lottery records as revenue. The legislation requires any licensed location to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing interactive wagering.

Cash and cash equivalents

Cash and cash equivalents consist primarily of deposits on hand with the State Treasurer of West Virginia and interest-earning deposits in State investments pools maintained by the West Virginia Board of Treasury Investments (BTI). The West Virginia Money Market Pool is carried at amortized cost.

Inventory

Inventory consists of instant game tickets available for sale to approved Lottery retailers and are carried at the lower of cost or market as determined by the specific identification method.

Other assets

Other assets consist of deposits restricted for payment of certain Multi-State Lottery Association activities and prepaid expenses.

Capital assets

The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding \$25,000 and a useful life greater than one year. These assets include a building, leasehold improvements, and purchased equipment comprised principally of technology property, office furnishings and equipment necessary to administer lottery games, and are carried at cost. Depreciation is computed by the straight-line method over the estimated economic useful lives of the assets, which are as follows:

Building	40 years
Leasehold improvements	5 years
Equipment	3-5 years

The Lottery leases, under cancelable leases, various office spaces for field operations. The Lottery also leases various equipment under agreements considered to be cancelable leases.

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 2. Summary of Significant Accounting Policies (Continued)

Accrued employee benefits

The Lottery accrues a liability for estimated liabilities that may arise in connection with compensated absences at the current rate of employee pay. The Lottery's annual leave transactions for the years ended June 30, 2024 and June 30, 2023 are as follows (in thousands):

	Year Ending June 30	
	2024	2023
Beginning estimated liabilities	\$ 807	\$ 755
Leave expenses incurred	888	807
Leave expenses paid	<u>(807)</u>	<u>(755)</u>
Ending estimated liabilities	<u>\$ 888</u>	<u>\$ 807</u>
Liabilities estimated to be paid in one year	<u>\$ 888</u>	<u>\$ 807</u>

Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the PERS are reported at fair value.

Postemployment benefits other than pensions (OPEB).

For purposes of measuring the net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Retiree Health Benefit Trust OPEB Plan (RHBT) and additions to/deductions from RHBT's fiduciary net position have been determined on the same basis as they are reported by RHBT. For this purpose, RHBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

Deferred outflows of resources/deferred inflows of resources

Deferred outflows of resources represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Currently the Lottery has recognized deferred outflows of resources related to pensions and OPEB (See Notes 13 and 14). Deferred inflows of resources represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Currently the Lottery has recognized deferred inflows of resources related to pensions and OPEB (See Notes 13 and 14).

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 2. Summary of Significant Accounting Policies (Continued)

Net position

Net position is presented as either unrestricted, restricted for pension and OPEB, restricted by enabling legislation for capital project, or as net investment in capital assets, which represents the net book value of all property and equipment of the Lottery. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, restricted resources are applied first.

Operating revenues and expenses

Operating revenues and expenses for proprietary funds such as the Lottery are revenues and expenses that result from providing services and producing and delivering goods and/or services. Operating revenues for the Lottery are derived from providing various types of lottery games and the receipt of gaming related taxes. Operating expenses include commissions, prize costs, other direct costs of providing and regulating lottery games, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Advertising and promotions

The Lottery expenses the costs of advertising and promotions as they are incurred.

Note 3. Cash and Cash Equivalents

At June 30, 2024 and 2023, the carrying amounts of deposits with financial institutions were \$491 thousand and \$458 thousand, respectively, with bank balances of \$510 and \$621 thousand, respectively. Deposits up to \$250 thousand are insured by the Federal Depository Insurance Corporation. Any balances over the insured amount are collateralized with securities held by the State of West Virginia's agent in the State's name.

At June 30, 2024 and 2023, the carrying amounts of deposits with financial institutions, the State Treasurer, and the West Virginia Board of Treasury Investments (BTI) were as follows (in thousands):

	<u>2024</u>	<u>2023</u>
Deposits with financial institutions	\$ 491	\$ 458
Cash on hand at the Treasurer's Office	4,237	14,734
Investments with BTI reported as cash equivalents	<u>223,035</u>	<u>273,488</u>
	<u>\$ 227,763</u>	<u>\$ 288,680</u>

The State Treasurer has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards and commissions and transfers funds to the BTI for investment in accordance with West Virginia statutes, policies set by the BTI and by provisions of bond indentures and trust agreements when applicable.

The Lottery's cash balances are invested by the BTI in the BTI's West Virginia Money Market Pool. Investment income is pro-rated to the Lottery at rates specified by the BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Investments in the West Virginia Money Market Pool are available to the Lottery with overnight notice.

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 3. Cash and cash equivalents (Continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WV Money Market Pool has been rated AAAm by Standard & Poor's. A fund rated AAAm has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAm is the highest principal stability fund rating assigned by Standard & Poor's.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 or higher by Standard & Poor's (or its equivalent). The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

Security Type	Rating	Carrying Value (in Thousands)	Percent of Pool Assets
Commercial Paper	A-1+	\$ 3,626,718	37.76%
	A-1	3,636,575	37.85
Negotiable certificates of deposit	A-1+	844,998	8.80
	A-1	709,000	7.38
Money market funds	AAAm	2,820	0.03
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	134,000	1.40
U.S. Agency bonds and notes	AA+	651,000	6.78
		<u>\$ 9,605,111</u>	<u>100.00%</u>

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Commercial paper	\$ 7,263,293	36
Negotiable certificates of deposit	1,553,998	50
Repurchase agreements	785,000	3
Money market funds	2,820	3
	<u>\$ 9,605,111</u>	<u>36</u>

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 3. Cash and cash equivalents (Continued)

Other Risks of Investing

Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The West Virginia Money Market Pool holds no interests in foreign currency or interests valued in foreign currency.

Note 4. Capital Assets

A summary of capital asset activity is as follows (in thousands):

	Historical cost at June 30, 2022	Additions	Deletions	Historical cost at June 30, 2023	Additions	Deletions	Historical cost at June 30, 2024
Capital assets, not depreciated							
Construction in progress	\$ 1,565	\$ 588	\$ -	\$ 2,153	\$ 658	\$ -	\$ 2,811
Land	1,681	-	-	1,681	-	-	1,681
Capital assets, being depreciated							
Building	48,243	-	-	48,243	-	-	48,243
Equipment	10,999	181	-	11,180	-	-	11,180
	<u>\$ 62,488</u>	<u>\$ 769</u>	<u>\$ -</u>	<u>\$ 63,257</u>	<u>\$ 658</u>	<u>\$ -</u>	<u>\$ 63,915</u>
	Accumulated depreciation at June 30, 2022	Additions	Deletions	Accumulated depreciation at June 30, 2023	Additions	Deletions	Accumulated depreciation at June 30, 2024
Building	\$ 11,398	\$ 1,233	\$ -	\$ 12,631	\$ 1,233	\$ -	\$ 13,864
Equipment	8,764	453	-	9,217	463	-	9,680
	<u>\$ 20,162</u>	<u>\$ 1,686</u>	<u>\$ -</u>	<u>\$ 21,848</u>	<u>\$ 1,696</u>	<u>\$ -</u>	<u>\$ 23,544</u>

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 5. Participation in the Multi-State Lottery

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game, the LOTTO AMERICA game, and MEGA MILLIONS® jackpot game on behalf of other participating lotteries. MUSL is currently comprised of 33 member state lotteries, including the District of Columbia and the United States Virgin Islands. MUSL is managed by a Board of Directors, which is comprised of the lottery directors or their designee from each of the party states. The Board of Directors' responsibilities to administer the Multi-State Lottery POWERBALL®, LOTTO AMERICA, and MEGA MILLIONS® games are performed by advisory committees or panels staffed by officers and independent contractors appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties and qualifications. The Executive Committee carries out the budgeting and financing of MUSL, while the board contracts the annual independent audit. A copy of the audit may be obtained by writing to the Multi-State Lottery Association, 4400 N.W. Urbandale Drive, Urbandale, Iowa 50322.

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®, LOTTO AMERICA and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels.

Revenues derived from the Lottery's participation in the POWERBALL® jackpot game were \$42,617,885 and \$37,312,896 for the years ended June 30, 2024 and 2023, respectively, and related prize costs were \$21,291,938 and \$18,615,775, respectively.

Revenues derived from the Lottery's participation in the LOTTO AMERICA game were \$5,353,868 and \$7,298,802 for the years ended June 30, 2024 and 2023, respectively, and related prize costs were \$2,677,007 and \$3,642,068, respectively.

Revenues derived from the Lottery's participation in the MEGA MILLIONS® game were \$22,303,942 and \$24,831,166 for the years ended June 30, 2024 and 2023, respectively, and related prize costs were \$11,088,147 and \$12,380,934, respectively.

MUSL places a percentage of game sales from each game in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. The applicable sales percentage contribution as well as the reserve fund limit for the MUSL games is as follows (in thousands):

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 5. Participation in the Multi-State Lottery (Continued)

	<u>Required Contribution (% of Sales)</u>	<u>Reserve Fund Cap</u>
POWERBALL®	2%	\$125,000
LOTTO AMERICA	3%	\$9,000
MEGA MILLIONS®	1%	\$45,000

The Lottery's share of the prize reserve fund balances with MUSL as of June 30, were as follows (in thousands):

	<u>2024</u>		<u>2023</u>	
	<u>Total</u>		<u>Total</u>	
	<u>Prize Reserve</u>	<u>Lottery Share</u>	<u>Prize Reserve</u>	<u>Lottery Share</u>
POWERBALL ®	\$ 127,046	\$ 1,138	\$ 125,362	\$ 1,224
LOTTO AMERICA	8,854	681	8,472	650
MEGA MILLIONS ®	101,456	764	97,062	790
	<u>\$ 237,356</u>	<u>\$ 2,583</u>	<u>\$ 230,896</u>	<u>\$ 2,664</u>

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above the expenses are credited to an unreserved fund. The Lottery records this interest when earned. This fund had a balance of \$23,147,833 and \$19,061,568 at June 30, 2024 and 2023, of which the Lottery's share was \$213,100 and \$1,406,891, respectively.

Note 6. Racetrack Video Lottery

The racetrack video lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks. Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Fifty-seven percent (57%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (46.5%); other private entities associated with the racing industry (8.7%); and the local county and municipal governments (2%). The remaining forty-three percent (43%) of net terminal revenue is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 12 titled "Nonoperating Distributions to the State of West Virginia."

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 6. Racetrack Video Lottery (Continued)

The first benchmark occurs when the current year net terminal revenue meets the fiscal year 1999 net terminal revenue. The counties and incorporated municipalities split 50/50 the two percent (2%) net terminal revenue.

The second benchmark occurs when the current year gross terminal revenue meets the fiscal year 2001 gross terminal revenue. The four percent (4%) is no longer allocated for lottery administrative costs; instead the State receives this for distribution as specified by legislation or the State budget.

The final benchmark occurs when the current year net terminal revenue meets the fiscal year 2001 net terminal revenue. At this point, a 10% surcharge is applied to net terminal revenue, with 62% of the surcharge allocated for distribution to the State as specified by legislation or the State budget, and 38% of the surcharge allocated to separate capital reinvestment funds for each licensed racetrack. After deduction of the surcharge, 49% of the net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (5%); and the local county and incorporated municipality governments (2%). The remaining net terminal revenue (51%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 12.

Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise, amounts accumulated in the fund revert to the state excess lottery revenue fund.

A summary of racetrack video lottery revenues for the years ended June 30, 2024 and 2023, follows (in thousands):

	<u>2024</u>	<u>2023</u>
Total credits (bets) played	\$ 5,622,912	\$ 5,787,707
Credits (prizes) won	(5,060,971)	(5,202,984)
Promotional credits played	<u>(85,210)</u>	<u>(86,454)</u>
Gross terminal income	476,731	498,269
Administrative costs	<u>(13,572)</u>	<u>(13,945)</u>
Net terminal income	463,159	484,324
Commissions	<u>(245,547)</u>	<u>(255,882)</u>
Racetrack video lottery revenues available for distribution	<u>\$ 217,612</u>	<u>\$ 228,442</u>

A summary of racetrack video lottery revenues paid or accrued for certain State funds to conform with the legislation follows (in thousands):

	<u>2024</u>	<u>2023</u>
State Lottery Fund	\$ 99,322	\$ 102,010
State Excess Lottery Revenue Fund	113,505	121,204
Capital Reinvestment Fund	<u>4,785</u>	<u>5,228</u>
Total nonoperating distributions	<u>\$ 217,612</u>	<u>\$ 228,442</u>

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 6. Racetrack Video Lottery (Continued)

On March 12, 2011, the Legislature passed Senate Bill 550 (amended March 24, 2021 by Senate Bill 9 to extend the fund through 2030) which provides for the creation of the Racetrack Modernization Fund. The Modernization Fund is available to reimburse the licensed tracks \$1 for every \$2 spent on the costs of facility modernization. For the years ended June 30, 2015 through June 30, 2030, the Lottery may transfer up to \$9 million from racetrack administrative surplus funds to the Modernization Fund, which is allocated to each track on a pro rata basis according to their administrative contribution for the fiscal year. For the years ended June 30, 2024 and 2023, the Lottery transferred approximately \$9 million to the Racetrack Modernization Fund each year.

Note 7. Limited Video Lottery

The limited video lottery legislation established specific requirements imposing certain restrictions limiting the licensing for the operation of limited video lottery games to 9,000 terminals placed in licensed retailers. These licensed retailers must hold a qualifying permit for the sale and consumption on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The legislation further stipulates the distribution of revenues from limited gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage is 50 percent of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the years ended June 30, 2024 and 2023 follows (in thousands):

	<u>2024</u>	<u>2023</u>
Total credits played	\$ 6,520,801	\$ 6,538,829
Credits (prizes) won	<u>(6,032,436)</u>	<u>(6,045,189)</u>
Gross terminal income	488,365	493,640
Administrative costs	<u>(9,766)</u>	<u>(9,873)</u>
Gross profit	478,599	483,767
Commissions	(239,300)	(241,884)
Distributions to municipalities and counties	<u>(9,572)</u>	<u>(9,675)</u>
Limited video lottery revenues available for distribution	<u>\$ 229,727</u>	<u>\$ 232,208</u>

Note 8. Table Games

The passage of table games legislation allowed local referendums in each of the four counties in which a race track is located to approve table games. All four counties have authorized table games at their respective tracks.

Table games include blackjack, roulette, craps, and various types of poker. The Lottery receives a privilege tax of 35% of adjusted gross receipts, from each licensed racetrack, which is deposited weekly into the Lottery's racetrack table game fund.

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 8. Table Games (Continued)

From the gross amounts deposited into the table games fund, the Lottery, on a monthly basis retains 3% of the adjusted gross receipts for administrative expenses. From the administrative allowance, at least \$100,000 and not more than \$500,000 annually will be transferred to the Lottery's compulsive gambling treatment fund.

The Lottery then transfers 2.25% of adjusted gross receipts from all thoroughbred and greyhound racetracks participating in licensed table games to the special funds established by each thoroughbred and greyhound racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee. A transfer of 1.8% of the adjusted gross receipts is made from all licensed racetracks to the thoroughbred development fund and the greyhound breeding development fund to be divided pro rata among the development funds.

Transfers of 2% of the adjusted gross receipts are made from each licensed racetrack to the county commissions of the counties where racetracks participating in licensed table games are located to be divided pro rata among the counties. Transfers of 3% of the adjusted gross receipts are made from each licensed racetrack to the governing bodies of municipalities within counties where racetracks participating in licensed table games are located as prescribed by statute. A transfer of .5% of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located is to be divided equally among the municipalities. The Lottery, in accordance with the enabling legislation, will distribute the remaining amounts hereinafter referred to as the net amounts in the racetrack table games funds as follows:

- A transfer of 4%, into a special fund to be established by the West Virginia Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association.
- A transfer of 10%, to be divided and paid in equal shares, to each county commission in the state where table games are not located.
- A transfer of 10%, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located.
- A transfer of 76% to the Excess Lottery Fund.

