



West Virginia Lottery

Financial Report

June 30, 2025

West Virginia Lottery

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Independent Auditor's Report

To 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, 2025 and 2024 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, 2025 and 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinion.

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 and *Government 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 and *Government 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 and the schedules of the proportionate share of the net pension liability (asset), 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 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lottery's basic financial statements. The other financial information described in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other financial information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2025 on our consideration of the Lottery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lottery's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lottery's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
September 30, 2025

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, 2025 and 2024. In reading the Management's Discussion and Analysis (MD&A), the current year refers to fiscal year ending June 30, 2025, and the prior year refers to fiscal year ending June 30, 2024. This analysis is to be considered in conjunction with the financial statements, which begin on page 13.

Financial Highlights

In 2025, the Lottery's operating income decreased \$3.7 million or 0.7% compared to the prior year. The following summary is provided below:

- Lottery revenues for the current year decreased \$20.9 million or 1.6% compared to the prior year, which decreased \$28.6 million or 2.2% from 2023.
- Commissions for the current year decreased \$11.2 million or 2.2% compared to the prior year, which decreased \$14.4 million or 2.7% from 2023.
- Gross profit for the current year decreased \$387 thousand or 0.1% compared to the prior year, which decreased \$8 million or 1.3% from 2023.
- Nonoperating expenses decreased \$1.7 million or 0.3% compared to the prior year, which decreased \$11 million or 1.9% from 2023. The predominant nonoperating expense is the distributions to the State of West Virginia, which decreased \$5.9 million or 1% compared to the prior year, which decreased \$7 million or 1.2% from 2023.

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 \$47.4 million or 17.7% compared to the prior year, which decreased \$58.7 million or 18.0% from 2023, due to a decrease in cash during the period primarily due to a timing of transfers.

Capital assets of land, building and equipment, net of accumulated depreciation and amortization, decreased in the current year by \$295 thousand or 0.7%, due to depreciation compared to the prior year which decreased by \$1.04 million or 2.5% from 2023, due to depreciation. For additional information on capital assets, please refer to Note 4 to the financial statements.

Deferred outflows of resources fluctuate for each of the years presented in accordance with the Lottery's proportionate share of pension and OPEB benefits.

Restricted net pension and OPEB assets fluctuate in accordance with Lottery's respective proportionate share of the calculation in each of the years presented.

(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>2025</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Current assets	\$ 220,495	\$ 267,889	\$ 326,570
Noncurrent assets,			
Capital assets net of accumulated depreciation and amortization	40,076	40,371	41,409
Restricted net pension & OPEB assets	<u>885</u>	<u>228</u>	<u>-</u>
Total assets	<u>\$ 261,456</u>	<u>\$ 308,488</u>	<u>\$ 367,979</u>
<u>Deferred Outflows of Resources</u>			
Deferred outflows of resources	<u>\$ 2,251</u>	<u>\$ 1,471</u>	<u>\$ 2,340</u>

As shown in Table 2, the Lottery's current liabilities for the current year decreased \$45 million or 18.2% compared to the prior year, which decreased \$59.2 million or 19.3% compared to 2023 due to a decrease in transfers payable to the State of West Virginia as a result of timing of transfers.

Deferred inflows of resources fluctuate for each of the years presented in accordance with the Lottery's proportionate share of pension and OPEB benefits.

Net position - net investment in capital assets decreased in the current year by \$295 thousand or 0.7% due to depreciation, compared to the prior year which decreased by \$1.04 million or 2.5% compared to 2023, due to depreciation. Refer to Note 4 to the financial statements for additional information on capital assets.

Net position – restricted for net pension and OPEB increased \$657 thousand or 288.2% compared to the prior year which increased \$228 thousand or 100% compared to 2023.

Net position – unrestricted decreased \$2.4 million or 11.3% for the year ended June 30, 2025 compared to the prior year which increased \$1.1 million or 5.6% compared to 2023.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current liabilities	\$ 202,985	\$ 248,057	\$ 307,241
Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>883</u>
Total liabilities	<u>\$ 202,985</u>	<u>\$ 248,057</u>	<u>\$ 308,124</u>
Deferred inflows of resources	<u>\$ 1,182</u>	<u>\$ 370</u>	<u>\$ 766</u>
Net position			
Net investment in capital assets	\$ 40,076	\$ 40,372	\$ 41,409
Restricted for pension and OPEB	885	228	-
Unrestricted	<u>18,579</u>	<u>20,933</u>	<u>20,020</u>
Total net position	<u>\$ 59,540</u>	<u>\$ 61,532</u>	<u>\$ 61,429</u>

(Continued)

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Capital Assets

Capital assets as of June 30, 2025 amounted to \$65.7 million (at cost). This investment in capital assets includes land, building, construction in progress, and equipment. Total capital assets for the current year increased \$1.7 million or 2.7% from the prior fiscal year.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Construction in progress	\$ 212	\$ 2,811	\$ 2,153
Land	1,681	1,681	\$ 1,681
Building	48,243	48,243	48,243
Equipment	<u>15,522</u>	<u>11,180</u>	<u>11,180</u>
Total assets	<u>\$ 65,658</u>	<u>\$ 63,915</u>	<u>\$ 63,257</u>

Capital asset activities included the acquisition of a new security system in addition to assets under construction in progress being placed in service during the year ending June 30, 2025. Additional information on capital assets can be found in Note 4 of the financial statements.

(Continued)

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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)

	2025	2024	2023
Revenues:			
Draw based games	\$ 68,458	\$ 93,357	\$ 93,339
Scratch-off games	155,609	164,648	171,856
eInstants	13,092	-	-
Racetrack video lottery	475,498	476,731	498,269
Limited video lottery	473,964	488,365	493,640
Table games	32,361	32,775	34,922
Historic resort	4,220	6,137	6,404
Sports wagering	5,676	5,278	5,262
Interactive wagering	46,159	28,621	20,845
	<u>1,275,037</u>	<u>1,295,912</u>	<u>1,324,537</u>
Less commissions:			
Draw based games	4,660	6,528	6,538
Scratch-off games	10,892	11,525	12,029
Racetrack video lottery	245,183	245,547	255,882
Limited video lottery	232,242	239,300	241,884
Table games	13,770	13,960	14,846
Historic resort	2,021	3,078	3,176
	<u>508,768</u>	<u>519,938</u>	<u>534,355</u>
Less draw based games prize costs	33,755	46,097	47,401
Less scratch-off tickets prize costs	106,615	113,131	117,251
Less eInstant prizes	10,303	-	-
Less ticket costs	1,793	1,933	2,233
Less vendor fees and costs	10,384	11,008	11,525
	<u>162,850</u>	<u>172,169</u>	<u>178,410</u>
Gross profit	<u>603,419</u>	<u>603,805</u>	<u>611,772</u>
Administrative expenses:			
Advertising and promotions	7,213	5,221	5,626
Wages and related benefits	13,601	13,341	10,891
Telecommunications	974	804	762
Contractual and professional	14,208	12,232	11,315
Lease	221	246	282
Depreciation and amortization	2,038	1,696	1,686
Other administrative expenses	2,989	3,800	2,605
	<u>41,244</u>	<u>37,340</u>	<u>33,167</u>
Other operating income	<u>11,581</u>	<u>11,036</u>	<u>10,373</u>
Operating income	<u>573,756</u>	<u>577,501</u>	<u>588,978</u>
Nonoperating income (expense):			
Investment income	9,800	13,505	9,297
Distributions to municipalities and counties	(9,290)	(9,572)	(9,675)
Distributions for capital reinvestment	(12,775)	(11,912)	(11,606)
Distributions to the State of West Virginia	(563,483)	(569,419)	(576,461)
Net Income	<u>(1,992)</u>	<u>103</u>	<u>533</u>
Net position, beginning of year	<u>61,532</u>	<u>61,429</u>	<u>60,896</u>
Net position, end of year	<u>\$ 59,540</u>	<u>\$ 61,532</u>	<u>\$ 61,429</u>

(Continued)

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

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 2025, 2024, and 2023. Sales and gross profits fluctuated in certain categories; however, gross profit percentages remained consistent from year to year.

