

# 2025

# VIRGINIA LOTTERY

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

*for the fiscal year ended June 30, 2025*



**PAGE INTENTIONALLY LEFT BLANK**

# The Virginia Lottery

AN INDEPENDENT AGENCY OF THE STATE OF VIRGINIA



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



PREPARED BY THE FINANCE DEPARTMENT

**PAGE INTENTIONALLY LEFT BLANK**

# TABLE OF CONTENTS

## INTRODUCTORY SECTION

Letter of Transmittal	9
Organizational Chart	13
History of the Lottery	14

## FINANCIAL SECTION

Independent Auditors' Report	17
Management's Discussion and Analysis	21

### Financial Statements:

Government-Wide Financial Statements:	
Statement of Net Position	34
Statement of Activities	35
Governmental Fund Financial Statements:	
Balance Sheet	36
Statement of Revenues, Expenditures, and Changes in Fund Balance	37
Enterprise Fund Financial Statements:	
Statement of Net Position	38
Statement of Revenues, Expenses, and Changes in Net Position	39
Statement of Cash Flows	40
Notes to the Financial Statements	41

### Required Supplementary Information:

Schedules of Employer Contributions and Share of Net Pension Liability	98
Schedule of Employer Share of Net OPEB Liability – HIC	99
Schedule of Employer OPEB Contributions – HIC	100
Schedules of Employer Contributions and Share of Net OPEB Liability (Asset) – VSDP	102
Schedules of Employer Contributions and Share of Net OPEB Liability – GLI	104
Schedules of Employer Contributions and Share of Net OPEB Liability – LODA	108
Schedule of Employer Share of Total OPEB Liability – PMRH	110

## STATISTICAL SECTION

### Financial Trends

Schedule of Net Position and Changes in Net Position – Fiscal Years 2016 through 2025	117
Enterprise Fund Sales by Fiscal Year by Product – Fiscal Years 2016 through 2025	118
Enterprise Fund Expenses by Fiscal Year – Fiscal Years 2016 through 2025	121
Schedule of Net Position by Component – Fiscal Years 2022 through 2025	122
Governmental Fund Schedule of Changes in Fund Balance – Fiscal Years 2022 through 2025	122
Governmental Fund Licensing and Application Fees – Fiscal Years 2022 through 2025	122

### Revenue Capacity

Schedule of Scratcher Game Launches & Sales by Price Point – Fiscal Years 2016 through 2025	123
Active Retailers – Fiscal Years 2016 through 2025	123
Schedule of Retail Sales vs Online Sales – Fiscal Years 2016 through 2025	124
Retail Sales and Online Sales as a Percent of Total Sales – Fiscal Years 2016 through 2025	124

### Demographic and Economic Information

Schedule of Demographic and Economic Statistics – Fiscal Years 2016 through 2025	125
Demographic Group Participation	125
Schedule of Principal Employers – Current and Nine Years Ago	127
U.S. Lottery Statistics: Fiscal Year 2024 Sales by Game	128

### Operating Information

Literary Fund Contributions – Fiscal Years 2016 through 2025	129
Debt Set Off – Fiscal Years 2016 through 2025	129
Schedule of Net Capital Assets – Fiscal Years 2016 through 2025	129
U.S. Lottery Statistics: Fiscal Year 2024 Sales, Prizes & Government Transfers Measured by GDP	130
Schedule of Lottery Employees – Fiscal Years 2016 through 2025	131
Schedule of Outstanding Debt by Type – Fiscal Years 2016 through 2025	131



**PAGE INTENTIONALLY LEFT BLANK**



# INTRODUCTORY SECTION



**PAGE INTENTIONALLY LEFT BLANK**



December 12, 2025

Virginia Lottery Board  
The Honorable Glenn Youngkin, Governor  
Citizens of Virginia

## INTRODUCTION

The Virginia Lottery is pleased to submit its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. Lottery management is responsible for the accuracy and completeness of all data and disclosures in this report. To the best of our knowledge, the information presented is accurate and complete in all material respects and fairly depicts the financial activities and position of the Lottery.

This report is organized into four sections. The introductory section includes this letter of transmittal, an organizational chart, and an historical overview. The financial section includes the independent auditor's report, management's discussion and analysis, and the audited financial statements with accompanying notes. Historical, demographic, and industry comparative data are presented in the statistical section of this report.

The Virginia Lottery was created in January 1988 to operate a lottery and produce revenue consonant with the probity of the Commonwealth and the general welfare of its people, to be used for the public purpose. The first lottery ticket was sold on September 20, 1988.

The Lottery is considered a major enterprise fund of the Commonwealth of Virginia and is reported as a proprietary fund within the state's Annual Comprehensive Financial Report. The fund is operated in a manner like a private business enterprise.

During its 36 years of operation, the Lottery has offered a variety of instant and draw-style products. The instant games consist of preprinted "scratch-off" tickets, which contain various symbols and captions covered by latex material. Players instantly determine the winning or non-winning status of their tickets by removing the latex. Draw-style game tickets are produced through terminals at lottery retailer locations based on player instructions for number selection. Drawings are conducted to determine winning combinations. Effective July 1, 2020, the sale of lottery products over the internet became legal and iLottery sales began with instant games and certain draw-style games. In fiscal year 2025, iLottery activity represented over half of all lottery sales. Historical data for all lottery products are presented in the financial and statistical sections of this report.

Also, effective July 1, 2020, the responsibilities of the Virginia Lottery were expanded to include the regulatory oversight of legalized mobile sports betting and land-based casino gaming. The first legal sports betting wagers were accepted by licensed operators in January 2021, and the first land-based casino began operations in July 2022. Taxes from these regulated activities are collected by the Lottery and distributed to the statutory recipients as established in the Code of Virginia, including the general fund, problem gambling treatment and support fund, school construction fund, and the locality where the land-based casino operates. Historical data for licensed operators are presented in the financial and statistical sections of this report.

## **FINANCIAL CONDITION, ACCOMPLISHMENTS, AND POLICIES**

The Lottery generated record-breaking sales of \$5.8 billion in FY25 and income from operations totaled \$901.5 million. General operating expenses were \$228 million, retail compensation expense was \$128 million, total prize expense was \$4.5 billion, and \$868.2 million was transferred to the Lottery Proceeds Fund in support of public education. Transfers of profits are handled in accordance with the official state budget; 100% of lottery profits are transferred to the Lottery Proceeds Fund in either the current or subsequent fiscal year as those profits are earned.

Current Lottery assets totaled \$484.5 million as of June 30, 2025. These assets are primarily cash and accounts receivable balances, available to fund current liabilities for prizes and operations. Liquidity is stable because working capital is continuously replenished through the weekly collection of net sales proceeds from Lottery retailers, and the direct receipt of funds for iLottery purchases.

Investment policies have generated interest earnings of over \$9 million. Cash balances not needed for daily funding of operations are invested by the Treasurer of Virginia.

Sports betting gross wagering activity totaled more than \$7.2 billion during fiscal year 2025, and over \$103 million in taxes were received and distributed. There were three operating casinos in Virginia during the year, generating nearly \$850 million in adjusted gaming revenues. Over \$160 million in casino taxes were received and distributed for the fiscal year.

An analysis of comparative financial data is included in Management's Discussion and Analysis beginning on page 21. The notes to the financial statements that begin on page 41 contain information about investments (note 2), prize liabilities (note 11), risk management (note 16), and net income (note 6). A historical perspective of the Lottery's performance and financial condition is included in the statistical section beginning on page 112.

## **ORGANIZATIONAL INFORMATION**

### Enterprise Operations

The independent agency status of the Lottery enables it to be managed in an entrepreneurial and business-like manner. The Virginia Lottery's basic business purpose is to operate a lottery to benefit the citizens of Virginia, in a secure and responsible manner. The operations involve the sale of lottery tickets, the determination of winning tickets, the payment of prizes, compensation to lottery retailers, and all necessary administrative functions.

### Governmental Operations

In addition to its business-type activities, the Lottery has also been tasked with regulatory responsibilities for land-based casinos and internet sports betting. This includes regulation, licensing, auditing, and compliance for gaming operators, equipment manufacturers and distributors, suppliers, and employees. These activities are accounted for and presented separately in the financial statements as a governmental special revenue fund.

As intended by the enabling statutes, the Lottery is accountable to the governor, the legislature, and the citizens of Virginia through a system of audits, reports, legislative oversight, and thorough financial disclosure.

Operational results are included in the financial and statistical sections of this report.

### Internal Control Framework

Management is responsible for the design and operation of the control environment and agency policies and procedures. An effective control system operating as intended prevents or detects material errors or misstatements. Inherently, most controls cannot provide complete effectiveness and the cost of operating the controls should not exceed the anticipated benefits. However, the internal control structure should provide reasonable assurance that corporate objectives will be achieved in the following categories:

- Reliability of financial reporting
- Safeguarding of assets
- Compliance with applicable laws and regulations

Management has assigned responsibilities and designed processes to prevent potential conflicts of interest or unilateral control of critical functions. The Lottery has segregated duties in several key areas including the following:

- Human resources and payroll processing
- Daily cash management and bank account reconciliations
- Cash disbursement authorization and bank account reconciliations
- Purchasing and accounts payable
- Cash disbursement authorization and accounts payable
- Licensing and accounts receivable
- General ledger accounts receivable and retailer accounts receivable
- Data center processing and programming
- Draw operations and information systems data center operations

Operational policies and procedures have been established to communicate management guidelines and requirements for daily operations. Employee compliance with these standards is constantly monitored and evaluated.

#### Budgetary Controls

The Virginia Lottery is required to submit its forecast of sales and profits, and resulting transfers to the Lottery Proceeds Fund, to the Governor for inclusion in the introduced budget to be considered by the General Assembly. The Virginia Lottery Board reviews the recommended forecast, and then forwards its recommendation to the Governor. The forecast includes expected sales, and the total cost of sales inclusive of prizes, retailer compensation, and operating expenses. The Lottery's strategic objectives are the focus, and all levels of management are involved in the budgeting process. Operational efficiency is emphasized to direct resources to areas that are expected to maximize revenues, profitability, and the available cash profit transfers for the benefit of public education in Virginia.

Gaming compliance and regulatory activities operate from the licensing and application fees assessed to operators, suppliers, and other regulated entities in the sports betting and land-based casino programs. These fees are statutorily dedicated to the purpose of regulatory oversight; because lottery profits are constitutionally dedicated to support public education, no lottery revenues are used to support the regulatory programs.

Actual performance is compared to the approved budget monthly, with weekly monitoring and assessment of sales and regulatory activities. Variances are monitored, and plans are reviewed for potential adjustments.

#### Cash Management

Cash due from retailers for lottery transactions is collected on a weekly basis through an electronic funds transfer system and deposited with the State Treasurer. Operating cash balances are used to fund daily lottery operations such as prize and retailer compensation payments. Funds not needed for liquidity purposes are invested by the Treasurer of Virginia, including securities lending activity for investments held for future annuity prize payments. All investment purchases are governed by policies approved by the State Treasurer of Virginia.

#### Risk Management

The Lottery participates in various insurance programs for protection from significant economic loss. These policies include coverage for standard automobile liability, general liability, worker's compensation claims, property, errors and omissions, and cyber risk liability. In addition, contracts for major purchases of goods or services contain requirements for vendor indemnification of the Lottery and vendor insurance and performance bond coverages.

The Code of Virginia requires all licensed lottery retailers to be covered by a surety bond, which protects the agency's significant accounts receivable asset.

## **MAJOR INITIATIVES**

Management has developed a vision statement and a long-term strategic plan. The vision statement reads as follows:

*"Responsibly create and regulate games, experiences, and fun to benefit K-12 education and Virginia Initiatives."*

The strategic plan supports this vision through projects structured toward integrity, innovation, collaboration, empowerment, and customer focus.

## **INDEPENDENT AUDIT**

The Virginia Auditor of Public Accounts performs an annual audit of the Lottery's financial statements as required by Virginia statutes. The audits are conducted in accordance with generally accepted auditing standards and generally accepted government auditing standards. The independent auditor's opinion on the Lottery's financial statements for the year ended June 30, 2025, is included in the financial section of this report and expresses a clean, unmodified opinion.

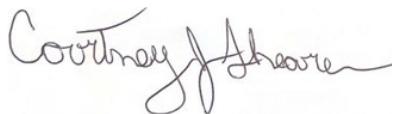
## **ACKNOWLEDGMENTS**

The Finance team prepared each section of the Annual Comprehensive Financial Report. Their efforts have greatly contributed to the success of this informative document. In addition, we appreciate the efforts of the Office of the Auditor of Public Accounts, and the Virginia Department of Accounts, in providing assistance with technical requirements.

We are committed to providing thorough and relevant financial information to the users of our financial statements. Our preparation of this Annual Comprehensive Financial Report reflects this commitment. The additional presentations and disclosures required will assist readers in obtaining an understanding of the Lottery's historical and current financial results.

Respectfully submitted,

THE VIRGINIA LOTTERY



Courtney J. Shearer, CPA  
Controller



Deborah C. Courtney  
Deputy Executive Director for Finance and Administration

# ORGANIZATIONAL CHART WITH PRINCIPAL OFFICIALS

## (EFFECTIVE SEPTEMBER 10, 2025)

### VIRGINIA LOTTERY BOARD OF DIRECTORS

Ferhan Hamid,  
ChairmanAdam Tolbert,  
Vice Chairman

Rebecca Tres



Jonathan Comer



Orrin Gallop

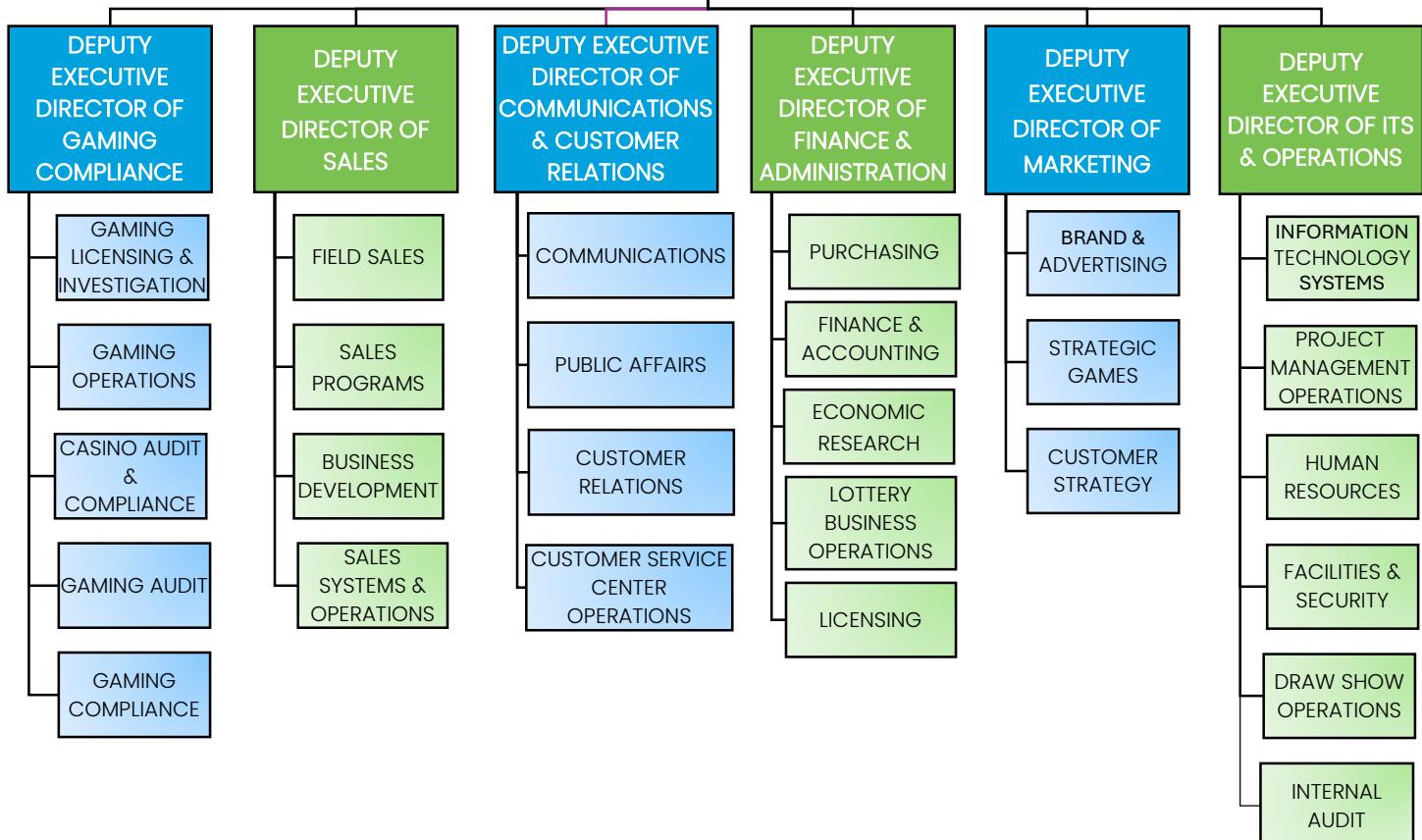
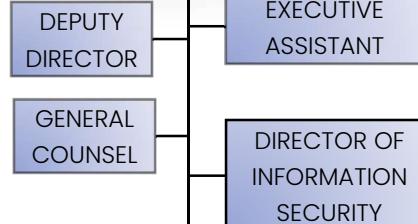


Scott Price



Charles King

### VIRGINIA LOTTERY ORGANIZATIONAL CHART

EXECUTIVE DIRECTOR  
Khalid Jones

## HISTORICAL OVERVIEW

### 1988 – 1989

- January 1988 – The State Lottery Department is created.
- September 1988 – Billy's Restaurant (Chatham, VA) is the 1<sup>st</sup> retailer & the 1<sup>st</sup> scratch ticket, "Match 3" is sold.
- October 1988 – The Lottery crosses \$100 million threshold for lifetime sales.
- May 1989 – "Pick 3" sales begin and the first draw show is held.

### 1990 – 1995

- August 1990 – Milestone \$1 billion in lifetime sales is achieved.
- September 1991 – "Pick 4" sales begin and the first draw occurs.
- December 1992 – The Lottery's first self service terminal is installed.
- January 1993 – "Cash 5" sales begin with the first draw taking place in February

### 1996 – 2000

- March 1996 – Lottery website launches.
- August 1996 – "The Big Game" multistate jackpot game sales begin with the first draw in September.
- April 1999 – Lottery proceeds are dedicated to K-12 public education.
- August 2000 – The Lottery achieves \$10 billion in lifetime sales.

### 2001 – 2005

- June 2001 – FY01 achieves \$1 billion in annual sales for a single fiscal year
- May 2002 – "The Big Game" becomes "Mega Millions"
- April 2004 – Virginia's largest *MegaMillions* winner: JR & Peggy Triplett of Winchester won \$239 million
- August 2005 – Subscription sales begin online through valottery.com

### 2006 – 2010

- March 2006 – "Win for Life" begins
- February 2007 – 1st "instant win" terminal game begins, "Fast Play Bingo"
- June 2007 – First raffle-style Lottery game drawing
- January 2010 – "Powerball" sales begin in Virginia

### 2011 – 2015

- February 2011 – "Decades of Dollars" launches
- October 2011 – "Lottery Match" launches
- May 2015 – Virginia Lottery joins "Cash4Life" multistate game
- August 2015 – "Bank A Million" replaces "Money Ball"

### 2016 – 2020

- January 2016 – \$1.5864 billion *PowerBall* Jackpot
- April 2016 – "Fast Play" ends and "Print 'N Play" begins
- October 2018 – \$1.53 billion "MegaMillions" Jackpot
- July 2020 – iLottery sales begin, including single-draw game purchases and new instant game offerings
- August 2020 – "KENO" launches

### 2021 – 2025

- January 2021 – Fan Duel begins offering legal mobile sports betting in Virginia
- January 2022 – "CASH POP" launches
- April 2022 – iLottery's 1st online raffle game "\$100K Rose Gold Raffle"
- July 2022 – Virginia's 1st casino, Hard Rock Bristol, is officially licensed and begins operations
- February 2023 – Mobile Cashing becomes available
- June 2023 – "Pick 5" launches
- June 2024 – Lottery launches customer loyalty rewards program
- June 2024 – Lottery reports record profits for FY24 and earns **\$934 million** for Virginia's K-12 Public Schools
- June 2025 – Virtual Sports launches on the iLottery platform
- June 2025 – Largest Jackpot winner ever in Virginia wins \$348 million playing *Mega Millions*



# FINANCIAL SECTION



**PAGE INTENTIONALLY LEFT BLANK**



# Commonwealth of Virginia

## *Auditor of Public Accounts*

Staci A. Henshaw, CPA  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

December 12, 2025

The Honorable Glenn Youngkin  
Governor of Virginia

Joint Legislative Audit  
and Review Commission

Virginia Lottery Board  
Virginia Lottery

Khalid Jones  
Executive Director, Virginia Lottery

## **INDEPENDENT AUDITOR'S REPORT**

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the **Virginia Lottery** as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Virginia 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 governmental activities, the business-type activities, and each major fund of the Virginia Lottery as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit 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 Virginia Lottery, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Emphasis of Matter*

Relationship to the Commonwealth of Virginia

As discussed in Note 1A, the financial statements of the Virginia Lottery are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, the major enterprise fund, and the aggregate remaining fund information of the Commonwealth of Virginia that is attributable to the transactions of the Virginia Lottery. They do not purport to, and do not, present fairly the financial position of the Commonwealth of Virginia, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

*Change in Accounting Principle*

As discussed in Note 1.O. of the accompanying financial statements, the Virginia Lottery implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, which updates existing recognition and measurement guidance. Our opinions are 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 Virginia 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 following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 21 through 33; the Schedule of Virginia Lottery's Share of Net Pension Liability, the Schedule of Virginia Lottery Contributions, and the Notes to Required Supplementary Information on pages 98 through 99; the Schedule of Virginia Lottery's Share of Net OPEB Liability (Asset), the Schedule of Virginia Lottery Contributions, and the Notes to Required Supplementary Information for the Health Insurance Credit, Disability Insurance, Group Life Insurance, and Line of Duty Act programs on pages 100 through 110; and the Schedule of Virginia Lottery's Share of Total OPEB Liability and the Notes to Required Supplementary Information for the Pre-Medicare Retiree Healthcare program on pages 110 through 111. 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 introductory and statistical sections 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 12, 2025, on our consideration of the Virginia Lottery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Virginia Lottery's internal control over financial reporting and compliance.

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

GDS/vks

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Virginia Lottery's Management's Discussion and Analysis (MD&A) is designed to assist the reader in focusing on significant financial issues and provides an overview of financial activity for the fiscal year ended June 30, 2025. All Virginia Lottery Business-type activity profits are transferred to the Commonwealth of Virginia (Commonwealth) each year in accordance with requirements in the Appropriations Act and the *Code of Virginia*. The Virginia Lottery is also responsible for regulatory oversight of mobile sports betting and land-based casino activity, collecting fees for application and licensure used to support the regulatory programs. These Governmental Gaming activities are also reflected in the financial statements. The information contained in this MD&A should be read in conjunction with the information contained in the accompanying financial statements and notes to the financial statements.

### FINANCIAL HIGHLIGHTS

- Lottery sales totaled a record setting \$5.8 billion in FY25, an increase of \$249.6 million (+4.5%) as compared to \$5.5 billion in FY24.
- Transfers to the Lottery Proceeds Fund totaled \$901.5 million in FY25, a decrease of \$32.6 million (-3.5%) as compared to \$934.1 million in FY24.
- Prize expenses for Lottery activities increased \$276.1 million (+6.5%) to \$4.5 billion in FY25 as compared to \$4.2 billion in FY24.
- Revenue generated from iLottery instants reached a new record high totaling \$3.4 billion in FY25, an increase of \$477.5 million (+16.4%) as compared to \$2.9 billion in FY24.
- Traditional games sold at retail and online fell slightly in FY25 with total sales of approximately \$2.4 billion, a decrease of \$227.8 million (-8.7%) as compared to \$2.6 billion in FY24.
- Number of new sports betting and casino related licenses and permits issued in FY25 totaled 2,787 (+16%) compared to 2,400 in FY24, with the total amount of fees recognized as revenue for applications and renewals totaling \$11.3 million in FY25 consistent with the \$11.3 million in FY24.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Virginia Lottery is an independent agency of the Commonwealth of Virginia. In January 2021, licensed mobile based sports betting operators began accepting sports wagers in Virginia. The Virginia Lottery collected over \$103.3 million in taxes associated with this wagering activity in FY25; all of which was deposited to the Commonwealth's General and Problem Gambling Treatment and Support Funds. Land-based casino gaming activities commenced in Virginia in FY23. The Virginia Lottery facilitated the collection of approximately \$160.5 million in taxes associated with the casino wagering activity and related distributions were made to the Problem Gambling Treatment and Support Fund, the Family and Children's Trust Fund, and the host city or Regional Improvement Commission. The remainder of the gaming taxes have been designated to support school construction projects. Lottery serves in an administrative capacity for the collection of taxes, hence, neither sports betting taxes nor casino taxes are presented in the financial statements; these revenues are included in the Commonwealth's Annual Comprehensive Financial Report (ACFR).

During fiscal year 2025, the Virginia Lottery implemented GASB Statement No. 101, *Compensated Absences*. In accordance with GASB Statement No. 100, this change has been applied retrospectively to prior-year comparative information presented in this MD&A. The adoption of GASB 101 reduced prior-year ending balance by \$508.9 thousand. This adjustment does not affect current-year operations but ensures comparability across periods. The table on the following page details the change by fund.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

Funds Affected by Adjustments to and Restatements of Balances			
(\$ in thousands, differences due to rounding)	Governmental Gaming	Business-Type Lottery	Total
6/30/2024, as previously reported	(\$18,234.0)	(\$21,725.5)	(\$39,959.5)
Change in Accounting Principle (GASB 101)	(\$102.2)	(\$406.7)	(\$508.9)
6/30/2024, as restated	(\$18,336.2)	(\$22,132.2)	(\$40,468.4)

**FINANCIAL STATEMENTS**

The annual financial report of the Virginia Lottery consists of three primary components: government-wide financial statements, fund financial statements, and notes to the financial statements. The government-wide financial statements report information about the Virginia Lottery as a whole, using accounting methods like those used by private-sector companies. The current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. These government-wide financial statements are divided into two categories: Business-type Lottery activities and Governmental Gaming activities.

- The Business-type Lottery activities of the Virginia Lottery are accounted for in an enterprise fund, used to account for governmental operations that are financed and operated in a manner like private business enterprises. Enterprise fund accounting is used when the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate. The basis of accounting is an accrual basis where revenues are recognized when earned and expenses when incurred, regardless of when cash is exchanged. By law, the Virginia Lottery transfers all Business-type Lottery activity profits to the Commonwealth, specifically to the Lottery Proceeds Fund, each year. As a result, the net position of the Virginia Lottery Business-type Lottery activities consists of capital assets (equipment), restricted OPEB assets, and U.S. Treasuries held to fund future payments on annuitized Lottery prizes as shown in the Statement of Net Position. To assess the Virginia Lottery's financial position and financial health, the reader of these statements should pay particular attention to changes in operating revenues, expenses, and transfers to the Lottery Proceeds Fund as shown in the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, capital, financing, and investing activities.
- The Governmental Gaming activities are accounted for in a special revenue fund, used to account for resources committed for a specific purpose. When there is an available fund balance, it is committed for the regulation of Sports Betting and Casino activities. The related activity has been accounted for using the modified accrual basis of accounting and the governmental fund financial statements have been prepared using the current financial resources measurement focus.

**ENTITY-WIDE FINANCIAL ANALYSIS**

Table 1 on the following page is a summarized analysis of the government-wide statement of net position as of June 30, 2025, and 2024. The statement of net position includes all the Lottery's assets, deferred outflows or resources, liabilities, and deferred inflows of resources. Net position, the difference between the Lottery's (1) assets and deferred outflows of resources and (2) liabilities and deferred inflows of resources, is one way to measure the Lottery's financial health, or position.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****ENTITY-WIDE FINANCIAL ANALYSIS (CONTINUED)**

Statement of Net Position						TABLE 1
(\$ in thousands, differences due to rounding)	Fiscal Year 2025			Fiscal Year 2024		
	Governmental	Business-Type	Total Entity	Governmental	Business-Type	Total Entity
	Gaming	Lottery	Activities	Gaming	Lottery	Activities
Current assets	\$15,246.2	\$484,463.3	\$499,709.6	\$29,393.7	\$376,879.2	\$406,272.9
U.S. Treasuries	-	174,509.0	174,509.0	-	179,611.7	179,611.7
Net OPEB Asset	370.4	1,593.6	1,963.9	335.7	1,438.6	1,774.3
Capital Assets, net of depreciation	25,640.8	18,755.9	44,396.7	28,953.1	14,452.1	43,405.2
<b>TOTAL ASSETS</b>	<b>\$41,257.4</b>	<b>\$679,321.9</b>	<b>\$720,579.3</b>	<b>\$58,682.5</b>	<b>\$572,381.6</b>	<b>\$631,064.1</b>
Deferred Outflows of Resources	\$2,291.7	\$9,489.5	\$11,781.2	\$2,164.7	\$9,570.1	\$11,734.8
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$43,549.1</b>	<b>\$688,811.3</b>	<b>\$732,360.4</b>	<b>\$60,847.2</b>	<b>\$581,951.7</b>	<b>\$642,798.9</b>
Current liabilities	\$40,924.4	\$497,869.1	\$538,793.5	\$46,401.8	\$387,344.2	\$433,746.0
Non-Current Liabilities*	28,702.5	206,850.8	235,553.3	31,645.4	211,802.5	243,447.9
<b>TOTAL LIABILITIES</b>	<b>\$69,626.9</b>	<b>\$704,719.9</b>	<b>\$774,346.8</b>	<b>\$78,047.2</b>	<b>\$599,146.7</b>	<b>\$677,193.9</b>
Deferred Inflows of Resources	\$1,109.1	\$4,657.9	\$5,767.0	\$930.2	\$4,125.5	\$5,055.7
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>\$70,736.0</b>	<b>\$709,377.8</b>	<b>\$780,113.9</b>	<b>\$78,977.4</b>	<b>\$603,272.2</b>	<b>\$682,249.6</b>
<b>NET POSITION</b>						
Net Investment in capital assets	\$222.8	\$7,361.8	\$7,584.6	\$609.5	\$8,876.8	\$9,486.3
Restricted OPEB	370.4	1,593.6	1,964.0	335.7	1,438.6	1,774.3
Unrestricted*	(27,780.1)	(29,521.9)	(57,302.0)	(19,281.4)	(32,447.6)	(51,729.0)
<b>TOTAL NET POSITION*</b>	<b>(\$27,186.9)</b>	<b>(\$20,566.5)</b>	<b>(\$47,753.4)</b>	<b>(\$18,336.2)</b>	<b>(\$22,132.2)</b>	<b>(\$40,468.4)</b>

\*as restated for fiscal year 2024 due to GASB 101 implementation

**CURRENT ASSETS AND LIABILITIES**

Current assets and liabilities for the Governmental Gaming Activities primarily reflect cash and accounts payable and subscription obligations for the Fund. For the Business-Type Lottery activities, current assets and liabilities are primarily cash, accounts receivable, accounts payable, prizes payable and profits due to the Lottery Proceeds Fund.