The table games adjusted gross receipts for the year ended June 30, 2024 and 2023 were \$93,643,697 and \$99,776,738, respectively. A summary of table games revenues for the years ended June 30, 2024 and 2023 follows (in thousands):

	<u>2024</u>	<u>2023</u>
Table games privilege tax	\$ 32,775	\$ 34,922
Interest on table games fund	302	203
Administrative costs	<u>(2,809)</u>	<u>(2,993)</u>
Total available for distribution	<u>30,268</u>	<u>32,132</u>

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 8. Table Games (Continued)

	<u>2024</u>	<u>2023</u>
<u>Less distributions:</u>		
Racetrack purse funds	2,107	2,245
Thoroughbred & greyhound development funds	1,686	1,796
Racing commission pension plan	836	886
Municipalities/counties	<u>9,331</u>	<u>9,919</u>
Total distributions	<u>13,960</u>	<u>14,846</u>
Table games distribution to the state		
Excess Lottery Fund	<u>\$ 16,308</u>	<u>\$ 17,286</u>

Note 9. Historic Resort Hotel

The Historic Resort Hotel legislation authorizes video lottery and table games at a licensed historic resort hotel which is defined as “a resort hotel registered with the United States Department of the Interior as a national historic landmark in its National Registry of Historic Places having not fewer than five hundred guest rooms under common ownership and having substantial recreational guest amenities in addition to the gaming facility.”

Historic resort video lottery

Historic Resort Hotel legislation, as amended, dictates the distribution of video lottery revenues. Thirty three and a half percent (33.5%) of gross terminal income is allocated to Historic Resort Hotel Fund, two and a half percent (2.5%) is allocated to the State Excess Lottery Revenue Fund, and seventeen percent (17%) of gross terminal income is allocated to the Human Resource Benefit Fund. The remaining forty-seven percent (47%) of gross terminal income is then subject to a ten percent (10%) surcharge which is allocated to separate capital reinvestment funds for the licensed historic resort hotel. After deduction of the surcharge, the remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the historic resort hotel. A summary of historic resort hotel video lottery revenues for the years ended June 30, 2024 and 2023 follows (in thousands):

	<u>2024</u>	<u>2023</u>
Total credits played	\$ 54,666	\$ 64,153
Credits (prizes) won	(49,679)	(59,039)
Promotional credits played	<u>(970)</u>	<u>(1,008)</u>
Gross terminal income	4,017	4,106
Capital reinvestment	(189)	(193)
Excess Lottery	(36)	(37)
Hotel commissions	<u>(1,699)</u>	<u>(1,737)</u>
Net terminal income	<u>\$ 2,093</u>	<u>\$ 2,139</u>
Historic Resort Hotel Fund	\$ 1,410	\$ 1,441
Human Resource Benefit Fund	<u>683</u>	<u>698</u>
Total	<u>\$ 2,093</u>	<u>\$ 2,139</u>

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 9. Historic Resort Hotel (Continued)

Historic resort table games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the years ended June 30, 2024 and 2023 were \$6,056,562 and \$6,565,362, respectively.

The following table shows the privilege tax and the accrued distributions (in thousands) for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Table games privilege tax	\$ 2,120	\$ 2,298
Historic Resort Hotel Fund	\$ 1,818	\$ 1,970
Human Resource Benefit Fund	<u>302</u>	<u>328</u>
Total distributions	<u>\$ 2,120</u>	<u>\$ 2,298</u>

Historic resort hotel fund

Historic Resort Hotel Fund deposits are allocated after a fifteen percent (15%) lottery administrative cost. The remaining Historic Resort Hotel Fund net income (gross deposits less 15%) are distributed as follows:

- 4% is paid to the county where the gaming facility is located;
- 2.5% is paid to the municipality where the gaming facility is located as prescribed by statute;
- 2.5% is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 2.5% is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 2.5% is divided and paid in equal shares, to each municipality in the State not already receiving a distribution.
- 86% is transferred to the Excess Lottery Revenue Fund.

A summary of Historic Resort Hotel Fund revenues and related distributions is as follows (in thousands) for the years ended June 30, 2024 and 2023:

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 9. Historic Resort Hotel (Continued)

Historic resort hotel fund (Continued)

	<u>2024</u>	<u>2023</u>
Historic Resort Hotel video lottery	\$ 1,410	\$ 1,441
Historic Resort table games	1,817	1,970
Interest on Historic Resort Hotel Fund	<u>72</u>	<u>50</u>
Historic Resort Hotel Fund deposits	<u>3,299</u>	<u>3,461</u>
Administrative costs	<u>(490)</u>	<u>(517)</u>
Historic Resort Hotel Fund net income	<u>\$ 2,809</u>	<u>\$ 2,944</u>
Municipalities/Counties	\$ 393	\$ 413
Excess Lottery Revenue Fund	<u>2,416</u>	<u>2,531</u>
Total distributions	<u>\$ 2,809</u>	<u>\$ 2,944</u>

Note 10. Sports Wagering

Each racetrack and historic resort hotel licensee is subject to a privilege tax of ten percent (10%) of adjusted gross wagering receipts, which will be deposited weekly into the Sports Wagering Fund.

From the privilege tax deposited into the Sports Wagering Fund, the Lottery, on a monthly basis shall:

Retain 15% for administrative expenses of which any surplus in excess of \$250,000 shall be reported to the Joint Committee on Government and Finance and remitted to the State Treasurer.

After the reduction for administrative expenses, the net profit shall be deposited into the State Lottery Fund until a total of \$15 million is deposited. The remainder of net profit shall be deposited into the Public Employees Insurance Agency Financial Stability Fund.

The Sports Wagering adjusted gross wagering receipts for the year-to-date ended June 30, 2024 and 2023 were \$52,781,182 and \$52,615,122, respectively. The following table shows the privilege tax and the accrued distributions is as follows (in thousands), for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Sports wagering privilege tax	\$ 5,278	\$ 5,262
Interest on sports wagering fund	81	36
Administrative costs	<u>(792)</u>	<u>(789)</u>
Total available for distribution	<u>\$ 4,567</u>	<u>\$ 4,509</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 11. Interactive Wagering

Interactive Wagering legislation passed in 2019 per House Bill 2934. Each racetrack and historic resort hotel licensee is subject to a privilege tax of fifteen percent (15%) of adjusted gross interactive gaming receipts, which will be deposited weekly into the Interactive Wagering Fund.

From the privilege tax deposited into the Interactive Wagering Fund, the Commission, on a monthly basis shall:

Retain 15% for administrative expenses of which any surplus in excess of \$250,000 shall be reported to the Joint Committee on Government and Finance and remitted to the State Treasurer.

In each fiscal year, the Lottery Commission shall deposit one-quarter of a percent of the net profit into each of the four special funds established by the Racing Commission, pursuant to §29-22A-10 and §29-22C-27 to be used for payment into the pension plan for the employees of the licensed racing associations in this state.

After the reduction for administrative expenses and the pension plans for the racing associations, the net profit shall be deposited into the State Lottery Fund.

The Interactive Wagering adjusted gross interactive gaming receipts for the year-to-date ended June 30, 2024 and 2023 were \$190,804,357 and \$138,969,023 respectively. The privilege tax and the accrued distributions (in thousands) for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Interactive wagering privilege tax	\$ 28,621	\$ 20,845
Interest on Interactive wagering fund	554	221
Administrative costs	(4,293)	(3,127)
Total available for distribution	<u>24,882</u>	<u>17,939</u>
Racetrack Pension Funds	\$ 249	\$ 179
State Lottery Fund	<u>24,633</u>	<u>17,760</u>
Total distributions	<u>\$ 24,882</u>	<u>\$ 17,939</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Nonoperating Distributions to the State of West Virginia

The Lottery periodically distributes surplus funds, exclusive of amounts derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the current governing legislation. For the years ended June 30, 2024 and 2023, the State Legislature budgeted \$207,819,148 and \$175,532,030, respectively, of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of \$1,800,000, \$1,000,000, and \$500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently debt service payments are \$6,600,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available.

All budgetary appropriations were satisfied for the years ending June 30, 2024 and 2023. The Lottery accrued additional distributions from the State Lottery Fund and State Excess Lottery Revenue Fund of \$190,014,554 and \$252,393,693, for the years ended June 30, 2024 and 2023 respectively. The Lottery does not have a legally adopted annual budget.

A summary of distributions to certain state agencies to conform with the various legislation follows (in thousands):

	<u>2024</u>	<u>2023</u>
<u>State Lottery Fund:</u>		
Bureau of Senior Services	\$ 79,479	\$ 69,950
Department of Education	14,386	14,372
Library Commission	11,514	11,514
Higher Education - Central Office	7,430	7,351
Tourism	6,956	6,844
Natural Resources	3,779	3,591
Division of Culture & History	4,283	7,374
Economic Development Authority	9,995	9,995
School Building Authority	18,000	18,000
General Revenue Fund	35,000	21,550
Fire Protection Fund	12,000	-
Community and Technical College	4,997	4,991
Total State Lottery Fund	<u>207,819</u>	<u>175,532</u>

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 12. Nonoperating Distributions to the State of West Virginia (Continued)

	<u>2024</u>	<u>2023</u>
<u>State Excess Lottery Revenue Fund:</u>		
General Purpose Account	65,000	65,000
Education Improvement Fund	29,000	29,000
WV Infrastructure Council Fund	46,000	46,000
Higher Education Improvement Fund	15,000	15,000
State Park Improvement Fund	1,505	1,505
School Building Authority	18,965	43,966
Economic Development Fund	25,412	25,403
Refundable Credit - General Revenue Fund	10,000	10,000
Racing Commission	2,800	2,800
General Revenue Fund	71,000	30,500
WV Department of Health and Human Resources	77,717	42,898
Department of Education	-	15,000
Distributions to Statutory Funds and Purposes		
Parking Garage Fund	716	716
Capitol Dome and Improvements Fund	1,796	1,796
Capitol Renovation and Improvements Fund	2,381	2,381
Development Office Promotion Fund	1,299	1,299
Research Challenge Fund	1,732	1,732
Tourism Promotion Fund	4,808	4,808
Cultural Facilities and Capitol Resources Fund	1,251	1,251
State Debt Reduction Fund	20,000	20,000
General Revenue Fund	1,168	1,168
Historic Resort Hotel Fund	24	24
Racing Commission	3,464	3,464
Non-Governmental Budgeted Transfers	<u>22,383</u>	<u>22,383</u>
Total State Excess Lottery Revenue Fund	<u>423,421</u>	<u>388,094</u>
 Total Distributions	 631,240	 563,626
 Veterans Instant Ticket Fund	 <u>558</u>	 <u>622</u>
 Total nonoperating distributions to the State of West Virginia (cash basis)	 631,798	 564,248
 Accrued nonoperating distributions, beginning of year	 (252,394)	 (240,181)
Accrued nonoperating distributions, end of year	<u>190,015</u>	<u>252,394</u>
Total nonoperating distributions to the State of West Virginia	<u>\$ 569,419</u>	<u>\$ 576,461</u>

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 13. Pension Benefits

Plan description

All full-time Lottery employees are eligible and required to participate in the West Virginia Public Employees' Retirement System (PERS). The PERS is one of several plans administered by the West Virginia Consolidated Public Retirement Board (CPRB). The CPRB issues a publicly available financial report that includes financial statements for PERS that can be obtained at www.wvretirement.com.

PERS is a multiple employer defined benefit cost sharing public employee retirement system covering substantially all employees of the State and its component units, as well as employees of participating non-State governmental entities who are not participants of another state or municipal retirement system.

Benefits provided

PERS provides retirement benefits as well as death and disability benefits. Qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. For all employees hired after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. Final average salary is the average annual salary from the highest 36 consecutive months within the last fifteen years of employment. For all employees hired after July 1, 2015, final average salary is the average annual salary of the highest 60 consecutive months within the last fifteen years of employment. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired after July 1, 2015, this age increases to 64 with 10 years of service.

Chapter 5, Article 10 of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

Contributions

Per Chapter 5, Article 10, members hired prior to July 1, 2015 contribute 4.5% of annual earnings. All members hired July 1, 2015 and later, will contribute 6% of annual earnings. State and non-state governmental employers' contribution rates were 9.0%, 9.0%, and 10.0% of covered employees' annual earnings for fiscal years ending June 30, 2024, 2023, and 2022, respectively. Contribution rates for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contribution rates for employers are established by the CPRB. Contributions to the pension plan from the Lottery were \$900,500, \$841,400, and \$804,035 for the years ended June 30, 2024, 2023 and 2022, respectively.

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Pension Benefits (Continued)

Pension liabilities (asset), pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2024 and 2023, respectively, the Lottery reported a liability (asset) of \$(23,593) and 734,858 for its proportionate share of the net pension liability (asset). The net pension liability (asset) reported at June 30, 2024 was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2022, rolled forward to the measurement date of June 30, 2023. The Lottery's proportion of the net pension liability (asset) was based on the Lottery's share of contributions to the pension plan relative to the contributions of all participating plan employers for the year ended June 30, 2023. At June 30, 2023, the Lottery's proportion was 0.53 percent, which is an increase of .03 from its proportion as of June 30, 2022.

For the years ended June 30, 2024 and 2023, respectively, the Lottery recognized pension expense of \$804,173 and \$361,288. At June 30, 2024 and 2023, the Lottery reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	June 30, 2024	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 143	\$ -
Differences between expected and actual experience	200	-
Changes in assumptions	153	-
Changes in proportion and differences between Lottery contributions and proportionate share of contributions	1	27
Lottery contributions made subsequent to the measurement date of June 30, 2023	<u>901</u>	<u>-</u>
Total	<u>\$ 1,398</u>	<u>\$ 27</u>
	June 30, 2023	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 443	\$ -
Differences between expected and actual experience	282	-
Changes in assumptions	483	-
Changes in proportion and differences between Lottery contributions and proportionate share of contributions	1	18
Lottery contributions made subsequent to the measurement date of June 30, 2022	<u>841</u>	<u>-</u>
Total	<u>\$ 2,050</u>	<u>\$ 18</u>

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Pension Benefits (Continued)

Pension liabilities (asset), pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

The \$900,500 reported as deferred outflows of resources related to pensions resulting from Lottery contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or an increase in the net pension asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2025	\$	(22)
2026		(556)
2027		1,148
2028		(100)

Actuarial assumptions

The total pension liability reported as of June 30, 2024 and 2023, was determined by actuarial valuations as of July 1, 2022 and June 30, 2021 respectively, with measurement dates of June 30, 2023 and 2022, respectively using the following actuarial assumptions, applied to all periods included in the measurements unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75-6.75 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense

Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018 for active employees, 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy males, 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy females, 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018 for disabled males, and 117% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018 for disabled females.

Experience studies, which were based on the years 2015 through 2020 for economic assumptions and 2013 through 2018 for all other assumptions, were used for the 2022 and 2021 actuarial valuations.

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 13. Pension Benefits (Continued)

The long-term rates of return on pension plan investments were determined using the building block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of long-term geometric rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic equity	27.5%	6.5%
International equity	27.5%	9.1%
Fixed income	15.0%	4.3%
Real estate	10.0%	5.8%
Private equity	10.0%	9.2%
Hedge funds	10.0%	4.6%

Discount rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to change in the discount rate

Regarding the sensitivity of the net pension liability (asset) to changes in the discount rate, the following table presents the Lottery's proportionate share of the net pension liability (asset) calculated using the current discount rate of 7.25% as well as what the Lottery's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (in thousands):

<u>Net Pension Liability (Asset)</u>			
	<u>2024</u>		<u>2023</u>
1% decrease (6.25%)	\$	(4,890)	\$ 5,193
Current discount rate (7.25%)	\$	24	\$ 735
1% increase (8.25%)	\$	4,170	\$ (3,082)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits

Plan description

The West Virginia Other Postemployment Benefit Plan (the OPEB Plan) is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The financial activities of the OPEB Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The OPEB Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. OPEB Plan benefits are established and revised by PEIA and the RHBT management with approval of their Finance Board. The PEIA issues a publically available financial report of the RHBT that can be obtained at www.peia.wv.gov or by writing to the West Virginia Public Employees Insurance Agency, 601 57th Street, SE Suite 2, Charleston, WV 25304.

