



**FISCAL YEAR
2024**

**ANNUAL
COMPREHENSIVE**

**FINANCIAL
REPORT**

**WASHINGTON'S LOTTERY
AN ENTERPRISE FUND OF THE STATE OF WASHINGTON
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023**



DOWNLOAD 

A PDF download of this Annual Comprehensive Financial Report is available at walottery.com/About/AnnualReports.aspx.

LETTER FROM THE DIRECTOR



Fiscal Year 2024 was another incredible year for Washington's Lottery, achieving another record-breaking year in sales, reaching over \$1 billion dollars. This accomplishment would not have been possible without the initiative and dedication of our staff and retailers. The popularity of Scratch tickets continues, closing the year at \$664.3 million. Draw games, ended the year performing well, with an increase from last year to \$364.6 million. This record-breaking year in sales allowed for Washington's Lottery to deliver contributions to education in Washington State, providing over \$189.9 million to the Washington Opportunity Pathways Account to help aid in the funding of vocational scholarships and early childhood learning, as well as state grants and work study awards for low-income students. In addition, Washington's Lottery contributed \$785 thousand to the State's Problem

Gambling account and extending additional support with sponsorships for local conferences held by the Evergreen Council on Problem Gambling. It was also an amazing year for our dedicated players, collecting \$636.3 million in prizes and our retailer partners earning \$51.5 million with 14 retailers reaching \$2 million in sales.

This year's success can be attributed to the amazing staff and the continued effort to drive sales through creative and enjoyable promotions, games, and advertising. In February 2024, we introduced our Warehouse Dash, where players purchased a \$10 Powerball ticket and receive a mail-in voucher to be entered into one of two drawings. Another triumph was the launch of a new game, Cash POP. A number is a POP, each POP costs \$5 and a player may play up to 15 POPs on one ticket. A random generated prize amount from \$25-500 is printed underneath each POP. Total sales for Cash POP brought in over \$13.2 million alone. Our Happy Hour promotions continue to excite our players. During fiscal year 2024, we had six Happy Hour promotions, where players purchased a ticket and received one free ticket between 4 P.M. and 6 P.M. daily. Total sales from Happy Hour promotions reached \$924 thousand.

Washington's Lottery also refreshed our mobile app which went live in March 2024. We moved over from Scientific Games to Marcus Thomas, as the app vendor. The team did a great job developing a comprehensive plan to make sure everything went smoothly. Customers did not need to download a new app, but rather the app updated, which helped to prevent potential issues, like losing customers and app users.

The exciting news doesn't stop, we have developed a new Strategic Business Plan to guide our work for the next two years. We are very proud of the plan and excited to share it. This is our guiding document that outlines our mission, vision, values, goals, and objectives. It includes 19 initiatives that reflect our deep commitment to the people and entities that benefit from what we do. The creativity, collaboration, and high engagement from across the agency that went into the building of this plan is very impressive. We approached planning with an open mind and experimented with ideas for improving the development process.

Washington's Lottery should be incredibly proud of the work done in fiscal year 2024. It is because of the dedicated staff's efforts and commitment that we enjoyed records sales and contributions to our beneficiaries, making this year one of our most successful yet.

Sincerely,

Joshua Johnston
Director, Washington's Lottery

Mission

To offer games of chance with integrity and imagination to maximize contributions to our state.



Values



Diversity, Equity, Inclusion & Belonging

We promote diversity in all its forms, ensure fair treatment and opportunities for everyone, and create an inclusive environment where all individuals are valued and respected.



Integrity

We act with honesty and hold ourselves to the highest standards of ethical conduct.



Responsibility

We are personally accountable for our actions and make organizational decisions in the best interests of our beneficiaries and the state.



Collaboration

We work together across the organization to achieve shared goals.



Creativity

We believe the power of imagination and innovation is key to our success.



Customer-focus

We treat everyone as a customer who deserves our highest quality service.

Vision

To be an innovative leader, creating fun gaming experiences that benefit the people of Washington.



DEPT OF IMAGINATION





WASHINGTON'S LOTTERY

an Enterprise Fund of the State of Washington

ANNUAL COMPREHENSIVE FINANCIAL REPORT

for the fiscal years ended June 30, 2024 and June 30, 2023

Prepared by Washington's Lottery's Finance Division

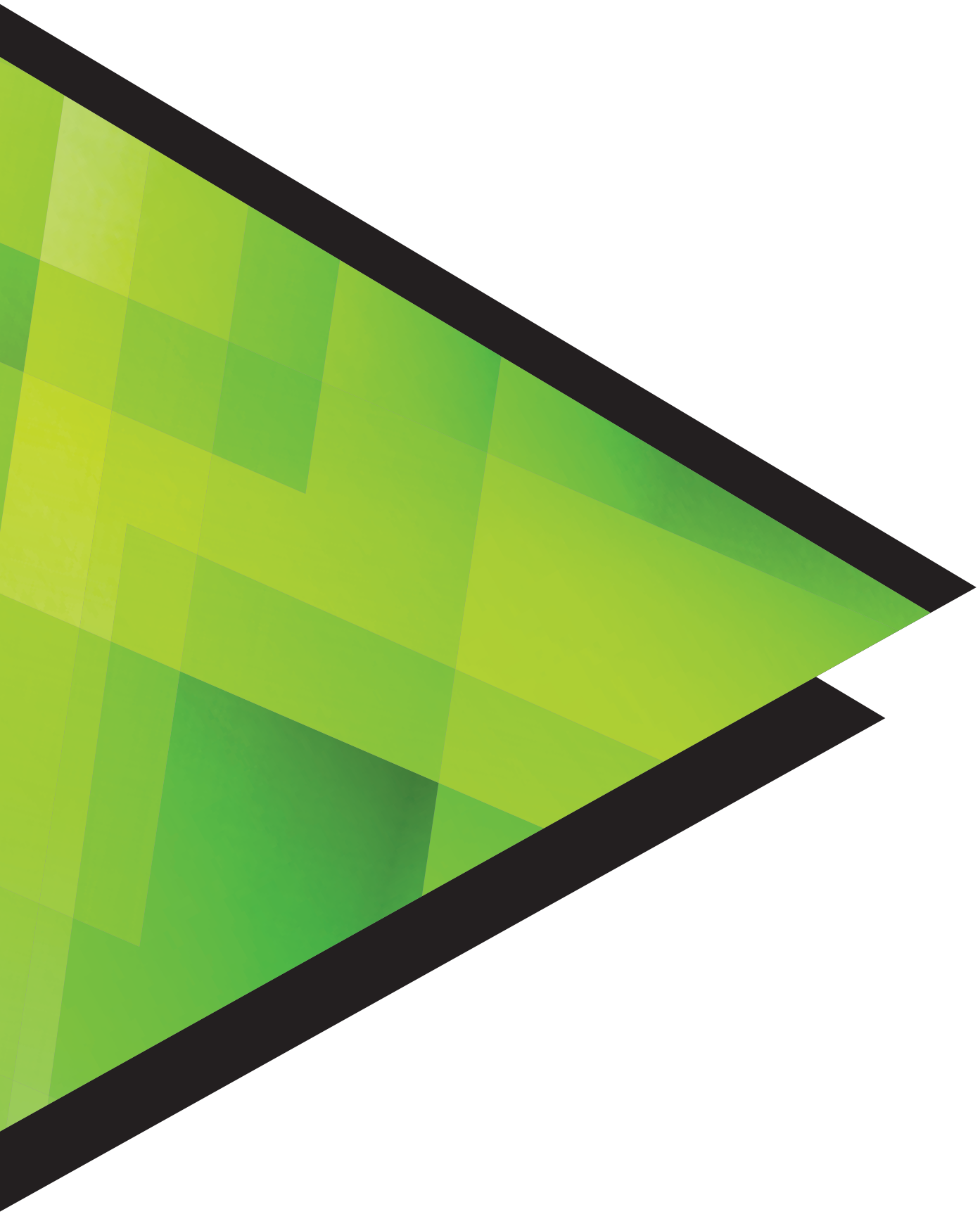


TABLE OF CONTENTS

INTRODUCTORY SECTION	
Letter of Transmittal	9
Certificate of Achievement for Excellence in Financial Reporting	18
Principal Officials	19
Organization Chart	19
FINANCIAL SECTION	
Independent Auditor's Report	21
Management's Discussion and Analysis	24
Basic Financial Statements	
Statements of Net Position	33
Statements of Revenues, Expenses, and Changes in Net Position	34
Statements of Cash Flows	35
Notes to the Financial Statements	36
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability PERS Plan 1	64
Schedule of Proportionate Share of the Net Pension Liability PERS Plan 2/3	64
Schedule of Employer Contributions PERS Plan 1	65
Schedule of Employer Contributions PERS Plan 2/3	65
Schedule of Changes in Total OPEB Liability and Related Ratios	66
OPEB Notes to Required Supplementary Information	66
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards	67
STATISTICAL SECTION	
Washington State	
Statistical Section	71
Demographics of Players	74
Top Ten Private Employers	75
Net Position Last-10 Fiscal Years	76
Changes in Net Position-Last 10 Fiscal Years	76
Sales and Other Revenues-Last 10 Fiscal Years	77
Expenses and Contributions-Last 10 Fiscal Years	78
United States	
Comparison of Lottery Revenues and Expenses by State	80
Comparison of Lottery Revenues and Expenses per Capita	81
Winner and Retailer Stories	82
Lottery Offices	87

INTRODUCTORY SECTION

This section includes a transmittal letter describing Washington's Lottery and its business activities, a list of principal officials, the agency organization chart, and the Certificate of Achievement for Excellence in Financial Reporting awarded for the previous year's report.

December 30, 2024

TO THE CITIZENS OF WASHINGTON STATE:

Washington’s Lottery is pleased to provide this annual financial report for the fiscal year that ended June 30, 2024. In fiscal year 2024, Lottery sales increased by \$25.5 million or 2.5 percent compared to fiscal year 2023 and contributed a total of \$255.5 million to its beneficiaries for state programs. The Washington Opportunity Pathways Account received \$189.9 million to fund grants, scholarships, early learning, and other educational opportunities.

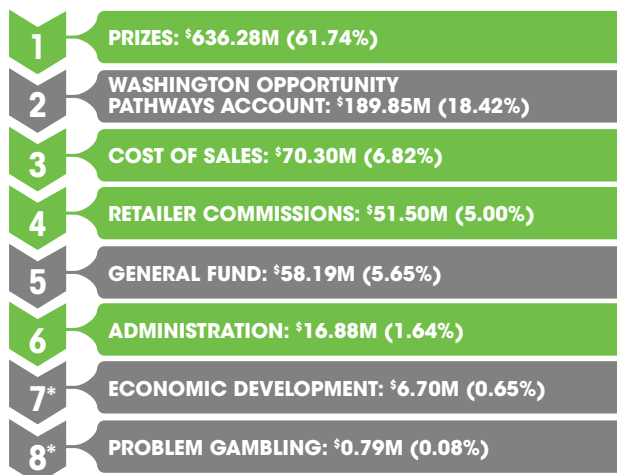
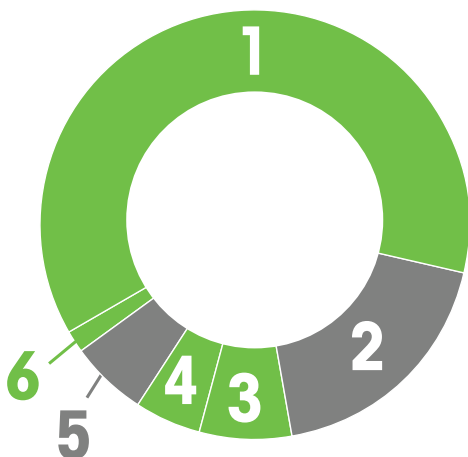
Although state law does not require the Lottery to provide stand-alone audited financial statements, we do so to reflect the highest standards of fiscal transparency and uncompromised accountability to the public, thereby strongly demonstrating our thorough efforts to disclose all relevant information.

To the best of our knowledge, the enclosed information is accurate in all material respects and is reported in a manner designed to fairly present the financial position, results of operations, and cash flow of the agency. All disclosures necessary to gain an understanding of the Lottery’s financial activities have been included. Management is responsible for the accuracy and completeness of the contents, and the Lottery maintains strict adherence to its stringent internal control policies.

THE LOTTERY IS A STATE AGENCY MANDATED TO GENERATE FUNDS FOR THE SUPPORT OF STATE PROGRAMS

Washington’s Lottery sells tickets for games of chance to the general public. The Lottery is a business funded by sales, which in and of itself pays for the costs of running the business, including producing, marketing, and selling the products, while delivering all of the profits to the public good. In order to operate the business successfully, the Lottery provides personnel in the following disciplines: security, legal, administrative, marketing, sales, finance, management, human resources, and information services. The Lottery generated dollars for the Washington Opportunity Pathways Account, Economic Development Account, Problem Gambling Account, and General Fund. Lottery revenues for fiscal year 2024 totaled \$1,031.7 billion. These sales allowed contributions of \$189.9 million to the Washington Opportunity Pathways Account (WOPA), \$58.2 million to the General Fund, \$6.7 million to the Economic Development Account and \$785 thousand to the Problem Gambling Account.

FY24 TOTAL DISTRIBUTION: \$1.03 BILLION



COST OF DOING BUSINESS **PROFIT**

The Legislature decides the beneficiaries and how much the Lottery can spend on administration.

*Amounts not displayed in graph

BACKGROUND

Washington's Lottery's mission is to offer games of chance with integrity and imagination to maximize beneficiary contributions. Our focus is on maintaining and increasing the ability to maximize these contributions in support of education and other state programs. Development of new products and game enhancements is an ongoing process with a focus on responsible gambling and increasing long-term revenue. This is consistent with acceptable levels of related expenses, which are intended to increase the ability to support these vital programs. A narrative analysis of the Lottery's performance for fiscal year 2024 and further details regarding specific subjects can be found in Management's Discussion and Analysis in the Financial Section of this document.

COMMUNITIES THROUGHOUT THE STATE HAVE BENEFITED FROM THE LOTTERY

Since Washington's Lottery sold its first ticket in 1982, it has paid over \$12.3 billion in prizes and retailers have received over \$1.2 billion in sales commissions. Winners tend to spend and invest money in their local communities, and Lottery sales often make a big difference for small merchants. In fiscal year 2024, Washington's Lottery paid out more than 38 million winning tickets ranging from \$1 to \$5.6 million. Twenty-four people became millionaires through Washington's Lottery in the last fiscal year. Since inception, the Lottery has made 830 people millionaires, and that number continues to grow.

The state Legislature decides how the government spends monies contributed by the Lottery. The recipients of Lottery's proceeds include the Washington Opportunity Pathways Account, Economic Development Account, Problem Gambling Account, and General Fund Account. Since inception, the Lottery has contributed more than \$5.5 billion to various state programs.

In 1986, the Lottery began collecting outstanding child support and other debts owed to the state. Before winners are paid, these debts are deducted from Lottery prize monies. Over the years, the Lottery has collected \$5.5 million in previously uncollected money. This figure represents \$3.0 million in child support payments and \$2.5 million in recovered taxes, fees, penalties, welfare, and employment security debts.

WASHINGTON STATE'S ECONOMIC AND REVENUE OUTLOOK

Washington State's Economic and Revenue Outlook 2025

Washington's real Gross Domestic Product (GDP) grew by 5.15 percent to \$692.72 billion in fiscal year 2024, surpassing the national growth of 3.09 percent. Key drivers for Washington included information technology (\$147.94 billion), real estate (\$87.35 billion), and retail trade (\$66.04 billion). Agriculture outpaced national trends, growing by 9.40 percent compared to 4.67 percent nationwide. However, the state faced challenges in mining, with a 20.22 percent decline against a national gain of 17.42 percent. Other sectors, such as utilities, also underperformed relative to U.S. trends. Despite these challenges, Washington's economy rebounded from its pandemic low in fiscal year 2021 and achieved record-high real GDP in fiscal year 2024. The data reflects strong recovery and resilience, with growth stabilizing as the fiscal year concluded, positioning the state for sustainable economic progress moving forward.

Non-farm employment in Washington increased by 1.35 percent (83,300 jobs) in fiscal year 2024, outperforming the U.S. growth rate of 0.06 percent. Education and health services led the way, expanding 3.33 percent (208,700 jobs) due to rising healthcare and education demands. The state's manufacturing sector, including aerospace, grew by 1.10 percent (36,100 jobs), reflecting recovery in aerospace production, despite challenges from labor strikes at Boeing. In contrast, the information sector saw a 4.85 percent decline, losing 100,800 jobs, driven by layoffs and restructuring in the technology industry. Looking ahead, forecasts expect Washington's employment to grow 1.3 percent in 2025, with a 0.8 percent average annual increase through 2029. Aerospace employment is expected to grow steadily, peaking in 2026 before stabilizing. Construction will maintain strong momentum, with projected growth an average of 2.8 percent annually through 2029.

In fiscal year 2024, the unemployment rate in Washington averaged 4.28 percent, a slight improvement from 4.37 percent in fiscal year 2023. However, unemployment increased throughout the year, rising from 3.6 percent in July 2023 to 4.8 percent in June 2024, indicating softening in the labor market. Nationally, the U.S. unemployment rate averaged 3.81 percent, up from 3.54 percent in fiscal year 2023, with June 2024 recording 4.1 percent and July 2024 reaching 4.3 percent. Both Washington and the U.S. labor markets are experiencing modest cooling from their post-pandemic recovery peaks. During the fiscal year 2019-2024 period, Washington's unemployment peaked at 16.6 percent in April 2020, due to the pandemic, while the U.S. recorded 14.8 percent unemployment the same month. Forecasts project Washington's unemployment rate to average 4.51 percent in calendar year 2024, rising to 4.93 percent in 2025, with levels stabilizing around 5 percent through 2027.

Personal income grew steadily in fiscal year 2024 at both the national and state levels, with U.S. personal income increasing by 5.9 percent and Washington's personal income rising by 5.6 percent. The U.S. saw growth from \$23.27 trillion in fiscal year 2023 to \$24.63 trillion by the end of fiscal year 2024, while Washington's personal income climbed from \$630.37 billion to \$665.40 billion during the same period. Both the U.S. and Washington recorded their highest personal income levels in fiscal year 2024, reflecting sustained economic recovery from pandemic disruptions. Forecasts project Washington's nominal personal income growth at 5.2 percent in 2024, slightly reduced from earlier estimates. Growth is expected to stabilize at 5.0 percent in 2025, followed by peaks of 5.9 percent in 2026 and moderate increases through 2029, averaging around 5.6 percent annually. These trends indicate resilient economic momentum despite external challenges, with Washington closely tracking national growth trajectories.

Washington experienced a 15.9 percent decline in construction permits, dropping from 47,864 in fiscal year 2023 to 40,255, marking the lowest level since fiscal year 2019. However, completed units rose by 10.8 percent to 52,126, the highest in the last five years, indicating strong project completions despite fewer new permits. Demolitions also increased by 15.8 percent, from 2,011 in fiscal year 2023 to 2,329, reflecting shifting development priorities. A recovery in construction permits is expected starting in 2025, with 37,700 units forecasted that year, followed by gradual growth to 43,400 units in 2029. These trends suggest a shift toward project completions and demolitions while developers adjust to market dynamics and extend timelines for new developments.

Continued revenue growth is projected, with General Fund-State revenue of \$63.2 billion expected for the 2023-25 biennium, increasing to \$67.9 billion in 2025-27 and \$72.92 billion by 2027-29. These forecasts reflect Washington's strong fiscal outlook, driven by resilient economic activity and sustained public funding.

LOTTERY PRODUCTS

OUR GAMES

SCRATCH

In Washington, *Scratch* is the most popular Lottery game. *Scratch* is classified as an “instant” game because players learn immediately if they have won a prize. Total *Scratch* sales were \$664.3 million in fiscal year 2024, compared to \$669.0 million in 2023. In fiscal year 2024, *Scratch* sales were \$229.7 million more than all other Lottery games combined. *Scratch* games provided 64.6 percent of total net sales for fiscal year 2024, compared to 66.7 percent in 2023. The Lottery launched 45 *Scratch* games in fiscal year 2024, compared to 55 games in fiscal year 2023.

MEGA MILLIONS

Washington joined the nation’s biggest lottery game *Mega Millions* in September 2002. Washington was the first state west of the Mississippi to offer the nation’s mega-jackpot lottery game. *Mega Millions* is played in forty-five states, the District of Columbia and the U.S. Virgin Islands.

Mega Millions is a jackpot-based game with nine prize levels. A ticket costs \$2 to play. Players pick six numbers from two different pools of numbers. They choose five white balls from a field of 70 and one ball from a field of 25, representing the “Mega Ball,” though most players let the computer randomly “Quick Pick” their numbers. Drawings are held Tuesdays and Fridays. Prizes are also paid for various combinations of matching numbers. Players have a total of 9 different ways to win, including a \$1 million prize if five balls are matched from the pool of 70 white balls. Players can buy tickets for up to ten consecutive drawings.

“Megaplier” is a special feature of *Mega Millions* that when purchased, allows players to multiply a win by 2, 3, 4 or 5 times. A player who purchases the “Megaplier” feature and matches all 5 of the white ball numbers will increase their winnings by the multiplier feature purchased, having the chance of winning up to \$5,000,000 on a second-tiered prize win. This multiplier does not apply to the jackpot prize.

The slowing of sales in the national jackpot games during the unprecedented global pandemic required changes to be made to the *Mega Millions* game. Effective April 3, 2020, the Mega Millions Consortium announced the changes which included reducing the game’s starting jackpot to \$20 million and determining subsequent starting jackpots. The subsequent jackpots and the rate at which the jackpot increases are established based on game sales and interest rates, with no fixed minimum amount.

Mega Millions ticket sales in Washington were \$98.2 million for fiscal year 2024, representing 9.5 percent of total net Lottery sales. *Mega Millions* sales were \$106.0 million or 10.6 percent of net sales in fiscal year 2023. In fiscal year 2024, jackpots ranged from \$20 million to \$1.58 billion, with 5 winning jackpots over \$100 million. In fiscal year 2024, Mega Million’s highest jackpot was \$1.58 billion as compared to \$1.35 billion in the prior year 2023.

POWERBALL

Washington began selling *Powerball*, a multi-state lottery game operated by the Multi-State Lottery Association (MUSL) in January 2010. *Powerball* is sold in forty-eight jurisdictions, including the District of Columbia, Puerto Rico and the U.S. Virgin Islands.

Powerball is a jackpot-driven game. A ticket costs \$2 to play. Players pick five numbers out of sixty-nine plus one out of twenty-six numbers which represents the “*Powerball*”. Most players let the computer randomly “Quick Pick” their numbers. Drawings are held every Monday, Wednesday, and Saturday as part of the *Powerball* drawing event. Players can buy tickets for up to twenty-four consecutive drawings.

“Power Play” is a special feature of *Powerball* that when purchased, allows players to have the chance to win \$2,000,000 on a second-tier prize if the “Power Play” option is chosen at the time of ticket purchase.

On August 23, 2021, Powerball launched a new Monday drawing, which expanded the weekly lineup of *Powerball* drawings to three nights a week: Monday, Wednesday, and Saturday. In addition, a new add-on feature called Double Play was launched that gives players in select jurisdictions another chance to match their Powerball numbers in a separate drawing with a top cash prize of \$10 million. For an extra \$1 per game, a player can add the Double Play option on to their purchase.

Powerball sales were \$136.5 million for fiscal year 2024, representing 13.3 percent of net sales, compared to \$107.2 million or 10.7 percent in fiscal year 2023. In fiscal year 2024, jackpots ranged from \$20 million to \$1.73 billion, with 6 winning jackpots over \$100 million. In fiscal year 2024, *Powerball*'s highest jackpot was \$1.73 billion as compared to \$2.04 billion in the prior year 2023.