Current assets and liabilities increased by \$93.4 million and \$105.0 million, respectively. At the end of fiscal year 2025, accounts receivable and prizes payable were elevated primarily due to a record-setting Mega Millions win in Virginia. This resulted in an inter-state receivable and a corresponding prize liability for a winner who had not yet claimed the prize at year-end, with cash from other participating states still outstanding.

**NON-CURRENT ASSETS AND LIABILITIES**

Non-current assets are primarily investments in U.S. Treasuries to fund future prize payments won by annuity prize recipients, as well as capital assets comprised of equipment and technology assets. Non-current liabilities represent the obligations due to annuity prize recipients beyond one year, as well as pension and OPEB (Other Postemployment Benefits) liabilities. Details of capital asset additions, subtractions, and depreciation/amortization are included in note 3 to the financial statements.

Lottery U.S. Treasuries decreased \$5.1 million and consist of U.S. Treasury STRIPS purchased to fund individual jackpot and "For Life" prizes, as winners continue to receive their annuity prizes. Deferred inflows of resources increased by \$711.3 thousand due to the change in investment earnings set aside for future pension and other post-employment retiree benefit liabilities. Details of right-to-use lease liabilities and right-to-use subscription liabilities additions, subtractions, remeasurements, and maturity analysis are included in notes 9 and 10, respectively, to the financial statements.

Since the Virginia Lottery transfers all Business-type Lottery profits to the Commonwealth each fiscal year, changes in assets do not reflect the results of its operating activities. Those results are discussed later in this document in the financial notes.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****ENTITY-WIDE FINANCIAL ANALYSIS (CONTINUED)****NET POSITION**

Total net position presents the financial position of the Virginia Lottery, for both the Governmental Gaming activities and the Business-type Lottery activities. All Business-type Lottery activity profits are constitutionally dedicated to Virginia public education, and profits are transferred to the Lottery Proceeds Fund as established by the Appropriations Act. The negative Net Position and any changes in net position of the Lottery enterprise fund at year end reflect Lottery's portion of net pension and other post-employment benefits liabilities. The Net Position of the Governmental Gaming activities reflects resources available to support the ongoing regulatory oversight of mobile sports betting and land-based casino operators. The Net Position for the total entity decreased by \$7.3 million in FY25. This decrease was primarily driven by Governmental Gaming expenditures incurred in support of casino operations during FY25 exceeded license and application revenue recognized. This resulted in a negative Governmental Gaming activities net position and a decrease in cash largely due to the deferral of casino license fees over a ten-year period. Table 2 is a summarized version of the government wide statement of activities as of June 30, 2025.

Statement of Activities							TABLE 2		
(\$ in thousands, differences due to rounding)	Fiscal Year 2025			Fiscal Year 2024					
	Governmental		Business-Type	Total Entity	Governmental		Business-Type	Total Entity	
	Gaming	Lottery	Activities		Gaming	Lottery	Activities		
Program Revenues	\$ 11,290.0	\$ 5,770,792.4	\$ 5,782,082.4		\$ 11,348.2	\$ 5,521,435.8	\$ 5,532,784.0		
General Revenues	810.1	10,075.4	10,885.5		1,634.3	10,392.8	12,027.1		
Total Revenues	\$ 12,100.1	\$ 5,780,867.8	\$ 5,792,967.9		\$ 12,982.5	\$ 5,531,828.6	\$ 5,544,811.1		
Expenses*	20,949.9	4,877,774.0	4,898,723.8		20,390.0	4,596,440.6	4,616,830.6		
Change in Net Position Prior to Transfers*	\$ (8,849.8)	\$ 903,093.8	\$ 894,244.1		\$ (7,407.5)	\$ 935,388.0	\$ 927,980.5		
Transfers to the Lottery Proceeds Fund	-	901,528.1	901,528.1		-	934,099.0	934,099.0		
Total Change in Net Position*	\$ (8,849.8)	\$ 1,565.7	\$ (7,284.0)		\$ (7,407.5)	\$ 1,289.0	\$ (6,118.5)		
Net Position - July 1	(18,336.2)	(22,132.2)	(40,468.4)		(10,928.7)	(23,421.2)	(34,349.9)		
Net Position - June 30*	\$ (27,185.9)	\$ (20,566.5)	\$ (47,752.4)		\$ (18,336.2)	\$ (22,132.2)	\$ (40,468.4)		

\*as restated for fiscal year 2024 due to GASB 101 implementation

**ENTERPRISE FUND FINANCIAL ANALYSIS**

In fiscal year 2025, net income from enterprise Business-type Lottery activities of the Virginia Lottery totaled \$903.1 million. \$868.2 million of Fiscal Year 2025 operating profits were transferred to the Lottery Proceeds Fund during the year, as anticipated by the Appropriations Act. The amount of residual operating profits totaling \$33.3 million is due to the Lottery Proceeds Fund and will be transferred in Fiscal Year 2026. Table 3 on the following page summarizes the Enterprise Fund revenues, expenses and change in net position.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****ENTERPRISE FUND FINANCIAL ANALYSIS (CONTINUED)**

(\$ in thousands, differences due to rounding)	Table 3		
	Fiscal Year		Change
	2025	2024	
Sales	\$5,770,639.9	\$5,521,004.9	\$249,635.0
Prizes	(\$4,521,838.5)	(4,245,743.8)	(276,094.6)
Retailer Compensation	(\$127,910.4)	(141,510.2)	13,599.8
Ticket Printing and Gaming Services	(\$120,601.0)	(112,980.3)	(7,620.6)
Operating expenses*	(\$106,128.3)	(95,742.4)	(10,385.8)
Income from Operations*	894,161.8	925,028.1	(30,866.3)
Net Non-Operating Revenues	8,932.0	10,359.9	(1,427.9)
Net Income*	903,093.8	935,388.0	(32,294.2)
Transfers to the Lottery Proceeds Fund	(868,222.8)	(858,497.6)	(9,725.3)
Due From (To) Lottery Proceeds Fund	(33,305.2)	(75,601.4)	42,296.2
Beginning Net Position	(22,132.2)	(23,421.2)	1,289.0
Ending Net Position*	<u>(\$20,566.5)</u>	<u>(\$22,132.2)</u>	<u>\$1,565.7</u>

\*as restated for fiscal year 2024 due to GASB 101 implementation

**SALES**

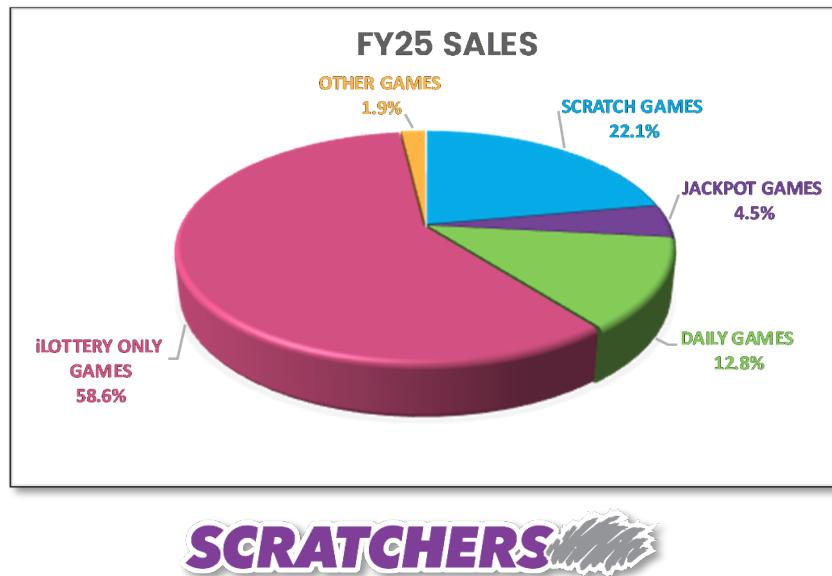
Virginia Lottery products fall into three major categories: instant-win scratch games, draw-based games where results depend on the outcome of a random drawing process – either immediate or delayed, and digital instants purchased by registered adult players within the geographical borders of Virginia.

Table 4 compares sales for each Lottery product for fiscal years 2025 and 2024. Total sales revenue for fiscal year 2025 was higher due to the continued growth of sales through iLottery.

(\$ in thousands, differences due to rounding)	Table 4		
	Fiscal Year	Fiscal Year	Change
	2025	2024	
Scratch Retail Sales	\$ 1,277,531.9	\$ 1,314,085.7	-2.8%
Retail Only Sales:			
Print 'n Play	\$ 60,668.6	\$ 59,806.2	1.4%
Keno	35,483.5	35,730.9	-0.7%
CashPop	65,906.0	59,934.8	10.0%
Millionaire Raffle	12,500.0	12,500.0	0.0%
Bank A Million	8,415.3	8,875.0	-5.2%
	\$ 182,973.3	\$ 176,846.8	3.5%
Online iLottery Only Sales:			
iLottery Instants	\$ 3,383,284.8	\$ 2,903,957.1	16.5%
iLottery Raffle	-	2,000.0	-100.0%
Virtual Sports	147.3	-	N/A
	\$ 3,383,432.2	\$ 2,905,957.1	16.4%
Retail & Online Sales:			
Pick 3	\$ 303,632.7	\$ 321,354.2	-5.5%
Pick 4	298,562.9	324,230.8	-7.9%
Cash 5	32,669.0	36,244.3	-9.9%
Pick 5	39,560.6	39,980.2	-1.0%
Cash4Life	29,123.3	29,474.1	-1.2%
Powerball	102,030.4	212,890.7	-52.1%
Mega Millions	121,123.6	159,941.0	-24.3%
	\$ 926,702.5	\$ 1,124,115.3	-17.6%
<b>Total Sales</b>	<b>\$ 5,770,639.9</b>	<b>\$ 5,521,004.9</b>	<b>4.5%</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****ENTERPRISE FUND FINANCIAL ANALYSIS (CONTINUED)****SALES (CONTINUED)**

The following graphic shows the various genres of games as they relate to total product sales for FY25.



## **SCRATCHERS**

***Instant-Win Scratch Games***

Scratch games are games in which players scratch off tickets to reveal whether they have won. These tickets include \$1, \$2, \$3, \$5, \$10, \$20, \$30, and \$50 product offerings. Each scratch game has multiple prize tiers with prizes starting at \$1 and ranging up to \$10 million. Scratch Game sales represented 22.1% of total product sales in FY25 and saw a decrease of \$36.6 million in sales from FY24.

***Retail Terminal & iLottery Games***

Retail terminal games are games in which players purchase wagers for a chance to win prizes either instantly or from a subsequent drawing. Retail terminal games include Pick 3, Pick 4, Pick 5, Cash 5 with EZ Match, Mega Millions, Powerball, Print 'n Play, Cash4Life®, Bank a Million, New Year's Millionaire Raffle, CASH POP, and draw-based Keno. In addition, the internet iLottery platform offers Mega Millions, Powerball, Cash4Life, Pick 3, Pick 4, Pick 5 and Cash 5 for single- or multiple-draw purchases as well as iLottery instant games and raffles at a variety of price points and prize offerings. Virtual Sports launched on the iLottery platform in late June, just before the end of FY25.

Daily game total sales (Pick 3, Pick 4, Pick 5, Cash 5 with EZ Match, and CASH POP) represented 12.8% of total product sales for FY25, a decrease of \$41.4 million in sales from FY24.

Jackpot game total sales (Mega Millions, Powerball, Bank A Million, and Cash4Life) represented 4.5% of total product sales for FY25 and a decrease of \$150.5 million in sales from FY24.

Total sales for iLottery only games (iLottery instants, iLottery Raffle, and Virtual Sports) represented 58.6% of total product sales for FY25 and an increase of \$477.5 million in sales from FY24.

Other game sales (Print 'n Play, Millionaire Raffle, and KENO) represented 1.9% of total product sales for FY25 and an increase of \$0.6 million in sales from FY24.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****ENTERPRISE FUND FINANCIAL ANALYSIS (CONTINUED)**SALES (CONTINUED)***Retail Terminal & iLottery Games (continued)***

Pick 3 offers players a day drawing and a night drawing, which means two chances to win every day of the week. Players can choose to play Pick 3 for \$1 or 50¢ and then select a three-digit number from 000 through 999. Adding FIREBALL doubles the cost of the play but improves the player's chances of winning. Players could win up to \$500 just playing the base game. Plus, the FIREBALL add-on gives players the chance to create additional number combinations for another chance to win. Pick 3 sales totaled \$303.6 million in FY25, a decrease of \$17.7 million (-5.5%) compared to FY24.



Pick 4 offers players a day drawing and a night drawing, which means two chances to win every day of the week. Players can choose to play Pick 4 for \$1 or 50¢ and then select a four-digit number from 0000 through 9999. Adding FIREBALL doubles the cost of the play but improves the player's chances of winning. Players could win up to \$5,000 just playing the base game. Plus, the FIREBALL add-on gives players the chance to create additional number combinations for another chance to win. Pick 4 sales totaled \$298.6 million in FY25, a decrease of \$25.7 million (-7.9%) compared to FY24.



Pick 5 offers players a day drawing and a night drawing, which means two chances to win every day of the week. Players can choose to play Pick 5 for \$1 or 50¢ and then select a five-digit number from 00000 through 99999. Adding FIREBALL doubles the cost of the play but improves the player's chances of winning. Players could win up to \$50,000 just playing the base game. Plus, the FIREBALL add-on gives players the chance to create additional number combinations for another chance to win. Pick 5 sales totaled \$39.6 million in FY25, a decrease of \$0.4 million (-1.0%) compared to FY24.



Cash 5 is a Virginia only jackpot game. The jackpot starts at \$100,000 and grows until it is won. Each play costs \$1 and the player can select 5 numbers per play from 1 through 41. Cash 5 drawings take place seven days a week at 11pm. Additionally, for each play purchased, the player can choose to add on EZ Match for an additional \$1 for a chance to win up to \$500 instantly. Cash 5 sales totaled \$32.7 million in FY25, a decrease of \$3.6 million (-9.9%) compared to FY24.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****ENTERPRISE FUND FINANCIAL ANALYSIS (CONTINUED)**SALES (CONTINUED)**Retail Terminal & iLottery Games (continued)**

Mega Millions is a multi-state jackpot draw game that occurs twice each week and gives players the opportunity to win a jackpot or other cash prizes. Effective April 2025, the game format, prize structure and rules changed. The changes aim to create larger, faster-growing jackpots to keep players engaged and boost sales. Each play now costs \$5, and players select five different numbers from 1 through 70 as well as a Mega Ball number from 1 through 24. Every Mega Millions jackpot grows until the jackpot is won. Any Mega Millions jackpot can be won by a single individual or by multiple people. All prizes, except the jackpot, are fixed dollar amounts. The jackpot total is dependent on the amount of money in the draw's prize pool. Each Mega Millions play now also includes a built-in multiplier. The multiplier does not cost extra, can range from 2X to 10X, is randomly assigned at the time of purchase and can multiply any non-jackpot prize. Mega Millions, which represented 2.1% of total product sales in FY25, experienced decreased sales in FY25, down approximately \$38.8 million from last year's total. This product is a multi-state lotto style game with long odds of winning the top prize. Sales in this product are extremely dependent on the growth of the advertised jackpot, with sales increasing as jackpots grow. In fiscal year 2025, six jackpot-winning tickets were sold, including a record win in Virginia. Currently forty-four states, plus the District of Columbia and the U.S. Virgin Islands sell Mega Millions.



Powerball is a multi-state jackpot draw game that occurs three times each week and gives players the opportunity to win a jackpot or other cash prizes. Each play costs \$2 and players select five different numbers from 1 through 69 plus a Powerball number from 1 through 26. There are eight ways to win playing Powerball plus the chance to win the Powerball jackpot if the player matches ALL five numbers AND the Powerball number. Players can also step up their game with the Power Play® add-on feature that gives them a chance to win even more money for \$1 extra per play. Power Play® can increase a player's winnings to up to \$2 million. If a player wins with Power Play®, their non-jackpot prize is increased 2x, 3x, 4x, 5x or 10x depending on the Power Play® number drawn. If a player adds Power Play® and matches five numbers without the Powerball, then they automatically win \$2 million. Powerball, which represented 1.9% of total product sales in FY25, experienced a decrease in sales, down \$110.9 million from last year. This product is like Mega Millions, a lotto type game with long odds of winning the jackpot. During fiscal year 2025, there were ten winning Powerball jackpot tickets sold, sharing in nine jackpot prizes. Currently forty-four states plus the District of Columbia, Puerto Rico and the U.S. Virgin Islands sell Powerball.



Cash4Life® is a multi-state draw game that occurs daily at 9pm. Each wager costs \$2 and players select five different numbers from 1 through 60 plus one Cash Ball number from 1 through 4. Cash4Life® has a top prize of \$1,000 a day for life and a second prize of \$1,000 a week for life. In addition to the top tier prizes for life, there are seven other ways to win. Cash4Life® sales totaled \$29.1 million in fiscal year 2025, representing under 1% of total product sales. During fiscal year 2025 New York, New Jersey, Pennsylvania, Maryland, Tennessee, Indiana, Florida, Georgia, Missouri, and Virginia sold Cash4Life®.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****ENTERPRISE FUND FINANCIAL ANALYSIS (CONTINUED)**SALES (CONTINUED)***Retail Terminal & iLottery Games (continued)***

There are five CASH POP drawings every day. The total cost of each play depends on how many numbers are played, wagers chosen, and number of drawings played. The player first selects anywhere from 1 to 15 numbers, each of which will have a separate prize amount on the ticket. The player then determines how much they want to wager per number. Options are \$1, \$2, \$5, or \$10. The wager amount will determine the cash prize that could be won. The last step is for the player to select how many consecutive drawings they would like to play – 1, 2, 3, 4, or 5. In each CASH POP drawing, the Lottery will draw one winning number. The goal of CASH POP is to match the number selected to the winning number. CASH POP sales totaled \$65.9 million in FY25, an increase of \$6.0 million (+10.0%) compared to FY24.



Bank A Million offers chances to win cash prizes every Wednesday and Saturday. The player could bank \$1,000,000 and the Lottery pays the taxes. Each ticket offers \$2 per wager and players can choose to split that wager among up to 4 sets of numbers to win. Players try to match six numbers from a field of forty, to win a take-home top prize of \$1,000,000 on a single \$2 wager after the typical required tax withholdings (over \$1.4 million gross prize value). Bank A Million sales totaled \$8.4 million in fiscal year 2025, representing less than 1% of total product sales.



Keno is a retail terminal-generated game where a player chooses how much to wager per drawing and chooses how many numbers to match. With random-number generated drawings every 4 minutes, prizes range from \$1 to \$100,000 on a \$1 wager. Players may wager up to \$10 per wager, and so could win up to \$1 million. Keno generated \$35.5 million in sales, representing just under 1% of total product sales.



Print 'n Play is an instant-win computer terminal product line that plays similarly to a Scratch game. There were a variety of games in this category during fiscal year 2024. The Print and Play portfolio of games represents just over 1% of total product sales and saw an increase of \$0.9 million from the prior year.



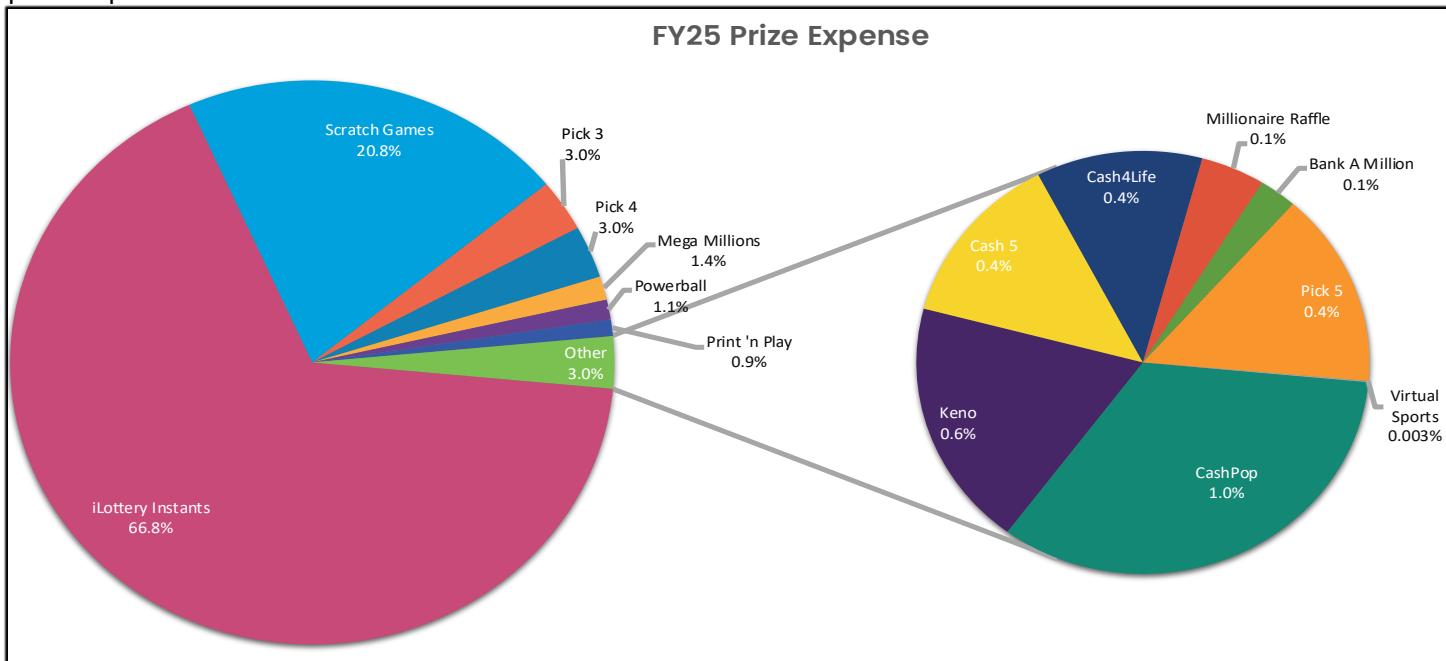
Virginia's New Year's Millionaire Raffle is a retail terminal-generated game with a limited offering of tickets and prizes. The Lottery offered one retail Raffle during the year, the 16th annual New Year's Millionaire Raffle, with a drawing held on January 1, 2025. Raffle sales represent less than 1% of total product sales. The 625,000 Raffle tickets available sold out for the 2025 Raffle drawing, resulting in \$12.5 million in sales.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****ENTERPRISE FUND FINANCIAL ANALYSIS (CONTINUED)**SALES (CONTINUED)**Retail Terminal & iLottery Games (continued)****iLOTTERY INSTANTS, RAFFLE, & VIRTUAL SPORTS**

iLottery sales are primarily from iLottery instants, and in the fifth full year of operation, this category represented 58.6% of total product sales for FY25 and an increase of \$477.5 million in sales in its fifth year. iLottery instant games are available in a variety of play styles, and players can choose various wager amounts from \$0.05 up to \$60 or more to instantly win prizes.

EXPENSES

Prizes are the largest expense for the Virginia Lottery and vary with sales fluctuations and player luck. \$0.78 of every sales dollar went toward prizes during fiscal year 2025, higher than the \$0.77 of every sales dollar during the previous year. This change is consistent with the continued growth of new iLottery instants with higher prize payout rates, and growth in higher price-point scratch sales. In total, prize expense increased by \$276.1 million in fiscal year 2025. The following graphic shows how the various games comprise the total prize expense for FY25.



A summary of the Business-type Lottery expenses for the fiscal years ending June 30, 2025, and 2024 is shown in Table 5.

Table 5

(\$ in thousands; differences due to rounding)	Fiscal Year 2025		Fiscal Year 2024		Change	
	\$	%	\$	%	\$	%
Prize Expense	\$4,521,838.5	92.7%	\$4,245,743.8	92.4%	\$276,094.7	6.5%
Retailer Compensation	127,910.4	2.6%	141,510.2	3.1%	(13,599.8)	-9.6%
Operating Expenses*	106,128.3	2.2%	95,742.5	2.1%	10,385.8	10.8%
Instant Ticket and Gaming Services	120,601.0	2.5%	112,980.3	2.5%	7,620.7	6.7%
<b>TOTAL</b>	<b>\$4,876,478.2</b>	<b>100.0%</b>	<b>\$4,595,976.8</b>	<b>100.0%</b>	<b>\$280,501.4</b>	<b>6.1%</b>

\*as restated for fiscal year 2024 due to GASB 101 implementation

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****ENTERPRISE FUND FINANCIAL ANALYSIS (CONTINUED)****EXPENSES (CONTINUED)**

Retailer compensation expenses decreased slightly in fiscal year 2025 as did the overall retailer compensation rate over the prior year (5.7% of retail sales).

Operating expenses increased by \$10.4 million in fiscal year 2025 along with increases to lottery gaming services costs of \$7.6 million. Operating expenses saw increased efforts to drive sales, spread the Lottery's mission, and support responsible gaming. Gaming services are a combination of contractual arrangements constructed primarily as percentage of sales agreements, including expenses associated with the printing, warehousing and distribution of scratch tickets, and the costs of maintaining and servicing iLottery player account activity.

Total gaming services costs increased primarily due to the continued growth of iLottery activities in Fiscal Year 2025. The Lottery has statutory authority to use up to 10% of sales for the administration of Business-type Lottery activities; however, these costs represented just 4% of sales for the fiscal year.

**NON-OPERATING INCOME & EXPENSES**

Interest income is earned primarily on cash balances held and invested by the Virginia Department of Treasury on behalf of the Virginia Lottery. As Table 6 shows, interest income decreased in fiscal year 2025 due to lower earnings rates throughout the year, and lower cash balances from decreased profits.

<b>Other Income</b>		<b>Table 6</b>		
<i>(\$ in thousands, differences due to rounding)</i>		<b>Fiscal Year 2025</b>	<b>Fiscal Year 2024</b>	<b>% Change</b>
Net Interest Income		\$8,281.1	\$9,331.8	-11.3%
Net Other Income		650.9	1,028.1	-36.7%
<b>TOTAL</b>		<b>\$8,932.0</b>	<b>\$10,359.9</b>	<b>-13.8%</b>

Net other income is derived from securities lending income, as well as various fees assessed to retailers for licensing and processing fees, penalties for failure to remit monies owed when due, and other miscellaneous sources. Net other income decreased 36.7% percent in fiscal year 2025.

**CASH FLOWS**

The Statement of Cash Flows, summarized in Table 7, presents detailed information pertaining to the cash activity of the Virginia Lottery during the year. The first part of the statement reflects operating cash flows and shows the net cash provided by operating activities of the Virginia Lottery. Receipts from the sale of tickets and related services totaled \$5,635.0 million. Uses of cash include payment of prizes to winners (\$4,386.8 million) and payments to the Literary Fund for unclaimed prizes, retailers, suppliers, and employees for goods and services (\$343.7 million). The net cash provided by operating activities of \$904.5 million represents a 2.4% decrease over the prior year.

The cash flows from the non-capital financing activities portion of the statement reflects the \$943.1 million used for non-capital financing activities, the major portion being the \$943.8 million in total transfers from the Virginia Lottery during the year. This amount represents the \$868.2 million initial estimate of Fiscal Year 2025 Virginia Lottery profits for transfer to the Lottery Proceeds Fund prior to July 1, 2025, and the \$75.6 million transfer of residual Fiscal Year 2024 profits.

Cash flows from capital financing activities reflect the purchase of capital and intangible assets acquired during the period and the principal payments on related obligations (\$9.9 million).

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****ENTERPRISE FUND FINANCIAL ANALYSIS (CONTINUED)****CASH FLOWS (CONTINUED)**

The \$18.4 million in cash flows provided by investing activities reflect purchases of U.S. Treasuries to fund Virginia win for life and jackpot winners (\$4.5 million) and proceeds from maturing U.S. Treasuries previously purchased to fund Virginia Lottery winners (\$13.4 million), and interest income on cash balances (\$9.6 million). The net decrease in cash flows from all activities totaled \$30.1 million.

Table 7 STATEMENT OF CASH FLOWS			
(\$ in thousands, differences due to rounding)	Fiscal Year 2025	Fiscal Year 2024	% Change
<b>Cash Flows From :</b>			
Operating Activities	\$ 904,516.0	\$ 926,548.8	-2.4%
Non-Capital Financing Activities	(943,174.6)	(943,732.2)	0.1%
Capital Financing Activities	(9,917.2)	(7,527.8)	-31.7%
Investing Activities	18,437.0	18,043.3	2.2%
Net Change in Cash	(30,138.7)	(6,667.9)	-352.0%
Ending Cash and Cash Equivalents	\$ 119,560.3	\$ 149,699.0	-20.1%

**GOVERNMENTAL REGULATORY FUND FINANCIAL ANALYSIS**

The Virginia Lottery performs regulatory licensing and oversight of mobile sports betting and land-based casino activities. This oversight includes the establishment, collection, and use of application and licensure fees from applicants and regulated entities. \$11.3 million in application and license fees were earned during this fourth year of the regulatory oversight functions, consistent with the prior year. The existing casinos in operation during fiscal year 2025:



Hard Rock Bristol, the first casino in Virginia to officially be up and running, opened the doors to its temporary facility on July 8, 2022. The temporary casino is housed in part of the former Bristol Mall, was replaced by the permanent Hard Rock Bristol casino/hotel/music venue/community which held its grand opening November 14, 2024.



Rivers Casino Portsmouth officially commenced operations on January 23, 2023, becoming the first permanent casino establishment to open in Virginia.



Caesars Virginia in Danville celebrated its grand opening May 15, 2023, after officially receiving its license from the Virginia Lottery. The casino operated in a temporary capacity while the permanent structure was being built. The final project features the casino as well as a hotel, restaurants, and a music venue, and officially opened in December 2024.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)****OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)****GOVERNMENTAL REGULATORY FUND FINANCIAL ANALYSIS (CONTINUED)**

Expenditures totaling \$16.1 million were incurred during FY25 in support of these regulatory functions, approximately 7% higher than last year as land-based casino regulatory activities continued to ramp up this year. These expenditures include staff and contractual services in support of the regulatory programs. The ending fund balance of (\$21.9 million) is due to timing of start-up expenditures for the regulatory oversight of casinos that exceeded the revenue recognized in the first years of casino gaming in Virginia. Each approved casino pays a \$15 million license fee, recognized over the 10-year license term. Cash flow is sufficient to meet operating expenditures, but the timing of revenue recognition and start-up costs caused the negative ending fund balance. We will continue to assess the adequacy of licensing fee revenues to support the total program costs and explore future options including changes to the revenue streams to offset the costs of the regulatory oversight program. Table 8 summarizes the Governmental Fund revenues, expenditures, and changes in fund balance.