Benefits provided

The Lottery employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the Public Employees' Retirement System (PERS) or meet certain other eligibility requirements of other West Virginia Consolidated Public Retirement Board (CPRB) sponsored retirement plans. RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is fully funded by member contributions. The medical and prescription drug insurance is provided through two options; Self-Insured Preferred Provider Benefit Plan - primarily for non-Medicare-eligible retirees and spouses or External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses.

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Prescription Drug Plan (MAPD) administered by a vendor. Under this arrangement, the vendor assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option. The RHBT collects employer contributions for Managed Care Organization (MCO) participants and remits capitation payments to the MCO. Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

Eligible participants hired after June 30, 2010, will be required to fully fund premium contributions upon retirement. The Plan is a closed plan to new entrants.

Contributions

West Virginia Code section 5-16D-6 assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers. Participating employers are required by statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers. Employer contributions represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to as paygo, retiree leave conversion billings, and other matters, including billing adjustments. The annual contractually required per active policyholder per month rates for State non-general funded agencies and other participating employers effective June 30, 2024, 2023, and 2022, respectively, were:

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits (Continued)

	<u>2024</u>	<u>2023</u>	<u>2022</u> 2/1/22 – 6/30/22	<u>2021</u> 7/1/21 – 1/31/22
Paygo Premium	\$ -	\$ 70	\$ 48	\$ 116

Contributions to the OPEB plan from the Lottery were \$32, \$124,581 and \$151,957 for the years ended June 30, 2024, 2023, and 2022, respectively.

Members retired before July 1, 1997, pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below;

- Members hired before July 1, 1988, may convert accrued sick or leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988, to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

Contributions by nonemployer contributing entities in special funding situations

The State of West Virginia is a nonemployer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating \$30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The \$30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

The State is a nonemployer contributing entity that provides funding through SB 469, which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. The public school support plan (PSSP) is a basic foundation allowance program that provides funding to the local school boards for "any amount of the employer's annual required contribution allocated and billed to the county boards for employees who are employed as professional employees, employees who are employed as service personnel and employees who are employed as professional student support personnel", within the limits authorized by the State Code. This special funding under the school aid formula subsidizes employer contributions of the county boards of education.

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits (Continued)

OPEB liabilities (assets), OPEB expense (revenues), and deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2024 and 2023, the Lottery reported a liability for its proportionate share of the RHBT net OPEB liability that reflected a reduction for State OPEB support provided to the Lottery. The amount recognized by the Lottery as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Lottery was as follows (in thousands):

	2024	2023
Lottery's proportionate share of net OPEB liability (asset)	\$ (204)	\$ 148
State's special funding proportionate share of the net OPEB liability (asset) associated with the Lottery	(87)	51
Total portion of net OPEB liability (asset) associated with the Lottery	<u>\$ (291)</u>	<u>\$ 199</u>

The net OPEB liability (asset) reported at June 30, 2024 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022, and rolled forward to a measurement date of June 30, 2023. The Lottery's proportion of the net OPEB liability was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date. At June 30, 2023, the Lottery's proportion was .13 percent, which was level from its proportion measured as of June 30, 2022.

For the years ended June 30, 2024 and 2023, respectively, the Lottery recognized OPEB expense (revenue) of \$(668,096) and \$(772,726) and for support provided by the State under special funding situations revenue (expense) of \$(127,486) and \$(143,236). At June 30, 2024 and 2023, the Lottery reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 119
Net difference between projected and actual earnings on OPEB plan investments	-	3
Changes in assumptions	56	114
Changes in proportion and differences between Lottery contributions and proportionate share of contributions	18	106
Lottery contributions subsequent to the measurement date of June 30, 2023	-	-
Total	<u>\$ 74</u>	<u>\$ 342</u>

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits (Continued)

OPEB liabilities (asset), OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

	June 30, 2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 189
Net difference between projected and actual earnings on OPEB plan investments	23	-
Changes in assumptions	95	375
Changes in proportion and differences between Lottery contributions and proportionate share of contributions	48	183
Reallocation of opt out employer change in proportionate share	-	1
Lottery contributions subsequent to the measurement date of June 30, 2022	124	-
Total	\$ 290	\$ 748

There were no contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability (or an increase in the net OPEB asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ended June 30:

2025	\$ (144)
2026	(122)
2027	7
2028	(9)

Actuarial assumptions

The total OPEB liability, reported as of June 30, 2024, was determined by an actuarial valuation as of June 30, 2022, with a measurement date of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	Rates based on 2015 – 2020 OPEB experience study and dependent on pension plan participation and attained age, and range from 2.75% to 5.18%, including inflation
Investment rate of return	7.4%, net of OPEB plan investment expense, including inflation

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits (Continued)

OPEB liabilities, OPEB expense (revenue), and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

Actuarial assumptions

Healthcare cost trend rates	Trend rate for pre-Medicare and Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year 2032.
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Remaining amortization period	20 years closed period beginning June 30, 2017

Mortality rates

Post-retirement mortality retirement rates were based on Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for Teachers' Retirement System (TRS), Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS, and Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for West Virginia Death, Disability, and Retirement Fund (Trooper A) and West Virginia State Police Retirement System (Trooper B). Pre-retirement mortality rates were based on Pub-2010 General Employee Mortality Tables projected with MP-2021 and scaling factors of 100% for males and females for TRS, Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS, and Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Troopers A and B.

The total OPEB liability, reported as of June 30, 2023, was determined by an actuarial valuation as of June 30, 2021, with a measurement date of June 30, 2022 using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Rates based on 2015 – 2020 OPEB experience study and dependent on pension plan participation and attained age, and range from 2.75% to 5.18%, including inflation
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits (Continued)

Actuarial assumptions (continued)

Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year ended 2023, decreasing by 0.50% for two years, then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032.
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Actuarial cost method	Entry age normal cost method
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Amortization method	Level percentage of payroll
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Remaining amortization period	20 years closed period beginning June 30, 2017
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Mortality rates

Post-retirement mortality retirement rates were based on Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for Teachers' Retirement System (TRS), Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS, and Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for West Virginia Death, Disability, and Retirement Fund (Trooper A) and West Virginia State Police Retirement System (Trooper B). Pre-retirement mortality rates were based on Pub-2010 General Employee Mortality Tables projected with MP-2021 for TRS, Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS, and Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Troopers A and B.

The actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020.

The actuarial valuation as of June 30, 2022, reflects updates to the following assumptions which are reviewed at each measurement date:

- Per capita claim costs;
- Healthcare trend rates;
- Aging factors; and
- Participation rates

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits (Continued)

Actuarial assumptions (continued)

The long-term expected rate of return of 7.40% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.60% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 2.75% for assets invested with the WVBTI. Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 45% equity, 15% fixed income, 6% private credit and income, 12% private equity, 10% hedge fund and 12% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

The long-term rate of return on OPEB plan investments are determined using a building block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. The plan's investment advisors, including the WVIMB, provided target asset allocations, capital market assumptions, and forecast returns. The projected return for the Money Market Pool held with the WVBTI was estimated based on the WVIMB assumed inflation of 2.50% plus a 25 basis point spread. The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	45.0%	7.4%
Fixed Income	15.0%	3.9%
Private Credit and Income	6.0%	7.4%
Private Equity	12.0%	10.0%
Hedge Funds	10.0%	4.5%
Real Estate	12.0%	7.2%

Discount rate

A single discount of 7.40% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Other key assumptions

Members hired on or after July 1, 2010, pay 100% of the costs of coverage, resulting in no implicit or explicit employer cost. Consequently, these members are excluded from the actuarial valuation.

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 14. Other Postemployment Benefits (Continued)

OPEB subsequent event

RHBT had significant savings with the Humana (a key Plan vendor) contract renewal beginning fiscal years 2022 through 2025. In addition to the Humana contract savings, RHBT experienced favorable investment returns in fiscal year 2021, resulting in an excess in the premium stabilization reserve. RHBT is passing on these savings to PEIA active employers and as a result there was no PAYGO billed in fiscal year 2024. The 5-year financial plan, which was passed by the PEIA Finance Board in December 2021, originally had PAYGO to be billed at \$20M for fiscal year 2024.

For fiscal year ending June 30, 2025 financial reporting, many OPEB eligible employers will see \$0 OPEB contributions and a \$0 OPEB liability (asset) on the GASB 75 Schedules of Employer OPEB Allocations and OPEB Amounts by Employer.

The net OPEB liability (asset) is allocated to all OPEB eligible employers based on OPEB contributions. These contributions include PAYGO, retiree leave conversion (health & life) and non-participating billings for a given fiscal year. For fiscal year 2024, there were \$0 billed in PAYGO leaving only the remaining contribution types to be allocated. Many OPEB eligible employers are billed PAYGO only. These employers will have \$0 OPEB contributions resulting in a \$0 net OPEB liability (asset) on the schedules for fiscal year 2025 (based on FY 2024 contributions), resulting in the remaining employers that do have other types of OPEB contributions absorbing the entire OPEB liability (asset). Based off the current year schedules, approximately 413 out of the 700+ employers have only PAYGO billings as contributions.

Sensitivity of the Lottery's proportionate share of the net OPEB asset to changes in the discount rate

The following presents the Lottery's proportionate share of the net OPEB asset calculated using the current discount rate, as well as what the Lottery's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate (in thousands):

Lottery's proportionate share of the net OPEB asset	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
2024	\$ 34	\$ 204	\$ 389
2023	\$ (84)	\$ 148	\$ 452

Sensitivity of the Lottery's proportionate share of net OPEB liability to changes in the healthcare cost trend rates

The following presents the Lottery's proportionate share of the net OPEB liability (asset), as well as what the Lottery's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current rates (in thousands):

(Continued)
47

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2024

Note 14. Other Postemployment Benefits (Continued)

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Lottery's proportionate share of the net OPEB liability (asset)	\$ 519	\$ 204	\$ (171)

Note 15. Commitments

The Lottery Commission has designated unexpended administrative funds from various fiscal years for the acquisition of capital assets. As of June 30, 2024 and 2023, \$5,321,574 and \$5,783,407, respectively, are included in unrestricted net position for this purpose.

Note 16. Risk Management

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia and other providers. Each of the state administered risk pools have issued separate audited financial reports on their operations. Those reports include the required supplementary information regarding the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual risk pools can be obtained directly from their respective administrative offices.

Public Employees' Insurance Agency (PEIA)

The Lottery participates in the Public Employees Insurance Agency (PEIA), which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher education, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program, which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage, as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired employees and level of compensation. Coverage under these programs is limited to \$1 million for lifetime for health and \$10,000 of life insurance coverage.

The PEIA risk pool retains all risks for the health and prescription features of its indemnity plan. PEIA has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider, and has transferred the risks of the life insurance coverage to a third party insurer. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 205,000 individuals, including participants and dependents.

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

Note 16. Risk Management (Continued)

Board of Risk and Insurance Management (BRIM)

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a risk pool currently operating as a risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first \$1 million per property event and purchases excess insurance on losses above that level. Excess coverage through an outside insurer under this program is limited to \$200 million per event, subject to limits on certain property. BRIM has \$1 million per occurrence coverage maximum on all third-party liability claims. During the year ended June 30, 2024, no changes in coverage were made and paid claims did not exceed coverage.

Workers compensation insurance

The Lottery carries workers compensation insurance coverage through a commercial insurance carrier. The commercial insurance carrier is paid a monthly rated premium to provide compensation for injuries sustained in the course of employment.

Note 17. Contingencies and Uncertainties

The Lottery is involved in certain claims and legal actions arising from the ordinary course of conducting business. Although the outcome of these claims and legal actions are presently indeterminable; it is the opinion of the Lottery's management, after a review of legal activities, that no adjustments to the financial statements are warranted and that any resolution of outstanding claims or legal actions are not expected to have a material adverse effect on the accompanying financial statements.

Note 18. New Accounting Standards

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This Statement defines and requires governments to disclose the risks related to constraints and concentrations of inflows or outflows of resources. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

In April 2024, The GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.



Required Supplementary Information

WEST VIRGINIA LOTTERY
SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
(In Thousands)
Public Employees Retirement System Plan

	Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Lottery's proportion (percentage) of the net pension liability (asset)	0.53%	0.49%	0.51%	0.52%	0.53%	0.53%	0.53%	0.52%	0.55%	0.55%
Lottery's proportionate share of the net pension liability (asset)	\$ (24)	\$ 735	\$ (4,467)	\$ 2,740	\$ 1,147	\$ 1,360	\$ 2,274	\$ 4,800	\$ 3,044	\$ 2,035
Lottery's covered payroll	\$ 9,344	\$ 8,040	\$ 8,130	\$ 8,100	\$ 7,890	\$ 7,345	\$ 7,192	\$ 7,259	\$ 7,421	\$ 7,415
Lottery's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(0.26%)	9.14%	(54.94%)	33.83%	14.54%	18.52%	31.62%	66.12%	41.02%	27.44%
Plan fiduciary net position as a percentage of the total pension liability	100.05%	98.17%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

Note: All amounts presented are as of the measurement date,
which is one year prior to the fiscal year end date.

See Independent Auditor's Report and accompanying Notes to Required Supplementary Information.

WEST VIRGINIA LOTTERY

**SCHEDULES OF CONTRIBUTIONS TO THE PERS
(In Thousands)**

	Years Ended June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 901	\$ 841	\$ 804	\$ 813	\$ 810	\$ 789	\$ 808	\$ 863	\$ 980	\$ 1,039
Contributions in relation to the statutorily required contribution	901	841	804	813	810	789	808	863	980	1,039
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lottery's covered payroll	\$ 10,011	\$ 9,344	\$ 8,040	\$ 8,130	\$ 8,100	\$ 7,890	\$ 7,345	\$ 7,192	\$ 7,259	\$ 7,421
Contributions as a percentage of covered-employee payroll	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%

See Independent Auditor's Report and accompanying Notes to Required Supplementary Information.

WEST VIRGINIA LOTTERY

SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
(In Thousands)

Retirement Health Benefit Trust Plan

	Years Ended June 30						
	2024	2023	2022	2021	2020	2019	2018
West Virginia Lottery's proportion (percentage) of the net OPEB liability (asset)	0.13%	0.13%	0.15%	0.15%	0.15%	0.15%	0.14%
West Virginia Lottery's proportionate share of the net OPEB liability (asset)	\$ (204)	\$ 148	\$ (46)	\$ 654	\$ 2,551	\$ 3,187	\$ 3,501
State's proportionate share of the net OPEB liability (asset) associated with the Lottery	\$ (87)	\$ 51	\$ (9)	\$ 145	\$ 522	\$ 659	\$ 719
Total	\$ (291)	\$ 199	\$ (55)	\$ 799	\$ 3,073	\$ 3,846	\$ 4,220
West Virginia Lottery's covered-employee payroll	\$ 4,723	\$ 4,645	\$ 4,810	\$ 4,942	\$ 4,909	\$ 4,999	\$ 5,264
West Virginia Lottery's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(4.32%)	3.19%	(0.96%)	13.23%	51.97%	63.75%	66.51%
Plan fiduciary net position as a percentage of the total OPEB liability	109.66%	93.59%	101.81%	73.49%	39.69%	30.98%	25.10%

Note: All amounts presented are as of the measurement date,
which is one year prior to the fiscal year end date.

WEST VIRGINIA LOTTERY

SCHEDULES OF CONTRIBUTIONS TO THE RHBT (In Thousands)

	Years Ended June 30							
	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ -	\$ 124	\$ 152	\$ 279	\$ 287	\$ 317	\$ 303	\$ 292
Contributions in relation to the statutorily required contribution	-	124	152	279	287	317	303	292
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
West Virginia Lottery's covered-employee payroll	\$ 4,688	\$ 4,723	\$ 4,645	\$ 4,810	\$ 4,942	\$ 4,909	\$ 4,999	\$ 5,264
Contributions as a percentage of covered-employee payroll	0.00%	2.63%	3.27%	5.80%	5.81%	6.46%	6.06%	5.55%

See Independent Auditor's Report and accompanying Notes to Required Supplementary Information.

