



**FISCAL YEAR  
2025**

**ANNUAL  
COMPREHENSIVE**

**FINANCIAL  
REPORT**

**WASHINGTON'S LOTTERY  
AN ENTERPRISE FUND OF THE STATE OF WASHINGTON  
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

A large abstract graphic on the left side of the page, composed of overlapping translucent green rectangles of various shades, creating a sense of depth and movement. The graphic is framed by two thick black diagonal lines that intersect to form a large triangular shape pointing towards the right.

**DOWNLOAD**



A PDF download of this Annual Comprehensive Financial Report  
is available at [walottery.com/About/AnnualReports.aspx](http://walottery.com/About/AnnualReports.aspx).

# LETTER FROM THE DIRECTOR



Despite a year full of challenges, fiscal year 2025 was a good year- full of growth, quiet victories, and strength found in struggles. We could not have faced these challenges without creativity and dedication from our staff and retailers. Total sales for the year came in at \$939.9 million, which although down from the previous year, it is amazing to see that we were able to reach this milestone without help from high jackpots. Scratch sales continued to outsell all other products reaching \$662.6 million and draw games performing at \$274.5 million. Washington's Lottery continues to support Washington State education by providing \$180.2 million in contributions to help fund early learning, grants for low-income students, and vocational scholarships. Players also collected \$594.3 million in prizes and retailer

partners earned \$46.8 million in commissions.

Our staff continues to drive sales with clever and captivating promotion opportunities. Players were excited about our ongoing Scratch promotion partnerships with the Seattle Seahawks and Mariners, as well as the Jurassic Park ticket, with the opportunity to win a trip to Hawaii and \$1 million dollars. Our collaboration with the Seattle Kraken for a draw promotion gave players a chance to win a Kraken game experience. We've also added Match 4 Happy Hour, Cash POP Sunday Only, and Hit 5 AEG My Music Live promotions, where winners receive free tickets or opportunities for once in a lifetime experiences.

Additionally, we made a change to the Mega Millions game, moving from a \$2 price point to \$5. Although we are still in the early stages of this change and jackpot growth is at the mercy of chance and the luck of the draw, we've had two jackpot wins since early April, meaning we haven't had much of a chance to build momentum. Since we launched in April, players have won more than \$254 million in non-jackpot prizes. Under the rules of the previous \$2 game, those prizes would have been valued at only \$58.4 million. Our \$5 price point means we can offer substantially increased non-jackpot prizes compared to the \$2 version of the game, and that is important to some players.

Washington's Lottery also continues to focus on its responsible gambling efforts. This year receiving the National Association of State and Provincial Lotteries (NASPL) Responsible Gambling certification at the sustaining level. This certification reflects the strength and effort of our responsible gambling program and commitment to enhancing responsible gambling efforts.

I am deeply proud and genuinely thankful for the dedication of our incredible team at Washington's Lottery. Because of their innovation and drive we can provide awareness and support to Washingtonians.

Sincerely,

Joshua Johnston  
Director, Washington's Lottery

# Mission

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

POWERBALL

MEGA  
MILLIONS

LOTTO

HITS  
MORE GAMES FOR YOUR DOLLAR

KENO  
GET ON A ROLL

MATCH4  
WIN OR LOSE

CASHPOP  
ONE POP WINS

SCRATCH  
INSTANT FUN

PICK3  
EASY AS 123

# Values



## Diversity, Equity, Inclusion & Belonging

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



## Integrity

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



## Responsibility

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



## Collaboration

We work together across the organization to achieve shared goals.



## Creativity

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



## Customer-focus

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

# Vision

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



DEPT OF  
IMAGINATION







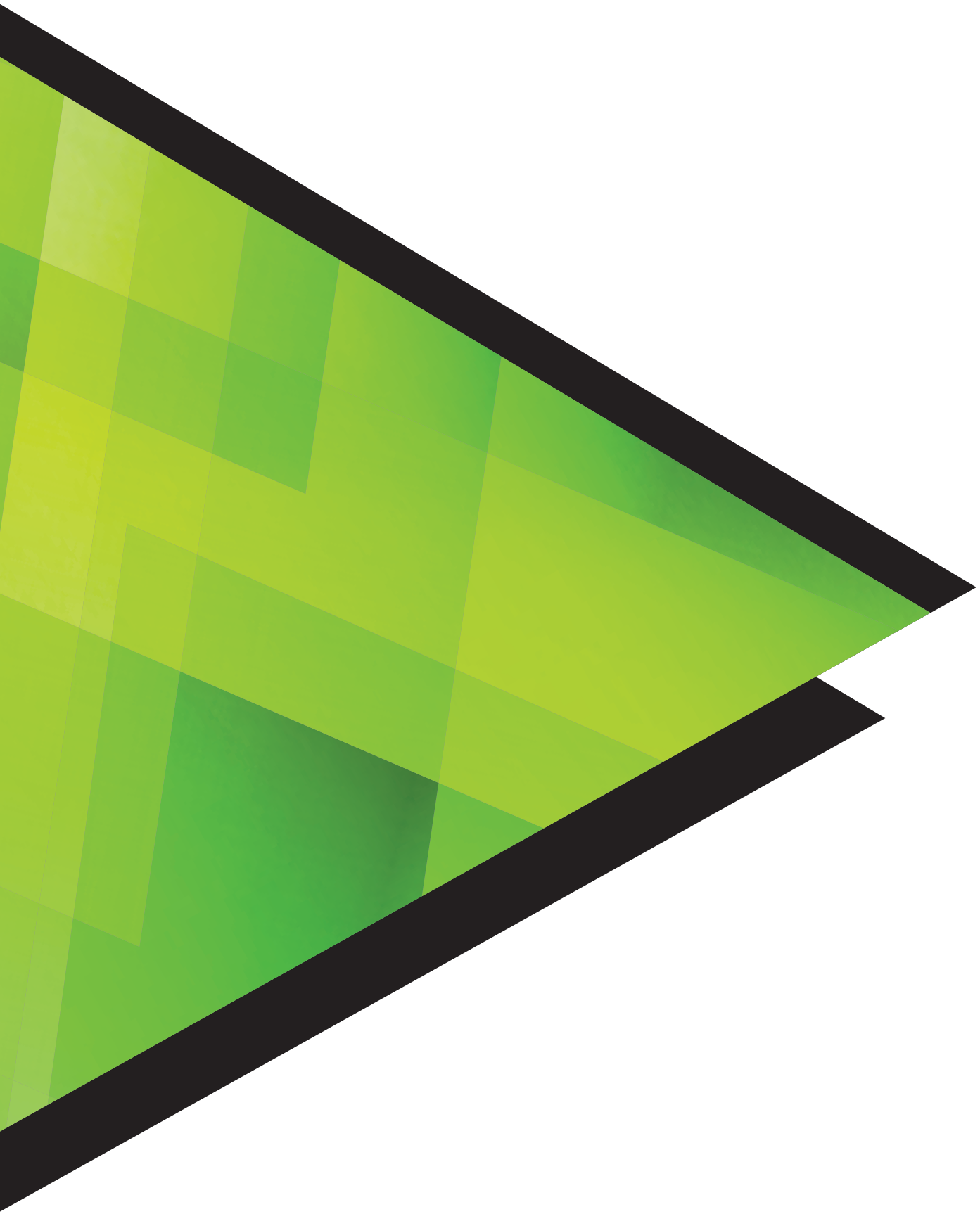
# **WASHINGTON'S LOTTERY**

an Enterprise Fund of the State of Washington

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

for the fiscal years ended June 30, 2025 and June 30, 2024

*Prepared by Washington's Lottery's Finance Division*



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## INTRODUCTORY SECTION

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

December 30, 2025

**THE HONORABLE BOB FERGUSON, GOVERNOR OF WASHINGTON;  
MEMBERS OF THE LOTTERY COMMISSION;  
and THE CITIZENS OF WASHINGTON STATE:**

Washington's Lottery is pleased to provide this annual comprehensive financial report for the fiscal year that ended June 30, 2025. In fiscal year 2025, Lottery sales decreased by \$91.7 million or 8.9 percent compared to fiscal year 2024 and contributed a total of \$212.4 million to its beneficiaries for state programs. The Washington Opportunity Pathways Account received \$180.2 million to fund grants, scholarships, early learning, and other educational opportunities.

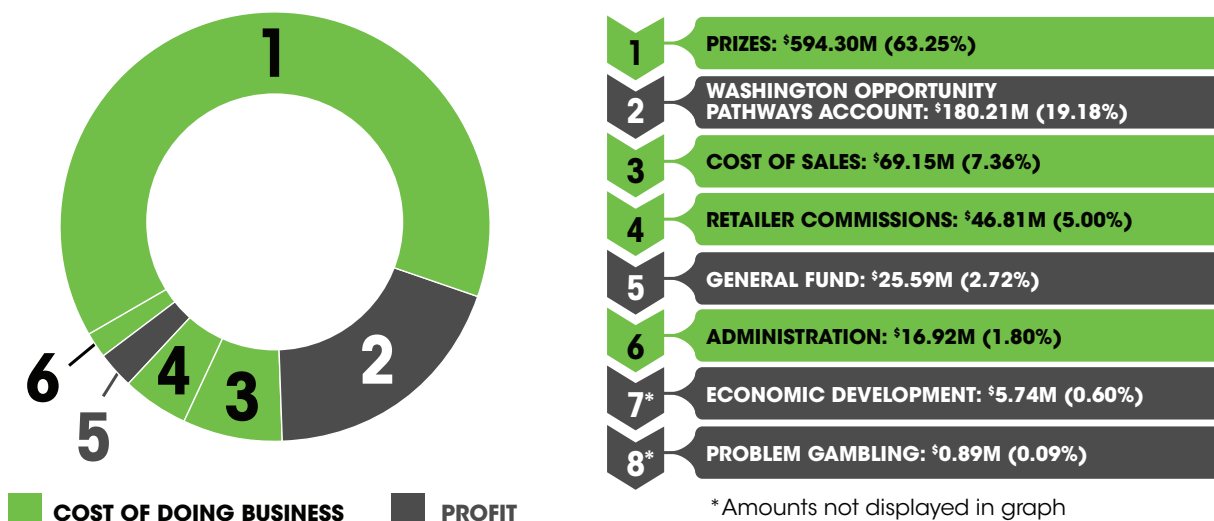
Although state law does not require the Lottery to provide stand-alone audited financial statements, we do so to reflect the highest standards of fiscal transparency and uncompromised accountability to the public, thereby strongly demonstrating our thorough efforts to disclose all relevant information.

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

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

Washington's Lottery sells tickets for games of chance to the general public. The Lottery is a business funded by sales, which in and of itself pays for the costs of running the business, including producing, marketing, and selling the products, while delivering all of the profits to the public good. In order to operate the business successfully, the Lottery provides personnel in the following disciplines: security, legal, administrative, marketing, sales, finance, management, human resources, and information services. The Lottery generated dollars for the Washington Opportunity Pathways Account, Economic Development Account, Problem Gambling Account, and General Fund. Lottery revenues for fiscal year 2025 totaled \$939.9 million. These sales allowed contributions of \$180.2 million to the Washington Opportunity Pathways Account (WOPA), \$25.6 million to the General Fund,

**FY25 TOTAL DISTRIBUTION: \$939.60 MILLION**



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



## BACKGROUND

\$5.7 million to the Economic Development Account and \$892 thousand to the Problem Gambling Account. Washington's Lottery's mission is to offer games of chance with integrity and imagination to maximize beneficiary contributions. Our focus is on maintaining and increasing the ability to maximize these contributions in support of education and other state programs. Development of new products and game enhancements is an ongoing process with a focus on responsible gambling and increasing long-term revenue. This is consistent with acceptable levels of related expenses, which are intended to increase the ability to support these vital programs. A narrative analysis of the Lottery's performance for fiscal year 2025 and further details regarding specific subjects can be found in Management's Discussion and Analysis in the Financial Section of this document.

## COMMUNITIES THROUGHOUT THE STATE HAVE BENEFITED FROM THE LOTTERY

Since Washington's Lottery sold its first ticket in 1982, it has paid over \$12.9 billion in prizes and retailers have received over \$1.2 billion in sales commissions. Winners tend to spend and invest money in their local communities, and Lottery sales often make a big difference for small merchants. In fiscal year 2025, Washington's Lottery paid out more than 35 million winning tickets ranging from \$1 to \$7.4 million. Twenty-nine people became millionaires through Washington's Lottery in the last fiscal year. Since inception, the Lottery has made 859 people millionaires, and that number continues to grow.

The state Legislature decides how the government spends monies contributed by the Lottery. The recipients of Lottery's proceeds include the Washington Opportunity Pathways Account, Economic Development Account, Problem Gambling Account, and General Fund Account. Since inception, the Lottery has contributed more than \$5.7 billion to various state programs.

In 1986, the Lottery began collecting outstanding child support and other debts owed to the state. Before winners are paid, these debts are deducted from Lottery prize monies. Over the years, the Lottery has collected \$5.6 million in previously uncollected money. This figure represents \$3.0 million in child support payments and \$2.6 million in recovered taxes, fees, penalties, welfare, and employment security debts.

## WASHINGTON STATE'S ECONOMIC AND REVENUE OUTLOOK

### Washington State's Economic and Revenue Outlook 2026

Washington's economy expanded in fiscal year (FY) 2025, growing 3.4% to \$711.08 billion and outpacing the U.S. rate of 2.3% (\$23.60 trillion). This performance, though resilient, marked a slowdown from 2024's 4.8% surge and was more in line with the moderate growth of 2023 (3.4%) and 2022 (3.8%). Compared with the state's weakest point of the last decade—FY 2020, when GDP grew just 1.6%—Washington continues to show strength. Growth in 2025 was driven by management of companies (+17.8%), health care and social assistance (+6.2%), and information (+5.8%), underscoring the role of corporate activity, services, and technology. The steepest declines occurred in accommodation and food services (−2.9%), utilities (−0.6%), and wholesale trade (−0.2%), reflecting pressures in hospitality, energy, and trade. Nationally, U.S. growth also slowed in 2025, easing to 2.3% after rising 3.2% in 2024 and 2.2% in 2023.

Washington's labor market grew modestly in FY 2025, adding about 22,000 jobs for a total of 3.6 million. The 0.6% increase marked a slowdown from 1.2% in 2024 and was well below the sharp rebounds of 2022 (+5.4%) and 2023 (+3.2%), signaling a deceleration in job growth. Employment gains were concentrated in private education and health services (+18,000), government (+16,000, mostly local and education roles), and transportation and warehousing (+7,000). Offsetting these gains, construction lost 5,000 jobs, manufacturing fell by 4,000 (mainly aerospace and metals), professional and business services declined by 4,000, and retail trade dropped by 3,000. The Economic and Revenue Forecast Council's (ERFC) end of FY 2025 forecast projects employment to grow by 0.3% in 2026, with average annual growth of 0.7% from 2025 to 2029, on a calendar year basis.