Table 8 Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance			
(\$ in thousands, differences due to rounding)	Fiscal Year 2025	Fiscal Year 2024	Change
License and Application Fees	\$ 11,253.6	\$ 11,250.0	\$ 3.6
Interest Income	810.1	1,634.3	(824.2)
General and Administrative Expenditures*	(16,142.8)	(15,069.9)	(1,072.9)
Debt Service Expenditures	(4,521.7)	(4,434.6)	(87.1)
Other Financing Sources	306.1	267.1	39.0
Beginning Fund Balance, July 1	(13,691.3)	(7,338.2)	(6,353.1)
Ending Fund Balance, June 30*	\$ (21,986.0)	\$ (13,691.3)	\$ (8,294.7)

\*as restated for fiscal year 2024 due to GASB 101 implementation

**POTENTIALLY SIGNIFICANT FACTORS IMPACTING NEXT YEAR**

The 2020 General Assembly placed regulatory oversight for sports wagering and casino gaming at the Virginia Lottery, and the first land-based casino opened for business in early FY23. Three casino operators are active, with two more actively being investigated for licensure and approval.

Expanded gaming will continue to increase the activity directly managed and executed by the Lottery and create additional competition for traditional Lottery products. Virginia Lottery enterprise profits are constitutionally dedicated to public education, and tax revenues from sports betting and casino activity have been legislatively designated for other state and local priorities.

The 2023 General Assembly passed a resolution to study the feasibility of establishing the Virginia Gaming Commission to regulate and oversee all forms of gaming in the Commonwealth. The study timeframe was extended through November 2025.

**CONTACTING THE VIRGINIA LOTTERY**

This financial report is designed to provide the legislative and executive branches of government, the public, and other interested parties with an overview of the financial results of the Virginia Lottery's activities and to demonstrate the Virginia Lottery's accountability for its revenues. If there are any questions about this report or any Virginia Lottery financial issue, please contact the Deputy Executive Director of Finance and Administration at the Virginia Lottery, 600 East Main Street, Richmond, Virginia 23219.



	<b>Governmental Gaming Activities</b>	<b>Business-Type Lottery Activities</b>	<b>Total Entity Activities</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>Current assets:</b>			
Cash and cash equivalents (2)	\$ 13,498,536	\$ 119,560,270	\$ 133,058,806
Cash held as collateral: (2)			
Lottery securities lending	–	115,382,722	115,382,722
Treasury securities lending	1,821,278	12,291,237	14,112,515
Accounts receivable	–	222,498,353	222,498,353
Prepaid expenses	368,573	1,259,123	1,627,696
Short-term U.S. Treasuries (2)	–	13,029,458	13,029,458
Internal balances (7)	(442,159)	442,159	–
<b>Total current assets</b>	<b>15,246,228</b>	<b>484,463,322</b>	<b>499,709,550</b>
<b>Noncurrent assets:</b>			
U.S. Treasuries (2)	–	174,509,048	174,509,048
Net OPEB asset (20)	370,376	1,593,567	1,963,943
Capital assets: (3)			
Right-to-use lease assets, net	–	6,521,652	6,521,652
Right-to-use subscription assets, net	25,005,771	5,038,632	30,044,403
Depreciable equipment and intangible assets, net	635,031	7,195,648	7,830,679
<b>Total noncurrent assets</b>	<b>26,011,178</b>	<b>194,858,547</b>	<b>220,869,725</b>
<b>TOTAL ASSETS</b>	<b>41,257,406</b>	<b>679,321,869</b>	<b>720,579,275</b>
<b>Deferred outflows of resources:</b>			
Deferred outflows related to pension (15)	1,873,265	7,587,322	9,460,587
Deferred outflows related to OPEB (20)	418,438	1,902,129	2,320,567
<b>Total deferred outflows of resources</b>	<b>2,291,703</b>	<b>9,489,451</b>	<b>11,781,154</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
<b>\$ 43,549,109</b>	<b>\$ 688,811,320</b>	<b>\$ 732,360,429</b>	
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
<b>Current liabilities:</b>			
Accounts payable (13)	\$ 1,316,532	\$ 48,130,527	\$ 49,447,059
Due to the lottery proceeds fund (6)	–	33,305,240	33,305,240
Accrued compensated absences (8)	422,387	2,933,380	3,355,767
Obligations under securities lending: (2)			
Lottery	–	115,382,722	115,382,722
Treasury	1,821,278	12,291,237	14,112,515
Prizes payable: (11)			
U.S. Treasuries prizes payable – current	–	13,029,458	13,029,458
Other prizes payable	–	264,733,675	264,733,675
Unearned revenue (14)	33,992,232	1,772,950	35,765,182
Lease obligations (9)	–	4,631,029	4,631,029
Subscription obligations (10)	3,343,489	1,425,897	4,769,386
Interest payable, subscriptions	28,468	233,026	261,494
<b>Total current liabilities</b>	<b>40,924,386</b>	<b>497,869,141</b>	<b>538,793,527</b>
<b>Noncurrent liabilities:</b>			
Accrued compensated absences (8)	75,694	12,952	88,646
U.S. Treasuries prizes payable (11)	–	174,509,048	174,509,048
Lease obligations (9)	–	2,231,134	2,231,134
Subscription obligations (10)	22,074,479	3,106,027	25,180,506
Net pension liability (15)	5,531,223	22,403,224	27,934,447
Net OPEB liability (20)	740,941	3,382,958	4,123,899
Total OPEB liability (20)	280,172	1,205,457	1,485,629
<b>Total noncurrent liabilities</b>	<b>28,702,509</b>	<b>206,850,800</b>	<b>235,553,309</b>
<b>TOTAL LIABILITIES</b>	<b>69,626,895</b>	<b>704,719,941</b>	<b>774,346,836</b>
<b>Deferred inflows of resources:</b>			
Deferred inflows related to pension (15)	812,801	3,292,102	4,104,903
Deferred inflows related to OPEB (20)	296,327	1,365,791	1,662,118
<b>Total deferred inflows of resources</b>	<b>1,109,128</b>	<b>4,657,893</b>	<b>5,767,021</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
<b>\$ 70,736,023</b>	<b>\$ 709,377,834</b>	<b>\$ 780,113,857</b>	
<b>NET POSITION</b>			
Net investment in capital assets	\$ 222,834	\$ 7,361,845	\$ 7,584,679
Restricted OPEB	370,376	1,593,567	1,963,943
Unrestricted	(27,780,124)	(29,521,926)	(57,302,050)
<b>TOTAL NET POSITION</b>	<b>\$ (27,186,914)</b>	<b>\$ (20,566,514)</b>	<b>\$ (47,753,428)</b>

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



Functions / Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Contributions	Governmental Activities	Business-Type Activities			
<b>Governmental</b>								
Gaming activities	\$ 20,949,871	\$ 11,253,640	\$ 35,445	\$ (9,660,786)	\$ -	\$ -	\$ (9,660,786)	
<b>Business-Type</b>								
Lottery activities	4,877,773,973	5,770,639,893	152,507	-	893,018,427		893,018,427	
<b>Total</b>	<b>\$ 4,898,723,844</b>	<b>\$ 5,781,893,533</b>	<b>\$ 187,952</b>	<b>\$ (9,660,786)</b>	<b>\$ 893,018,427</b>		<b>\$ 883,357,641</b>	
<b>General revenues</b>								
Interest income				810,067		9,577,008		10,387,075
Other income				-		498,393		498,393
Transferred to the lottery proceeds fund (6)				-		(868,222,842)		(868,222,842)
Due to the lottery proceeds fund (6)				-		(33,305,240)		(33,305,240)
<b>Total general revenues and transfers</b>				<b>810,067</b>		<b>(891,452,681)</b>		<b>(890,642,614)</b>
Change in net position				(8,850,719)		1,565,746		(7,284,973)
Net position - July 1, 2024, as previously reported				(18,234,039)		(21,725,527)		(39,959,566)
Change in accounting principle (GASB 101)				(102,156)		(406,733)		(508,889)
Net position - July 1, 2024, as restated				(18,336,195)		(22,132,260)		(40,468,455)
Net position - June 30, 2025				<b>\$ (27,186,914)</b>		<b>\$ (20,566,514)</b>		<b>\$ (47,753,428)</b>

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

**ASSETS**

	<b>Gaming Fund</b>
Cash and cash equivalents (2)	\$ 13,498,536
Cash held as collateral: (2)	1,821,278
Treasury securities lending	368,573
Prepaid expenses	\$ 15,688,387
<b>TOTAL ASSETS</b>	<b>15,688,387</b>

**LIABILITIES AND FUND BALANCE****Liabilities:**

Accounts payable (13)	\$ 749,612
Accrued payroll payable (13)	566,920
Obligations under securities lending: (2)	
Treasury	1,821,278
Unearned revenue (14)	33,992,232
Due to business-type lottery activities (7)	442,159
<b>Total liabilities</b>	<b>37,572,201</b>

**Fund balance:**

Unassigned	(21,883,814)
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 15,688,387</b>

**Reconciliation of the balance sheet for governmental funds to the government-wide statement of net position:**

Total governmental fund balance: \$ (21,883,814)

Capital assets (net of accumulated amortization/depreciation) are not financial resources and, therefore, are not reported in the funds	635,031
Right-to-use subscription assets (net of accumulated amortization) used in governmental activities are not financial resources and therefore are not reported in the funds	25,005,771
Net other postemployment asset is not a financial resource and, therefore, is not reported in the funds	370,376

Long-term liabilities are not due and payable in the current period and; therefore, are not reported in the funds. Those

liabilities consist of:

Subscription obligations	(25,417,968)
Interest payable, subscriptions	(28,468)
Compensated absences	(498,081)
Net pension liability	(5,531,223)
Net OPEB liability	(740,941)
<b>Total OPEB liability</b>	<b>(280,172)</b>
	(32,496,853)

Deferred outflows related to pension are not required to be reported in the funds but are required to be reported at the government-wide level

1,873,265

Deferred outflows related to other postemployment activities are not required to be reported in the funds but are required to be reported at the government-wide level

418,438

Deferred inflows to pension are not required to be reported in the funds but are required to be reported at the government-wide level

(812,801)

Deferred inflows other postemployment activities are not required to be reported in the funds but are required to be reported at the government-wide level

(296,327)

**NET POSITION OF GOVERNMENTAL GAMING ACTIVITIES**

**\$ (27,186,914)**

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



	Gaming Fund
<b>REVENUES</b>	
License and application fees	\$ 11,253,640
Interest income	810,067
<b>Total revenues</b>	<b>12,063,707</b>
<b>EXPENDITURES</b>	
General and administrative	16,142,799
Debt service	4,521,723
<b>Total expenditures</b>	<b>20,664,522</b>
<b>Deficiency of revenues under expenditures</b>	<b>(8,600,815)</b>
<b>OTHER FINANCING SOURCES</b>	
Subscription asset obligations issued	306,131
<b>Net change in fund balance</b>	<b>(8,294,684)</b>
Fund balance - July 1, 2024, as previously reported	(13,589,131)
Change in accounting principle (GASB 101)	(102,156)
Fund balance - July 1, 2024, as restated	(13,691,287)
Fund balance - June 30, 2025	<b>\$ (21,985,971)</b>
<b>Reconciliation of the balance sheet for governmental funds to the government-wide statement of net position:</b>	
Net increase (decrease) in fund balance of governmental fund: Governmental funds report capital outlays as expenditures; however, on the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as amortization/depreciation expense. This amount represents the difference between amortization/depreciation expense and capital outlay expenditures. The details of this difference are as follows:	\$ (8,294,684)
Capital outlay	657,731
Amortization/depreciation expense, capital asset	(194,703)
Amortization expense, right-to-use subscription assets	(3,775,302)
In governmental funds, issuance of long-term debt provides, and principal repayments consume current financial resources and are reported as revenues and expenditures, while in government-wide reporting, these transactions are reported as adjustments to non-current liabilities, having no effect on the change in net position. These amounts are the difference in the treatment of long-term debt.	(3,312,274)
Principal payments	3,231,774
(Increase) decrease in accrued interest payable	(11,638)
Long-term subscription asset obligations issued	(306,131)
Increases/decreases of expenses reported in the Statement of Activities that do not require the use of, or provide, current financial resources and, therefore, are not reported in the governmental funds.	(62,165)
(Increase) decrease in compensated absences	(62,165)
Other post-employment benefits:	
Increase (decrease) in net OPEB asset	34,681
(Increase) decrease in net OPEB liability	97,670
(Increase) decrease in total OPEB liability	(8,437)
Increase (decrease) in deferred outflows related to OPEB	(52,203)
(Increase) decrease in deferred inflows related to OPEB	98,814
Pension:	170,525
(Increase) decrease in net pension liability	(167,582)
Increase (decrease) in deferred outflows related to pension	179,174
(Increase) decrease in deferred inflows related to pension	(277,718)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL GAMING ACTIVITIES</b>	<b>\$ (8,850,719)</b>

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



<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		<b>Lottery Fund</b>
<b>Current assets:</b>		
Cash and cash equivalents (2)		\$ 119,560,270
Cash held as collateral: (2)		
Lottery securities lending		115,382,722
Treasury securities lending		12,291,237
Accounts receivable		222,498,353
Prepaid expenses		1,259,123
Short-term U.S. Treasuries (2)		13,029,458
Due from Gaming Fund (7)		442,159
<b>Total current assets</b>		<b>484,463,322</b>
<b>Noncurrent assets:</b>		
U.S. Treasuries (2)		174,509,048
Net OPEB asset (20)		1,593,567
Capital assets: (3)		
Right-to-use lease assets, net		6,521,652
Right-to-use subscription assets, net		5,038,632
Depreciable equipment and intangible assets, net		7,195,648
<b>Total noncurrent assets</b>		<b>194,858,547</b>
<b>TOTAL ASSETS</b>		<b>679,321,869</b>
<b>Deferred outflows of resources:</b>		
Deferred outflows related to pension (15)		7,587,322
Deferred outflows related to OPEB (20)		1,902,129
<b>Total deferred outflows of resources</b>		<b>9,489,451</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		<b>\$ 688,811,320</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>Current liabilities:</b>		
Accounts payable (13)		\$ 48,130,527
Due to the lottery proceeds fund (6)		33,305,240
Accrued compensated absences (8)		2,933,380
Obligations under securities lending: (2)		
Lottery		115,382,722
Treasury		12,291,237
Prizes payable: (11)		
U.S. Treasuries prizes payable – current		13,029,458
Other prizes payable		264,733,675
Unearned revenue (14)		1,772,950
Lease obligations (9)		4,631,029
Subscription obligations (10)		1,425,897
Interest payable, subscriptions		233,026
<b>Total current liabilities</b>		<b>497,869,141</b>
<b>Noncurrent liabilities:</b>		
Accrued compensated absences (8)		12,952
U.S. Treasuries prizes payable (11)		174,509,048
Lease obligations (9)		2,231,134
Subscription obligations (10)		3,106,027
Net pension liability (15)		22,403,224
Net OPEB liability (20)		3,382,958
Total OPEB liability (20)		1,205,457
<b>Total noncurrent liabilities</b>		<b>206,850,800</b>
<b>TOTAL LIABILITIES</b>		<b>704,719,941</b>
<b>Deferred inflows of resources:</b>		
Deferred inflows related to pension (15)		3,292,102
Deferred inflows related to OPEB (20)		1,365,791
<b>Total deferred inflows of resources</b>		<b>4,657,893</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		<b>\$ 709,377,834</b>
<b>NET POSITION</b>		
Net investment in capital assets		\$ 7,361,845
Restricted OPEB		1,593,567
Unrestricted		(29,521,926)
<b>TOTAL NET POSITION</b>		<b>\$ (20,566,514)</b>



		Lottery Fund
<b>OPERATING REVENUES</b>		<b>\$ 5,770,639,893</b>
Ticket sales		\$ 5,770,639,893
<b>Less:</b>		
Prize expense		4,521,838,463
Retailer compensation		127,910,359
Instant ticket & gaming services		120,600,975
<b>Gross margin</b>		<b>1,000,290,096</b>
<b>OPERATING EXPENSES</b>		
Advertising and promotion		40,405,361
General and administrative		55,554,250
Depreciation and amortization		10,168,664
<b>Total operating expenses</b>		<b>106,128,275</b>
<b>OPERATING INCOME (LOSS)</b>		<b>\$ 894,161,821</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income		9,577,008
Interest expense		(1,295,901)
Net other income		650,900
<b>Total nonoperating revenues (expenses)</b>		<b>8,932,007</b>
<b>INCOME BEFORE OTHER REVENUE, EXPENSES, GAINS, LOSSES, AND TRANSFERS (6)</b>		<b>903,093,828</b>
Transferred from (to) the Lottery Proceeds Fund		(868,222,842)
Due from (to) the Lottery Proceeds Fund		(33,305,240)
<b>Total transfers</b>		<b>(901,528,082)</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>		<b>1,565,746</b>
<b>TOTAL NET POSITION - JULY 1, 2024, as previously reported</b>		<b>(21,725,527)</b>
Change in accounting principal (GASB 101)		(406,733)
<b>TOTAL NET POSITION - JULY 1, 2024, as restated</b>		<b>(22,132,260)</b>
<b>TOTAL NET POSITION - JUNE 30, 2025</b>		<b>\$ (20,566,514)</b>

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

**Cash flows from operating activities:**

Cash received from ticket sales	\$ 5,634,975,043
Cash payments for prizes	(4,386,798,212)
Discounts for retailer compensation	(127,910,359)
Cash payments to supplier of instant and online services	(120,600,975)
Cash payments to suppliers of other goods and services	(28,753,363)
Cash payments to employees for services	(43,973,983)
Cash payments to the Literary Fund for unclaimed prizes (12)	(22,422,126)
<b>Net cash provided by operating activities</b>	<b>904,516,025</b>

**Cash flows from noncapital financing activities:**

Proceeds from other income	672,692
Interfund transfer	(60,408)
Transfers to the Lottery Proceeds Fund	(943,824,250)
<b>Net cash used for noncapital financing activities</b>	<b>(943,211,966)</b>

**Cash flows from capital and related financing activities:**

Acquisition of capital assets	(2,698,517)
Proceeds from sale of capital assets	15,541
Principal payments on installment notes	(5,992,515)
Interest payment on installment notes	(1,204,342)
<b>Net cash used for capital financing activities</b>	<b>(9,879,833)</b>

**Cash flows from investing activities:**

Purchase of U.S. Treasuries	(4,509,976)
Proceeds from maturing U.S. Treasuries	13,370,000
Interest proceeds from cash balances	9,577,008
<b>Net cash provided by investing activities</b>	<b>18,437,032</b>

**Net decrease in cash and cash equivalents**

<b>Cash and cash equivalents at July 1</b>	<b>149,699,012</b>
<b>Cash and cash equivalents at June 30</b>	<b>\$ 119,560,270</b>

**Reconciliation of operating income to net cash provided by operating activities:**

Income from operations	894,161,821
Adjustments to reconcile operating income to net cash:	
Depreciation and amortization	10,168,665
Accreted interest on U.S. Treasuries	(3,677,915)
Changes in assets, liabilities and deferred inflows/outflows:	
(Increase) Decrease in accounts receivable	(135,429,761)
(Increase) Decrease in prepaid expenses	(831,839)
(Increase) Decrease in OPEB asset	(154,974)
(Increase) Decrease in deferred outflows related to pensions	(106,283)
(Increase) Decrease in deferred outflows related to OPEB	186,889
Increase (Decrease) in accounts payable	2,676,707
Increase (Decrease) in current prizes payable	143,820,841
Increase (Decrease) in unearned revenue	(235,089)
Increase (Decrease) in accrued compensated absences	124,283
Increase (Decrease) in noncurrent prizes payable	(5,102,675)
Increase (Decrease) in pension liability	(1,282,396)
Increase (Decrease) in OPEB liability	(334,647)
Increase (Decrease) in deferred inflows related to pensions	929,196
Increase (Decrease) in deferred inflows related to OPEB	(396,798)
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 904,516,025</b>

**Non-cash investing, capital and financing activities:**

Lease obligations related to right-to-use lease assets	\$ 9,294,857
Lease obligations related to right-to-use subscription assets	2,516,431
Special employer contributions for pension and OPEB	152,507
Loss on disposal of capital assets	(21,792)
<b>Total non-cash investing, capital and financing activities</b>	<b>\$ 11,942,003</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

The Virginia Lottery (originally State Lottery Department) was established by Chapter 531 of the 1987 Acts of Assembly and operates as an Independent Agency in accordance with the provisions of Chapter 40 of Title 58.1 of the Code of Virginia. The 2020 Acts of Assembly contained significant revisions to the scope of the Virginia Lottery responsibilities, adding sports betting as Article 2 of Chapter 40, and establishing Chapter 41 outlining responsibilities for the regulation of specific approved casino gaming in Virginia.

The Virginia Lottery continues to operate lottery games, including multi-state games and iLottery offerings, with the financial activity reported as an enterprise activity. The Virginia Lottery participates in three multi-state games, Mega Millions, Powerball and Cash4Life. Mega Millions and Powerball member lotteries include California, Georgia, Illinois, Massachusetts, Michigan, New Jersey, Ohio, Virginia, Washington, and the Multi-State Lottery (MUSL) Group. Cash4Life member lotteries include Florida, Georgia, Indiana, Maryland, Missouri, New Jersey, New York, Pennsylvania, Tennessee, and Virginia. The financial activity included in the financial statements reflects only Virginia's portion of these multi-state games. Separate agreed-upon procedures reports are issued for Cash4Life, Mega Millions, and Powerball.

In addition to the enterprise activity, the financial statements include governmental fund activity associated with the regulation of sports betting and casino gaming, which began operating in January 2021 and July 2022, respectively. The taxes assessed on these regulated activities are not reported in these financial reports but are accounted for in various funds included in the Commonwealth's Annual Comprehensive Financial Report (ACFR).

The Commonwealth's ACFR includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or can exercise oversight authority. The Virginia Lottery is an agency of the Commonwealth of Virginia and is included in the basic financial statements of the Commonwealth.

### B. Measurement Focus and Basis of Accounting

The accompanying financial statements are presented using the accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The Virginia Lottery's entity-wide and enterprise fund financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the full accrual basis revenues are recognized when earned and expenses when incurred. Online ticket revenue, which includes sales of tickets generated through Lottery terminals and purchases over the internet by registered adult players, is recognized as corresponding drawings are held. Instant ticket revenue, which includes sales of instant-win preprinted tickets, is recognized when tickets are activated for sale to the public by retailers. Revenue for internet sales of Instants, which are instant-win digital games, is recognized when games are purchased.

The Virginia Lottery's governmental fund financial statements have been prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance current expenditures. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Virginia Lottery considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recognized when liabilities are incurred, however, expenditures related to compensated absences and right-to-use asset obligations are recorded only when the payment is due.

### C. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources have a positive effect on net position similar to assets. Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period. The deferred inflows of resources have a negative effect on net position similar to liabilities. Contributions subsequent to the measurement date for Pensions and Other Post-Employment Benefits (OPEB) are always a deferred outflow; this will be applied to the net pension or OPEB liability in the next fiscal year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Deferred Outflows/Inflows of Resources (Continued)

Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate. Differences resulting from a change in proportion of the collective net pension and OPEB liabilities will be recognized in pension and OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate. Differences between projected and actual earnings on pension and OPEB plan investments will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate. Differences resulting from changes in assumptions on pension plan or OPEB investments will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan.

### D. Revenue and Expense Classifications

In the enterprise fund statements, operating revenues and expenses include activities related to the sale of lottery tickets. Operating expenses include prizes to winners, compensation to retailers, and ticket printing costs. Non-operating revenues and expenses include activities that have the characteristics of investing transactions and capital and non-capital financing activities as defined by Governmental Accounting Standards Board (GASB) Statement 9 and GASB Statement 34. Additionally, non-operating revenues include interest income from its cash balances held with the Treasurer of Virginia.

In the governmental fund statements, revenues and expenditures include activities related to the issuance of sports betting and casino licenses, and activities necessary to regulate and oversee these forms of gaming. Expenditures also include the indirect cost of shared personnel services and rent, which represents supporting services of the Virginia Lottery in its regulation of sports betting and casinos. Expenditures that are attributable to one or more fund or supporting services of the Virginia Lottery include departments of the Executive Director, General Counsel, Internal Audit, Security, Administration, Finance, Communications and Customer Relations and Information Technology Services. Shared service costs are allocated to the funds using a methodology based on the proportional headcount of direct-allocated full-time employees for each fund.

### E. Fund Accounting

The main activities of the Virginia Lottery are accounted for in an enterprise fund, used to account for governmental operations that are financed and operated in a manner similar to private business enterprises. Enterprise fund accounting is used where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate. This fund is considered a major fund of the Virginia Lottery.

The Gaming activities of the Virginia Lottery are accounted for in a special revenue fund. The special revenue fund accounts for transactions related to resources received and used for a committed or specific purpose. The Virginia Lottery's Gaming Regulatory Fund accounts for financial resources related to the regulation of sports betting and casino activities. The Fund balance in the special revenue fund is for the operation of these activities. With the implementation of GASB No. 54, the fund balance classifications are reported as Non-spendable, Restricted, Committed, Assigned, and Unassigned. The fund balance includes amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority through enabling legislation. The highest level of decision authority for the Commonwealth is the General Assembly and the Governor. This fund is considered a major fund of the Virginia Lottery. For the fiscal year ended June 30, 2025, the Gaming Regulatory fund had a negative unassigned fund balance as obligations exceeded fund balance available for commitment.

The Lottery's policy is to apply expenditures against restricted resources first when either restricted or unrestricted amounts are available.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### E. Fund Accounting (Continued)

Within unrestricted fund balance, it is the Lottery's policy to apply expenditures against committed amounts first, followed by assigned, and unassigned amounts. In a governmental fund other than the General Fund, a negative unassigned fund balance could result if expenditures incurred for a specific purpose exceeds amounts in the fund that are restricted, committed, and assigned for that purpose.

### F. Cash, Cash Equivalents, and U.S. Treasuries

The Virginia Lottery's cash and cash equivalents are considered to be cash on hand, cash with the Treasurer of Virginia and deposits.

Statutes authorize the Virginia Lottery to invest in obligations of the Commonwealth, federal government, other states, or political subdivisions thereof, the International Bank for Reconstruction and Development, the Asian Development Bank, and the African Development Bank. In addition, the Virginia Lottery may invest in prime quality commercial paper rated prime 1 by Moody's Investment Service or A-1 by Standard and Poor's, Incorporated; overnight term or open repurchase agreements; and money market funds comprised of U.S. Treasuries, which are otherwise legal U.S. Treasuries of the Virginia Lottery.

U.S. Treasuries, both current and long-term, consist of U.S. Treasury STRIPS purchased to fund individual jackpot and "For Life" prizes. U.S. Treasuries are valued at cost plus accrued interest, not at fair market value, because it is management's intention to hold these U.S. Treasuries to maturity to match the future payment obligations to winners.

### G. Inventories

Inventories consist of materials and supplies held for future consumption and are stated at cost using the first-in, first-out method. Inventory is accounted for under the consumption method.

### H. Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements. Prepaid items are recorded as expenditures when consumed.

### I. Capital Assets

Equipment, property, intangible assets, and right-to-use assets are capitalized and depreciated/amortized on a straight-line basis over their estimated useful lives and are valued at historical or amortized cost. The Virginia Lottery capitalizes all equipment and property assets that have an individual or aggregate cost or value equal to or greater than \$5,000, an expected useful life of more than one year, and are deemed significant to the financial statements. The capitalization threshold for intangible assets is the value equal to or greater than \$100,000 of the cost. The capitalization threshold for right-to-use assets, which consist of leases and subscription assets, is the value equal to or greater than \$50,000 of the cost. Capital asset depreciation/amortization has been provided over the estimated useful lives using the straight-line method annually as follows:

Estimated Useful Life in Years	
Machinery, Furniture, and Equipment	3 - 15
Intangibles	3 - 10
Lease Assets	3 - 20
Subscription Assets	2 - 10

### J. Significant Contracts

The Virginia Lottery has contracted with vendors for the majority of the gaming systems and supplies.

The Virginia Lottery competitively executed contracts with International Game Technology PLC (IGT) to provide and operate the retail-based gaming system and network effective beginning October 28, 2017, and with NeoPollard Interactive (NPI) to provide and operate an internet sales platform for draw games effective beginning October 31, 2016.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### J. Significant Contracts (Continued)

IGT has established a facilities management agreement with the Lottery, through which IGT installs and manages retailer equipment, and manages transaction processing systems to record transactions originating throughout the Commonwealth. IGT also provides various professional services, software development and testing support, backup data processing, and a comprehensive satellite communications network to support gaming systems operations. Primarily a percentage of sales agreement, IGT will receive 0.7840% of total net sales that are processed through the IGT system, 0.4375% of net instant game ticket sales for the warehousing and distribution of scratch tickets and has a total estimated contract value of \$213,000,000 for the 10-year contract period. The IGT contract includes a lease for equipment and a subscription for an information technology platform based on variable payments. The compensation for equipment and subscriptions is included in the base contract, for which compensation is calculated on a percentage of sales and therefore not included in the lease and subscription liabilities reported under GASB 87 and GASB 96 respectively.

The Virginia Lottery has contracted with IGT Corporation, as of July 1, 2020, for the printing of scratcher tickets. IGT receives a fee of 0.48% of the net scratcher game tickets distributed and then activated by retailers. The total estimated contract value is \$30,000,000 for the 6-year contract period.

The Virginia Lottery has amended its contract with NeoPollard Interactive LLC (NPI) for the development and support of iLottery online gaming effective beginning July 1, 2020. NPI receives an Instant Games Content Fee of 5% of Net Gaming Revenue for all online Instant games provided by NPI, plus a System Fee of 10.80% of Net Gaming Revenue for all wagering transactions processed except for draw-based games designed with prize payouts of 60% or less. For draw based games, NPI receives a Content Fee of 4.95% of gross sales. The total estimated contract value is \$326,000,000 for a 6-year contract period. The NPI contract includes a subscription for an information technology platform based on variable payments. The compensation for the subscription is included in the base contract, for which compensation is calculated on a percentage of sales and therefore not included in the SBITA liabilities reported under GASB 96.

### K. Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plan is a single employer pension plan that is treated like a cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. 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.