WEST VIRGINIA LOTTERY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2024

Note 1. Trend Information Presented

The accompanying schedules of the Lottery's proportionate share of the net pension and OPEB liabilities (assets) and contributions to PERS and RHBT are required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

Note 2. Pension Plan Amendments

The PERS was amended to make changes, which apply, to new employees hired on or after July 1, 2015 as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For employees hired after July 1, 2015, qualification for normal retirement is 62 with 10 years of service. A member hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between the ages 60 and 62 with at least ten years of contributory service, between ages 57 and 62 with at least twenty years of contributory service or between the ages 55 and 62 with at least thirty years of contributory service.
- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired on or after July 1, 2015 average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.
- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired on or after July 1, 2015, this age increases to 64 with at least ten years of contributory service, or age 63 with at least twenty years of contributory service.
- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired on or after July 1, 2015, are required to contribute 6% of annual earnings.

West Virginia Lottery

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Note 3. Pension Plan Changes in Assumptions

The information in the schedules of the proportionate share of the net pension liability (asset) was based on actuarial valuations rolled forward to measurement dates of June 30 of each year presented below using the following actuarial assumptions:

	Projected Salary Increases		Inflation Rate	Discount Rate	Mortality Rates	Withdrawal rates			Experience Study
	State	Nonstate				State	Nonstate	Disability Rates	
2023	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with Scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2022	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with Scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2021	2.75% - 5.55%	3.6% - 6.75%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with Scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2015-2020 - economic assumptions and 2013-2018 all other assumptions
2020	3.1% - 5.3%	3.35% - 6.5%	3.00%	7.50%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with Scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.50 - 35.88%	0.005 - 0.540%	2013-2018

(Continued)

West Virginia Lottery

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Note 3. Pension Plan Changes in Assumptions (Continued)

	Projected Salary Increases		Inflation Rate	Discount Rate	Mortality Rates	Withdrawal rates			Experience Study
	State	Nonstate				State	Nonstate	Disability Rates	
2019	3.1% - 5.3%	3.35% - 6.5%	3.00%	7.50%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with Scale MP-2018; Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018; Disabled females-118% of Pub-2010 General / Disabled Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018	2.28 - 45.63%	2.00 - 35.88%	0.005 - 0.540%	2013-2018
2018	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2017	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2016	3.0% - 4.6%	3.35% - 6.0%	3.00%	7.50%	Healthy males -110% of RP-2000 Non-Annuitant, Scale AA fully generational Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled Males-96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled Females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2015	3.0% - 4.6%	3.35% - 6.0%	1.90%	7.50%	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA; Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA; Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA; Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	1.75 - 35.1%	2 - 35.8%	0. - 0.675%	2009-2014
2014	4.25% - 6.0%	4.25% - 6.0%	2.20%	7.50%	Healthy males - 1983 GAM; Healthy females-1971 GAM; Disabled males - 1971 GAM; Disabled females - Revenue ruling 96-7	1 - 26%	2 - 31.2%	0 - 0.8%	2004-2009

West Virginia Lottery

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2024

Note 4. OPEB Plan Changes in Assumptions

The information in the schedules of the proportionate share of the net OPEB liability (asset) was based on actuarial valuations rolled forward to measurement dates of June 30 of each year presented below using the following actuarial assumptions:

			Investment Rate of Return & Discount Rate	Mortality Rates	Healthcare Cost Trend Rates	Experience Study
	Inflation	Salary Increases				
2023	2.50%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	7.40%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 General Below-Median Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% medical and 8.0% drug. The trends increase over four years to 9.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year end 2032.	2015-2020
2022	2.25%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2021 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2021 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2021 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2021 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% for two years then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2032.	2015-2020
2021	2.25%	Rates based on 2015-2020 OPEB experience study an dependent on pension plan participation and attained age and range from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of (31.11%) for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.	2015-2020
2020	2.25%	Specific to the OPEB covered group. Ranging from 2.75% to 5.18%, including inflation	6.65%, net of OPEB plan investment expense, including inflation	Post-Retirement: Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for TRS; Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females for PERS; Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females for Trooper A and Trooper B; Pre-Retirement: Pub-2010 General Employee Mortality Tables projected with MP-2019 for TRS; Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019 for PERS; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2022, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of (31.11%) for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.	2015-2020
2019	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for Trooper A and Trooper B); Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Employee Mortality Table projected to 2020 with Scale MP-2016 on a fully generational basis for Trooper A and Trooper B	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020, 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.	2013-2018
2018	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for Trooper A and Trooper B); Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2014 Employee Mortality Table projected to 2020 with Scale MP-2016 on a fully generational basis for Trooper A and Trooper B	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.	2010-2015
2017	2.75%	Dependent upon pension system. Ranging from 3.0% to 6.5%, including inflation	7.15%, net of OPEB plan investment expense, including inflation	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2000 Healthy Annuitant Mortality Table projected to 2025 with scale BB for Trooper A and Trooper B); Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS; RP-2000 Non-Annuitant Mortality Table projected to 2020 with Scale BB for Trooper A and Trooper B	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.	2010-2015



Statistical Section



VALLEY FALLS, MARION COUNTY

This section of the West Virginia Lottery's annual comprehensive financial report depicts charts and graphs to aide in understanding the information presented in the financial statements and note disclosures about the Lottery's overall financial health.

FINANCIAL TRENDS/REVENUE CAPACITY

The accompanying schedules, depicting financial and revenue trends, contain information to help the reader understand how the financial performance and well-being have changed over time and how the Lottery assesses its most significant revenue sources; traditional instant and on-line games, the video lottery segment, and table games. The continued expansion of venues that offer a variety of gaming options has sustained revenues for the Lottery.

DEMOGRAPHIC AND ECONOMIC INFORMATION

The accompanying schedules, depicting demographic and other economic relationships, offer indicators to help the reader understand the environment within which the Lottery's financial activities take place. Indexes such as player income distribution, per capita income, and competitive revenues generated by other lottery systems are relevant in assessing the Lottery's performance.

OPERATING INFORMATION

There are many factors that impact the level of demand for Lottery products. For our on-line games, the sizes of the publicized jackpots drive the sales level. As an example, a Powerball® jackpot of \$250 million will generate more sales than a jackpot of \$40 million. For our instant ticket games, the level of demand is impacted by many factors such as game themes, play-styles, price points, and prize payouts. Racetrack Video Lottery and Table Games sales are largely driven by tourism. Weekends and holidays generate higher sales than weekdays. Limited Video Lottery sales are seasonally affected. Cold months tend to generate higher sales than warmer months. In an effort to minimize the effect of these nuances, the accompanying schedules contain information by year and game type to help the reader understand how the Lottery's financial performance and overall growth have trended.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports or the audited financial statements for the relevant year.

SALES BY PRODUCT AND OTHER REVENUES - LAST TEN YEARS

	2015	2016	2017	2018
INSTANT	\$ 103,276,392	\$ 102,541,884	\$ 94,368,751	\$ 99,194,790
POWERBALL	\$ 34,099,437	\$ 46,553,463	\$ 34,514,013	\$ 36,483,389
HOT LOTTO SIZZLER	\$ 5,745,617	\$ 4,790,589	\$ 4,848,437	\$ 2,219,730
DAILY 3	\$ 8,109,719	\$ 8,176,541	\$ 8,144,181	\$ 7,940,388
DAILY 4	\$ 4,849,937	\$ 4,904,381	\$ 4,796,895	\$ 4,746,084
CASH 25	\$ 5,191,526	\$ 5,062,256	\$ 4,938,032	\$ 4,833,798
TRAVEL KENO	\$ 5,103,370	\$ 4,136,493	\$ 3,811,709	\$ 3,639,022
CASH POP	-	-	-	-
MEGA MILLIONS	\$ 13,623,552	\$ 12,035,877	\$ 11,057,403	\$ 14,850,547
LOTTO AMERICA	-	-	\$	\$ 3,126,972
TOTAL ONLINE	\$ 76,723,158	\$ 85,659,600	\$ 72,110,670	\$ 77,839,930
VIDEO (net of prizes)				
RACETRACK	\$ 557,802,811	\$ 537,729,110	\$ 521,317,604	\$ 504,294,811
LIMITED	\$ 373,220,741	\$ 360,814,338	\$ 347,555,459	\$ 368,067,327
TABLE GAMES (privilege tax)	\$ 46,928,173	\$ 43,545,330	\$ 38,957,889	\$ 35,152,441
VIDEO (net of prizes)	\$ 4,070,270	\$ 4,486,215	\$ 3,739,067	\$ 4,845,200
TABLE GAMES (privilege tax)	\$ 1,982,451	\$ 1,859,221	\$ 1,467,848	\$ 1,778,614
TOTAL HISTORIC RESORT	\$ 6,052,721	\$ 6,345,436	\$ 5,206,915	\$ 6,623,814
SPORTS WAGERING	-	-		
INTERACTIVE WAGERING	-	-		
TOTAL SALES	\$ 1,164,003,996	\$ 1,136,635,698	\$ 1,079,517,288	\$ 1,091,173,113
LICENSE FEE	\$ 10,024,323	\$ 9,396,576	\$ 9,245,717	\$ 10,806,586
MISCELLANEOUS	\$ 1,288,429	\$ 1,131,369	\$ 1,431,996	\$ 1,926,990
OTHER OPERATING INCOME	\$ 11,312,752	\$ 10,527,945	\$ 10,677,713	\$ 12,733,576
NONOPERATING INCOME	\$ 406,819	\$ 788,063	\$ 934,085	\$ 1,573,220
TOTAL REVENUES	\$ 1,175,723,567	\$ 1,147,951,706	\$ 1,091,129,086	\$ 1,105,479,909

EXPENSES, DISTRIBUTIONS, AND CHANGES IN NET POSITION - LAST TEN YEARS*

	2015	2016	2017	2018
PRIZES (traditional)	\$ 106,475,947	\$ 110,827,487	\$ 98,186,374	\$ 105,195,719
COMMISSIONS				
INSTANT	\$ 7,229,348	\$ 7,177,932	\$ 6,605,813	\$ 6,938,222
ONLINE	\$ 5,371,955	\$ 6,001,020	\$ 5,043,296	\$ 5,436,726
RACETRACK	\$ 286,777,829	\$ 275,496,153	\$ 268,177,388	\$ 260,243,206
LIMITED	\$ 182,878,150	\$ 176,799,014	\$ 170,302,163	\$ 180,352,974
TABLE GAMES	\$ 19,885,019	\$ 18,453,051	\$ 16,512,256	\$ 14,905,401
HISTORIC RESORT	\$ 3,068,391	\$ 3,302,272	\$ 2,732,495	\$ 3,511,074
TOTAL COMMISSIONS	\$ 505,210,692	\$ 487,229,442	\$ 469,373,411	\$ 471,387,603
ADMINISTRATION (includes ticket costs)	\$ 33,663,094	\$ 32,858,938	\$ 31,589,554	\$ 33,372,668
TOTAL OPERATING EXPENSES	\$ 645,349,733	\$ 630,915,867	\$ 599,149,339	\$ 609,955,990
NONOPERATING DISTRIBUTIONS				
MUNICIPALITIES AND COUNTIES	\$ 7,315,126	\$ 7,071,961	\$ 6,812,087	\$ 7,214,120
CAPITAL REINVESTMENT FUND	\$ 11,716,851	\$ 10,445,577	\$ 7,467,510	\$ 13,455,200
STATE OF WEST VIRGINIA	\$ 508,328,566	\$ 501,301,537	\$ 477,053,471	\$ 473,947,597
TOTAL DISTRIBUTIONS	\$ 527,360,543	\$ 518,819,075	\$ 491,333,068	\$ 494,616,917
CHANGES IN NET POSITION	\$ 3,013,291	\$ (1,783,236)	\$ 646,679	\$ 907,002

*Fluctuations in general revenues are the result of the general changes in demand, competitive changes in demand, and other factors affecting the volume of play from year to year. Expense fluctuations are directly correlated to the corresponding changes in revenue.

2019	2020	2021	2022	2023	2024
\$ 115,596,133	\$ 145,435,600	\$ 173,142,225	\$ 168,838,096	\$ 171,855,455	\$ 164,647,941
\$ 33,340,489	\$ 21,977,553	\$ 27,355,170	\$ 31,466,165	\$ 37,312,896	\$ 42,617,885
-	-	-	-	-	-
\$ 7,936,802	\$ 8,178,479	\$ 8,722,635	\$ 8,041,107	\$ 7,534,921	\$ 7,030,718
\$ 4,639,723	\$ 4,734,016	\$ 5,002,445	\$ 4,930,069	\$ 4,874,578	\$ 4,607,115
\$ 4,831,831	\$ 4,894,279	\$ 5,044,417	\$ 4,666,745	\$ 4,493,308	\$ 4,401,443
\$ 3,917,999	\$ 3,370,533	\$ 5,812,452	\$ 5,269,096	\$ 4,737,125	\$ 4,443,612
-	-	-	\$ 1,756,789	\$ 2,256,596	\$ 2,598,715
\$ 24,482,131	\$ 13,446,828	\$ 19,434,999	\$ 12,930,196	\$ 24,831,166	\$ 22,303,942
\$ 5,351,712	\$ 4,593,875	\$ 4,733,870	\$ 4,896,281	\$ 7,298,802	\$ 5,353,868
\$ 84,500,687	\$ 61,195,563	\$ 76,105,988	\$ 73,956,448	\$ 93,339,392	\$ 93,357,298
\$ 506,646,755	\$ 384,972,224	\$ 404,234,626	\$ 474,764,983	\$ 498,269,386	\$ 476,730,685
\$ 392,329,925	\$ 329,844,305	\$ 480,612,089	\$ 490,921,902	\$ 493,639,842	\$ 488,365,089
\$ 35,530,186	\$ 27,144,122	\$ 26,805,582	\$ 36,194,909	\$ 34,921,859	\$ 32,775,294
\$ 5,094,820	\$ 3,729,723	\$ 5,554,723	\$ 5,211,279	\$ 4,106,054	\$ 4,017,015
\$ 2,255,342	\$ 1,498,662	\$ 2,338,591	\$ 2,751,893	\$ 2,297,877	\$ 2,119,797
\$ 7,350,162	\$ 5,228,385	\$ 7,893,314	\$ 7,963,172	\$ 6,403,930	\$ 6,136,812
\$ 1,193,403	\$ 1,914,670	\$ 4,099,848	\$ 4,484,560	\$ 5,261,512	\$ 5,278,118
		\$ 5,076,863	\$ 12,925,912	\$ 20,845,353	\$ 28,620,654
\$ 1,143,147,251	\$ 955,734,869	\$ 1,177,970,535	\$ 1,270,049,982	\$ 1,324,536,729	\$ 1,295,911,891
\$ 10,152,290	\$ 9,993,823	\$ 72,630,164	\$ 12,341,701	\$ 8,893,172	\$ 9,414,306
\$ 1,822,894	\$ 2,971,027	\$ 1,670,372	\$ 1,646,484	\$ 1,480,326	\$ 1,621,572
\$ 11,975,184	\$ 12,964,850	\$ 74,300,536	\$ 13,988,185	\$ 10,373,498	\$ 11,035,878
\$ 3,964,409	\$ 3,549,343	\$ 622,730	\$ 111,025	\$ 9,297,001	\$ 13,504,830
\$ 1,159,086,844	\$ 972,249,062	\$ 1,252,893,801	\$ 1,284,149,192	\$ 1,344,207,228	\$ 1,320,452,599

2019	2020	2021	2022	2023	2024
\$ 119,246,794	\$ 127,852,731	\$ 155,303,951	\$ 152,451,118	\$ 164,652,720	\$ 159,228,025
\$ 8,075,627	\$ 10,181,238	\$ 12,119,956	\$ 11,818,667	\$ 12,029,882	\$ 11,525,356
\$ 5,910,620	\$ 4,288,240	\$ 5,320,934	\$ 5,184,797	\$ 6,538,106	\$ 6,528,102
\$ 261,874,733	\$ 203,211,199	\$ 212,773,694	\$ 245,183,189	\$ 255,881,944	\$ 245,546,555
\$ 192,241,651	\$ 161,623,696	\$ 235,499,912	\$ 240,551,720	\$ 241,883,510	\$ 239,298,879
\$ 15,070,193	\$ 11,512,511	\$ 11,358,709	\$ 15,338,881	\$ 14,845,564	\$ 13,959,748
\$ 3,786,770	\$ 2,735,050	\$ 4,097,735	\$ 3,981,197	\$ 3,175,215	\$ 3,078,203
\$ 486,959,594	\$ 393,551,934	\$ 481,170,940	\$ 522,058,451	\$ 534,354,221	\$ 519,936,843
\$ 35,963,214	\$ 35,634,843	\$ 37,540,586	\$ 37,844,927	\$ 46,924,592	\$ 50,281,269
\$ 642,169,602	\$ 557,039,508	\$ 674,015,477	\$ 712,354,496	\$ 745,931,533	\$ 729,446,137
\$ 7,689,667	\$ 6,464,948	\$ 9,419,997	\$ 9,622,069	\$ 9,675,341	\$ 9,571,956
\$ 13,663,976	\$ 6,772,776	\$ 9,052,604	\$ 12,560,456	\$ 11,606,232	\$ 11,912,452
\$ 495,141,920	\$ 402,002,458	\$ 558,962,484	\$ 545,748,277	\$ 576,460,840	\$ 569,418,704
\$ 516,495,563	\$ 415,240,182	\$ 577,435,085	\$ 567,930,802	\$ 597,742,413	\$ 590,903,112
\$ 421,679	\$ (30,628)	\$ 1,443,239	\$ 3,863,894	\$ 533,283	\$ 103,350



DRAWDY FALLS, BOONE COUNTY

“ The West Virginia Lottery provides players with fun and unique gaming experiences, and we stress the importance of playing responsibly. With our continued success and growth of gaming varieties, it is inevitable to have an increase in the number of players addicted to gambling. If you feel you have a gambling problem, please call our partners at the Problem Gambling Help Network at 1-800-GAMBLER. ”

“

West Virginia law allows winners to remain anonymous in regards to his or her name, personal contact information, and likeness; providing that the prize won is one million dollars or more. All other winners are made public and listed in the winner database on wvlottery.com.