The unemployment rate in Washington edged up to 4.4% in FY 2025 from 4.2% in FY 2024, marking a modest increase of 0.2 percentage points. By comparison, the U.S. unemployment rate rose more sharply, from 3.8% to 4.2%, narrowing the gap between Washington and the national average. Washington's unemployment remains well below its pandemic-era peak of 6.9% in FY 2021, one of the highest points in the past 15 years, but the uptick this year signals a softening labor market. Over the last three years, Washington moved from a rapid post-pandemic improvement in FY 2022 (dropping from 6.9% to 4.3%) to relative stability in FY 2023 and FY 2024. The rise in FY 2025 indicates a deceleration in labor market momentum, contrasting with the accelerating recovery seen in 2022–2023.

Real personal income (in current dollars) rose 6.0% in FY 2025 to \$697.16 billion, outpacing the U.S., which grew 5.3% to \$25.52 trillion. This highlights Washington's stronger economic momentum despite signs of cooling. Over the last three years, Washington grew by 6.8% in 2023, 6.9% in 2024, and 6.0% in 2025, reflecting a mild deceleration after two stronger years. Nationally, growth slowed more sharply, from 6.3% in 2023 to 5.9% in 2024 and 5.3% in 2025, underscoring a clearer nationwide cooling trend. ERFC's end of FY 2025 forecast projects personal income to grow by 5.0% in 2026, with average annual growth of 5.3% from 2025 to 2029, on a calendar year basis.

Washington's housing sector decelerated in 2025, with both new construction and completions losing momentum. Permits fell 3.6% to 38,924, completions dropped 8.3% to 48,584 (the weakest performance in a decade) and demolitions declined 16.1% to 1,962, reversing 2024's rise. Over the past 10 years, the lowest growth periods were 2023 for permits (–15.8%), 2025 for completions (–8.3%), and 2018 for demolitions (–19.0%). More recently, permits contracted for three consecutive years, completions rose in 2024 before turning negative in 2025, and demolitions alternated between decline (2023), growth (2024), and decline again (2025). On a calendar-year basis, ERFC's end of FY 2025 forecast predicts 37,100 permits in 2026.

In FY 2025, Washington's trade flows weakened, with imports falling 7.9% and exports declining 6.6% compared to FY 2024. This marks a continuation of contraction after imports had already dropped 9.4% in FY 2024, while exports had been nearly flat at +0.2%. Looking back over the last decade, the sharpest setback for imports came in FY 2024 (–9.4%), while exports saw their lowest point in FY 2021 (–33.4%) during the pandemic-related disruptions. Over the past three years, imports swung from strong growth in 2023 (+21.1%) to back-to-back declines in 2024 and 2025, while exports slowed from 13.9% growth in 2023 to stagnation in 2024 and contraction in 2025. This pattern suggests a clear deceleration in Washington's trade activity, with both imports and exports now in retreat.

For FY 2025, Washington's General Fund-State (GF-S) revenue was \$34.45 billion. This represents higher than expected revenue of about \$661.9 million compared to the September 2024 forecast, which placed FY 2025 revenues at \$33.79 billion. The adjustment reflects stronger-than-expected revenue performance heading into the biennium. Looking forward, the ERFC September 2025 forecast anticipates continued growth: Revenues are projected to reach \$74.34 billion for the 2025–27 biennium and \$79.54 billion for the 2027–29 biennium. These figures are higher than the earlier September 2024 projections by approximately \$2.73 billion and \$2.56 billion, respectively.

# LOTTERY PRODUCTS

## OUR GAMES

### SCRATCH

In Washington, *Scratch* is the most popular Lottery game. *Scratch* is classified as an “instant” game because players learn immediately if they have won a prize. Total *Scratch* sales were \$662.7 million in fiscal year 2025, compared to \$664.3 million in 2024. In fiscal year 2025, *Scratch* sales were \$388.0 million more than all other Lottery games combined. *Scratch* games provided 70.7 percent of total net sales for fiscal year 2025, compared to 64.6 percent in 2024. The Lottery launched 54 *Scratch* games in fiscal year 2025, compared to 45 games in fiscal year 2024.

### MEGA MILLIONS

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

New changes to the *Mega Millions* game took effect on April 8, 2025. Players pick six numbers from two separate pools of numbers - five different numbers for 1 to 70 (the white balls) and one number from 1 to 24 (the gold Mega Ball) or select Easy Pick/Quick Pick. You win the jackpot by matching all six winning numbers in a drawing. In the event of multiple jackpot winners, the jackpot prize will be shared. Jackpots begin at \$50 million and keep growing until someone matches all six numbers to win.

There are a total of nine ways to win a prize in *Mega Millions*, ranging from the jackpot down to \$10, with five multipliers randomly assigned at purchase and applicable on all non-jackpot prizes. Players can buy tickets for up to sixteen consecutive drawings.

With higher value prizes embedded throughout every tier of the game, tickets for the new *Mega Millions* game will increase to \$5 per play. This is only the game’s second price adjustment since the first ticket was sold more than 20 years ago and the first change since the current game matrix was adopted in 2017.

As part of the new game introduction, the “Megaplier” add on feature that has been available in some jurisdictions for an additional \$1 will be retired and replaced with the built-in multiplier.

*Mega Millions* ticket sales in Washington were \$78.3 million for fiscal year 2025, representing 8.4 percent of total net Lottery sales. *Mega Million* sales were \$98.2 million or 9.5 percent of net sales in fiscal year 2024. In fiscal year 2025, jackpots ranged from \$20 million to \$1.22 billion, with 5 winning jackpots over \$100 million. In fiscal year 2025, *Mega Million*’s highest jackpot was \$1.22 billion as compared to \$1.58 billion in the prior year 2024.

### POWERBALL

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

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

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

On August 23, 2021, *Powerball* launched a new Monday drawing, which expanded the weekly lineup of

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

*Powerball* sales were \$64.2 million for fiscal year 2025, representing 6.9 percent of net sales, compared to \$136.5 million or 13.3 percent in fiscal year 2024. In fiscal year 2025, jackpots ranged from \$20 million to \$515.0 million, with 8 winning jackpots over \$100 million. In fiscal year 2025, *Powerball*'s highest jackpot was \$515.0 million as compared to \$1.73 billion in the prior year 2024.

## **LOTTO**

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

Players can purchase up to twenty-five consecutive drawings in advance. *Lotto* sales for fiscal year 2025 were \$46.3 million, representing 5.0 percent of total net sales. *Lotto* sales in fiscal year 2024 totaled \$40.8 million or 4.0 percent of net sales in that year. Three winning *Lotto* jackpots were drawn in fiscal year 2025 ranging from \$4.2 million to \$7.4 million.

## **HIT 5**

*Hit 5* is as easy to play as *Lotto*, and it's easier to win. Players select 5 of 42 numbers (or let the computer randomly select 5 numbers) and match them to the numbers drawn by the Lottery. The cost per ticket is \$1. The cashpot is paid in one lump sum and is won by matching all five of the numbers drawn by the Lottery. Cashpots start at \$100,000. If no player matches all five numbers, the top prize grows based on ticket sales. Forty-three *Hit 5* cashpots were awarded in fiscal year 2025, ranging from \$100,000 to \$825 thousand. Prizes are also paid for matching two, three, or four of the numbers drawn. Drawings are held daily. Sales for fiscal year 2025 were \$29.5 million or 3.2 percent of net sales compared to \$33.3 million or 3.2 percent of net sales in fiscal year 2024. Players can now purchase up to twenty-five consecutive drawings in advance.

## **MATCH 4**

*Match 4*, the first \$2 price point draw game in Washington, started in August 2008. Players pick 4 out of 24 (or let the computer randomly select 4) numbers and have the opportunity of winning a top prize of \$10,000. If more than one player picks the winning four numbers, each winner gets \$10,000. In other words, a \$10,000 prize is not split equally amongst the winners. Prizes are also paid for matching 2 or 3 numbers. Numbers are drawn seven nights per week. Sales for fiscal year 2025 were \$15.5 million, representing 1.7 percent of net sales compared to \$15.4 million or 1.5 percent of net sales in fiscal year 2024. Players can purchase up to twenty-five consecutive drawings in advance. There were 732 prizes in the amount of \$10,000 awarded in fiscal year 2025.

## **PICK 3**

Players pick three numbers from 0 through 9 (or choose a computer-generated Quick Pick). They also choose among nine different play options. Numbers are drawn seven nights per week, and players can buy tickets for up to twenty-five drawings in advance. *Pick 3* sales totaled \$20.0 million or 2.1 percent of net sales in fiscal year 2025, similar to the \$21.1 million or 2.0 percent experienced in fiscal year 2024.

## DAILY KENO

*Daily Keno* was added to the Lottery's product line in 1992. Players pick from 1 to 10 *Keno* game spots, and then choose a number from 1 through 80 for each spot (or they can let the computer choose their numbers with a Quick Pick). Each night, the Lottery draws 20 numbers. Prizes vary depending on how many spots players choose and how many of the players' numbers match the Lottery's numbers. The top prize in *Daily Keno* is \$100,000. Players can purchase up to twenty-five consecutive drawings in advance. *Daily Keno* sales totaled \$5.6 million or 0.6 percent of net sales in fiscal year 2025, similar to the \$6.3 million or 0.6 percent in fiscal year 2024.

## CASH POP

Washington's newest daily draw game, *Cash POP*, was added to the Lottery's product line in October 2023. A number is a POP! Each POP is \$5 and players may pick up to 15 POP's on one ticket. Players select a POP from 1 to 15 using a playslip, build a ticket on the vending machine or let the system Quick Pick them. Playing all fifteen POP's guarantees a prize. A random generated prize amount from \$25 to \$500 is printed underneath each POP. Players can buy a ticket for up to five consecutive drawings. Each draw selected will print on a separate ticket. Advance play is not available for *Cash POP*. Sales for fiscal year 2025 was \$15.1 million or 1.6 percentage of net sales, compared to \$13.2 million or 1.3 percent in fiscal year 2024.





# FINANCIAL INFORMATION

## INTERNAL CONTROLS

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

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

### Measures to guarantee players a fair game:

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

## INHERENT LIMITATIONS OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

## ACCOUNTING SYSTEMS AND POLICIES

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

### BUDGETARY SYSTEM AND CONTROLS ≡

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

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

### EMPLOYEES ≡

At the end of fiscal year 2025, the Lottery employed 133 staff. Headquarters and the offsite warehouse had 75 people, with the remaining staff working out of five regional offices in Everett, Federal Way, Spokane, Vancouver, and Tri-Cities.



*Spokane*



*Warehouse*



*Headquarters*



*Spokane*



*Tri-Cities*



*Vancouver*



*Everett*



*Federal Way*

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

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

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Washington's Lottery for its annual financial report for the fiscal year ended June 30, 2024. This was the thirty-fifth consecutive year that the Lottery has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,



Todd Steben  
Chief Financial Officer



Joshua Johnston  
Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Washington's Lottery**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

## PRINCIPAL OFFICIALS



**Josh Johnston**  
*Lottery Director*



**Judy Giniger**  
*Chair  
Seattle*



**Rudy Mendoza**  
*Commissioner  
Kennewick*



**Eileen Sullivan**  
*Commissioner  
Tacoma*



**Schuyler Hoss**  
*Commissioner  
Vancouver*



**Vacant**  
*Commissioner*

## ORGANIZATION CHART



**Josh Johnston**  
*Lottery Director*



**Rita Hawkins**  
*Executive Assistant*



**Derek Poppe**  
*Director of Security & Licensing*



**Cassi Villegas**  
*Deputy Director & Tribal Liaison*



**Kristi Weeks**  
*Director of Legal Services  
& Legislative Liaison*



**Todd Sieben**  
*Director of Finance*



**Crystal Fischer**  
*Director of Information Services*



**Shar Hawley**  
*Director of Organizational  
Performance & Planning*



**Randy Warick**  
*Director of Sales & Marketing*



**Leah White-Noreen**  
*Director of Human Resources  
& Support Services*



# FINANCIAL SECTION

This section includes the following:

- Independent Auditor's Report
- Management's discussion and analysis
- Financial statements of Washington's Lottery
- Related notes to the financial statements
- Required supplementary information
- Independent Auditor's Report on Internal Control over financial reporting and on Compliance and Other matters  
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*



## **Independent Auditor's Report**

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

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

#### ***Opinion***

We have audited the financial statements of Washington's Lottery (the Lottery), an enterprise fund of the State of Washington, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Lottery's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Lottery, as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lottery and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter***

As discussed in Note 1, the financial statements of the Lottery are intended to present the financial position, the changes in financial position, and the cash flows attributable to the Lottery. They do not purport to, and do not present fairly the financial position of the State of Washington, as of June 30, 2025 and 2024, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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### ***Responsibilities of Management for the Financial Statements***

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedules of the Lottery's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions (PERS 1 and PERS 2/3), and the Schedule of Changes in Total OPEB Liability and Related Ratios as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

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



Boise, Idaho  
December 30, 2025

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis includes an overview of activities regarding the financial performance of Washington's Lottery (the Lottery) for the fiscal years ended June 30, 2025 and June 30, 2024. The Lottery is an agency of the State of Washington and operates for the purpose of generating revenues for public use for the residents of the state. This analysis is to be used in conjunction with the financial statements.

### FINANCIAL HIGHLIGHTS

Sales of all Washington's Lottery products were \$937.2 million, a 8.9 percent decrease from fiscal year 2024 and a 6.6 percent decrease from fiscal year 2023.

- *Mega Millions* sales were \$78.3 million, with jackpots ranging from \$20 million to \$1.22 billion.
- *Powerball* sales were \$64.2 million, with jackpots ranging from \$20 million to \$515.0 million.
- *Scratch* sales were \$662.7 million and decreased \$1.7 million or .3 percent compared to fiscal year 2024.
- Total contributions to Lottery beneficiaries were \$212.4 million and decreased \$43.1 million or 16.9 percent compared to fiscal year 2024.
- Contributions to the Washington Opportunity Pathways Account reached \$180.2 million.
- Contributions to the Economic Development Account totaled \$5.7 million in fiscal year 2025. Amounts contributed to this beneficiary represent one-third of prizes that go unclaimed each fiscal year.
- Contributions to the General Fund amounted to \$25.6 million in fiscal year 2025. Per RCW 67.70.340(4), if in total, contributions to the Washington Opportunity Pathways Account from the in-state and *Powerball* games are in excess of \$102 million, such excess shall be transferred to the General Fund.
- Contributions to the Problem Gambling Account totaled \$892 thousand. This beneficiary receives 0.26% of "net receipts." For fiscal year 2025, "Net receipts" are defined as the difference between revenue received from the sale of Lottery products and the sum of payments made to winners.