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

	Scratch-off Games			Draw Based Games			eInstants			Racetrack Video Lottery		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
Gross sales	\$ 155,609	\$ 164,648	\$ 171,856	\$ 68,458	\$ 93,357	\$ 93,339	\$ 13,092	\$ -	\$ -	\$ 475,498	\$ 476,731	\$ 498,269
Less direct costs:												
Prizes and bonuses	106,615	113,131	117,251	33,755	46,097	47,401	10,303	-	-	-	-	-
Commissions	10,892	11,525	12,029	4,660	6,528	6,538	-	-	-	245,183	245,547	255,882
Ticket printing costs	1,793	1,933	2,233	-	-	-	-	-	-	-	-	-
Vendor fees and costs	6,585	6,921	7,430	2,843	4,087	4,095	956	-	-	-	-	-
Total direct costs	125,885	133,510	138,943	41,258	56,712	58,034	11,259	-	-	245,183	245,547	255,882
Gross Profit	\$ 29,724	\$ 31,138	\$ 32,913	\$ 27,200	\$ 36,645	\$ 35,305	\$ 1,833	\$ -	\$ -	\$ 230,315	\$ 231,184	\$ 242,387
Gross profit percentage	19.1%	18.9%	19.2%	39.7%	39.3%	37.8%	14.0%	0.0%	0.0%	48.4%	48.5%	48.6%
* 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			Sports Wagering		
	2025	2024	2023	2025	2024	2023	2025	2023	2022	2025	2024	2023
Gross sales	\$ 473,964	\$ 488,365	\$ 493,640	\$ 32,361	\$ 32,775	\$ 34,922	\$ 4,220	\$ 6,137	\$ 6,404	\$ 5,676	\$ 5,278	\$ 5,262
Less direct costs:												
Prizes and bonuses	-	-	-	-	-	-	-	-	-	-	-	-
Commissions	232,242	239,300	241,884	13,770	13,960	14,846	2,021	3,078	3,176	-	-	-
Ticket printing costs	-	-	-	-	-	-	-	-	-	-	-	-
Vendor fees and costs	-	-	-	-	-	-	-	-	-	-	-	-
Total direct costs	232,242	239,300	241,884	13,770	13,960	14,846	2,021	3,078	3,176	-	-	-
Gross Profit	\$ 241,722	\$ 249,065	\$ 251,756	\$ 18,591	\$ 18,815	\$ 20,076	\$ 2,199	\$ 3,059	\$ 3,228	\$ 5,676	\$ 5,278	\$ 5,262
Gross profit percentage	51.0%	51.0%	51.0%	57.4%	57.4%	57.5%	52.1%	49.8%	50.4%	100.0%	100.0%	100.0%
	Interactive Wagering			Total								
	2025	2024	2023	2025	2024	2023						
Gross sales	\$ 46,159	\$ 28,621	\$ 20,845	\$ 1,275,037	\$ 1,295,912	\$ 1,324,537						
Less direct costs:												
Prizes and bonuses	-	-	-	150,673	159,228	164,652						
Commissions	-	-	-	508,768	519,938	534,355						
Ticket printing costs	-	-	-	1,793	1,933	2,233						
Vendor fees and costs	-	-	-	10,384	11,008	11,525						
Total direct costs	-	-	-	671,618	692,107	712,765						
Gross Profit	\$ 46,159	\$ 28,621	\$ 20,845	\$ 603,419	\$ 603,805	\$ 611,772						
Gross profit percentage	100.0%	100.0%	100.0%	47.3%	46.6%	46.2%						

Scratch-off Games Sales

Scratch-off Games sales for the current year decreased by \$9 million or 5.5% compared to the prior year, which had decreased \$7 million or 4.2% from 2023. Thirty-one games were introduced in 2025, bringing the total number of available game options to approximately forty. The Lottery continues to implement the results of research and design efforts, including developing families of games, offering varied play styles, and continually monitoring the mix of price points, prize structures, play styles, and colors to provide the best possible variety.

(Continued)

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Scratch-off Games Sales (Continued)

In 2025, six ten-dollar tickets, four twenty-dollar tickets, and one thirty-dollar ticket were introduced, along with eleven five-dollar tickets and two three-dollar tickets. The Lottery continues to review and adjust games and order quantities to maximize revenue for the State. Over the last two fiscal years, the average number of games available has increased from twenty-eight to thirty-three.

Scratch-off games 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 scratch-off 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 scratch-off games and draw based games sales for 2025, 2024 and 2023. 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 scratch-off and draw based 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 decreased \$20.3 million or 47.7% compared to the prior year, which increased \$5.3 million or 14.2% from 2023. 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 scratch-off and draw based games (which includes Powerball®) and by statute were paid 7% of such sales.

Mega Millions® Sales

As of April 8, 2025, Mega Millions® sales offers jackpots starting at \$50 million and prizes now ranging from \$10 to \$10,000,000, which is an increase from jackpots starting at \$15 million and a range of prizes from \$1 to \$1,000,000. Sales for the current year decreased \$4.9 million or 22.2% compared to the prior year, which decreased \$2.5 million or 10.2% from 2023.

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 Draw Based Games

All other draw based 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 increased \$361 thousand or 1.3% compared to the prior year, which decreased \$2.8 million or 8.9% from 2023.

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.

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WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

eInstant Games

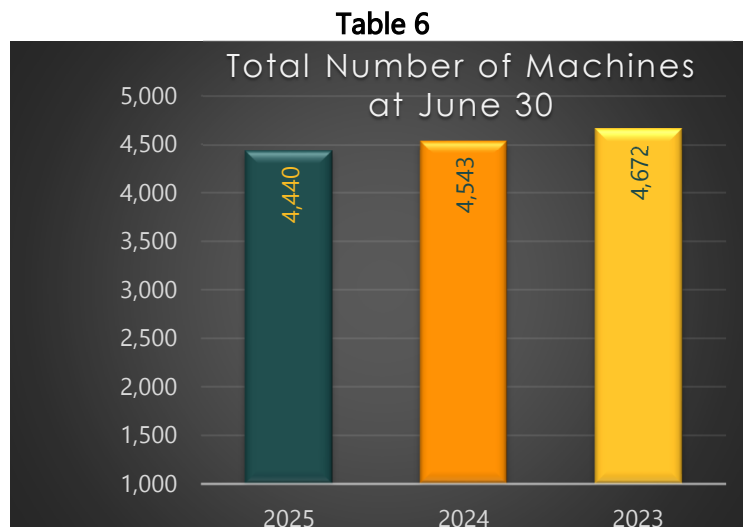
Sales of eInstant tickets began October 22, 2024. The Lottery introduced 29 eInstant games during FY 2025 which are sold through the Lottery's iLottery portal. These games allow wagers of \$.10 to \$30.00. The Lottery has a long-term contract with a vendor to provide management of the Lottery's iLottery portal as well as the development and implementation of new games.

Racetrack Video Lottery

Racetrack video lottery revenues are reported as total wagers net of prizes and credits. Revenues for the current year decreased \$1.2 million or 0.3% compared to the prior year, which decreased \$21.5 million or 4.3% from 2023.

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 \$361 thousand or 0.1% compared to the prior year, which decreased \$10.3 million or 4% compared to 2023.

As player preferences shift over time racetracks continually re-evaluate their gaming environments, leading to updates in the layout and design of their 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 \$14.4 million or 3% compared to the prior year, which decreased \$5.3 million or 1% from 2023. 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 \$7.1 million or 3% compared to the prior year, decreased \$2.6 million or 1% from 2023.

Table 7 illustrates the number of machines which increased by 42 machines for the current year compared to the prior year decrease of 37 machines from 2023. 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.