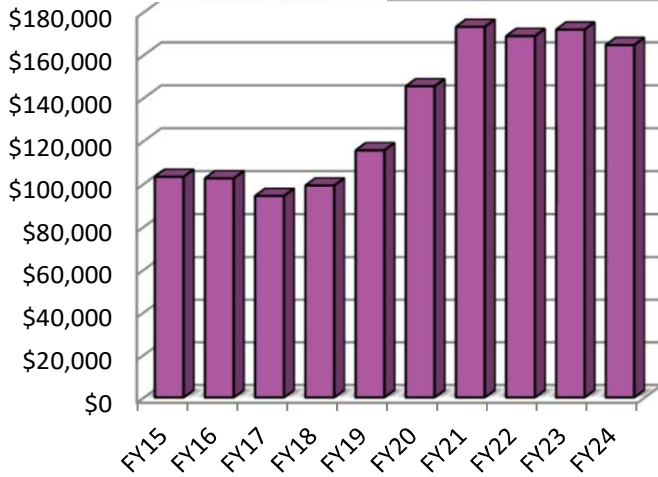
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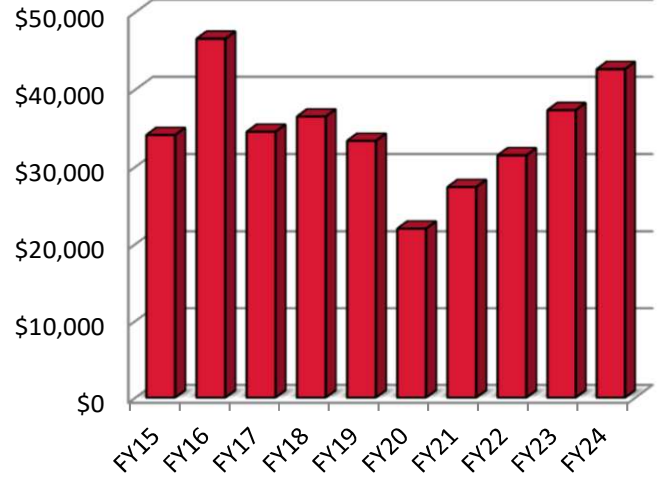
DEVIL'S SAWMILL, CLAY COUNTY

Sales By Product Line Last Ten Fiscal Years (000's)

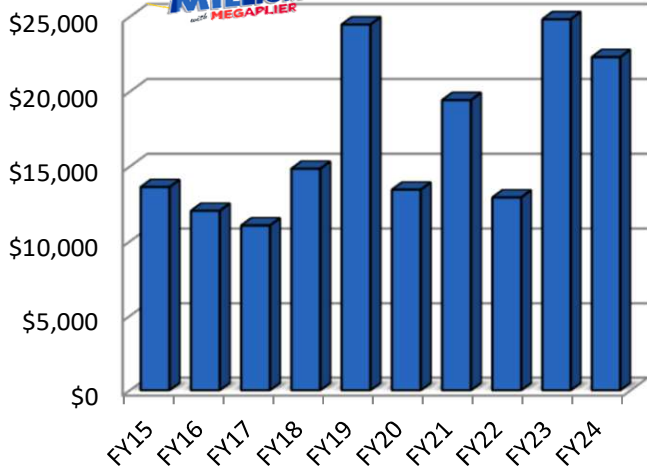
ScratchOffs
INSTANT GAMES



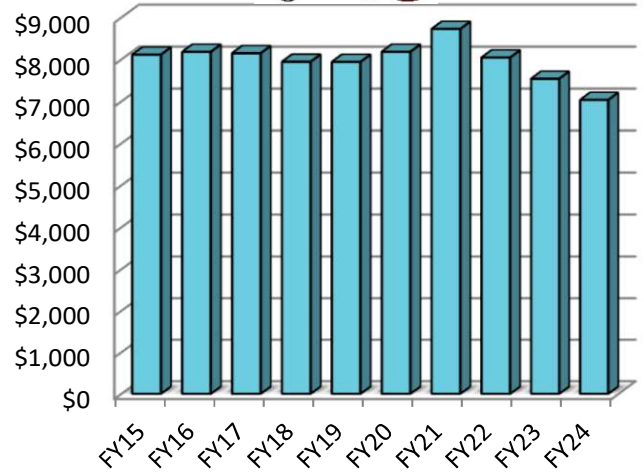
WEST VIRGINIA
POWERBALL
POWERPLAY



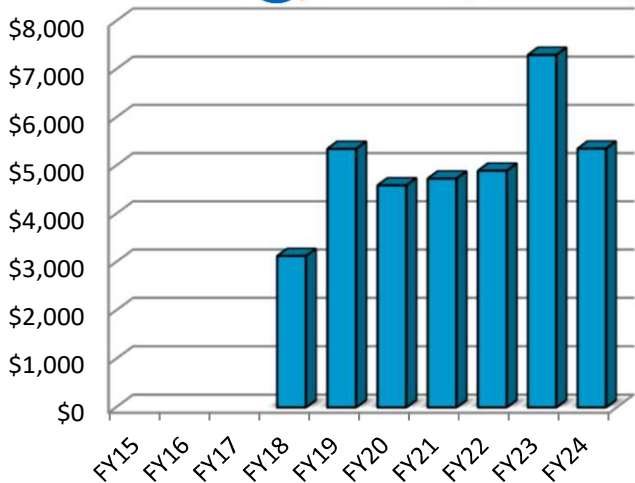
MEGA MILLIONS
MEGAPLIER



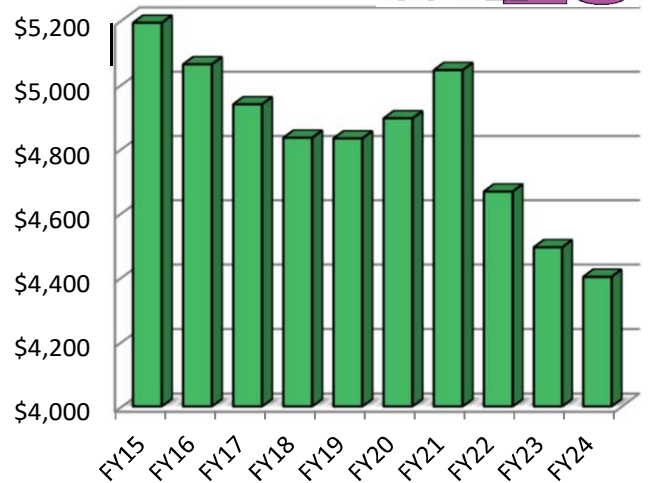
Daily 3



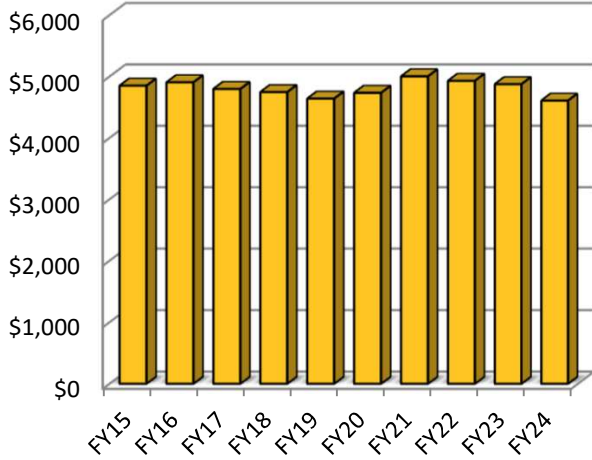
LOTTO AMERICA



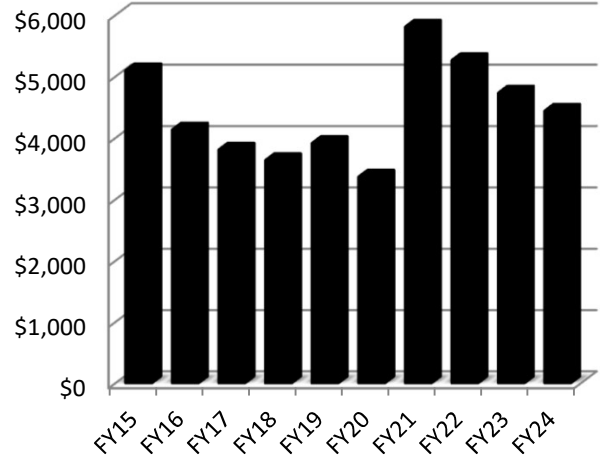
Cash 25



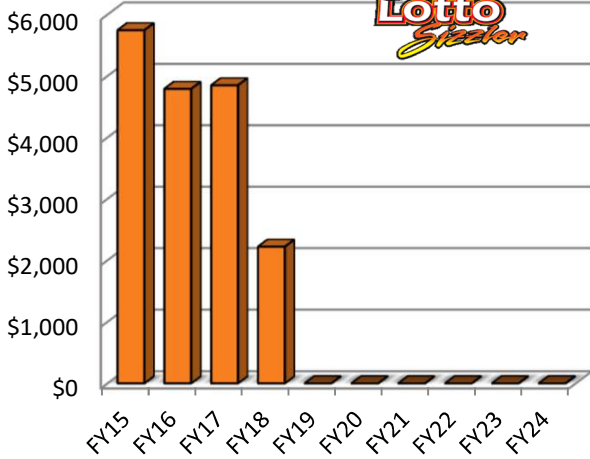
Daily 4



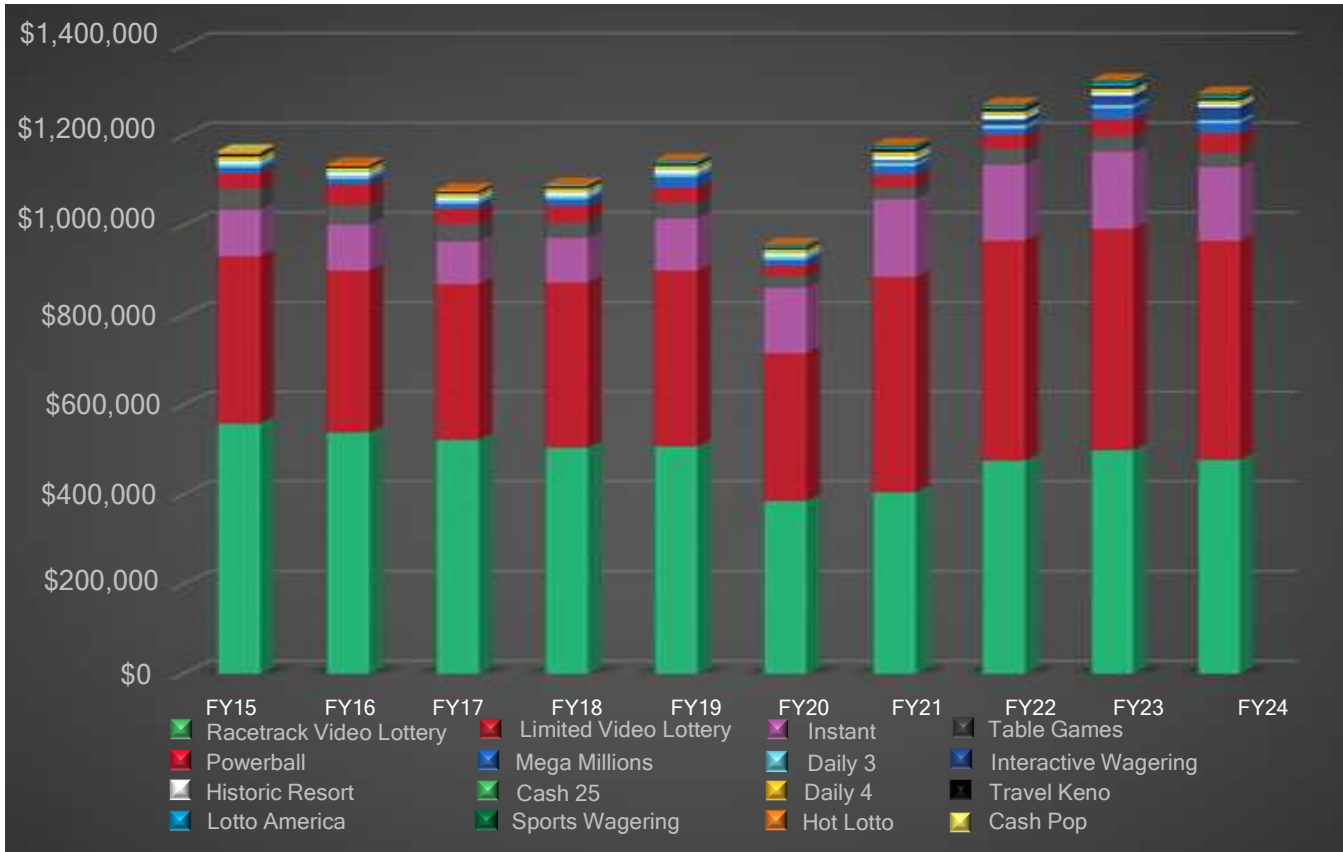
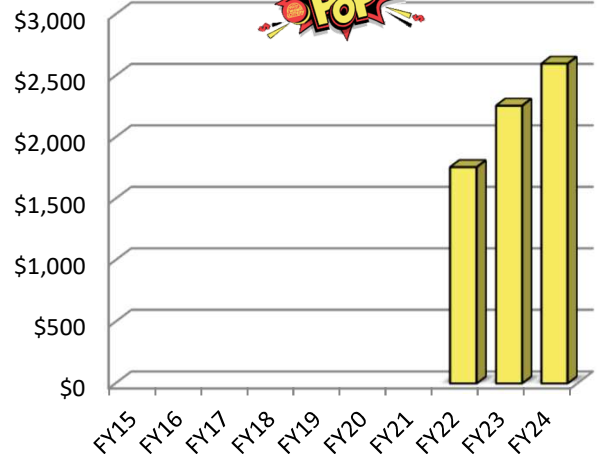
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Hot Lotto Sizzler