## USING THIS ANNUAL REPORT

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

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

The Lottery's net position and changes in net position are shown in Table 1 and Table 2. Net position increased in fiscal year 2025 by \$3.2 million, from \$(27.6) million in 2024 to \$(24.4) million in 2025. The Lottery experienced an increase of \$4.6 million in fair value of investments held to fund future annuitized prize payments.

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

**TABLE 1: SUMMARY OF NET POSITION (IN MILLIONS)**

	2025	2024	2023
Current assets	\$68.7	\$66.9	\$73.0
Non-current assets - investments	75.1	74.8	84.6
Net Pension Asset	2.2	2.9	2.7
Capital assets - net of depreciation	2.5	3.2	3.5
<b>Total assets</b>	<b>\$148.5</b>	<b>\$147.8</b>	<b>\$163.8</b>
<b>Deferred outflows of resources</b>	<b>\$4.1</b>	<b>\$3.6</b>	<b>\$4.0</b>
Current liabilities	87.2	83.7	91.0
Non-current liabilities	86.2	90.6	97.1
<b>Total liabilities</b>	<b>\$173.4</b>	<b>\$174.3</b>	<b>\$188.1</b>
<b>Deferred inflows of resources</b>	<b>\$3.6</b>	<b>\$4.7</b>	<b>\$6.4</b>
<b>NET POSITION</b>			
Net Invested in capital assets	0.8	0.8	0.7
Restricted for future prizes	6.3	10.8	10.1
Restricted for net pension assets	2.2	2.9	2.9
Unrestricted	(33.6)	(42.1)	(40.5)
<b>Total net position</b>	<b>(\$24.4)</b>	<b>(\$27.6)</b>	<b>(\$26.8)</b>

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

	2025	2024	2023
Sales	\$937.2	\$1,029.0	\$1,003.5
Other operating income	2.7	2.8	2.7
Expenses and non-operating activity	(724.3)	(777.0)	(757.6)
Distributions	(212.4)	(255.5)	(253.1)
<b>Changes in net position</b>	<b>\$3.2</b>	<b>(\$0.8)</b>	<b>(\$4.6)</b>
<b>Total net position at beginning of year</b>	<b>(27.6)</b>	<b>(26.8)</b>	<b>(22.2)</b>
<b>Total net position at end of year</b>	<b>(\$24.4)</b>	<b>(\$27.6)</b>	<b>(\$26.8)</b>

## SALES AND PRIZE EXPENSE

Table 3 below compares sales, prize expense, and net receipts (sales less prize expenses) for Lottery *Scratch* and Draw game products for fiscal years 2025, 2024, and 2023.

TABLE 3: SALES AND PRIZE EXPENSE (IN MILLIONS)						
	Scratch Games			Draw Games		
	2025	2024	2023	2025	2024	2023
Sales	\$662.7	\$664.3	\$669.0	\$274.6	\$364.6	\$334.4
Prize expense	457.6	455.0	456.8	136.7	181.4	162.1
<b>Net receipts</b>	<b>\$205.1</b>	<b>\$209.3</b>	<b>\$212.2</b>	<b>\$137.9</b>	<b>\$183.2</b>	<b>\$172.3</b>

*Scratch* product sales decreased \$1.6 million or .3 percent compared to 2024, and decreased \$6.3 million or 1.0 percent as compared to 2023. The number of tickets sold decreased by 4.8 percent from 112.7 million in fiscal year 2024 to 107.3 million in fiscal year 2025. The average price per ticket increased slightly from \$5.89 in fiscal year 2024 to \$6.18 in fiscal year 2025. *Scratch* prize expense increased in fiscal year 2025 by \$2.7 million, or .6 percent compared to fiscal year 2024, and increased \$875 thousand, or .2 percent compared to fiscal year 2023. The *Scratch* prize expense ratio increased from 68.5 percent in fiscal year 2024 to 69.1 percent in fiscal year 2025. In fiscal year 2025, \$12.5 million of *Scratch* prizes went unclaimed compared to \$13.3 million in fiscal year 2024.

In fiscal year 2025, Draw game sales decreased by \$90.1 million or 24.7 percent compared to fiscal year 2024 and decreased by \$59.8 million or 17.9 percent compared to fiscal year 2023. In fiscal year 2025, the highest jackpot was \$515.0 million for the *Powerball* game, as compared to \$1.73 billion in the prior year 2024. The smaller *Powerball* jackpots in fiscal 2025 contributed to the decreased sales. During fiscal year 2025, *Hit 5* had 43 winning cashpots, with the highest cashpot valued at \$825 thousand. Like other Draw games, *Hit 5* sales are jackpot-driven, meaning that as the jackpot rises to higher levels, more people are likely to participate in the dream of winning the jackpot. *Lotto* is another example of a jackpot-driven game on a greater scale. *Mega Millions* and *Powerball*, by virtue of being multi-state games, enjoy co-mingled sales and rapidly rising jackpots. *Lotto* sales increased by \$5.5 million or 13.6 percent compared to fiscal year 2024 and increased by \$722 thousand or 1.6 percent compared to fiscal year 2023. Pick 3 decreased by \$1.1 million or 5.3 percent compared to 2024, and decreased by \$1.6 million or 7.3 percent compared to fiscal year 2023. Lottery's newest game, *Cash POP*, which started in October 2023 increased by \$1.9 million or 14.3 percent compared to fiscal year 2024.

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

Draw games prize expenses decreased in fiscal year 2025 by \$44.7 million or 24.7 percent compared to fiscal year 2024 and decreased by \$25.4 million or 15.7 percent compared to fiscal year 2023.

## OTHER OPERATING EXPENSES

Table 4 compares operating expenses, other than prize expense, for gaming operations and administrative expenses for fiscal years 2025, 2024, and 2023.

Retailer commissions decreased in fiscal year 2025 by \$4.7 million or 9.1 percent compared to fiscal year 2024; commission costs as a percentage of sales remained static compared to fiscal year 2024 and 2023. Other game-related expenses, including vendor costs, advertising, and miscellaneous promotional expenses, decreased by \$1.2 million or 1.6 percent compared to fiscal year 2024. As a percentage of sales, these expenses were 7.4 percent for 2025 and 6.8 percent in for both fiscal year 2024 and fiscal year 2023. Vendor

expense, which is the largest component of these costs, is for the most part paid as a percentage of sales. Advertising expense increased \$118 thousand or .8 percent compared to fiscal year 2024 and decreased by \$64 thousand or .5 percent compared to fiscal year 2023. Promotional and other operational expenses increased \$2.9 million or 33.5 percent compared to fiscal year 2024 and increased \$5.5 million or 94.1 percent compared to fiscal year 2023.

In fiscal year 2025, administrative expenses incurred for the general operation of the agency increased by \$39 thousand or .2 percent compared to fiscal year 2024, and increased 4.2 percent compared to fiscal year 2023. As a percentage of sales, overall administrative expenses for 2025 increased by 1.8 percent compared to 1.6 percent for fiscal 2024 and fiscal year 2023.

Salaries and benefits expense increased by \$33.9 thousand or .3 percent compared to fiscal year 2024, and increased by \$340 thousand or 2.6 percent compared to fiscal year 2023. Goods and services decreased by \$37.7 thousand or 1.6 percent compared to 2024, and increased \$138.8 thousand or 6.5 percent compared to fiscal year 2023. Travel expense decreased by \$32.4 thousand or 7.4 percent compared to fiscal year 2024, and increased by \$15.1 thousand or 3.9 percent compared to fiscal year 2023.

<b>TABLE 4: RETAIL COMMISSIONS AND OTHER OPERATING EXPENSES (IN MILLIONS)</b>			
	<b>2025</b>	<b>2024</b>	<b>2023</b>
Retail commissions	\$46.8	\$51.5	\$50.3
Other game-related expenses	69.1	70.3	68.6
<b>ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	13.2	13.2	12.9
Goods and services	2.3	2.3	2.1
Travel	0.4	0.4	0.4
Depreciation and amortization	1.0	0.9	0.8
<b>Total administrative expenses</b>	<b>\$16.9</b>	<b>\$16.8</b>	<b>\$16.2</b>

## CAPITAL ASSETS

Washington's Lottery's investment in capital assets as of June 30, 2025 amounts to \$802 thousand (net of accumulated depreciation). This investment in capital assets includes leasehold improvements and equipment. The net decrease in the Lottery's investment in capital assets for fiscal year 2025 was 4 percent. Table 6 in Note 1 "Summary of Significant Accounting Policies," shows the opening and ending balances for assets and accumulated depreciation.

## RIGHT OF USE LEASE AGREEMENTS

For fiscal year end 2025, the Lottery accrued liabilities are for four office spaces and one warehouse space. The remaining liability for these leases is \$1.7 million as of June 30, 2025. Right to use assets, net of amortization, for these leases is \$1.7 million as of June 30, 2025. Interest expense recognized on these leases was \$25 thousand as of June 30, 2025. Principal payments of \$660 thousand were recognized for year ending June 30, 2025. Final payments on these leases expire in fiscal years 2026, 2028, 2029, and 2031. Table 6 in Note 1 "Summary of

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Significant Accounting Policies," shows the opening and ending balances for capital assets and accumulated depreciation.

### RIGHT OF USE SUBSCRIPTION IT ASSETS

For fiscal year end 2025, the Lottery has recorded five SBITA. The remaining liability for these SBITA is \$23 thousand as of June 30, 2025. Right to use assets, net of amortization, for these SBITA was \$23 thousand as of June 30, 2025. Interest expense recognized on these leases was \$2 thousand as of June 30, 2025. Principal payments of \$41 thousand were recognized on these SBITA for the year ending June 30, 2025. Table 6 in Note 1 "Summary of Significant Accounting Policies," shows the opening and ending balances for capital assets and accumulated depreciation.

### DEBT

At the end of fiscal year 2025, current liabilities consisted, in part, of \$10.2 million in annuity prizes payable. Long-term annuity prize liabilities were \$79.0 million. Note 4 "Prize Liabilities," shows the current and long-term portions of prize payments.

### NON-OPERATING REVENUES AND EXPENSES

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

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

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

	2025	2024	2023
Investment gain (losses)	\$4.6	\$0.1	(\$1.4)
Amortization of annuity prize liability	(3.1)	(3.1)	(2.5)
Interest and miscellaneous income	1.4	0.9	0.2
<b>Total non-operating revenues (expenses) before payments</b>	<b>\$2.9</b>	<b>(\$2.1)</b>	<b>(\$3.7)</b>
<b>PROCEEDS DISTRIBUTION:</b>			
WA Opportunity Pathways	\$169.0	\$177.1	\$184.6
WOPA - Unclaimed Prizes in Excess of \$10M	11.2	12.7	15.3
State General Fund	25.6	58.2	45.4
Economic Development	5.7	6.7	7.3
Problem Gambling	0.9	0.8	0.5
<b>Total payments</b>	<b>\$212.4</b>	<b>\$255.5</b>	<b>\$253.1</b>

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

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

Payments to our beneficiaries as a result of Washington's Lottery operations for fiscal year 2025 amounted to \$212.4 million.

Contributions to the Washington Opportunity Pathways Account totaled \$180.2 million in fiscal year 2025 compared to \$189.9 million in fiscal year 2024 and \$199.9 million in fiscal year 2023. (Per RCW 67.70.340(4), remaining net revenues in excess of \$102 million from the *Powerball* game are transferred to the General Fund.)

Contributions to the General Fund amounted to \$25.6 million in fiscal year 2025, \$58.2 million in fiscal year 2024 and \$45.5 million in fiscal year 2023. Contributions to this fund for fiscal years 2025 and 2024 were generated from excess funding between the in-state and *Powerball* games.

Contributions to the Economic Development account amounted to \$5.7 million in fiscal year 2025 compared to \$6.7 million in fiscal year 2024 and \$7.3 million in fiscal year 2023. Amounts to this beneficiary represent one-third of the amount of prizes that go unclaimed. Unclaimed prizes are those expected prizes that do not get presented for claim within 180 days of the particular game closure or drawing date.

Contributions to Problem Gambling were \$892 thousand in fiscal year 2025, compared to \$785 thousand in fiscal year 2024 and \$500 thousand in fiscal year 2023. Fiscal year 2025 contributions to this beneficiary are calculated based on .26% of "net receipts." "Net receipts" are defined as the difference between revenue received from the sale of Lottery products and the sum of payments made to winners. Pursuant to RCW 67.70.340, the percentage allotted to this beneficiary increased annually from fiscal year 2023 to fiscal year 2025.

## OTHER POTENTIALLY SIGNIFICANT MATTERS IMPACTING NEXT YEAR

### IMPACT OF CHANGES TO MEGA MILLIONS

For years, the *Mega Millions* and *Powerball* games were very similar to play and win. The organizations offering each game continuously sought to differentiate them to the public. In April of 2025, the *Mega Millions* consortium made significant changes to that game, which resulted in a different prize structure and higher ticket price. Although these changes now allow for jackpots to grow higher at a faster rate, decreased overall ticket sales and the lack of a sustained jackpot run have delayed the anticipated benefits advertised with the change. While it is likely that one sustained jackpot run will re-energize players about this game, it is currently underperforming.

### EMERGING FORMS OF GAMBLING VIA PREDICTION MARKETS

Prediction markets, which are overseen by the federal Commodity Futures Trading Commission, have recently begun allowing participants to purchase contracts related to the outcome of sporting events. An example is "Will the Seahawks win the Super Bowl?" Participants, who can be as young as 18 years of age rather than 21, the typical age for gambling, win money if their prediction (or bet) turns out to be correct. Several state gambling regulators have filed lawsuits to enjoin this form of sports wagering with differing levels of success. Although this activity does not currently impact the Lottery, it is indicative of the continually evolving gambling landscape and threat to the stability of the Lottery's future.

### CHANGING CUSTOMER EXPECTATIONS REGARDING ONLINE TRANSACTIONS

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

### LOTTERY COURIER SERVICES

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

### NEW ADMINISTRATION

As of January 2025, Washington has its first new governor in 12 years. Governor Ferguson's administration continues to bring changes in both policy and governance.