### L. Other Post-Employment Benefits

#### State Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees. For purposes of measuring the net State Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the State Employee Health Insurance Credit Program OPEB, and the State Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Health Insurance Credit Program; and the additions to/deductions from the VRS State Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### L. Other Post-Employment Benefits (Continued)

#### VRS Disability Insurance Program

The Virginia Retirement System (VRS) Disability Insurance Program (Virginia Sickness and Disability Program) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The Disability Insurance Program was established pursuant to §51.1-1100 et seq. of the *Code of Virginia*, as amended, and provides the authority under which benefit terms are established or may be amended. The Disability Insurance Program is a managed care program that provides sick, family, and personal leave and short-term and long-term disability benefits for State Police Officers, state employees, and VaLORS employees. For purposes of measuring the net Disability Insurance Program OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to the Disability Insurance Program OPEB, and Disability Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Disability Insurance Program OPEB Plan and the additions to/deductions from the VRS Disability Insurance Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable according to the benefit terms. Investments are reported at fair value.

#### Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### Pre-Medicare Retiree Healthcare Plan

Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resource Management. After retirement, the Virginia Lottery no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

#### Line of Duty Act Program

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The Line of Duty Act Program was established pursuant to §9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Line of Duty Act Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net Line of Duty Act Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Line of Duty Act Program OPEB, and Line of Duty Act Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Line of Duty Act Program OPEB Plan and the additions to/deductions from the VRS Line of Duty Act Program OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### M. Accounts Receivable

The Lottery has an account receivable account which consists of proceeds from ticket sales by its retailers. Retailers have from one to three weeks from the activation of those tickets for sale to transfer funds to the Lottery for the sale of those tickets. All Lottery retailers have a surety bond to protect Lottery assets, and funds collected by retailers on behalf of the Lottery are legal trust funds. Uncollected receivables are virtually non-existent. Accounts receivable also includes net amounts due to/from other states related to multi-state games.

### N. Lessee

The Virginia Lottery is a lessee for noncancelable leases of equipment, buildings, and information technology subscriptions. The Virginia Lottery recognizes a liability and an intangible right-to-use asset (lease asset or subscription asset) in the government-wide and enterprise fund financial statements. The Virginia Lottery recognizes lease liabilities with an initial individual value of \$50,000 or more, and subscription liabilities with an initial individual value of \$5,000 or more.

At the commencement of a lease or subscription, the Virginia Lottery initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of payments made. The asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases and subscriptions include how the Virginia Lottery determines (1) the discount rate it uses to discount the expected payments to present value, (2) term, and (3) payments.

- The Virginia Lottery uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Virginia Lottery generally uses the Published Prime Rate as of the beginning of the lease or subscription term.
- The term includes the noncancelable period of the agreement. If the agreement contains an option to extend and it is reasonably certain, based on all relevant factors, that the option will be exercised, then the term includes that additional period. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the Virginia Lottery is reasonably certain to exercise.

The Virginia Lottery monitors changes in circumstances that would require a remeasurement of its lease or subscription and will remeasure the asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Lease and subscription assets are reported with other capital assets and the corresponding liabilities are reported with long-term debt on the statement of net position.

### O. New Accounting Pronouncements

The Virginia Lottery implemented newly issued GASB Statement No. 101 (GASB No. 101), *Compensated Absences*, and GASB Statement No. 102 (GASB No. 102), *Certain Risk Disclosures*, for the year ended June 30, 2025. GASB Statement No. 103 (GASB No. 103), *Financial Reporting Model Improvements*, will be effective for financial statements starting with a fiscal year that begins after June 15, 2025. GASB Statement No. 104 (GASB No. 104), *Disclosure of Certain Capital Assets*, will be effective for financial statements starting with a fiscal year that begins after June 15, 2025. The Virginia Lottery is in the process of assessing the impact of these statements and will implement them as of the effective dates, if appropriate.

### P. Budget

Due to the nature of activity accounted for by Virginia Lottery in the Gaming Regulatory Fund, a budget is not prepared. Therefore, a *Statement of Revenues, Expenditures, and Changes in Balances - Budget to Actual* is not included in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 2. CASH AND CASH EQUIVALENTS AND U.S. TREASURIES

Cash and cash equivalents represent cash with the Treasurer of Virginia and deposits. Cash with the Treasurer of Virginia is held pursuant to Section 2.2-1800, et seq., *Code of Virginia*. These funds are held in pooled accounts and, accordingly, are not categorized as to credit risk as defined by GASB Statement 40. Cash on deposit is held in demand deposit accounts maintained for prize payments and is covered by federal depository insurance with the balance in excess of this insurance collateralized in accordance with the Virginia Security for Public Deposits Act. Under this Act, banks holding public deposits in excess of FDIC limits pledge collateral to the Department of the Treasury based on the provisions of the Security for Public Deposits Act and Treasury policies. As of June 30, 2025, the total cash and cash equivalents equaled \$133,058,806. This included petty cash on hand of \$1,405.

In accordance with the State Treasurer and the Virginia Lottery's investment policy, funds are invested in U.S Treasury obligations for the purpose of payment of deferred prizes to winners. The U.S. Treasuries held for future prize payments are available for lending to broker-dealers and other entities (borrowers) for cash collateral that will be returned for the same securities in the future.

**Custodial Credit Risk** - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the state and Virginia Lottery will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All security loan agreements are collateralized at loan inception at no less than 100 percent of market value by cash or U.S. government obligations and adjusted to market daily, at a minimum, to cover market value fluctuations. Collateral cash is invested in accordance with the investment policies of the State Treasury Board of the Commonwealth of Virginia, and credit rating categories are detailed as part of this footnote. U.S. Treasuries are presumed to not have credit risk.

**Interest Rate Risk** - Interest rate risk is the risk that investment's fair value decreases as market interest rates increase. The U.S. Treasuries in prize annuities are subject to fluctuations in fair value due to interest rate risk, but these bonds are held to maturity to satisfy annual installment obligations to the prize winners. The fair value at maturity is the face value of the bonds, regardless of the fluctuations in the value during the period that the U.S. Treasuries are outstanding.

U.S. Treasuries consist of the following:

							Credit Rating: Not Applicable	
Prize Annuities:								
Treasury bonds							\$	187,538,506
U.S. Treasuries:								
		Less than 1 year	1-5 years	6-10 years	11-20 years	Over 20 years		
Prize Annuities:								
Treasury bonds <sup>(i)</sup>		\$ 13,029,458	\$ 65,239,467	\$ 34,497,534	\$ 45,898,015	\$ 28,874,032		
<small>(i) Virginia Lottery prize annuities of U.S. Treasuries are insured or registered, or for which the securities are held by the Virginia Lottery or its safekeeping agent in the Virginia Lottery's name. All annuities of U.S. Treasuries are made through the U.S. government and agency securities that are explicitly guaranteed by the U.S. government.</small>								

**Securities Lending** - Collateral for securities lending reported on the statement of net position represents cash collateral received by the Lottery that is subsequently reinvested through the State Treasury's securities lending program. The Commonwealth's policy is to record unrealized gains and losses for the State Treasury's securities lending program in the General Fund in the Commonwealth's basic financial statements.

When the Commonwealth realizes gains or losses, or when it determines that a security is other than temporarily impaired, the State Treasury allocates the actual gains and losses to the affected agencies for recording. Detailed information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 3. CAPITAL ASSETS

The following schedules present the changes in capital assets:

Business-Type Lottery Activities:				
	Balance as of July 1, 2024	Additions	Reductions	Balance as of June 30, 2025
Equipment assets	\$ 32,664,865	\$ 2,254,951	\$ (1,308,353)	\$ 33,611,463
Intangible assets	5,553,687	-	-	5,553,687
Right to use assets				
Billboards	-	8,092,321	-	8,092,321
Buildings	3,598,931	1,202,536	(939,741)	3,861,726
Equipment	31,369	-	(1,531)	29,838
Subscription-based information technology arrangements	6,189,357	2,959,997	(472,438)	8,676,916
Total other capital assets	\$ 48,038,209	\$ 14,509,805	\$ (2,722,063)	\$ 59,825,951
<b>Less: Accumulated depreciation/amortization for:</b>				
Equipment assets	25,450,388	3,065,468	(1,271,020)	27,244,836
Intangible assets	4,185,705	538,961	-	4,724,666
Right to use assets				
Billboards	-	4,046,161	-	4,046,161
Buildings	1,787,537	548,384	(939,741)	1,396,180
Equipment	11,009	10,414	(1,531)	19,892
Subscription-based information technology arrangements	2,151,445	1,959,277	(472,438)	3,638,284
Total accumulated depreciation/amortization	\$ 33,586,084	\$ 10,168,665	\$ (2,684,730)	\$ 41,070,019
<b>Net depreciable capital assets</b>	<b>\$ 14,452,125</b>	<b>\$ 4,341,140</b>	<b>\$ (37,333)</b>	<b>\$ 18,755,932</b>
	<b>Total net capital assets</b>	<b>\$ 14,452,125</b>	<b>\$ 4,341,140</b>	<b>\$ (37,333)</b>
Governmental Gaming Activities:				
	Balance as of July 1, 2024	Additions	Reductions	Balance as of June 30, 2025
Equipment assets	\$ -	\$ 351,600	\$ -	\$ 351,600
Intangible assets	939,449	-	-	939,449
Right to use assets				
Subscription-based information technology arrangements	35,751,943	306,131	(16,280)	36,041,794
Total other capital assets	\$ 36,691,392	\$ 657,731	\$ (16,280)	\$ 37,332,843
<b>Less: Accumulated depreciation/amortization for:</b>				
Equipment assets	-	47,585	-	47,585
Intangible assets	461,315	147,118	-	608,433
Right to use assets				
Subscription-based information technology arrangements	7,277,003	3,775,300	(16,280)	11,036,023
Total accumulated amortization	\$ 7,738,318	\$ 3,970,003	\$ (16,280)	\$ 11,692,041
<b>Net depreciable capital assets</b>	<b>\$ 28,953,074</b>	<b>\$ (3,312,272)</b>	<b>\$ -</b>	<b>\$ 25,640,802</b>
	<b>Total net capital assets</b>	<b>\$ 28,953,074</b>	<b>\$ (3,312,272)</b>	<b>\$ -</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



### 4. INSTANT TICKET INVENTORY

Inventories are valued at actual cost and are expensed over the life of each game as instant-win scratch tickets are activated for sale by retailers.

### 5. LINE OF CREDIT

The State Comptroller has provided the Virginia Lottery with a line of credit not to exceed \$56 million in accordance with Section 3-2.03 of Chapter 725 Acts of Assembly 2025 Session, to fund administrative and operating expenses in the event unreserved cash is insufficient to cover these short-term costs. There were no outstanding borrowings during the year ended June 30, 2025.

### 6. DUE FROM / (TO) THE LOTTERY PROCEEDS FUND

The amount due from/(to) the Lottery Proceeds Fund represents Virginia Lottery net income payable to the Commonwealth of Virginia's Lottery Proceeds Fund in accordance with Chapter 725 Acts of Assembly 2025 Session, and Section 58.1-4022.1, Code of Virginia. The Lottery Proceeds Fund is a special non-reverting fund established solely for the purpose of public education in the Commonwealth. For the year ended June 30, 2025, the net income for transfer to the Lottery Proceeds Fund was \$901,528,082, with a net income transfer through June 30 of \$868,222,842 and a balance due to the Lottery Proceeds Fund of \$33,305,240.

The total amount of \$901,528,082 transferred/due to the Lottery Proceeds fund is based on the Lottery's Net Income prior to adjustments made to General and Administrative Expenses for changes in Pension due to GASB 68 (\$193,357), changes in OPEB due to GASB 75 (\$870,055), and the Pension/OPEB allocation transferred to Gaming Governmental Activities (\$95,601). The changes in Pension due to GASB 68 and the changes in other post-employment benefit expenses due to GASB 75 represent the net effect of the adjustment necessary to record the Pension and OPEB related activity under GASB 68 and GASB 75, respectively. The Virginia Lottery made a transfer allocation of \$95,601 from Lottery Activities to Gaming Governmental Activities to account for the allocation of Pension and Other Post-Employment Benefits for dedicated gaming employees. This adjustment represents the net effect of the allocations necessary to record pension and OPEB related activity under GASB 68 and GASB 75 in the appropriate fund. The net adjustment made to Operating Expenses was (\$1,159,013). While this adjustment increases the Net Income shown on the Financial Statements, it does not affect the total amount due to the Lottery Proceeds Fund.

### 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2025, is as follows:

Fund	Receivables	Payables
Governmental Activities	\$ -	\$ 442,159
Business-Type Activities	442,159	-
<b>Total All Fund Types</b>	<b>\$ 442,159</b>	<b>\$ 442,159</b>

The outstanding balances between funds result mainly from the time lag between the dates that payments between funds are made and when interfund goods and services are provided or reimbursable expenditures occurred.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 8. COMPENSATED ABSENCES

The Virginia Lottery recognizes a liability for compensated absences in accordance with newly implemented GASB Statement No. 101, *Accounting for Compensated Absences*, which updates the recognition and measurement guidance for leave liabilities, and replaces GASB 16, introducing a unified model for all types of compensated absences. This includes vacation, sick leave, and other paid time off that meets the following criteria: (1) the leave is attributable to services already rendered, (2) the leave accumulates and carries forward to future periods, and (3) it is more likely than not to be used or paid. The liability is measured using the employee's pay rate as of the end of the fiscal year. Leave that is dependent on sporadic events (parental leave, military leave, jury duty, etc.) is recognized only when the leave commences. Information on the Commonwealth's leave policy is available at the statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report.

Fund	Balance as of			Balance as of		Due Within One year
	July 1, 2024*	Increases	Decreases	June 30, 2025		
Business-Type Lottery Activities	\$ 2,822,049	\$ 2,984,276	\$ (2,859,993)	\$ 2,946,332	\$ 2,933,380	
Governmental Gaming Activities	435,910	460,140	(397,966)	498,084	422,387	
<b>Total All Fund Types</b>	<b>\$ 3,257,959</b>	<b>\$ 3,444,416</b>	<b>\$ (3,257,959)</b>	<b>\$ 3,444,416</b>	<b>\$ 3,355,767</b>	

\*as restated due to GASB 101 implementation

## 9. RIGHT-TO-USE LEASE LIABILITIES

In 2022, the Virginia Lottery implemented the guidance in GASB No. 87, for accounting and reporting leases that had previously been reported as operating leases. Newly recognized lease liabilities are comprised of various leasing arrangements with unrelated parties. Payments are due in varying amounts over the lives of the related leases and are discounted using the Published Prime Rate as of the beginning of the lease term.

Lease Liabilities	Balance as of			Modifications &			Balance as of		Due Within One Year
	July 1, 2024	Additions	Remeasurements	Subtractions	June 30, 2025				
Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
Business-Type Activities									
Equipment	21,185	-	-	(10,411)	10,774	10,774			
Buildings	1,954,728	1,136,012	54,216	(508,494)	2,636,462	2,636,462	405,328		
Billboards	-	8,068,286	-	(3,853,359)	4,214,927	4,214,927			
<b>Total Entity Activities</b>	<b>\$ 1,975,913</b>	<b>\$ 9,204,298</b>	<b>\$ 54,216</b>	<b>\$ (4,372,264)</b>	<b>\$ 6,862,163</b>	<b>\$ 6,862,163</b>	<b>\$ 4,631,029</b>		
Maturity Analysis									
Maturity Analysis		Governmental Activities		Business-Type Activities			Total Entity Activities		
Principal		Interest		Principal		Interest		Principal	
Year Ending 2026	\$ -	\$ -	\$ -	\$ 4,631,029	\$ 327,596	\$ 4,631,029	\$ 327,596		
Year Ending 2027	-	-	-	352,336	114,689	352,336	114,689		
Year Ending 2028	-	-	-	341,559	99,935	341,559	99,935		
Year Ending 2029	-	-	-	215,936	86,202	215,936	86,202		
Year Ending 2030	-	-	-	225,065	74,269	225,065	74,269		
5 Years Ending 2031-2035	-	-	-	1,096,238	152,869	1,096,238	152,869		
<b>Total Future Payments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,862,163</b>	<b>\$ 855,560</b>	<b>\$ 6,862,163</b>	<b>\$ 855,560</b>		

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 10. RIGHT-TO-USE SUBSCRIPTION LIABILITIES

In 2023, the Virginia Lottery implemented the guidance in GASBS No. 96, for subscription-based information technology arrangements (SBITA) that had previously been reported as information technology expenses. Newly recognized SBITA liabilities are comprised of various arrangements with unrelated parties. Payments are due in varying amounts over the lives of the related arrangements and are discounted using the Published Prime Rate as of the beginning of the subscription terms.

SBITA Liabilities	Balance as of		Modifications &			Balance as of		Due Within One Year
	July 1, 2024	Additions	Remeasurements	Subtractions	June 30, 2025			
<b>Governmental Activities</b>								
SBITA	\$ 28,343,611	\$ 25,232	\$ 280,899	\$ (3,231,774)	\$ 25,417,968	\$ 3,343,489		
<b>Business-Type Activities</b>								
SBITA	3,599,401	95,493	2,598,748	(1,761,718)	4,531,924	1,425,897		
<b>Total Entity Activities</b>	<b>\$ 31,943,012</b>	<b>\$ 120,725</b>	<b>\$ 2,879,647</b>	<b>\$ (4,993,492)</b>	<b>\$ 29,949,892</b>	<b>\$ 4,769,386</b>		
<b>Maturity Analysis</b>								
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Entity Activities</b>			
	Principal	Interest	Principal	Interest	Principal	Interest		
Year Ending 2026	\$ 3,343,489	\$ 1,157,351	\$ 1,425,897	\$ 354,750	\$ 4,769,386	\$ 1,512,101		
Year Ending 2027	3,402,753	986,565	992,951	237,987	4,395,704	1,224,552		
Year Ending 2028	3,385,488	816,506	399,932	159,031	3,785,420	975,537		
Year Ending 2029	3,550,158	651,836	297,487	128,901	3,847,645	780,737		
Year Ending 2030	3,722,850	479,145	182,020	111,793	3,904,870	590,938		
5 Years Ending 2031–2035	8,013,230	407,705	1,024,847	321,106	9,038,077	728,811		
5 Years Ending 2036–2040	–	–	208,790	16,208	208,790	16,208		
<b>Total Future Payments</b>	<b>\$ 25,417,968</b>	<b>\$ 4,499,108</b>	<b>\$ 4,531,924</b>	<b>\$ 1,329,776</b>	<b>\$ 29,949,892</b>	<b>\$ 5,828,884</b>		

## 11. PRIZES PAYABLE

Jackpot prize annuities are paid in 20, 25, 26, or 30 installments. The first installment is paid on or about the day the prize is claimed. The subsequent annual payments are funded with U.S. Treasury STRIPS purchased by the Virginia Lottery following a winner's irrevocable election of an annuity option. Jackpot winners also have the option of accepting their winnings in a lump sum cash payout. "For Life" prizes payable represents estimated prizes payable monthly, quarterly, or annually for the life of the winner based on actuarial tables from the Internal Revenue Service and funded with a pool of U.S. Treasury STRIPS.

U.S. Treasuries prizes payable represents the future annual prize payments valued at cost plus accrued interest (current value of securities held to maturity) of the investment securities funding the payments.

U.S. Treasuries Prizes Payable					
Balance as of June 30, 2025					
	Jackpot	Instant For Life	Online For Life	Total	
Due within one year	\$ 7,148,850	\$ 3,735,114	\$ 2,145,494	\$ 13,029,458	
Due in subsequent years	101,653,236	41,578,300	31,277,512	174,509,048	
Total (current value)	108,802,086	45,313,414	33,423,006	187,538,506	
Add: Interest to maturity	71,203,914	16,348,586	13,098,994	100,651,494	
<b>Total at Maturity</b>	<b>\$ 180,006,000</b>	<b>\$ 61,662,000</b>	<b>\$ 46,522,000</b>	<b>\$ 288,190,000</b>	

Other prizes payable represents prizes won but not yet claimed, from drawings or other games which may or may not have ended, and where these prizes are redeemable for up to 180 days after the drawing or game end. "For Life" prizes, for which bonds have not yet been purchased, are also reported as other prizes payable. Prizes payable increases when jackpot winners select annuities and securities are purchased and as interest is accrued over time. Prizes payable decreases when securities mature to pay prior jackpot winners.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 11. PRIZES PAYABLE (CONTINUED)

The following schedule presents the changes in U.S. Treasuries prizes payable.

Balance as of		Balance as of	
July 1, 2024	Increases	Decreases	June 30, 2025
\$ 192,720,615	\$ 872,270	\$ 6,054,379	\$ 187,538,506

## 12. LITERARY FUND AND SETOFF DEBT COLLECTION PAYMENTS

Prizes unclaimed after 180 days are paid to the Literary Fund of the Commonwealth. Payments totaled \$22,422,126 for the year ended June 30, 2025. The Virginia Lottery participates in the Setoff Debt Collection Act whereby certain prize payments are withheld to set-off state obligations the prizewinner owes. Payments totaled \$10,738,202 for the year ended June 30, 2025. The Literary Fund and state debt setoff payments are reported as prize expense on the financial statements. There were no monetary penalties related to Gaming activity for the year ended June 30, 2025 to be recorded as revenue in the Commonwealth's Literary Fund.

## 13. ACCOUNTS PAYABLE

Accounts payable consisted of the following as of June 30, 2025:

	Business-Type		Governmental	
	Lottery Activities	Gaming Activities		
Voucher Payable	\$ 30,412,639	\$ 749,612		
Expired Prizes Payable	3,678,244		–	
Player Wallets Payable	10,636,594		–	
Payroll Payable	3,073,278		566,920	
Player Tax Withholdings	329,772		–	
<b>Total Accounts Payable</b>	<b>\$ 48,130,527</b>		<b>\$ 1,316,532</b>	

## 14. UNEARNED CASINO LICENSE REVENUE

The Code of Virginia 58.1-4108 states that each operator shall submit a nonrefundable fee of \$15 million pursuant to the issuance of a casino license. Such fees shall be deposited by the Department into the Gaming Regulatory Fund established by this code within the Commonwealth of Virginia. The license fee is recognized as monthly income over a 10-year period.

The following table shows the collections, revenue recognized in fiscal year 2025, and the balance remaining, which is accounted for in unearned revenue.

Unearned Casino License Revenue					
For the Year Ended June 30, 2025					
	Bristol	Portsmouth	Danville	Total	
License Fees Collected	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 45,000,000	
less FY23 Revenue Recognized	(1,500,000)	(750,000)	(250,000)	(2,500,000)	
less FY24 Revenue Recognized	(1,500,000)	(1,500,000)	(1,500,000)	(4,500,000)	
less FY25 Revenue Recognized	(1,500,000)	(1,500,000)	(1,500,000)	(4,500,000)	
<b>Unearned Casino License Revenue Balance</b>	<b>\$ 10,500,000</b>	<b>\$ 11,250,000</b>	<b>\$ 11,750,000</b>	<b>\$ 33,500,000</b>	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 15. PENSION PLAN

### General Information about the Pension Plan

#### Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

### RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b></p> <p>Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p><b>About Plan 2</b></p> <p>Same as Plan 1.</p>	<p><b>About the Hybrid Retirement Plan</b></p> <p>The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b></p> <p>Employees are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund.</p>	<p><b>Eligible Members</b></p> <p>Employees are in Plan 2 if their membership date from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>Eligible Members</b></p> <p>Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Full-time permanent, salaried state employees. *</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1–April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Hybrid Opt-In Election</b></p> <p>VRS Plan 1 members could make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Hybrid Opt-In Election</b></p> <p>Same as Plan 1.</p>	<p><i>*Non-Eligible Members</i></p> <p>Some employees are not eligible to participate in the Hybrid Retirement Plan. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p><b>Retirement Contributions</b></p> <p>State members, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.</p>	<p><b>Retirement Contributions</b></p> <p>Same as Plan 1.</p>	<p><b>Retirement Contributions</b></p> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Service Credit</b></p> <p>Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement if the employer offers the health insurance credit.</p>	<p><b>Service Credit</b></p> <p>Same as Plan 1.</p>	<p><b>Service Credit</b></p> <p><u>Defined Benefit Component:</u></p> <p>Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement if the employer offers the health insurance credit.</p>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	<b>Vesting</b> Same as Plan 1.	<i>Defined Contributions Component.</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
<b>Calculating the Benefit</b> The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the	<b>Calculating the Benefit</b> See definition under Plan 1.	<b>Vesting</b> <i>Defined Benefit Component.</i> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <i>Defined Contributions Component.</i> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. <ul style="list-style-type: none"><li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li><li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li><li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li></ul> Distribution is not required, except as governed by law.
<b>Calculating the Benefit</b> See definition under Plan 1.	<b>Calculating the Benefit</b> <i>Defined Benefit Component.</i> See definition under Plan 1	

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.		<u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
<b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
<b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	<b>Service Retirement Multiplier</b> Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	<b>Service Retirement Multiplier</b> <u>Defined Benefit Component:</u> The retirement multiplier for the defined benefit component is 1.00%.  For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. <u>Defined Contribution Component:</u> Not applicable.
<b>Normal Retirement Age</b> Age 65.	<b>Normal Retirement Age</b> Normal Social Security retirement age.	<b>Normal Retirement Age</b> <u>Defined Benefit Component:</u> Same as Plan 2.  <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Unreduced Retirement Eligibility</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	<b>Earliest Unreduced Retirement Eligibility</b> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.	<b>Earliest Unreduced Retirement Eligibility</b> <u>Defined Benefit Component:</u> Same as Plan 2.  <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Reduced Retirement Eligibility</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	<b>Earliest Reduced Retirement Eligibility</b> Age 60 with at least five years (60 months) of service credit.	<b>Earliest Reduced Retirement Eligibility</b> <u>Defined Benefit Component:</u> Same as Plan 2.  <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><b><u>Eligibility:</u></b> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor, or beneficiary is eligible for a monthly death-in-service benefit.</li> </ul> <p><b>Disability Coverage</b> For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1</p> <p><b>Disability Coverage</b> For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p><b><u>Defined Benefit Component:</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1..</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1.</p> <p><b>Disability Coverage</b> State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</p>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b></p> <p>Members may be eligible to purchase service from previous public employment, active-duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b></p> <p>Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b></p> <p><u>Defined Benefit Component:</u> Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <p><u>Defined Contribution Component:</u> Not applicable.</p>

**Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the year ended June 30, 2025, was 12.52% of covered employee compensation for employees in the VRS State Employee Retirement Plan. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Virginia Lottery to the VRS State Employee Retirement Plan were \$4,442,268 and \$4,224,974 for the years ended June 30, 2025, and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The Virginia Lottery must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$190,896 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the Virginia Lottery a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$312,560 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$28,652,008 for the year ended June 30, 2025.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2025, the Virginia Lottery reported a liability of \$27,934,447 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 15. PENSION PLAN (CONTINUED)

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The Virginia Lottery's proportion of the Net Pension Liability was based on the state agency's actuarially determined employer contributions to the pension plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Virginia Lottery's proportion of the VRS State Employee Retirement Plan was 0.56713% as compared to 0.57413% at June 30, 2023.

For the year ended June 30, 2025, the Virginia Lottery recognized pension expense of \$4,257,916 for the VRS State Employee Retirement Plan. Since there was a change in proportionate share between June 30, 2023, and June 30, 2024, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022, measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, the Virginia Lottery reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,582,152	\$ 154,042
Net difference between projected and actual earnings on pension plan investments	–	3,671,850
Change in Assumption	–	–
Changes in proportion and differences between employer contributions and proportionate share of contributions	436,167	279,011
Employer contributions subsequent to the measurement date	4,442,268	–
<b>Total</b>	<b>\$ 9,460,587</b>	<b>\$ 4,104,903</b>

\$4,442,268 reported as deferred outflows of resources related to pensions resulting from the Virginia Lottery's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Total
FY 2026	\$ (608,978)
FY 2027	\$ 2,659,380
FY 2028	\$ (358,338)
FY 2029	\$ (778,647)
FY 2030	\$ –
Thereafter	\$ –

### Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 15. PENSION PLAN (CONTINUED)

### Mortality Rates

#### Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

#### Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

#### Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

#### Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

#### Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

### Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2024, NPL amounts for the VRS State Employee Retirement Plan are as follows (amounts expressed in thousands):

State Employee Retirement Plan	
Total Pension Liability	\$ 29,769,365
Plan Fiduciary Net Position	24,843,784
Employers' Net Pension Liability (Asset)	\$ 4,925,581
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.45%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 15. PENSION PLAN (CONTINUED)

## Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term	Arithmetic Long-	Average Long-
	Target Asset Allocation	Term Expected Rate of Return	Term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP-Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	-0.11%
<b>Total</b>	<b>100.00%</b>		<b>7.07%</b>
*Expected arithmetic nominal return			<b>7.07%</b>
<p><i>* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%).</i></p> <p><i>On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.</i></p>			

## Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the Virginia Lottery for the VRS State Employee Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 102% of the actuarially determined contribution rate. From July 1, 2024, on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



### 15. PENSION PLAN (CONTINUED)

#### Sensitivity of the Virginia Lottery's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Virginia Lottery's proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the Virginia Lottery's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1.00% Decrease	Current Discount Rate	1.00% Increase
	5.75%	6.75%	7.75%
Virginia Lottery's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 47,615,912	\$ 27,934,447	\$ 11,521,190

#### Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://varetire.org/pdf/publications/2024-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

#### Payables to the Pension Plan

The amount of payables outstanding to the VRS State Employee Retirement Plan at June 30, 2025, was approximately \$260K for legally required contributions into the plan.

### 16. RISK MANAGEMENT

The Virginia Lottery is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Virginia Lottery participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The Virginia Lottery pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report.

### 17. CONTINGENCIES

The Virginia Lottery is currently not named as a party in any legal proceedings.

### 18. COLLECTIONS OF SPORTS BETTING TAXES

During the year ended June 30, 2025, the Virginia Lottery collected \$103,394,566 in sports betting taxes. These funds are deposited by the Lottery directly with the Treasurer of Virginia for credit to the General Fund of the Commonwealth and the Problem Gambling Treatment and Support Fund and are not available to the Lottery to meet current needs and are not included in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



### 19. COLLECTIONS OF CASINO TAXES

Per Code of Virginia 58.1-4124, a tax is imposed on adjusted gross receipts of each licensed casino operator. All gaming taxes, along with license and application fees, are collected from the Bristol Hard Rock, Rivers Portsmouth, and Caesars Danville casinos in the State of Virginia and placed in Gaming Proceeds fund. A percentage of these taxes are distributed back to the Host City (Danville, Portsmouth) and the Regional Improvement Commission (Bristol). Additionally, a percentage of the taxes is distributed to the Problem Gaming Treatment and Support Fund, and the Family and Children's Trust Fund. The remaining monies not apportioned pursuant to the Code are deposited in the School Construction Fund established pursuant to 22.1-140.1 of the Code of Virginia.