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WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Limited Video Lottery (Continued)

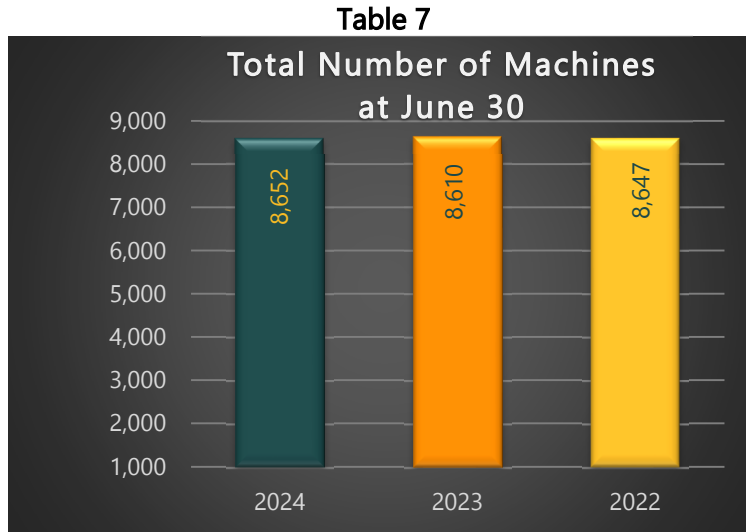


Table Games

Revenues from table games are calculated at a 35% privilege tax of adjusted gross receipts. Revenues for the current year decreased \$414 thousand or 1.3% compared to the prior year, which decreased \$2.1 million or 6.2% from 2023.

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 \$190 thousand or 1.4% compared to the prior year, which decreased \$886 thousand or 6% from 2023.

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 \$1.9 million or 31.2% compared to the prior year, which decreased \$267 thousand or 4.2% from 2023.

A portion of revenues are paid to entities associated with the Historic Resort and are reported as commissions. Commissions for the current year decreased \$1.1 million or 34.4% compared to the prior year, which decreased \$98 thousand or 3.1% from 2023.

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 \$398 thousand or 7.5% compared to the prior year, which increased \$16 thousand or 0.3% from 2023.

(Continued)

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 \$17.5 million or 61.3% compared to the prior year, which increased \$7.7 million or 37.3% from 2023.

Other Operating Income

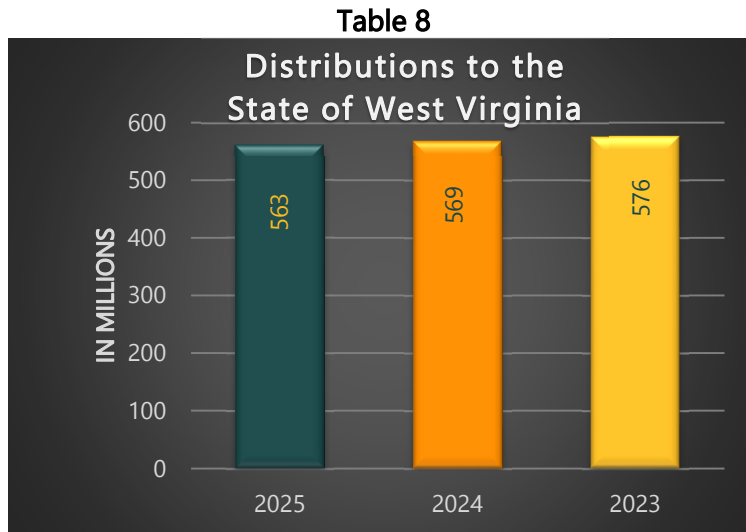
Refer to Table 4. Changes in other operating income are primarily related to fees collected for the permitting and licensure of manufacturers, operators, retailers and service technicians.

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 \$5.9 million compared to the prior year, which decreased by \$7 million from 2023.



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



Financial Statements



WEST VIRGINIA LOTTERY

STATEMENTS OF NET POSITION

(In Thousands)

June 30, 2025 and 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	\$ 181,724	\$ 227,763
Accounts receivable	37,340	38,583
Inventory	1,209	1,330
Other assets	222	213
Total current assets	<u>220,495</u>	<u>267,889</u>
NONCURRENT ASSETS		
Capital assets (Note 4)	65,658	63,915
Less accumulated depreciation and amortization (Note 4)	<u>(25,582)</u>	<u>(23,544)</u>
	40,076	40,371
Restricted net pension asset (Note 13)	883	24
Restricted net OPEB asset (Note 14)	<u>2</u>	<u>204</u>
Total noncurrent assets	<u>40,961</u>	<u>40,599</u>
Total assets	<u>261,456</u>	<u>308,488</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred outflows of resources related to pension and OPEB (Notes 13 and 14)	<u>2,251</u>	<u>1,471</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accrued nonoperating distributions to the State of West Virginia (Note 12)	142,469	190,015
Estimated prize claims	22,031	19,293
Accounts payable	3,813	5,104
Other accrued liabilities	<u>34,672</u>	<u>33,645</u>
Total current liabilities	<u>202,985</u>	<u>248,057</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred inflows of resources related to pension and OPEB (Notes 13 and 14)	<u>1,182</u>	<u>370</u>
<u>NET POSITION</u>		
Net investment in capital assets	40,076	40,371
Restricted for pension and OPEB	885	228
Unrestricted	<u>18,579</u>	<u>20,933</u>
Total net position	<u>\$ 59,540</u>	<u>\$ 61,532</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
LOTTERY REVENUES		
Draw games	\$ 68,458	\$ 93,357
Scratch-off games	155,609	164,648
eInstant games	13,092	-
Racetrack video lottery (Note 6)	475,498	476,731
Limited video lottery (Note 7)	473,964	488,365
Table games (Note 8)	32,361	32,775
Historic resort (Note 9)	4,220	6,137
Sports wagering (Note 10)	5,676	5,278
Interactive wagering (Note 11)	46,159	28,621
	<u>1,275,037</u>	<u>1,295,912</u>
LESS COMMISSIONS		
Draw games	4,660	6,528
Scratch-off games	10,892	11,525
Racetrack video lottery (Note 6)	245,183	245,547
Limited video lottery (Note 7)	232,242	239,300
Table games (Note 8)	13,770	13,960
Historic resort (Note 9)	2,021	3,078
	<u>508,768</u>	<u>519,938</u>
Less draw games prize costs	33,755	46,097
Less scratch off games prize costs	106,615	113,131
Less eInstant games prize costs	10,303	-
Less ticket costs	1,793	1,933
Less vendor fees and costs	10,384	11,008
	<u>162,850</u>	<u>172,169</u>
Gross profit	<u>603,419</u>	<u>603,805</u>
ADMINISTRATIVE EXPENSES		
Advertising and promotions	7,213	5,221
Wages and related benefits	13,601	13,341
Telecommunications	974	804
Contractual and professional	14,208	12,232
Lease	221	246
Depreciation and amortization	2,038	1,696
Other administrative expenses	2,989	3,800
	<u>41,244</u>	<u>37,340</u>
Other operating income	11,581	11,036
Operating income	<u>573,756</u>	<u>577,501</u>
NONOPERATING INCOME (EXPENSES)		
Investment income	9,800	13,505
Distributions to municipalities and counties	(9,290)	(9,572)
Distributions for capital reinvestment	(12,775)	(11,912)
Distributions to the State of West Virginia (Note 12)	(563,483)	(569,419)
	<u>(575,748)</u>	<u>(577,398)</u>
Change in net position	(1,992)	103
NET POSITION, beginning	<u>61,532</u>	<u>61,429</u>
NET POSITION, ending	<u>\$ 59,540</u>	<u>\$ 61,532</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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash receipts from customers and other sources	\$ 1,287,861	\$ 1,303,620
Cash payments for:		
Personnel costs	(12,907)	(13,442)
Suppliers	(28,484)	(19,409)
Other operating costs	(668,482)	(689,402)
Cash provided by operating activities	<u>577,988</u>	<u>581,367</u>
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(611,029)	(631,798)
Distributions to municipalities and counties	(9,309)	(9,613)
Distributions to racetracks from racetrack capital reinvestment fund	<u>(11,746)</u>	<u>(13,720)</u>
Cash used in noncapital financing activities	<u>(632,084)</u>	<u>(655,131)</u>
Cash flows from capital financing activities:		
Purchase of capital assets	<u>(1,743)</u>	<u>(658)</u>
Cash flows from investing activities:		
Investment earnings	<u>9,800</u>	<u>13,505</u>
Decrease in cash and cash equivalents	(46,039)	(60,917)
CASH AND CASH EQUIVALENTS, beginning	<u>227,763</u>	<u>288,680</u>
CASH AND CASH EQUIVALENTS, ending	<u>\$ 181,724</u>	<u>\$ 227,763</u>

(Continued)

WEST VIRGINIA LOTTERY
STATEMENTS OF CASH FLOWS
(In Thousands)
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 573,756	\$ 577,501
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	2,038	1,696
Pension expense	440	803
OPEB expense	(32)	(668)
OPEB support	(7)	127
Changes in operating accounts:		
(Increase) decrease in:		
Accounts receivable	1,243	(3,328)
Inventory	121	(102)
Other assets	(9)	1,194
Deferred outflows of resources	(1,026)	(900)
Increase (decrease) in:		
Estimated prize claims	2,738	1,212
Accounts payable	(1,291)	1,431
Other accrued liabilities	17	2,401
	<u>\$ 577,988</u>	<u>\$ 581,367</u>
Cash provided by operating activities	<u>\$ 577,988</u>	<u>\$ 581,367</u>

The accompanying notes are an integral part of these financial statements

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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 seven basic types of lottery games: scratch-off games, draw games, eInstant games, 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 scratch-off and draw lottery sales to the general public.