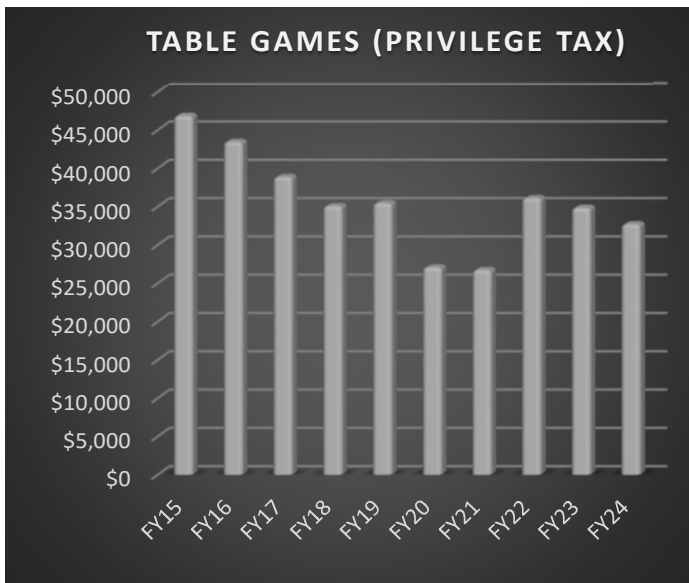
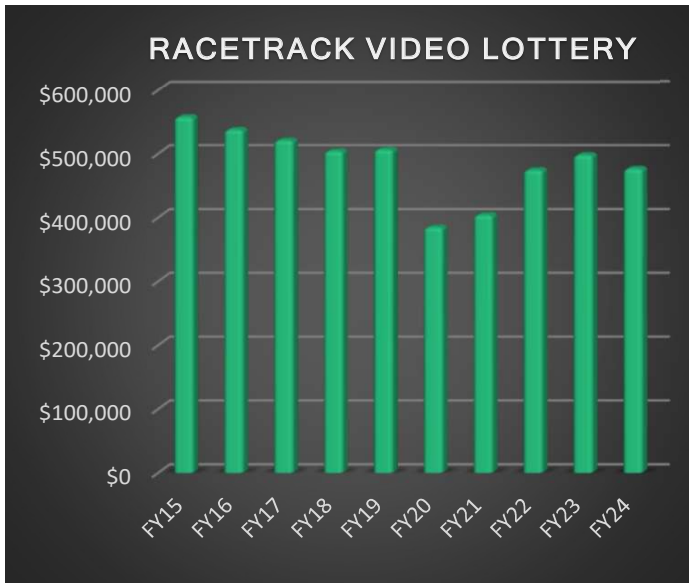


Cash Pop

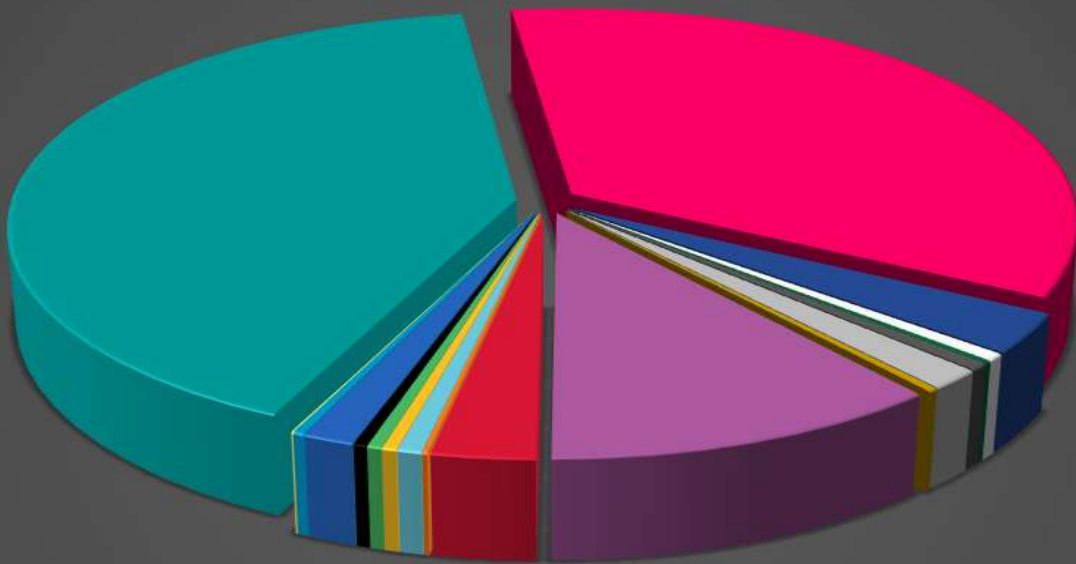


Sales by Product Line Last Ten Years

(in 000's)



Total Revenue \$11,853,450,480 - Last Ten Fiscal Years



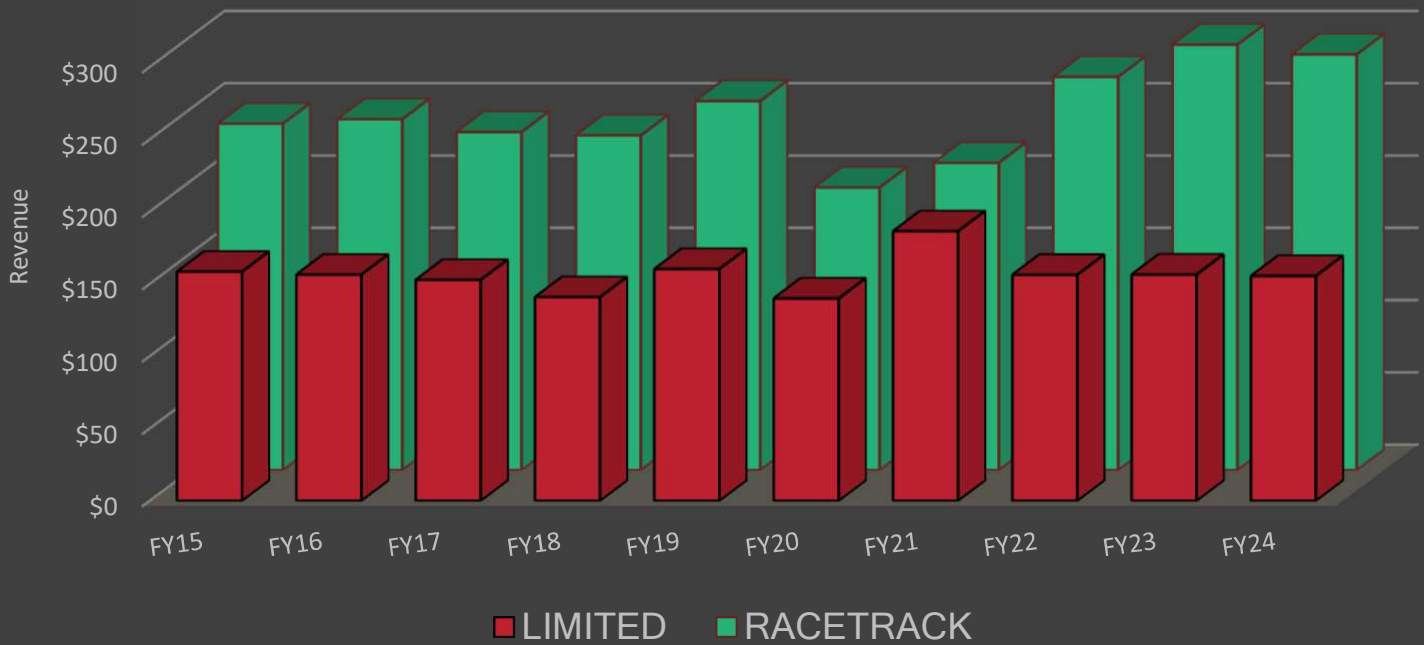
Instant: \$1,338,897,267	Powerball: \$345,720,460	Hot Lotto Sizzler: \$17,604,373	Daily 3: \$79,815,490
Daily 4: \$48,085,243	Cash 25: \$48,357,635	Travel Keno: \$44,241,411	Mega Millions: \$168,996,641
Lotto America: \$35,355,380	Cash Pop: \$6,612,100	Racetrack Video: \$4,866,762,995	Limited Video: \$4,125,371,017
Table Games: \$357,955,785	Historic Resort: \$65,204,661	Sports Wagering: \$22,232,112	Interactive Wagering: \$67,468,782
Total Other: \$180,017,603	Nonoperating: \$34,751,525		

Source: West Virginia Lottery

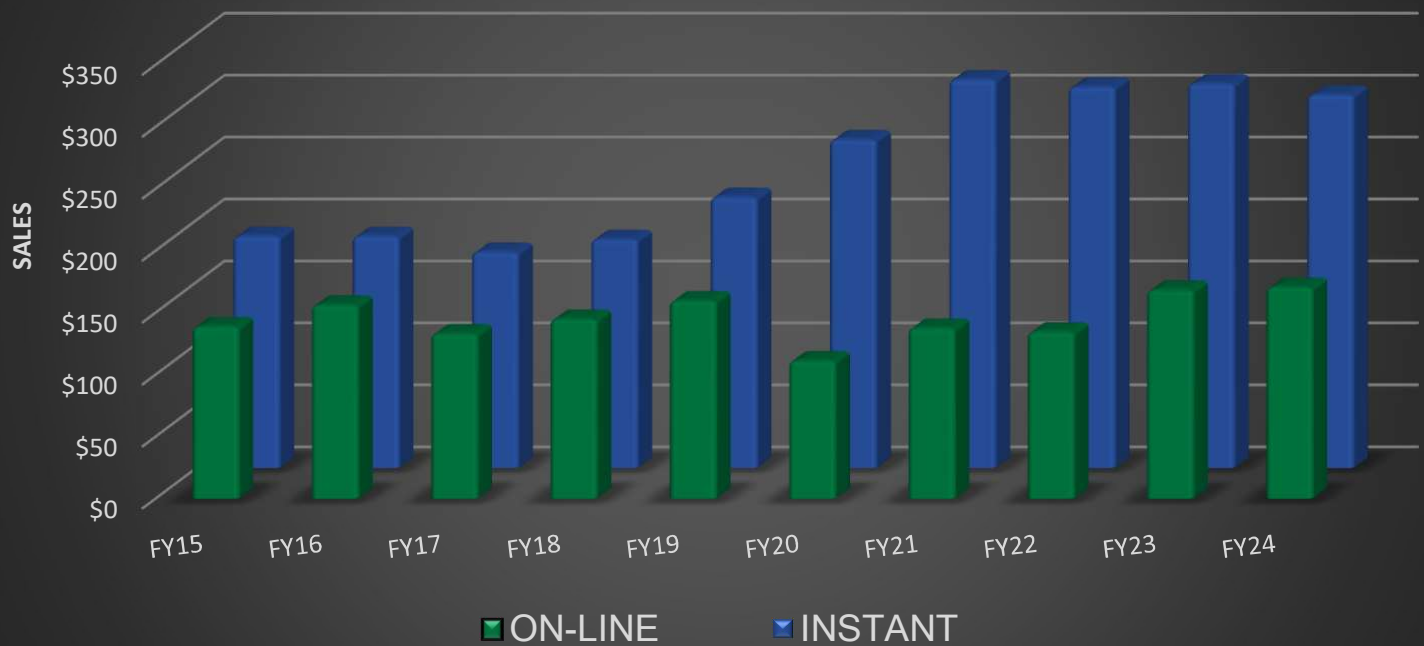


FALLS OF HILLS CREEK, POCAHONTAS COUNTY

DAILY AVERAGE REVENUE PER TERMINAL



DAILY AVERAGE REVENUE PER RETAILER



Source: West Virginia Lottery

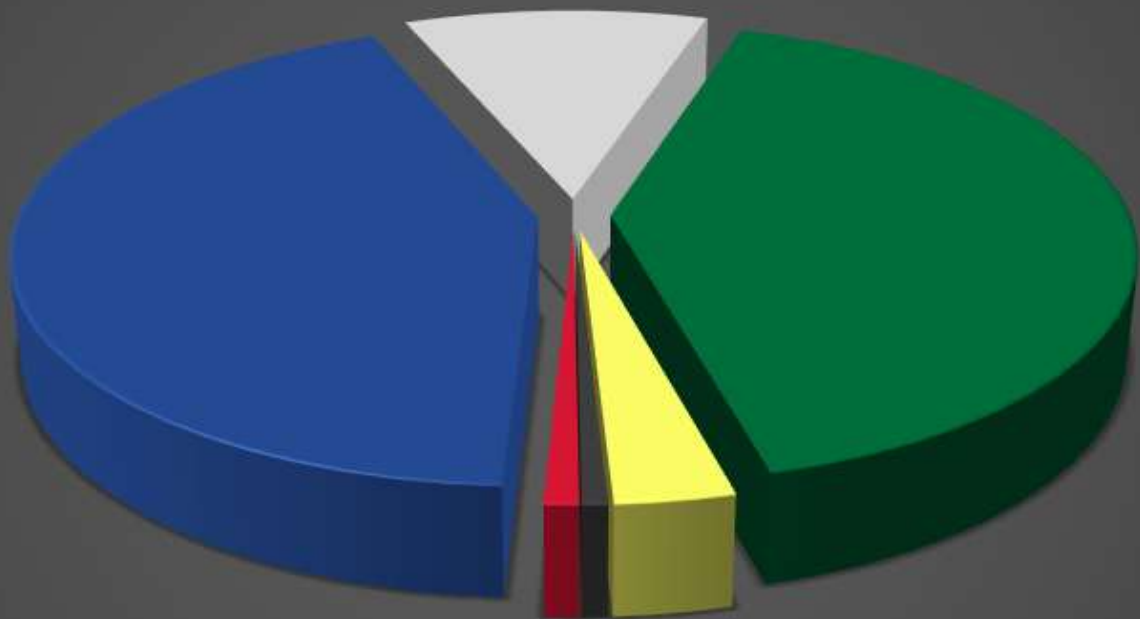








GRIST MILL FALLS – FAYETTE COUNTY



The West Virginia Lottery is proud to support our veterans by funding special projects, like a skilled nursing facility and a West Virginia veteran's cemetery.