## CONTACTING THE LOTTERY

This financial report is provided for interested parties to evaluate the financial results of the Lottery's activities for fiscal year 2025. If you have questions about this report or need additional financial information, please contact:

**Kristi Weeks**

Director of Legal Services  
(360) 810-2881  
kweeks@walottery.com

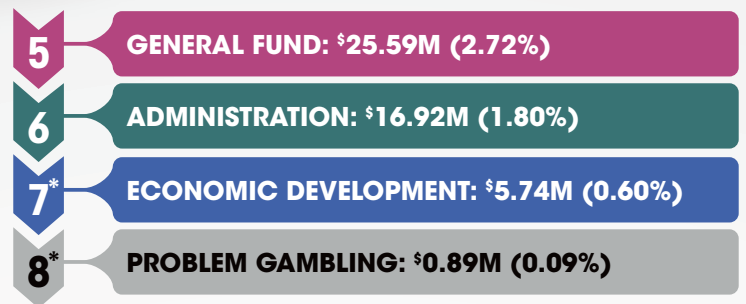
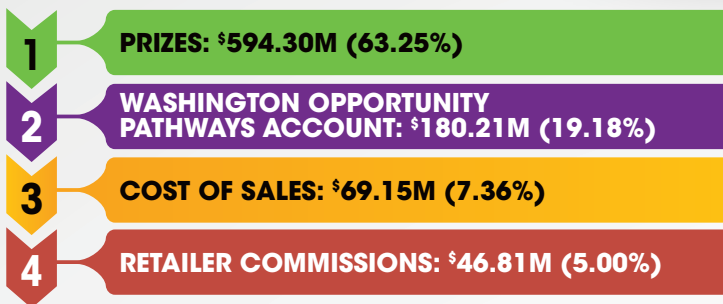
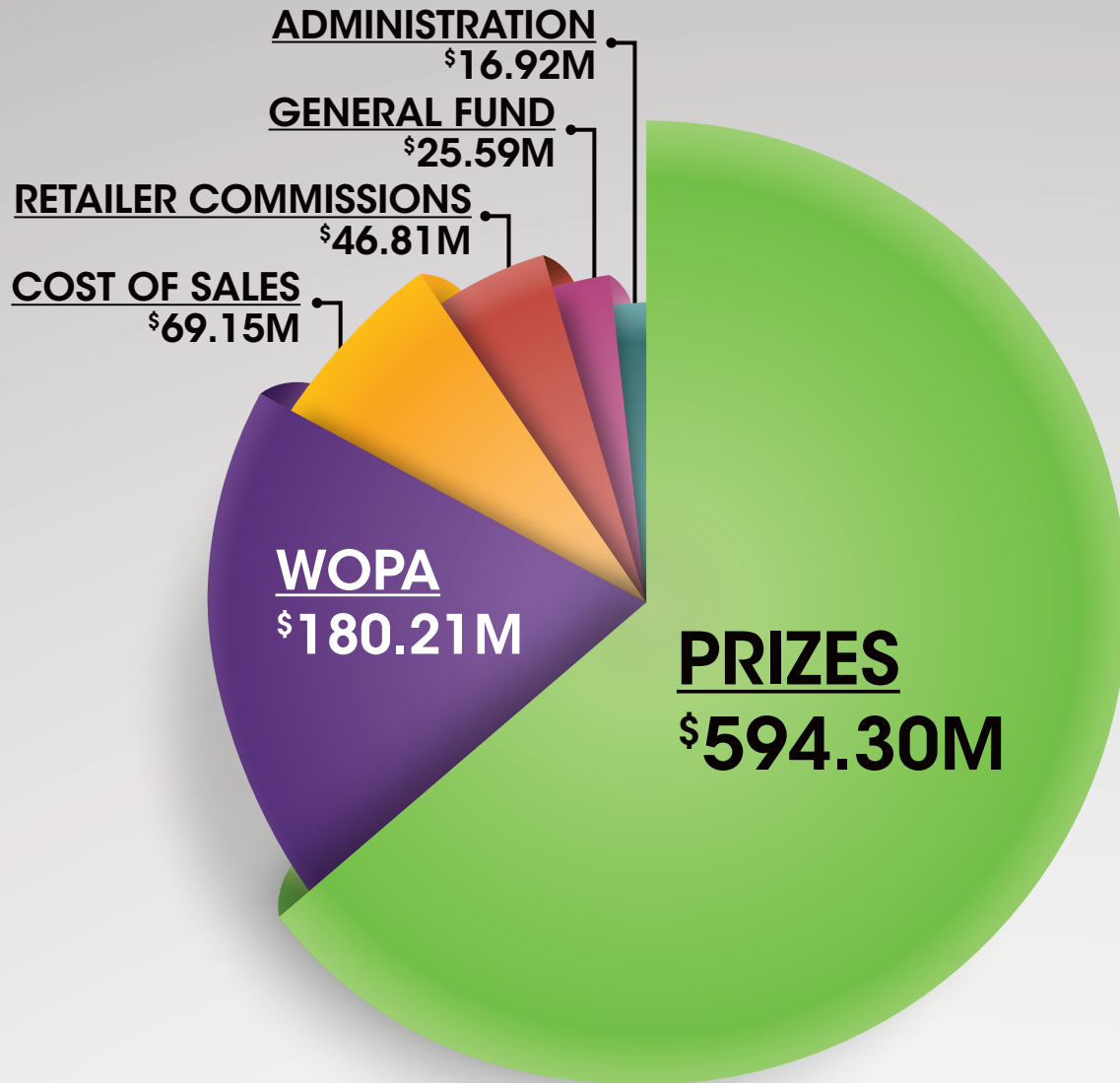
**Tiffany Pringle**

Legal Services Coordinator  
(360) 664-4710  
tpringle@walottery.com





# FY25 FUND DISTRIBUTION



\* Amounts not displayed in graph

## TOTAL PAYMENTS: \$939.60 MILLION

# WASHINGTON'S LOTTERY STATEMENTS OF NET POSITION AS OF JUNE 30, 2025 AND JUNE 30, 2024

ASSETS	2025	2024
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$17,416,566	\$19,395,613
Accounts receivable, net of allowances	36,869,475	34,841,318
Investments	9,796,761	11,855,376
Due from the state	3,891,474	395,196
Inventory	659,622	367,515
Prepaid items	24,039	23,171
<b>Total current assets</b>	<b>68,657,937</b>	<b>66,878,189</b>
<b>NON-CURRENT ASSETS</b>		
Investments	75,121,732	74,839,541
Net Pension Asset	2,178,469	2,887,863
Capital assets, net of accumulated depreciation	844,314	870,230
Right to Use Leased assets, net of accumulated amortization	1,668,695	2,337,373
Right to Use Subscription IT assets, net of accumulated amortization	22,898	28,177
<b>Total non-current assets</b>	<b>79,836,108</b>	<b>80,963,184</b>
<b>Total Assets</b>	<b>148,494,045</b>	<b>147,841,373</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows Pensions	3,380,932	2,780,062
Deferred Outflow OPEB	725,972	799,534
<b>Total deferred outflows of resources</b>	<b>4,106,904</b>	<b>3,579,596</b>
<b>Total assets and deferred outflows of resources</b>	<b>152,600,949</b>	<b>151,420,969</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current liabilities</b>		
Accounts payable	8,268,987	5,398,170
Prizes payable	57,189,815	51,664,913
Annuity prizes payable, current portion	10,193,884	11,369,527
Due to the state	9,538,441	13,068,520
Salaries and benefits payable	563,866	582,907
Lease Liability	591,777	659,819
Subscription IT Liability	17,926	6,923
Unearned revenue	725,981	815,595
Other Postemployment Benefits	107,128	105,625
<b>Total current liabilities</b>	<b>87,197,805</b>	<b>83,671,999</b>
<b>NON-CURRENT LIABILITIES</b>		
Annuity prizes payable, net of current portion	78,988,404	82,342,123
Accrued leave payable	1,196,543	1,202,522
Lease Liability	1,118,781	1,710,559
Subscription IT Liability	5,443	21,328
Net pension liability	903,649	1,242,186
Other Postemployment Benefits	3,959,822	4,086,040
<b>Total non-current liabilities</b>	<b>86,172,642</b>	<b>90,604,758</b>
<b>Total Liabilities</b>	<b>173,370,447</b>	<b>174,276,757</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows Pensions	569,436	1,469,164
Deferred Inflow OPEB	3,032,596	3,279,828
<b>Total deferred Inflows of resources</b>	<b>3,602,032</b>	<b>4,748,992</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>176,972,479</b>	<b>179,025,749</b>
<b>NET POSITION</b>		
Net Investment in capital assets	801,980	837,151
Restricted for future prizes	6,279,340	10,845,244
Restricted for net pension asset	2,178,469	2,887,863
Unrestricted	(33,631,319)	(42,175,038)
<b>Total Net Position</b>	<b>(\$24,371,533)</b>	<b>(\$27,604,783)</b>

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

**WASHINGTON'S LOTTERY STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

	2025	2024
<b>SALES</b>		
Scratch ticket sales	\$662,654,396	\$664,329,886
Draw game sales	274,566,867	364,625,358
<b>Total sales</b>	<b>937,221,263</b>	<b>1,028,955,244</b>
Other Operating Income	2,712,352	2,753,411
<b>Total Revenue</b>	<b>939,933,615</b>	<b>1,031,708,655</b>
<b>COST OF SALES</b>		
Prize expense	594,300,651	636,283,176
Retailer commissions	46,808,736	51,503,097
Vendor expense	43,688,499	47,828,263
Advertising expense	14,040,901	13,922,886
Miscellaneous promotional & other operating expenses	11,419,864	8,554,224
<b>Total cost of sales</b>	<b>710,258,651</b>	<b>758,091,646</b>
<b>ADMINISTRATIVE EXPENSES</b>		
Salaries and benefits	13,212,848	13,178,934
Goods and services	2,288,588	2,326,302
Travel	406,972	439,334
Depreciation and amortization	1,009,710	934,424
<b>Total administrative expenses</b>	<b>16,918,118</b>	<b>16,878,994</b>
<b>Operating income</b>	<b>212,756,846</b>	<b>256,738,015</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Gains (Loss) on Investments	4,635,259	60,628
Amortization of annuity prize liability	(3,076,807)	(3,123,186)
Interest income	1,352,608	1,020,702
Fee income	14,475	10,400
Gain (Loss) on disposal of capital assets	-	(7,187)
Interest expense on leases	(26,346)	(27,642)
<b>Total before payments to beneficiaries</b>	<b>2,899,189</b>	<b>(2,066,285)</b>
Payments to Washington Opportunity Pathways Account (WOPA)	(169,009,795)	(177,145,503)
Payments to WOPA - Unclaimed Prizes Excess of \$10M	(11,196,633)	(12,705,386)
Payments to Economic Development	(5,738,654)	(6,703,190)
Payments to Problem Gambling	(891,594)	(785,344)
Payments to General Fund	(25,587,725)	(58,194,783)
<b>Total payments to beneficiaries</b>	<b>(212,424,401)</b>	<b>(255,534,206)</b>
<b>Net non-operating expense</b>	<b>(209,525,212)</b>	<b>(257,600,491)</b>
<b>Total net position at beginning of year</b>	<b>(27,604,783)</b>	<b>(26,809,738)</b>
<b>Change in net position</b>	<b>3,231,634</b>	<b>(862,476)</b>
<b>Adjustment to beginning balance</b>	<b>1,617</b>	<b>67,430</b>
<b>Total net position at end of year</b>	<b>\$(24,371,533)</b>	<b>\$(27,604,783)</b>

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

-FY2025 and FY2024 restatement amounts are adjustments made by Office of Financial Management for Compensated absences and Right to Use Asset beginning balance adjustments.

# WASHINGTON'S LOTTERY STATEMENTS OF CASH FLOWS FOR FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grant, players and retailers (net of commissions)	\$887,510,830	\$978,036,841
Cash payments for prizes	(596,381,918)	(647,986,286)
Cash payments to suppliers of goods or services	(70,247,478)	(76,515,370)
Cash payments to employees	(13,237,868)	(13,008,098)
Cash payments for other operating costs	(406,972)	(439,334)
<b>Net cash provided by operating activities</b>	<b>207,236,593</b>	<b>240,087,753</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Cash payments to Washington Opportunity Pathways Account (WOPA)	(172,605,957)	(176,666,908)
Cash payments to WOPA Unclaimed Prizes in Excess of \$10M	(11,196,633)	(12,705,386)
Cash payments to General Fund	(25,716,101)	(61,230,603)
Cash payments to Economic Development Account	(5,598,316)	(6,352,693)
Cash payments to Problem Gambling Account	(878,133)	(770,316)
<b>Net cash used by non-capital financing activities</b>	<b>(215,995,139)</b>	<b>(257,725,906)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sales of equipment	-	7,187
Payments for acquisition of equipment	(270,105)	(357,636)
Cash paid for lease liabilities		
Principal portion	(659,819)	(633,825)
Interest portion	(24,053)	(27,012)
Cash paid for subscription IT liabilities		
Principal portion	(44,568)	(68,662)
Interest portion	(722)	(2,301)
<b>Net cash used by capital and related financing activities</b>	<b>(999,267)</b>	<b>(1,082,249)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Receipts of interest	1,367,083	1,031,102
Proceeds from maturity & sales of investments	12,810,947	12,901,000
Payments for investments	(6,399,264)	(2,324,270)
<b>Net cash provided by investing activities</b>	<b>7,778,766</b>	<b>11,607,832</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,979,047)</b>	<b>(7,112,570)</b>
Cash and cash equivalents at the beginning of year	19,395,613	26,508,183
<b>Cash and cash equivalents at end of year</b>	<b>\$17,416,566</b>	<b>\$19,395,613</b>
<b>RECONCILIATION OF OPERATING INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Operating income</b>	<b>\$212,756,846</b>	<b>\$256,738,015</b>
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Depreciation and amortization	1,009,709	934,424
Pension and OPEB adjustment	(1,428,126)	(1,770,543)
<b>CHANGES IN ASSETS AND LIABILITIES</b>		
Receivables	(5,524,435)	(1,775,502)
Inventory	(868)	68,475
Prepaid items	(292,107)	(24,732)
Accounts Payable	2,911,475	(2,156,895)
Prizes payable	5,524,902	(1,685,706)
<i>Lotto</i> and win for life payments	(7,606,169)	(10,017,404)
Accrued payroll	(25,020)	170,836
Unearned revenue	(89,614)	(393,215)
<b>Total adjustments</b>	<b>(5,520,253)</b>	<b>(16,650,262)</b>
<b>Net cash provided by operating activities</b>	<b>\$207,236,593</b>	<b>\$240,087,753</b>
<b>SCHEDULE OF NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Increase in fair value of investments	\$4,635,259	\$60,628
Amortization of long-term annuity prize liability	3,076,807	3,123,186
Acquisition of right of use assets from leases	-	261,793
Acquisition of Subscription based IT	10,526	35,120

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

# WASHINGTON'S LOTTERY NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and June 30, 2024

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### REPORTING ENTITY

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

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

The financial statements of Washington's Lottery are intended to present the financial position, changes in financial position, and cash flows attributable to the Lottery. They do not purport to and do not present fairly the financial position of the state of Washington (of which Washington's Lottery is a self-governing agency) as of June 30, 2025, and 2024, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the U.S.

### MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

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

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

- The State Lottery Account is classified as a non-appropriated/allotted enterprise account. It accounts for all revenues from the sale of lottery products or any other source authorized by law, and expenses limited to payment of prizes to lottery winners, cost of sales, and retailer commissions. The account is allotted based on projected revenues.
- The Shared Game Lottery Account is classified as a non-appropriated/allotted enterprise account. It accounts for all revenues from the sale of shared-game (multi-state) lottery tickets or any other source authorized by law. The account is allotted based on projected revenues.
- The Lottery Administrative Account is an appropriated enterprise account. Costs of operation and administration of the Lottery are paid from this account. All revenues received are generated from lottery product sales, but the amount that can be spent is limited to a legislatively approved appropriation. Spending cannot exceed this biennial appropriation. Spending authority cannot be carried forward into an ensuing biennium. The appropriation approved for the period July 1, 2025, through June 30, 2027, is \$31.6 million.

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

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

## DEPOSITS AND INVESTMENTS

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

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

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

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

## RECEIVABLES

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

## INVENTORY AND PREPAID ITEMS

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

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

## PENSIONS

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

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

## DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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



## CAPITAL ASSETS

The state of Washington's level for capitalization of Leasehold Improvements is \$100,000 and other capital assets is \$10,000. Capital asset costs include the purchase price plus those costs necessary to place the asset in its intended location and condition for use. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

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

**TABLE 6: CAPITAL ASSETS**

**CAPITAL ASSET ACTIVITY FOR THE YEAR ENDED JUNE 30, 2025 WAS AS FOLLOWS:**

CAPITAL ASSETS:	BEGINNING BALANCE	INCREASES/ TRANSFERS IN	DECREASES/ TRANSFERS OUT	ENDING BALANCE
Leasehold Improvements	\$1,610,320	\$-	\$(102,494)	\$1,507,826
Equipment	1,229,525	338,405	(127,270)	1,440,660
Construction in Process	68,300	-	(68,300)	-
Right to use leased assets	4,023,063	-	-	4,023,063
Right to use subscription IT assets	82,883	42,386	(79,623)	45,646
<b>Total capital assets</b>	<b>7,014,091</b>	<b>380,791</b>	<b>(377,687)</b>	<b>7,017,195</b>
<b>LESS ACCUMULATED DEPRECIATION/AMORTIZATION FOR:</b>				
Leasehold improvements	(1,185,671)	(144,179)	102,494	(1,227,356)
Equipment	(852,243)	(151,844)	127,270	(876,817)
Right to use leased assets	(1,685,691)	(668,678)	-	(2,354,369)
Right to use subscription IT assets	(54,706)	(45,009)	76,968	(22,747)
<b>Total accumulated depreciation/ amortization</b>	<b>(3,778,311)</b>	<b>(1,009,710)</b>	<b>306,732</b>	<b>(4,481,289)</b>
<b>Total capital assets, net</b>	<b>\$3,235,781</b>	<b>\$(628,919)</b>	<b>\$(70,955)</b>	<b>\$2,535,907</b>

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

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

## LEASE AGREEMENTS

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

As of June 30, 2025, the Lottery's lease terms are from five to ten years. Monthly payments range from \$4,789 - \$34,346. The interest rate is based on the lease term and range from 3.12% to 3.44%.

LEASE LIABILITY FY25				
	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Lease Liability:				
Buildings	\$2,370,378	\$-	\$(659,819)	\$1,710,558
<b>Total lease liability</b>	<b>\$2,370,378</b>	<b>\$-</b>	<b>\$(659,819)</b>	<b>\$1,710,558</b>

LEASE LIABILITY FY24				
	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Lease Liability:				
Buildings	\$2,744,548	\$261,793	\$(635,963)	\$2,370,378
<b>Total lease liability</b>	<b>\$2,744,548</b>	<b>\$261,793</b>	<b>\$(635,963)</b>	<b>\$2,370,378</b>

Interest expense recorded under the lease-type arrangements for the years ended June 30, 2025, and June 30, 2024 was \$24,743 and \$27,012, respectively

FUTURE PAYMENTS			
FISCAL YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2026	\$591,777	\$16,900	\$608,676
2027	560,736	10,339	571,075
2028	257,334	4,849	262,182
2029	123,659	2,137	125,796
2030	100,835	1,090	101,925
2031	76,217	226	76,443
<b>Total future payments</b>	<b>\$1,710,558</b>	<b>\$35,541</b>	<b>\$1,746,009</b>

## SUBSCRIPTION IT ASSETS

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

SUBSCRIPTION LIABILITY FY25				
	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Subscription-Based Information Technology Arrangements	\$28,251	\$39,685	\$(44,568)	\$23,369
<b>Total subscription liability</b>	<b>\$28,251</b>	<b>\$39,685</b>	<b>\$(44,568)</b>	<b>\$23,369</b>

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

Interest expense recorded under the lease-type arrangements for the years ended June 30, 2025 and June 30, 2024 was \$1,603 and \$630, respectively

FUTURE PAYMENTS			
FISCAL YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2026	\$17,927	\$519	\$18,446
2027	5,442	75	5,518
<b>Total future payments</b>	<b>\$23,369</b>	<b>\$594</b>	<b>\$23,964</b>

## PRIZES PAYABLE

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

## DUE TO THE STATE AND OTHER AGENCIES

Interagency receivables and payables arise from transactions with other state agencies and are recorded by all agencies affected in the period in which transactions occur. At fiscal year-end 2025 and 2024 the breakdown was as follows:

DUE TO STATE AND OTHER AGENCIES		
	2025	2024
WA Opportunity Pathways	\$6,698,852	\$10,295,013
Economic Development	562,960	422,622
General Fund	1,833,997	1,962,372
Problem Gambling	63,966	50,505
Other Agencies	378,666	338,008
<b>Total Due to State and Other Agencies</b>	<b>\$9,538,441</b>	<b>\$13,068,520</b>

## PRIZE EXPENSE

RCW 67.70.040(1)(k)(i) states that a minimum of 45 percent of gross annual revenue must be paid as prizes. For the fiscal years ended June 30, 2025, and 2024, the prize expense as a percentage of sales increased to 63.4 from 61.8, respectively, during the prior year. The Lottery reports the amortization of its prize liability as a non-operating activity excluding it from prize expense. Prize expense represents the amount of winnings to be paid out for a particular game or drawing. In the case of *Scratch* games, the overall prize expense ratio for a given game is recorded in relationship to the amount of sales of the game. Draw game prize expense is recorded from the number of winning tickets sold at a given prize level. These expected prize payments are then adjusted 180 days following closure of a *Scratch* game or drawing, as appropriate. This adjustment reduces prize expense to the extent that the anticipated winning tickets do not get presented for payment within the specified time period. These dollars become unclaimed prizes and become restricted net position.

## RETAILER COMMISSIONS

In fiscal years 2025 and 2024, the commission rate for all *Scratch* tickets and Draw games sold was paid at 5 percent of sales.

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

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

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

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

## PAYMENTS TO WASHINGTON OPPORTUNITY PATHWAYS ACCOUNT

Payments to the Washington Opportunity Pathways Account consist of the balance of revenues less expenses from all Lottery products, less legislatively mandated payments to the Problem Gambling, Economic Development, and the General Fund Accounts. Contributions to the Washington Opportunity Pathways Account derived from these revenues totaled \$169.0 million in fiscal year 2025 and \$177.1 million in fiscal year 2024.

Effective in fiscal year 2016, the Legislature mandated in RCW 28B.76.526 that additional funds be transferred to the Washington Opportunity Pathways Account. It required amounts in excess of \$10 million in unclaimed prizes at the end of each fiscal year be distributed for education. Contributions arising from this mandate in fiscal year 2025 were \$11.2 million, compared to \$12.7 million in fiscal year 2024.

These mandates resulted in a total of \$180.2 million and \$189.9 million being distributed to the Washington Opportunity Pathways Account in fiscal years 2025 and 2024, respectively.

## PAYMENTS TO ECONOMIC DEVELOPMENT

The Lottery is Legislatively mandated to make payments to the Economic Development Strategic Reserve Account. The Economic Development Strategic Reserve Account was created in 2006 for the Governor, with the recommendation of the Director of the former Department of Community, Trade and Economic Development (now Department of Commerce) and Economic Development Commission, to make expenditures for the economic good of the state. This includes preventing the closure of a business or facility, preventing relocation of a business or facility outside the state or to recruit a business or facility to the state. Payments to this account are defined to be one-third of the Lottery's unclaimed prize money. Payments to Economic Development totaled \$5.7 million in fiscal year 2025 and \$6.7 million in fiscal year 2024.

## PAYMENTS TO THE GENERAL FUND

Contributions to the General Fund in fiscal year 2025 amounted to \$25.6 million, compared to \$58.2 million in fiscal year 2024. Per RCW 67.70.340(4), if in total, contributions to the Washington Opportunity Pathways Account from the state lottery games and *Powerball* games are in excess of \$102 million, such excess shall be transferred to the General Fund.

## PAYMENTS TO PROBLEM GAMBLING

The Lottery is Legislatively mandated to make payments to the Problem Gambling Account. This account was created for the prevention and treatment of problem and pathological gambling and the training of professionals in the identification and treatment of problem and pathological gambling. For fiscal year 2025, Lottery payments to this account is .26% of "net receipts", defined as the difference between revenue received from the sale of lottery tickets and the sum of payments made to winners. Payments to Problem Gambling totaled \$892 thousand in fiscal year 2025 and \$785 thousand in fiscal year 2024.

## NET POSITION

Restricted net position represents amounts set aside from unclaimed prizes in a non-cash balance sheet account retained for future uses as prizes, as required by RCW 67.70.190. During fiscal year 2025, \$17.2 million of prizes went unclaimed, and \$16.9 million was paid out. The following transfers were made out of the unclaimed prize fund for fiscal year 2025:

- \$5.7 million was used for contributions to the Economic Development Strategic Reserve Account.
- \$11.2 million was distributed to the Washington Opportunity Pathways Account as mandated by the Legislature for all amounts in excess of \$10 million in the unclaimed fund be distributed to WOPA.

As of June 30, 2025, the unclaimed reserve contained a balance of \$11.1 million compared to \$10.8 million as of June 30, 2024.

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

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

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

## NOTE 2 – GENERAL BUDGETARY POLICIES AND PROCEDURES

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

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

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

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



## NOTE 3 – DEPOSITS AND INVESTMENTS

As of June 30, 2025 and June 30, 2024, the amount of cash and cash equivalents was \$17,416,566 and \$19,395,613, respectively. All Lottery deposits in a financial institution are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple-financial-institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The PDPC is a statutory authority established under chapter 39.58 RCW. There are provisions for PDPC to make additional pro-rata assessments of need to cover a loss. Accordingly, the deposits covered by the PDPC are considered to be insured.

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

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

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

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

Fair value measurements of the Lottery's investments in U.S. Treasury Strips, valued at \$84,918,493 and \$86,743,648 on June 30, 2025, and 2024, respectively, are based on quoted market prices using matrix pricing technique by the pricing source that values securities based on their relationship to benchmark quoted prices (Level 2 inputs). The Lottery does not have any investments that are measured using Level 1 or 3 inputs.

U.S. Treasury Strips investments held on June 30, 2025, were as follows:

TABLE 9: MATURITIES IN YEARS	
Less than 1	\$9,796,761
1-5	35,241,919
6-10	19,372,507
11-15	13,724,016
16-20	4,278,803
21-25	2,504,487
<b>Fair Market value</b>	<b>\$84,918,493</b>

## NOTE 4 – PRIZE LIABILITIES

Presented below is a summary of the annuity prize payment requirements as of June 30, 2025:

FISCAL YEAR	PRESENT VALUE	UNAMORTIZED DISCOUNT	ANNUAL PAYMENTS
2026	\$10,193,884	\$766,116	\$10,960,000
2027	8,141,158	988,842	9,130,000
2028	6,682,430	1,087,570	7,770,000
2029	6,228,777	1,213,223	7,442,000
2030	5,844,341	1,441,659	7,286,000
2031-2035	22,380,636	7,819,364	30,200,000
2036-2040	17,208,497	9,089,503	26,298,000
2041-2045	8,359,223	5,950,777	14,310,000
2046-2050	2,123,405	3,188,595	5,312,000
2051-2068	2,019,937	3,236,068	5,256,000
	<b>\$89,182,288</b>	<b>\$34,781,717</b>	<b>\$123,964,000</b>

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

Activity of annuity prize payments for the years ended June 30, 2025 and June 30, 2024 was as follows:

FISCAL YEAR	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
2025	\$93,711,650	\$9,848,073	(\$14,377,435)	\$89,182,288	\$10,193,884
2024	\$100,605,868	\$5,607,456	(\$12,501,674)	\$93,711,650	\$11,369,527

## NOTE 5 - COMPENSATED ABSENCES

Lottery employees accrue vested annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 35 days at the employee's anniversary date. The expense and accrued liability is recognized when the annual leave is earned. The Lottery's liability for accumulated annual leave, including the employer share of pension benefits and payroll taxes, was \$872,176 and \$856,596 on June 30, 2025 and June 30, 2024, respectively.

With no limit on accumulation, sick leave is earned at 12 days per year. Sick leave is not vested; i.e., employees are not paid for unused sick leave upon termination except upon employee death or retirement, at which time the Lottery is liable for 25 percent of the employee's accumulated sick leave. Each January, employees who have accumulated sick leave in excess of 60 days have the option to redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave. As a result, only the estimated dollar value of probable payments of sick leave that will be paid to employees is recognized as an expense and accrued liability. The estimates of \$324,367 and \$345,926 on June 30, 2025 and 2024, respectively, are based on the actuarially-determined factor of the probability that current employees will receive payments for sick leave buyouts.

Long-term liability activity of leave benefits for the year ended June 30, 2025, was as follows:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Annual Leave	\$856,596	\$872,177	(\$856,596)	\$872,176	\$29,036
Sick Leave	\$345,926	\$324,366	(\$345,925)	\$324,367	\$-
	\$1,202,522	\$1,196,543	(\$1,202,521)	\$1,196,543	\$29,036

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

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	DUE WITHIN ONE YEAR
Annual Leave	\$760,281	\$812,990	(\$716,675)	\$856,596	\$716,675
Sick Leave	\$311,455	\$108,155	(\$73,684)	\$345,926	\$73,684
	\$1,071,736	\$921,145	(\$790,359)	\$1,202,522	\$790,358

## NOTE 6 – RISK MANAGEMENT

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

## NOTE 7 – PENSION PLANS

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

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

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

Public Employees' Retirement System (PERS)

Plan 1 - defined benefit

Plan 2 - defined benefit

Plan 3 - defined benefit/defined contribution

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

Administration of the PERS and other systems and plans was funded by an employer rate of 0.20% of employee salaries. Administration of the JRS and Judges plans is funded by means of legislative appropriations.