The Lottery has contracted with a private vendor to manufacture, distribute, and provide data processing support for scratch-off, draw, and e-instant 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 scratch-off games is recognized when game tickets are sold to retailers, and the related prize expense is recorded based on the specific game prize structure. Scratch-off 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, 2025

Note 2. Summary of Significant Accounting Policies (Continued)

Lottery game operations (Continued)

Sales of draw game lottery tickets are made by licensed agents to the public with the use of computerized terminals or through the mobile platform. Draw 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 KenoGo, 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. For the year ended June 30, 2025, sales of draw based games were \$66,605,663 from retail locations and \$1,851,816 through the mobile platform.

Revenue for eInstant games is recognized when games are sold to the players on the E-instant portal. Prize expense for eInstant games is recorded as an estimate at the time the related revenue is recognized based on the long term estimated prize structure of each game.

Commissions are paid to scratch-off game retailers and draw game 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 scratch-off tickets if payment has not been made for the previous billing period, while an agent's draw game 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

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 2. Summary of Significant Accounting Policies (Continued)

Lottery game operations (Continued)

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.

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

(Continued)

WEST VIRGINIA LOTTERY
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 2. Summary of Significant Accounting Policies (Continued)

Lottery game operations (Continued)

the necessary equipment and bearing the risk associated with the costs of operating and marketing sports wagering.

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, 2025

Note 2. Summary of Significant Accounting Policies (Continued)

Compensated absences

The Lottery accrues a liability for estimated amounts that may arise in connection with compensated absences at the current rate of employee pay attributable to services already rendered that accumulates and is more likely than not to be used for time off or otherwise paid or settled. The liability also includes any salary-related payments that are directly and incrementally associated with payments for leave. Certain types of leave, such as parental leave, military leave, and jury duty leave, are not recognized until the leave commences. Additionally, leave expected to be converted to defined benefit postemployment benefits is excluded from this liability. The Lottery's compensated absence activity for the years ended June 30, 2025 and June 30, 2024 are as follows (in thousands):

	<u>Year Ending June 30</u>	
	<u>2025</u>	<u>2024</u>
Beginning compensated absences	\$ 888	\$ 807
Net change in compensated absences	<u>5</u>	<u>81</u>
Ending compensated absences	<u>\$ 893</u>	<u>\$ 888</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, 2025

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, 2025 and 2024, the carrying amounts of deposits with financial institutions were \$1,427 thousand and \$491 thousand, respectively, with bank balances of \$1,470 and \$510 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, 2025 and 2024, 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>2025</u>	<u>2024</u>
Deposits with financial institutions	\$ 1,427	\$ 491
Cash on hand at the Treasurer's Office	7,207	4,237
Investments with BTI reported as cash equivalents	<u>173,090</u>	<u>223,035</u>
	<u>\$ 181,724</u>	<u>\$ 227,763</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, 2025

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 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
Corporate Bonds and Notes	A-1+	\$ 35,000	0.40%
Commercial Paper	A-1+	3,314,070	38.42
	A-1	2,751,539	31.90
Negotiable certificates of deposit	A-1+	841,000	9.75
	A-1	696,010	8.07
Money market funds	AAAm	3,691	0.04
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	846,600	9.81
U.S. Agency bonds and notes	AA+	138,500	1.61
		<u>\$ 8,626,410</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)
Corporate bonds and notes	\$ 35,000	1
Commercial paper	6,065,609	46
Negotiable certificates of deposit	1,537,010	49
Repurchase agreements	985,100	1
Money market funds	3,691	1
	<u>\$ 8,626,410</u>	<u>41</u>

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2023	Additions	Deletions	Historical cost at June 30, 2024	Additions	Deletions	Historical cost at June 30, 2025
Capital assets, not depreciated							
Construction in progress	\$ 2,153	\$ 658	\$ -	\$ 2,811	\$ -	\$ (2,599)	\$ 212
Land	1,681	-	-	1,681	-	-	1,681
Capital assets, being depreciated							
Building	48,243	-	-	48,243	-	-	48,243
Equipment	11,180	-	-	11,180	4,342	-	15,522
	<u>\$ 63,257</u>	<u>\$ 658</u>	<u>\$ -</u>	<u>\$ 63,915</u>	<u>\$ 4,342</u>	<u>\$ (2,599)</u>	<u>\$ 65,658</u>
	Accumulated depreciation at June 30, 2023	Additions	Deletions	Accumulated depreciation at June 30, 2024	Additions	Deletions	Accumulated depreciation at June 30, 2025
Building	\$ 12,631	\$ 1,233	\$ -	\$ 13,864	\$ 1,228	\$ -	\$ 15,092
Equipment	9,217	463	-	9,680	810	-	10,490
	<u>\$ 21,848</u>	<u>\$ 1,696</u>	<u>\$ -</u>	<u>\$ 23,544</u>	<u>\$ 2,038</u>	<u>\$ -</u>	<u>\$ 25,582</u>

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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 \$22,304,620 and \$42,617,885 for the years ended June 30, 2025 and 2024, respectively, and related prize costs were \$11,075,546 and \$21,291,938, respectively.

Revenues derived from the Lottery's participation in the LOTTO AMERICA game were \$6,983,973 and \$5,353,868 for the years ended June 30, 2025 and 2024, respectively, and related prize costs were \$3,440,080 and \$2,677,007, respectively.

Revenues derived from the Lottery's participation in the MEGA MILLIONS® game were \$17,356,042 and \$22,303,942 for the years ended June 30, 2025 and 2024, respectively, and related prize costs were \$8,664,159 and \$11,088,147, 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, 2025

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

Required Contribution (% of Sales) Reserve Fund Cap

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):

	2025		2024	
	Total		Total	
	Prize Reserve	Lottery Share	Prize Reserve	Lottery Share
POWERBALL ®	\$ 130,714	\$ 1,138	\$ 127,046	\$ 1,138
LOTTO AMERICA	11,258	882	8,854	681
MEGA MILLIONS ®	98,329	728	101,456	764
	<u>\$ 240,301</u>	<u>\$ 2,748</u>	<u>\$ 237,356</u>	<u>\$ 2,583</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 \$35,176,503 and \$23,147,833 at June 30, 2025 and 2024, of which the Lottery's share was \$222,434 and \$213,100, 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, 2025

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, 2025 and 2024, follows (in thousands):

	<u>2025</u>	<u>2024</u>
Total credits (bets) played	\$ 5,739,737	\$ 5,622,912
Credits (prizes) won	(5,169,055)	(5,060,971)
Promotional credits played	<u>(95,184)</u>	<u>(85,210)</u>
Gross terminal income	475,498	476,731
Administrative costs	<u>(13,625)</u>	<u>(13,572)</u>
Net terminal income	461,873	463,159
Commissions	<u>(245,183)</u>	<u>(245,547)</u>
Racetrack video lottery revenues available for distribution	<u>\$ 216,690</u>	<u>\$ 217,612</u>

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

	<u>2025</u>	<u>2024</u>
State Lottery Fund	\$ 99,708	\$ 99,322
State Excess Lottery Revenue Fund	112,290	113,505
Capital Reinvestment Fund	<u>4,692</u>	<u>4,785</u>
Total nonoperating distributions	<u>\$ 216,690</u>	<u>\$ 217,612</u>

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025 and 2024, the Lottery transferred approximately \$8.5 million and \$8.8 million to the Racetrack Modernization Fund respectively.