Total Expenses and Nonoperating Distributions: \$11,844,331,928
Last Ten Fiscal Years

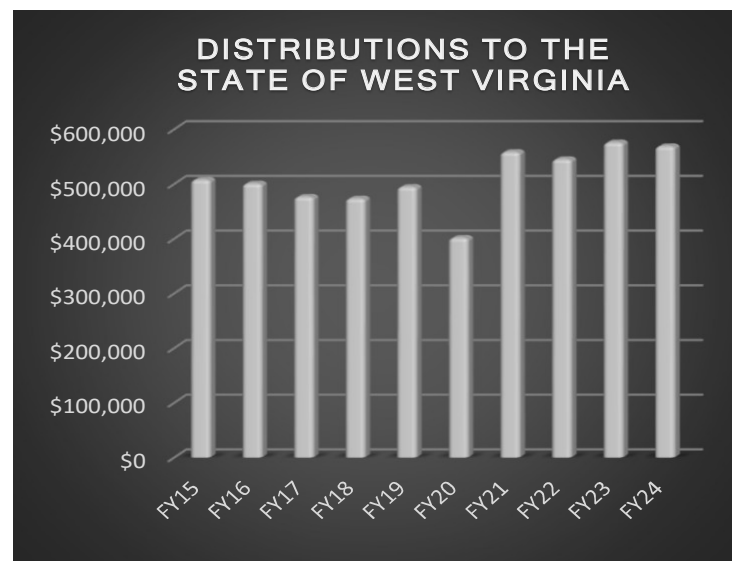
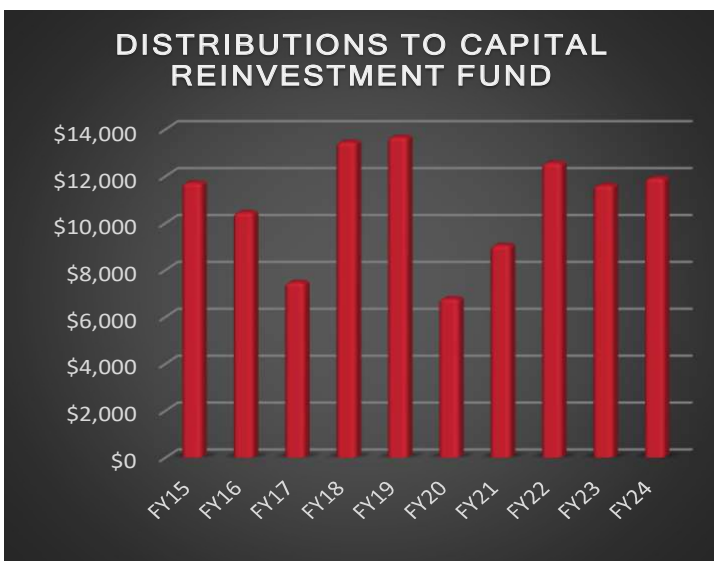
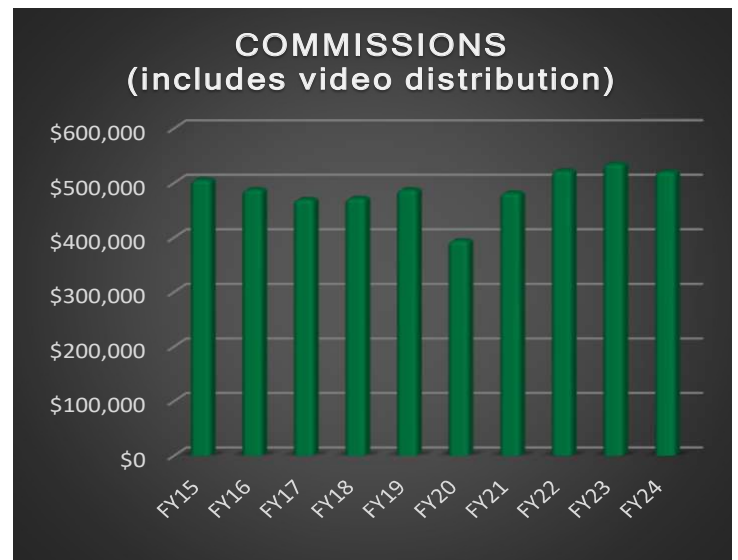


 Distributions to the State of West Virginia: \$5,108,365,854	 Administration (including ticket costs): \$375,801,172
 Distributions to Capital Reinvestment Fund: \$108,653,634	 Prizes (traditional): \$1,299,420,866
 Commissions (include video distribution): \$4,871,233,130	 Distributions to Municipalities and Counties: \$80,857,272

UPPER FALLS,
WEBSTER COUNTY



Total Expenses and Nonoperating Distributions Last Ten Fiscal Years



Source: West Virginia Lottery



HIGH FALLS OF THE CHEAT, RANDOLPH COUNTY

“ The West Virginia Lottery employs 183 individuals representing five departments. They strive to provide the best customer service and the most accurate reporting possible every day. We are grateful for their hard work and dedication. Our employees are our greatest asset. ”

TOTAL NET POSITION
(in 000's)

	2015	2016	2017	2018	2019
Net Position					
Restricted by enabling legislation	\$ 1,130	\$ -	\$ -	\$ -	\$ -
Net investment in capital assets	37,763	44,874	43,779	48,047	46,373
Restricted for pension and OPEB	-	-	-	-	-
Unrestricted	15,263	7,498	9,240	7,152	9,248
Total net position	<u>\$ 54,156</u>	<u>\$ 52,372</u>	<u>\$ 53,019</u>	<u>\$ 55,199</u>	<u>\$ 55,621</u>

	2020	2021	2022	2023	2024
Net Position					
Restricted by enabling legislation	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment in capital assets	44,708	42,420	42,326	41,409	40,371
Restricted for pension and OPEB	-	-	4,513	-	228
Unrestricted	10,881	14,612	14,057	20,020	20,933
Total net position	<u>\$ 55,589</u>	<u>\$ 57,032</u>	<u>\$ 60,896</u>	<u>\$ 61,429</u>	<u>\$ 61,532</u>

Source: West Virginia Lottery

*Beginning net position for Fiscal Year 2015 was restated for implementation of GASB 68.

**Beginning net position for Fiscal Year 2018 was restated for implementation of GASB 75.



**BIG BRANCH FALLS,
RALEIGH COUNTY**

U.S. LOTTERIES UNAUDITED SALES FOR FISCAL YEAR 2023
Includes Video Lottery, Table Games & Sports Wagering Sales
(\$ millions)

	Sales	Profit	Population	Sales Per Capita
Arizona	\$1,516.70	\$318.41	7.4	\$204.96
Arkansas	\$607.56	\$113.09	3.0	\$202.52
California	\$9,239.35	\$2,273.52	39.0	\$236.91
Colorado	\$889.78	\$195.29	5.8	\$153.41
Connecticut	\$1,474.25	\$412.85	3.6	\$409.51
Delaware ^{1,2,3}	\$758.61	\$244.22	1.0	\$758.61
District of Columbia (9/30)	\$203.54	\$33.45	0.7	\$290.77
Florida	\$9,801.78	\$2,454.00	22.2	\$441.52
Georgia	\$5,679.80	\$1,516.78	10.9	\$521.08
Idaho	\$422.50	\$82.00	1.9	\$222.37
Illinois	\$3,610.07	\$970.66	12.6	\$286.51
Indiana	\$1,746.30	\$370.25	6.8	\$256.81
Iowa	\$481.53	\$108.42	3.2	\$150.48
Kansas	\$338.20	\$87.13	2.9	\$116.62
Kentucky	\$1,499.77	\$384.26	4.5	\$333.28
Louisiana	\$652.39	\$212.09	4.6	\$141.82
Maine	\$410.28	\$73.19	1.4	\$293.05
Maryland ^{1,2}	\$5,210.51	\$1,495.51	6.2	\$840.40
Massachusetts	\$6,123.92	\$1,193.90	7.0	\$874.85
Michigan (9/30)	\$4,922.87	\$1,280.80	10.0	\$492.29
Minnesota	\$787.16	\$196.09	5.7	\$138.10
Mississippi	\$467.73	\$122.38	2.9	\$161.28
Missouri	\$1,792.22	\$396.87	6.2	\$289.07
Montana	\$96.85	\$24.66	1.1	\$88.05
Nebraska	\$220.13	\$55.77	2.0	\$110.06
New Hampshire	\$629.45	\$189.51	1.4	\$449.61
New Jersey	\$3,726.95	\$1,170.00	9.3	\$400.75
New Mexico	\$168.46	\$50.56	2.1	\$80.22
New York (3/31) ¹	\$10,544.77	\$3,685.26	19.7	\$535.27
North Carolina	\$4,342.71	\$1,018.93	10.7	\$405.86
North Dakota	\$39.33	\$11.28	0.8	\$49.16
Ohio ¹	\$5,818.97	\$1,468.73	11.8	\$493.13
Oklahoma	\$379.83	\$88.34	4.0	\$94.96
Oregon ^{1,3}	\$1,677.66	\$901.77	4.2	\$399.44
Pennsylvania	\$5,117.12	\$1,102.52	13.0	\$393.62
Rhode Island ^{1,2,3}	\$1,027.03	\$434.67	1.1	\$933.66
South Carolina	\$2,402.73	\$605.25	5.3	\$453.34
South Dakota ¹	\$414.64	\$181.95	0.9	\$460.71
Tennessee	\$2,102.24	\$515.40	7.1	\$296.09
Texas (8/31)	\$8,725.65	\$2,161.54	30.0	\$290.86
Vermont	\$159.02	\$33.56	0.6	\$265.04
Virginia	\$3,637.75	\$993.78	8.7	\$418.13
Washington	\$1,003.45	\$253.12	7.8	\$128.65
West Virginia ^{1,2,3}	\$1,441.01	\$576.46	1.8	\$800.56
Wisconsin	\$981.67	\$324.63	5.9	\$166.38
Wyoming	\$44.22	\$6.48	0.6	\$73.70
Total	\$113,338.45	\$30,389.30	319.4	\$15,603.49

2023 data source: NASPL website: www.NASPL.org

¹Includes net VLT sales (Cash in less cash out)

²Includes Table Games

³Includes Sports Wagering

U.S. LOTTERIES UNAUDITED SALES FOR FISCAL YEAR 2024
Includes Video Lottery, Table Games & Sports Wagering Sales
(\$ millions)

	Sales	Profit	Population	Sales Per Capita
Arizona	\$1,528.24	\$314.89	7.4	\$206.52
Arkansas	\$612.96	\$129.40	3.1	\$197.73
California	\$9,275.11	\$2,279.87	39.0	\$237.82
Colorado	\$900.76	\$196.39	5.9	\$152.67
Connecticut	\$1,437.38	\$390.30	3.6	\$399.27
Delaware ^{1,2,3}	\$779.01	\$246.60	1.0	\$779.01
District of Columbia (9/30)	\$191.63	\$38.80	0.7	\$273.76
Florida	\$9,417.52	\$2,386.59	22.6	\$416.70
Georgia	\$5,490.80	\$1,491.13	11.0	\$499.16
Idaho	\$421.75	\$84.00	2.0	\$210.88
Illinois	\$3,857.51	\$883.73	12.6	\$306.15
Indiana	\$1,744.21	\$363.97	6.9	\$252.78
Iowa	\$489.88	\$106.62	3.2	\$153.09
Kansas	\$337.94	\$90.57	2.9	\$116.53
Kentucky	\$1,544.14	\$405.42	4.5	\$343.14
Louisiana	\$639.62	\$204.83	4.6	\$139.05
Maine	\$430.24	\$90.08	1.4	\$307.31
Maryland ^{1,2}	\$5,266.79	\$1,491.10	6.2	\$849.48
Massachusetts	\$6,140.73	\$1,159.70	7.0	\$877.25
Michigan (9/30)	\$4,764.57	\$1,230.05	10.0	\$476.46
Minnesota	\$775.74	\$196.52	5.7	\$136.09
Mississippi	\$477.58	\$125.10	2.9	\$164.68
Missouri	\$1,742.79	\$389.79	6.2	\$281.10
Montana	\$98.71	\$21.56	1.1	\$89.74
Nebraska	\$221.50	\$55.32	2.0	\$110.75
New Hampshire	\$642.09	\$207.77	1.4	\$458.64
New Jersey	\$3,632.11	\$1,172.00	9.3	\$390.55
New Mexico	\$170.24	\$51.08	2.1	\$81.07
New York (3/31) ¹	\$10,549.76	\$3,775.37	19.6	\$538.25
North Carolina	\$4,663.28	\$1,144.94	10.8	\$431.79
North Dakota	\$40.13	\$9.92	0.8	\$50.16
Ohio ¹	\$5,912.62	\$1,518.58	11.8	\$501.07
Oklahoma	\$354.71	\$88.44	4.1	\$86.51
Oregon ^{1,3}	\$1,726.29	\$950.20	4.2	\$411.02
Pennsylvania	\$4,957.60	\$1,220.50	13.0	\$381.35
Rhode Island ^{1,2,3}	\$1,009.57	\$426.42	1.1	\$917.79
South Carolina	\$2,384.73	\$590.46	5.4	\$441.62
South Dakota ¹	\$417.36	\$183.69	0.9	\$463.73
Tennessee	\$2,029.98	\$519.32	7.1	\$285.91
Texas (8/31)	\$8,389.78	\$2,007.34	30.5	\$275.07
Vermont	\$168.59	\$35.06	0.6	\$280.98
Virginia	\$4,233.98	\$1,127.73	8.7	\$486.66
Washington	\$1,028.96	\$255.53	7.8	\$131.92
West Virginia ^{1,2,3}	\$1,408.22	\$569.42	1.8	\$782.34
Wisconsin	\$954.80	\$365.80	5.9	\$161.83
Wyoming	\$40.95	\$6.06	0.6	\$68.25
Total	\$113,302.86	\$30,597.96	321.0	\$15,603.66

2024 data source: NASPL website: www.NASPL.org

¹Includes net VLT sales (Cash in less cash out)

²Includes Table Games

³Includes Sports Wagering



SENECA CREEK FALLS, PENDLETON COUNTY

Lottery Myths

The Lottery is a form of taxation: Lottery participation is completely voluntary and is a fun way to generate revenue for public services, such as education, seniors, and tourism.

We Know the Numbers ahead of time: Lottery numbers are drawn randomly, and all numbers have the same probability of being selected.

Lotteries Cause Compulsive Gambling: Research indicates that problem gambling rates have remained relatively stable over time, even with the introduction of new gambling formats.

The Lottery is rigged and only big states win the lottery: While it may seem that larger states win lottery jackpots more often, the fact that these states have much higher populations than some increases the number of players and therefore the number of tickets sold in those states. Every ticket sold has an equal chance of winning any prize.

Ticket Sales by Price Point

\$5 Tickets Sold: \$47,763,570



\$10 Tickets Sold: \$42,345,880



\$1 Tickets Sold: \$ 7,045,773

\$2 Tickets Sold: \$16,186,672



\$20 Tickets Sold: \$29,542,420

\$3 Tickets Sold: \$9,072,756



\$30 Tickets Sold: \$12,690,870

U.S. LOTTERIES UNAUDITED SALES FOR FISCAL YEAR 2024
Excludes Video Lottery, Table Games, and Sports Wagering Sales
(\$ millions)

	Total Sales	Instant Sales	Draw Sales	Population	Sales Per Capita
Arizona	\$1,528.2	\$1,033.1	\$495.1	7.4	\$206.51
Arkansas	\$613.0	\$478.4	\$134.6	3.1	\$197.74
California	\$9,284.4	\$6,570.5	\$2,713.9	39.0	\$238.06
Colorado	\$900.8	\$588.6	\$312.2	5.9	\$152.68
Connecticut	\$1,414.6	\$744.0	\$670.6	3.6	\$392.94
D.C.	\$196.1	\$45.8	\$150.3	0.7	\$280.14
Delaware	\$251.4	\$111.3	\$140.1	1.0	\$251.40
Florida	\$9,417.5	\$6,618.1	\$2,799.4	22.6	\$416.70
Georgia	\$5,355.3	\$3,454.2	\$1,901.1	11.0	\$486.85
Idaho	\$421.6	\$229.4	\$192.2	2.0	\$210.80
Illinois	\$3,857.7	\$2,142.7	\$1,715.0	12.5	\$308.62
Indiana	\$1,744.2	\$1,279.5	\$464.7	6.9	\$252.78
Iowa	\$490.0	\$302.2	\$187.8	3.2	\$153.13
Kansas	\$350.1	\$213.5	\$136.6	2.9	\$120.72
Kentucky	\$1,463.0	\$940.8	\$522.2	4.5	\$325.11
Louisiana	\$639.6	\$311.7	\$327.9	4.6	\$139.04
Maine	\$430.2	\$326.4	\$103.8	1.4	\$307.29
Maryland	\$2,715.7	\$1,061.4	\$1,654.3	6.2	\$438.02
Massachusetts	\$6,129.8	\$4,013.0	\$2,116.8	7.0	\$875.69
Michigan	\$4,630.0	\$2,314.0	\$2,316.0	10.0	\$463.00
Minnesota	\$775.7	\$524.9	\$250.8	5.7	\$136.09
Mississippi	\$477.6	\$307.5	\$170.1	2.9	\$164.69
Missouri	\$1,605.9	\$1,127.2	\$478.7	6.2	\$259.02
Montana	\$92.5	\$29.3	\$63.2	1.1	\$84.09
Nebraska	\$220.6	\$110.1	\$110.5	2.0	\$110.30
New Hampshire	\$520.9	\$314.7	\$206.2	1.4	\$372.07
New Jersey	\$3,818.0	\$2,059.7	\$1,758.3	9.3	\$410.54
New Mexico	\$170.2	\$89.6	\$80.6	2.1	\$81.05
New York	\$8,197.9	\$4,373.5	\$3,824.4	19.6	\$418.26
North Carolina	\$4,241.3	\$2,922.3	\$1,319.0	10.8	\$392.71
North Dakota	\$40.1		\$40.1	0.8	\$50.13
Ohio	\$4,543.9	\$2,383.6	\$2,160.3	11.8	\$385.08
Oklahoma	\$354.7	\$224.9	\$129.8	4.1	\$86.51
Oregon	\$460.6	\$159.8	\$300.8	4.2	\$109.67
Pennsylvania	\$4,861.0	\$3,102.5	\$1,758.5	13.0	\$373.92
Rhode Island	\$321.0	\$134.4	\$186.6	1.1	\$291.82
South Carolina	\$2,384.7	\$1,607.2	\$777.5	5.4	\$441.61
South Dakota	\$86.7	\$48.7	\$38.0	0.9	\$96.33
Texas	\$8,389.8	\$6,644.5	\$1,745.3	30.5	\$275.08
Vermont	\$168.6	\$117.3	\$51.3	0.6	\$281.00
Virginia	\$2,617.0	\$1,314.1	\$1,302.9	8.7	\$300.80
Washington	\$1,029.0	\$664.3	\$364.7	7.8	\$131.92
West Virginia	\$258.0	\$164.6	\$93.4	1.8	\$143.33
Wisconsin	\$954.8	\$611.7	\$343.1	5.9	\$161.83
Wyoming	\$41.1		\$41.1	0.6	\$68.50
Total	\$98,464.8	\$61,815.0	\$36,649.8	313.8	\$313.78