LOTTO

Lotto, the Lottery's flagship in-state game was introduced in 1984. Players select 6 of 49 numbers (or let the computer randomly select 6 numbers). Jackpots start at \$1 million, and if no player matches all six numbers, the top prize grows based on ticket sales. Prizes are also paid for matching three, four, or five numbers. The cost per ticket is \$1 for two plays. Lottery players have a chance to win \$1 million or more three times a week, on Mondays, Wednesdays, and Saturdays.

Players can purchase up to twenty-five consecutive drawings in advance. *Lotto* sales for fiscal year 2024 were \$40.8 million, representing 4 percent of total net sales. *Lotto* sales in fiscal year 2023 totaled \$45.6 million or 4.5 percent of net sales in that year. Nine winning *Lotto* jackpots were drawn in fiscal year 2024 ranging from \$1.3 million to \$5.6 million.

HIT 5

Hit 5 is as easy to play as *Lotto*, and it's easier to win. Players select 5 of 42 numbers (or let the computer randomly select 5 numbers) and match them to the numbers drawn by the Lottery. The cost per ticket is \$1. The cashpot is paid in one lump sum and is won by matching all five of the numbers drawn by the Lottery. Cashpots start at \$100,000. If no player matches all five numbers, the top prize grows based on ticket sales. Thirty-nine *Hit 5* cashpots were awarded in fiscal year 2024, ranging from \$100,000 to \$1.4 million. Prizes are also paid for matching two, three, or four of the numbers drawn. Drawings are held daily. Sales for fiscal year 2024 were \$33.3 million or 3.2 percent of net sales compared to \$33.4 million or 3.3 percent of net sales in fiscal year 2023. Players can now purchase up to twenty-five consecutive drawings in advance.

MATCH 4

Match 4, the first \$2 price point draw game in Washington, started in August 2008. Players pick 4 out of 24 (or let the computer randomly select 4) numbers and have the opportunity of winning a top prize of \$10,000. If more than one player picks the winning four numbers, each winner gets \$10,000. In other words, a \$10,000 prize is not split equally amongst the winners. Prizes are also paid for matching 2 or 3 numbers. Numbers are drawn seven nights per week. Sales for fiscal year 2024 were \$15.4 million, representing 1.5 percent of net sales compared to \$14.2 million or 1.5 percent of net sales in fiscal year 2023. Players can purchase up to twenty-five consecutive drawings in advance. There were 763 prizes in the amount of \$10,000 awarded in fiscal year 2024.

PICK 3

Players pick three numbers from 0 through 9 (or choose a computer-generated Quick Pick). They also choose among nine different play options. Numbers are drawn seven nights per week, and players can buy tickets for up to twenty-five drawings in advance. *Pick 3* (previously called the Daily Game) sales totaled \$21.1 million or 2 percent of net sales in fiscal year 2024, similar to the \$21.5 million or 2.1 percent experienced in fiscal year 2023.

DAILY KENO

Daily Keno was added to the Lottery's product line in 1992. Players pick from 1 to 10 *Keno* game spots, and then choose a number from 1 through 80 for each spot (or they can let the computer choose their numbers with a Quick Pick). Each night, the Lottery draws 20 numbers. Prizes vary depending on how many spots players choose and how many of the players' numbers match the Lottery's numbers. The top prize in *Daily Keno* is \$100,000. Players can purchase up to twenty-five consecutive drawings in advance. *Daily Keno* sales totaled \$6.3 million or 0.6 percent of net sales in fiscal year 2024, similar to the \$6.0 million or 0.6 percent in fiscal year 2023.

CASH POP

Washington's newest daily draw game, Cash POP, was added to the Lottery's product line in October 2023. A number is a POP! Each POP is \$5 and players may pick up to 15 POP's on one ticket. Players select a POP from 1 to 15 using a playslip, build a ticket on the vending machine or let the system Quick Pick them. Playing all fifteen POP's guarantees a prize. A random generated prize amount from \$25 to \$500 is printed underneath each POP. Players can buy a ticket for up to five consecutive drawings. Each draw selected will print on a separate ticket. Advance play is not available for Cash Pop. Sales for fiscal year 2024 was \$13.2 million or 1.3 percentage of net sales.



FINANCIAL INFORMATION

INTERNAL CONTROLS

Washington's Lottery's policies and procedures tightly control assets, inventory, computer systems, accounting, and the drawing vault. Staffing includes security and law-enforcement personnel. Access to Lottery offices is limited. Risks of loss, theft, or misconduct are minimized through high-level security; strict employee, contractor, and retailer standards; and retailer licensing. Anyone responsible for Lottery tickets or assets, or who works directly with the Lottery, has passed a background check.

When assets could be at risk, responsibilities have been separated (for example, purchasing and accounts payable). Data input and processing are separate from system programming. Management provides approval and oversight. Segregation of duties separates the responsibilities of the custody, authorization, and recording of assets. Reviews of operations and documented procedures are performed internally by general counsel, the internal auditor, and the executive leadership team. External auditors also conduct reviews and their reports are presented to the Lottery's Director.

Measures to guarantee players a fair game:

- Game drawings are held in a locked vault located at Lottery headquarters. Drawings follow strict security procedures and are witnessed by an independent Certified Public Accountant (CPA).
- Lottery's digital drawing systems, which include random number generators for Draw games and promotions, are stored in locked cases, marked with security seals, and kept in a locked vault.
- Each retail terminal uses independent random-number-generating formulas for Quick Pick numbers.
- Lottery *Scratch* tickets are printed with special inks, dyes, and security codes.

INHERENT LIMITATIONS OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

Washington's Lottery's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. (GAAP) Management cannot guarantee that the internal controls will prevent or detect all errors and all fraud. A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Also, any evaluation of the effectiveness of controls in future periods are subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ACCOUNTING SYSTEMS AND POLICIES

The Lottery uses the accrual basis of accounting and follows generally accepted accounting principles (GAAP). The Legislature, the Office of Financial Management, and Lottery's Commissioners control Lottery spending through several Lottery fund accounts. Additional information regarding these accounts can be found in Note 1 in the notes to the financial statements.

BUDGETARY SYSTEM AND CONTROLS

The Lottery works with the Office of the Governor to create a biennial budget proposal to support administrative costs. This proposal goes to the Legislature for approval. The Senate, the House of Representatives, and the Office of the Governor negotiate any differences. The Office of Financial Management monitors spending through the Lottery's business and administrative accounts, but the Lottery decides when spending will occur. In addition to the Lottery's fixed administrative budget, there are also business plan estimates for business expenses based on sales forecasts, new products introduced, and industry trends. Estimates and forecasts are compared to actual costs and sales throughout the fiscal year with appropriate changes in action plans made as needed.

The Lottery's revenue forecast for state planning and budgeting is prepared by the Economic and Revenue Forecast Council, an independent state entity. In addition, expense and contribution budgets are approved by the Lottery Commission, who are appointed by the Governor, and submitted to the Office of Financial Management for inclusion in the state budget.

EMPLOYEES

At the end of fiscal year 2024, the Lottery employed 134 staff. Headquarters and the offsite warehouse had 76 people, with the remaining staff working out of five regional offices in Everett, Federal Way, Spokane, Vancouver, and Kennewick.



Washington State law requires an audit of the state by the Washington State Auditor’s Office, an independently elected public official. As a state agency, Washington’s Lottery is included in this audit. The State Auditor’s report on internal controls and compliance with applicable laws and regulations can be found in a separately issued Washington State Single Audit report.

In addition, the Lottery obtained a separate audit of the Lottery’s stand-alone financial statements. The fiscal year 2024 audit of Lottery financial statements has been completed in conformance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The financial section of this report includes the Independent Auditor’s report on the Lottery’s financial statements and report on internal controls and compliance with applicable laws and regulations.

AWARDS AND ACKNOWLEDGEMENTS

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

A Certificate of Achievement is valid for a period of one year only. The Lottery believes that its current annual financial report continues to meet the Certificate of Achievement Program’s requirements, and the Lottery is submitting it to the GFOA to determine its eligibility for another certificate.

This report reflects the Lottery’s commitment to maintaining public trust through high ethics and uncompromising integrity. It also demonstrates the professionalism and team effort of Lottery employees and we appreciate the outstanding contributions they have made to Lottery’s success. We also thank the Lottery Commissioners for their dedication and guidance in the operation of Washington’s Lottery.

Respectfully submitted,



Todd Steben
Chief Financial Officer



Joshua Johnston
Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Washington's Lottery

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

PRINCIPAL OFFICIALS



Josh Johnston
Lottery Director



Judy Giniger
*Chair
Seattle
Term ends
8/2026*



Rudy Mendoza
*Commissioner
Kennewick
Term ends
8/2027*



Eileen Sullivan
*Commissioner
Tacoma
Term ends
8/2024*

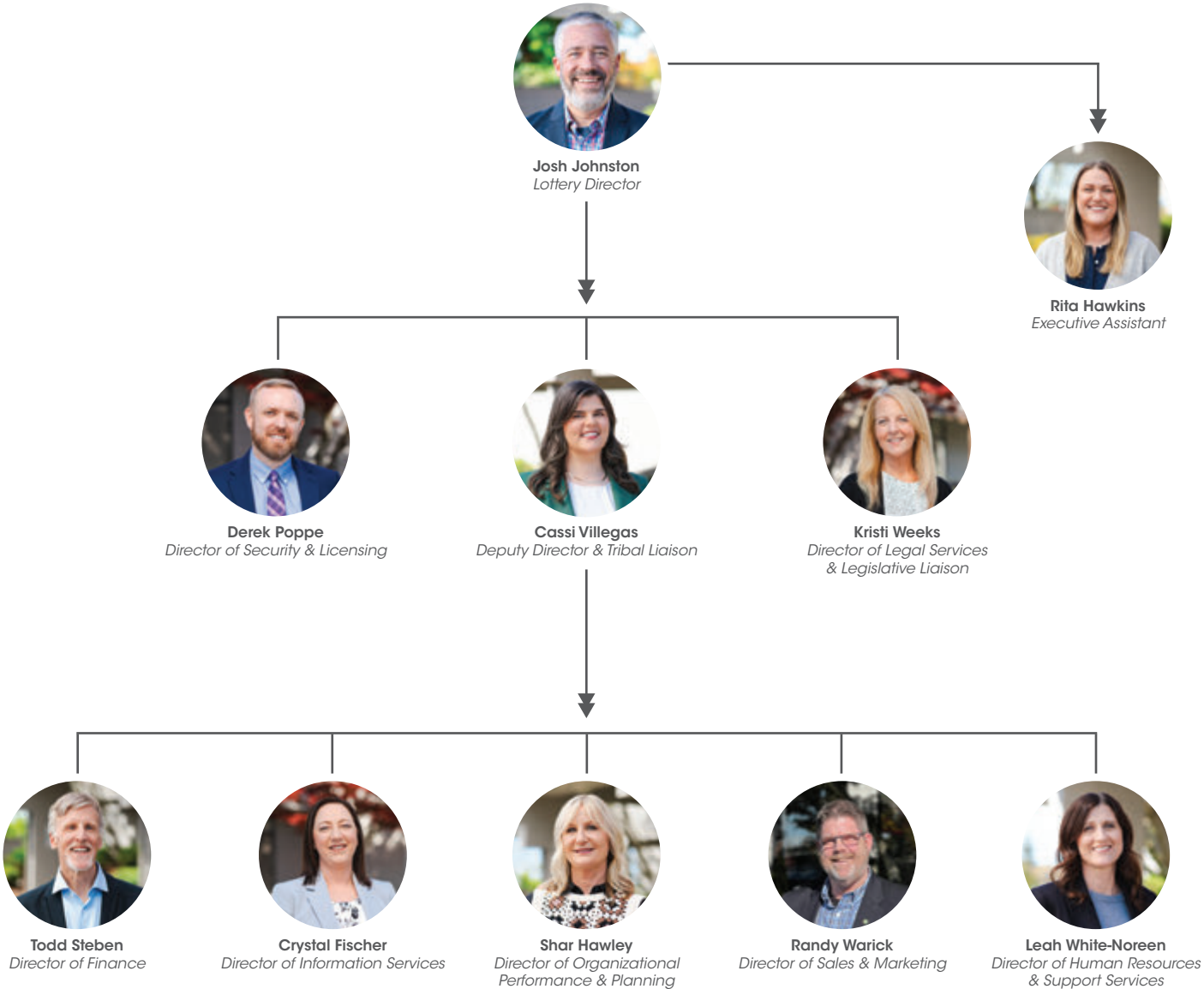


Schuyler Hoss
*Commissioner
Vancouver
Term ends
8/2029*



Vacant
Commissioner

ORGANIZATION CHART



FINANCIAL SECTION

This section includes the following:

- Independent Auditor's Report
- Management's discussion and analysis
- Financial statements of Washington's Lottery
- Related notes to the financial statements
- Required supplementary information
- 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*



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Director and Commissioners
Washington's Lottery
Olympia, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Washington's Lottery (the Lottery), an enterprise fund of the State of Washington, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Lottery's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Lottery are intended to present the financial position, the changes in financial position, and the cash flows attributable to the Lottery. They do not purport to, and do not present fairly the financial position of the State of Washington, as of June 30, 2024 and 2023, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

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 opinions. 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 GAAS 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 GAAS 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedules of the Lottery's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions (PERS 1 and PERS 2/3), and the Schedule of Changes in Total OPEB Liability and Related Ratios as listed in the table of contents 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024, 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.



Boise, Idaho
December 30, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis includes an overview of activities regarding the financial performance of Washington's Lottery (the Lottery) for the fiscal years ended June 30, 2024 and June 30, 2023. The Lottery is an agency of the State of Washington and operates for the purpose of generating revenues for public use for the residents of the state. This analysis is to be used in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

Sales of all Washington's Lottery products were \$1.0 billion, a 2.5 percent increase from fiscal year 2023 and a 13.4 percent increase from fiscal year 2022.

- *Mega Millions* sales were \$98.2 million, with jackpots ranging from \$20 million to \$1.58 billion.
- *Powerball* sales were \$136.5 million, with jackpots ranging from \$20 million to \$1.73 billion.
- *Scratch* sales were \$664.3 million and decreased \$4.7 million or .7 percent compared to fiscal year 2023.
- Total contributions to Lottery beneficiaries were \$255.5 million and increased \$2.4 million or 1 percent compared to fiscal year 2023.
- Contributions to the Washington Opportunity Pathways Account reached \$189.9 million.
- Contributions to the Economic Development Account totaled \$6.7 million in fiscal year 2024. Amounts contributed to this beneficiary represent one-third of prizes that go unclaimed each fiscal year.
- Contributions to the General Fund amounted to \$58.2 million in fiscal year 2024. Per RCW 67.70.340(4), if in total, contributions to the Washington Opportunity Pathways Account from the in-state and *Powerball* games are in excess of \$102 million, such excess shall be transferred to the General Fund.
- Contributions to the Problem Gambling Account totaled \$785 thousand. This beneficiary receives twenty one-hundredths of one percent (0.2%) of "net receipts." For fiscal year 2024, "Net receipts" are defined as the difference between revenue received from the sale of Lottery products and the sum of payments made to winners.

USING THIS ANNUAL REPORT

By law, the Lottery is required to distribute to its beneficiaries, all of its net income, excluding unrealized gains on investments and two-thirds of its unclaimed prizes. During fiscal year 2016, the Legislature mandated that on June 30th of each year, amounts in excess of \$10 million in the unclaimed fund be distributed to the Washington Opportunity Pathways Account.

The net position of the Lottery, as shown in Table 1, consists solely of capital assets, restricted incomes for future prizes, restricted net pension assets, and unrestricted income. The restricted portion of net position represents unclaimed prize amounts set aside for future use as prizes, as required by law (RCW 67.70.190). Unrestricted income is income related to unrealized gain on investments held to fund future payments due on annuitized lottery prizes. Generally accepted accounting principles (GAAP) dictate that the Lottery record in its financial statements the gain or loss related to the change in fair value of these investments. As the Lottery intends to hold the investments to maturity, market gains or losses represent temporary fluctuations and are not recognized in the calculation of the amounts to be distributed.

The Lottery's net position and changes in net position are shown in Table 1 and Table 2. Net position decreased in fiscal year 2024 by \$.8 million, from \$(26.8) million in 2023 to \$(27.6) million in 2024. The Lottery experienced an increase of \$60.6 thousand in fair value of investments held to fund future annuitized prize payments.

The Lottery purchases U.S. Treasury Strips to fund annuitized prize payments. As these securities mature, they provide the cash flow to satisfy future payments to prize winners who elect annuitized prize payments. It is important to note that this adjustment to the fair value does not affect the Lottery's ability to meet future liabilities.

TABLE 1: SUMMARY OF NET POSITION (IN MILLIONS)

	Restated		
	2024	2023	2022
Current assets	\$66.9	\$73.0	\$68.4
Non-current assets - investments	74.8	84.6	94.2
Net Pension Asset	2.9	2.7	7.0
Capital assets - net of depreciation	3.2	3.5	3.7
Total assets	\$147.8	\$163.8	\$173.3
Deferred outflows of resources	\$3.6	\$4.0	\$1.9
Current liabilities	83.7	91.0	83.0
Non-current liabilities	90.6	97.1	105.4
Total liabilities	\$174.3	\$188.1	\$188.4
Deferred inflows of resources	\$4.7	\$6.4	\$8.9
NET POSITION			
Net Invested in capital assets	0.8	0.7	0.6
Restricted for future prizes	10.8	10.1	10.9
Restricted for net pension assets	2.9	2.9	1.4
Unrestricted	(42.1)	(40.5)	(35.2)
Total net position	(\$27.6)	(\$26.8)	(\$22.2)

TABLE 2: SUMMARY OF CHANGES IN NET POSITION (IN MILLIONS)

	Restated		
	2024	2023	2022
Sales	\$1,029.0	\$1,003.5	\$907.7
Other operating income	2.8	2.7	4.0
Expenses and non-operating activity	(777.0)	(757.6)	(707.2)
Distributions	(255.5)	(253.1)	(216.8)
Changes in net position	(\$0.8)	(\$4.6)	(\$12.3)
Total net position at beginning of year	(26.8)	(22.2)	(9.8)
Correction of error	.067	-	-
Total net position at end of year	(\$27.6)	(\$26.8)	(\$22.2)

SALES AND PRIZE EXPENSE

Table 3 below compares sales, prize expense, and net receipts (sales less prize expenses) for Lottery *Scratch* and Draw game products for fiscal years 2024, 2023, and 2022.

TABLE 3: SALES AND PRIZE EXPENSE (IN MILLIONS)						
	Scratch Games			Draw Games		
	2024	2023	2022	2024	2023	2022
Sales	\$664.3	\$669.0	\$665.2	\$364.6	\$334.4	\$242.4
Prize expense	455.0	456.8	452.0	181.4	162.1	122.0
Net receipts	\$209.3	\$212.2	\$213.2	\$183.2	\$172.3	\$120.4

Scratch product sales decreased \$4.7 million or .7 percent compared to 2023, and decreased \$.9 million or -.1 percent as compared to 2022. The number of tickets sold decreased by 6.1 percent from 120.1 million in fiscal year 2023 to 112.7 million in fiscal year 2024. The average price per ticket increased slightly from \$5.57 in fiscal year 2023 to \$5.79 in fiscal year 2024. *Scratch* prize expense decreased in fiscal year 2024 by \$1.9 million, or -.4 percent compared to fiscal year 2023, and increased \$2.9 million, or .6 percent compared to fiscal year 2022. The *Scratch* prize expense ratio increased from 68.3 percent in fiscal year 2023 to 68.5 percentage in fiscal year 2024. In fiscal year 2024, \$13.3 million of *Scratch* prizes went unclaimed compared to \$18 million in fiscal year 2023.

In fiscal year 2024, Draw game sales increased by \$30.2 million or 9 percent compared to fiscal year 2023 and increased by \$122.2 million or 50.4 percent compared to fiscal year 2022. In fiscal year 2024, the highest jackpot was \$1.73 billion for the Powerball game, as compared to \$2.04 billion in the prior year 2023. The larger Powerball jackpots and the introduction of our new Draw game Cash POP in fiscal year 2024 contributed to the increased sales. During fiscal year 2024, Hit 5 had 39 winning cashpots, with the highest cashpot valued at \$825 thousand. Like other Draw games, *Hit 5* sales are jackpot-driven, meaning that as the jackpot rises to higher levels, more people are likely to participate in the dream of winning the jackpot. *Lotto* is another example of a jackpot-driven game on a greater scale. *Mega Millions* and *Powerball*, by virtue of being a multi-state game, enjoy co-mingled sales and rapidly rising jackpots. *Lotto* sales decreased by \$4.8 million or 10.5 percent compared to fiscal year 2023 and increased by \$2.3 million or 5.9 percent compared to fiscal year 2022. Pick 3 increased by \$220 thousand or 3.6 percent compared to 2023, and increased by \$152 thousand or 2.5 percent compared to fiscal year 2022.

The remaining active Draw games in the product portfolio are *Match 4* and *Daily Keno*. These games enjoy a loyal player base as exemplified by consistent sales volumes.

Draw games prize expenses increased in fiscal year 2024 by \$19.3 million or 11.9 percent compared to fiscal year 2023 and increased by \$59.4 million or 48.6 percent compared to fiscal year 2022.

OTHER OPERATING EXPENSES

Table 4 compares operating expenses, other than prize expense, for gaming operations and administrative expenses for fiscal years 2024, 2023, and 2022.

Retailer commissions increased in fiscal year 2024 by \$1.3 million or 2.5 percent compared to fiscal year 2023; commission costs as a percentage of sales remained static compared to fiscal year 2023 and 2022. Other game-related expenses, including vendor costs, advertising, and miscellaneous promotional expenses, increased by \$1.7 million or 4.0 percent compared to fiscal year 2023. As a percent of sales, these expenses were 6.9 percent for 2024 and 6.8 percent in fiscal year 2023 compared to 6.4 percentage in fiscal year 2022.

Vendor expense, which is the largest component of these costs, is for the most part paid as a percentage of sales. Advertising expense decreased \$182 thousand or 1.3 percent compared to fiscal year 2023 and increased by \$606 thousand or 4.6 percent compared to fiscal year 2022. Promotional and other operational expenses increased \$2.7 million or 45.4 percent compared to fiscal year 2023 and increased \$6.6 million or 220.6 percent compared to fiscal year 2022.

In fiscal year 2024, administrative expenses incurred for the general operation of the agency increased by \$648 thousand or 4.0 percent compared to fiscal year 2023, and increased 12.7 percent compared to fiscal year 2022. As a percentage of sales, overall administrative expenses for 2024 remained static at 1.6 percent same as fiscal year 2023 and 1.7 in fiscal year 2022.

Salaries and benefits expense increased by \$306 thousand or 2.4 percent compared to fiscal year 2023, and increased by \$1.4 million or 11.6 percent compared to fiscal year 2022. Goods and services increased by \$177 thousand or 8.2 percent compared to 2023, and increased \$217 thousand or 10.3 percent compared to fiscal year 2022. Travel expense increased by \$47 thousand or 12.1 percent compared to fiscal year 2023, and increased by \$75 thousand or 20.7 percent compared to fiscal year 2022.