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, 2025 and 2024 follows (in thousands):

	<u>2025</u>	<u>2024</u>
Total credits played	\$ 6,339,553	\$ 6,520,801
Credits (prizes) won	<u>(5,865,589)</u>	<u>(6,032,436)</u>
Gross terminal income	473,964	488,365
Administrative costs	<u>(9,479)</u>	<u>(9,766)</u>
Gross profit	464,485	478,599
Commissions	(232,242)	(239,300)
Distributions to municipalities and counties	<u>(9,290)</u>	<u>(9,572)</u>
Limited video lottery revenues available for distribution	<u>\$ 222,953</u>	<u>\$ 229,727</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, 2025

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, 2025 and 2024 were \$92,459,638 and \$93,643,697, respectively. A summary of table games revenues for the years ended June 30, 2025 and 2024 follows (in thousands):

	<u>2025</u>	<u>2024</u>
Table games privilege tax	\$ 32,361	\$ 32,775
Interest on table games fund	242	302
Administrative costs	<u>(2,774)</u>	<u>(2,809)</u>
Total available for distribution	<u>29,829</u>	<u>30,268</u>

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 8. Table Games (Continued)

	<u>2025</u>	<u>2024</u>
<u>Less distributions:</u>		
Racetrack purse funds	2,080	2,107
Thoroughbred & greyhound development funds	1,664	1,686
Racing commission pension plan	823	836
Municipalities/counties	<u>9,203</u>	<u>9,331</u>
Total distributions	<u>13,770</u>	<u>13,960</u>
Table games distribution to the state		
Excess Lottery Fund	<u>\$ 16,059</u>	<u>\$ 16,308</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, 2025 and 2024 follows (in thousands):

	<u>2025</u>	<u>2024</u>
Total credits played	\$ 46,433	\$ 54,666
Credits (prizes) won	(43,023)	(49,679)
Promotional credits played	<u>(896)</u>	<u>(970)</u>
Gross terminal income	2,514	4,017
Capital reinvestment	(118)	(189)
Excess Lottery	(23)	(36)
Hotel commissions	<u>(1,064)</u>	<u>(1,699)</u>
Net terminal income	<u>\$ 1,309</u>	<u>\$ 2,093</u>
Historic Resort Hotel Fund	\$ 882	\$ 1,410
Human Resource Benefit Fund	<u>427</u>	<u>683</u>
Total	<u>\$ 1,309</u>	<u>\$ 2,093</u>

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025 and 2024 were \$4,873,397 and \$6,056,562, respectively.

The following table shows the privilege tax and the accrued distributions (in thousands) for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Table games privilege tax	\$ <u>1,706</u>	\$ <u>2,120</u>
Historic Resort Hotel Fund	\$ 1,462	\$ 1,818
Human Resource Benefit Fund	<u>244</u>	<u>302</u>
Total distributions	\$ <u>1,706</u>	\$ <u>2,120</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, 2025 and 2024:

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 9. Historic Resort Hotel (Continued)

Historic resort hotel fund (Continued)

	<u>2025</u>	<u>2024</u>
Historic Resort Hotel video lottery	\$ 882	\$ 1,410
Historic Resort table games	1,462	1,817
Interest on Historic Resort Hotel Fund	<u>53</u>	<u>72</u>
Historic Resort Hotel Fund deposits	<u>2,397</u>	<u>3,299</u>
Administrative costs	<u>(355)</u>	<u>(490)</u>
Historic Resort Hotel Fund net income	<u>\$ 2,042</u>	<u>\$ 2,809</u>
Municipalities/Counties	\$ 286	\$ 393
Excess Lottery Revenue Fund	<u>1,756</u>	<u>2,416</u>
Total distributions	<u>\$ 2,042</u>	<u>\$ 2,809</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, 2025 and 2024 were \$56,762,516 and \$52,781,182 respectively. The following table shows the privilege tax and the accrued distributions is as follows (in thousands), for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Sports wagering privilege tax	\$ 5,676	\$ 5,278
Interest on sports wagering fund	86	81
Administrative costs	<u>(851)</u>	<u>(792)</u>
Total available for distribution	<u>\$ 4,911</u>	<u>\$ 4,567</u>

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025 and 2024 were \$307,728,449 and \$190,804,357 respectively. The privilege tax and the accrued distributions (in thousands) for the years ended June 30, 2025 and 2024 are as follows:

	2025	2024
Interactive wagering privilege tax	\$ 46,159	\$ 28,621
Interest on Interactive wagering fund	570	554
Administrative costs	(6,924)	(4,293)
Total available for distribution	39,805	24,882
Racetrack Pension Funds	\$ 398	\$ 249
State Lottery Fund	39,407	24,633
Total distributions	\$ 39,805	\$ 24,882

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025 and 2024, the State Legislature budgeted \$211,648,806 and \$207,819,148, 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, 2025 and 2024. The Lottery accrued additional distributions from the State Lottery Fund and State Excess Lottery Revenue Fund of \$142,468,961 and \$190,014,554, for the years ended June 30, 2025 and 2024 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>2025</u>	<u>2024</u>
<u>State Lottery Fund:</u>		
Bureau of Senior Services	\$ 83,771	\$ 79,479
Department of Education	48,559	14,386
Library Commission	11,514	11,514
Higher Education - Central Office	7,531	7,430
Tourism	7,087	6,956
Natural Resources	3,903	3,779
Division of Culture & History	4,294	4,283
Economic Development Authority	9,997	9,995
School Building Authority	18,000	18,000
General Revenue Fund	-	35,000
Fire Protection Fund	12,000	12,000
Community and Technical College	4,992	4,997
Total State Lottery Fund	<u>211,648</u>	<u>207,819</u>

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

	<u>2025</u>	<u>2024</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	17,642	18,965
Economic Development Fund	15,912	25,412
Refundable Credit - General Revenue Fund	9,967	10,000
Racing Commission	2,800	2,800
General Revenue Fund	-	71,000
WV Department of Health and Human Resources	134,762	77,717
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	1,500	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	22,383	22,383
Total State Excess Lottery Revenue Fund	<u>398,859</u>	<u>423,421</u>
 Total Distributions	 610,507	 631,240
 Veterans Instant Ticket Fund	 <u>522</u>	 <u>558</u>
 Total nonoperating distributions to the State of West Virginia (cash basis)	 611,029	 631,798
 Accrued nonoperating distributions, beginning of year	 (190,015)	 (252,394)
Accrued nonoperating distributions, end of year	<u>142,469</u>	<u>190,015</u>
Total nonoperating distributions to the State of West Virginia	<u>\$ 563,483</u>	<u>\$ 569,419</u>

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

Contributions as a percentage of payroll for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contributions as a percentage of payroll for employers are established by the CPRB. Current funding policy requires contributions, consisting of member contributions of 4.5% of annual earnings and employer contributions of 9.0% of covered payroll for each of the years ended June 30, 2025, 2024, and 2023. All members hired after July 1, 2015, will contribute 6% of annual earnings. Contributions to the pension plan from the Lottery were \$962,967, \$900,500, and \$841,400 for the years ended June 30, 2025, 2024 and 2023, respectively.

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

At June 30, 2025 and 2024, respectively, the Lottery reported an asset of \$883,284 and \$23,593 for its proportionate share of the net pension asset. The net pension asset reported at June 30, 2025 was measured as of June 30, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2023,

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 13. Pension Benefits (Continued)

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

rolled forward to the measurement date of June 30, 2024. The Lottery's proportion of the net pension 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, 2024. At June 30, 2024, the Lottery's proportion was 0.54 percent, which is an increase of .01 from its proportion as of June 30, 2023.