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

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

<https://www.drs.wa.gov/employer/ch15/>

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

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

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

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

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

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

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

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

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

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

Required contribution rates (expressed as a percentage of current year covered payroll) for all retirement plans administered by DRS at the close of the fiscal year 2025, were as follows:

	EMPLOYER			EMPLOYEE		
	PERS 1	PERS 2	PERS 3	PERS 1	PERS 2	PERS 3
<b>CONTRIBUTION PERCENTAGE</b>	6.36%	6.36%	6.36%	6.00%	6.36%	Variable
<b>ADMINISTRATIVE FEE</b>	0.20%	0.20%	0.20%	N/A	N/A	N/A
<b>PLAN 1 UAAL</b>	2.55%	2.55%	2.55%	N/A	N/A	N/A
<b>Total</b>	<b>9.11%</b>	<b>9.11%</b>	<b>9.11%</b>	<b>6.00%</b>	<b>6.36%</b>	<b>Variable</b>

Office of the State Actuary (OSA) - Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2023 with the results rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

<b>INFLATION</b>	2.75%
<b>SALARY INCREASES</b>	3.25%
<b>INVESTMENT RATE OF RETURN</b>	7.00%

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2023 Economic Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2023 Actuarial Valuation Report.



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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
FIXED INCOME	19%	2.1%
TANGIBLE ASSETS	8%	4.5%
REAL ESTATE	18%	4.8%
GLOBAL EQUITY	30%	5.6%
PRIVATE EQUITY	25%	8.6%
<b>TOTAL</b>	<b>100%</b>	

The inflation component used to create the above table is 2.50 percent, and represents WSIB's long-term estimate of broad economic inflation consistent with their 2023 CMAs.

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

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate.** The following presents the net pension liability/(asset) of the state as an employer, calculated using the discount rate of 7.0 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate. Fiscal year 2025 and 2024 pension liability is shown below.

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2025			
EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (IN THOUSANDS)			
	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	\$1,329	\$904	\$530
PERS 2/3	3,927	(2,178)	(7,193)
<b>Total</b>	<b>\$5,256</b>	<b>\$(1,274)</b>	<b>\$(6,663)</b>

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

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** For the years ended June 30, 2025 and June 30, 2024, PERS 1 recognized pension expense of \$74 thousand and \$22 thousand, respectively. PERS 2/3 recognized pension expense of \$73 thousand for the year ended June 30, 2025 and \$384 thousand for the year ended June 30, 2024. At June 30, 2025 and June 30, 2024, PERS 1 and PERS 2/3 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source (expressed in thousands), not taking into account the contributions after to the measurement date.

WASHINGTON'S LOTTERY DEFERRED OUTFLOWS/INFLOWS AS OF JUNE 30, 2025 (DOLLAR AMOUNTS IN THOUSANDS)		
	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
<b>PERS 1</b>		
Net difference between projected and actual earnings on pension plan investments	\$-	\$72
Lottery contribution subsequent to measurement date*	281	-
<b>PERS 2/3</b>		
Difference between expected and actual experience	1,238	5
Changes of assumptions	1,203	138
Net difference between projected and actual earnings on pension plan investments	-	624
Change in proportion	(42)	(270)
Lottery contributions subsequent to measurement date*	701	-
<b>TOTAL</b>	<b>\$3,381</b>	<b>\$569</b>

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

## FINANCIAL STATEMENT NOTES

### WASHINGTON'S LOTTERY DEFERRED OUTFLOWS/INFLOWS AS OF JUNE 30, 2024 (DOLLAR AMOUNTS IN THOUSANDS)

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
<b>PERS 1</b>		
Net difference between projected and actual earnings on pension plan investments	\$-	\$140
Lottery contribution subsequent to measurement date*	\$332	\$-
<b>PERS 2/3</b>		
Difference between expected and actual experience	\$588	\$32
Changes of assumptions	1,212	265
Net difference between projected and actual earnings on pension plan investments	-	1,088
Change in proportion	(67)	(56)
Lottery contributions subsequent to measurement date*	715	-
<b>TOTAL</b>	<b>\$2,780</b>	<b>\$1,469</b>

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

The \$3.4 million and \$2.8 million reported as deferred outflows of resources related to pensions resulting from Lottery contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the subsequent years. The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense offset as follows (not applicable for PERS 3):

<b>"YEARS ENDED INCREASE / (REDUCTION IN PENSION EXPENSE)" (AMOUNTS IN THOUSANDS)</b>			
	<b>PERS 1</b>	<b>PERS 2</b>	<b>Total</b>
2026	\$(120)	\$(484)	\$(604)
2027	61	949	1,010
2028	(7)	409	402
2029	(8)	402	394
2030	-	192	192
Thereafter	-	163	163
<b>Total</b>	<b>\$(74)</b>	<b>\$1,631</b>	<b>\$1,557</b>

**Collective Net Pension Liability/(Asset)**

At June 30, 2025, the Lottery reported a liability of \$904 thousand for its proportionate share of the collective net pension liability for PERS 1 and reported an pension asset of \$2.2 million for PERS 2/3. For June 30, 2024, the Lottery reported a liability of \$1.2 million for its proportionate share of the collective net pension liability for PERS 1 and \$2.9 million pension asset for PERS 2/3. The Lottery's proportion for PERS 1 was .0511730 percent for year ended June 30, 2025, .0545200 percent for the year ended June 30, 2024 and .055025 for the year ended June 30, 2023. The Lottery's proportion of the PERS 2/3 was .066232 percent for year ended June 30, 2025, .070343 percent for the year ended June 30, 2024 and .071734 percent for year ended June 30, 2023.

The proportions are based on the Lottery's contributions to the pension plan relative to the contributions of all participating employers. The collective net pension liability was measured as of June 30, 2023 with the results rolled forward to June 30, 2024, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date.

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

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

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

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

## NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS

### GENERAL INFORMATION

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

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

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs.

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

The PEBB OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire to continue coverage and pay the administratively established premiums under the provisions of the retirement system to which they belong.

**Employees Covered by Benefit Terms.** Employers participating in the PEBB plan for the state include 162 general government agencies, 37 higher education institutions, and 3 component units. Additionally, there are 230 employer groups not included in the state's financial reporting that participate in the PEBB plan. As of June 30, 2024, membership in the PEBB plan consisted of the following:

<b>ACTIVE EMPLOYEES*</b>	142,475
<b>RETIREES RECEIVING BENEFITS**</b>	37,366
<b>RETIREES NOT RECEIVING BENEFITS***</b>	NA
<b>Total participants</b>	<b>179,841</b>

\*Reflects active employees eligible for PEBB program participants as of June 30, 2024.

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

\*\*\*HCA doesn't have data on this group for OSA to reasonably estimate the number of inactive members that may join PEBB in the future.

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

In calendar year 2024, the average weighted implicit subsidy was valued at \$445 per adult unit per month. In calendar year 2025, the average weighted implicit subsidy is projected to be \$474 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2025, the explicit subsidy was up to \$183 per member per month through the end of calendar year 2027.

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

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

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

REQUIRED PREMIUM *	
Medical	\$1,399
Dental	81
Life	4
Long-term disability	2
Total	1,486
Employer contribution	1,298
Employee contribution	188
	\$1,486

*\*Per FY2026 PEBB Financial Projection Model version 7.1. Per capita cost based on subscribers; includes non-Medicare risk pool only. Figures based on calendar year 2025, which includes projected claims cost at the time of this reporting.*

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

<https://leg.wa.gov/studies-audits-and-reports/actuarial-reporting/other-postemployment-benefits-opeb/>

## TOTAL OPEB LIABILITY

The Lottery reported a total OPEB Liability of \$4.1 million for June 30, 2025 and \$4.2 million for June 30, 2024. This liability was determined based on a measurement date of June 30, 2024 and June 30, 2023, respectively.

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

Actuarial valuation date	6/30/2024
Actuarial measurement date	6/30/2024
Actuarial cost method	Entry Age
Amortization method	The recognition period for the experience and assumption changes is 9 years. This is equal to the average expected remaining service lives of all active and inactive members.
Asset valuation method	N/A - No Assets

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

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

Inflation rate	2.40%
Projected salary changes	3.25% Plus Service-based Salary Increases
Health care trend rates*	Initial rate ranges from about (4.5%)-9.5%, reaching an ultimate rate of approximately 3.8% in 2080
Post-retirement participation percentage	60%
Percentage with spouse coverage	45%

\* Please see OSA's website for the table of health care trend rates.



Based on trend assumptions, no change in the explicit subsidy cap of \$183 per month is expected through the end of calendar year 2027. The Legislature determines the value of the cap and no future increases are guaranteed; however, based on historical growth patterns, future increases to the cap are expected to grow with the assumed health care trend.

Most demographic actuarial assumptions, including mortality and when members are expected to terminate and retire, were based on the results of the 2023 PEBB OPEB Demographic Experience Study. Economic assumptions, including inflation and salary increases, were based on the results of the 2023 Economic Experience Study.

**Discount Rate.** Since OPEB benefits are funded on a pay-as-you-go basis, the discount rate used to measure the total OPEB liability was set equal to the Bond Buyer General Obligation 20-Bond Municipal Bond Index, or 3.65 percent for the June 30, 2023, measurement date and 3.93 percent for the June 30, 2024, measurement date.

Additional detail on assumptions and methods can be found on OSA's website: <https://leg.wa.gov/about-the-legislature/legislative-agencies/osa/>

Changes in Total OPEB Liability. As of June 30, 2025, and June 30, 2024, components of the calculation of total OPEB liability determined in accordance with GASB Statement No. 75 for Washington's Lottery are represented in the following table:

WASHINGTON STATE LOTTERY		
	2025	2024
PROPORTIONATE SHARE (%)	0.0929381605%	0.0958271192%
Service Cost	\$131,952	\$146,847
Interest Cost	151,347	147,509
Difference Between Expected and Actual Experience	77,440	-
Changes in Assumptions	(345,455)	(70,933)
Changes of Benefit Terms	88,810	-
Benefit Payments	(102,441)	(102,745)
Other	-	-
Changes in Proportionate Share	(125,051)	(147,434)
<b>Net Change in Total OPEB Liability</b>	<b>(123,398)</b>	<b>(26,757)</b>
Total OPEB Liability - Beginning	4,190,347	4,218,422
<b>Total OPEB Liability - Ending</b>	<b>\$4,066,950</b>	<b>\$4,191,665</b>

-Office of Financial Management (OFM) adjusted previous years numbers based in error found after year-end close.

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

As of June 30, 2025 and June 30, 2024, the components that make up OPEB expense for Washington's Lottery are as follows:

WASHINGTON STATE LOTTERY		
	2025	2024
PROPORTIONATE SHARE (%)	0.0929381605%	0.0958271192%
Service Cost	\$131,952	\$146,847
Interest Cost	151,347	147,509
Amortization of Difference Between Expected and Actual Experience	10,984	2,454
Amortization of Changes in Assumptions	(474,398)	(449,568)
Changes of Benefit Terms	88,810	-
Amortization of Changes in Proportion	(99,800)	(78,400)
Transactions Subsequent to Measurement Date	(107,128)	(105,625)
Other Changes	-	-
<b>Total OPEB Expense</b>	<b>(\$298,233)</b>	<b>(\$336,783)</b>

On June 30, 2025, and June 30, 2024, the deferred inflows and deferred outflows of resources for Washington's Lottery are as follows:

WASHINGTON STATE LOTTERY				
	2025		2024	
PROPORTIONATE SHARE (%)	0.0929381605%		0.0958271192%	
DEFERRED INFLOWS/OUTFLOWS OF RESOURCES	DEFERRED OUTFLOWS	DEFERRED INFLOWS	DEFERRED OUTFLOWS	DEFERRED INFLOWS
Difference between expected and actual experience	\$109,989	\$102,527	\$ 63,649	\$124,476
Changes in Assumptions	204,723	2,247,310	272,376	2,511,405
Transactions subsequent to the measurement date	107,128	-	105,625	-
Changes in Proportion	304,087	682,759	357,884	643,947
<b>Total Deferred (Inflows)/Outflows</b>	<b>\$725,927</b>	<b>\$3,032,596</b>	<b>\$799,534</b>	<b>\$3,279,828</b>

Amounts currently reported as deferred outflows of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized in fiscal year 2026 as a direct reduction to the total OPEB liability.

Amounts currently reported as a net deferred inflows of resources related OPEB will be recognized as OPEB expense offset in subsequent years for Washington's Lottery for the years ended June 30, 2025, and June 30, 2024 as follows:

WASHINGTON STATE LOTTERY		
	2025	2024
<b>PROPORTIONATE SHARE (%)</b>	<b>0.0929381605%</b>	<b>0.0958271192%</b>
2026	(\$563,211)	(\$525,514)
2027	(452,922)	(525,514)
2028	(320,051)	(412,322)
2029	(333,331)	(275,635)
2030	(291,584)	(290,129)
Thereafter	(452,696)	(556,848)
	<b>(\$2,413,797)</b>	<b>(\$2,585,961)</b>

The change in Washington's Lottery proportionate share of OPEB liability and deferred inflows and deferred outflows of resources based on measurement date are represented in the following tables for the years ended June 30, 2025, and June 30, 2024.

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2025	
<b>PROPORTIONATE SHARE (%) 2023</b>	<b>0.0958271192%</b>
<b>PROPORTIONATE SHARE (%) 2024</b>	<b>0.0929381605%</b>
Total OPEB Liability - Ending 2023	4,190,347
Total OPEB Liability - Beg 2024 (change in prop)	4,065,296
Total OPEB Liability Change in Proportion	(125,051)
Total Deferred Inflows/Outflows 2023	(2,193,542)
Total Deferred Inflows/Outflows 2024 (change in prop)	(2,128,081)
Total Deferred Inflows/Outflows Change in Proportion	65,461
<b>Total Change in Proportion</b>	<b>(190,512)</b>

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

**Sensitivity of the Total Liability to Changes in the Discount Rate.** The following represents the total OPEB liability of Washington's Lottery for the year ended June 30, 2025 calculated using the discount rate of 3.93 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate. Fiscal year 2024 is also shown below.

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2025		
DISCOUNT RATE SENSITIVITY		
1% DECREASE	CURRENT DISCOUNT RATE	1% INCREASE
\$4,784,740	\$4,066,950	\$3,493,828

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

**Sensitivity of Total OPEB Liability to Changes in the Health Care Cost Trend Rates.** The following represents the total OPEB liability of Washington's Lottery for the year ended June 30, 2025, calculated using the health care trend rate of (4.5)-9.5 percent reaching an ultimate range of 3.8 percent in 2080, as well as what the total OPEB liability would be if it were calculated using health care trend rates that are 1 percentage point lower ((3.5)-8.5 percent) or 1 percentage point higher ((5.5)-10.5 percent) than the current rate. Fiscal year 2024 is also shown below.