TABLE 4: RETAIL COMMISSIONS AND OTHER OPERATING EXPENSES (IN MILLIONS)			
	2024	2023	2022
Retail commissions	\$51.5	\$50.3	\$45.6
Other game-related expenses	70.3	68.6	57.7
ADMINISTRATIVE EXPENSES			
Salaries and benefits	13.2	12.9	11.8
Goods and services	2.3	2.1	2.1
Travel	0.4	0.4	0.4
Depreciation and amortization	0.9	0.8	0.7
Total administrative expenses	\$16.8	\$16.2	\$15.0

CAPITAL ASSETS

Washington's Lottery's investment in capital assets as of June 30, 2024 amounts to \$870 thousand (net of accumulated depreciation). This investment in capital assets includes leasehold improvements and equipment. The net increase in the Lottery's investment in capital assets for fiscal year 2024 was 13 percent. Table 6 in Note 1 "Summary of Significant Accounting Policies," shows the opening and ending balances for assets and accumulated depreciation.

RIGHT OF USE LEASE AGREEMENTS

Effective July 1, 2020, the Washington's Lottery implemented GASB Statement No. 87, Leases. The implementation of the standard requires all leases to be reported as financing arrangements of the right of use a third party's asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right of use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For fiscal year end 2024, the Lottery accrued liabilities for three office spaces and one warehouse space. The remaining liability for these leases is \$2.4 million as of June 30, 2024. Right of use assets, net of amortization, for these leases is \$2.3 million as of June 30, 2024. Interest expense recognized on these leases was \$30 thousand as of June 30, 2024. Principal payments of \$642 thousand were recognized for year ending June 30, 2024. Final payment on these leases expire in fiscal years 2026, 2028, 2029, and 2031. Table 6 in Note 1 "Summary of Significant Accounting Policies," shows the opening and ending balances for capital assets and accumulated depreciation.

RIGHT OF USE SUBSCRIPTION IT ASSETS

Effective July 1, 2021, the Washington's Lottery implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements. (SBITA) The implementation of the standard requires all SBITA's to be reported as financing arrangements of the right of use a third party's asset. Under this statement, a lessee is required to recognize a SBITA liability and an intangible right-to-use SBITA asset.

For fiscal year end 2024, the Lottery have recorded four SBITA. The remaining liability for these SBITA is \$28 thousand as of June 30, 2024. Right of use assets, net of amortization, for these SBITA was \$28 thousand as of June 30, 2024. Interest expense recognized on these leases was \$1 thousand as of June 30, 2024. Principal payments of \$71 thousand were recognized on these SBITA for the year ending June 30, 2024. Table 6 in Note 1 "Summary of Significant Accounting Policies," shows the opening and ending balances for capital assets and accumulated depreciation.

DEBT

At the end of fiscal year 2024, current liabilities consisted, in part, of \$11.4 million in annuity prizes payable. Long-term annuity prize liabilities were \$82.3 million. Note 4 "Prize Liabilities," shows the current and long-term portions of prize payments.

TABLE 5: NON-OPERATING REVENUES (EXPENSES) (IN MILLIONS)

	2024	2023	2022
Investment gain (losses)	\$0.1	(\$1.4)	(\$11.1)
Amortization of annuity prize liability	(3.1)	(2.5)	(3.8)
Interest and miscellaneous income	0.9	0.2	0.1
Total non-operating revenues (expenses) before payments	(\$2.1)	(\$3.7)	(\$14.8)
PROCEEDS DISTRIBUTION:			
WA Opportunity Pathways	\$177.1	\$184.6	\$164.6
WOPA - Unclaimed Prizes in Excess of \$10M	12.7	15.3	12.0
State General Fund	58.2	45.4	33.6
Economic Development	6.7	7.3	6.2
Problem Gambling	0.8	0.5	0.4
Total payments	\$255.5	\$253.1	\$216.8

NON-OPERATING REVENUES AND EXPENSES

Investment revenue before fair value adjustments and amortization expense on the annuity prize liability very nearly equal each other on an ongoing basis. The reason is that future prize liability is funded by purchasing U.S. Treasury Strips at a deep discount. In other words, the Lottery is able to purchase certain future payments at a fraction of the future maturity value in exchange for foregoing periodic interest payments. In the meantime,

changes to the fair value of the investments and the present value of the liabilities must be recognized.

Table 5 shows interest income and expense on long-term investments and liabilities, and payments made to beneficiaries from Lottery proceeds.

Annually, the Lottery makes an adjustment to the current fair value of investment securities held in accordance with Government Accounting Standards Board (GASB) Statement No. 72. Because all securities held in the portfolio are U.S. Treasury securities, prepayment risk and market risk are effectively eliminated for the market valuation. Interest rate risk remains as the primary variable in determining the current fair value. Given the long-term nature of the investment, because they are held for winners up to 30 years in the future, changes in interest rates can have a marked effect on current valuations.

For example, a security was purchased to mature in 20 years and pays 8 percent per year. If one year later, a similar security for the same time frame could be purchased that was paying 10 percent per year, the relative value of the 8 percent security would have dropped significantly. The reason is that if an individual can buy a security paying 10 percent interest, why would they pay the same price for a security paying 8 percent? If the holder wanted to sell their 8 percent security, they would have to drop the price to the level where a purchaser would earn 10 percent. The opposite is also true that if current interest rates were to decrease, another investor would be willing to pay more to get the 8 percent interest payments if they were otherwise to get only 6 percent. The longer the period this discrepancy will exist, the greater the effect on the fair value. For instance, if the security were to mature in one year, the difference in interest payment will be limited to one year, as opposed to if the difference were to be realized year after year over 20 years.

Payments to our beneficiaries as a result of Washington's Lottery operations for fiscal year 2024 amounted to \$255.5 million.

Contributions to the Washington Opportunity Pathways Account totaled \$189.9 million in fiscal year 2024 compared to \$199.9 million in fiscal year 2023 and \$176.5 million in fiscal year 2022. (Per RCW 67.70.340(4), remaining net revenues in excess of \$102 million from the Powerball game are transferred to the General Fund.)

Contributions to the General Fund amounted to \$58.2 million in fiscal year 2024, \$45.5 million in fiscal year 2023 and \$33.6 million in fiscal year 2022. Contributions to this fund for fiscal years 2024 and 2023 were generated from excess funding between the in-state and *Powerball* games.

Contributions to the Economic Development account amounted to \$6.7 million in fiscal year 2024 compared to \$7.3 million in fiscal year 2023 and \$6.2 million in fiscal year 2022. Amounts to this beneficiary represent one-third of the amount of prizes that go unclaimed. Unclaimed prizes are those expected prizes that do not get presented for claim within 180 days of the particular game closure or drawing date.

Contributions to Problem Gambling were \$785 thousand in fiscal year 2024, compared to \$500 thousand in fiscal year 2023 and \$433 thousand in fiscal year 2022. Fiscal year 2024 contributions to this beneficiary are calculated based on twenty one-hundredths of two percent of "net receipts." "Net receipts" are defined as the difference between revenue received from the sale of Lottery products and the sum of payments made to winners. In fiscal year 2023, the percentage was thirteen one-hundredths of one percent; in fiscal year 2025, it will increase to twenty-six one-hundredths of one percent.

OTHER POTENTIALLY SIGNIFICANT MATTERS IMPACTING NEXT YEAR

CHANGES TO MEGA MILLIONS ≡

The Mega Millions and Powerball games are very similar to play and win. The organizations offering each game are constantly trying to differentiate them to the public. The Mega Millions consortium is currently in the process of making significant changes to that game, which will result in a different prize structure and higher ticket price. The change is anticipated to begin in April 2025. While research indicates that these changes will be embraced by players, it is inevitable that some players will be unhappy and may cease playing lottery games or change their playing habits.

NEW LOTTERY LOCATIONS ≡

The Lottery continues to research new locations for Department of Imagination retail stores to replace traditional office space, thus turning a cost center into a revenue generator while also increasing convenience and security for players. Although the prospective move from our Federal Way office to the Southcenter Mall did not occur due to increased initial costs, we remain hopeful we will secure a new Department of Imagination location in the South Puget Sound area.

CHANGING CUSTOMER EXPECTATIONS REGARDING NATIONAL JACKPOTS ≡

A series of billion dollar national jackpots for Powerball and Mega Millions appears to have impacted players' excitement for jackpots of lesser amounts. Whereas sales previously would begin to significantly grow when a national jackpot reached \$400,000, that level of excitement and sales lift is now occurring at the \$750,000 prize point. Reduced sales at lower levels cause the jackpots to grow more slowly and impacts the Lottery's beneficiary contributions.

CHANGING CUSTOMER EXPECTATIONS REGARDING ONLINE TRANSACTIONS ≡

The pandemic brought to the forefront the public's expectation that they should be able to order more goods and services using both digital channels and non-cash payments. People have come to expect the option to make necessary and discretionary purchases via the internet. The Lottery is statutorily prohibited from offering online or digital sales. These significant changes in consumer expectations, coupled with existing barriers, will require the Lottery to be increasingly creative and nimble in order to meet our customers' needs.

LOTTERY COURIER SERVICES ≡

Lottery couriers allow players to purchase tickets online using a mobile application. The courier then stores the ticket on the player's behalf until the outcome of the game is determined. If the player wins \$600 or less, the courier makes the claim and the prize is deposited into a digital wallet. For prizes over \$600, the ticket is transferred to the player and the player makes the claim. Couriers are not authorized under Washington law and no statutory scheme exists to license or regulate them. Despite this lack of authority, some couriers elect to operate in Washington. This impacts both players, who risk being scammed by an unethical business, and the integrity of the Lottery.

NEW ADMINISTRATION

With the impending retirement of Jay Inslee, Washington will have its first new Governor in 12 years. The new Governor will inevitably bring changes in both policy and governance. As of this writing, it is impossible to speculate how far reaching those changes will be and how they may affect the Lottery in the future.

CONTACTING THE LOTTERY

This financial report is provided for interested parties to evaluate the financial results of Lottery activities for fiscal year 2024. If you have questions about this report or need additional financial information, please contact:

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FY24 FUND DISTRIBUTION



- | | |
|--|--|
| 1 Prizes: \$636.28M (61.74%) | 5 General Fund: \$58.19M (5.65%) |
| 2 Washington Opportunity Pathways Account: \$189.85M (18.42%) | 6 Administration: \$16.88M (1.64%) |
| 3 Cost of Sales: \$70.30M (6.82%) | 7 Economic Development: \$6.70M (0.65%) |
| 4 Retailer Commissions: \$51.50M (5.00%) | 8 Problem Gambling: \$0.79M (0.08%) |

TOTAL PAYMENTS: \$1.03 BILLION

WASHINGTON'S LOTTERY STATEMENTS OF NET POSITION AS OF JUNE 30, 2024 AND JUNE 30, 2023

ASSETS	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$19,395,613	\$26,508,183
Accounts receivable, net of allowances	34,841,318	32,923,083
Investments	11,855,376	12,570,089
Due from the state	395,196	537,929
Inventory	367,515	342,783
Prepaid items	23,171	91,646
Total current assets	66,878,189	72,973,713
NON-CURRENT ASSETS		
Investments	74,839,541	84,640,930
Net Pension Asset	2,887,863	2,669,322
Capital assets, net of accumulated depreciation	870,230	768,959
Right of Use leased assets, net of accumulated amortization	2,337,373	2,632,333
Right of use subscription IT assets, net of accumulated amortization	28,177	90,923
Total non-current assets	80,963,184	90,802,467
Total Assets	147,841,373	163,776,180
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows Pensions	2,780,062	3,063,133
Deferred Outflow OPEB	799,534	951,790
Total deferred outflows of resources	3,579,596	4,014,923
Total assets and deferred outflows of resources	151,420,969	167,791,103
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable	5,398,170	7,700,113
Prizes payable	51,664,913	53,350,619
Annuity prizes payable, current portion	11,369,527	12,334,838
Due to the state	13,068,520	15,115,171
Salaries and benefits payable	582,907	542,857
Lease Liability	659,819	607,206
Subscription IT Liability	6,923	67,808
Unearned revenue	815,595	1,208,810
Other Postemployment Benefits	105,625	106,466
Total current liabilities	83,671,999	91,033,888
NON-CURRENT LIABILITIES		
Annuity prizes payable, net of current portion	82,342,123	88,271,030
Accrued leave payable	1,202,522	1,071,736
Lease Liability	1,710,559	2,137,342
Subscription IT Liability	21,328	23,139
Net pension liability	1,242,186	1,532,269
Other Postemployment Benefits	4,086,040	4,111,956
Total non-current liabilities	90,604,758	97,147,472
Total Liabilities	174,276,757	188,181,360
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows Pensions	1,469,164	2,677,371
Deferred Inflow OPEB	3,279,828	3,742,110
Total deferred inflows of resources	4,748,992	6,419,481
Total liabilities and deferred inflows of resources	179,025,749	194,600,841
NET POSITION		
Net Investment in capital assets	837,151	656,720
Restricted for future prizes	10,845,244	10,144,251
Restricted for net pension asset	2,887,863	2,927,137
Unrestricted	(42,175,038)	(40,537,846)
Total Net Position	(\$27,604,783)	(\$26,809,738)

The accompanying notes to the financial statements are an integral part of this statement

WASHINGTON'S LOTTERY STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023

	2024	2023
SALES		
Scratch ticket sales	\$664,329,886	\$669,031,400
Draw game sales	364,625,358	334,414,811
Total sales	1,028,955,244	1,003,446,211
Other Operating Income	2,753,411	2,704,275
Total Revenue	1,031,708,655	1,006,150,486
COST OF SALES		
Prize expense	636,283,176	618,833,716
Retailer commissions	51,503,097	50,250,221
Vendor expense	47,828,263	48,601,377
Advertising expense	13,922,886	14,105,384
Miscellaneous promotional & other operating expenses	8,554,224	5,884,720
Total cost of sales	758,091,646	737,675,418
ADMINISTRATIVE EXPENSES		
Salaries and benefits	13,178,934	12,873,196
Goods and services	2,326,302	2,149,797
Travel	439,334	391,840
Depreciation and amortization	934,424	816,199
Total administrative expenses	16,878,994	16,231,032
Operating income	256,738,015	252,244,036
NON-OPERATING REVENUES (EXPENSES)		
Gains (Loss) on Investments	60,628	(1,425,795)
Amortization of annuity prize liability	(3,123,186)	(2,461,941)
Interest income	1,020,702	206,144
Fee income	10,400	10,325
Gain (Loss) on disposal of capital assets	(7,187)	-
Interest expense on leases	(27,642)	(26,956)
Total before payments to beneficiaries	(2,066,285)	(3,698,221)
Payments to Washington Opportunity Pathways Account (WOPA)	(177,145,503)	(184,580,234)
Payments to WOPA - Unclaimed Prizes Excess of \$10M	(12,705,386)	(15,301,955)
Payments to Economic Development	(6,703,190)	(7,262,366)
Payments to Problem Gambling	(785,344)	(499,996)
Payments to General Fund	(58,194,783)	(45,476,927)
Total payments to beneficiaries	(255,534,206)	(253,121,478)
Net non-operating expense	(257,600,491)	(256,819,700)
Total net position at beginning of year	(26,809,738)	(22,234,074)
Change in net position	(862,476)	(4,575,664)
Right of Use asset beginning balance adjustment	67,430	-
Total net position at end of year	(\$27,604,783)	(\$26,809,738)

The accompanying notes to the financial statements are an integral part of this statement

WASHINGTON'S LOTTERY STATEMENTS OF CASH FLOWS FOR FISCAL YEARS ENDED JUNE 30, 2024 AND JUNE 30, 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grant, players and retailers (net of commissions)	\$978,036,841	\$953,741,322
Cash payments for prizes	(647,986,286)	(630,970,309)
Cash payments to suppliers of goods or services	(76,515,370)	(70,288,065)
Cash payments to employees	(13,008,098)	(12,864,463)
Cash payments for other operating costs	(439,334)	(391,840)
Net cash provided by operating activities	240,087,753	239,226,645
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash payments to Washington Opportunity Pathways Account (WOPA)	(176,666,908)	(173,103,099)
Cash payments to WOPA Unclaimed Prizes in Excess of \$10M	(12,705,386)	(15,301,955)
Cash payments to General Fund	(61,230,603)	(48,126,340)
Cash payments to Economic Development Account	(6,352,693)	(7,650,978)
Cash payments to Problem Gambling Account	(770,316)	(497,809)
Net cash used by non-capital financing activities	(257,725,906)	(244,680,181)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of equipment	36,392	
Payments for acquisition of equipment	(320,290)	(216,801)
Cash paid for lease liabilities		
Principal portion	(635,963)	(556,878)
Interest portion	(27,012)	(26,629)
Cash paid for subscription IT liabilities		
Principal portion	(134,746)	(69,987)
Interest portion	(630)	(2,903)
Net cash (used) by capital and related financing activities	(1,082,249)	(873,198)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	1,031,102	216,471
Proceeds from maturity & sales of investments	12,901,000	16,416,000
Payments for investments	(2,324,270)	(4,665,346)
Net cash provided by investing activities	11,607,832	11,967,125
Net increase (decrease) in cash and cash equivalents	(7,112,570)	5,640,391
Cash and cash equivalents at the beginning of year	26,508,183	20,867,792
Cash and cash equivalents at end of year	\$19,395,613	\$26,508,183
RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$256,738,015	\$252,244,036
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	934,424	816,199
Pension and OPEB adjustment	(1,770,543)	(1,381,243)
CHANGES IN ASSETS AND LIABILITIES		
Receivables	(1,775,502)	(2,456,372)
Inventory	68,475	(91,646)
Prepaid items	(24,732)	(34,120)
Accounts Payable	(2,156,895)	1,960,223
Prizes payable	(1,685,706)	430,610
Lotto and win for life payments	(10,017,404)	(12,567,203)
Accrued payroll	170,836	8,733
Unearned revenue	(393,215)	297,429
Total adjustments	(16,650,262)	(13,017,390)
Net cash provided by operating activities	\$240,087,753	\$239,226,645
SCHEDULE OF NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Increase (decrease) in fair value of investments	\$60,628	(\$1,425,795)
Amortization of long-term annuity prize liability	\$3,123,186	\$2,461,941
Acquisition of right of use assets from leases	\$261,793	\$334,225
Acquisition of Subscription based IT	\$35,120	\$33,389

The accompanying notes to the financial statements are an integral part of this statement

WASHINGTON'S LOTTERY NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024 and June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Washington's Lottery (the Lottery), an agency within the state, was established under the provisions of chapter 67.70, Revised Code of Washington (RCW), in 1982. A five-member Commission consisting of Washington residents is appointed by the Governor to promulgate rules governing the Lottery. The Director, who is also appointed by the Governor, administers the agency.

For financial reporting purposes, Washington's Lottery is a part of the primary government of the state of Washington and is included in the basic financial statements of the state. Disclosures related to Washington's deferred compensation plan, self-insurance funds, unemployment insurance compensation, state pension plans, post-employment benefits, and workers' compensation benefits are included in the state of Washington's Annual Financial Report.

The financial statements of Washington's Lottery are intended to present the financial position, the changes in financial position, and the cash flows attributable to the Lottery. They do not purport to and do not present fairly the financial position of the state of Washington (of which Washington's Lottery is a self-governing agency) as of June 30, 2024 and 2023, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the U.S.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounting methods and procedures adopted by Washington's Lottery conform to GAAP for governmental enterprise funds. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed primarily through user charges (sales).

The financial transactions of the Lottery are accounted for by using the following three accounts:

- The State Lottery Account is classified as a non-appropriated/allotted enterprise account. It accounts for all revenues from the sale of Lottery products or any other source authorized by law, and expenses limited to payment of prizes to lottery winners, cost of sales, and retailer commissions. The account is allotted based on projected revenues.
- The Shared Game Lottery Account is classified as a non-appropriated/allotted enterprise account. It accounts for all revenues from the sale of shared-game Lottery tickets or any other source authorized by law. The account is allotted based on projected revenues.
- The Lottery Administrative Account is an appropriated enterprise account. Costs of operation and administration of the Lottery are paid from this account. All revenues received are generated from Lottery product sales, but the amount that can be spent is limited to a Legislatively approved appropriation. Spending cannot exceed this biennial appropriation. Spending authority cannot be carried forward into an ensuing biennium. The appropriation approved for the period July 1, 2023, through June 30, 2025, is \$32.9 million.

The Lottery Fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources, and liabilities and deferred inflow of resources associated with the operations of the Lottery are included on the statement of net position. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Lottery distinguishes operating revenue and expenses from non-operating items and presents them as such in the operating statements. Operating revenue is comprised of sales from Draw and *Scratch* games, as well as administration fees charged to retailers. Operating expenses include cost of sales and administrative expenses.

The Lottery uses the accrual basis of accounting. Under this basis, revenues are recognized when earned, and expenses are recognized when the related liability is incurred. Internal receivables and payables have been eliminated.

DEPOSITS AND INVESTMENTS

The balance in the cash accounts is available to meet current operating requirements. For purposes of reporting cash flows, cash and cash equivalents include all cash accounts, deposits with the State Treasurer, and investments with an original maturity of three months or less.

The Office of State Treasurer (OST) manages the Lottery's deposits with the state. RCW 43.84.080 authorizes the OST to buy and sell the following types of investments: U.S. Treasury and Agency securities; bankers' acceptances; and certificates of deposit with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above. RCW 39.59.020 authorizes the Lottery to invest in any investments authorized by law for the OST.

Fixed-income investments (U.S. Treasury Strips) are purchased in the name of the Lottery for annuity prize payments. Investments are stated at fair value based on quoted market prices on a recurring basis.

The Lottery categorizes the fair value measurements of its investments based on the hierarchy established by GASB. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. Level 1 inputs are unadjusted quoted prices for identical assets in active markets that the Lottery has the ability to access. Level 2 inputs are quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable for the assets, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are unobservable and significant to the fair value measurement.

RECEIVABLES

Receivables are reported at gross value, reduced by the estimated portion that is expected to be uncollectible. Total uncollectible amounts represent less than 1 percent of Lottery receivables. Revenue and accounts receivable from Draw games are recognized when each draw takes place. Sales for Draw tickets sold before year end that represent purchases for future draws in the following fiscal year are classified as unearned revenue on the Statement of Net Position. For *Scratch* tickets, revenue and accounts receivable are recognized when retailers activate tickets for sale.

INVENTORY AND PREPAID ITEMS

Operating materials and supplies inventories are valued at cost, using the first-in, first-out method. The cost of these materials and supplies are expensed as they are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

PENSIONS 

For purposes of measuring the net pension liability (asset) and pension expense (expense offset), information about the fiduciary net position of the Public Employee Retirement System of Washington State Department of Retirement Systems (PERS 1 and PERS 2/3, collectively the Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pension plans administered by the state are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, employee and employer contributions are recognized in the period in which employee services are performed; investment gains and losses are recognized as incurred; and benefits and refunds are recognized when due and payable in accordance with the terms of the applicable Plan. For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (expense offset), information about the fiduciary net position of all plans and additions to/deductions from all plan fiduciary net position have been determined in all material respects on the same basis as they are reported by the Plans.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES 

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Lottery's pension obligation and other postemployment benefits qualifies for reporting in this category. The pension obligation results from changes in assumptions or other inputs in the actuarial calculation of the Lottery's net pension liability (asset) and contributions to the plan after the measurement date. The OPEB (Other Post-Employment Benefits) obligation includes the difference when expected experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; and changes in the state's proportionate share of total OPEB liability is greater than actual experience. These are amortized over the average expected remaining service lives of all employees, active and inactive, that are provided with OPEB through the OPEB plan. The Lottery's contributions to the OPEB plan, made subsequent to the measurement date, are also deferred and reduce total OPEB liability in the subsequent year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Lottery's employer pension assumptions and other postemployment benefits qualifies for reporting in this category. The employer pension assumption results from the differences between the expected and actual experience and the net difference between projected and actual earnings on pension plan investments derived from the actuarial calculation of the Lottery's net pension liability (asset). The employer OPEB assumption results include the difference when expected experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; and changes in the state's proportionate share of total OPEB liability is less than actual experience. These are amortized over the average expected remaining service lives of all employees active and inactive that are provided with OPEB through the OPEB plan.