For the years ended June 30, 2025 and 2024, respectively, the Lottery recognized pension expense of \$438,140 and \$804,173. At June 30, 2025 and 2024, the Lottery reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,028
Differences between expected and actual experience	1,200	-
Changes in assumptions	-	81
Changes in proportion and differences between Lottery contributions and proportionate share of contributions	-	19
Lottery contributions made subsequent to the measurement date of June 30, 2024	963	-
Total	<u>\$ 2,163</u>	<u>\$ 1,128</u>

	June 30, 2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
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	901	-
Total	<u>\$ 1,398</u>	<u>\$ 27</u>

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 13. Pension Benefits (Continued)

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

The \$962,967 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, 2026. 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:

2026	\$	(460)
2027		1,277
2028		(379)
2029		(366)

Actuarial assumptions

The total pension liability, reported as of June 30, 2025, was determined by an actuarial valuation as of July 1, 2023, with a measurement date of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurements unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75-7.37 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-2021 for active employees, 111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy males, 118% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2021 for retired healthy females, 119% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2021 for disabled males, 124% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2021 for disabled females, 109% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2021 for beneficiary males, and 121% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with scale MP-2021 for beneficiary females.

An experience study, which was based on the years 2018 through 2023 was used for the 2023 actuarial valuation that was rolled forward to the measurement date of June 30, 2024.

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

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 13. Pension Benefits (Continued)

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

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 actuarial valuation.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Domestic equity	22.5%	6.5%
International equity	22.5%	9.1%
Fixed income	15.0%	4.3%
Real estate	12.0%	5.8%
Private equity	12.0%	9.2%
Private credit	6.0%	9.8%
Hedge funds	10.0%	4.6%

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 13. Pension Benefits (Continued)

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 asset (liability) to changes in the discount rate, the following table presents the Lottery's proportionate share of the net pension asset (liability) calculated using the current discount rate of 7.25% as well as what the Lottery's proportionate share of the net pension asset (liability) 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>	
1% decrease (6.25%)	\$	(4,495)
Current discount rate (7.25%)	\$	883
1% increase (8.25%)	\$	5,425

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 publicly 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 primarily funded by member contributions. The medical and prescription drug insurance is provided through two

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 14. Other Postemployment Benefits (Continued)

Benefits provided (continued)

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 co-payments. Non-Medicare retirees will 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, 2025, 2024, and 2023, respectively, were:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Paygo Premium	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 70</u>

Contributions to the OPEB plan from the Lottery were \$62,740, \$32 and \$124,581 for the years ended June 30, 2025, 2024, and 2023, 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.

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 14. Other Postemployment Benefits (Continued)

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 annual 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 annual 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 Code). 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 earlier. Under the current policy, the OPEB Plan is considered fully funded at a funded ratio, on a present value of benefits, of more than 120%. 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. The amount of special funding for the PSSP for the OPEB Plan's fiscal year 2024 was \$0 as a result of \$0 Paygo billed in fiscal year 2024.

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

At June 30, 2025 and 2024, the Lottery reported an asset for its proportionate share of the RHBT net OPEB asset 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 asset, the related State support, and the total portion of the net OPEB asset that was associated with the Lottery was as follows (in thousands):

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 14. Other Postemployment Benefits (Continued)

OPEB assets, OPEB expenses (revenues), and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

	2025	2024
Lottery's proportionate share of net OPEB asset	\$ 2	\$ 204
State's special funding proportionate share of the net OPEB asset associated with the Lottery	7	87
Total portion of net OPEB asset associated with the Lottery	\$ 9	\$ 291

The net OPEB asset reported at June 30, 2025 was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023, and rolled forward to a measurement date of June 30, 2024. The Lottery's proportion of the net OPEB asset 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, 2024, the Lottery's proportion was .006 percent, which was a decrease of .12 percent from its proportion measured as of June 30, 2023.

For the years ended June 30, 2025 and 2024, respectively, the Lottery recognized OPEB expense (revenue) of (\$31,867) and (\$668,096) and for support provided by the State under special funding situations (revenue) expense of \$6,534 and (\$127,486). At June 30, 2025 and 2024, the Lottery reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	June 30, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8	\$ 2
Net difference between projected and actual earnings on OPEB plan investments	-	3
Changes in assumptions	1	3
Changes in proportion and differences between Lottery contributions and proportionate share of contributions	16	46
Lottery contributions subsequent to the measurement date of June 30, 2024	63	-
Total	\$ 88	\$ 54

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 14. Other Postemployment Benefits (Continued)

OPEB assets, OPEB expenses (revenues), and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

	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	\$ 74	\$ 342

The amount of \$62,740 reported as deferred outflows of resources related to OPEB resulting from Lottery contributions subsequent to the measurement date will be recognized as an increase in the net OPEB asset in the year ended June 30, 2026. 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:

2026	\$ (33)
2027	6
2028	3
2029	(5)

Actuarial assumptions

The total OPEB liability, reported as of June 30, 2025 and 2024, was determined by actuarial valuations as of June 30, 2023 and 2022, respectively, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
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, 2025

Note 14. Other Postemployment Benefits (Continued)

OPEB assets, OPEB expenses (revenues), and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

Actuarial assumptions

Healthcare cost trend rates

(June 30, 2023 actuarial valuation) Trend rate for pre-Medicare and Medicare per capita costs at 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.50% is reached in plan year 2033.

Healthcare cost trend rates

(June 30, 2022 actuarial valuation) 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 4.5% is reached in plan year end 2032.

Actuarial cost method

Entry Age Normal

Amortization method

Level percentage of payroll

Remaining amortization period

20 year 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 actuarial assumptions used in the June 30, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period of July 1, 2015- June 30, 2020.

The actuarial valuation as of June 30, 2023, reflects changes to the healthcare-related assumptions which include per capita claims costs, healthcare trend rate, coverage and continuance, and participation rates.

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

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 14. Other Postemployment Benefits (Continued)

OPEB assets, OPEB expenses (revenues), and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

Actuarial assumptions (continued)

2.75% for assets invested with the West Virginia Board of Treasury Investments (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 OPEB Plan's investment advisors, including the WVIMB, provided target asset allocations, capital market assumptions (CMA), 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%	7.7%

Discount rate

A single discount of 7.4% 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 7.4%. 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, 2025

Note 14. Other Postemployment Benefits (Continued)

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

The following presents the Lottery's proportionate share of the net OPEB asset (liability) calculated using the current discount rate, as well as what the Lottery's proportionate share of the net OPEB asset (liability) 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):

	<u>1% Decrease (6.4%)</u>	<u>Current Discount Rate (7.4%)</u>	<u>1% Increase (8.4%)</u>
Lottery's proportionate share of the net OPEB asset (liability)	\$ (10)	\$ 2	\$ 13

Sensitivity of the Lottery's proportionate share of net OPEB asset (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):

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Lottery's proportionate share of the net OPEB asset (liabilities)	\$ 18	\$ 2	\$ (17)

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, 2025 and 2024, \$4,783,397 and \$5,321,574, 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.

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WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 16. Risk Management (Continued)

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.

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, 2025, 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.

(Continued)

WEST VIRGINIA LOTTERY

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 18. New Accounting Standards

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This Statement enhances the effectiveness of the financial reporting mode in providing information that is essential for decision making and to address certain applications issues identified by the GASB. The provisions of this statement are effective for reporting periods beginning after June 15, 2025.

In September 2024, the GASB issued **Statement No. 104**, *Disclosure of Certain Capital Assets*. This Statement provides users of government financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. The provisions of this statement are effective for reporting periods beginning after June 15, 2025.