Casino Tax Allocation	Hard Rock	Rivers	Caesars
	Bristol	Portsmouth	Danville
Host City	\$ 13,327,158	\$ 19,762,641	\$ 19,398,098
Problem Gambling Treatment and Support Fund	319,852	491,834	471,980
Family and Children's Trust Fund	79,963	122,959	117,995
School Construction Fund	26,254,501	41,101,828	39,009,481
<b>Total Taxes for FY2025</b>	<b>\$ 39,981,474</b>	<b>\$ 61,479,262</b>	<b>\$ 58,997,554</b>
<b>*Total Taxes for FY25 in Aggregate</b>			<b>\$ 160,458,290</b>

*\*These figures are for informational purposes only and are not reflected in the Financial Statements*

### 20. OTHER POSTEMPLOYMENT BENEFITS

The Virginia Lottery participates in postemployment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System. These programs include the Group Life Insurance Program, Virginia Sickness and Disability Program, Retiree Health Insurance Credit Program, and Line of Duty Act Program.

#### General Information about the State Employee Health Insurance Credit Program

##### Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the State Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

#### STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS

**Eligible Employees:** The State Employee Retiree Health Insurance Credit Program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.

**Benefit Amounts:** The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- At Retirement – For State employees who retire, the monthly benefit is \$4.25 per year of service per month with no cap on the benefit amount.
- Disability Retirement – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is \$120.00 or \$4.25 per year of service, whichever is higher.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS

For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is \$120.00 or \$4.25 per year of service, whichever is higher.

For State police officer employees with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.

### **Health Insurance Credit Program Notes:**

- The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount.
- Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for health insurance credit as a retiree.

### **Contributions**

The contribution requirement for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2025, was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Virginia Lottery to the VRS State Employee Health Insurance Credit Program were \$399,925 and \$361,761 for the years ended June 30, 2025, and June 30, 2024, respectively.

In June 2024, the Commonwealth made a special contribution of approximately \$52.8 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 1, 2024 Acts of Assembly, Special Session I, and is classified as a special employer contribution. Our proportionate share is reflected in the operating contributions on the Government-Wide Statement of Activities.

### **State Employee Health Insurance Credit Program OPEB Liabilities, State Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to State Employee Health Insurance Credit Program OPEB**

At June 30, 2025, the Virginia Lottery reported a liability of \$2,524,728 for its proportionate share of the VRS State Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS State Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2024, and the total VRS State Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS State Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Virginia Lottery's proportion of the Net VRS State Employee Health Insurance Credit Program OPEB Liability was based on the Virginia Lottery's actuarially determined employer contributions to the VRS State Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2024, the Virginia Lottery's proportion of the VRS State Employee Health Insurance Credit Program was 0.35597% as compared to 0.35717% at June 30, 2023.

For the year ended June 30, 2025, the Virginia Lottery recognized VRS State Employee Health Insurance Credit Program OPEB expense of \$322,005. Since there was a change in proportionate share between measurement dates, a portion of the VRS State Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2025, the Virginia Lottery reported deferred outflows of resources and deferred inflows of resources related to the VRS State Employee Health Insurance Credit Program OPEB from the following sources:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the State Employee Health Insurance Credit Program (Continued)

#### **State Employee Health Insurance Credit Program OPEB Liabilities, State Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to State Employee Health Insurance Credit Program OPEB (continued)**

	Deferred Outflows of	Deferred Inflows of
	Resources	Resources
Differences between expected and actual experience	\$ -	\$ 199,677
Net difference between projected and actual earnings on State HIC OPEB program investments	-	8,546
Change in Assumption	40,671	-
Changes in proportionate share	242,764	12,075
Employer contributions subsequent to the measurement date	399,925	-
<b>Total</b>	<b>\$ 683,360</b>	<b>\$ 220,298</b>

\$399,925 reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from the Virginia Lottery's contributions subsequent to the measurement date will be recognized as a reduction of the Net State Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the State Employee HIC OPEB will be recognized in the State Employee HIC OPEB expense in future reporting periods as follows:

Year ended June 30	Total
FY 2026	\$ 39,831
FY 2027	\$ 50,521
FY 2028	\$ 3,852
FY 2029	\$ (22,795)
FY 2030	\$ (8,272)
Thereafter	\$ -

#### Actuarial Assumptions

The total State Employee HIC OPEB liability for the VRS State Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

<b>Inflation</b>	2.50%
<b>Salary Increases, Including Inflation -</b>	
General state employees	3.50% - 5.35%
SPORS employees	3.50% - 4.75%
VaLORS employees	3.50% - 4.75%
JRS employees	4.00%
<b>Investment rate of return</b>	6.75%, net of plan investment expenses, including inflation

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the State Employee Health Insurance Credit Program (Continued)

#### Actuarial Assumptions (Continued)

##### Mortality rates – General State Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

##### Mortality rates – SPORS Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2025

**20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)****General Information about the State Employee Health Insurance Credit Program (Continued)****Actuarial Assumptions (Continued)****Mortality rates – SPORS Employees (Continued)**

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Mortality rates – VaLORS Employees*****Pre-Retirement:***

Pub-2010 Amount Weighted Safety Employee Rates projected generationaly; 95% of rates for males; 105% of rates for females set forward 2 years.

***Post-Retirement:***

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationaly; 110% of rates for males; 105% of rates for females set forward 3 years.

***Post-Disability:***

Pub-2010 Amount Weighted General Disabled Rates projected generationaly; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

***Beneficiaries and Survivors:***

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationaly; 110% of rates for males and females set forward 2 years.

***Mortality Improvement Scale:***

Rates projected generationaly with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the State Employee Health Insurance Credit Program (Continued)

#### Actuarial Assumptions (Continued)

##### Mortality rates – JRS Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

#### ***Net State Employee HIC OPEB Liability***

The net OPEB liability (NOL) for the State Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS State Employee Health Insurance Credit Program are as follows (amounts expressed in thousands):

State Employee HIC OPEB Plan		
Total HIC OPEB Liability	\$	1,094,073
Plan Fiduciary Net Position		384,820
State Employee Net HIC OPEB Liability (Asset)	\$	709,253
Plan Fiduciary Net Position as a Percentage of the		35.17%
Total State Employee HIC OPEB Liability		

The total State Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net State Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the State Employee Health Insurance Credit Program (Continued)

#### Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term	Arithmetic Long-	Average Long-
	Target Asset Allocation	Term Expected Rate of Return	Term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP-Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
<b>Total</b>	<b>100.00%</b>	<b>7.07%</b>	<b>7.07%</b>

\*Expected arithmetic nominal return

7.07%

*\* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.*

*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.*

#### Discount Rate

The discount rate used to measure the total State Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the Virginia Lottery for the VRS State Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 108% of the actuarially determined contribution rate. From July 1, 2024, on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the State Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total State Employee HIC OPEB liability.

#### Sensitivity of the Virginia Lottery's Proportionate Share of the State Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Virginia Lottery's proportionate share of the VRS State Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the Virginia Lottery's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the State Employee Health Insurance Credit Program (Continued)

#### Sensitivity of the Virginia Lottery's Proportionate Share of the State Employee HIC Net OPEB Liability to Changes in the Discount Rate (Continued)

	1.00% Decrease	Current Discount Rate	1.00% Increase
	5.75%	6.75%	7.75%
Virginia Lottery's proportionate share of the VRS State Employee HIC OPEB Plan Net HIC OPEB	\$ 2,894,179	\$ 2,524,728	\$ 2,207,611

#### State Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS State Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2024-annual-report.pdf](http://varetire.org/pdf/publications/2024-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### General Information about the VRS Disability Insurance Program

#### Plan Description

All full-time and part-time permanent salaried state employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) hired on or after January 1, 1999, are automatically covered by the Disability Insurance Program (VSDP) upon employment. The Disability Insurance Program also covers state employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

The specific information for Disability Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

#### DISABILITY INSURANCE PROGRAM (VSDP) PLAN PROVISIONS

##### Eligible Employees

The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).
- State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.
- Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.

##### Benefit Amounts

The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:

- Leave – Sick, family, and personal leave. Eligible leave benefits are paid by the employer.
- Short-Term Disability – The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer.
- Long-Term Disability (LTD) – The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## DISABILITY INSURANCE PROGRAM (VSDP) PLAN PROVISIONS

provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan.

- Income Replacement Adjustment – The program provides for an income replacement adjustment to 80% for catastrophic conditions.
- VSDP Long-Term Care Plan – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

### Disability Insurance Program (VSDP) Plan Notes:

- Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.
- A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up five years of VSDP benefits.
- Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.

### Cost-of-Living Adjustment (COLA)

- During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.
  - Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).
  - Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).
- For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
  - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS, and VALORS Plans, with a maximum COLA of 4.00%
- For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
  - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS, and VALORS Plans, with a maximum COLA of 4.00%.

### Contributions

The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2025, was 0.50% of covered employee compensation. This rate was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits payable during the 2025 year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the Virginia Lottery were \$173,287 and \$191,388 for the years ended June 30, 2025, and June 30, 2024, respectively.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

## General Information about the VRS Disability Insurance Program (Continued)

**Disability Insurance Program (VSDP) OPEB Liabilities (Assets), VSDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the VSDP OPEB**

At June 30, 2025, the Virginia Lottery reported a liability (asset) of (\$1,963,943) for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2024, and the total VSDP OPEB liability used to calculate the Net VSDP OPEB Liability (Asset) was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Virginia Lottery's proportion of the Net VSDP OPEB Liability (Asset) was based on the Virginia Lottery's actuarially determined employer contributions to the VSDP OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Virginia Lottery's proportion was 0.55500% as compared to 0.56170% at June 30, 2023.

For the year ended June 30, 2025, the Virginia Lottery recognized VSDP OPEB expense of \$2,414. Since there was a change in proportionate share between measurement dates, a portion of the VSDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the Virginia Lottery reported deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87,812	\$ 216,032
Net difference between projected and actual earnings on VSDP OPEB plan investments	-	93,652
Change in Assumption	2,578	6,374
Changes in proportionate share	16,998	110,000
Employer contributions subsequent to the measurement date	173,287	-
<b>Total</b>	<b>\$ 280,675</b>	<b>\$ 426,058</b>

\$173,287 reported as deferred outflows of resources related to the VSDP OPEB resulting from the Virginia Lottery's contributions subsequent to the measurement date will be recognized as an adjustment of the Net VSDP OPEB Liability (Asset) in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB will be recognized in VSDP OPEB expense (recovery) in future reporting periods as follows:

Year ended June 30	Total
FY 2026	\$ (155,114)
FY 2027	\$ (49,510)
FY 2028	\$ (50,233)
FY 2029	\$ (33,599)
FY 2030	\$ (13,462)
Thereafter	\$ (16,751)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the VRS Disability Insurance Program (Continued)

#### Actuarial Assumptions

The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

<b>Inflation</b>	2.50%
<b>Salary Increases, Including Inflation -</b>	
General state employees	3.50% - 5.35%
SPORS employees	3.50% - 4.75%
ValORS employees	3.50% - 4.75%
<b>Investment rate of return</b>	6.75%, net of plan investment expenses, including inflation

#### Mortality rates – General State Employees

##### *Pre-Retirement:*

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

##### *Post-Retirement:*

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

##### *Post-Disability:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

##### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

##### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the VRS Disability Insurance Program (Continued)

#### Actuarial Assumptions (continued)

##### Mortality rates – SPORS Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

##### Mortality rates – VaLORS Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the VRS Disability Insurance Program (Continued)

#### Actuarial Assumptions (Continued)

##### Mortality rates – ValORS Employees (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

#### **Net VSDP OPEB Liability (Asset)**

The net OPEB asset (NOA) for the Disability Insurance Program (VSDP) represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOA amounts for the Disability Insurance Program (VSDP) are as follows (amounts expressed in thousands):

Virginia Sickness and Disability Program	
Total VSDP OPEB Liability	\$ 339,007
Plan Fiduciary Net Position	692,870
Employers' Net OPEB Liability (Asset)	\$ (353,863)
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	204.38%

The total VSDP OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB asset is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

#### **Long-Term Expected Rate of Return**

The long-term expected rate of return on System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

## General Information about the VRS Disability Insurance Program (Continued)

## Long-Term Expected Rate of Return (Continued)

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected	Average Long-Term Expected
		Rate of Return	Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP-Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
<b>Total</b>	<b>100.00%</b>	<b>7.07%</b>	<b>7.07%</b>

\*Expected arithmetic nominal return  
**7.07%**

*\* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.*

*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.*

**Discount Rate**

The discount rate used to measure the total VSDP OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by participating employers to the VSDP OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 109% of the actuarially determined contribution rate. From July 1, 2024, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VSDP OPEB Program's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VSDP OPEB liability.

**Sensitivity of the Virginia Lottery's Proportionate Share of the Net VSDP OPEB Liability (Asset) to Changes in the Discount Rate**

The following presents the Virginia Lottery's proportionate share of the net VSDP OPEB liability (asset) using the discount rate of 6.75%, as well as what the Virginia Lottery's proportionate share of the net VSDP OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	5.75%	6.75%	7.75%
Virginia Lottery's proportionate share of the VSDP Net OPEB Liability (Asset)	\$ (1,829,027)	\$ (1,963,943)	\$ (2,083,427)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the VRS Disability Insurance Program (Continued)

#### VSDP OPEB Fiduciary Net Position

Detailed information about the Disability Insurance Program (VSDP) Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website <https://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### General Information about the Group Life Insurance Program

#### Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

#### GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

##### Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City School Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

##### Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  - Accidental dismemberment benefit
  - Seatbelt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

##### Reduction in benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

**Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)**

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

**Contributions**

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the Virginia Lottery were \$167,826 and \$174,475 for the years ended June 30, 2025, and June 30, 2024, respectively.

**GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB**

At June 30, 2025, the Virginia Lottery reported a liability of \$1,404,165 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the Virginia Lottery's proportion was 0.12583% as compared to 0.12489% at June 30, 2023.

For the year ended June 30, 2025, the Virginia Lottery recognized GLI OPEB expense of \$96,317. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the Virginia Lottery reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 221,469	\$ 34,299
Net difference between projected and actual earnings on GLI OPEB program investments	-	118,356
Change in assumptions	8,004	69,588
Changes in proportionate share	147,493	1,050
Employer contributions subsequent to the measurement date	167,826	-
<b>Total</b>	<b>\$ 544,792</b>	<b>\$ 223,293</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Group Life Insurance Program (Continued)

#### **GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)**

\$167,826 reported as deferred outflows of resources related to the GLI OPEB resulting from the Virginia Lottery's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30	Total
FY 2026	\$ (2,426)
FY 2027	\$ 78,450
FY 2028	\$ 32,747
FY 2029	\$ 21,391
FY 2030	\$ 23,511
Thereafter	\$ -

#### **Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

<b>Inflation</b>	2.50%
<b>Salary Increases, Including Inflation -</b>	
General state employees	3.50% - 5.35%
Teachers	3.50% - 5.95%
SPORS employees	3.50% - 4.75%
VaLORS employees	3.50% - 4.75%
JRS Employees	4.00%
Locality - General employees	3.50% - 5.35%
Locality - Hazardous Duty Employees	3.50% - 4.75%
<b>Investment rate of return</b>	6.75%, net of investment expenses, including inflation

#### Mortality rates – General State Employees

##### *Pre-Retirement:*

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

##### *Post-Retirement:*

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

##### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

##### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

##### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Group Life Insurance Program (Continued)

#### **Actuarial Assumptions (Continued)**

##### Mortality rates – General State Employees (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

##### Mortality Rates – Teachers

###### *Pre-Retirement:*

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

###### *Post-Retirement:*

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.

###### *Post-Disability:*

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Group Life Insurance Program (Continued)

#### **Actuarial Assumptions (Continued)**

##### Mortality Rates – SPORS Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

##### Mortality Rates – VaLORS Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Group Life Insurance Program (Continued)

#### Actuarial Assumptions (Continued)

##### Mortality Rates – VaLORS Employees (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

##### Mortality Rates – JRS Employees

##### *Pre-Retirement:*

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.

##### *Post-Retirement:*

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.

##### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally.

##### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

##### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Group Life Insurance Program (Continued)

#### Actuarial Assumptions (Continued)

##### Mortality Rates – Largest Ten Locality Employers – General Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

##### Mortality Rates – Non-Largest Ten Locality Employers – General Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Group Life Insurance Program (Continued)

#### Actuarial Assumptions (Continued)

##### Mortality Rates – Non-Largest Ten Locality Employers – General Employees (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

##### Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

#### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

#### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

#### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

#### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

#### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Group Life Insurance Program (Continued)

#### Actuarial Assumptions (Continued)

##### Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

#### **Net GLI OPEB Liability**

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2024, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance
	OPEB Program
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability (Asset)	<hr/> \$ 1,115,922
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	<hr/> 73.41%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Group Life Insurance Program (Continued)

#### Long-Term Expected Rate of Return

The long-term expected rate of return on System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected	Average Long-Term Expected
		Rate of Return	Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP-Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	-0.11%
<b>Total</b>	<b>100.00%</b>		<b>7.07%</b>
*Expected arithmetic nominal return			<b>7.07%</b>
<p>* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.</p> <p>On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.</p>			

#### Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Group Life Insurance Program (Continued)

#### **Sensitivity of the Virginia Lottery's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate**

The following presents the Virginia Lottery's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Virginia Lottery's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 2,183,659	\$ 1,404,165	\$ 774,436

#### **Group Life Insurance Program Fiduciary Net Position**

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### Pre-Medicare Retiree Healthcare

The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. The following are eligibility requirements for Virginia Retirement System retirees:

- You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and
- You start receiving (do not defer) your retirement benefit immediately upon retirement\*, and
- Your last employer before retirement was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled) coverage as an active employee in the State Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and
- You enroll no later than 31 days from your retirement date.

*\*For VRS retirees, this means that your employing agency reported a retirement contribution or leave without pay status for retirement in the month immediately prior to your retirement date. Some faculty members may also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date.*

Effective January 1, 2017\*\*, the following are eligibility requirements for Optional Retirement Plan retirees:

- You are a terminating state employee who participates in one of the qualified Optional Retirement Plans, and
- Your last employer before termination was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled) coverage in the State Employee Health Benefits Program for active employees at the time of your termination, and
- You meet the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that you would have been eligible for on your date of hire had you not elected the ORP, and
- You enroll in the State Retiree Health Benefits Program no later than 31 days from the date you lose coverage (or lose eligibility for coverage) in the State Health Benefits Program for active employees due to your termination of employment.

*\*\*This change applies to ORP terminations effective January 1, 2017, or later. Eligibility for those who terminated employment prior to January 1 should be determined based on the policy in place at the time of their termination.*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### Pre-Medicare Retiree Healthcare (Continued)

The employer does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the employer effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes and is administered by the Department of Human Resource Management. There were approximately 3,235 retirees and 96,895 active employees in the program as of June 30, 2024. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

#### Actuarial Assumptions and Methods

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2024 (one year prior to the end of the fiscal year). The Department of Human Resource Management selected the economic, demographic, and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 7.50 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.00 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2024 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.80 years
Discount Rate	3.93%
Projected Salary Increases	5.35% to 3.50% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 7.50% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2034
Mortality	Mortality rates vary by participant status and gender.
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years.
Post-Retirement:	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females.
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years.
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2024.

*Changes of Assumptions:* There were not any changes in assumptions since the June 30, 2022 measurement date. The following remained constant since the prior measurement date:

- Spousal Coverage – rate remained at 20%
- Retiree Participation – rate remained at 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2024. Additionally, the discount rate was increased from 3.65% to 3.93% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2024.

There were no plan changes in the valuation since the prior year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### Pre-Medicare Retiree Healthcare (Continued)

#### Pre-Medicare Retiree Healthcare OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources

On June 30, 2025, the Virginia Lottery reported a liability of \$1,485,629 for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of \$356.5 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024. The Virginia Lottery's proportion of the Pre-Medicare Retiree Healthcare OPEB liability was based on the Virginia Lottery's calculated healthcare premium contributions as a percentage of the Virginia Lottery's total calculated healthcare premium contributions for all participating employers. On June 30, 2024, the Virginia Lottery's proportion was 0.41673% as compared to 0.40811% on June 30, 2023. For the year ended June 30, 2025, the Virginia Lottery recognized Pre-Medicare Retiree Healthcare OPEB expense of (\$246,526).

On June 30, 2025, the Virginia Lottery reported deferred outflows of resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 29,782	\$ 178,852
Changes in assumptions	29,131	522,795
Changes in proportion	515,912	-
<b>Sub Total</b>	<b>574,825</b>	<b>701,647</b>
Amounts associated with transactions subsequent to the measurement date	135,146	N/A
<b>Total</b>	<b>\$ 709,971</b>	<b>\$ 701,647</b>

#### Pre-Medicare Retiree Healthcare OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources

Deferred outflows of resources related to the Pre-Medicare Retiree Healthcare OPEB resulting from amounts associated with transactions subsequent to the measurement date were \$135,146. These amounts will be recognized as a reduction of the total OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pre-Medicare Retiree Healthcare OPEB will be recognized in the Pre-Medicare Retiree Healthcare OPEB expense as follows:

Year ended June 30	Total
FY 2026	\$ (149,980)
FY 2027	\$ (36,489)
FY 2028	\$ 26,434
FY 2029	\$ 27,390
FY 2030	\$ 5,823
Thereafter	\$ -

#### Sensitivity of the Employer's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the Virginia Lottery's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using the discount rate of 3.93% as well as what the Virginia Lottery's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	1% Decrease (2.93%)	Current Rate (3.93%)	1% Increase (4.93%)
OPEB Liability	\$1,576,048	\$1,485,629	\$1,399,916

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### Pre-Medicare Retiree Healthcare (Continued)

#### **Sensitivity of the Employer's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the Virginia Lottery's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using the healthcare cost trend rate of 7.50% decreasing to 4.50%, as well as what the Virginia Lottery's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (6.50% decreasing to 3.50%) or one percentage point higher (8.50% decreasing to 5.50%) than the current rate:

	1% Decrease (6.50% decreasing to 3.50%)	Trend Rate (7.50% decreasing to 4.50%)	1% Increase (8.50% decreasing to 5.50%)
OPEB Liability	\$1,350,222	\$1,485,629	\$1,642,699

### General Information about the Line of Duty Act Program

#### **Plan Description**

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for Line of Duty Act Program (LODA) OPEB, including eligibility, coverage and benefits is set out in the table below:

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS	
<b>Eligible Employees</b>	The eligible employees of the Line of Duty Act Program (LODA) are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS).
<b>Benefit Amounts</b>	<p>The Line of Duty Act Program (LODA) provides death and health insurance benefits for eligible individuals:</p> <ul style="list-style-type: none"> <li>• <b><u>Death</u></b> – The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: <ul style="list-style-type: none"> <li>○ \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.</li> <li>○ \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. The benefit will be \$75,000 for approved presumptive deaths occurring on or after January 1, 2025.</li> <li>○ An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.</li> </ul> </li> <li>• <b><u>Health Insurance</u></b> – The Line of Duty Act program provides health insurance benefits. <ul style="list-style-type: none"> <li>○ The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members.</li> </ul> </li> </ul>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Line of Duty Act Program (Continued)

#### Contributions

The contribution requirements for the Line of Duty Act Program (LODA) are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Line of Duty Act Program (LODA) for the year ended June 30, 2025, was \$1,015.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program (LODA) from the Virginia Lottery were \$9,126 and \$7,479 for the years ended June 30, 2025, and June 30, 2024, respectively.

#### ***Line of Duty Act Program (LODA) OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB***

At June 30, 2025, the Virginia Lottery reported a liability of \$195,006 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024, and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The Virginia Lottery's proportion of the Net LODA OPEB Liability was based on the Virginia Lottery's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the Virginia Lottery's proportion was 0.04955% as compared to 0.04110% at June 30, 2023.

For the year ended June 30, 2025, the Virginia Lottery recognized LODA OPEB expense of \$31,286. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the Virginia Lottery reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 6,785		\$ 47,634	
Net difference between projected and actual earnings on LODA OPEB program investments		-		645
Change in assumptions		35,948		39,275
Changes in proportionate share		49,910		3,268
Employer contributions subsequent to the measurement date		9,126		-
<b>Total</b>	<b>\$ 101,769</b>		<b>\$ 90,822</b>	

\$9,126 reported as deferred outflows of resources related to the LODA OPEB resulting from the Virginia Lottery's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Line of Duty Act Program (Continued)

**Line of Duty Act Program (LODA) OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (Continued)**

Year ended June 30	Total
FY 2026	\$ 3,424
FY 2027	\$ 4,002
FY 2028	\$ 3,149
FY 2029	\$ 1,463
FY 2030	\$ (3,653)
Thereafter	\$ (6,564)

#### Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

<b>Inflation</b>	2.50%
<b>Salary Increases, Including Inflation –</b>	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A
<b>Medical cost trend rates assumption –</b>	
Under age 65	7.25% – 4.25%
Ages 65 and older	6.50% – 4.25%
<b>Year of ultimate trend rate</b>	
Under age 65	Fiscal year ended 2034
Ages 65 and older	Fiscal year ended 2034
<b>Investment rate of return</b>	
3.97%, including inflation*	

\*Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return

#### Mortality rates – General State Employees

##### *Pre-Retirement:*

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.

##### *Post-Retirement:*

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.

##### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.

##### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

##### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Line of Duty Act Program (Continued)

#### Actuarial Assumptions (Continued)

##### Mortality rates – General State Employees (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

##### Mortality Rates – SPORS Employees

###### Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

###### Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

###### Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

###### Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

###### Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Line of Duty Act Program (Continued)

#### Actuarial Assumptions (Continued)

##### Mortality Rates – ValORS Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

##### Mortality Rates – Largest Ten Locality Employers with Public Safety Employees

###### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

###### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

###### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

###### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

###### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Line of Duty Act Program (Continued)

#### Actuarial Assumptions (Continued)

##### Mortality Rates – Largest Ten Locality Employers with Public Safety Employees (Continued)

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

##### Mortality Rates – Non-Largest Ten Locality Employers with Public Safety Employees

#### *Pre-Retirement:*

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

#### *Post-Retirement:*

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

#### *Post-Disablement:*

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

#### *Beneficiaries and Survivors:*

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

#### *Mortality Improvement Scale:*

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Line of Duty Act Program (Continued)

#### Net LODA OPEB Liability

The net OPEB liability (NOL) for the Line of Duty Act Program (LODA) represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the Line of Duty Act Program (LODA) is as follows (amounts expressed in thousands):

Line of Duty Act OPEB Program	
Total LODA OPEB Liability	\$ 398,395
Plan Fiduciary Net Position	4,841
LODA Net OPEB Liability (Asset)	\$ 393,554
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.22%

The total LODA OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

#### Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.97% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments' 6.75% assumption. Instead, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

#### Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.97%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

#### Sensitivity of the Virginia Lottery's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the Virginia Lottery's proportionate share of the net LODA OPEB liability using the discount rate of 3.97%, as well as what the Virginia Lottery's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 2.97% or one percentage point higher 4.97% than the current rate:

	1.00% Decrease	Current Discount Rate	1.00% Increase
	2.97%	3.97%	4.97%
Virginia Lottery's proportionate share of the LODA Net OPEB Liability	\$216,180	\$195,006	\$176,800

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



## 20. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

### General Information about the Line of Duty Act Program (Continued)

#### **Sensitivity of the Virginia Lottery's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate**

Because the Line of Duty Act Program (LODA) contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the Virginia Lottery's proportionate share of the net LODA OPEB liability using health care trend rate of 7.25% decreasing to 4.25%, as well as what the Virginia Lottery's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	1.00% Decrease (6.25% decreasing to 3.25%)	Current Rate (7.25% decreasing to 4.25%)	1.00% Increase (8.25% decreasing to 5.25%)
Virginia Lottery's proportionate share of the LODA Net OPEB Liability	\$166,120	\$195,006	\$230,451

#### **LODA OPEB Plan Fiduciary Net Position**

Detailed information about the Line of Duty Act Program (LODA) Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### Payables to Other Postemployment Benefits (OPEB)

The amount of payables outstanding at June 30, 2025, to each of these OPEB programs was as follows:

GLI	\$ 18,000
HIC	\$ 17,000
VSDP	\$ 7,000

Combining Schedule of OPEB Liabilities, OPEB Expense, Deferred Inflows of Resources, and Deferred Outflows of Resources Related to OPEB Plans							
	GLI (VRS)	HIC (VRS)	LODA (VRS)	VSDP (VRS)	Total OPEB (VRS)	Medicare (DHRM)	Total OPEB
Deferred Outflows	\$ 544,792	\$ 683,360	\$ 101,769	\$ 280,675	\$ 1,610,596	\$ 709,971	\$ 2,320,567
NET OPEB Asset	N/A	N/A	N/A	1,963,943	\$ 1,963,943	N/A	\$ 1,963,943
OPEB Liability	1,404,165	2,524,728	195,006	N/A	\$ 4,123,899	1,485,629	\$ 5,609,528
Deferred Inflows	223,293	220,298	90,822	426,058	\$ 960,471	701,647	\$ 1,662,118
OPEB Expense / (Recovery)	96,317	322,005	31,286	2,414	\$ 452,022	(246,526)	\$ 205,496

# VIRGINIA LOTTERY

## REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025

### VRS STATE EMPLOYEE RETIREMENT PLAN

**Schedule of Virginia Lottery's Share of Net Pension Liability**  
**VRS State Employee Retirement Plan**  
**For the Measurement Dates of June 30, 2015 through 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Lottery's proportion of the Net Pension Liability (Asset)	0.56713%	0.57413%	0.56529%	0.52630%	0.47931%	0.47457%	0.55010%	0.46150%	0.46485%	0.45999%
Lottery's proportionate share of the Net Pension Liability (Asset)	\$27,934,447	\$29,049,261	\$25,655,234	\$19,090,110	\$34,725,327	\$29,991,555	\$24,633,000	\$26,894,000	\$30,637,000	\$28,163,000
Lottery's Covered Payroll	\$29,218,354	\$26,857,268	\$24,628,672	\$21,702,656	\$20,096,050	\$19,014,564	\$18,184,907	\$18,021,090	\$20,478,783	\$17,527,510
Lottery's proportionate share of the Net Pension Liability (Asset) as a percentage of its Covered Payroll	95.61%	108.16%	104.17%	87.96%	172.80%	157.73%	135.46%	149.24%	149.60%	160.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.45%	82.19%	83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%

**Schedule of Virginia Lottery Contributions**  
**VRS State Employee Retirement Plan**  
**For the Years Ended June 30, 2016 through 2025**

Date	Contributions in Relation to Contractually Required					Contributions as a % of Covered Payroll
	Contractually Required Contribution*	Contractually Required Contribution*	Contribution Deficiency (Excess)	Lottery's Covered Payroll		
2025	\$4,442,268	\$4,442,268	\$0	\$35,481,374		12.52%
2024	\$4,224,974	\$4,224,974	\$0	\$29,218,354		14.46%
2023	\$3,883,561	\$3,883,561	\$0	\$26,857,268		14.46%
2022	\$3,561,306	\$3,561,306	\$0	\$24,628,672		14.46%
2021	\$3,138,204	\$3,138,204	\$0	\$21,702,656		14.46%
2020	\$2,716,986	\$2,716,986	\$0	\$20,096,050		13.52%
2019	\$2,570,769	\$2,570,769	\$0	\$19,014,564		13.52%
2018	\$2,453,144	\$2,453,144	\$0	\$18,184,907		13.49%
2017	\$2,431,045	\$2,431,045	\$0	\$18,021,090		13.49%
2016	\$2,525,034	\$2,525,034	\$0	\$20,478,783		12.33%