CAPITAL ASSETS

The State of Washington's level for capitalization of Leasehold Improvements is \$100,000 and other capital assets are \$5,000. Capital asset costs include the purchase price plus those costs necessary to place the asset in its intended location and condition for use. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

ASSETS	YEARS
Leasehold Improvements	5
Computer Equipment	5
Furniture and Equipment	10

TABLE 6: CAPITAL ASSETS

CAPITAL ASSET ACTIVITY FOR THE YEAR ENDED JUNE 30, 2024 WAS AS FOLLOWS:

CAPITAL ASSETS:	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Leasehold Improvements	\$1,337,739	\$272,581	\$-	\$1,610,320
Equipment	1,455,957	16,755	(243,187)	1,229,525
Construction in Process	-	68,300	-	68,300
Right of use leased assets	4,069,536	261,793	(308,266)	4,023,063
Right of use subscription IT assets	150,843	35,120	(103,080)	82,883
Total capital assets	7,014,075	654,548	(654,532)	7,014,091
LESS ACCUMULATED DEPRECIATION FOR:				
Leasehold improvements	(1,068,751)	(116,920)	-	(1,185,671)
Equipment	(955,987)	(124,613)	228,357	(852,243)
Right of use leased assets	(1,437,203)	(624,229)	375,741	(1,685,691)
Right of use subscription IT assets	(59,920)	(68,662)	73,876	(54,706)
Total accumulated depreciation	(3,521,861)	(934,423)	677,973	(3,778,311)
Total capital assets, net	\$3,492,215	\$(279,875)	\$23,441	\$3,235,780

CAPITAL ASSET ACTIVITY FOR THE YEAR ENDED JUNE 30, 2023 WAS AS FOLLOWS:

CAPITAL ASSETS:	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
Leasehold Improvements	\$1,337,739	\$-	\$-	\$1,337,739
Equipment	1,239,156	216,801	-	1,455,957
Right of use leased assets	3,735,311	334,225	-	4,069,536
Right of use subscription IT assets	146,675	33,389	(29,220)	150,843
Total capital assets	6,458,880	584,415	(29,220)	7,014,075
LESS ACCUMULATED DEPRECIATION FOR:				
Leasehold improvements	(979,088)	(89,663)	-	(1,068,751)
Equipment	(852,239)	(103,748)	-	(955,987)
Right of use leased assets	(884,425)	(552,778)	-	(1,437,203)
Right of use subscription IT assets	(20,118)	(69,023)	29,220	(59,920)
Total accumulated depreciation	(2,735,870)	(815,211)	29,220	(3,521,861)
Total capital assets, net	\$3,723,011	\$(230,797)	\$-	\$3,492,215

*FY24 - Per OFM - To reverse and re-enter FY24 Beginning balances for GASB 87, Leases & GASB 96, utilizing the restatement date of 7/1/2021 and DebtBook Calculations - for 116-LOT, 120-HUM, 124-DRS, 160-INS, 165-ACB

LEASE AGREEMENTS

Washington's Lottery engages in lease agreements to meet operational needs. The Lottery's lease contracts are related to office and warehouse space. For short-term leases with a maximum possible term of 12 months or less at commencement, the Lottery recognizes periodic expense based on the provisions of the lease contract. For contracts where the Lottery is the lessee and falls below the capital threshold, the Lottery recognizes a periodic expense. Contracts that meet the capital threshold require a lease liability and an intangible right-to-use lease asset that is based on the present value of future lease payments over the contracted term of the lease. Lease right-to-use assets are reported with capital assets, and the lease liabilities are reported as long-term debt in the Statement of Net Position. The right-to-use assets are amortized over the term of the lease.

As of June 30, 2024, the Lottery's lease terms are from five to ten years. Monthly payments range from \$4,000 - \$34,346 thousand. The interest rate is based on the lease term and range from 3.86% to 4.07%.

LEASE LIABILITY FY24				
	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Lease Liability				
Office space	\$1,980,968	\$261,793	\$(540,370)	\$1,702,391
Warehouse space	763,580	-	(95,593)	667,987
Total lease liability	\$2,744,548	\$261,793	\$(635,963)	\$2,370,378

LEASE LIABILITY FY23				
	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Lease Liability				
Office space	\$2,108,874	\$334,225	\$(462,132)	\$1,980,968
Warehouse space	858,327	-	(94,747)	763,580
Total lease liability	\$2,967,201	\$334,225	\$(556,878)	\$2,744,548

Interest expense recorded under the lease-type arrangements for the years ended June 30, 2024 and 2023 was \$27,012 and \$26,956, respectively

FUTURE PAYMENTS			
FISCAL YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2025	\$659,819	\$24,053	\$684,483
2026	591,777	16,900	609,243
2027	560,736	10,339	571,623
2028	257,334	4,849	262,510
2029	123,659	2,137	125,947
2030-2031	177,052	1,317	178,500
Total future payments	\$2,370,378	\$59,594	\$2,429,972

In FY24, the State of Washington Office of Financial Management implemented a new software platform for Lease (GASB87) and SBITA (GASB96) accounting. During the data migration, an immaterial difference was identified. In turn, an adjustment of \$67,430 was made to the FY24 beginning balance. It is shown on page 34 at the bottom of the Statement of Revenues, Expenses, and Changes in Net Position.

SUBSCRIPTION IT ASSETS

Right of use subscription IT assets are recognized at the subscription commencement date and represent Washington Lottery's right of use the underlying IT asset for the subscription term. Right of use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right of use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method or the same method amortizing the debt. The amortization period varies from 1 to 3 years.

SUBSCRIPTION LIABILITY FY24				
	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Subscription-Based Information Technology Arrangements	\$90,947	\$72,050	\$(134,746)	\$28,251
Total subscription liability	\$90,947	\$72,050	\$(134,746)	\$28,251

SUBSCRIPTION LIABILITY FY23				
	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Subscription-Based Information Technology Arrangements	\$129,074	\$31,860	\$(69,986)	\$90,947
Total subscription liability	\$129,074	\$31,860	\$(69,986)	\$90,947

Interest expense recorded under the lease-type arrangements for the years ended June 30, 2024 and 2023 was \$630 and \$192, respectively

FUTURE PAYMENTS			
FISCAL YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2025	\$19,835	\$677	\$20,513
2026	6,611	108	6,719
2027	1,806	14	1,820
Total future payments	\$28,251	\$800	\$29,053

PRIZES PAYABLE 

The prizes payable account represents the difference between the prize liability and the actual prizes redeemed. Per RCW 67.70.190 “unclaimed prizes shall be retained in the state lottery account for the person entitled thereto for one hundred eighty days after the drawing in which the prize is won, or after the official end of the game for instant prizes. If no claim is made for the prize within this time, all rights to the prize shall be extinguished, and the prize shall be retained in the state lottery fund for further use as prizes, except that one-third of all unclaimed prize money shall be deposited in the economic development strategic reserve account created in RCW 43.330.250. On June 30th of each fiscal year, any balance of unclaimed prizes in excess of ten million dollars must be transferred to the Washington Opportunity Pathways Account created in RCW 28B.76.526.”

DUE TO THE STATE AND OTHER AGENCIES 

Interagency receivables and payables arise from transactions with other state agencies and are recorded by all agencies affected in the period in which transactions occur. At fiscal year-end 2024 and 2023 the breakdown was as follows:

DUE TO STATE AND OTHER AGENCIES		
	2024	2023
WA Opportunity Pathways	\$10,295,013	\$9,816,417
Economic Development	422,622	72,125
General Fund	1,962,372	4,998,193
Problem Gambling	50,505	35,477
Other Agencies	338,008	192,959
Total Due to State and Other Agencies	\$13,068,520	\$15,115,171

PRIZE EXPENSE 

RCW 67.70.040(1)(k)(i) states that a minimum of 45 percent of gross annual revenue must be paid as prizes. For the fiscal years ended June 30, 2024 and 2023, the prize expense as a percentage of sales decreased slightly to 61.8 from 61.7, respectively, during the prior year. The Lottery reports the amortization of its prize liability as a non-operating activity excluding it from prize expense. Prize expense represents the amount of winnings to be paid out for a particular game or drawing. In the case of *Scratch* games, the overall prize expense ratio for a given game is recorded in relationship to the amount of sales of the game. Draw game prize expense is recorded from the number of winning tickets sold at a given prize level. These expected prize payments are then adjusted 180 days following closure of a *Scratch* game or drawing, as appropriate. This adjustment reduces prize expense to the extent that the anticipated winning tickets do not get presented for payment within the specified time period. These dollars become unclaimed prizes and become restricted net position.

RETAILER COMMISSIONS

In fiscal year 2024 and 2023, the commission rate for all *Scratch* tickets and Draw games sold was paid at 5 percent of sales.

The Lottery paid retailers a selling bonus of 1 percent of the jackpot amount for selling a jackpot-winning ticket for *Lotto* or *Hit 5*. Each retailer who sold a jackpot-winning *Mega Millions* or *Powerball* ticket received a \$50,000 bonus.

Retailers that sell a *Mega Millions* second-tier prize winning ticket worth \$1 million receive a \$10,000 bonus. The Megaplier feature will not change the selling bonus amount.

Retailers that sell a *Powerball* second-tier prize winning ticket worth \$1 million receive a \$10,000 bonus. The PowerPlay feature will not change the selling bonus amount.

Retailers that sell a *Powerball* Double Play winning ticket worth \$10 million receive a \$20,000 bonus. The PowerPlay feature will not change the selling bonus amount.

PAYMENTS TO WASHINGTON OPPORTUNITY PATHWAYS ACCOUNT

Payments to the Washington Opportunity Pathways Account consist of the balance of revenues less expenses from all Lottery products, less Legislatively mandated payments to the Problem Gambling, Economic Development, and the General Fund. Contributions to the Washington Opportunity Pathways Account derived from these revenues totaled \$177.1 million in fiscal year 2024 and \$184.6 million in fiscal year 2023.

Effective in fiscal year 2016, the Legislature mandated in RCW 28B.76.526 that additional funds be transferred to the Washington Opportunity Pathways Account. It required amounts in excess of \$10 million in unclaimed prizes at the end of each fiscal year be distributed for education. Contributions arising from this mandate in fiscal year 2024 were \$12.7 million, compared to \$15.3 million in fiscal year 2023.

These mandates resulted in a total of \$189.9 million and \$199.9 million being distributed to the Washington Opportunity Pathways Account in fiscal years 2024 and 2023, respectively.

PAYMENTS TO ECONOMIC DEVELOPMENT

The Lottery is Legislatively mandated to make payments to the Economic Development Strategic Reserve Account. The Economic Development Strategic Reserve Account was created in 2006 for the Governor, with the recommendation of the Director of the former Department of Community, Trade and Economic Development (now Department of Commerce) and Economic Development Commission, to make expenditures for the economic good of the state. This includes preventing the closure of a business or facility, preventing relocation of a business or facility outside the state or to recruit a business or facility to the state. Payments to this account are defined to be one-third of the Lottery's unclaimed prize money. Payments to Economic Development totaled \$6.7 million in fiscal year 2024 and \$7.3 million in fiscal year 2023.

PAYMENTS TO THE GENERAL FUND 

Contributions to the General Fund in fiscal year 2024 amounted to \$58.2 million, compared to \$45.5 million in fiscal year 2023. Per RCW 67.70.340(4), if in total, contributions to the Washington Opportunity Pathways Account from the state lottery games and *Powerball* games are in excess of \$102 million, such excess shall be transferred to the General Fund.

PAYMENTS TO PROBLEM GAMBLING 

The Lottery is Legislatively mandated to make payments to the Problem Gambling Account. This account was created for the prevention and treatment of problem and pathological gambling and the training of professionals in the identification and treatment of problem and pathological gambling. For fiscal year 2024, Lottery payments to this account is defined as twenty one-hundredths of one percent of "net receipts", defined as the difference between revenue received from the sale of lottery tickets and the sum of payments made to winners. Payments to Problem Gambling totaled \$785 thousand in fiscal year 2024 and \$500 thousand in fiscal year 2023.

NET POSITION 

Restricted net position represents amounts set aside from unclaimed prizes in a non-cash balance sheet account retained for future uses as prizes, as required by RCW 67.70.190. During fiscal year 2024, \$20.1 million of prizes went unclaimed, and \$19.4 million was paid out. The following transfers were made out of the unclaimed prize fund for fiscal year 2024:

1. \$6.7 million was used for contributions to the Economic Development Strategic Reserve Account.
2. \$12.7 million was distributed to the Washington Opportunity Pathways Account as mandated by the Legislature for all amounts in excess of \$10 million in the unclaimed fund be distributed to WOPA.

As of June 30, 2024, the unclaimed reserve contained a balance of \$10.8 million compared to \$10.1 million as of June 30, 2023.

Restricted net position for net pension assets are assets bought with the contributions to a pension plan for the exclusive purpose of financing pension plan benefits.

Unrestricted net position represents the net position available for future operations and unrealized gains or losses on investments. GASB Statement No. 31 requires that certain investments be reported at fair value with gains and losses reflected in the statement of operations. The Lottery uses investments only to fund its annuity prize obligations and intends to hold the investments to maturity. Market gains or losses represent temporary fluctuations and are not recognized in the calculation of the amounts due to beneficiaries.

Net investment in Capital Assets represents the Lottery's total investment in capital assets, right of use leases and right of use subscription IT assets. To the extent debt has been incurred but not yet expended for capital assets and right of use assets, such amounts are not included in this section.

NOTE 2 – GENERAL BUDGETARY POLICIES AND PROCEDURES

As an agency of Washington State, the Lottery is required to submit a budget through the Governor to the State Legislature no later than December 20th of the year preceding odd-year sessions of the Legislature. The budget is a proposal for expenses in the ensuing biennial period based upon anticipated revenues from the sources existing by law at the time of submission of the budget. The Governor may additionally submit, as an appendix to the budget, a proposal for expenses in the ensuing biennium from revenue sources derived from proposed changes in existing statutes.

The appropriated budget and any necessary supplemental budgets are legally required to be adopted through the passage of appropriation bills by the Legislature and approval by the Governor. Operating appropriations are made at the fund/account and agency level. Capital appropriations are generally made at the fund/account, agency, and project level. The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances.

The Lottery's appropriated and non-appropriated/allotted accounts are monitored by the executive branch through the allotment process. This process allocates the expense plan into monthly allotments by program, source of funds, and object of expense. According to RCW 43.88.110, the original biennial allotments are approved by the Governor and may be revised at the request of the Office of Financial Management (OFM), or upon the Lottery's initiative, on a quarterly basis. The revisions must be accompanied by an explanation of the reasons for significant changes. Also, OFM is authorized to make allotments based on the availability of unanticipated receipts. Appropriations are strict legal limits on expenses and over expenditures are prohibited. Appropriations lapse at the end of the biennium.

As an enterprise fund, the Lottery Fund is budgeted using a combination of fixed and flexible budgets. Fixed budgets are employed using the appropriation and allotment process. Fixed budgets are included with flexible estimates in business plans prepared by the Lottery for operations under its control. These business plans constitute a full-accrual GAAP budget. The Lottery does not employ encumbrance accounting.

NOTE 3 – DEPOSITS AND INVESTMENTS

As of June 30, 2024 and June 30, 2023, the amount of cash and cash equivalents was \$19,395,613 and \$26,508,183, respectively. All Lottery deposits in a financial institution are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple-financial-institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC is a statutory authority established under chapter 39.58 RCW. There are provisions for PDPC to make additional pro-rata assessments of need to cover a loss. Accordingly, the deposits covered by the PDPC are considered to be insured.

The Lottery’s investment policy is to purchase U.S. Treasury Stripped Coupons (TINTS), or U.S. Treasury (non-callable) Principal Strips to fund annuity prize payments and to hold these investments to maturity. The investment maturities approximate the annuity prize payment dates.

For an investment, custodial risk is the risk that in the event of the failure of the counterparty, the Lottery will not be able to recover the value of its investments that are in the possession of an outside party. The Lottery has limited custodial risk because the U.S. Treasury Strips are held in the Lottery’s name by its custodian.

U.S. Treasury Strips are explicitly guaranteed by the U.S. government and, therefore, have limited credit risk.

Interest rate risk is the risk that an investment’s fair value decreases as market interest rates increase. Typically, this risk is higher in debt securities with longer maturities. It is the Lottery’s position that interest rate risk is insignificant because, while the fair value is reported, it is the Lottery’s policy to hold the investments to maturity. In the event of a winner’s death, the estate has the option of continuing the annuity payments or settling the Lottery’s obligation, which would be accomplished by paying the proceeds received from the sale of the investments.

Fair value measurements of the Lottery’s investments in U.S. Treasury Strips, valued at \$86,743,648 and \$97,211,019 on June 30, 2024 and 2023, respectively, are based on quoted market prices using matrix pricing technique by the pricing source that values securities based on their relationship to benchmark quoted prices (Level 2 inputs). The Lottery does not have any investments that are measured using Level 1 or 3 inputs.

U.S. Treasury Strips investments held on June 30, 2024 were as follows:

TABLE 9: MATURITIES IN YEARS	
Less than 1	\$11,855,376
1-5	35,521,925
6-10	18,148,623
11-15	14,091,490
16-20	4,623,308
21-25	2,502,927
26-30	-
Fair Market value	\$86,743,648

NOTE 4 – PRIZE LIABILITIES

Presented below is a summary of the annuity prize payment requirements as of June 30, 2024:

FISCAL YEAR	PRESENT VALUE	UNAMORTIZED DISCOUNT	ANNUAL PAYMENTS
2025	\$11,369,527	\$918,473	\$12,288,000
2026	9,576,196	1,141,804	10,718,000
2027	7,511,754	1,264,246	8,776,000
2028	6,073,722	1,280,278	7,354,000
2029	5,648,662	1,377,338	7,026,000
2030-2034	22,351,325	7,432,675	29,784,000
2035-2039	16,245,858	7,976,142	24,222,000
2040-2044	9,566,747	5,589,253	15,156,000
2045-2049	2,073,197	2,282,803	4,356,000
2050-2073	3,294,664	3,657,336	6,952,000
	\$93,711,650	\$32,920,348	\$126,632,000

This debt represents annual payments owed to *Lotto* jackpot winners, eligible annuitized scratch games, and lifetime winners. Annuity *Lotto* jackpot prizes are paid in 25 installments, with the first installment on the day the prize is claimed. Eligible annuitized scratch game prizes are paid in 10 or 25 installments depending on the game. The subsequent annual payments are funded with U.S. Treasury Strips purchased by the Lottery. Lifetime prizes are paid semi-annually or annually for the life of the winner, and are funded with U.S. Treasury Strips.

Activity of annuity prize payments for the years ended June 30, 2024 and 2023 was as follows:

FISCAL YEAR	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
2024	\$100,605,868	5,607,456	(12,501,674)	\$93,711,650	\$11,369,527
2023	\$110,711,130	7,425,285	(17,530,547)	\$100,605,868	\$12,334,838

NOTE 5 - COMPENSATED ABSENCES

Lottery employees accrue vested annual leave at a variable rate based on years of service. Prior to June 6, 2024, accrued annual leave could not exceed 240 hours at the employee's anniversary date. That number is now 280 hours. The expense and accrued liability is recognized when the annual leave is earned. The Lottery's liability for accumulated annual leave, including the employer share of pension benefits and payroll taxes, was \$856,596 and \$760,281 on June 30, 2024 and June 30, 2023, respectively.

With no limit on accumulation, sick leave is earned at 12 days per year. Sick leave is not vested; i.e., employees are not paid for unused sick leave upon termination except upon employee death or retirement, at which time the Lottery is liable for 25 percent of the employee's accumulated sick leave. Each January, employees who have accumulated sick leave in excess of 60 days have the option to redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave. Accumulated sick leave balances, including the employer share of payroll taxes as of June 30, 2024 and 2023, represent possible future payments of \$1,627,884 and \$1,465,668 respectively, depending on employee options, not probable payments. As a result, only the estimated dollar value of sick leave that will be paid to employees is recognized as an expense and accrued liability. The estimates of \$345,925 and \$311,456 on June 30, 2024 and 2023, respectively, are based on the actuarially-determined factor of the probability that current employees will receive payments for sick leave buyouts.

Long-term liability activity of leave benefits for the year ended June 30, 2024 was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Annual Leave	\$760,281	\$812,990	(\$716,675)	\$856,596	\$716,675
Sick Leave	\$311,455	\$108,155	(\$73,684)	\$345,925	\$73,684
	\$1,071,736	\$921,145	(\$790,358)	\$1,202,521	\$790,358

Long-term liability activity of leave benefits for the year ended June 30, 2023 was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Annual Leave	\$782,033	\$724,769	(\$746,521)	\$760,281	\$746,521
Sick Leave	\$305,115	\$93,357	(\$87,017)	\$311,456	\$87,017
	\$1,087,148	\$818,126	(\$833,538)	\$1,071,736	\$833,538

NOTE 6 – RISK MANAGEMENT

The Lottery faces various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters, for which the Lottery participates in Washington State’s risk management and insurance program. In order to participate, an annual premium in proportion to the anticipated exposure to liability losses is assessed.

NOTE 7 – PENSION PLANS

The State Legislature establishes and amends laws pertaining to the creation and administration of all state public retirement systems.

Department of Retirement Systems. As established in chapter 41.50 RCW, the Department of Retirement Systems (DRS) administers eight retirement systems covering eligible employees of the state and local governments. The Governor appoints the director of the DRS.

The DRS administered systems are comprised of 12 defined benefit pension plans and 3 defined benefit/defined contribution plans, of which the Lottery participates in the following plans:

Public Employees’ Retirement System (PERS)

Plan 1 - defined benefit

Plan 2 - defined benefit

Plan 3 - defined benefit/defined contribution

Although some assets of the plans are commingled for investment purposes, each plan’s assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Administration of the PERS and other systems and plans was funded by an employer rate as a percentage of employee salaries. Administration of the JRS and Judges plans is funded by means of Legislative appropriations.

Pursuant to RCW 41.50.770, the state offers its employees and employees of those political subdivisions that elect to participate, a deferred compensation program in accordance with Internal Revenue Code Section 457. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable financial emergency. This deferred compensation plan is administered by the DRS.

The DRS prepares a stand-alone financial report. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380 or online at:

<http://www.drs.wa.gov/news/>

Plan Description. The Legislature established the Public Employees’ Retirement System (PERS) in 1947. PERS retirement benefit provisions are established in chapters 41.34 and 41.40 RCW and may be amended only by the Legislature. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of Legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered a single defined benefit plan for reporting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

PERS members who joined the system by September 30, 1977, are Plan 1 members. Plan 1 is closed to new entrants. Those who joined on or after October 1, 1977, and by February 28, 2002, for state employees, are Plan 2 members unless they exercised an option to transfer their membership to PERS Plan 3.

PERS participants joining the system on or after March 1, 2002, for state employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to PERS Plan 3.

Benefits Provided. PERS plans provide retirement, disability, and death benefits to eligible members, with the following provisions:

	PERS PLAN 1	PERS PLAN 2	PERS PLAN 3
VESTING YEARS OF SERVICE	5 Years	5 Years	10 years of service; or after five years of service, if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Immediately vested in the defined contribution portion.
ELIGIBILITY FOR RETIREMENT	30 Years	30 Years	30 Years
RETIREMENT AGE	60 with 5 years of service, 55 with 25 years of service.	65 with 5 years of service.	65 with 10 years of service.
MONTHLY BENEFIT	2% of average final compensation (AFC) per year of service capped at 60%.	2% of AFC per year of service.	Defined benefit portion, 1% of the AFC per year of service.
REDUCTIONS	Inactive status prior to 65 could reduce benefits.	Optional early retirement but reduction in benefits.	Optional early retirement but reduction in benefits.
COST OF LIVING ALLOWANCE	Optional by member election, automatic to CPI, capped at 3%, but reduces benefits.	CPI, capped at 3%.	CPI, capped at 3%.
Disability	Duty disability prior to age 60, \$350 per month in a temporary life annuity, or 2/3 of monthly AFC, whichever is less. Converted to service retirement at age 60. Non-duty disability must have 5 years of covered employment. Before age 55, 2% of the AFC for each year of service, reduced by 2% for each year the member’s age is less than 55. 60% of AFC limit.	2 percent of the AFC per year of service. No cap on years of service credit.	1% of the AFC per year of service. No cap on years of service credit.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors, with reduced benefits.