Management has not determined the effect 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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Lottery's proportion (percentage) of the net pension liability (asset)	0.54%	0.53%	0.49%	0.51%	0.52%	0.53%	0.53%	0.53%	0.52%	0.55%
Lottery's proportionate share of the net pension liability (asset)	\$ (883)	\$ (24)	\$ 735	\$ (4,467)	\$ 2,740	\$ 1,147	\$ 1,360	\$ 2,274	\$ 4,800	\$ 3,044
Lottery's covered payroll	\$ 10,011	\$ 9,344	\$ 8,040	\$ 8,130	\$ 8,100	\$ 7,890	\$ 7,345	\$ 7,192	\$ 7,259	\$ 7,421
Lottery's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(8.82%)	(0.26%)	9.14%	(54.94%)	33.83%	14.54%	18.52%	31.62%	66.12%	41.02%
Plan fiduciary net position as a percentage of the total pension liability	101.85%	100.05%	98.17%	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 963	\$ 901	\$ 841	\$ 804	\$ 813	\$ 810	\$ 789	\$ 808	\$ 863	\$ 980
Contributions in relation to the statutorily required contribution	963	901	841	804	813	810	789	808	863	980
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lottery's covered payroll	\$ 10,700	\$ 10,011	\$ 9,344	\$ 8,040	\$ 8,130	\$ 8,100	\$ 7,890	\$ 7,345	\$ 7,192	\$ 7,259
Contributions as a percentage of covered payroll	9.00%	9.00%	9.00%	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%

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							
	2025	2024	2023	2022	2021	2020	2019	2018
West Virginia Lottery's proportion (percentage) of the net OPEB liability (asset)	0.01%	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)	\$ (2)	\$ (204)	\$ 148	\$ (46)	\$ 654	\$ 2,551	\$ 3,187	\$ 3,501
State's proportionate share of the net OPEB liability (asset) associated with the Lottery	\$ (7)	\$ (87)	\$ 51	\$ (9)	\$ 145	\$ 522	\$ 659	\$ 719
Total	\$ (9)	\$ (291)	\$ 199	\$ (55)	\$ 799	\$ 3,073	\$ 3,846	\$ 4,220
West Virginia Lottery's covered-employee payroll	\$ 4,688	\$ 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	(0.04%)	(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	102.19%	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	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>	<u>\$ -</u>
West Virginia Lottery's covered-employee payroll	\$ 4,566	\$ 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%	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, 2025

Note 1. Trend Information Presented

The accompanying schedules of the Lottery's proportionate share of the net OPEB and pension liabilities (assets) and contributions to RHBT and PERS 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.

(Continued)

West Virginia Lottery

Notes to Required Supplementary Information June 30, 2025

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		Disability Rates	Experience Study
	State	Nonstate				State	Nonstate		
2024	2.75% - 6.86%	3.57% - 7.37%	2.75%	7.25%	Active-100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2021; Retired healthy males-111% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2021; Retired healthy females-118% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2021; Disabled males-119% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2021; Disabled females-124% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2021; Beneficiary males-109% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2021; Beneficiary females-121% of Pub-2010 Contingent Survivor Female table, below-median, headcount weighted, projected generationally with scale MP-2021	2.28 - 45.63%	3.25 - 31.63%	0.004 - 0.250%	2018-2023
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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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

West Virginia Lottery

Notes to Required Supplementary Information June 30, 2025

Note 3. Pension Plan Changes in Assumptions (Continued)

	Projected Salary Increases		Inflation Rate	Discount Rate	Mortality Rates	Withdrawal rates		Disability Rates	Experience Study
	State	Nonstate				State	Nonstate		
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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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
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 / Teachers Disabled Female table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary males-112% of Pub-2010 Contingent Survivor Male table, below-median, headcount weighted, projected generationally with scale MP-2018; Beneficiary females-115% of Pub-2010 Contingent Survivor 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

West Virginia Lottery

Notes to Required Supplementary Information June 30, 2025

Note 3. Pension Plan Changes in Assumptions (Continued)

	Projected Salary Increases		Inflation Rate	Discount Rate	Mortality Rates	Withdrawal rates		Disability Rates	Experience Study
	State	Nonstate				State	Nonstate		
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

West Virginia Lottery

Notes to Required Supplementary Information June 30, 2025

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:

	Inflation	Salary Increases	Investment Rate of Return & Discount Rate	Mortality Rates	Healthcare Cost Trend Rates	Experience Study
2024	2.50%	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	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 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; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	Trend rate for pre-Medicare and Medicare per capita costs of 5.0% medical and 8.0% drug. The trends increase over four years to 7.0% and 9.5%, respectively. The trends then decrease linearly for 5 years until ultimate trend rate of 4.5% is reached in plan year end 2033.	2015-2020
2023	2.50%	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	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 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; Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2021 for Trooper A and Trooper B	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 end 2032.	2015-2020
2022	2.25%	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	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 and 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

West Virginia Lottery

Notes to Required Supplementary Information

June 30, 2025

Note 4. OPEB Plan Changes in Assumptions (Continued)

	Inflation	Salary Increases	Investment Rate of Return & Discount Rate	Mortality Rates	Healthcare Cost Trend Rates	Experience Study
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

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the West Virginia Lottery Commission
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the West Virginia Lottery (the Lottery), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Lottery's basic financial statements, and have issued our report thereon dated September 30, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lottery's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lottery's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lottery's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Lottery's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lottery's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an



objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
September 30, 2025



Other Financial Information

Audited Agency West Virginia Lottery - June 30, 2025

Per GASB Statement 40 the Agency must disclose its deposit policy. The deposit policy must be formally adopted through legal or contractual provisions. Disclosure of any statutory policies are also required. Please provide in the space below the Agency's deposit policy.

See Note (3)

	Carrying Amount	Restricted Carrying Amount	Total Carrying Amount	Bank Balance	FDIC Insured Amount	Collateralized Amount	2	3A	3B	3C	Foreign Currency Risk		
							Amount Collateralized with securities held by the pledging financial institution's trust department or agent in the government's name	Amount Uninsured and Uncollateralized	Collateralized with securities held by the pledging financial institution but not in the name of the depositor	Collateralized with securities held by the pledging financial institution trust department or agency but not in the name of the depositor	Currency Type	Maturity	Fair Value
Balances as of June 30, 2025													
Cash with Treasurer													
Per wvOASIS Opening Balance Report	7,207		7,207										
Cash with Municipal Bond Commission			0										
Cash on Hand			0										
Cash in Transit to wvOASIS			0										
Cash with Board of Trustees			0										
Cash in Outside Bank Accounts	1,427		1,427	1,470	250	1,220	1,220						
Cash in Escrow			0										
Certificates of Deposits (Non-Negotiable)			0										
Other:			0										
Total	8,634	0	8,634	1,470	250	1,220	1,220	0	0	0			0

PLEASE SEND COMPLETED FORMS TO:

State of West Virginia
Financial Accounting and Reporting Section
2101 Washington Street East
Building 17, 3rd Floor
Charleston, WV 25305

Telephone Number (304) 558-4083
Fax Number (304) 558-4084

See Independent Auditor's Report.

GAAP REPORTING FORM - INVESTMENTS DISCLOSURE

Audited Agency

West Virginia Lottery - June 30, 2025

Per GASB Statement 40 the Agency must disclose its investment policy. The investment policy must be formally adopted through legal or contractual provisions. Disclosure of any statutory policies are also required. Please provide in the space below the Agency's investment policy.

See Note (3)

	Reported Amount Unrestricted	Reported Amount Restricted	Fair Value Measurement's Using					Total Reported Value	Credit Ratings			Interest Rate Risk - Segmented Time Distribution Investment Maturities (in years)				Foreign Currency Risk		
			Level 1	Level 2	Level 3	Fair Value	Cost Value		Standard & Poor's	Moody's	Fitch	Less than 1	1 - 5	6 -10	More than 10	Currency Type	Maturity	Fair Value
Investments with Investment Mgmt Board (IMB)																		
Per wvOASIS Opening Balance Report																		
Investment Earnings not Posted to wvOASIS																		
As of 6/30/25																		
Investments with Board of Treasury Investments (BTI)																		
Per Opening Balance Report	172,465					172,465		172,465										
Investment Earnings not Posted to wvOASIS																		
As of 6/30/25	625					625		625										
Investments Outside IMB:																		
U.S. Treasury Obligations																		
U.S. Government Agencies																		
Other Government Bonds																		
Corporate Bonds																		
Corporate Stocks																		
Mutual Bond Funds																		
Mutual Stock Funds																		
Mutual Money Market Funds																		
Commercial Paper																		
Bank Investment Contract																		
Guaranteed Investment Contract																		
Repurchase Agreements ****																		
State/Local Gov't Securities																		
Certificates of Deposit (Negotiable)																		
Other Investments (describe):																		
Total Outside Investments	0	0	0	0	0	0	0	0				0	0	0	0	0	0	0
Investments by Fair Value Level																		
Debt Securities																		
U.S. Treasury securities																		
Commercial mortgage-backed securities																		
Collateralized debt obligations																		
Residential mortgage-backed securities																		
Corporate Bonds																		
Total Debt Securities	0	0	0	0	0	0	0	0				0	0	0	0	0	0	0
Equity Securities																		
Other																		
Total Equity Securities	0	0	0	0	0	0	0	0				0	0	0	0	0	0	0
Venture Capital Investments																		
Direct venture capital -																		
Direct venture capital -																		
Total Venture Capital Investments	0	0	0	0	0	0	0	0				0	0	0	0	0	0	0
Private Equity Funds - International																		
Total Venture Capital Investments	0	0	0	0	0	0	0	0				0	0	0	0	0	0	0
Investments Measured at the Net Asset Value (NAV)																		
Equity long/short hedge funds																		
Event-driven hedge funds																		
Global opportunities hedge funds																		
Multi-strategy hedge funds																		
Real estate funds																		
Total Investments Measured at the NAV	0	0				0	0	0				0	0	0	0	0	0	0
Total Investments Measured at Fair Value	0	0	0	0	0	0	0	0				0	0	0	0	0	0	0
Investments Derivative Instruments																		
Interest Rate Swaps																		
Foreign exchange contracts (liabilities)																		
Total Investment Derivative Instruments	0	0	0	0	0	0	0	0				0	0	0	0	0	0	0