WASHINGTON STATE LOTTERY FOR THE YEAR ENDED JUNE 30, 2025		
HEALTH CARE COST TREND RATE SENSITIVITY		
1% DECREASE	CURRENT TREND RATE	1% INCREASE
\$3,430,797	\$4,066,950	\$4,887,300

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

## NOTE 9 – COMMITMENTS AND CONTINGENCIES

### GAMING SYSTEM VENDOR CONTRACTUAL AGREEMENTS

The Lottery maintains a gaming network of approximately 3,659 retailer locations where all lottery games are sold. Tickets are also sold through self-service terminals. Brightstar Lottery (formerly International Game Technology (IGT)) is responsible for operating all lottery games, including maintenance of terminals and related communication services. On May 15, 2015, a contract was signed with then IGT for ten years, commencing July 1, 2016. The contract may be extended up to ten (10) additional years, in any number of extensions. During fiscal year 2021, Lottery extended the contract for an additional 3 years, meaning it now expires June 30, 2029.

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

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

**NOTE 10 – ADOPTION OF NEW STANDARD**

As of July 1, 2024, the Lottery adopted GASB Statement No. 101, Compensated Absences. The provisions of this standard modernize the types of leave that are considered a compensated absence and provide guidance for consistent recognition and measurement of the compensated absence liability. The implementation of this standard establishes that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. There was no material impact to beginning balance at July 1, 2024.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## PENSION PLAN INFORMATION

### Cost Sharing Employer Plans

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

<b>SCHEDULE OF THE LOTTERY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET</b> <b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLAN 1</b> <b>MEASUREMENT DATE OF JUNE 30 (DOLLAR AMOUNTS IN THOUSANDS)</b>										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Lottery's PERS 1 employer's proportion of pension liability	0.0511730%	0.0545200%	0.0550250%	0.0543080%	0.0544510%	0.0580120%	0.0624750%	0.0652730%	0.070679%	0.067046%
Lottery's PERS 1 employer's proportion share of the net pension liability	\$904	\$1,242	\$1,532	\$664	\$1,923	\$2,235	\$2,790	\$3,125	\$3,800	\$3,510
Lottery's PERS 1 employer's covered payroll	\$-	\$-	-	-	-	\$71	\$255	\$404	\$483	\$521
Lottery's PERS 1 employer's proportional share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A	3148%	1094%	774%	787%	674%
Plan fiduciary net position as a percentage of the total pension liability	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

<b>SCHEDULE OF THE LOTTERY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET</b> <b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLAN 2/3</b> <b>MEASUREMENT DATE OF JUNE 30 (DOLLAR AMOUNTS IN THOUSANDS)</b>										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Lottery's PERS 2/3 employer's proportion of pension liability	0.066232%	0.070343%	0.071734%	0.069752%	0.070845%	0.073167%	0.073760%	0.074469%	0.078492%	0.073460%
Lottery's PERS 2/3 employer's proportion share of the net pension liability	\$(2,178)	\$(2,888)	\$(2,669)	\$(6,970)	\$910	\$714	\$1,263	\$2,619	\$3,968	\$2,626
Lottery's PERS 2/3 employer's covered payroll	\$10,287	\$9,743	\$8,967	\$8,384	\$8,248	\$8,030	\$7,622	\$7,320	\$7,335	\$6,584
Lottery's PERS 2/3 employer's proportional share of the net pension liability as a percentage of its covered payroll	-21.18%	-29.64%	-29.77%	-83.14%	11.03%	8.89%	16.57%	35.77%	54.10%	39.88%
Plan fiduciary net position as a percentage of the total pension liability	105.17%	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%



## PENSION PLAN INFORMATION

### Cost Sharing Employer Plans

#### Schedules of Employer Contributions

<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS</b> <b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLAN 1</b> <b>MEASUREMENT DATE OF JUNE 30 (DOLLAR AMOUNTS IN THOUSANDS)</b>										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Lottery's PERS 1 statutorily required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$9	\$32	\$45	\$54
Lottery's PERS 1 contributions in relation to the statutorily required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$9	\$32	\$45	\$54
Lottery's PERS 1 contributions (deficiency) excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lottery's PERS 1 employer's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$71	\$255	\$404	\$483
Lottery's PERS 1 contributions as a percentage of covered payroll	-	-	-	-	-	12.86%	12.83%	12.73%	11.19%	11.18%

<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS</b> <b>PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) PLAN 2/3</b> <b>MEASUREMENT DATE OF JUNE 30 (DOLLAR AMOUNTS IN THOUSANDS)</b>										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Lottery's PERS 2/3 statutorily required contributions	\$999	\$1,069	\$1,012	\$919	\$1,086	\$1,061	\$1,029	\$968	\$818	\$820
Lottery's PERS 2/3 contributions in relation to the statutorily required contributions	\$999	\$1,069	\$1,012	\$919	\$1,086	\$1,061	\$1,029	\$968	\$818	\$820
Lottery's PERS 2/3 contributions (deficiency) excess	\$-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lottery's PERS 2/3 employer's covered payroll	\$10,440	\$10,287	\$9,743	\$8,967	\$8,384	\$8,248	\$8,030	\$7,622	\$7,320	\$7,335
Lottery's PERS 2/3 contributions as a percentage of covered payroll	9.57%	10.39%	10.39%	10.25%	12.95%	12.86%	12.83%	12.70%	11.17%	11.18%

#### PENSION PLAN INFORMATION

##### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

## OTHER POSTEMPLOYMENT BENEFITS

<b>SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS</b> <b>FISCAL YEAR ENDED JUNE 30</b> <b>(DOLLAR AMOUNTS IN THOUSANDS)</b>								
	2025	2024	2023	2022	2021	2020	2019	2018
<b>TOTAL OPEB LIABILITY</b>								
Service Cost	\$131,952	\$ 146,847	\$ 311,191	\$ 306,585	\$ 232,083	\$ 233,157	\$326,014	\$409,921
Interest Cost	151,347	147,509	144,388	132,504	194,140	202,250	224,133	192,647
Difference between expected and actual experience	77,440	-	(142,992)	-	(29,750)	-	204,590	-
Changes in benefit terms	(345,455)	-	-	-	125,846	-	-	-
Changes in assumptions	88,810	(70,933)	(2,414,299)	56,613	-	376,644	(1,427,243)	(938,860)
Benefit Payments	(102,441)	(102,745)	(106,083)	(100,950)	(92,433)	(92,517)	(94,663)	(98,085)
Changes in proportionate share	(125,051)	(147,434)	292,184	(146,540)	(397,702)	(175,665)	(79,394)	(115,328)
Other	-	-	-	-	(197,746)	-	-	-
<b>NET CHANGES IN TOTAL OPEB LIABILITY</b>	<b>(123,398)</b>	<b>(\$26,757)</b>	<b>(\$1,915,611)</b>	<b>\$541,292</b>	<b>(\$165,562)</b>	<b>\$ 543,869</b>	<b>(\$846,563)</b>	<b>(\$589,885)</b>
<b>TOTAL OPEB LIABILITY – BEGINNING</b>	<b>\$4,191,665</b>	<b>\$4,218,422</b>	<b>\$6,134,033</b>	<b>\$5,592,740</b>	<b>\$5,758,302</b>	<b>\$5,214,433</b>	<b>\$6,060,996</b>	<b>\$6,650,881</b>
<b>TOTAL OPEB LIABILITY – ENDING</b>	<b>\$4,066,950</b>	<b>\$4,191,665</b>	<b>\$4,218,422</b>	<b>\$6,134,033</b>	<b>\$5,592,740</b>	<b>\$5,758,302</b>	<b>\$5,214,433</b>	<b>\$6,060,996</b>
<b>COVERED EMPLOYEE PAYROLL</b>	<b>\$10,439,866</b>	<b>\$10,286,635</b>	<b>\$9,742,809</b>	<b>\$9,079,303</b>	<b>\$8,568,647</b>	<b>\$8,248,476</b>	<b>\$8,101,432</b>	<b>\$7,877,200</b>
<b>TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL</b>	<b>39.0%</b>	<b>40.7%</b>	<b>43.0%</b>	<b>67.6%</b>	<b>65.3%</b>	<b>69.8%</b>	<b>64.4%</b>	<b>76.9%</b>

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

**OTHER POSTEMPLOYMENT BENEFITS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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



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

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

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

**Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Lottery's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
December 30, 2025

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## STATISTICAL SECTION

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

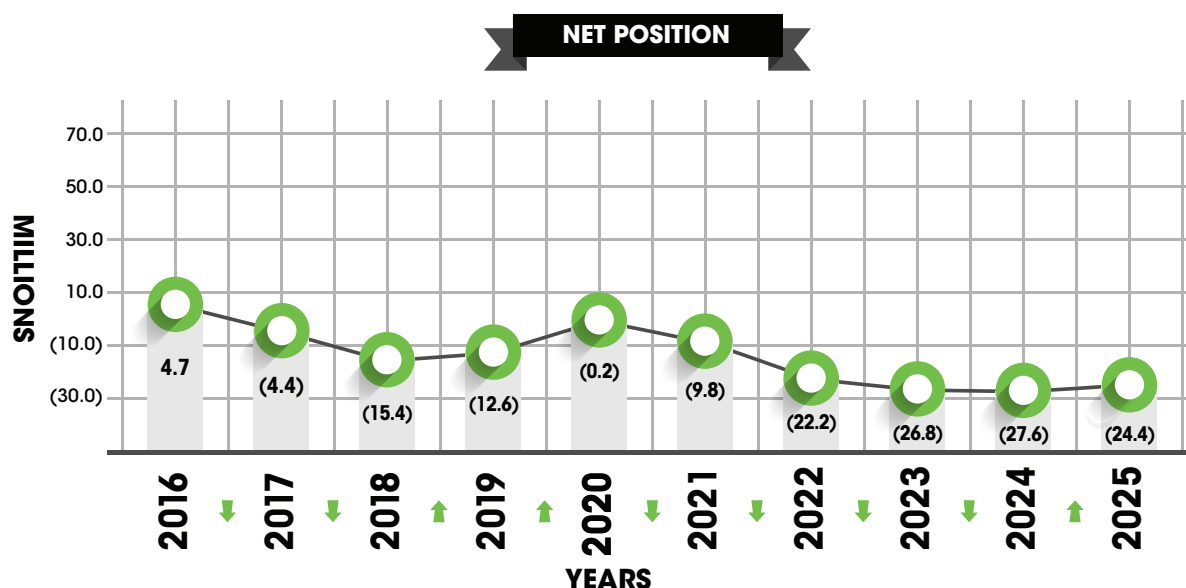
## FINANCIAL TRENDS

The Lottery's sales decreased by \$91.7 million or 8.9 percent in fiscal year 2025 over fiscal year 2024 due to several factors, including:

- National games, *Mega Millions* and *Powerball*, experienced a decrease in sales due to jackpots not reaching desirable amounts during fiscal year 2025;
- *Mega Millions* in 2025 had five jackpots with one jackpot over \$1 billion. In 2024, there were seven jackpots with two jackpots over \$1 billion

Operating expenses are dominated by prizes, retailer commissions, gaming vendor commissions, marketing and advertising. Prize expenses decreased in fiscal year 2025 by \$42.0 million, or 6.6 percent compared to fiscal year 2024 and decreased by \$24.5 million or 4.0 percent as compared to fiscal year 2023. Net operating profit decreased by \$45.2 million or 17.6 percent compared to fiscal year 2024 and decreased \$40.8 million or 16.2 percent compared to fiscal year 2023.

Net position is affected by the fluctuation in the value of securities, and the Lottery saw an increase of \$4.6 million in the value of its securities. These are impacted by changes in interest rates from year to year. Because nearly all securities are held to maturity, fluctuations in fair value have no impact on value to be received upon maturity. The Lottery is organized as one enterprise fund.



## REVENUE CAPACITY

The Lottery's sole focus is the sale of tickets for games of chance. These products are divided into two main types: *Scratch*, (or Instant) game tickets, and Draw game tickets. The Lottery offers eight different Draw games in which winning numbers are drawn either two, three or seven times a week, depending upon the game. The Lottery launched 54 *Scratch* games during fiscal year 2025.

The number and type of retail locations that sell Lottery products in Washington also impact the revenue capacity. During fiscal year 2025, the Lottery increased a net of 9 retailers bringing the total number at the end of fiscal year 2025 to 3,659 compared to 3,650 for the prior year.



## DEBT CAPACITY

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

## OPERATING INFORMATION

The Lottery consists of six divisions; Executive, Finance, Information Services, Security, Human Resources and Support Services, and Sales and Marketing. The Executive Division includes 9 employees. These employees include the Director, Deputy Director, Legal Counsel/ Legislative Liaison, Internal Control Officer, and Director of Organizational Performance and Planning. The Sales and Marketing Division is the largest with 71 employees working in headquarters and across five regions throughout the state. Supporting the agency are the Finance Division with 10 employees, Information Services Division with 18 employees, Security Division with 6 employees, and Human Resources and Support Services Division with 19 employees.

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

LOTTERY EMPLOYEES										
Department	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Executive	9	9	8	10	9	8	8	8	10	9
Finance	10	11	12	10	9	19	18	20	19	21
Information Services	18	18	16	17	17	15	16	16	16	17
Security	6	6	6	5	5	5	5	5	5	4
Human Resources & Support Services	19	18	17	19	21	9	13	10	11	10
Sales/Marketing	71	72	69	66	65	64	69	69	69	69
<b>Total</b>	<b>133</b>	<b>134</b>	<b>128</b>	<b>127</b>	<b>126</b>	<b>120</b>	<b>129</b>	<b>128</b>	<b>130</b>	<b>130</b>

## DEMOGRAPHIC AND ECONOMIC INFORMATION

Washington State's population is approximately 8.1 million people. Median household income in Washington in 2025 was \$99,389 and per capita personal income was \$83,938. Washington's unemployment rate in 2025 was 4.5 percent. Presented below is a 10-year history for each of the categories above.

Year of ACFR	Population (Millions)	Median Household Income	Per Capita Personal Income	WA's Unemployment Rate
2025	8.1	99,389	83,938	4.5%
2024	8.0	\$94,605	\$79,659	4.0%
2023	8.0	\$86,343	\$75,698	4.3%
2022	7.9	77,006	71,889	6.8%
2021	7.7	68,400	68,822	8.4%
2020	7.6	74,992	64,898	9.2%
2019	7.6	73,294	60,781	4.5%
2018	7.4	68,550	56,283	4.8%
2017	7.3	65,500	53,493	5.4%
2016	7.2	62,108	51,146	5.7%

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

**Age:** Lottery play is less prevalent in the youngest (under 24) age class. Lottery players between ages 24 - 34 and players over 65+ are close with 23 percent and 22 percent respectively. Players 35 - 44, 45 - 54 and 55 - 64 have similar representation and makeup 43 percent of the player demographic.