A one-time, duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose out of the member’s covered employment, if found eligible by the director of the Department of Labor and Industries.

Contributions. PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and/or employee contributions.

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. The methods used to determine contribution requirements are established under state statute and are subject to change by the Legislature.

Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment.

Required contribution rates (expressed as a percentage of current year covered payroll) for all retirement plans administered by DRS at the close of the fiscal year 2024, were as follows:

	EMPLOYER			EMPLOYEE		
	PERS 1	PERS 2	PERS 3	PERS 1	PERS 2	PERS 3
CONTRIBUTION PERCENTAGE	6.36%	6.36%	6.36%	6.00%	6.36%	Variable
ADMINISTRATIVE FEE	0.20%	0.20%	0.20%	N/A	N/A	N/A
PLAN 1 UAAL	2.97%	2.97%	2.97%	N/A	N/A	N/A
Total	9.53%	9.53%	9.53%	6.00%	6.36%	Variable

Office of the State Actuary (OSA) - Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2022 with the results rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

INFLATION	2.75%
SALARY INCREASES	3.25%
INVESTMENT RATE OF RETURN	7.00%

Mortality rates were developed using the Society of Actuaries’ Pub.H-2010 mortality rates, which vary by member status (i.e....active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after 2010.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of the 2013-2018 Experience Study Report and the 2021 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report.

FINANCIAL STATEMENT NOTES

The OSA selected a 7.00 percent long-term expected rate of return on pension plan investments. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by The Washington State Investment Board (WSIB). The WSIB uses the CMAs and their target allocation to simulate future investment returns over various time horizons. The CMAs contain the following three pieces of information for each class of assets the WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
FIXED INCOME	20%	1.5%
TANGIBLE ASSETS	7%	4.7%
REAL ESTATE	18%	5.4%
GLOBAL EQUITY	32%	5.9%
PRIVATE EQUITY	23%	8.9%
TOTAL	100%	

The inflation component used to create the above table is 2.20 percent, and represents WSIB's long-term estimate of broad economic inflation consistent with their 2021 CMAs.

Discount Rate. The discount rate used to measure the total pension liability was 7.0 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on the assumptions in OSA's Certification Letter, 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 of 7.0 percent on pension plan investments was applied to determine the total pension liability. PERS Plan 2/3, PSERS Plan 2, and SERS Plan 2/3 employers' rates include a component for the PERS Plan 1 liability. TRS Plan 2/3 rates include a component for TRS Plan 1 liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 7.0 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate. Fiscal year 2024 and 2023 pension liability is shown below.

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2024			
EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (IN THOUSANDS)			
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	1,735	1,242	812
PERS 2/3	3,141	(2,888)	(7,841)
Total	4,876	(1,646)	(7,029)

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2023			
EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (IN THOUSANDS)			
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	2,047	1,532	1,083
PERS 2/3	3,143	(2,669)	(7,445)
Total	5,192	(1,137)	(6,362)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the years ended June 30, 2024 and June 30, 2023, PERS 1 recognized pension expense of \$22 thousand and \$708 thousand, respectively. PERS 2/3 recognized pension expense of (\$9.5) thousand for the year ended June 30 2024 and (\$914) thousand for the year ended June 30, 2023. At June 30, 2024 and 2023, PERS 1 and PERS 2/3 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source (expressed in thousands), irrespective of contributions subsequent to the measurement date are as follows:

WASHINGTON'S LOTTERY DEFERRED OUTFLOWS/INFLOWS AS OF JUNE 30, 2024 (DOLLAR AMOUNTS IN THOUSANDS)		
	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
PERS 1		
Net difference between projected and actual earnings on pension plan investments	\$-	\$140
Lottery contribution subsequent to measurement date*	\$332	\$-
PERS 2/3		
Difference between expected and actual experience	\$588	\$32
Changes of assumptions	1,212	264
Net difference between projected and actual earnings on pension plan investments	-	1,088
Change in proportion	(67)	(56)
Lottery contributions subsequent to measurement date*	715	-
TOTAL	\$2,780	\$1,469

*PERS 1 employer contributions includes Plan 1 Unfunded Actuarially Accrued Liability (UAAL) contributions. Plan 1 UAAL also consists of PERS Plan 1 employer contribution portion of PERS Plan 2/3 contributions, which RCW 41.45.060 requires fund the unfunded actuarially accrued liability.

FINANCIAL STATEMENT NOTES

WASHINGTON'S LOTTERY DEFERRED OUTFLOWS/INFLOWS AS OF JUNE 30, 2023 (DOLLAR AMOUNTS IN THOUSANDS)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
PERS 1		
Net difference between projected and actual earnings on pension plan investments	\$-	\$254
Lottery contribution subsequent to measurement date*	\$382	-
PERS 2/3		
Difference between expected and actual experience	\$661	\$60
Changes of assumptions	1,488	390
Net difference between projected and actual earnings on pension plan investments	-	1,973
Change in proportion	(104)	-
Lottery contributions subsequent to measurement date*	636	-
TOTAL	\$3,063	\$2,677

*PERS 1 employer contributions includes Plan 1 Unfunded Actuarially Accrued Liability (UAAL) contributions. Plan 1 UAAL also consists of PERS Plan 1 employer contribution portion of PERS Plan 2/3 contributions, which RCW 41.45.060 requires fund the unfunded actuarially accrued liability.

The \$2.8 million and \$3.1 million reported as deferred outflows of resources related to pensions resulting from Lottery contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the subsequent years. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (not applicable for PERS 3):

	"YEARS ENDED INCREASE / (REDUCTION IN PENSION EXPENSE)" (AMOUNTS IN THOUSANDS)		
	PERS 1	PERS 2	Total
2025	\$(95)	\$(509)	\$(604)
2026	(120)	(625)	(745)
2027	74	903	977
2028	1	328	329
2029	-	320	320
Thereafter	-	12	12
Total	\$(140)	\$430	\$290

Collective Net Pension Liability/(Asset)

At June 30, 2024, the Lottery reported a liability of \$1.2 million for its proportionate share of the collective net pension liability for PERS 1 and reported an pension asset of \$2.9 million for PERS 2/3. For June 30, 2023, the Lottery reported a liability of \$1.5 million for its proportionate share of the collective net pension liability for PERS 1 and \$2.7 million pension asset for PERS 2/3. The Lottery's proportion for PERS 1 was .0545200 percent for year ended June 30, 2024, .055025 percent for the year ended June 30, 2023 and .054308 for the year ended 2022. The Lottery's portion of the PERS 2/3 was .070343 percent for year ended June 30, 2024, .071734 percent for the year ended June 30, 2023 and .069752 percent for year ended June 30, 2022.

The proportions are based on the Lottery's contributions to the pension plan relative to the contributions of all participating employers. The collective net pension liability was measured as of June 30, 2022 with the results rolled forward to June 30, 2023, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date.

Defined Contribution Plan - Public Employees' Retirement System Plan 3. Plan 3 is a combination defined benefit/defined contribution plan administered by the state through the DRS.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent on employee contributions and investment earnings on those contributions. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the retirement strategy fund that assumes the member will retire at age 65.

Members in PERS Plan 3 are immediately vested in the defined contribution portion of their plan, and can elect to withdraw total employee contributions, adjusted by earnings and losses from investments of those contributions, upon separation from PERS-covered employment.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS

GENERAL INFORMATION

The state implemented GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* for fiscal year 2018 financial reporting. In addition to pension benefits as described in Note 7 the state, through the Health Care Authority (HCA), administers a single employer defined benefit other postemployment benefit (OPEB) plan. The Lottery, as an agency of the state, participates in the plan and records its portion of the OPEB liability and related activity.

Plan Description. Per RCW 41.05.065, the Public Employees’ Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits purchased by PEBB include medical, dental, life, and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. The understanding by the employer and plan members is that there is no contractual obligation to continue the substantive plan as an employee benefit on an ongoing basis. Nevertheless, the actuarial assumptions used in valuations presented in this note assume that this substantive plan will be carried forward into the future.

The PEBB OPEB plan is funded on a pay-as-you-go basis and is reported in governmental funds using the modified accrual basis and the current financial resources measurement focus. For all proprietary and fiduciary funds, the OPEB plan is reported using the economic resources measurement focus and the accrual basis of accounting. The PEBB OPEB plan has no assets and does not issue a publicly available financial report.

Employees Covered by Benefit Terms. Employers participating in the PEBB plan for the state include general government agencies, higher education institutions, and component units. Additionally, there are 274 political subdivisions and tribal governments not included in the state's financial reporting. As of June 30, 2023, membership in the PEBB plan consisted of the following:

ACTIVE EMPLOYEES*	128,393
RETIREES RECEIVING BENEFITS**	37,135
RETIREES NOT RECEIVING BENEFITS***	NA
Total participants	165,528

*Reflects active employees eligible for PEBB program participants as of June 2023.

**Headcounts exclude spouses of retirees that are participating in a PEBB program as a dependent.

***HCA doesn't have data on this group and OSA doesn't have the methodology to reasonably estimate it. As a result, we are unable to provide an estimate for fiscal year 2024.

The PEBB OPEB plan is available to employees who elect at the time they retire to continue coverage and pay the administratively established premiums under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following systems: PERS, PSERS, TRS, SERS, WSPRS, Higher Education, Judicial, and LEOFF 2.

Benefits Provided. Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state’s non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium.

In calendar year 2023, the average weighted implicit subsidy was valued at \$420 per adult unit per month. In calendar year 2024, the average weighted implicit subsidy is projected to be \$445 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state’s Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year’s explicit subsidy for inclusion in the Governor’s budget. The final amount is approved by the state Legislature. In calendar year 2024, the explicit subsidy was up to \$183 per member per month and it will remain at \$183 per member per month in calendar year 2025.

Contribution Information. Administrative costs as well as implicit and explicit subsidies are funded by required contributions RCW 41.05.050 from participating employers. The subsidies provide monetary assistance for medical benefits.

Contributions are set each biennium as part of the budget process. The benefits are funded on a pay-as-you-go basis.

The estimated monthly cost for PEBB benefits for the reporting period for each active employee (average across all plans and tiers) is as follows (expressed in dollars):

REQUIRED PREMIUM*	
Medical	\$1,305
Dental	81
Life	4
Long-term disability	2
Total	1,392
Employer contribution	1,204
Employee contribution	188
	\$1,392

**Per FY2025 PEBB Financial Projection Model version 3.1. Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on calendar year 2024, which includes projected claims cost at the time of this reporting.*

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to:

<https://leg.wa.gov/osa/additionalservices>

TOTAL OPEB LIABILITY 

The Lottery reported a total OPEB Liability of \$4.1 million for June 30, 2024 and \$4.1 million for June 30, 2023. This liability was determined based on a measurement date of June 30, 2023 and June 30, 2022, respectively.

Actuarial Methodology. The total OPEB liability was determined using the following methodologies:

Actuarial valuation date	6/30/2022
Actuarial measurement date	6/30/2023
Actuarial cost method	Entry Age
Amortization method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset valuation method	N/A - No Assets

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members (active employees and retirees) to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

Actuarial Assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.35%
Projected salary changes	3.25% Plus Service-based Salary Increases
Health care trend rates*	Initial rate ranges from about 2-11%, reaching an ultimate rate of approximately 3.8% in 2080
Post-retirement participation percentage	60%
Percentage with spouse coverage	45%

* For additional detail on the health care trend rates, please see Office of the State Actuary's 2023 Public Employees' Benefits Board Other Postemployment Benefits Actuarial Valuation Report.

Based on trend assumptions, no change in the explicit subsidy cap of \$183 per month is expected through the end of calendar year 2025. The Legislature determines the value of the cap and no future increases are guaranteed; however, based on historical growth patterns, future increases to the cap are expected to grow with the assumed health care trend.

Mortality rates were developed using the Society of Actuaries’ Pub.H-2010 Mortality rates, which vary by member status (that is, active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under “generational” mortality, a member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2023 PEBB OPEB Demographic Experience Study. The post-retirement participation percentage and percentage with spouse coverage, were reviewed in 2017. Economic assumptions, including inflation and salary increases, were based on the results of the 2021 Report on Financial Condition & Economic Experience Study.

Discount Rate. Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.54 percent for the June 30, 2022, measurement date and 3.65 percent for the June 30, 2023, measurement date.

Additional detail on assumptions and methods can be found on OSA’s website: <https://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>

Changes in Total OPEB Liability. As of June 30, 2024 and 2023, components of the calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for Washington’s Lottery are represented in the following table:

WASHINGTON STATE LOTTERY		
	2024	2023
PROPORTIONATE SHARE (%)	0.0958271192%	0.0992975794%
Service Cost	\$146,847	\$311,191
Interest Cost	147,509	144,388
Difference Between Expected and Actual Experience	-	(142,992)
Changes in Assumptions	(70,933)	(2,414,299)
Benefit Payments	(102,745)	(106,083)
Other	-	-
Changes in Proportionate Share	(147,434)	292,184
Net Change in Total OPEB Liability	(\$26,757)	(\$1,915,611)
Total OPEB Liability - Beginning	\$4,218,422	\$6,133,729
Total OPEB Liability - Ending	\$4,191,665	\$4,218,422

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

As of June 30, 2024 and 2023, the components that make up OPEB expense for Washington's Lottery are as follows:

WASHINGTON STATE LOTTERY		
	2024	2023
PROPORTIONATE SHARE (%)	0.0958271192%	0.0992975794%
Service Cost	\$146,847	\$311,191
Interest Cost	147,509	144,388
Amortization of Difference Between Expected and Actual Experience	2,454	2,543
Amortization of Changes in Assumptions	(449,568)	(457,682)
Amortization of Changes in Proportion	(78,400)	(51,664)
Transactions Subsequent to Measurement Date	(105,625)	(106,466)
Other Changes	-	-
Total OPEB Expense	(\$336,783)	(\$157,690)

On June 30, 2024 and 2023, the deferred inflows and deferred outflows of resources for Washington's Lottery are as follows:

WASHINGTON STATE LOTTERY				
	2024		2023	
PROPORTIONATE SHARE (%)	0.0992975794%		0.0992975794%	
DEFERRED INFLOWS/OUTFLOWS OF RESOURCES	DEFERRED OUTFLOWS	DEFERRED INFLOWS	DEFERRED OUTFLOWS	DEFERRED INFLOWS
Difference between expected and actual experience	\$ 63,649	\$124,476	\$ 87,939	\$148,426
Changes in Assumptions	272,376	2,511,405	345,747	3,058,212
Transactions subsequent to the measurement date	105,625	-	106,466	-
Changes in Proportion	357,884	643,947	411,638	535,472
Total Deferred (Inflows)/Outflows	\$799,534	\$3,279,828	\$951,790	\$3,742,110

Amounts currently reported as deferred outflows of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized in fiscal year 2025 as a direct reduction to the total OPEB liability.

Amounts currently reported as a net deferred inflows of resources related OPEB will be recognized as OPEB expense in subsequent years for Washington's Lottery for the years ended June 30, 2024 and 2023 as follows:

WASHINGTON STATE LOTTERY		
	2024	2023
PROPORTIONATE SHARE (%)	0.0958271192%	0.0992975794%
2025	(\$525,514)	(\$506,803)
2026	(525,514)	(506,803)
2027	(412,322)	(506,803)
2028	(275,635)	(390,132)
2029	(290,129)	(248,852)
Thereafter	(556,848)	(737,436)
	(\$2,585,961)	(\$2,896,828)

The change in Washington's Lottery proportionate share of OPEB liability and deferred inflows and deferred outflows of resources based on measurement date are represented in the following tables for the years ended June 30, 2024 and 2023.

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2024	
PROPORTIONATE SHARE (%) 2022	0.0992975794%
PROPORTIONATE SHARE (%) 2023	0.0958271192%
Total OPEB Liability - Ending 2020	\$4,218,422
Total OPEB Liability - Beg 2021 (chng in prop)	4,070,988
Total OPEB Liability Change in Proportion	(147,434)
Total Deferred Inflows/Outflows 2020	(2,666,487)
Total Deferred Inflows/Outflows 2021 (chng in prop)	(2,573,293)
Total Deferred Inflows/Outflows Change in Proportion	93,194
Total Change in Proportion	(\$240,628)

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2023	
PROPORTIONATE SHARE (%) 2021	0.0947827740%
PROPORTIONATE SHARE (%) 2022	0.0992975794%
Total OPEB Liability - Ending 2020	\$6,134,033
Total OPEB Liability - Beg 2021 (chng in prop)	6,426,216
Total OPEB Liability Change in Proportion	292,184
Total Deferred Inflows/Outflows 2020	(539,042)
Total Deferred Inflows/Outflows 2021 (chng in prop)	(564,718)
Total Deferred Inflows/Outflows Change in Proportion	(25,676)
Total Change in Proportion	\$317,860

FINANCIAL STATEMENT NOTES

Sensitivity of the Total Liability to Changes in the Discount Rate. The following represents the total OPEB liability of Washington's Lottery for the year ended June 30, 2024 calculated using the discount rate of 3.65 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current rate. Fiscal year 2023 also shown below.

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2024		
DISCOUNT RATE SENSITIVITY		
1% DECREASE	CURRENT DISCOUNT RATE	1% INCREASE
\$4,904,532	\$4,191,665	\$3,618,242

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2023		
DISCOUNT RATE SENSITIVITY		
1% DECREASE	CURRENT DISCOUNT RATE	1% INCREASE
\$4,942,960	\$4,218,422	\$3,635,405

Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates. The following represents the total OPEB liability of Washington's Lottery for the year ended June 30, 2024, calculated using the health care trend rate of 2-11 percent reaching an ultimate range of 3.8 percent, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower (1-10 percent) or 1 percentage point higher (3-12 percent) than the current rate. Fiscal year 2023 also shown below.

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2024		
HEALTH CARE COST TREND RATE SENSITIVITY		
1% DECREASE	CURRENT TREND RATE	1% INCREASE
\$3,522,273	\$4,191,665	\$5,053,236

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2023		
HEALTH CARE COST TREND RATE SENSITIVITY		
1% DECREASE	CURRENT TREND RATE	1% INCREASE
\$3,571,670	\$4,218,422	\$5,045,831

NOTE 9 – COMMITMENTS AND CONTINGENCIES

GAMING SYSTEM VENDOR CONTRACTUAL AGREEMENTS

The Lottery maintains a gaming network of approximately 3,650 retailer locations where all traditional Lottery games are sold. Tickets are also sold through self-service terminals. International Game Technology (IGT - formerly GTECH) is responsible for operating all traditional Lottery games, including maintenance of terminals and related communication services. On May 15, 2015, a new contract was signed with IGT for ten years, commencing July 1, 2016. The contract may be extended up to ten (10) additional years, in any number of extensions. During fiscal year 2021, Lottery extended the IGT contract for an additional 3 years, meaning it now expires June 30, 2029.

Scratch ticket sales are also supported by services provided under additional contracts executed in May 2024:

- 1) Under a contract that expires on April 30, 2030, Scientific Games International is the primary supplier of Scratch tickets.
- 2) Under a contract that expires on April 30, 2030, Pollard Banknote Limited is an alternate supplier of Scratch tickets.
- 3) Under a contract that expires on April 30, 2030, IGT Printing is an alternate supplier of Scratch tickets.

**REQUIRED SUPPLEMENTARY
INFORMATION**

PENSION PLAN INFORMATION

Cost Sharing Employer Plans

Schedules of the Lottery's Proportionate Share of the Net Pension Liability/Asset

SCHEDULE OF THE LOTTERY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET										
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLAN 1										
MEASUREMENT DATE OF JUNE 30 (DOLLAR AMOUNTS IN THOUSANDS)										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Lottery's PERS 1 employer's proportion of pension liability	0.0545200%	0.0550250%	0.0543080%	0.0544510%	0.0580120%	0.0624750%	0.0652730%	0.070679%	0.067046%	0.072025%
Lottery's PERS 1 employer's proportion share of the net pension liability	\$1,242	\$1,532	\$664	\$1,923	\$2,235	\$2,790	\$3,125	\$3,800	\$3,510	\$3,610
Lottery's PERS 1 employer's covered payroll	\$-	-	-	-	\$71	\$255	\$404	\$483	\$521	\$515
Lottery's PERS 1 employer's proportional share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	3148%	1094%	774%	787%	674%	701%
Plan fiduciary net position as a percentage of the total pension liability	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	61.19%

SCHEDULE OF THE LOTTERY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET										
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLAN 2/3										
MEASUREMENT DATE OF JUNE 30 (DOLLAR AMOUNTS IN THOUSANDS)										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Lottery's PERS 2/3 employer's proportion of pension liability	0.070343%	0.071734%	0.069752%	0.070845%	0.073167%	0.073760%	0.074469%	0.078492%	0.073460%	0.079354%
Lottery's PERS 2/3 employer's proportion share of the net pension liability	\$(2,888)	(\$2,669)	(\$6,970)	\$910	\$714	\$1,263	\$2,619	\$3,968	\$2,626	\$1,596
Lottery's PERS 2/3 employer's covered payroll	\$9,743	\$8,967	\$8,384	\$8,248	\$8,030	\$7,622	\$7,320	\$7,335	\$6,584	\$6,789
Lottery's PERS 2/3 employer's proportional share of the net pension liability as a percentage of its covered payroll	-29.64%	-29.77%	-83.14%	11.03%	8.89%	16.57%	35.77%	54.10%	39.88%	23.51%
Plan fiduciary net position as a percentage of the total pension liability	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%	93.29%

PENSION PLAN INFORMATION
Cost Sharing Employer Plans

Schedules of Employer Contributions

SCHEDULE OF EMPLOYER CONTRIBUTIONS										
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLAN 1										
MEASUREMENT DATE OF JUNE 30 (DOLLAR AMOUNTS IN THOUSANDS)										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Lottery's PERS 1 statutorily required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$9	\$32	\$45	\$54	\$48
Lottery's PERS 1 contributions in relation to the statutorily required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$9	\$32	\$45	\$54	\$48
Lottery's PERS 1 contributions (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lottery's PERS 1 employer's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$71	\$255	\$404	\$483	\$521
Lottery's PERS 1 contributions as a percentage of covered payroll	-	-	-	-	12.86%	12.83%	12.73%	11.19%	11.18%	9.21%

SCHEDULE OF EMPLOYER CONTRIBUTIONS										
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLAN 2/3										
MEASUREMENT DATE OF JUNE 30 (DOLLAR AMOUNTS IN THOUSANDS)										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Lottery's PERS 2/3 statutorily required contributions	\$1,069	\$1,012	\$919	\$1,086	\$1,061	\$1,029	\$968	\$818	\$820	\$606
Lottery's PERS 2/3 contributions in relation to the statutorily required contributions	\$1,069	\$1,012	\$919	\$1,086	\$1,061	\$1,029	\$968	\$818	\$820	\$606
Lottery's PERS 2/3 contributions (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lottery's PERS 2/3 employer's covered payroll	\$10,287	\$9,743	\$8,967	\$8,384	\$8,248	\$8,030	\$7,622	\$7,320	\$7,335	\$6,584
Lottery's PERS 2/3 contributions as a percentage of covered payroll	10.39%	10.39%	10.25%	12.95%	12.86%	12.83%	12.70%	11.17%	11.18%	9.20%

PENSION PLAN INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Methods and assumptions used in calculations of Actuarial Determined Contributions (ADC) for PERS, TRS, LEOFF, and WSPRS – The Office of the State Actuary (OSA) calculates the ADC based on the results of an actuarial valuation consistent with the state's funding policy defined under chapter 41.45 RCW. Consistent with the state's contribution rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example, the actuarial valuation with a June 30, 2017, valuation date, completed in the Fall of 2018, plus any supplemental contribution rates from the preceding Legislative session, determine the ADC for the period beginning July 1, 2019, and ending June 30, 2021.