**** MUST COMPLETE THE BELOW INFORMATION IF REPURCHASE AGREEMENTS WERE IDENTIFIED ABOVE:

Collateral Description On The Repurchase Agreements	Fair Market Value of Collateral	Credit Rating	
		Moody's	S&P

PLEASE SEND COMPLETED FORMS TO:

State of West Virginia
Financial Accounting and Reporting Section
2101 Washington Street East
Building 17, 3rd Floor
Charleston, WV 25305

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STATE OF WEST VIRGINIA
DEPARTMENT OF ADMINISTRATION - FINANCE DIVISION
FINANCIAL ACCOUNTING AND REPORTING SECTION

FORM 8A

GAAP REPORTING FORM - DEPOSITS AND INVESTMENTS RECONCILIATION

Audited Agency **WV Lottery - June 30, 2025**

Reconciliation of cash, cash equivalents and investments as reported in the financial statements
to the amounts disclosed in the footnote:

Deposits:

Cash and cash equivalents as reported on balance sheet	\$ 181,724
Less: cash equivalents disclosed as investments	(173,090)
Add: restricted cash and cash equivalents disclosed as deposits	-
Other (describe) _____	_____
_____	_____
_____	_____

Carrying amount of deposits as disclosed on Form 7	\$ 8,634
--	----------

Investments:

Investments as reported on balance sheet	\$ -
Add: restricted investments disclosed as investments	_____
Add: cash equivalents disclosed as investments	173,090
Other (describe) _____	_____
_____	_____
_____	_____

Reported amount of investments as disclosed on Form 8	\$ 173,090
---	------------

PLEASE SEND COMPLETED FORMS TO:

State of West Virginia
Financial Accounting and Reporting Section
2101 Washington Street East
Building 17, 3rd Floor
Charleston, WV 25305

Telephone Number: 304-558-4083
Fax Number: 304-558-4084

See Independent Auditor's Report.

WEST VIRGINIA LOTTERY
DUE TO OTHER FUNDS - PRIMARY GOVERNMENT
FOR FISCAL YEAR ENDED JUNE 30, 2025
(Expressed in Thousands)
FORM 10A

<u>Payable to</u>	<u>Amount</u>	<u>Fund</u>
Amounts reported as accrued nonoperating distributions to the State of West Virginia:		
Bureau of Senior Services	\$ 19,775	5405
Department of Education-Public Ed	7,081	3951
Library Commission	3,397	3559
Division of Tourism	2,100	3067
Natural Resources	1,163	3267
Culture and History	950	3534
Building Commission	999	2252
School Building Authority	1,800	3963
School Building Authority	1,764	3514
Veterans Instant Ticket Fund	31	1338
Community and Technical College	500	4908
West Virginia Infrastructure Council	547	3390
Surplus	97,986	Unappropriated
Total amounts payable to primary government	<u>\$ 138,093</u>	
Total amounts payable to primary government per above	\$ 138,093	
Total amounts payable to component units per Form 11	<u>4,376</u>	
Accrued nonoperating distributions to State of West Virginia	<u>\$ 142,469</u>	(1)

(1) Agrees to audited balance sheet

See Independent Auditor's Report.

WEST VIRGINIA LOTTERY - DUE FROM/TO OTHER FUNDS - COMPONENT UNITS
FOR FISCAL YEAR ENDED JUNE 30, 2025
(Expressed in Thousands)
FORM 11

Payable to	Amount		Fund	Amount
5	\$ 642		9067	203
12	3,734	>	9068	439
			4925	895
			4297	1,500
			4185	1,151
Total	\$ 4,376		4896	188

Total amounts payable to component units per above \$ 4,376
Total amounts payable to primary government per Form 10 138,093

(1) Agrees to audited balance sheet \$ 142,469 (1)

Note: There were no amounts due from component units as of June 30, 2025

Component Units	
1. Water Development Auth.	8. Parkways & Economic Dev.,
2. Solid Waste Management	and Tourism Authority
3. Educational Broadcasting	9. Regional Jail Authority
4. WV State Rail Authority	10. Racing Commission
5. Economic Development	11. Public Defenders Corporation
6. Jobs Investment Trust	12. Higher Education Institutions
7. Housing Development Fund	

See Independent Auditor's Report.

WEST VIRGINIA LOTTERY
TRANSFERS IN/OUT
FOR FISCAL YEAR ENDED JUNE 30, 2025
FORM 15
(Expressed in Thousands)

WV OASIS FUND FROM	Agency Transferring From	Amount	Agency Transferring To	WV OASIS FUND TO	Amount
			<u>Lottery Fund</u>		
			WV Development Office	2252	\$ 9,997
			Division of Tourism	3067	7,087
			Division of Natural Resources	3267	3,903
			Division of Culture & History	3534	4,294
			Library Commission	3559	11,514
			Dept. of Educ. - Public Education	3951	48,559
			School Bldg Authority	3963	18,000
			Community and Technical College-Capital Imp	4908	4,992
			Higher Education- Policy Commission	4925	3,031
			Higher Education- Policy Commission	4185	3,867
			Higher Education- Policy Commission	4896	633
			Bureau of Senior Services	5405	83,771
7202	Traditional Lottery	\$ 51,934	Fire Protection Fund	7158	6,000
7203	Racetrack Video Lottery	112,258	County Fire Protection Fund	6007	3,000
7214	Sports Wagering	4,403	All County Fire Protection Fund	6008	3,000
7215	Interactive Wagering	43,575	Veterans Instant Ticket Fund	1338	522
		<u>\$ 212,170</u>			<u>\$ 212,170</u>
			<u>Excess Lottery Fund</u>		
			WV Racing Commission	7308	\$ 2,800
			State Park Improvement Fund	3277	1,505
			Refundable Credit	7207	9,967
			Higher Education Improvement Fund	4297	15,000
			Economic Development Fund	9065	9,494
			Economic Development Fund	9067	2,028
			Economic Development Fund	9068	4,390
			School Bldg Authority	3514	17,642
			Education Improvement	4295	29,000
			West Virginia Infrastructure Council	3390	46,000
7203	Racetrack Video Lottery	\$ 127,460	General Purpose	7206	65,000
7205	Limited Video Lottery	252,402	WV Lottery Statutory Transfers	*	61,271
7210	Table Games	17,037	Division of Human Services	5365	134,762
7212	Historic Resort Hotel	1,960			<u>\$ 398,859</u>
		<u>\$ 398,859</u>			
Grand Total					611,029

*7213 Pass Through Account	Fund	Amount
General Revenue Fund	0614	1,168
Tourism Promotion Fund	3072	4,808
Historic Resort Hotel	7212	24
Development Office Promotion Fund	3171	1,299
Research Challenge Fund	4931	1,732
Capitol Renovation & Improvement Fund	2462	2,381
Parking Garage Fund	2461	216
Parking Garage Fund	2255	500
Cultural Facilities & Capitol Resources Fund	3537	1,500
Capitol Dome & Capitol Improvements Fund	2257	1,796
State Debt Reduction Fund	7007	20,000
Non-State Agencies	N/A	25,847
Total Statutory Pass Through Account		61,271

See Independent Auditor's Report.