\* Includes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan for fiscal years 2024-2016

**REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2025

**VRS STATE EMPLOYEE RETIREMENT PLAN (CONTINUED)****VRS Notes to Required Supplementary Information**

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions for the VRS – State Employee Retirement Plan as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year, age, and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**HEALTH INSURANCE CREDIT PROGRAM****Schedule of Virginia Lottery's Share of Net OPEB Liability****Health Insurance Credit Program (HIC)****For the Measurement Dates of June 30, 2017 through 2024**

	2024	2023	2022	2021	2020	2019	2018	2017
Lottery's proportion of the Net HIC OPEB Liability (Asset)	0.35597%	0.35717%	0.35207%	0.32422%	0.29671%	0.29211%	0.27872%	0.28574%
Lottery's proportionate share of the Net HIC OPEB Liability (Asset)	\$2,524,728	\$2,934,585	\$2,884,062	\$2,738,170	\$2,723,816	\$2,696,383	\$2,543,000	\$2,602,000
Lottery's Covered Payroll	\$32,300,089	\$29,292,768	\$26,676,964	\$23,305,089	\$21,377,009	\$19,930,727	\$18,783,390	\$18,184,464
Lottery's proportionate share of the Net HIC OPEB Liability (Asset) as a percentage of its Covered Payroll	7.82%	10.02%	10.81%	11.75%	12.74%	13.53%	13.54%	14.31%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	35.17%	25.46%	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

**REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2025

**HEALTH INSURANCE CREDIT PROGRAM (CONTINUED)****Schedule of Virginia Lottery Contributions****Health Insurance Credit Program (HIC)****For the Years Ended June 30, 2018 through 2025**

Date	Contractually Required Contribution	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Contributions as Lottery's Covered Payroll	Contributions as a % of Covered Payroll
2025	\$399,925	\$399,925		\$0	\$35,707,589	1.12%
2024	\$361,761	\$361,761		\$0	\$32,300,089	1.12%
2023	\$328,079	\$328,079		\$0	\$29,292,768	1.12%
2022	\$298,782	\$298,782		\$0	\$26,676,964	1.12%
2021	\$261,017	\$261,017		\$0	\$23,305,089	1.12%
2020	\$250,111	\$250,111		\$0	\$21,377,009	1.17%
2019	\$233,186	\$233,186		\$0	\$19,930,427	1.17%
2018	\$221,644	\$221,644		\$0	\$18,783,390	1.18%

**Health Insurance Credit Program Notes to Required Supplementary Information**

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**General State Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2025

**HEALTH INSURANCE CREDIT PROGRAM (CONTINUED)****Health Insurance Credit Program Notes to Required Supplementary Information****SPORS Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**VALORS Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**JRS Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

# VIRGINIA LOTTERY

## REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025

### VRS DISABILITY INSURANCE PROGRAM

#### Schedule of Virginia Lottery's Share of Net OPEB Liability (Asset) Disability Insurance Program (VSDP)

For the Measurement Dates of June 30, 2017 through 2024

	2024	2023	2022	2021	2020	2019	2018	2017
Lottery's proportion of the Net VSDP OPEB Liability (Asset)	0.55500%	0.56170%	0.55974%	0.51797%	0.46928%	0.46702%	0.45086%	0.45917%
Lottery's proportionate share of the Net VSDP OPEB Liability (Asset)	(\$1,963,943)	(\$1,774,288)	(\$1,652,087)	(\$1,785,549)	(\$1,035,646)	(\$916,271)	(\$1,015,000)	(\$943,000)
Lottery's Covered Payroll	\$31,375,082	\$27,775,738	\$25,764,098	\$22,328,197	\$20,335,323	\$18,867,097	\$17,786,364	\$18,184,464
Lottery's proportionate share of the Net VSDP OPEB Liability (Asset) as a percentage of its Covered Payroll	-6.26%	-6.39%	-6.41%	-8.00%	-5.09%	-4.86%	-5.71%	-5.19%
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	204.38%	199.05%	195.90%	229.01%	181.88%	167.18%	194.74%	186.63%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

#### Schedule of Virginia Lottery Contributions Disability Insurance Program (VSDP)

For the Years Ended June 30, 2018 through 2025

Date	Contributions in Relation to				
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Lottery's Covered Payroll	Contributions as a % of Covered Payroll
2025	\$173,287	\$173,287	\$0	\$34,657,400	0.50%
2024	\$191,388	\$191,388	\$0	\$31,375,082	0.61%
2023	\$169,432	\$169,432	\$0	\$27,775,738	0.61%
2022	\$157,161	\$157,161	\$0	\$25,764,098	0.61%
2021	\$136,202	\$136,202	\$0	\$22,328,197	0.61%
2020	\$126,079	\$126,079	\$0	\$20,335,323	0.62%
2019	\$116,976	\$116,976	\$0	\$18,867,097	0.62%
2018	\$117,390	\$117,390	\$0	\$17,786,364	0.66%

### VRS Disability Insurance Program Notes to Required Supplementary Information

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2025

**VRS DISABILITY INSURANCE PROGRAM (CONTINUED)****VRS Disability Insurance Program Notes to Required Supplementary Information (Continued)**

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**General State Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**SPORS Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**VALORS Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

# VIRGINIA LOTTERY

## REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025

### GROUP LIFE INSURANCE PROGRAM

<b>Schedule of Virginia Lottery's Share of Net OPEB Liability Group Life Insurance (GLI)</b> <b>For the Measurement Dates of June 30, 2017 through 2024</b>								
	2024	2023	2022	2021	2020	2019	2018	2017
Lottery's proportion of the Net GLI OPEB Liability (Asset)	0.12583%	0.12489%	0.12303%	0.11316%	0.10422%	0.10227%	0.09914%	0.10177%
Lottery's proportionate share of the Net GLI OPEB Liability (Asset)	\$1,404,165	\$1,497,823	\$1,481,400	\$1,317,490	\$1,739,262	\$1,664,205	\$1,506,000	\$1,532,000
Lottery's Covered Payroll	\$32,310,185	\$29,250,741	\$26,677,037	\$23,305,075	\$21,406,870	\$19,940,153	\$18,947,692	\$18,184,464
Lottery's proportionate share of the Net GLI OPEB Liability (Asset) as a percentage of its Covered Payroll	4.35%	5.12%	5.55%	5.65%	8.12%	8.35%	7.95%	8.42%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%
<i>Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.</i>								

<b>Schedule of Virginia Lottery Contributions Group Life Insurance Program (GLI)</b> <b>For the Years Ended June 30, 2018 through 2025</b>						
Date	Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)	Lottery's Covered Payroll	Contributions as a % of Covered Payroll	
	Contractually Required Contribution	Contractually Required Contribution			Contribution Deficiency (Excess)	Lottery's Covered Payroll
2025	\$167,826	\$167,826	\$0	\$35,707,660		0.47%
2024	\$174,475	\$174,475	\$0	\$32,310,185		0.54%
2023	\$157,954	\$157,954	\$0	\$29,250,741		0.54%
2022	\$144,056	\$144,056	\$0	\$26,677,037		0.54%
2021	\$125,847	\$125,847	\$0	\$23,305,075		0.54%
2020	\$111,316	\$111,316	\$0	\$21,406,870		0.52%
2019	\$103,689	\$103,689	\$0	\$19,940,153		0.52%
2018	\$98,528	\$98,528	\$0	\$18,947,692		0.52%

### Group Life Insurance Notes to Required Supplementary Information

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2025

**GROUP LIFE INSURANCE PROGRAM (CONTINUED)****Group Life Insurance Notes to Required Supplementary Information (continued)****General State Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Teachers:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

**SPORS Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2025

**GROUP LIFE INSURANCE PROGRAM (CONTINUED)****Group Life Insurance Notes to Required Supplementary Information (continued)****VALORS Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**JRS Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

**Largest 10 Locality Employers – General Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2025

**GROUP LIFE INSURANCE PROGRAM (CONTINUED)****Group Life Insurance Notes to Required Supplementary Information (continued)****Non-Largest 10 Locality Employers – General Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Largest 10 Locality Employers – Hazardous Duty Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Non-Largest 10 Locality Employers – Hazardous Duty Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

# VIRGINIA LOTTERY

## REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025

### LINE OF DUTY ACT PROGRAM

<b>Schedule of Virginia Lottery's Share of Net OPEB Liability Line of Duty Act Program (LODA)</b> <b>For the Measurement Dates of June 30, 2017 through 2024</b>								
	2024	2023	2022	2021	2020	2019	2018	2017
Lottery's proportion of the Net LODA OPEB Liability (Asset)	0.04955%	0.04110%	0.04197%	0.04168%	0.04155%	0.03155%	0.03196%	0.03156%
Lottery's proportionate share of the Net LODA OPEB Liability (Asset)	\$195,006	\$164,770	\$158,838	\$183,805	\$174,018	\$113,197	\$100,000	\$83,000
Lottery's Covered-Employee Payroll*	\$904,642	\$839,388	\$800,679	\$761,849	\$775,624	\$747,297	\$630,840	\$615,758
Lottery's proportionate share of the Net LODA OPEB Liability (Asset) as a percentage of its Covered-Employee Payroll*	21.56%	19.63%	19.84%	24.13%	22.44%	15.15%	15.85%	13.48%
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%	1.31%	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%

\*The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita based contribution versus a payroll-based contribution. Therefore, covered employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, there are only eight years available. However, additional years will be included as they become available.

<b>Schedule of Virginia Lottery Contributions Line of Duty Act Program (LODA)</b> <b>For the Years Ended June 30, 2018 through 2025</b>					
Date	Contributions in Relation to Contractually Required Contribution		Contractually Required Contribution	Contribution Deficiency (Excess)	Contributions as a % of Covered- Employee Payroll*
	Contribution	Contribution	Contribution	Employee Payroll*	
2025	\$9,126	\$9,126	\$0	\$895,068	1.02%
2024	\$7,479	\$7,479	\$0	\$904,642	0.83%
2023	\$5,455	\$5,455	\$0	\$839,388	0.65%
2022	\$5,780	\$5,780	\$0	\$800,679	0.72%
2021	\$5,738	\$5,738	\$0	\$761,849	0.75%
2020	\$5,646	\$5,646	\$0	\$775,624	0.73%
2019	\$4,235	\$4,235	\$0	\$747,297	0.57%
2018	\$3,404	\$3,404	\$0	\$630,840	0.54%

\*The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita based contribution versus a payroll-based contribution. Therefore, covered employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

# REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025

## LINE OF DUTY ACT PROGRAM (CONTINUED)

### Line of Duty Act Notes to Required Supplementary Information

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

#### General State Employees:

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

#### SPORS Employees:

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

#### VALORS Employees:

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

**REQUIRED SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED JUNE 30, 2025

**LINE OF DUTY ACT PROGRAM (CONTINUED)****Line of Duty Act Notes to Required Supplementary Information (continued)****Employees in the Largest 10 Locality Employers With Public Safety Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

**Employees in the Non-Largest 10 Locality Employers With Public Safety Employees:**

Mortality Rates (Pre-Retirement, Post-Retirement Healthy, and Disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

**PRE-MEDICARE RETIREE HEALTHCARE PROGRAM**

**Schedule of Virginia Lottery's Share of Total OPEB Liability  
Pre-Medicare Retiree Healthcare Program (PMRH)  
For the Measurement Dates of June 30, 2017 through 2024**

	2024	2023	2022	2021	2020	2019	2018	2017
Lottery's proportion of the collective total OPEB liability	0.41673%	0.40811%	0.38757%	0.34144%	0.32796%	0.31700%	0.31257%	0.31768%
Lottery's proportionate share of the collective total OPEB liability	\$1,485,629	\$1,436,230	\$1,408,480	\$1,532,699	\$1,865,505	\$2,152,045	\$3,143,351	\$4,126,329
Lottery's Covered-Employee Payroll	\$32,644,804	\$32,002,715	\$24,548,519	\$22,296,368	\$19,611,684	\$18,489,730	\$17,092,305	\$15,978,308
Lottery's proportionate share of the collective total OPEB liability as a percentage of its Covered-Employee Payroll	4.55%	4.49%	5.74%	6.87%	9.51%	11.64%	18.39%	25.82%

Schedule is intended to show information for 10 years. Since 2017 was the first year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

## REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2025

### PRE-MEDICARE RETIREE HEALTHCARE PROGRAM (CONTINUED)

#### Pre-Medicare Retiree Healthcare Program Notes to Required Supplementary Information

There are no assets accumulated in a trust to pay related benefits.

**Changes of benefit terms** – There have been no changes to the benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – There were not any changes in assumptions since the June 30, 2022 measurement date. The following remained constant since the prior measurement date:

- Spousal Coverage – rate remained constant at 20%
- Retiree Participation – rate remained at 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2024. Additionally, the discount rate was increased from 3.65% to 3.93% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2024.



# STATISTICAL SECTION



**PAGE INTENTIONALLY LEFT BLANK**

## STATISTICAL INFORMATION

This section of the Virginia Lottery's annual comprehensive financial report presents detailed information to supplement the information presented in the preceding financial statements and notes as an assist for the readers in assessing the Lottery's overall financial health.

### CONTENTS

### PAGE

#### FINANCIAL TRENDS

116

These schedules contain trend information from the current year and prior years' annual financial reports to help the reader understand how the Lottery's financial performance and position have changed over time.

#### REVENUE CAPACITY

123

These schedules contain information to help the reader assess the factors affecting the Lottery's ability to generate sales of lottery tickets. Scratcher ticket game strategies, including launch schedules and price points, affect the availability and variety of products for purchase at retailer locations. Draw-based sales by game included in the financial trends section provide data about the variety of games that are available to the public. The network of lottery retailers throughout the state determines the market exposure for the Lottery's scratcher tickets and draw-based games.

#### DEMOGRAPHIC AND ECONOMIC INFORMATION

125

These schedules contain information to help the reader assess the factors affecting the Lottery's ability to generate sales of lottery tickets. Scratcher ticket game strategies, including launch schedules and price points, affect the availability and variety of products for purchase at retailer locations. Draw-based sales by game included in the financial trends section provide data about the variety of games that are available to the public. The network of lottery retailers throughout the state determines the market exposure for the Lottery's scratcher tickets and draw-based games.

#### OPERATING INFORMATION

129

These schedules contain information about the Lottery's organizational structure, financial performance indicators compared to other state lotteries, and capital asset information.

*NOTE: Should it be available, statistical information is provided for the most recent ten years. There may be instances that contain less than ten years of data because the information was accumulated and retained in that format only back to the latest year reported. Prospectively, the data will be accumulated and ultimately, the schedules will contain information for a ten-year period.*

*Unless otherwise noted, the source for the data contained in the following charts is the Virginia Lottery Finance Department.*



**PAGE INTENTIONALLY LEFT BLANK**

## STATISTICAL INFORMATION

### FINANCIAL TRENDS

The Virginia Lottery began operations in January 1988 with ticket sales beginning as of September 1988. Data from the most recent ten fiscal years of Lottery operations are presented in the following charts. The information presented in the charts is as follows:

#### **SALES**

Included revenues are comprised of sales, net interest income, and net other miscellaneous income (includes retailer license fees and net gains/losses on the disposal of assets).

#### **REVENUES**

Included revenues are comprised of sales, net interest income, and net other miscellaneous income (includes retailer license fees and net gains/losses on the disposal of assets).

#### **PRIZE EXPENSE**

These are the accrued expenses for scratch tickets based on established prize structures as well as expenses for prizes won on draw-based games and iLottery instant games (includes iLottery raffle).

#### **RETAILER COMPENSATION**

Amounts are representative of a 5.0% base sales commission, plus cashing commissions earned for redeeming prizes, and related incentive payments.

#### **OTHER DIRECT COSTS**

These costs include gaming services expenses which are a combination of contractual arrangements constructed primarily as percentage of sales agreements, including expenses associated with the printing, warehousing and distribution of scratch tickets, and the costs of maintaining and servicing iLottery player account activity.

#### **GENERAL & ADMINISTRATIVE EXPENSES**

These expenses encompass all other costs associated with operating the Lottery, including advertising and marketing. The change in net position each year is solely driven by the Lottery's portion of the State's net pension and other post-employment benefits liabilities. The changes in Pension due to GASB 68 and the changes in other post- employment benefit expenses due to GASB 75 represent the net effect of the adjustment necessary to record the Pension and OPEB related activity under GASB 68 and GASB 75, respectively, and the net effect is included in the total for general and administrative expenses.

#### **TRANSFERS TO LOTTERY PROCEEDS FUND**

The payments of net profits paid to the Commonwealth of Virginia's Lottery Proceeds Fund as required in accordance with the Appropriation Act in effect for the fiscal year reported, and Section 58.1-4022.1, Code of Virginia.

#### **REGULATORY ACTIVITY**

This activity encompasses the application and licensing fees as well as regulatory expenses associated with the oversight of mobile sports betting and land-based casino operations.

# VIRGINIA LOTTERY

## STATISTICAL INFORMATION

### Business-Type Activities: Schedule of Net Position and Changes in Net Position (unaudited)

#### Accrual Basis of Accounting

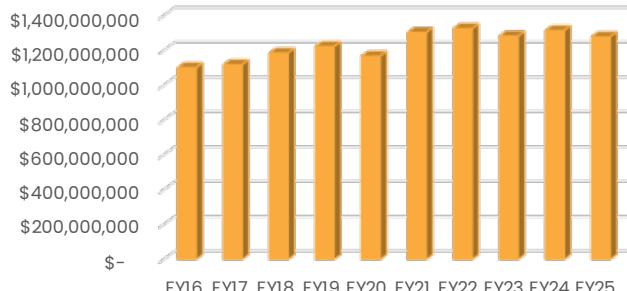
#### Fiscal Year Ending June 30 for the Years Shown

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>REVENUES</b>										
<b>Operating revenues</b>										
<b>Instant ticket sales:</b>										
Scratcher Tickets										
\$ 1,100,574,151	\$ 1,117,709,151	\$ 1,184,641,974	\$ 1,221,920,293	\$ 1,166,776,472	\$ 1,302,108,413	\$ 1,325,071,263	\$ 1,281,673,073	\$ 1,314,085,654	\$ 1,277,531,938	
Print 'N Play	29,243,465	39,890,998	45,434,462	50,562,452	75,470,085	61,746,903	56,972,703	52,918,665	59,806,167	60,668,569
<b>Total instant ticket sales</b>	<b>1,129,817,616</b>	<b>1,157,600,149</b>	<b>1,230,076,436</b>	<b>1,272,482,745</b>	<b>1,242,246,557</b>	<b>1,363,855,316</b>	<b>1,382,043,966</b>	<b>1,334,591,738</b>	<b>1,373,891,821</b>	<b>1,338,200,507</b>
<b>Draw-based ticket sales:</b>										
Pick 3	272,748,955	276,560,578	296,627,276	329,229,522	336,933,331	390,284,730	349,713,514	324,780,177	321,354,202	303,632,697
Pick 4	279,841,494	291,852,118	302,727,557	326,360,467	322,440,569	376,114,441	361,898,368	353,152,599	324,230,787	298,562,905
Cash 5	30,419,782	31,427,856	33,202,456	33,818,907	32,195,638	38,667,449	34,840,052	35,734,779	36,244,276	32,668,968
Pick 5	-	-	-	-	-	-	-	3,583,425	39,980,244	39,560,605
Cash Pop	-	-	-	-	-	-	21,748,148	48,804,689	59,934,766	65,905,996
Millionaire Raffle	6,600,000	6,600,000	7,491,580	7,500,000	7,500,000	10,000,000	10,000,000	12,500,000	12,500,000	12,500,000
Bank A Million	17,136,564	13,460,880	13,282,492	13,184,754	11,710,004	11,419,108	10,025,841	9,485,514	8,875,029	8,415,300
Cash 4 Life ®	19,037,030	15,314,148	15,241,200	18,174,238	27,400,930	31,254,468	29,459,358	29,633,086	29,474,108	29,123,328
Keno	-	-	-	-	-	46,168,831	46,962,415	35,646,663	35,730,857	35,483,452
Mega Millions	87,404,430	84,351,249	110,388,116	166,953,172	89,763,948	129,473,910	92,599,907	182,885,499	159,940,971	121,123,597
Powerball	163,892,079	112,705,215	130,782,622	125,460,795	76,072,327	103,409,694	133,446,065	178,785,207	212,890,670	102,030,380
<b>Total draw-based ticket sales</b>	<b>877,080,334</b>	<b>832,272,044</b>	<b>909,743,299</b>	<b>1,020,681,855</b>	<b>904,016,747</b>	<b>1,136,792,631</b>	<b>1,090,693,668</b>	<b>1,214,991,638</b>	<b>1,241,155,910</b>	<b>1,049,007,228</b>
<b>Lottery only game sales:</b>										
iLottery Instants*	-	-	-	399,969	2,341,948	758,328,065	1,279,177,631	2,060,238,758	2,903,957,135	3,383,405,601
iLottery Virtual Sports	-	-	-	-	-	-	-	-	-	26,557
iLottery Raffle	-	-	-	-	-	-	500,000	2,033,687	2,000,000	-
<b>Total iLottery only game sales</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>399,969</b>	<b>2,341,948</b>	<b>758,328,065</b>	<b>1,279,177,631</b>	<b>2,062,272,445</b>	<b>2,905,957,135</b>	<b>3,383,432,158</b>
<b>Total operating revenues</b>	<b>2,006,897,950</b>	<b>1,989,872,193</b>	<b>2,139,819,735</b>	<b>2,293,564,569</b>	<b>2,148,605,252</b>	<b>3,258,976,012</b>	<b>3,752,415,265</b>	<b>4,611,855,820</b>	<b>5,521,004,866</b>	<b>5,770,639,893</b>
<b>Nonoperating revenues</b>										
Net interest income	677,771	944,245	1,265,287	1,856,032	2,103,175	712,788	148,677	3,466,377	9,331,808	8,281,107
Net other income	310,172	99,712	(315,472)	398,699	404,276	511,535	708,102	525,530	1,028,128	650,900
<b>Total nonoperating revenues</b>	<b>987,943</b>	<b>1,043,957</b>	<b>949,815</b>	<b>2,254,731</b>	<b>2,507,451</b>	<b>1,224,323</b>	<b>856,779</b>	<b>3,991,907</b>	<b>10,359,936</b>	<b>8,932,007</b>
<b>TOTAL REVENUES</b>	<b>\$ 2,007,885,893</b>	<b>\$ 1,990,916,150</b>	<b>\$ 2,140,769,550</b>	<b>\$ 2,295,819,300</b>	<b>\$ 2,151,112,703</b>	<b>\$ 3,260,200,335</b>	<b>\$ 3,753,272,044</b>	<b>\$ 4,615,847,727</b>	<b>\$ 5,531,364,802</b>	<b>\$ 5,779,571,900</b>
<b>EXPENSES</b>										
<b>Operating expenses</b>										
<b>Direct costs:</b>										
Prize expense	\$ 1,208,353,352	\$ 1,214,303,447	\$ 1,307,698,463	\$ 1,401,704,199	\$ 1,318,103,063	\$ 2,206,746,751	\$ 2,676,925,000	\$ 3,416,373,320	\$ 4,245,743,816	\$ 4,521,838,463
Retailer compensation	112,674,453	111,955,474	121,295,713	128,736,055	120,696,547	139,282,384	138,607,932	137,300,692	141,510,189	127,910,359
Ticket printing & gaming services	30,506,679	31,311,036	33,967,932	36,635,289	37,620,223	59,912,682	70,789,184	95,731,025	112,980,332	120,600,975
<b>Total direct costs</b>	<b>1,351,534,484</b>	<b>1,357,569,957</b>	<b>1,462,962,108</b>	<b>1,567,075,543</b>	<b>1,476,419,833</b>	<b>2,405,941,817</b>	<b>2,886,322,116</b>	<b>3,649,405,037</b>	<b>4,500,234,337</b>	<b>4,770,349,797</b>
<b>General and administrative expenses</b>										
<b>Total operating expenses</b>	<b>1,419,502,988</b>	<b>1,432,552,181</b>	<b>1,536,068,739</b>	<b>1,644,313,622</b>	<b>1,556,305,884</b>	<b>2,493,372,298</b>	<b>2,968,592,993</b>	<b>3,744,320,282</b>	<b>4,595,570,131</b>	<b>4,876,478,072</b>
Transferred to the Lottery Proceeds Fund	534,700,516	546,495,789	596,659,304	622,835,457	586,581,352	699,449,757	776,078,765	781,181,194	858,497,567	868,222,842
<b>Total Profits Available for the Lottery Proceeds Fund</b>	<b>53,486,355</b>	<b>11,819,169</b>	<b>9,563,190</b>	<b>26,868,512</b>	<b>8,781,366</b>	<b>67,283,046</b>	<b>3,490,521</b>	<b>86,170,708</b>	<b>75,601,408</b>	<b>33,305,240</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 196,034</b>	<b>\$ 49,011</b>	<b>\$ (1,521,683)</b>	<b>\$ 1,801,709</b>	<b>\$ (555,899)</b>	<b>\$ 95,234</b>	<b>\$ 5,109,765</b>	<b>\$ 4,175,543</b>	<b>\$ 1,695,696</b>	<b>\$ 1,565,746</b>
<b>NET POSITION</b>										
Net investment in Capital Assets	\$ 7,007,179	\$ 13,217,797	\$ 12,941,770	\$ 11,805,539	\$ 17,829,934	\$ 14,998,484	\$ 14,901,382	\$ 12,102,355	\$ 8,876,811	\$ 7,361,845
Restricted OPEB	-	-	943,000	1,015,000	916,271	1,022,908	1,614,315	1,378,006	1,438,593	1,593,567
Unrestricted	(32,742,145)	(38,903,752)	(47,932,345)	(45,066,405)	(51,547,970)	(48,727,923)	(44,112,463)	(36,901,584)	(32,040,931)	(29,521,926)
<b>TOTAL NET POSITION</b>	<b>\$ (25,734,966)</b>	<b>\$ (25,685,955)</b>	<b>\$ (34,047,575)</b>	<b>\$ (32,245,866)</b>	<b>\$ (32,801,765)</b>	<b>\$ (32,706,531)</b>	<b>\$ (27,596,766)</b>	<b>\$ (23,421,223)</b>	<b>\$ (21,725,527)</b>	<b>\$ (20,566,514)</b>

## STATISTICAL INFORMATION

**VIRGINIA LOTTERY**  
**SALES BY FISCAL YEAR BY PRODUCT LINE**  
**FISCAL YEARS 2016 – 2025**

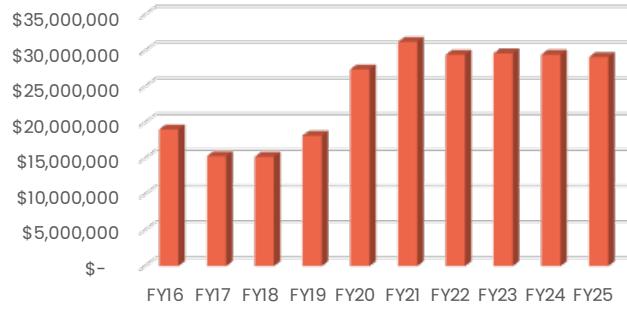
Scratchers



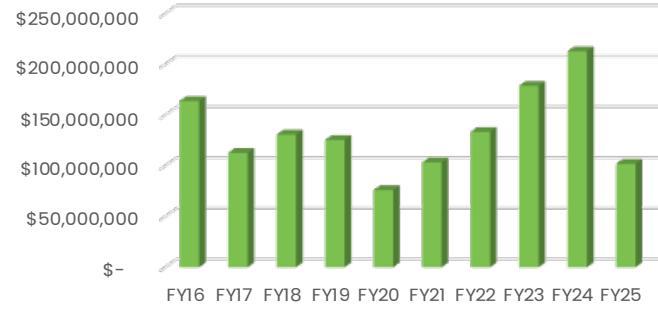
Pick 3



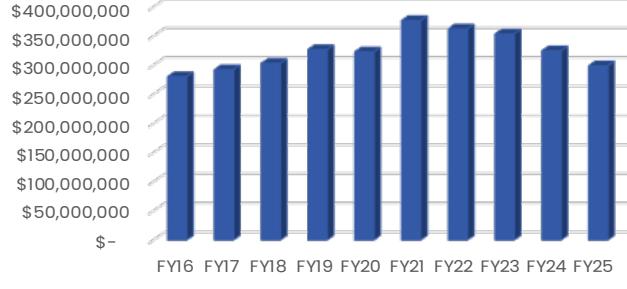
Cash4Life



Powerball



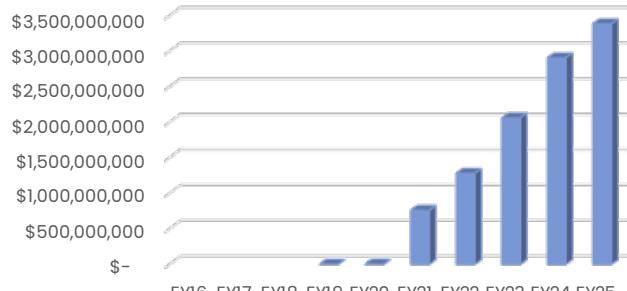
Pick 4



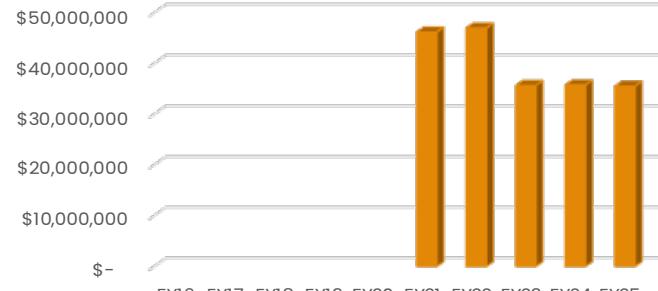
Cash 5



iLottery Instants

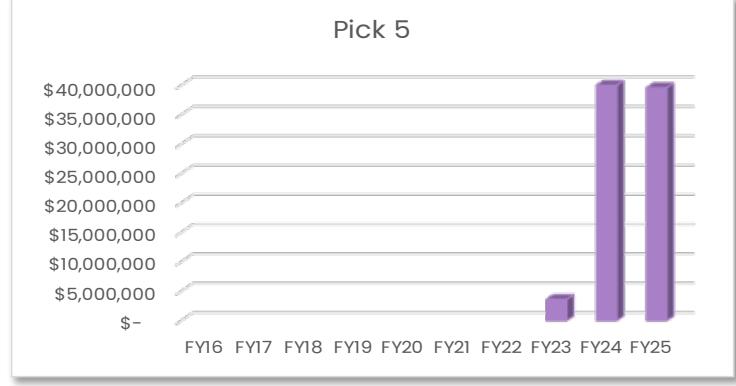
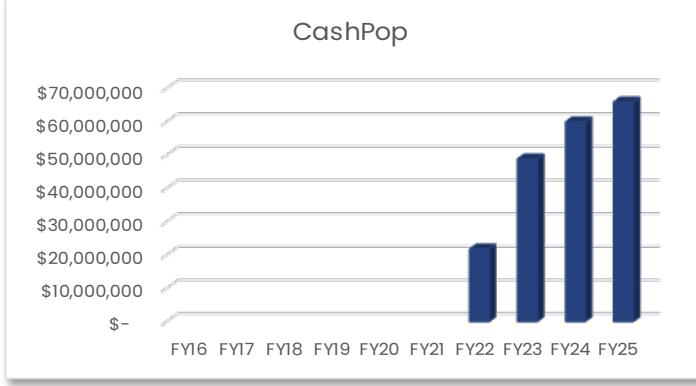
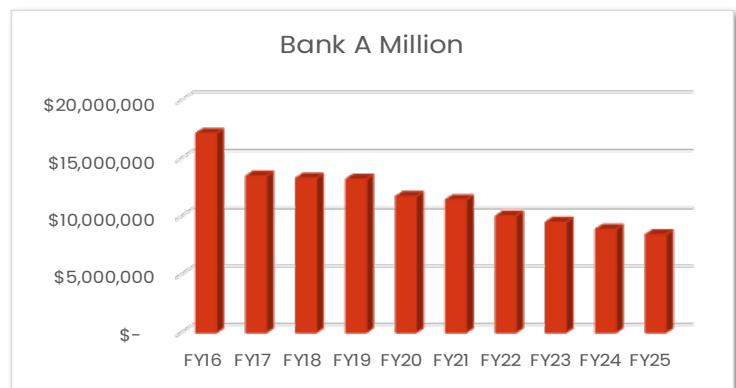
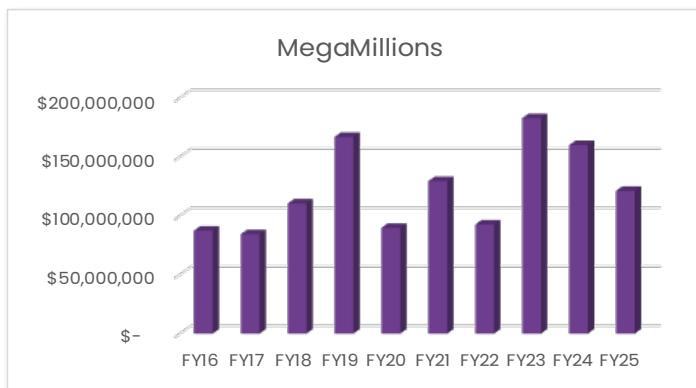