OTHER POSTEMPLOYMENT BENEFITS

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS FISCAL YEAR ENDED JUNE 30 (DOLLAR AMOUNTS IN THOUSANDS)							
	2024	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY							
Service Cost	\$ 146,847	\$ 311,191	\$ 306,585	\$ 232,083	\$ 233,157	\$326,014	\$409,921
Interest Cost	147,509	144,388	132,504	194,140	202,250	224,133	192,647
Difference between expected and actual experience	-	(142,992)	-	(29,750)	-	204,590	-
Changes in benefit terms	-	-	-	125,846	-	-	-
Changes in assumptions	(70,933)	(2,414,299)	56,613	-	376,644	(1,427,243)	(938,860)
Benefit Payments	(102,745)	(106,083)	(100,950)	(92,433)	(92,517)	(94,663)	(98,085)
Changes in proportionate share	(147,434)	292,184	(146,540)	(397,702)	(175,665)	(79,394)	(115,328)
Other	-	-	-	(197,746)	-	-	-
NET CHANGES IN TOTAL OPEB LIABILITY	(\$26,757)	(\$1,915,611)	\$541,292	(\$165,562)	\$ 543,869	(\$846,563)	(\$589,885)
TOTAL OPEB LIABILITY – BEGINNING	\$4,218,422	\$6,134,033	\$5,592,740	\$5,758,302	\$5,214,433	\$6,060,996	\$6,650,881
TOTAL OPEB LIABILITY – ENDING	\$4,191,665	\$4,218,422	\$6,134,033	\$5,592,740	\$5,758,302	\$5,214,433	\$6,060,996
COVERED EMPLOYEE PAYROLL	\$10,286,635	\$9,742,809	\$9,079,303	\$8,568,647	\$8,248,476	\$8,101,432	\$7,877,200
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	40.7%	43.0%	67.6%	65.3%	69.8%	64.4%	76.9%

*This table is to be built prospectively until it contains ten years of data.
 Source: Washington State Office of the State Actuary

OTHER POSTEMPLOYMENT BENEFITS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The Public Employee's Benefits Board (PEBB) OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis. Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, health care trend rates, salary projections, and participation percentages.



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 Director and Commissioners
Washington's Lottery
Olympia, Washington

We have audited, 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 (*Government Auditing Standards*), the financial statements of Washington's Lottery (the Lottery), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Lottery’s basic financial statements and have issued our report thereon dated December 30, 2024.

Report on 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 opinions 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 entity’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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
December 30, 2024

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STATISTICAL SECTION

This section offers relevant financial, economic and demographic statistical information, including national lottery industry trend data.

FINANCIAL TRENDS

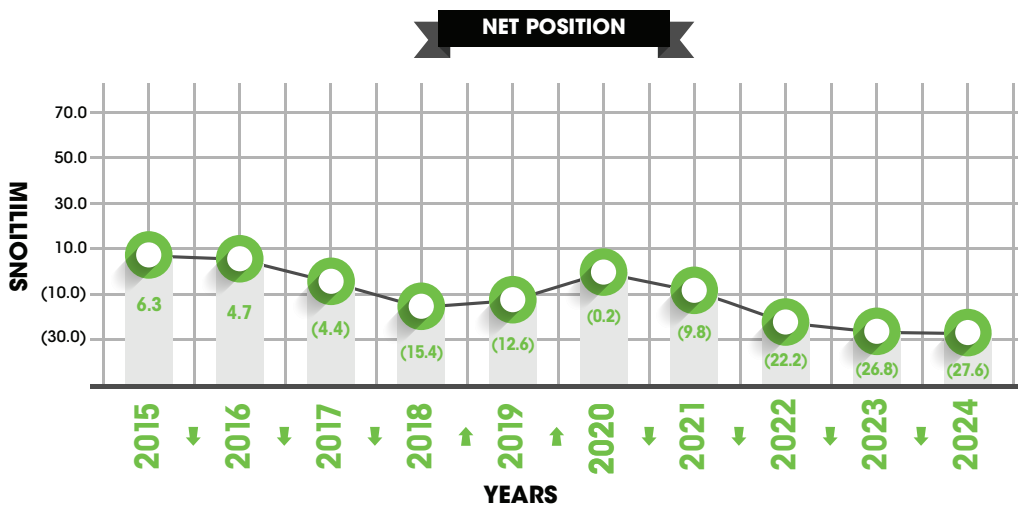
Lottery’s sales increased by \$26 million or 2.5 percent in fiscal year 2024 over fiscal year 2023 due to several factors, including:

- Sales for Powerball increased by \$29.3 million;
- Overall sales for Match 4 and Daily Keno were slightly higher from prior year;
- Introduction of the new draw game Cash POP which had sales of \$13.2 million

Mega Millions and Lotto experienced a decrease in sales due to jackpots not reaching desirable amounts during fiscal year 2024.

Operating expenses are dominated by prizes, retailer commissions, gaming vendor commissions, marketing and advertising. Prize expenses increased in fiscal year 2024 by \$17.5 million, or 2.8 percent compared to fiscal year 2023 and increased by \$62.3 million or 10.9 percent as compared to fiscal year 2022. Net operating profit increased by \$4.5 million or 1.8 percent compared to fiscal year 2023 and increased \$37.4 million or 17.1 percent compared to fiscal year 2022.

Net position is affected by the fluctuation in the value of securities, and the Lottery saw an increase of \$60.6 thousand in the value of its securities. These are impacted by changes in interest rates from year to year. Because nearly all securities are held to maturity, fluctuations in fair value have no impact on value to be received upon maturity. The Lottery is organized as one enterprise fund.



REVENUE CAPACITY

The Lottery’s sole focus is the sale of tickets for games of chance. These products are divided into two main types: *Scratch*, (or Instant) game tickets, and Draw game tickets. The Lottery offers eight different Draw games in which winning numbers are drawn either two, three or seven times a week, depending upon the game. The Lottery launched 55 *Scratch* games during fiscal year 2024.

The number and type of retail locations that sell Lottery products in Washington also impact the revenue capacity. During fiscal year 2024, the Lottery increased a net of 20 retailers bringing the total number at the end of fiscal year 2024 to 3,650 compared to 3,630 for the prior year.

STATISTICAL SECTION

DEBT CAPACITY

The Lottery offers *Lotto* winners the option to receive their prize over a 25-year period. *Mega Millions* and *Powerball* winners have the option of taking their winnings over a 30-year period. Some *Scratch* games have annuities for top prizes as well as “For Life” winnings. This long-term liability is backed by the Lottery purchasing Treasury Strips, or annuities, at a deep discount. In other words, the Lottery is able to purchase certain future payments at a fraction of the future payments.

OPERATING INFORMATION

The Lottery consists of six divisions; Executive, Finance, Information Services, Security, Human Resources and Support Services, and Sales and Marketing. The Executive Division includes 9 employees. These employees include the Director, Deputy Director, Legal Counsel/ Legislative Liaison, Internal Control Officer, Director of Organizational Performance and Planning. The Sales and Marketing Division is the largest with 72 employees working in headquarters and across the five regions throughout the state. Supporting the agency are the Finance Division with 11 employees, Information Services Division with 18 employees, Security Division with 6 employees, and Human Resources and Support Services Division with 18 employees.

The table below shows a ten-year trend of Lottery employees, and is comprised of 100 percent government employees (headcount) as of June 30th each year. The Lottery is overseen by a five-member Commission appointed by the Governor with the consent of the Senate. The Commission is the rulemaking authority and advises and makes recommendations to the Director, who is also appointed by the Governor, for the operation and administration of the Lottery.

LOTTERY EMPLOYEES

Department	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Executive	9	8	10	9	8	8	8	10	9	7
Finance	11	12	10	9	19	18	20	19	21	22
Information Services	18	16	17	17	15	16	16	16	17	17
Security	6	6	5	5	5	5	5	5	4	4
Human Resources & Support Services	18	17	19	21	9	13	10	11	10	11
Sales/Marketing	72	69	66	65	64	69	69	69	69	70
Total	134	128	127	126	120	129	128	130	130	131

DEMOGRAPHIC AND ECONOMIC INFORMATION

Washington State’s population is approximately 8 million people. Median household income in Washington in 2024 was \$94,605 and per capita personal income was \$79,659. Washington’s unemployment rate in 2024 was 4.0 percent. Presented below is a 10-year history for each of the categories above.

Year of ACFR	Population (Millions)	Median Household Income	Per Capita Personal Income	WA's Unemployment Rate
2024	8.0	\$94,605	\$79,659	4.0%
2023	8.0	\$86,343	\$75,698	4.3%
2022	7.9	77,006	71,889	6.8%
2021	7.7	68,400	68,822	8.4%
2020	7.6	74,992	64,898	9.2%
2019	7.6	73,294	60,781	4.5%
2018	7.4	68,550	56,283	4.8%
2017	7.3	65,500	53,493	5.4%
2016	7.2	62,108	51,146	5.7%
2015	7.1	58,686	49,583	6.3%

The demographic charts in the following section display the population separated by age, education, ethnic background, employment status, and annual income. These categories are further broken out into players versus non-players.

Age: Lottery play is less prevalent in the youngest (under 24) age class. Lottery players between ages 24 - 34, 35 - 44, 45 - 54, 55 - 64 and over 65 have similar representation and makeup 94 percent of the player demographic.

Income: The median household income category is \$75,000 to \$100,000 per year for both players and non-players. Although the distribution of household income is very similar between players and non-players, players are less likely to report household income less than \$25,000 per year, and more likely to report income in the range of \$25,000 to \$50,000 per year, than non-players.

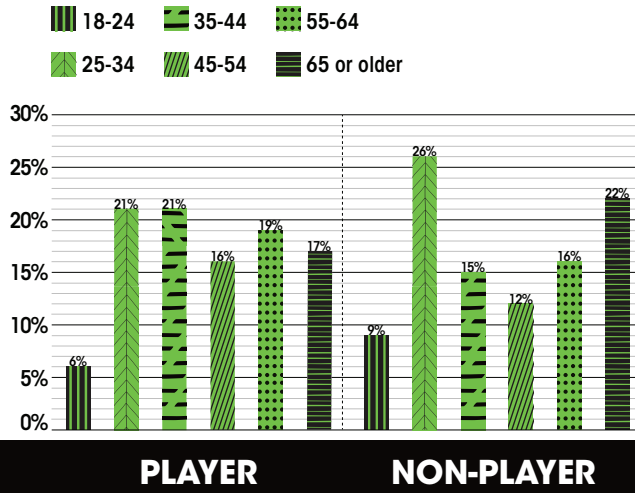
Education: The majority of both players and non-players had some education beyond high school; players did not differ significantly from non-players.

Employment Status: Players were less likely to be retired, and more likely to be employed full-time, than non-players.

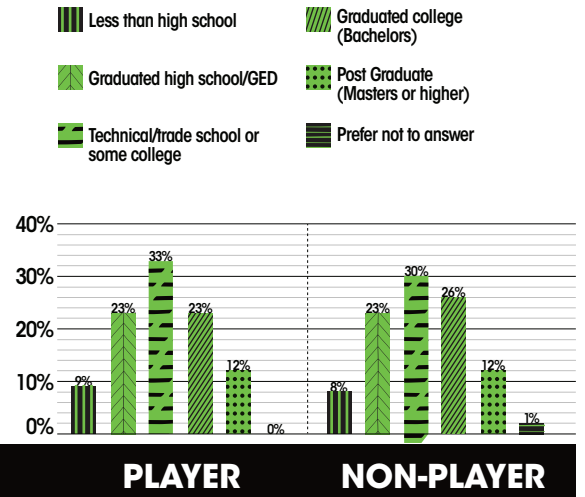
Ethnic Background: More than 80 percent of the player population report White/Caucasian or Black/African American ethnicity. In fiscal year 2024, there were no significant ethnic differences in Lottery participation.

STATISTICAL SECTION

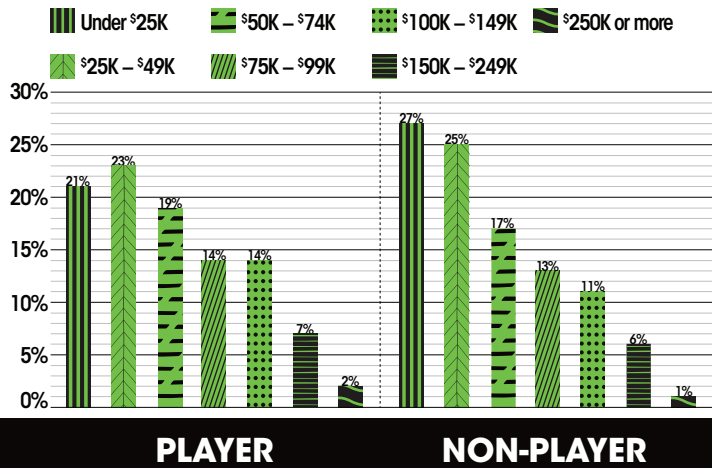
AGE



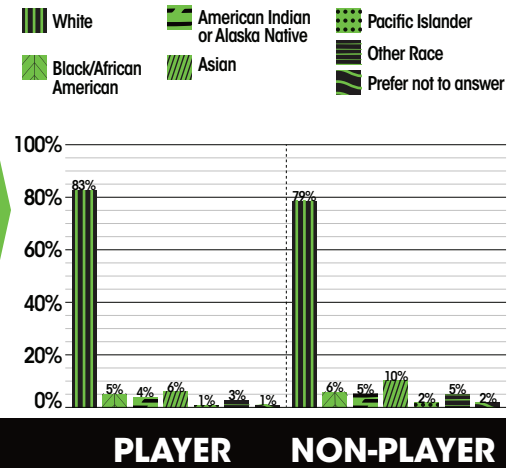
EDUCATION



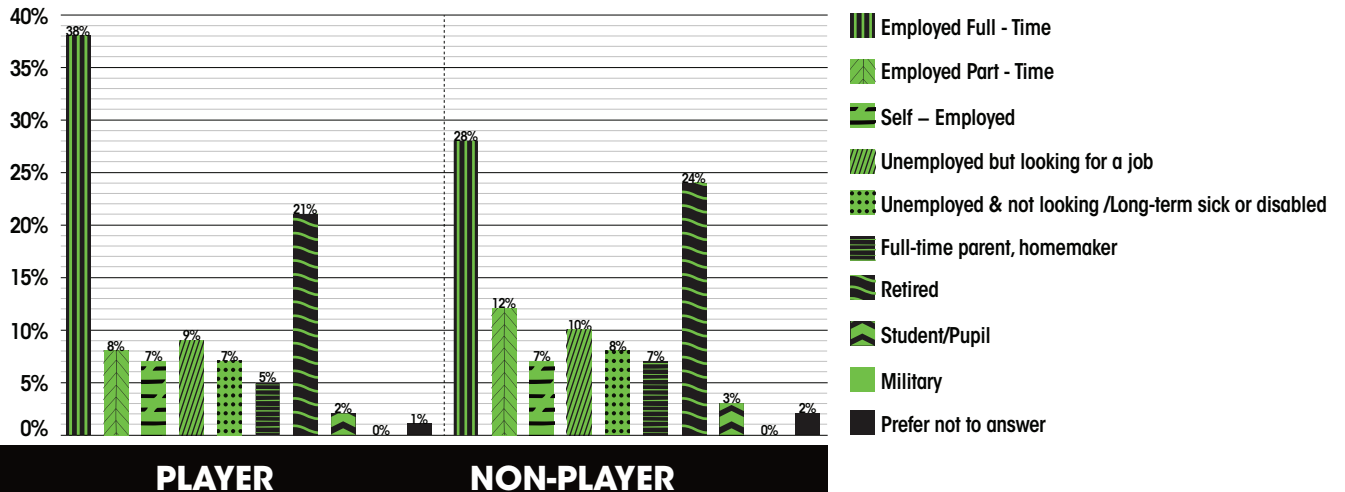
ANNUAL INCOME



ETHNIC BACKGROUND



EMPLOYMENT



Data Source: Washington's Lottery Usage and Attitude Tracking Study conducted by Angus Reed. Due to contract start date, this data is only for three quarters.

The top ten private employers in Washington for fiscal years 2012-2023 are displayed below. The Lottery will continue to gather information in order to report the required 10 years of information.

2023				
#	Employer	City	Employees Count	Percentage
1	Amazon.com Inc.	Seattle	90,000	20%
2	The Boeing Co.	Seattle	60,244	14%
3	Microsoft Corp	Redmond	58,400	13%
4	Joint Base Lewis-McChord	Lewis-McChord	55,000	12%
5	University of Washington	Seattle	51,849	12%
6	Navy Region Northwest	Silverdale	33,800	8%
7	Albertson Cos. Dba Safeway	Bellevue	24,500	6%
8	Walmart Inc.	Bentonville, AR	23,000	5%
9	Providence Swedish	Renton	22,771	5%
10	Kroger Co.	Cincinnati, OH	21,497	5%
Total			441,061	100%

2022				
#	Employer	City	Employees Count	Percentage
1	Amazon.com Inc.	Seattle	85,000	20%
2	Microsoft Corp.	Redmond	61,305	14%
3	The Boeing Co.	Seattle	55,823	13%
4	Joint Base Lewis-McChord	Lewis-McChord	55,000	13%
5	University of Washington	Seattle	49,921	12%
6	Providence Swedish	Renton	45,916	11%
7	Walmart Inc.	Bentonville, AR	23,123	5%
8	Costco Wholesale Corp.	Issaquah	20,788	5%
9	MultiCare Health System	Tacoma	19,691	5%
10	Virginia Mason Franciscan Health	Tacoma	16,966	4%
Total			433,533	100%

2021				
#	Employer	City	Employees Count	Percentage
1	Amazon.com Inc.	Seattle	80,000	19%
2	Microsoft Corp.	Redmond	57,837	14%
3	The Boeing Co.	Seattle	56,908	13%
4	Joint Base Lewis-McChord	Lewis-McChord	54,000	13%
5	University of Washington	Seattle	49,526	12%
6	Providence	Renton	43,496	10%
7	Walmart Inc.	Bentonville, AR	22,103	5%
8	Costco Wholesale Corp.	Issaquah	20,788	5%
9	Albertsons COS	Bellevue	20,000	5%
10	MultiCare Health System	Tacoma	18,288	4%
Total			422,946	100%

2020				
#	Employer	City	Employees Count	Percentage
1	The Boeing Co.	Seattle	71,829	18%
2	Amazon.com Inc.	Seattle	60,000	15%
3	Microsoft Corp.	Redmond	55,063	14%
4	Joint Base Lewis-McChord	Lewis-McChord	54,000	14%
5	University of Washington	Seattle	47,481	12%
6	Providence	Renton	31,400	8%
7	Walmart Inc.	Bentonville, AR	19,412	5%
8	Costco Wholesale Corp.	Issaquah	18,045	5%
9	MultiCare Health System	Tacoma	17,187	4%
10	Fred Meyer Stores	Portland, OR	16,164	4%
Total			390,581	100%

2019				
#	Employer	City	Employees Count	Percentage
1	The Boeing Co.	Seattle	69,830	17%
2	Joint Base Lewis-McChord	Lewis-McChord	54,000	13%
3	Amazon.com Inc.	Seattle	52,000	12%
4	Microsoft Corp.	Redmond	51,362	12%
5	University of Washington	Seattle	46,824	11%
6	Navy Region Northwest	Silverdale	46,015	11%
7	Providence St. Joseph Health	Renton	43,000	10%
8	Safeway Inc. & Albertsons LLC	Bellevue	21,320	5%
9	Walmart Inc.	Bentonville, AR	19,412	5%
10	Costco Wholesale Corp.	Issaquah	18,010	4%
Total			421,773	100%

2018				
#	Employer	City	Employees Count	Percentage
2018 Data Not Available				

2017				
#	Employer	City	Employees Count	Percentage
1	The Boeing Co.	Seattle	65,829	16%
2	Joint Base Lewis-McChord	Lewis-McChord	54,000	13%
3	Amazon.com Inc.	Seattle	50,000	12%
4	Microsoft Corp.	Redmond	46,293	11%
5	Navy Region Northwest	Silverdale	45,945	11%
6	University of Washington	Seattle	44,955	11%
7	Providence St. Joseph Health	Renton	43,067	11%
8	Safeway Inc. & Albertsons LLC	Bellevue	21,541	5%
9	Walmart Inc.	Bentonville, AR	19,957	5%
10	Costco Wholesale Corp.	Issaquah	17,601	4%
Total			409,188	100%

2016				
#	Employer	City	Employees Count	Percentage
2016 Data Not Available				

2015				
#	Employer	City	Employees Count	Percentage
1	The Boeing Company	Seattle	78,225	23%
2	Joint Base Lewis-McChord	Lewis-McChord	58,074	17%
3	Navy Regional Northwest	Silverdale	46,693	14%
4	Microsoft Corp	Redmond	43,618	13%
5	Amazon.com, Inc	Seattle	24,000	7%
6	University of Washington	Seattle	23,639	7%
7	Wal-Mart Stores, Inc	Bentonville, AR	19,484	6%
8	Providence Health & Services	Renton	17,669	5%
9	Fred Meyer Stores	Portland, OR	15,500	4%
10	King County Government	Seattle	13,800	4%
Total			340,702	100%

2014				
#	Employer	City	Employees Count	Percentage
1	The Boeing Company	Seattle	80,066	24%
2	Joint Base Lewis-McChord	Lewis-McChord	60,000	17%
3	Microsoft Corp	Redmond	41,728	12%
4	Navy Regional Northwest	Silverdale	37,682	11%
5	University of Washington	Seattle	34,700	10%
6	Amazon.com, Inc	Seattle	24,000	7%
7	Wal-Mart Stores, Inc	Bentonville, AR	18,147	5%
8	Providence Health & Services	Renton	17,553	5%
9	Fred Meyer Stores	Portland, OR	15,915	5%
10	Costco Wholesale Corp	Issaquah	14,921	4%
Total			344,712	100%

Note: In fiscal year 2013, Washington's Lottery changed the source for gathering the top 10 employers, which caused a shift in how employers are reported. In addition, data is only presented for years for which information was available from the source.