2024 data source: La Fleur's Magazine/Vol. 32, No. 1 September/October 2024

U.S. LOTTERIES UNAUDITED SALES FOR FISCAL YEAR 2023
Excludes Video Lottery, Table Games, and Sports Wagering Sales
(\$ millions)

	Total Sales	Instant Sales	Draw Sales	Population	Sales Per Capita
Arizona	\$1,516.7	\$1,063.0	\$453.7	7.4	\$204.96
Arkansas	\$607.6	\$476.6	\$131.0	3.0	\$202.53
California	\$9,239.4	\$6,574.5	\$2,664.9	39.0	\$236.91
Colorado	\$889.8	\$596.7	\$293.1	5.8	\$153.41
Connecticut	\$1,451.2	\$754.9	\$696.3	3.6	\$403.11
D.C.	\$210.2	\$45.6	\$155.2	0.7	\$300.29
Delaware	\$254.7	\$117.2	\$137.5	1.0	\$254.70
Florida	\$9,801.8	\$7,043.9	\$2,757.9	22.2	\$441.52
Georgia	\$5,555.3	\$3,694.1	\$2,442.8	10.9	\$509.66
Idaho	\$422.6	\$239.8	\$182.9	1.9	\$222.42
Illinois	\$3,609.6	\$2,042.5	\$1,567.1	12.6	\$286.48
Indiana	\$1,746.3	\$1,306.7	\$439.6	6.8	\$256.81
Iowa	\$482.2	\$293.6	\$187.9	3.2	\$150.69
Kansas	\$351.3	\$216.9	\$134.4	2.9	\$121.14
Kentucky	\$1,447.0	\$943.5	\$556.3	4.5	\$321.56
Louisiana	\$652.4	\$319.3	\$333.1	4.6	\$141.83
Maine	\$410.3	\$317.9	\$92.4	1.4	\$293.07
Maryland	\$2,749.3	\$1,063.0	\$1,686.3	6.2	\$443.44
Massachusetts	\$6,111.5	\$4,043.6	\$2,067.9	7.0	\$873.07
Michigan	\$4,739.3	\$2,364.7	\$2,539.6	10.0	\$473.93
Minnesota	\$787.2	\$545.7	\$241.5	5.7	\$138.11
Mississippi	\$467.7	\$311.5	\$156.2	2.9	\$161.28
Missouri	\$1,644.5	\$1,159.7	\$484.8	6.2	\$265.24
Montana	\$87.6	\$26.6	\$61.0	1.1	\$79.64
Nebraska	\$220.2	\$116.6	\$103.6	2.0	\$110.10
New Hampshire	\$510.5	\$320.1	\$227.8	1.4	\$364.64
New Jersey	\$3,899.0	\$2,169.8	\$1,729.1	9.3	\$419.25
New Mexico	\$168.5	\$88.0	\$80.5	2.1	\$80.24
New York	\$8,292.3	\$4,406.3	\$3,886.0	19.7	\$420.93
North Carolina	\$4,342.1	\$2,979.9	\$1,362.8	10.7	\$405.80
North Dakota	\$39.3		\$39.4	0.8	\$49.13
Ohio	\$4,463.7	\$2,338.8	\$2,124.8	11.8	\$378.28
Oklahoma	\$379.8	\$248.8	\$130.9	4.0	\$94.95
Oregon	\$440.6	\$158.0	\$282.6	4.2	\$104.90
Pennsylvania	\$5,034.8	\$3,348.6	\$1,787.4	13.0	\$387.29
Rhode Island	\$303.7	\$124.3	\$192.0	1.1	\$276.09
South Carolina	\$2,402.7	\$1,628.6	\$774.1	5.3	\$453.34
South Dakota	\$85.2	\$48.2	\$37.0	0.9	\$94.67
Texas	\$8,725.7	\$6,729.3	\$1,996.3	30.0	\$290.86
Vermont	\$161.5	\$116.1	\$45.4	0.6	\$269.17
Virginia	\$2,551.6	\$1,281.7	\$1,494.3	8.7	\$293.29
Washington	\$1,003.4	\$669.0	\$334.4	7.8	\$128.64
West Virginia	\$265.2	\$171.9	\$93.3	1.8	\$147.33
Wisconsin	\$981.7	\$653.0	\$328.7	5.9	\$166.39
Wyoming	\$44.3		\$44.3	0.6	\$73.83
Total	\$99,551.3	\$63,158.5	\$37,558.1	312.3	\$318.77

2023 data source: La Fleur's Magazine/Vol. 31, No. 1 September/October 2023

Number of Employees

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Executive	20	19	20	20	18
Finance & Administration	22	23	22	24	26
Marketing	8	8	8	9	9
Video	30	31	29	30	31
Security (traditional & video)	38	38	39	38	38
Table Games	57	52	53	54	49

Total	175	171	171	175	171
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	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Executive	16	17	18	21	20
Finance & Administration	25	26	25	27	26
Marketing	9	10	11	11	13
Video	30	30	29	30	30
Security (traditional & video)	40	39	37	39	41
Table Games	50	53	49	50	53

Total	170	175	169	178	183
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Source: West Virginia Lottery

PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO

West Virginia's Largest Employers for First Quarter 2024

Business Name	Number of Employees	Percentage of Total Employed
Local Government	71,082	9.52%
State Government	41,225	5.52%
Federal Government	26,468	3.55%
1 WVU Medicine	More than 10,000	1.34%
2 Vandalia Health	More than 10,000	1.34%
3 Marshall Health	More than 10,000	1.34%
4 Wal-Mart Associates, Inc.	More than 10,000	1.34%
5 WVN H EMP, LLC	5,000 - 9,999	1.00%
6 Contura Energy	5,000 - 9,999	1.00%
7 Kroger	2,500 - 4,999	0.50%
8 Toyota Motor Manufacturing, West Virginia, Inc.	2,500-4,999	0.50%
9 Arch Coal	2,500-4,999	0.50%
10 Lowe's Home Centers, LLC	1,000 - 2,499	0.23%

West Virginia's Largest Employers for First Quarter 2015

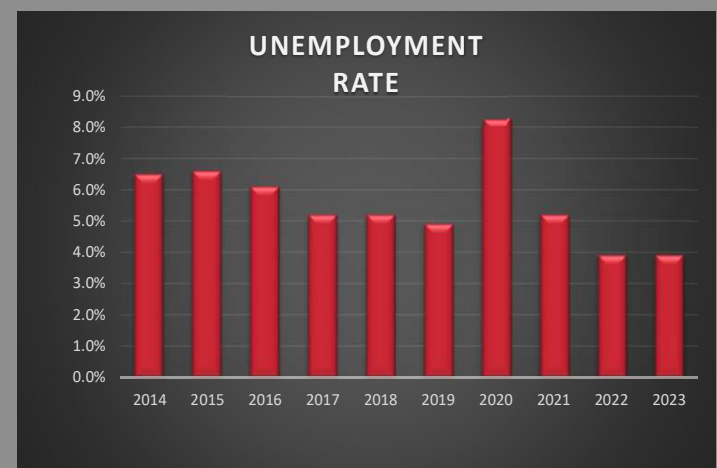
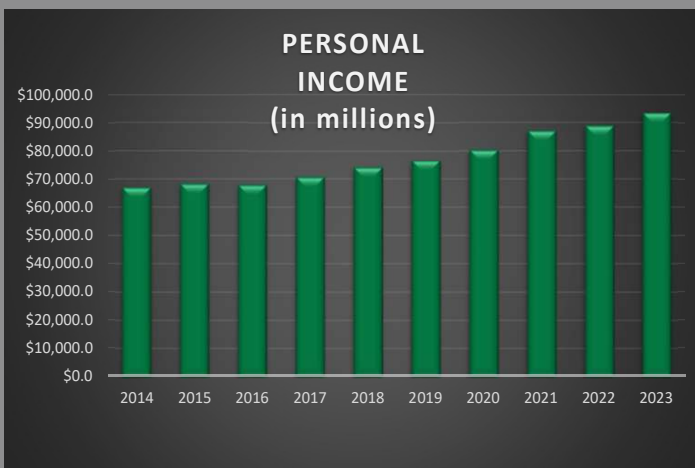
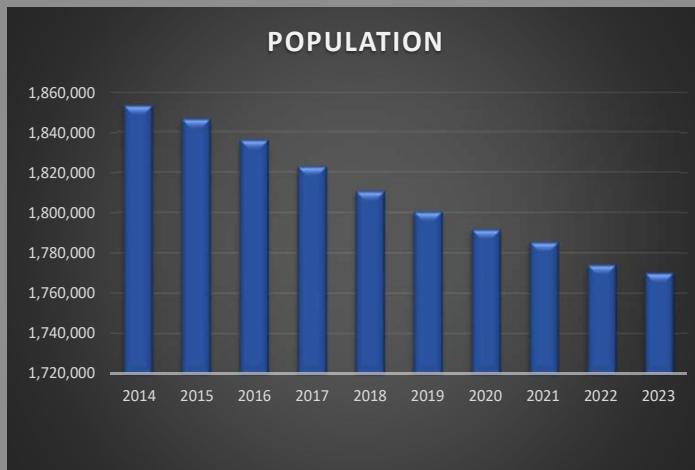
Business Name	Number of Employees	Percentage of Total Employed
Local Government	75,421	10.36%
State Government	41,989	5.77%
Federal Government	23,128	3.18%
1 Wal-Mart Associates, Inc.	More than 10,000	1.37%
2 West Virginia University Hospitals	5,000 - 9,999	1.03%
3 Charleston Area Medical Center, Inc.	5,000 - 9,999	1.03%
4 Kroger Limited Partnership I., TA	2,500 - 4,999	0.52%
5 Mylan Pharmaceuticals, Inc.	2,500 - 4,999	0.52%
6 Murray American Energy Inc.,	2,500 - 4,999	0.52%
7 St. Mary's Medical Center, Inc.	2,500 - 4,999	0.52%
8 Lowe's Home Centers, LLC	2,500 - 4,999	0.52%
9 Cabell Huntington Hospital, Inc., D	1,000 - 2,499	0.24%
10 Res-Care, Inc.	1,000 - 2,499	0.24%

State Demographic and Economic Information

YEAR	POPULATION	PERSONAL INCOME (in millions)	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
2014	1,853,014	\$67,156.8	\$36,242	6.5%
2015	1,846,341	\$68,437.8	\$37,067	6.6%
2016	1,835,998	\$68,067.9	\$37,074	6.1%
2017	1,822,785	\$70,797.6	\$38,840	5.2%
2018	1,810,588	\$74,235.0	\$41,000	5.2%
2019	1,800,430	\$76,725.0	\$42,615	4.9%
2020	1,791,562	\$80,386.1	\$44,869	8.3%
2021	1,785,249	\$87,124.3	\$48,802	5.2%
2022	1,774,035	\$88,938.9	\$50,134	3.9%
2023	1,770,071	\$93,504.9	\$52,826	3.9%

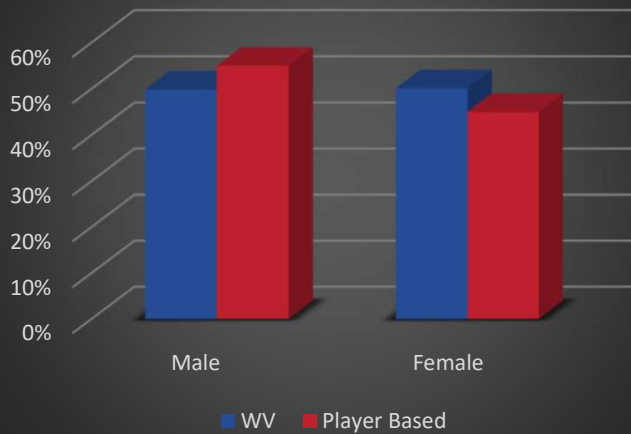
Source: U.S. Bureau of Economic Analysis and Bureau of Labor Statistics based on calendar year.

Note: 2024 information is not available and therefore not presented.



PLAYER AND POPULATION DEMOGRAPHICS

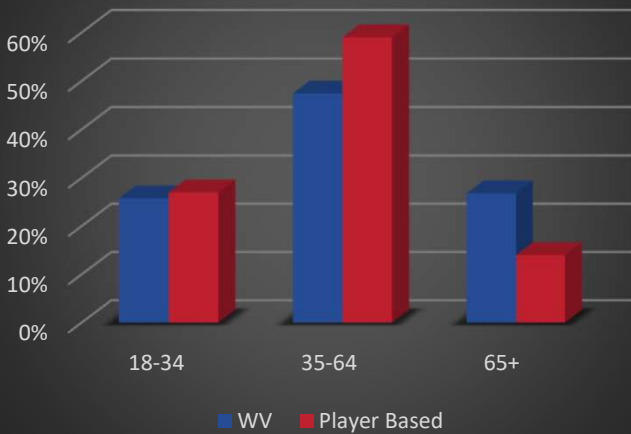
Gender



Household Income



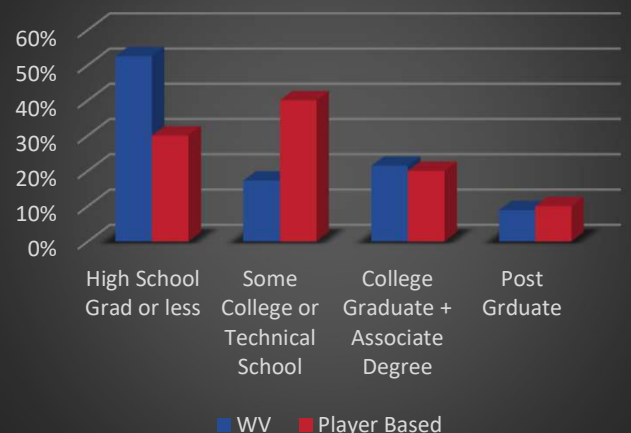
Age



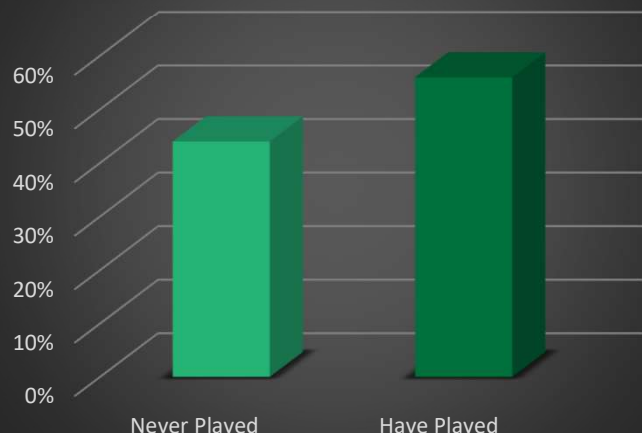
Employment Status



Education



Game Play Penetration





2024 ACFR PROJECT

**An in-house production of the
West Virginia Lottery**

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