Keno



## STATISTICAL INFORMATION

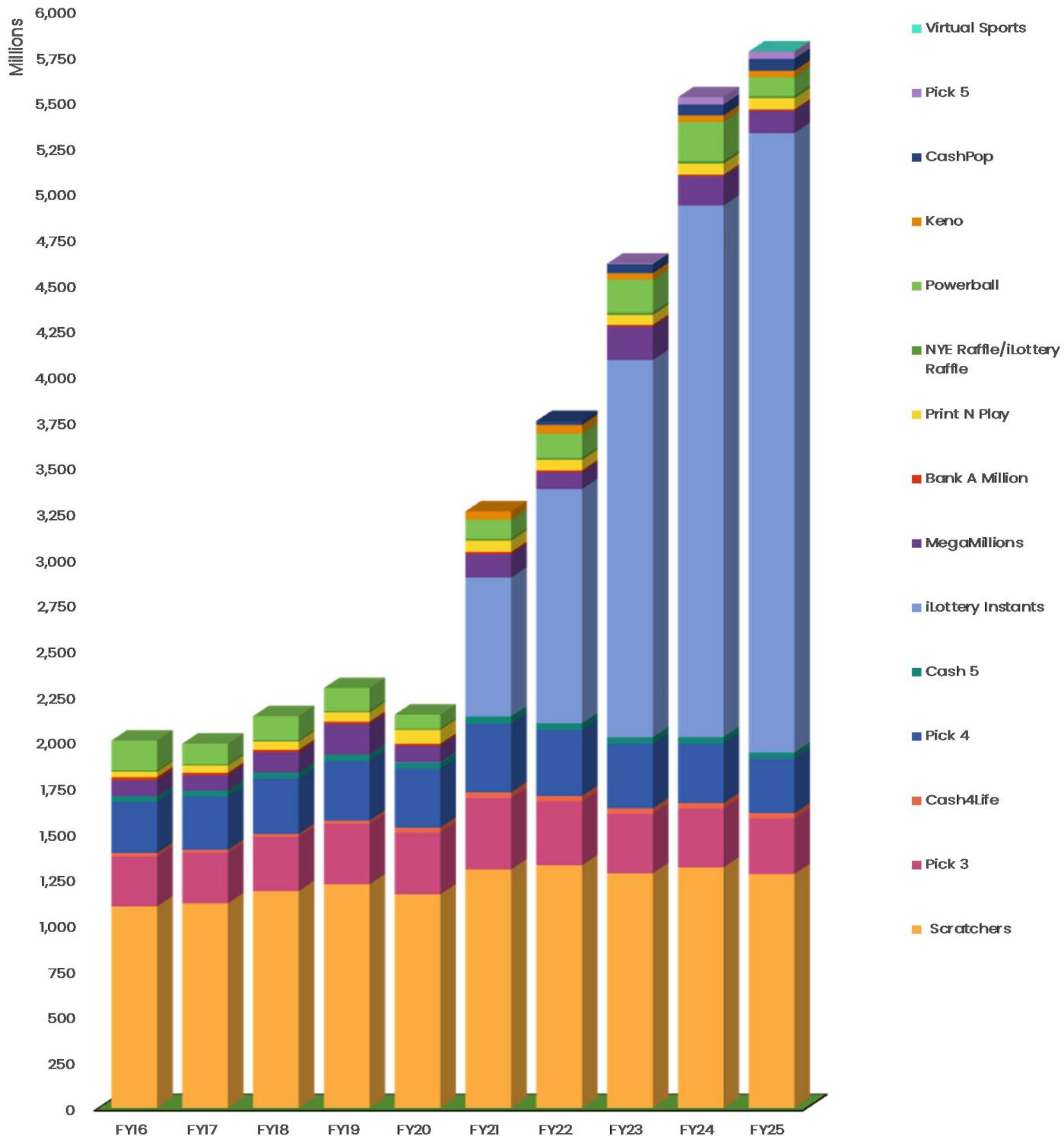
**VIRGINIA LOTTERY**  
**SALES BY FISCAL YEAR BY PRODUCT LINE**  
**FISCAL YEARS 2016 – 2025**



## STATISTICAL INFORMATION

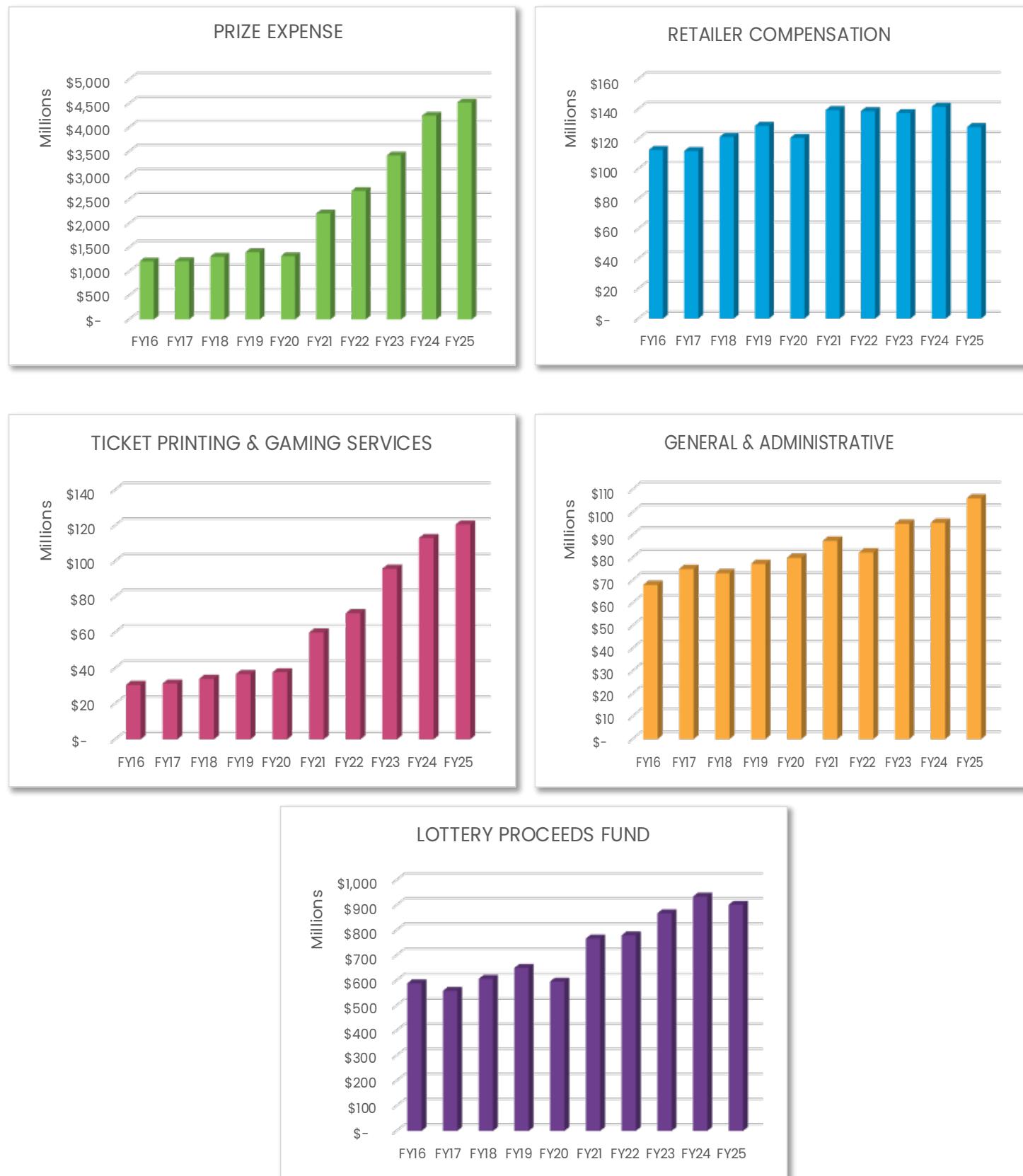
**VIRGINIA LOTTERY**  
**SALES BY FISCAL YEAR BY PRODUCT LINE**  
**FISCAL YEARS 2016 – 2025**

**Sales by Product (Unaudited)**  
**Fiscal Years 2016 Through 2025**



## STATISTICAL INFORMATION

**VIRGINIA LOTTERY**  
**EXPENSES BY FISCAL YEAR (LOTTERY'S ENTERPRISE FUND ONLY)**  
**FISCAL YEARS 2016 - 2025**

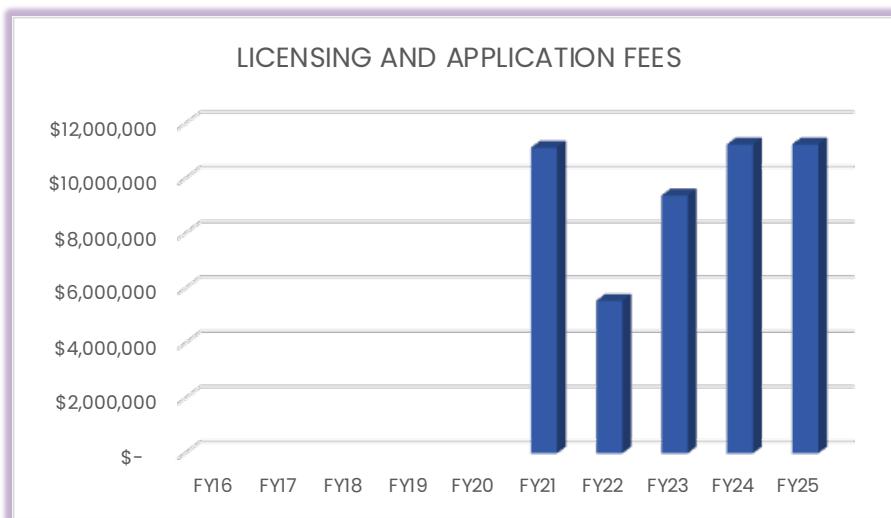


## STATISTICAL INFORMATION

Net Position by Component (unaudited)											
Accrual Basis of Accounting											
Fiscal Year Ending June 30 for the Years Shown											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
<b>Governmental Activities:</b>											
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 632,327	\$ 772,194	\$ 1,435,759	\$ 609,463	\$ 222,834	
Restricted	-	-	-	-	-	12,738	171,081	274,081	335,695	370,376	
Unrestricted	-	-	-	-	-	3,232,463	(2,794,517)	(12,638,548)	(19,179,197)	(27,780,127)	
<b>Total Governmental Activities Net Position</b>	-	-	-	-	-	3,877,528	(1,851,242)	(10,928,708)	(18,234,039)	(27,186,917)	
<b>Business-type Activities:</b>											
Net Investment in Capital Assets	7,007,179	13,217,797	12,941,770	11,805,539	17,829,934	14,998,484	14,901,382	12,102,355	8,876,811	7,361,845	
Restricted	-	-	943,000	1,015,000	916,271	1,022,908	1,614,315	1,378,006	1,438,593	1,593,567	
Unrestricted	(32,742,145)	(38,903,752)	(47,932,345)	(45,066,405)	(51,547,970)	(48,727,923)	(44,112,463)	(36,901,584)	(32,040,931)	(29,521,926)	
<b>Total Business-type Activities Net Position</b>	(25,734,966)	(25,685,955)	(34,047,575)	(32,245,866)	(32,801,765)	(32,706,531)	(27,596,766)	(23,421,223)	(21,725,527)	(20,566,514)	
<b>Total Entity Activities:</b>											
Net Investment in Capital Assets	7,007,179	13,217,797	12,941,770	11,805,539	17,829,934	15,630,811	15,673,576	13,538,114	9,486,274	7,584,679	
Restricted	-	-	943,000	1,015,000	916,271	1,035,646	1,785,396	1,652,087	1,774,288	1,963,943	
Unrestricted	(32,742,145)	(38,903,752)	(47,932,345)	(45,066,405)	(51,547,970)	(45,495,460)	(46,906,980)	(49,540,132)	(51,220,128)	(57,302,053)	
<b>Total Entity Activities Net Position</b>	\$ (25,734,966)	\$ (25,685,955)	\$ (34,047,575)	\$ (32,245,866)	\$ (32,801,765)	\$ (28,829,003)	\$ (29,448,008)	\$ (34,349,931)	\$ (39,959,566)	\$ (47,753,431)	

Modified Accrual Basis of Accounting											
Fiscal Year Ending June 30 for the Years Shown*											
	2021	2022	2023	2024	2025						
<b>REVENUES</b>											
License and application fees	\$ 11,134,206	\$ 5,558,385	\$ 9,391,839	\$ 11,249,968	\$ 11,253,640						
Interest income	10,035	4,675	764,540	1,634,295	810,067						
<b>Total Revenues</b>	<b>\$ 11,144,241</b>	<b>\$ 5,563,060</b>	<b>\$ 10,156,379</b>	<b>\$ 12,884,263</b>	<b>\$ 12,063,707</b>						
<b>EXPENDITURES</b>											
General and administrative	6,879,443	9,094,040	12,498,570	14,967,679	16,142,799						
Debt service	-	-	-	-	-						
Principal	-	6,340	4,392,973	3,012,400	3,231,774						
Interest	-	471	1,540,570	1,422,208	1,289,949						
<b>Total Expenditures</b>	<b>\$ 6,879,443</b>	<b>\$ 9,100,851</b>	<b>\$ 18,432,113</b>	<b>\$ 19,402,287</b>	<b>\$ 20,664,522</b>						
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>\$ 4,264,798</b>	<b>\$ (3,537,791)</b>	<b>\$ (8,275,734)</b>	<b>\$ (6,518,024)</b>	<b>\$ (8,600,815)</b>						
<b>OTHER FINANCING SOURCES</b>											
Other	-	-	210,552	267,068	306,131						
<b>Total Other Financing Sources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 210,552</b>	<b>\$ 267,068</b>	<b>\$ 306,131</b>						
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 4,264,798</b>	<b>\$ (3,537,791)</b>	<b>\$ (8,065,182)</b>	<b>\$ (6,250,956)</b>	<b>\$ (8,294,684)</b>						
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<b>0.00%</b>	<b>0.08%</b>	<b>32.62%</b>	<b>23.15%</b>	<b>22.14%</b>						

\* Fund established in FY2021



## STATISTICAL INFORMATION

## REVENUE CAPACITY

Historically, the Virginia Lottery's sole focus has been the sale of tickets for games of chance. These products fall into three major categories: instant-win scratch games, draw-based games where results depend on the outcome of a random drawing process – either immediate or delayed, and digital instants purchased by registered adult players within the geographical borders of Virginia. The Lottery launched 60 Scratch games during fiscal year 2025 along with new Print 'N Play games each quarter, consistently launched new games on the iLottery platform throughout the fiscal year, and launched the new Virtual Sports in June 2025.

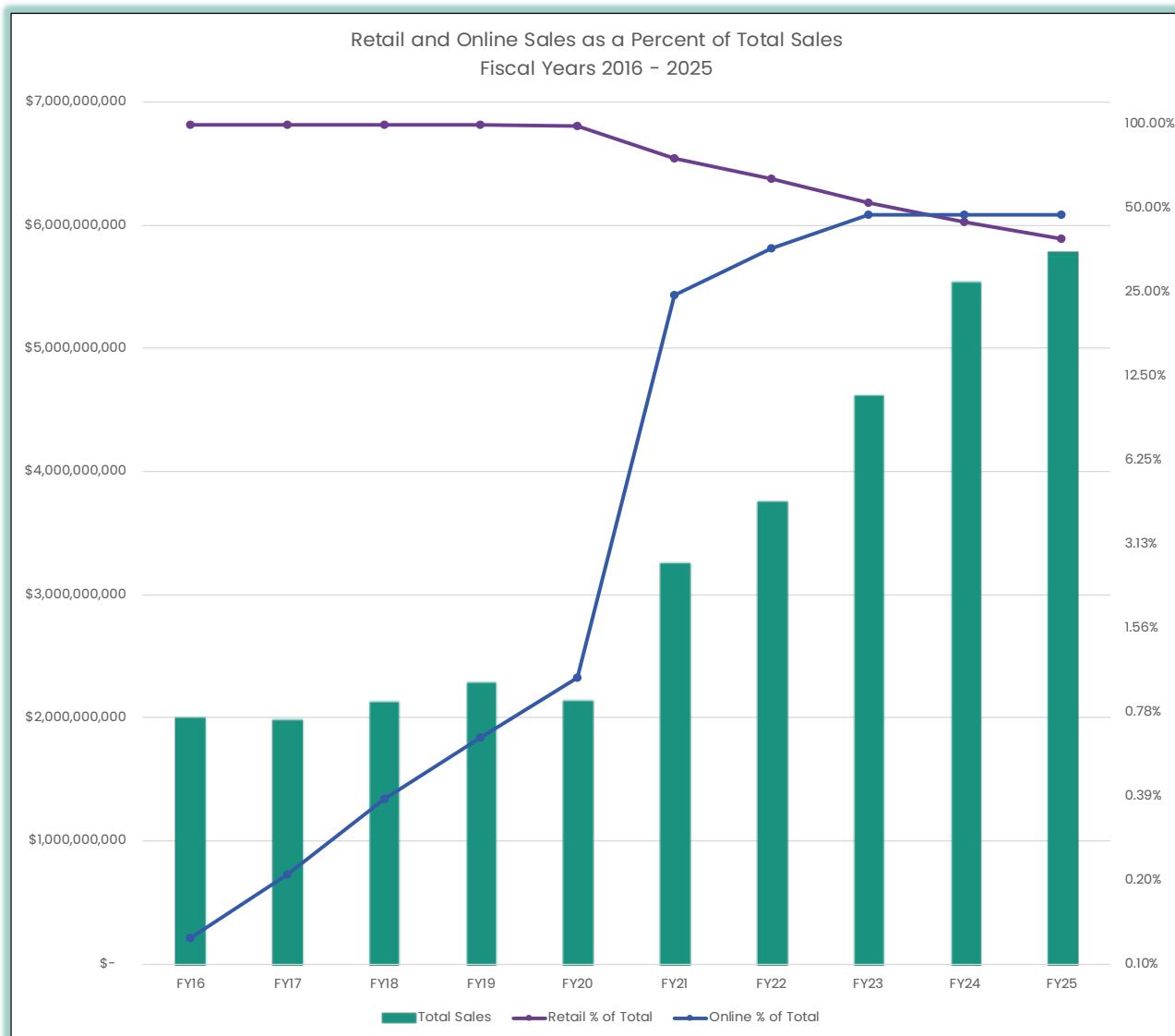
The number and type of retail locations that sell Lottery products in Virginia also impact the revenue capacity. During fiscal year 2025, the Lottery decreased a net of 93 retailers bringing the total number at the end of fiscal year 2025 to 5,238 compared to 5,331 for the prior year.

Schedule of Scratcher Game Launches & Sales by Price Point (unaudited)											% of Total	
Fiscal Year Ending June 30 for the Years Shown												
PRICE POINT	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025		
<b>Number of Launches</b>												
\$1	14	13	13	12	12	10	7	10	12	15	25.00%	
\$2	17	12	14	14	13	10	9	10	13	12	20.00%	
\$3	7	9	7	5	5	5	5	2	2	0	0.00%	
\$5	18	18	17	18	18	13	12	13	13	14	23.33%	
\$10	6	8	8	7	8	10	10	9	8	7	11.67%	
\$20	3	3	4	3	4	3	5	4	3	7	11.67%	
\$30	0	1	1	1	1	3	3	3	2	3	5.00%	
\$50	0	0	0	0	0	0	0	1	1	2	3.33%	
<b>Total</b>	<b>65</b>	<b>64</b>	<b>64</b>	<b>60</b>	<b>61</b>	<b>54</b>	<b>51</b>	<b>52</b>	<b>54</b>	<b>60</b>	<b>100.00%</b>	
<b>Sales</b>												
\$1	\$ 69,992,088	\$ 64,744,023	\$ 70,968,967	\$ 63,024,026	\$ 56,866,470	\$ 53,840,836	\$ 44,809,850	\$ 42,624,734	\$ 41,964,515	\$ 39,457,611	3.09%	
\$2	109,809,472	98,884,796	107,896,928	99,880,402	94,412,940	82,642,850	65,783,244	57,649,070	60,925,538	55,693,150	4.36%	
\$3	67,832,958	63,165,438	58,541,235	57,077,553	51,261,543	45,743,706	41,639,364	29,099,127	20,048,571	(184,953)	-0.01%	
\$5	329,654,590	338,908,405	341,186,030	357,526,100	347,776,025	333,215,170	295,264,015	278,572,460	265,592,860	251,742,515	19.70%	
\$7	343,504	-	-	-	-	-	-	-	-	-	0.00%	
\$10	258,918,330	236,992,190	250,618,920	240,180,480	229,800,630	304,022,180	318,729,800	274,736,630	287,062,000	249,893,370	19.56%	
\$20	264,078,560	180,731,360	196,130,720	221,697,140	210,584,980	216,001,280	278,419,520	227,273,040	223,396,960	225,990,260	17.69%	
\$30	-	134,287,890	159,416,640	182,573,970	176,269,590	266,713,230	277,235,010	193,644,390	162,035,670	144,299,190	11.29%	
\$50	-	-	-	-	-	-	-	178,107,300	253,130,450	310,704,750	24.32%	
<b>Total</b>	<b>\$1,100,629,502</b>	<b>\$1,117,714,102</b>	<b>\$1,184,759,440</b>	<b>\$1,221,959,671</b>	<b>\$1,166,972,178</b>	<b>\$1,302,179,252</b>	<b>\$1,321,880,803</b>	<b>\$1,281,706,751</b>	<b>\$1,314,156,564</b>	<b>\$1,277,595,893</b>	<b>100.00%</b>	



## STATISTICAL INFORMATION

	Schedule of Retail Sales vs Online Sales (unaudited)					
	Fiscal Year Ending June 30 for the Years Shown					
	Retail	% of	Online	% of	Total	
Sales	Total	Sales	Total	Sales		
Fiscal Year 2016	2,004,471,706	99.88%	2,426,244	0.12%	2,006,897,950	
Fiscal Year 2017	1,985,786,557	99.79%	4,085,636	0.21%	1,989,872,193	
Fiscal Year 2018	2,131,615,568	99.62%	8,204,167	0.38%	2,139,819,735	
Fiscal Year 2019	2,279,113,685	99.37%	14,450,884	0.63%	2,293,564,569	
Fiscal Year 2020	2,126,232,190	98.96%	22,373,062	1.04%	2,148,605,252	
Fiscal Year 2021	2,460,523,148	75.50%	798,452,864	24.50%	3,258,976,012	
Fiscal Year 2022	2,399,925,387	63.96%	1,352,489,878	36.04%	3,752,415,265	
Fiscal Year 2023	2,419,585,283	52.46%	2,192,270,537	47.54%	4,611,855,820	
Fiscal Year 2024	2,454,171,656	44.45%	3,066,833,210	55.55%	5,521,004,866	
Fiscal Year 2025	2,248,546,591	38.97%	3,522,093,302	61.03%	5,770,639,893	



## DEMOGRAPHIC &amp; ECONOMIC STATISTICS

Schedule of Demographic and Economic Statistics (unaudited)				
Fiscal Year Ending June 30 for the Years Shown				
Fiscal Year	Statewide Population <sup>1</sup> (in thousands)	Statewide Personal Income <sup>2/3</sup> (in thousands)	Statewide Personal Income per Capita <sup>3</sup>	Statewide Unemployment Rate
2014	8,326	404,759,410	48,614	5.2%
2015	8,383	424,358,514	50,621	4.3%
2016	8,412	438,582,257	52,138	4.4%
2017	8,470	453,520,815	53,544	2.9%
2018	8,481	470,507,302	55,478	3.3%
2019	8,566	491,414,793	57,368	2.9%
2020	8,603	516,726,088	60,063	4.5%
2021	8,582	557,766,520	64,993	4.3%
2022	8,667	584,803,894	67,475	2.8%
2023	8,705	626,144,472	71,929	3.0%
2024	8,737	663,500,755	75,941	2.7%
2025	X	X	X	3.5%

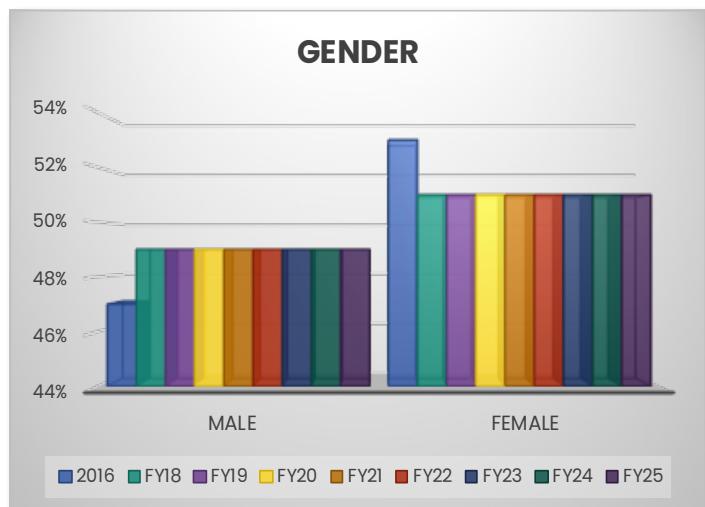
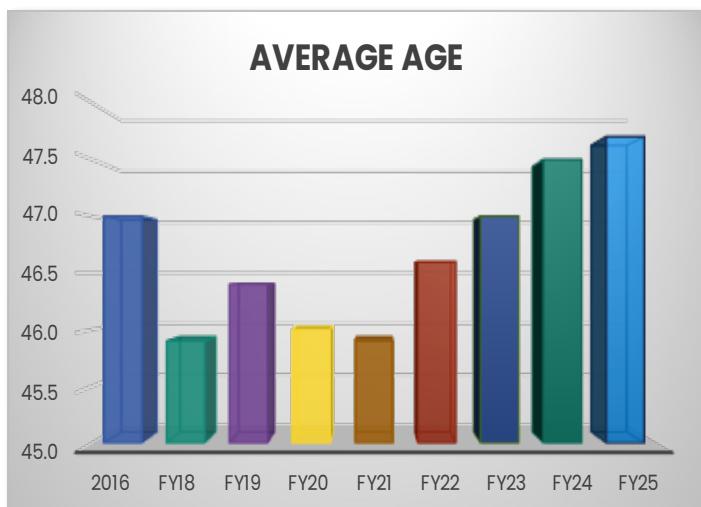
1 - Population figures are estimates  
 2 - Personal Income amount for Fiscal Year 2024 is estimated  
 3 - Prior Year Personal Income and Per capital income amounts 2019-2023 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.

**Sources:**  
 Virginia Annual Comprehensive Financial Report for FY ended June 30, 2024  
 Unemployment Rate from U.S. Department of Labor, Bureau of Statistics

**Note:**  
 X = Not yet available

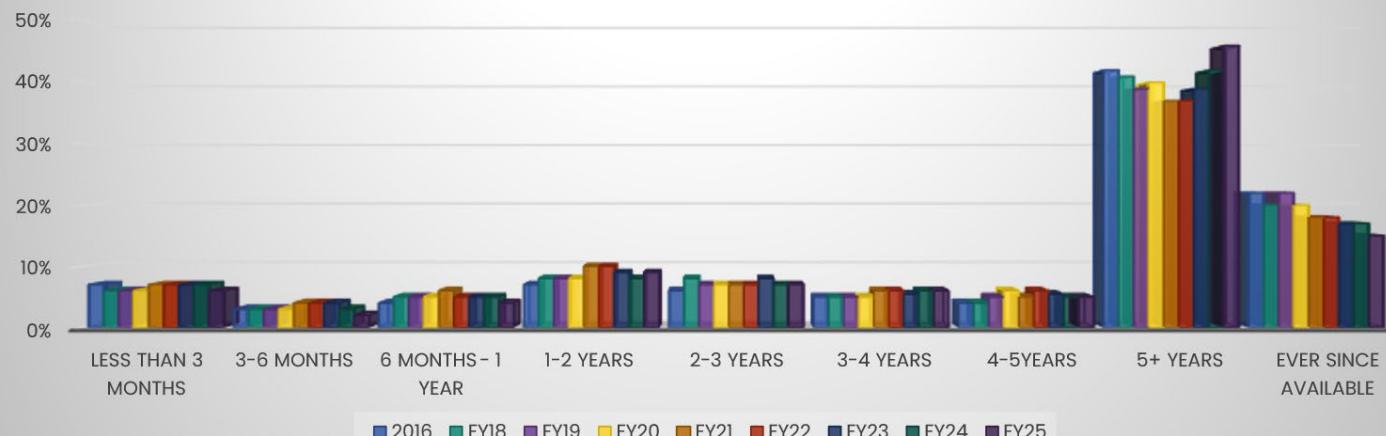
The following demographic group data is shown by calendar year for 2014 - 2016, and by fiscal year for FY18 - FY25.