WASHINGTON'S LOTTERY TEN YEARS OF NET POSITION

Net Position	Restated		Restated		Restated		2018	2017	2016	2015
	2024	2023	2022	2021	2020	2019				
Invested in capital assets	\$837,151	724,150	\$629,193	\$737,263	\$506,285	\$614,410	\$776,927	\$932,430	\$418,217	\$544,959
Restricted for future prizes	10,845,244	10,144,251	10,921,474	10,513,531	10,689,615	10,222,973	12,652,367	10,428,362	10,273,709	15,829,819
Restricted for net pension asset	2,887,863	2,927,137	1,377,463	-	-	-	-	-	-	-
Unrestricted	(42,175,038)	(40,537,846)	(33,782,224)	(21,099,619)	(11,412,645)	(23,431,328)	(28,846,778)	(15,740,199)	(5,981,919)	(10,035,804)
Total net position	\$(27,604,783)	(26,742,308)	(\$22,231,557)	(\$9,848,825)	(\$216,745)	(\$12,593,945)	(\$15,417,484)	(\$4,379,407)	\$4,710,007	\$6,338,974

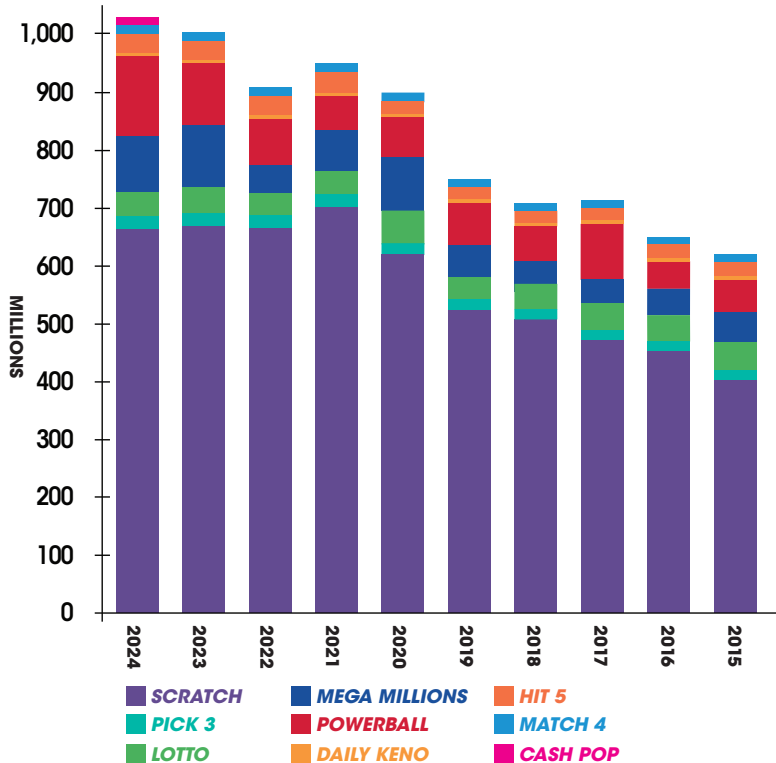
WASHINGTON'S LOTTERY TEN YEARS OF CHANGES IN NET POSITION

	Restated		Restated		Restated		2018	2017	2016	2015
	2024	2023	2022	2021	2020	2019				
Sales										
Scratch ticket sales	\$664,329,886	\$669,031,400	\$665,228,910	\$701,182,226	\$619,682,535	\$523,857,598	\$507,900,498	\$472,252,828	\$453,948,422	\$404,097,793
Draw game sales	364,625,358	334,414,811	242,457,202	249,544,275	197,616,562	279,420,339	226,037,994	201,077,571	240,926,646	196,250,355
Total Sales	1,028,955,244	1,003,446,211	907,686,112	950,726,501	817,299,097	803,277,937	733,938,492	673,330,399	694,875,068	600,348,148
Grant for Vaccine Promotion Income	-	-	-	1,000,000	-	-	-	-	-	-
Other operating income	2,753,411	2,704,275	3,989,985	2,699,890	2,691,470	2,702,605	2,769,971	2,688,541	2,790,632	2,850,714
Cost of Sales										
Prize expense	636,283,176	618,833,716	573,989,678	603,091,484	530,237,664	490,355,040	457,904,034	422,536,021	432,900,790	365,929,999
Grant for Vaccine Promotion Expense	-	-	-	1,000,000	-	-	-	-	-	-
Retailer commissions	51,503,097	50,250,221	45,597,649	47,827,944	41,202,583	40,221,131	36,927,642	33,893,194	36,021,210	37,307,646
Vendor expense	47,828,263	48,601,377	41,465,536	42,899,287	39,823,710	33,762,918	30,036,116	27,979,137	29,856,808	26,852,529
Advertising expense	13,922,886	14,105,384	13,316,648	11,640,273	10,227,617	11,198,372	9,577,293	10,565,659	10,481,991	10,468,738
Misc. promotional & other operating expenses	8,552,190	5,884,720	2,994,084	3,090,973	2,074,262	3,192,138	3,673,122	4,328,458	4,051,361	4,624,697
Total Cost of Sales	758,089,612	737,675,418	677,363,595	709,549,961	623,565,836	578,729,599	538,118,207	499,302,469	513,312,160	445,183,609
Administrative expenses										
Salaries and benefits	13,178,934	12,873,196	11,814,041	11,525,352	11,493,019	11,116,890	10,946,749	10,655,860	10,828,120	9,404,819
Goods and services	2,326,302	2,149,797	2,109,455	2,725,067	2,336,302	2,766,921	2,454,812	3,252,080	3,090,238	2,830,400
Travel	439,334	391,840	364,040	247,387	333,129	444,974	421,226	411,287	439,193	452,426
Depreciation	934,424	816,199	752,853	528,144	136,028	162,517	163,249	80,130	134,252	136,005
Total Administrative Expenses	16,878,994	16,231,032	15,040,389	15,025,950	14,298,478	14,491,302	13,986,036	14,399,357	14,491,803	12,823,650
Operating Income	256,740,049	252,244,036	219,332,572	229,850,480	182,126,253	212,759,641	184,604,220	162,317,114	169,861,737	145,191,603
Non-Operating Revenues (expenses)										
Investment revenue (loss)	60,628	(1,425,795)	(11,083,328)	(5,779,975)	15,944,818	10,110,562	(1,156,453)	(3,785,665)	10,226,195	5,007,809
Amortization of annuity prize liability	(3,123,186)	(2,461,941)	(3,777,536)	(4,578,037)	(5,019,561)	(4,400,523)	(5,083,091)	(5,757,685)	(6,283,851)	(7,605,541)
Interest income	1,020,702	206,146	1,9053	3,293	263,249	125,192	99,940	21,397	23,098	40,067
Misc. income (expense)	-	-	-	-	-	-	7,589	-	59,059	-
Fee income	10,400	10,325	10,750	11,575	10,875	10,700	10,725	10,100	10,325	10,235
Loss on disposal of capital assets	(7,187)	-	-	-	420	100	155	5,180	(2,434)	-
Interest expense on leases	(29,676)	(26,956)	(28,607)	(25,182)	-	-	-	-	-	-
Total non-operating revenues (expenses)	(2,068,319)	(3,698,221)	(14,876,818)	(10,343,144)	11,199,801	5,846,031	(6,121,135)	(9,506,673)	4,032,392	(2,547,430)
Payments to:										
Washington Opportunity Pathways Account	(189,850,889)	(199,882,189)	(176,551,928)	(185,724,653)	(147,335,195)	(166,743,348)	(134,170,055)	(126,797,889)	(128,731,626)	(119,000,660)
Education Legacy Trust Account	-	-	-	-	-	-	-	-	-	(6,050,000)
Stadium and Exhibition Center Account	-	-	-	(14,219,515)	(13,672,608)	(13,146,739)	(12,641,094)	(12,154,899)	(11,687,403)	(11,237,887)
Economic Development	(6,703,190)	(7,262,366)	(6,205,028)	(4,733,537)	(3,362,016)	(4,564,936)	(4,629,950)	(4,869,712)	(2,844,549)	(4,661,950)
Problem Gambling	(785,344)	(499,996)	(433,805)	(450,626)	(373,180)	(406,800)	(358,845)	(326,033)	(340,567)	(304,744)
General Fund	(58,194,783)	(45,476,927)	(33,647,606)	(23,918,843)	(16,205,856)	(30,920,310)	(31,170,784)	(16,751,322)	(31,918,951)	-
Gambling Commission	-	-	-	-	-	-	-	(1,000,000)	-	-
Total payments	(255,534,206)	(253,121,478)	(216,838,367)	(229,047,174)	(180,948,855)	(215,782,133)	(182,970,728)	(161,899,855)	(175,523,096)	(141,255,241)
Net non-operating expense	(257,602,525)	(256,819,700)	(231,715,185)	(239,415,499)	(169,749,054)	(209,936,102)	(189,091,863)	(171,406,528)	(171,490,704)	(143,802,671)
Change in net position	(862,476)	(4,575,664)	(12,382,613)	(9,565,019)	12,377,200	2,823,539	(4,487,643)	(9,089,414)	(1,628,967)	1,388,932
Prior period adjustment to net position	-	67,430	(2,636)	(67,061)	-	-	(6,550,434)	-	-	-
Total net position at beginning of year	(26,742,308)	(22,234,074)	(9,848,823)	(216,745)	(12,593,945)	(15,417,484)	(4,379,407)	4,710,007	6,338,974	4,950,042
Total net position at end of year	\$(27,604,783)	(26,742,308)	(\$22,234,074)	(\$9,848,825)	(\$216,745)	(\$12,593,945)	(\$15,417,484)	(\$4,379,407)	\$4,710,007	\$6,338,974

WASHINGTON'S LOTTERY TEN YEARS OF SALES AND OTHER REVENUES

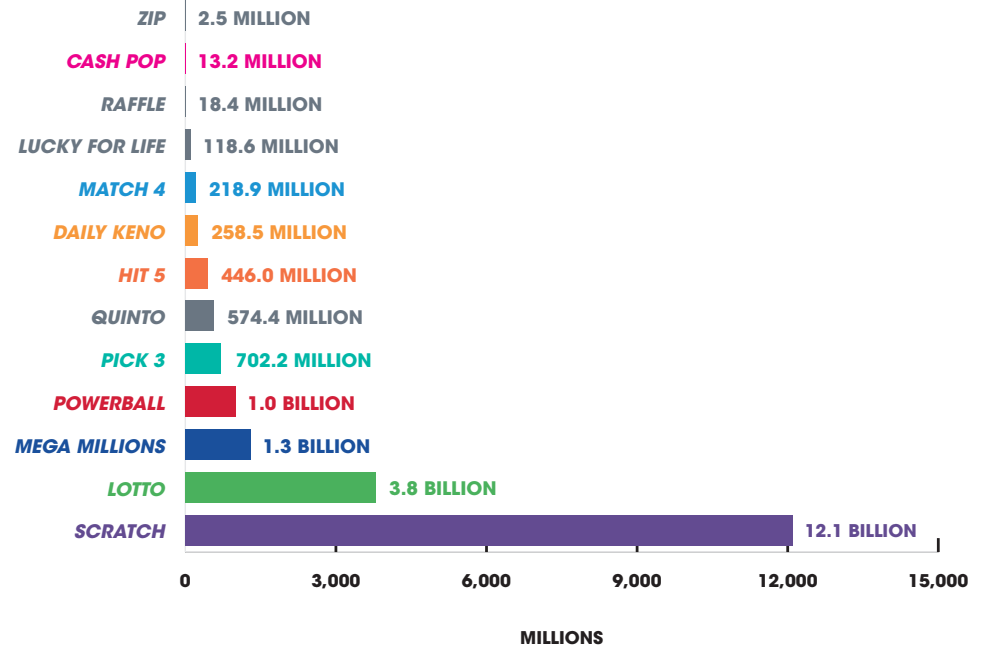
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Scratch	664,329,886	\$669,031,400	\$665,228,910	\$701,182,226	\$619,682,535	\$523,857,598	\$507,900,498	\$472,252,828	\$453,948,422	\$404,097,793
Draw:										
<i>Pick 3</i>	\$21,092,675	21,556,489	21,406,687	23,193,223	20,830,078	19,502,841	18,925,205	17,748,008	16,653,422	16,856,367
<i>Lotto</i>	40,769,245	45,573,038	38,504,057	39,346,666	39,794,648	56,150,948	38,553,405	43,427,058	46,632,119	44,844,196
<i>Mega Millions</i>	98,183,398	106,012,699	48,668,992	70,965,530	50,959,868	91,876,435	54,651,304	39,312,625	41,278,942	44,811,063
<i>Powerball</i>	136,454,036	107,199,580	80,591,302	57,778,573	42,498,411	69,415,253	72,892,676	60,008,237	95,744,270	47,573,226
<i>Daily Keno</i>	6,254,463	6,034,908	6,102,583	6,364,495	6,211,706	5,878,371	5,705,640	5,816,005	5,890,354	5,816,200
<i>Hit 5</i>	33,258,261	33,364,856	33,032,713	36,615,804	22,081,569	21,929,244	21,632,740	21,330,902	21,706,191	23,403,505
<i>Raffle</i>	13,188,680	-	-	-	-	-	-	-	-	-
<i>Match 4</i>	15,424,600	14,673,241	14,150,868	15,279,984	15,240,282	14,667,248	13,677,024	13,434,736	13,021,348	12,945,798
Total Draw	364,625,358	334,414,811	242,457,202	249,544,275	197,616,562	279,420,339	226,037,994	201,077,571	240,926,646	196,250,355
Total Sales	1,028,955,244	1,003,446,211	907,686,112	950,726,501	817,299,097	803,277,937	733,938,492	673,330,399	694,875,068	600,348,148
Grant for Vaccine Promo	-	-	-	1,000,000	-	-	-	-	-	-
Other operating income	2,753,411	2,704,275	3,989,985	2,699,890	2,691,470	2,702,605	2,769,971	2,688,541	2,790,632	2,850,714
Interest	1,020,702	206,144	1,905	3,293	263,249	125,192	99,940	21,397	23,098	40,067
License Fees	10,400	10,325	10,750	11,575	10,875	10,700	10,725	10,100	10,325	10,235
Miscellaneous	(7,187.00)	-	-	-	420	100	155	5,180	56,625	-
Total Other Revenues	1,023,915	216,469	12,655	14,868	274,544	135,992	110,820	36,677	90,048	50,302
Total Sales and Other Revenues	\$1,032,732,570	\$1,006,366,955	\$911,688,752	\$954,441,259	\$820,265,111	\$806,116,534	\$736,819,283	\$676,055,617	\$697,755,748	\$603,249,164

SALES BY PRODUCT



SALES SINCE INCEPTION

SALES BEGAN NOV. 15, 1982



WASHINGTON'S LOTTERY TEN YEARS OF EXPENSES

	Restated									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Prizes	\$636,283,176	\$618,833,716	\$573,989,678	\$604,091,484	\$530,237,664	\$490,355,040	\$457,904,034	\$422,536,021	\$432,900,790	\$365,929,999
Retailer Commissions	51,503,097	50,250,221	45,597,649	47,827,944	41,202,583	40,221,131	36,927,642	33,893,194	36,021,210	37,307,646
Cost of Sales	70,303,339	68,591,481	57,715,809	57,630,533	52,125,589	48,153,428	43,286,531	42,873,254	44,390,160	41,945,964
Administration	16,878,994	16,231,032	15,040,389	15,025,950	14,298,478	14,491,302	13,986,036	14,399,357	14,491,803	12,823,650
Total Expenses	\$774,968,606	\$753,906,450	\$692,343,525	\$724,575,911	\$637,864,314	\$593,220,901	\$552,104,243	\$513,701,826	\$527,803,963	\$458,007,259

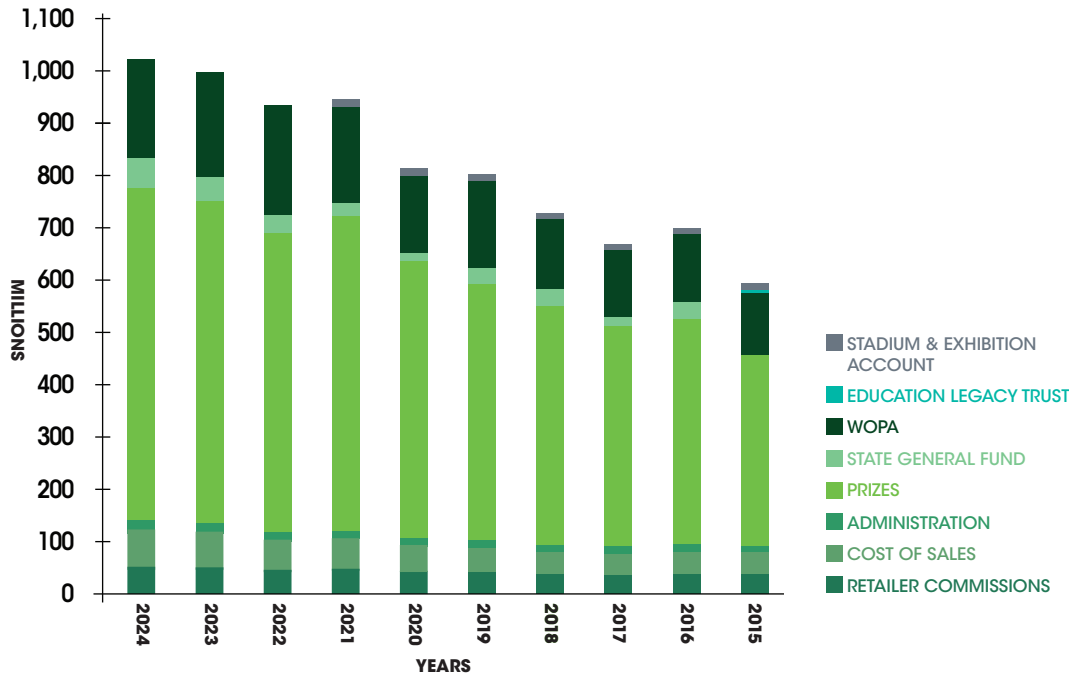
Note: Non-operating expenses are not included.

WASHINGTON'S LOTTERY TEN YEARS OF CONTRIBUTIONS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
State General Fund	\$58,194,783	\$45,476,927	\$33,647,606	\$23,918,843	\$16,205,856	\$30,920,310	\$31,170,784	\$16,751,322	\$31,918,951	\$ -
Washington Opportunity Pathways Account	189,850,889	199,882,189	176,551,928	185,724,653	147,335,195	166,743,348	134,170,055	126,797,889	128,731,626	119,000,660
Education Legacy Trust Fund	-	-	-	-	-	-	-	-	-	6,050,000
Economic Development	6,703,190	7,262,366	6,205,028	4,733,537	3,362,016	4,564,936	4,629,950	4,869,712	2,844,549	4,661,950
Problem Gambling	785,344	499,996	433,805	450,626	373,180	406,800	358,845	326,033	340,567	304,744
Stadium & Exhibition Account	-	-	-	14,219,515	13,672,608	13,146,739	12,641,094	12,154,899	11,687,403	11,237,887
Gambling Commission	-	-	-	-	-	-	-	1,000,000	-	-
Total Contributions	\$255,534,206	\$253,121,478	\$216,838,367	\$229,047,174	\$180,948,855	\$215,782,133	\$182,970,728	\$161,899,855	\$175,523,096	\$141,255,241

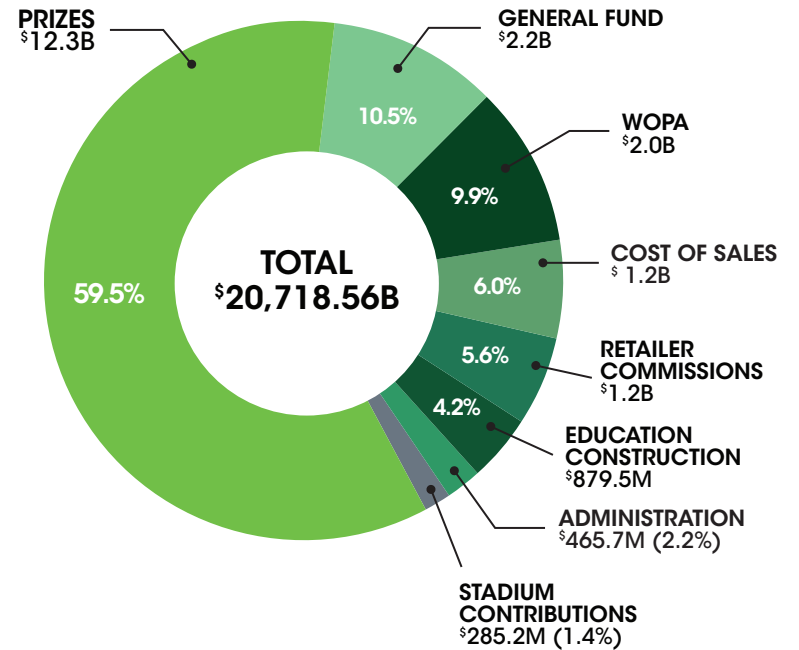
EXPENSES AND CONTRIBUTIONS

(AMOUNTS IN MILLIONS)



DISTRIBUTIONS SINCE INCEPTION

NOVEMBER 15, 1982 – JUNE 30, 2024



RATIO OF OUTSTANDING DEBT SCHEDULE – LEASE LIABILITY

FISCAL YEAR	LEASES	SBITA'S	TOTAL OUTSTANDING DEBT	PERCENTAGE OF PERSONAL INCOME (1)	POPULATION (2)	DEBT PER CAPITA
2024	\$2,370,378	\$28,251	\$2,398,629	0.0004%	8,000,000	\$0.30
2023	2,744,548	90,947	2,835,495	0.0005%	8,000,000	0.35
2022	\$2,967,262	\$-	\$2,967,262	0.0005%	7,900,000	\$0.38

(1) Personal income is disclosed in the Demographic and Economic Information section
 (2) Population is disclosed in the Demographic and Economic Information section

*GASB Statement No. 96, requires ten years of information to be presented in this table. However until a full 10 years trend is compiled, the Lottery will present information for those years for which information is available.

RATIO OF OUTSTANDING DEBT TO SALES – LEASE LIABILITY

FISCAL YEAR	LEASES	SBITA'S	TOTAL OUTSTANDING DEBT	PERCENTAGE OF SALES
2024	\$2,370,378	\$28,251	\$2,398,629	0.23%
2023	2,744,548	90,947	2,835,495	0.28%
2022	\$2,967,262	\$-	\$2,967,262	0.33%

*GASB Statement No. 96, requires ten years of information to be presented in this table. However until a full 10 years trend is compiled, the Lottery will present information for those years for which information is available.

STATISTICAL SECTION

COMPARATIVE STATEMENT OF LOTTERY REVENUES AND EXPENSES BY LOTTERY FOR FISCAL YEAR 2023

Lottery	Billions of Dollars					As Percentage of Sales			
	Sales	Prizes	Commissions	Expenses	Net Income	Prizes	Commissions	Expenses	Net Income
Florida	9,807.96	6,555.70	571.38	209.15	2,465.03	66.84%	5.83%	2.13%	25.13%
California	9,239.35	5,960.30	633.20	426.98	2,203.83	64.51%	6.85%	4.62%	23.85%
Texas	8,727.00	5,818.07	464.76	254.14	2,181.10	66.67%	5.33%	2.91%	24.99%
New York ⁽¹⁾⁽²⁾⁽³⁾	8,292.30	4,924.14	496.65	319.64	2,551.87	59.38%	5.99%	3.85%	30.77%
Massachusetts	6,264.78	4,484.39	350.34	245.29	1,194.18	71.58%	5.59%	3.92%	19.06%
Georgia	5,932.09	3,852.94	320.49	247.88	1,508.18	64.95%	5.40%	4.18%	25.42%
Pennsylvania	5,135.96	3,323.63	269.62	366.62	1,199.41	64.71%	5.25%	7.14%	23.35%
Michigan	4,939.12	3,016.81	354.63	215.97	1,356.84	61.08%	7.18%	4.37%	27.47%
Virginia	4,611.86	3,416.37	137.30	190.65	871.53	74.08%	2.98%	4.13%	18.90%
Ohio ⁽¹⁾⁽²⁾⁽³⁾	4,457.33	2,791.67	292.66	146.49	1,226.50	62.63%	6.57%	3.29%	27.52%
North Carolina	4,348.12	2,863.66	293.85	174.78	1,018.35	65.86%	6.76%	4.02%	23.42%
New Jersey	3,772.50	2,230.29	219.96	130.52	1,172.57	59.12%	5.83%	3.46%	31.08%
Illinois	3,614.10	2,364.90	172.16	195.42	869.75	65.44%	4.76%	5.41%	24.07%
Maryland ⁽¹⁾⁽²⁾⁽³⁾	2,764.38	1,729.58	219.86	149.44	665.50	62.57%	7.95%	5.41%	24.07%
South Carolina	2,406.35	1,582.61	169.07	53.83	599.74	65.77%	7.03%	2.24%	24.92%
Tennessee	1,961.47	1,243.10	137.09	71.17	515.49	63.38%	6.99%	3.63%	26.28%
Kentucky	1,841.00	1,292.13	84.37	82.38	383.75	70.19%	4.58%	4.47%	20.84%
Missouri	1,792.60	1,253.56	104.80	59.11	394.57	69.93%	5.85%	3.30%	22.01%
Indiana	1,746.30	1,146.13	118.92	93.33	365.74	65.63%	6.81%	5.34%	20.94%
Connecticut	1,702.93	1,131.31	88.33	58.35	425.86	66.43%	5.19%	3.43%	25.01%
Arizona	1,515.75	1,020.68	103.78	80.92	311.31	67.34%	6.85%	5.34%	20.54%
Washington	1,006.15	618.83	50.25	84.82	248.55	61.50%	4.99%	8.43%	24.70%
Wisconsin	888.00	557.12	59.75	44.17	226.62	62.74%	6.73%	4.97%	25.52%
Colorado	826.88	538.89	62.18	43.11	179.29	65.17%	7.52%	5.21%	21.68%
Minnesota	740.16	469.77	49.67	41.14	179.76	63.47%	6.71%	5.56%	24.29%
Louisiana	583.00	328.42	32.95	29.09	190.82	56.33%	5.65%	4.99%	32.73%
Arkansas	580.24	402.41	32.80	44.72	101.01	69.35%	5.65%	7.71%	17.41%
New Hampshire	536.74	321.75	30.42	35.24	149.36	59.94%	5.67%	6.57%	27.83%
Iowa	432.69	274.21	28.26	31.22	99.11	63.37%	6.53%	7.21%	22.91%
Mississippi	421.89	251.26	25.97	24.10	122.45	59.55%	6.16%	5.71%	29.02%
Oregon ⁽¹⁾⁽²⁾⁽³⁾	397.53	257.17	33.44	30.50	76.42	64.69%	8.41%	7.67%	19.22%
Maine	390.61	262.40	25.52	30.60	72.09	67.18%	6.53%	7.83%	18.46%
Idaho	377.02	257.12	22.10	24.99	72.92	68.20%	5.86%	6.63%	19.34%
Oklahoma	350.73	226.71	22.39	22.64	79.33	64.64%	6.38%	6.45%	22.62%
Kansas ⁽¹⁾⁽²⁾⁽³⁾	317.99	191.47	18.40	142.73	-34.62	60.21%	5.79%	44.88%	-10.89%
Rhode Island ⁽¹⁾⁽²⁾⁽³⁾	305.09	196.22	74.57	3.75	30.55	64.32%	24.44%	1.23%	10.01%
W. Virginia ⁽¹⁾⁽²⁾⁽³⁾	242.79	152.45	17.00	7.23	66.11	62.79%	7.00%	2.98%	27.23%
Delaware ⁽¹⁾⁽²⁾⁽³⁾	230.73	134.90	13.85	19.49	62.50	58.47%	6.00%	8.45%	27.09%
District of Columbia	207.55	114.07	13.57	40.36	40.73	54.96%	6.54%	19.45%	19.63%
Nebraska	202.27	119.57	13.18	20.32	49.43	59.11%	6.52%	10.05%	24.44%
Vermont	151.47	100.69	9.11	10.52	31.20	66.47%	6.02%	6.94%	20.60%
New Mexico	136.88	74.11	8.89	12.63	41.27	54.14%	6.50%	9.22%	30.15%
Montana	116.05	78.52	6.73	13.89	16.65	67.66%	5.80%	11.97%	14.35%
South Dakota ⁽¹⁾⁽²⁾⁽³⁾	76.77	42.93	4.12	2.42	27.30	55.93%	5.36%	3.15%	35.56%
North Dakota	29.33	15.36	1.37	5.26	7.34	52.37%	4.66%	17.93%	25.03%
Wyoming	27.44	15.72	1.74	6.96	3.04	57.30%	6.33%	25.37%	11.10%
Total	99,594.88	65,233.03	6,045.53	3,967.40	24,078.68	65.50%	6.07%	3.98%	24.18%

(1) Only Traditional Lottery revenues reported for those Lotteries where both Traditional Lottery & Consolidated Lottery revenues exist

(2) Traditional Lottery admin and operating expenses reported as a percentage of total revenues -Traditional Lottery Revenues/Consolidated Revenues)* Admin & Op Expenses

(3) Traditional Lottery net income before transfers calculated as sales less prizes, commissions, and expenses

COMPARISON OF LOTTERY REVENUES AND EXPENSES PER CAPITA BY LOTTERY FOR FISCAL YEAR 2023

Lottery	Figures Per Capita					
	Population (M)	Sales	Prizes	Commissions	Expenses	Net Income
California	39.0	237.12	152.96	16.25	10.96	56.56
Texas	30.5	286.10	190.74	15.24	08.33	71.50
Florida	22.6	433.77	289.94	25.27	09.25	109.02
New York	19.6	423.70	251.60	25.38	16.33	130.39
Pennsylvania	13.0	396.24	256.42	20.80	28.28	92.54
Illinois	12.5	287.98	188.44	13.72	15.57	69.30
Ohio	11.8	378.19	236.86	24.83	12.43	104.06
Georgia	11.0	537.85	349.34	29.06	22.47	136.74
North Carolina	10.8	401.28	264.29	27.12	16.13	93.98
Michigan	10.0	492.08	300.56	35.33	21.52	135.18
New Jersey	9.3	406.05	240.05	23.67	14.05	126.21
Virginia	8.7	529.14	391.98	15.75	21.87	100.00
Washington **	7.8	128.78	79.21	6.43	10.86	31.81
Arizona	7.4	203.97	137.35	13.97	10.89	41.89
Tennessee	7.1	275.24	174.43	19.24	09.99	72.33
Massachusetts	7.0	894.79	640.50	50.04	35.03	170.56
Indiana	6.9	254.48	167.02	17.33	13.60	53.30
Missouri	6.2	289.31	202.31	16.91	09.54	63.68
Maryland	6.2	447.29	279.86	35.57	24.18	107.68
Wisconsin	5.9	166.11	102.85	11.64	08.03	44.54
Colorado	5.9	151.38	97.91	11.20	09.35	33.27
Minnesota	5.7	137.21	85.05	09.05	08.75	34.69
South Carolina	5.4	447.81	294.52	31.46	10.02	111.61
Louisiana	4.6	142.64	81.59	08.01	06.88	46.37
Kentucky	4.5	406.75	285.48	18.64	18.20	84.79
Oregon	4.2	104.17	64.77	08.73	11.45	19.23
Oklahoma	4.1	93.82	57.76	05.95	07.06	23.25
Connecticut	3.6	470.79	312.76	24.42	16.13	117.73
Iowa	3.2	150.16	95.18	09.76	11.21	34.23
Arkansas	3.1	198.27	135.90	11.18	15.95	36.04
Kansas	2.9	115.01	69.72	06.72	54.22	-15.64
Mississippi	2.9	157.43	99.19	09.55	08.59	41.22
New Mexico	2.1	79.68	43.46	05.11	06.63	24.49
Nebraska	2.0	111.27	65.18	07.23	11.15	27.89
Idaho	2.0	215.40	145.34	12.57	14.47	43.70
West Virginia	1.8	149.82	93.02	10.49	05.31	41.00
New Hampshire	1.4	430.38	242.05	23.82	29.74	135.07
Maine	1.4	297.25	203.45	19.14	22.23	52.44
Montana	1.1	130.52	88.63	06.14	13.85	21.72
Rhode Island ¹	1.1	288.63	183.13	74.32	03.61	27.57
Delaware ¹	1.0	280.97	195.87	12.49	41.39	32.46
South Dakota	0.9	94.42	56.02	05.08	02.96	30.36
North Dakota	0.8	50.40	25.70	02.31	07.96	14.44
D.C.	0.7	371.33	213.91	22.48	33.18	101.76
Vermont	0.6	245.60	162.03	14.83	17.41	51.88
Wyoming	0.6	75.73	40.94	04.67	16.35	13.95

WINNING STORY SPOTLIGHTS

Washingtonians celebrate winning moments every day with Washington's Lottery. Here are some highlights of Lottery winners and retailers who have shared their stories.



A KITTEN'S HEARTWARMING RESCUE BY POSTAL WORKER JOSEPH WALDHERR LEADS TO \$717,500 LOTTERY WIN

Small act of kindness also brought "Peaches" to her forever home

Joseph Waldherr's determination to rescue a meowing kitten led to an unexpected \$717,500 triumph from Washington's Lottery.

It all started when Joseph, a postal worker from Tacoma, got to work and heard a kitten meowing. Unable to ignore the cries, he looked for the tiny creature but was unable to locate the source of the noise. Joseph returned the next day and heard the meowing again. With newfound determination, he found the kitten, which he pulled out carefully from the tight space it was stuck in. He put the kitten in the pocket of his sweatshirt, where it slept for the rest of his shift. Feeling lucky to have found the kitten, Joseph decided to wrap up his day by stopping at his local convenience store to purchase a *Hit 5* ticket before heading home to his wife with the kitten in hand.

After remembering he had bought a *Hit 5* ticket days later, Joseph and his wife scanned the ticket. Joseph thought something was wrong when the message "See Lottery Office" appeared across his phone screen. The couple scanned the ticket again and received the same message. Checking a third time, Joseph looked up the winning numbers online and realized it was their

ticket that had won big! The couple couldn't help but attribute their new fortune to the rescued kitten they decided to keep, who they named "Peaches" because of her peach-colored cheeks.



After claiming their prize, the couple took Joseph's father, whose birthday was right around the corner, and his mother, brother, and sister-in-law to dinner to celebrate.

With his new fortune, Joseph plans to save some of the money while also helping his parents with their home so they can continue to retire peacefully. He also plans to make donations to several charities as he said, "My wife and I have everything we need. We just want to help others."



Hit 5 is a Washington state lottery game that replaced Quinto in 2007. Each play is \$1. Players pick five numbers between 1 and 42. Alternatively, players may use Quick Pick by letting the computer select their numbers. With four winning ball combinations, the more numbers that match those drawn, the more a player will win.

EDMONDS PRESCHOOL TEACHER WINS \$200K PLAYING NEW LOTTERY SCRATCH GAME

J.C.'s big win came on the heels of Teacher Appreciation Week in May

Every year during the first week of May, educators across the country are celebrated for the pivotal work they do in shaping the lives of students. This year, one Edmonds preschool teacher had an extra special Teacher Appreciation Week, as she received the gift of a lifetime from Washington's Lottery: a \$200,000 *Scratch* prize.

J.C., a lifelong Edmonds resident, visited her local Safeway on May 11 to grab a coffee with her mom before they headed out to run errands together. While there, she stopped at the Lottery Vending Machine where the new \$200,000 Cash Stacks *Scratch* game caught her eye. Using the \$10 she had won from a previous *Scratch* game, she purchased a ticket and slipped it into her pocket before carrying on with her day.

Later that night, while unwinding in front of the TV, J.C. remembered she had not yet scratched her ticket. When she saw one of her numbers matched the winning number on the ticket for the \$200,000 prize, she was in disbelief. J.C. used the Washington's Lottery app to double check, but since she was still in shock, she showed her mom, who confirmed her ticket won the game's top prize. They both were speechless.

With her winnings, J.C. plans to buy herself a new car and take a trip to Ireland, a destination she has long dreamed of exploring.



Odds of winning any prize playing Scratch Game #1807 "\$200,000 Cash Stacks" are 1 in 3.43.

EVERETT MAN STOPS FOR ICED TEA, WINS HALF-A-MILLION DOLLARS FROM WASHINGTON'S LOTTERY

D.B. purchased the ticket at the same retailer where he bought both \$1,000 and \$10,000 winning *Scratch* tickets years ago

Some people say there's nothing as refreshing as drinking an iced tea, but how about winning half-a-million dollars thanks to that iced tea? D.B., a long-time Everett resident, stopped by the Evergreen Food Store for a drink after dropping off his son at school and while there he decided to buy three *Scratch* tickets. Little did he know that one of the tickets, Six Figures, would win him \$500,000.

When he got home, D.B. scratched his first two tickets, which weren't winners. When he got to the third ticket, he was in shock to see he had just won the game's top prize. Even though he was alone, he couldn't help but look around the room and ask out loud, "Did I really win this?"

This was not the first winning ticket that D.B. has purchased from Evergreen Food Store. He says about six years ago, he bought a winning \$1,000 *Scratch* ticket there, and about three years ago, he also purchased a \$10,000 winning *Scratch* ticket from this retailer.

D.B. called his mom first to tell her the news. Once she realized he wasn't joking, he offered to pay her remaining debt and told her, "You can retire now." They both went to breakfast to celebrate. In addition to helping his mom, he wants to purchase a car for his son and put some money into his college fund.



Odds of winning any prize playing Scratch Game #1718 "Six Figures" are 1 in 3.04.



Washington's Lottery offers *Scratch* games priced between \$1 and \$30, each with varying prize amounts. The number of actual prizes available in a game may vary based on the number of tickets printed, tested, distributed, sold, and number of prizes claimed.



FULL-TIME CAREGIVER FROM SEATTLE WINS \$50K POWERBALL PRIZE

For two years, the winner has been making a difference in the lives of her clients; now she can make a difference in her own

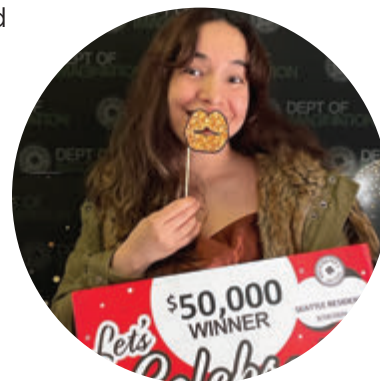
What goes around comes around. That’s what one caregiver from Seattle is experiencing after finding out she recently won a \$50,000 *Powerball* prize.

For the last two years, the winner has spent seven days a week taking care of her patients to ensure their health and safety. While a very challenging career, she finds it extremely rewarding, because she knows she is making a difference in people’s lives. When she stopped to purchase a few *Powerball* tickets during her grocery trip, she had no inkling that it would bring her unexpected, good karma, ultimately leading to a prize that would significantly change her life.

While at her local Fred Meyer in Greenwood, the winner stopped at the Lottery Vending Machine and purchased three *Powerball* tickets using Quick Pick, which she does weekly. She put the tickets into the pocket of her jacket, but she didn’t get around to checking them until a few days later when she went back to the same Fred Meyer to grab more groceries. She scanned the first ticket... not a winner.

She reached for the second one and scanned it when suddenly, the words “See Lottery Office” appeared on the screen. She couldn’t believe her ticket was worth \$50,000!

In shock and excitement, she told one of her clients of her big win when she saw them shortly after, followed by a phone call to her mom and sisters who live in Mexico. With her win, the woman from Seattle plans to donate to animal welfare organizations, pay off her business and continue to help her family in Mexico.



Powerball is a national lottery game. Each play is \$2. Players pick five numbers between one and 69 and one Powerball number between one and 26. Alternatively, players may use Quick Pick by letting the computer select their numbers. With nine winning ball combinations, the more numbers that match those drawn, the more a player will win.

YOKE'S FRESH MARKET IN SPOKANE VALLEY SELLS WINNING \$4.6 MILLION LOTTO JACKPOT TICKET



\$46K jackpot selling bonus is perfect way for retailer to celebrate its 22nd anniversary; a week later the grocer sold two additional tickets that yielded six-figure prizes for customers

A Spokane Valley grocer, Yoke's Fresh Market, recently celebrated two major milestones in its store's history: its 22nd anniversary on May 2, and several large lottery wins within a week of each other.

On April 17, the retailer, which is located at 9329 E Montgomery Avenue, sold the sole winning ticket for the recent \$4.6 million *Lotto* jackpot to J.H. from Newman Lake. Since they sold that top-tier winning lottery ticket, the store received a \$46,000 retailer selling bonus from Washington's Lottery.

When the staff at Yoke's Fresh Market found out they had sold the jackpot winning ticket the next day, they were all very excited and shocked. They plan to have a small get-together in the store with the entire team to celebrate.

A week later, the retailer sold another two winning tickets that produced prizes in the six-figures range. One was a *Hit 5* ticket worth \$165,000, the game's cashpot at the time.

The other was originally a \$50,000 winning *Powerball* ticket, but because the winner purchased a Power Play add-on, the prize was multiplied by that night's randomly chosen multiplier of 4, yielding a \$200,000 win for local resident M.L. He plans to gift some of his winnings to his granddaughter, who is about to graduate from college.



MUCKLESHOOT CASINO RESORT SELLS WINNING \$1.3 MILLION LOTTO JACKPOT TICKET

The Auburn retailer is celebrating with a \$13K jackpot selling bonus from Washington's Lottery

After nearly 30 years in business, Muckleshoot Casino Resort in Auburn still has a lot to celebrate.

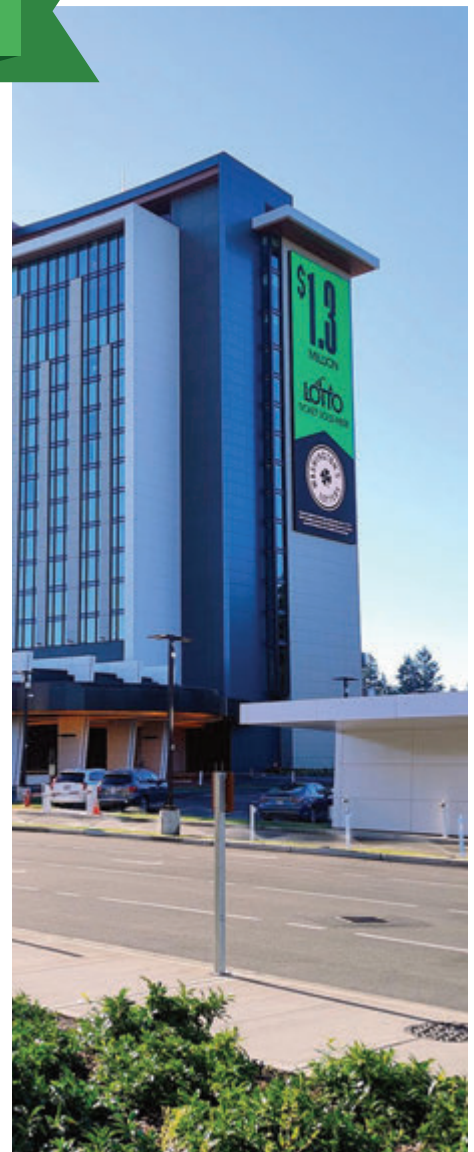
On June 22, the retailer, which is located at 2402 Auburn Way S, sold the winning ticket for the recent \$1.3 million *Lotto* jackpot. This momentous sale earned the casino a \$13,000 retailer selling bonus from Washington's Lottery.

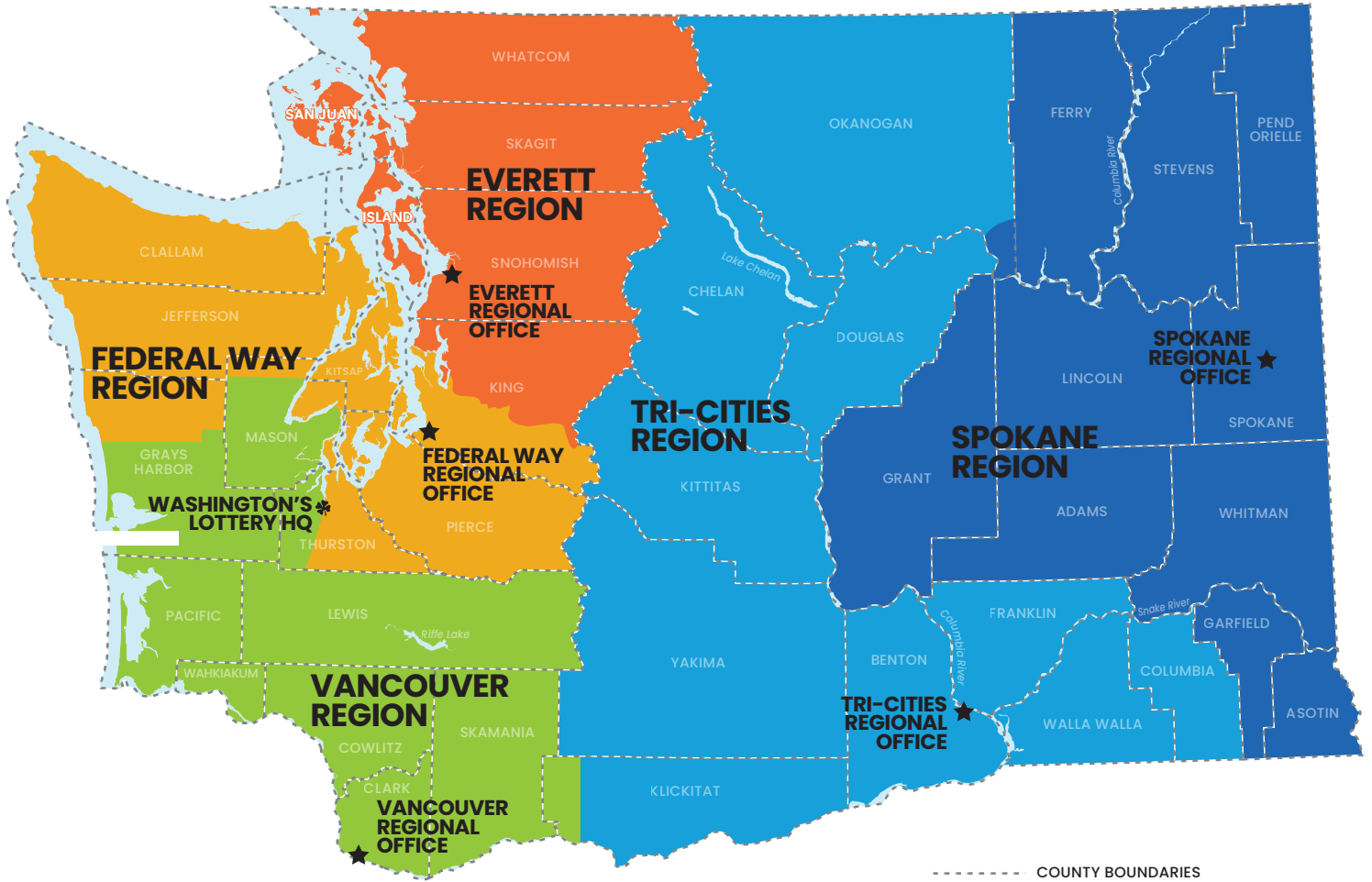
This is the third time this month that Muckleshoot Casino Resort has paid out a large *Lotto* prize – the previous two were second-tier prizes of \$1,000 that were paid out on June 3 and June 7.

"When we learned that we had sold the winning ticket and were receiving a bonus, we were absolutely thrilled. We're already planning on how we're going to celebrate as a team," said Robert Dearstine, Executive Director of Marketing at Muckleshoot Casino Resort. "We're even more excited for the lucky player who will be taking home this sizeable win. It's such a special moment that can change someone's life for the better."



Lotto is a Washington state lottery game. The cost per ticket is \$1 for two plays. Players pick two sets of six numbers between one and 49. Alternatively, players may use Quick Pick by letting the computer select their numbers. With four winning ball combinations, the more numbers that match those drawn, the more a player will win.





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