**SOURCE:** Virginia Lottery Consumer Tracking Study Annual Report(s)

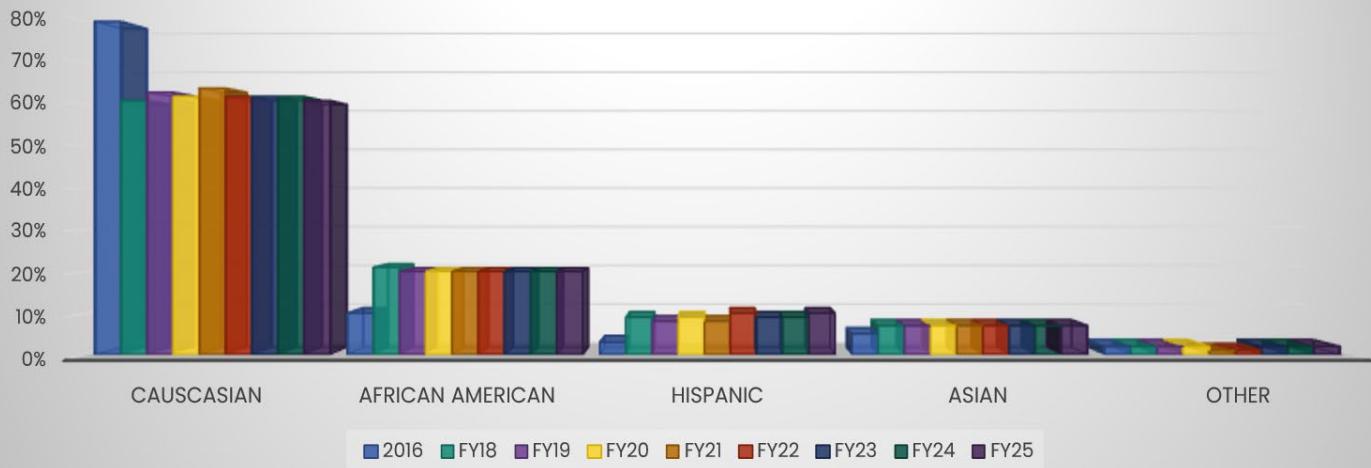


## STATISTICAL INFORMATION

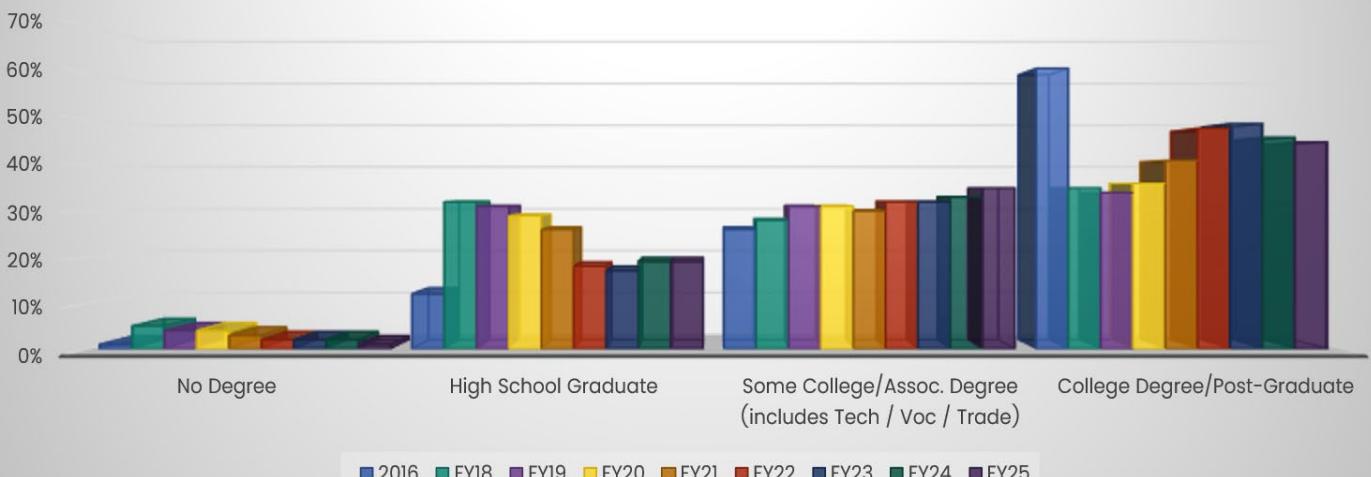
## LENGTH OF PLAYERSHIP



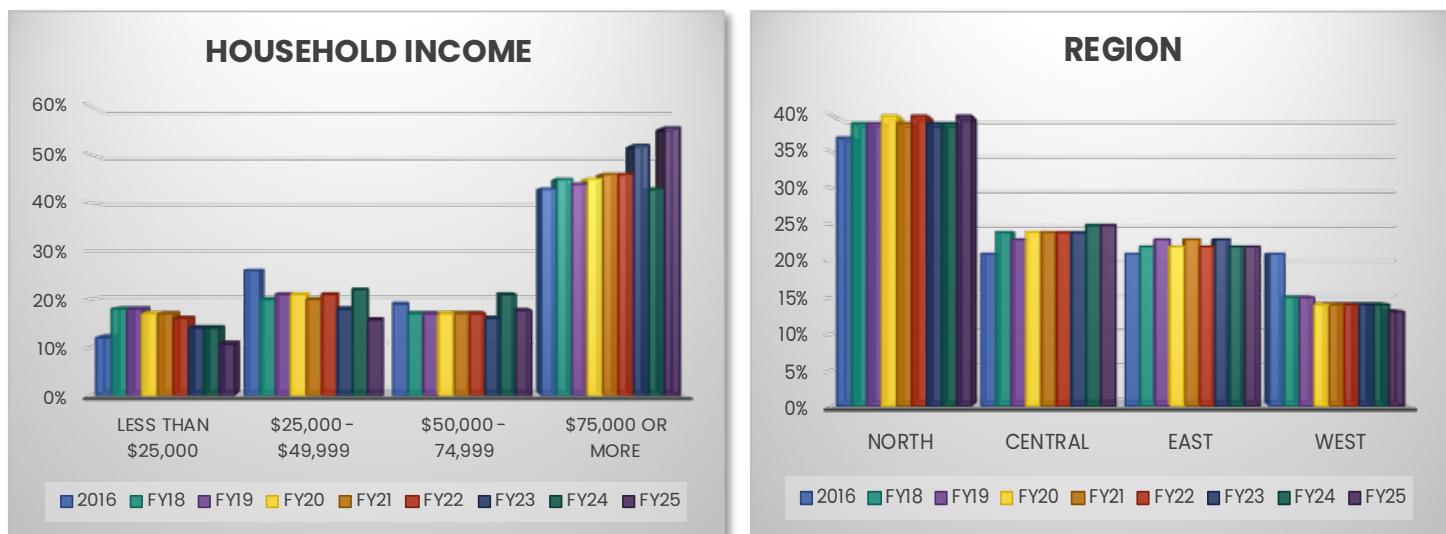
## ETHNICITY



## EDUCATION



## STATISTICAL INFORMATION



**Schedule of Principal Employers<sup>1</sup> (unaudited)**  
**Current Year and Nine Years Ago<sup>2</sup>**

EMPLOYERS	2024	2015
	RANK	RANK
U.S. Department of Defense	1	1
Wal-Mart	2	2
Fairfax County Public Schools	3	3
Amazon Fulfillment Services Inc. <sup>3</sup>	4	-
Sentara Healthcare	5	4
University of Virginia / Blue Ridge Hospital	6	16
Huntington Ingalls Industries, Inc.	7	5
Inova Health Systems	8	12
Food Lion	9	6
U.S. Department of Homeland Defense	10	9

<sup>1</sup> The Virginia Employment Commission is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347. All Employers above have an employment size of 1,000 or more.

<sup>2</sup> Calendar year 2024 is the most recent information available.

<sup>3</sup> Previous ranking not available

Source: Virginia Employment Commission

## STATISTICAL INFORMATION

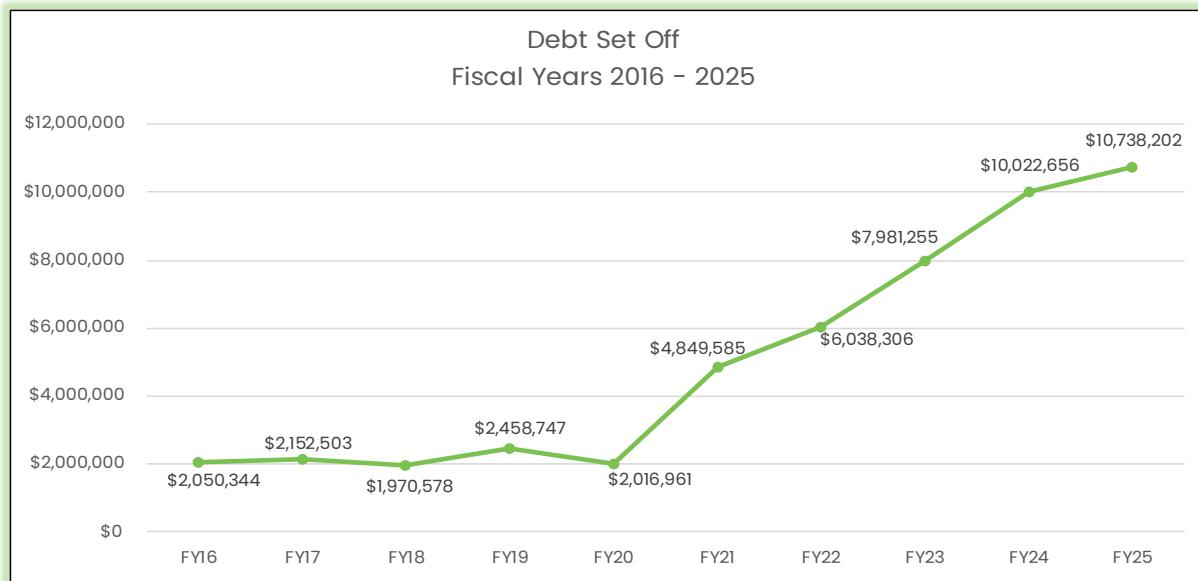
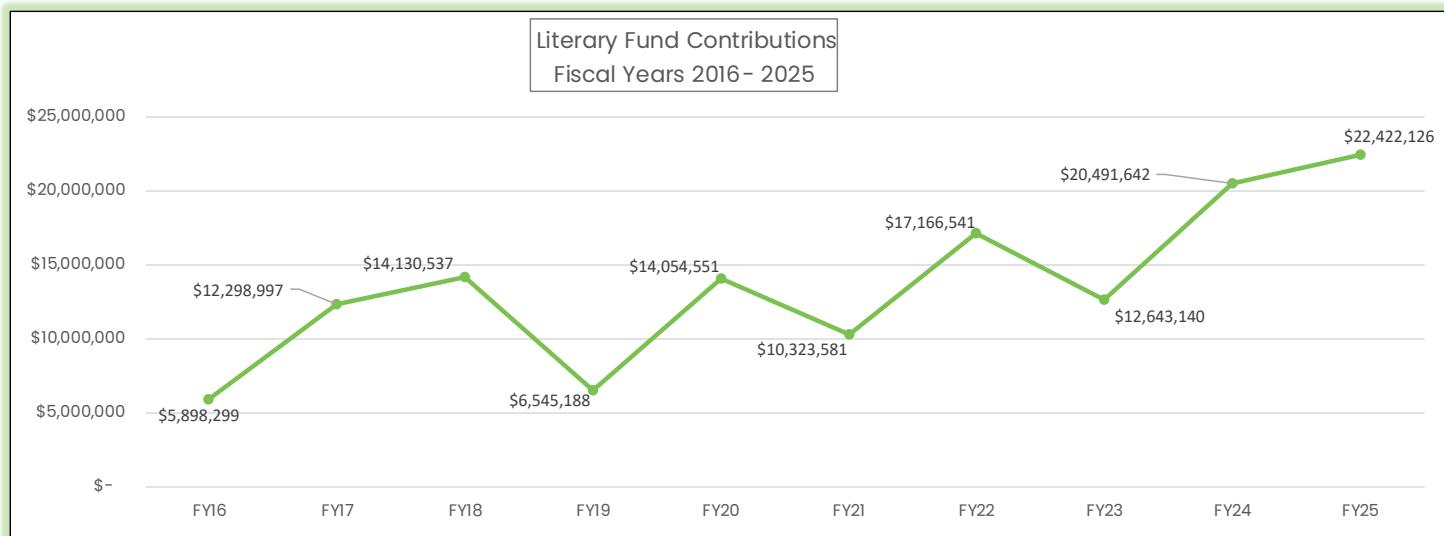
## U.S. Lotteries' Fiscal 2024 Sales by Game\*

(SM)

Lottery	Instant	Pull-tab	3-digit	4-digit	Lotto	Power Ball	Mega Mil	For Life	ITG	Monitor Games	Other	Traditional Sales	eInstant <sup>1</sup>	
Arizona	1,033.1	15.9	17.3		85.5	193.8	127.7		51.9		3.0	1,528.2		
Arkansas	478.4		12.3	7.1	18.1	44.8	28.4	8.1	15.6			613.0		
California <sup>1</sup>	6,561.3		179.1	35.7	448.2	890.7	705.0			455.1		9,275.1		
Colorado	588.6		16.0		62.1	135.5	74.6	23.9				900.8		
Connecticut	744.0		127.2	129.8	45.7	112.0	69.1	30.0	34.7	122.1		1,414.6		
Delaware	111.3		31.8	29.8	7.8	34.4	21.2	5.0		10.3		251.4		
D.C.	41.7		32.9	46.3		8.4	5.3	2.8	9.4	10.5	17.9	175.2	30.2	
Florida	6,618.1		441.4	302.0	557.0	750.9	450.1	65.8			232.1	9,417.5		
Georgia	3,116.6		553.2	396.7	100.7	255.6	197.0	27.4	86.1	268.4	16.2	5,017.8	648.7	
Idaho	242.7	82.3	2.3	1.2	8.9	48.6	25.7	5.5			4.5	421.7		
Illinois <sup>1</sup>	2,142.7		272.8	275.8	235.5	260.1	193.2		477.6			3,857.7		
Indiana	1,279.5		48.7	47.0	92.9	144.2	73.3	7.3	32.4		18.9	1,744.2		
Iowa	302.1	13.1	9.1	5.9	6.7	77.3	39.1	8.6	28.0			489.9		
Kansas	193.2	8.0	8.2		18.8	50.8	29.4	7.9	0.9	17.6	3.0	337.9		
Kentucky	940.8		185.6	53.5	17.0	100.5	58.4	11.8	16.9	78.4		1,463.0	634.9	
Louisiana	311.7		72.3	57.0	29.7	90.1	51.2		15.3		12.4	639.6		
Maine	326.4		6.1	4.8	17.2	33.9	18.6	6.6	16.3		0.4	430.2		
Maryland	1,061.4		237.2	296.9	42.0	184.1	131.5	20.6	82.4	587.0	72.8	2,715.7		
Massachusetts	4,012.6			331.8	111.7	215.1	145.8	47.5		1,272.1	8.6	6,145.1		
Michigan	2,319.1	48.7	452.2	513.6	129.1	220.2	167.6	40.0	69.5	592.7	38.7	4,591.5	173.1	
Minnesota	524.9		21.5		43.9	110.3	56.9		10.2		8.0	775.7		
Mississippi	303.6		16.6	17.0	21.7	55.6	34.4			24.7		473.6		
Missouri	1,125.7		94.8	66.3	46.9	126.3	74.2	10.4		47.3	12.9	1,604.7		
Montana <sup>1</sup>	27.2				11.0	22.1	10.6	4.1	7.9		7.6	90.4		
Nebraska	110.9		9.0		22.1	46.9	24.5	8.0				221.5		
N. Hampshire	314.7		4.9	4.7	16.7	57.4	34.3	12.8	18.2	57.0		520.6	47.1	
New Jersey	1,873.8		389.4	236.3	219.5	369.6	259.1	63.4	63.3	96.3	61.3	3,632.1		
New Mexico	89.6		5.0	1.9	11.4	38.5	22.2		1.7			170.2		
New York	4,373.5		871.4	942.2	264.1	567.7	441.2	116.4		587.4	33.9	8,197.9		
N. Carolina	2,922.3		449.2	218.4	68.6	257.4	150.9	41.1	56.7	76.6	0.7	4,242.0	1,133.6	
N. Dakota					7.8	17.4	10.4	4.5				40.1		
Ohio	2,383.7		418.6	272.7	77.5	257.4	186.4	44.7	166.0	666.8	70.0	4,543.9		
Oklahoma	224.9		6.6		9.8	64.1	35.4	7.3	6.5			354.7		
Oregon	159.8			2.0	37.9	95.6	55.9			107.0	2.5	460.6		
Pennsylvania	3,102.5		249.9	217.9	323.1	409.1	233.8	26.7	176.0	49.7	72.3	4,861.0	112.9	
Rhode Island	120.5			22.4	7.2	35.7	18.9	7.6		87.7	2.4	302.4	18.5	
S. Carolina	1,607.2		285.1	161.3	31.7	151.5	81.3				66.6	2,384.7		
S. Dakota	48.7				3.6	20.5	9.5	4.4				86.7		
Tennessee	1,477.0		81.2	50.6	31.8	147.2	78.0	10.5		11.5		1,887.7		
Texas	6,644.5		268.3	128.9	355.9	558.6	376.6				57.1	8,389.8		
Vermont	117.3		1.3	1.3	6.8	14.1	8.2	3.1	16.4			168.6		
Virginia	1,314.1		321.4	324.2	45.1	212.9	159.9	29.5	59.8	35.7	114.4	2,617.0	2,904.0	
Washington	664.3		21.1		74.0	136.5	98.2				34.9	1,029.0		
West Virginia	164.6		7.0	4.6	9.8	42.6	22.3			4.4	2.6	258.0		
Wisconsin <sup>1</sup>	611.7	1.3	25.8	17.7	68.0	131.4	73.7		24.1		1.1	954.8		
Wyoming					10.8	13.2	8.7	2.8		5.4		40.9		
<b>Total</b>	<b>62,732.6</b>	<b>169.2</b>	<b>6,253.9</b>	<b>5,225.2</b>	<b>3,861.1</b>	<b>7,810.6</b>	<b>5,177.6</b>	<b>716.0</b>	<b>1,543.7</b>	<b>5,247.3</b>	<b>1,001.7</b>		<b>99,739.0</b>	
<b>% of total</b>	<b>62.9%</b>	<b>0.2%</b>	<b>6.3%</b>	<b>5.2%</b>		<b>7.8%</b>	<b>5.2%</b>	<b>0.7%</b>	<b>1.5%</b>	<b>5.3%</b>	<b>1.0%</b>		<b>96.1%</b>	

\* Fiscal year ends June 30 for all U.S. states, except New York (March 31), Texas (August 31), and D.C. and Michigan (Sept. 30); <sup>1</sup> Unaudited<sup>1</sup> eInstant is GGR. If the lottery did not provide GGR, then the lottery reported eInstant NGR (NH) or eInstant sales (GA, RI).

## OPERATING INFORMATION



Schedule of Capital Assets, Net Information Fiscal Year Ending June 30 for the Years Shown										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Equipment &amp; Machinery</b>	\$ 5,805,244	\$ 11,905,166	\$ 12,276,210	\$ 10,720,642	\$ 13,621,669	\$ 13,022,025	\$ 13,522,148	\$ 10,070,044	\$ 7,214,477	\$ 6,670,642
<b>Leasehold Improvements</b>	324,103	324,103	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	877,832	988,528	665,560	1,084,896	4,208,265	2,608,786	2,219,171	2,532,194	1,846,116	1,160,037
<b>Right-of-Use Leases*</b>										
Equipment	-	-	-	-	-	-	98,061	39,618	20,360	9,946
Buildings	-	-	-	-	-	-	2,844,500	2,253,988	1,811,394	2,465,546
Billboards	-	-	-	-	-	-	-	3,908,540	-	4,046,160
							<b>2,942,561</b>	<b>6,202,146</b>	<b>1,831,754</b>	<b>6,521,652</b>
<b>Right-of-Use Subscriptions*</b>	-	-	-	-	-	-	-	36,677,248	32,512,852	30,044,403
<b>Total Net Capital Assets</b>	<b>\$ 7,007,179</b>	<b>\$ 13,217,797</b>	<b>\$ 12,941,770</b>	<b>\$ 11,805,538</b>	<b>\$ 17,829,934</b>	<b>\$ 15,630,811</b>	<b>\$ 18,683,880</b>	<b>\$ 55,481,632</b>	<b>\$ 43,405,199</b>	<b>\$ 44,396,734</b>

<sup>\*\*</sup>GASB87 (Right-of-Use Leases) was implemented in FY2022 and GASB96 (Right-of-Use Subscriptions) was implemented in FY2023.

## STATISTICAL INFORMATION

## FY24 U.S. Lottery Sales, Prizes &amp; Government Income Measured by GDP\*

Lottery	2024 Pop. <sup>1</sup> (M)	2024 Gross Domestic Product <sup>2</sup>	(SM)									PC Lottery Ticket Sales	Lottery Ticket Sales as % of GDP
			Traditional Lottery Ticket Sales <sup>3</sup>	eInstant ILTMs	(sales, unless noted)	VLT (net)	Gaming (net)	Sports Gaming (net unless noted)	Prizes <sup>4</sup>	Gov't Income <sup>5</sup>			
Arizona	7.6	555,614	1,528.2						1,027.9	314.9	\$202	0.275%	
Arkansas	3.1	190,230	613.0						420.0	129.4	\$198	0.322%	
California <sup>6</sup>	39.4	4,132,221	9,275.1						6,031.6	2,220.8	\$235	0.224%	
Colorado	6.0	557,308	900.8						577.8	196.4	\$151	0.162%	
Connecticut <sup>9</sup>	3.7	368,321	1,414.6					266.2	1,136.5	394.2	\$385	0.384%	
Delaware <sup>4,5</sup>	1.1	103,996	251.4			422.5	83.7	21.3	145.5	297.4	\$239	0.242%	
DC	0.7	187,351	175.2		30.2			12.8	131.2	39.4	\$250	0.094%	
Florida	23.4	1,717,871	9,417.5						6,254.7	2,387.6	\$403	0.548%	
Georgia	11.2	887,924	5,017.8	648.7					3,798.6	1,490.7	\$449	0.565%	
Idaho	2.0	129,644	421.7						286.2	86.2	\$211	0.325%	
Illinois <sup>6</sup>	12.7	1,143,081	3,857.7						2,579.5	883.8	\$304	0.337%	
Indiana	6.9	530,661	1,744.2						1,141.7	364.0	\$252	0.329%	
Iowa	3.2	257,575	489.9						312.6	106.6	\$151	0.190%	
Kansas	3.0	236,123	337.9				408.0	117.2	202.4	210.2	\$114	0.143%	
Kentucky	4.6	295,140	1,463.0	634.9					1,516.8	405.4	\$319	0.496%	
Louisiana	4.6	328,961	639.6						370.1	204.8	\$139	0.194%	
Maine	1.4	99,238	430.2						288.8	90.1	\$306	0.434%	
Maryland <sup>4,5</sup>	6.3	546,362	2,715.7	16.3		1,342.5	625.8	409.6	1,715.5	1,588.9	\$434	0.497%	
Massachusetts	7.1	785,141	6,145.1						4,634.0	1,159.7	\$861	0.783%	
Michigan <sup>7</sup>	10.1	711,481	4,591.5	173.1					2,976.3	1,257.0	\$453	0.645%	
Minnesota	5.8	502,946	775.7						476.2	196.5	\$134	0.154%	
Mississippi	2.9	158,548	473.6						298.7	125.1	\$161	0.299%	
Missouri	6.2	454,580	1,604.7	138.1					1,218.5	378.7	\$257	0.353%	
Montana <sup>6,9</sup>	1.1	76,195	90.4					63.7	109.2	21.6	\$80	0.119%	
Nebraska	2.0	185,967	221.5						129.1	55.3	\$110	0.119%	
New Hampshire <sup>8</sup>	1.4	122,086	520.6	47.1				32.5	345.0	207.9	\$370	0.426%	
New Jersey	9.5	851,863	3,632.1						2,157.6	1,172.0	\$382	0.426%	
New Mexico	2.1	141,302	170.2						93.6	51.1	\$80	0.120%	
New York <sup>4,5</sup>	19.9	2,310,968	8,197.9			1,933.2	418.7		4,917.9	3,635.4	\$413	0.355%	
North Carolina	11.0	845,143	4,242.0	1,133.6					3,802.7	1,100.0	\$384	0.502%	
North Dakota	0.8	75,221	40.1						20.8	9.9	\$50	0.053%	
Ohio <sup>4,5</sup>	11.9	933,044	4,543.9			1,367.3		0.6	3,012.0	1,514.0	\$382	0.487%	
Oklahoma	4.1	267,321	354.7						219.9	88.4	\$87	0.133%	
Oregon <sup>4,5</sup>	4.3	333,467	460.6			1,190.6		75.1	285.9	950.2	\$108	0.138%	
Pennsylvania <sup>7</sup>	13.1	1,032,270	4,861.0	112.9					3,215.4	1,220.5	\$372	0.471%	
Rhode Island <sup>4,5</sup>	1.1	83,128	302.4	18.5	522.5	138.9	38.6		205.2	426.4	\$272	0.364%	
South Carolina	5.5	352,048	2,384.7						1,571.7	590.5	\$435	0.677%	
South Dakota <sup>4,5</sup>	0.9	75,433	86.7			165.3			51.5	183.7	\$94	0.115%	
Tennessee	7.2	553,471	1,887.7						1,208.1	501.3	\$261	0.341%	
Texas	31.3	2,727,002	8,389.8						5,655.5	2,007.3	\$268	0.308%	
Vermont	0.6	46,119	168.6						111.6	35.1	\$260	0.366%	
Virginia	8.8	769,660	2,617.0	2,904.0					4,245.7	934.1	\$297	0.340%	
Washington	8.0	859,887	1,029.0						636.3	255.5	\$129	0.120%	
West Virginia <sup>4,5</sup>	1.8	108,366	258.0			971.2	61.4	5.3	159.2	590.9	\$146	0.238%	
Wisconsin <sup>6</sup>	6.0	455,591	954.8						589.0	278.1	\$160	0.210%	
Wyoming	0.6	53,154	40.9						22.0	6.1	\$70	0.077%	
<b>Total</b>	<b>326.0</b>	<b>28,139,023</b>	<b>99,739.1</b>		<b>7,915.2</b>	<b>1,736.5</b>			<b>70,305.5</b>	<b>30,363.1</b>	<b>\$306</b>	<b>0.354%</b>	

\* Fiscal year ends June 30 except New York (March 31), Texas (August 31), and D.C. and Michigan (Sept. 30); <sup>1</sup> Source: U.S. Census Bureau

<sup>2</sup> Source: U.S. Bureau of Economic Analysis; <sup>3</sup> Traditional games can include online sales, like Powerball; <sup>4</sup> Prizes don't include net VLT, sports betting, gaming; <sup>5</sup> Includes consolidated government transfers for traditional, iLottery, sports, VLT, and gaming; <sup>6</sup> Unaudited; <sup>7</sup> eInstant GGR;

<sup>8</sup> eInstant NGR; <sup>9</sup> Sports Betting Sales

Note: If a lottery's operating statement did not include government transfers, then net income is reported

# VIRGINIA LOTTERY

## STATISTICAL INFORMATION

Schedule of Lottery Employees (unaudited) Fiscal Year Ending June 30 for the Years Shown										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Full-Time	270	264	263	279	283	307	344	356	364	384
Part-Time	15	15	16	17	18	18	17	31	26	29
<b>Total</b>	<b>285</b>	<b>279</b>	<b>279</b>	<b>296</b>	<b>301</b>	<b>325</b>	<b>361</b>	<b>387</b>	<b>390</b>	<b>413</b>
Administration	56	56	56	59	61	61	61	59	34	40
Communications & Customer Relations	11	12	11	11	11	9	8	9	41	41
Finance	22	23	25	26	26	25	27	29	27	30
Marketing	30	13	18	21	25	30	30	27	29	27
Sales	100	103	102	106	105	106	103	107	102	112
Technology	48	52	46	49	49	53	56	51	49	49
Audit & Security	18	20	21	24	22	24	24	32	33	33
Gaming Compliance**	X	X	X	X	2	17	52	73	75	81
<b>Total</b>	<b>285</b>	<b>279</b>	<b>279</b>	<b>296</b>	<b>301</b>	<b>325</b>	<b>361</b>	<b>387</b>	<b>390</b>	<b>413</b>

\*\*Gaming Compliance has been operating under the regulation of the Agency since FY2020

X = Not available

Source: Virginia State Lottery Human Resources Department

OUTSTANDING DEBT BY TYPE Fiscal Year Ending June 30 for the Years Shown										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>GOVERNMENTAL GAMING ACTIVITIES</b>										
Lease Obligations	-	-	-	-	-	-	11,036	4,486	-	-
Subscription Obligations	-	-	-	-	-	-	-	31,084,457	28,343,611	25,417,968
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,036	\$ 31,088,943	\$ 28,343,611	\$ 25,417,968
<b>BUSINESS-TYPE LOTTERY ACTIVITIES</b>										
Treasury Loan	-	-	-	-	25,000,000	-	-	-	-	-
Lease Obligations	-	-	-	-	-	-	2,999,268	6,426,575	1,975,913	6,862,163
Subscription Obligations	-	-	-	-	-	-	-	4,365,827	3,599,401	4,531,924
	\$ -	\$ -	\$ -	\$ -	\$ 25,000,000	\$ -	\$ 2,999,268	\$ 10,792,402	\$ 5,575,314	\$ 11,394,087
<b>TOTAL ENTITY ACTIVITIES</b>										
Treasury Loan	-	-	-	-	25,000,000	-	-	-	-	-
Lease Obligations	-	-	-	-	-	-	3,010,304	6,431,061	1,975,913	6,862,163
Subscription Obligations	-	-	-	-	-	-	-	35,450,284	31,943,012	29,949,892
	\$ -	\$ -	\$ -	\$ -	\$ 25,000,000	\$ -	\$ 3,010,304	\$ 41,881,345	\$ 33,918,925	\$ 36,812,055