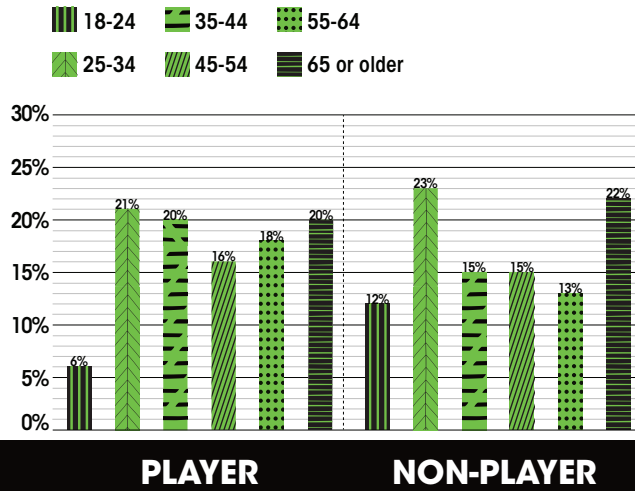
**Income:** The median household income category is \$25,001 to \$50,000 for players versus less than \$25,000 for non-players. Although the distribution of household income is very similar between players and non-players, players are less likely to report household income less than \$25,000 per year, and more likely to report income in the range of \$25,000 to \$50,000 per year, than non-players.

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

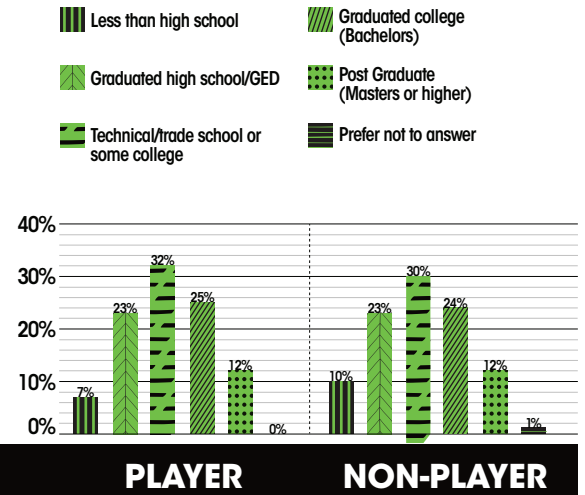
**Employment Status:** Players and non players alike were less likely to be retired, and more likely to be employed full-time.

**Ethnic Background:** More than 80 percent of the player population report White/Caucasian. In fiscal year 2025, there were no significant ethnic differences in Lottery participation.

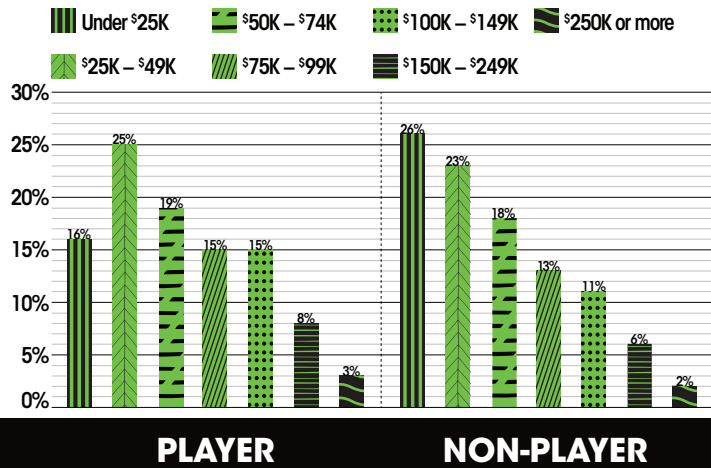
AGE



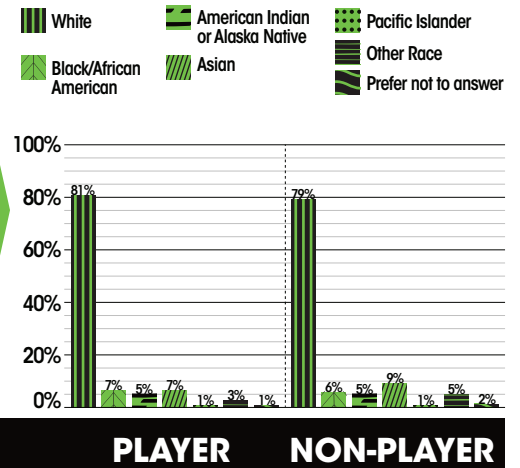
EDUCATION



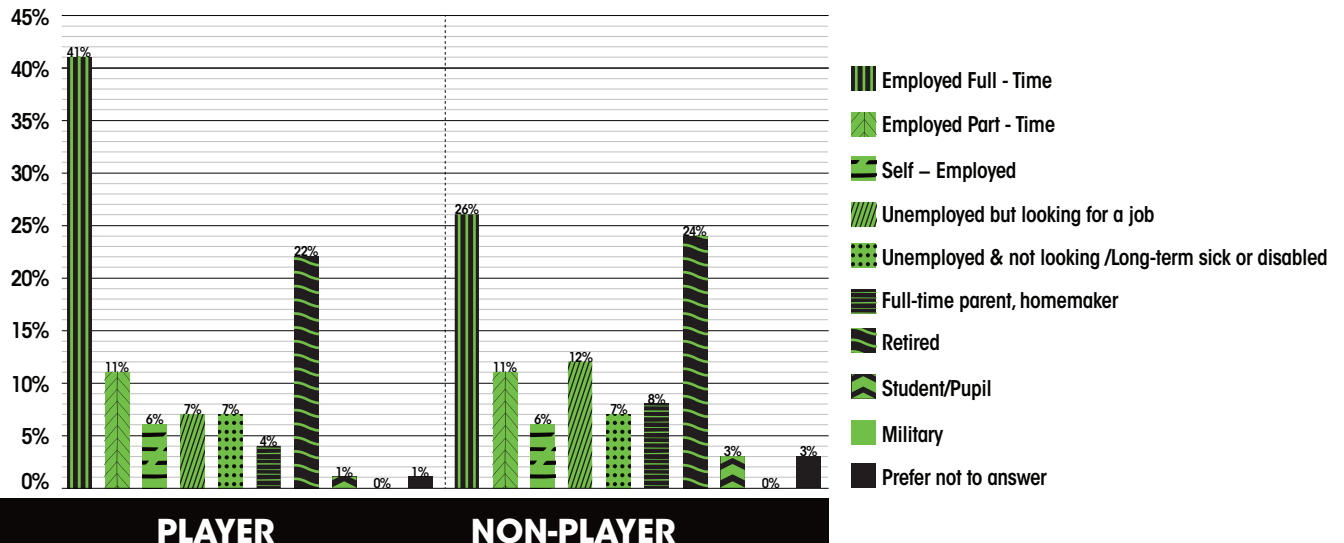
ANNUAL INCOME



ETHNIC BACKGROUND



EMPLOYMENT



Data Source: Washington's Lottery Usage and Attitude Tracking Study conducted by Angus Reed.

## STATISTICAL SECTION

The top ten largest employers in Washington for fiscal years 2015-2024 are displayed below. The Lottery will continue to gather information in order to report the required 10 years of information.

2024				
#	Employer	City	Employees Count	Percentage
1	Amazon.com Inc.	Seattle	87,000	19%
2	The Boeing Co.	Seattle	66,797	14%
3	Microsoft Corp.	Redmond	55,119	12%
4	Joint Base Lewis-McChord	Lewis-McChord	54,025	12%
5	University of Washington	Seattle	53,305	11%
6	Providence	Renton	46,000	10%
7	Navy Region Northwest	Silverdale	37,000	8%
8	Walmart Inc.	Bellevue	22,655	5%
9	Costco Wholesale Corp.	Issaquah	21,500	5%
10	Kroger Co.	Cincinnati, OH	21,000	5%
Total			464,401	100%

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

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

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

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

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

2018				
#	Employer	City	Employees Count	Percentage
2018 Data Not Available				

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

2016				
#	Employer	City	Employees Count	Percentage
2016 Data Not Available				

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

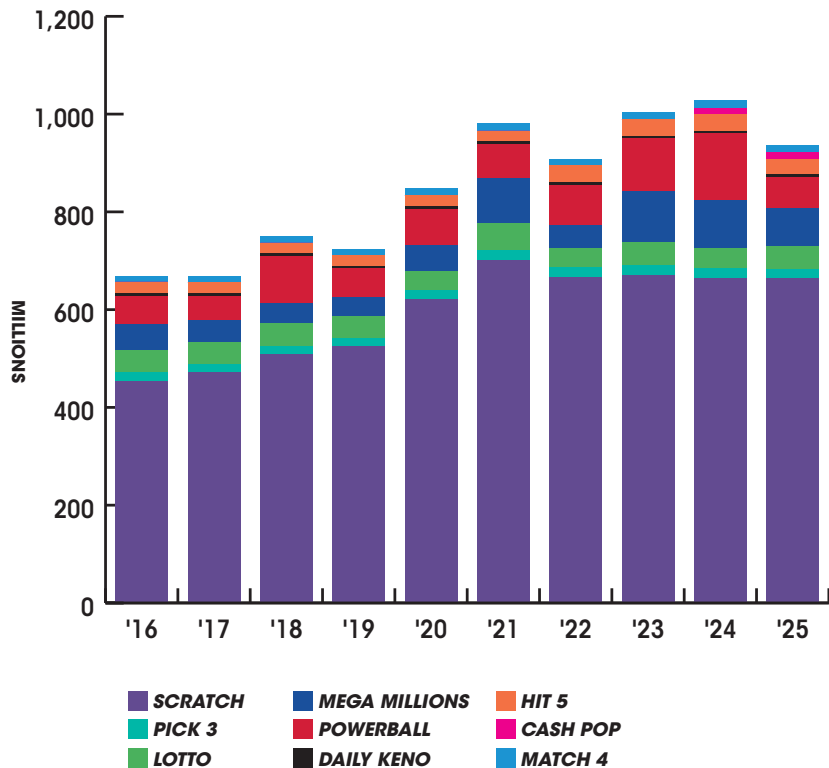
WASHINGTON'S LOTTERY TEN YEARS OF NET POSITION										
Net Position	Restated			Restated	Restated	2020	2019	2018	2017	2016
	2025	2024	2023							
Invested in capital assets	801,980	837,151	656,720	626,676	737,263	506,285	614,410	776,927	932,430	418,217
Restricted for future prizes	6,279,340	10,845,244	10,144,251	10,921,474	10,513,531	10,689,615	10,222,973	12,652,367	10,428,362	10,273,709
Restricted for net pension asset	2,178,469	2,887,863	2,927,137	1,377,463	-	-	-	-	-	-
Unrestricted	(33,631,319)	(42,173,420)	(40,537,846)	(35,159,687)	(21,099,619)	(11,412,645)	(23,431,328)	(28,846,778)	(15,740,199)	(5,981,919)
<b>Total net position</b>	<b>(24,371,533)</b>	<b>(27,603,166)</b>	<b>(26,809,738)</b>	<b>(22,234,074)</b>	<b>(9,848,825)</b>	<b>(216,745)</b>	<b>(12,593,945)</b>	<b>(15,417,484)</b>	<b>(4,379,407)</b>	<b>4,710,007</b>

WASHINGTON'S LOTTERY TEN YEARS OF CHANGES IN NET POSITION										
	Restated			Restated	Restated	2020	2019	2018	2017	2016
	2025	2024	2023							
<b>Sales</b>										
Scratch ticket sales	662,654,396	664,329,886	669,031,400	665,228,910	701,182,226	619,682,535	523,857,598	507,900,498	472,252,828	453,948,422
Draw game sales	274,566,867	364,625,358	334,414,811	242,457,202	249,544,275	197,616,562	279,420,339	226,037,994	201,077,571	240,926,646
<b>Total Sales</b>	<b>937,221,263</b>	<b>1,028,955,244</b>	<b>1,003,446,211</b>	<b>907,686,112</b>	<b>950,726,501</b>	<b>817,299,097</b>	<b>803,277,937</b>	<b>733,938,492</b>	<b>673,330,399</b>	<b>694,875,068</b>
<b>Grant for Vaccine Promotion Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other operating income</b>	<b>2,712,352</b>	<b>2,753,411</b>	<b>2,704,275</b>	<b>3,989,985</b>	<b>2,699,890</b>	<b>2,691,470</b>	<b>2,702,605</b>	<b>2,769,971</b>	<b>2,688,541</b>	<b>2,790,632</b>
<b>Cost of Sales</b>										
Prize expense	594,300,651	636,283,176	618,833,716	573,989,678	603,091,484	530,237,664	490,355,040	457,904,034	422,536,021	432,900,790
Grant for Vaccine Promotion Expense	-	-	-	-	1,000,000	-	-	-	-	-
Retailer commissions	46,808,736	51,503,097	50,250,221	45,597,649	47,827,944	41,202,583	40,221,131	36,927,642	33,893,194	36,021,210
Vendor expense	43,688,499	47,828,263	48,601,377	41,465,536	42,899,287	39,823,710	33,762,918	30,036,116	27,979,137	29,856,808
Advertising expense	14,040,901	13,922,886	14,105,384	13,316,648	11,640,273	10,227,617	11,198,372	9,577,293	10,565,659	10,481,991
Misc. promotional & other operating expenses	11,419,864	8,554,224	5,884,720	2,933,625	3,090,973	2,074,262	3,192,138	3,673,122	4,328,458	4,051,361
<b>Total Cost of Sales</b>	<b>710,258,651</b>	<b>758,091,646</b>	<b>737,675,418</b>	<b>677,303,136</b>	<b>709,549,961</b>	<b>623,565,836</b>	<b>578,729,599</b>	<b>538,118,207</b>	<b>499,302,469</b>	<b>513,312,160</b>
<b>Administrative expenses</b>										
Salaries and benefits	13,212,848	13,178,934	12,873,196	11,814,041	11,525,352	11,493,019	11,116,890	10,946,749	10,655,860	10,828,120
Goods and services	2,288,588	2,326,302	2,149,797	2,109,455	2,725,067	2,336,302	2,766,921	2,454,812	3,252,080	3,090,238
Travel	406,972	439,334	391,840	364,040	247,387	333,129	444,974	421,226	411,287	439,193
Depreciation	1,009,710	934,424	816,199	752,853	528,144	136,028	162,517	163,249	80,130	134,252
<b>Total Administrative Expenses</b>	<b>16,918,118</b>	<b>16,878,994</b>	<b>16,231,032</b>	<b>15,040,389</b>	<b>15,025,950</b>	<b>14,298,478</b>	<b>14,491,302</b>	<b>13,986,036</b>	<b>14,399,357</b>	<b>14,491,803</b>
<b>Operating Income</b>	<b>212,756,846</b>	<b>256,738,015</b>	<b>252,244,036</b>	<b>219,332,572</b>	<b>229,850,480</b>	<b>182,126,253</b>	<b>212,759,641</b>	<b>184,604,220</b>	<b>162,317,114</b>	<b>169,861,737</b>
<b>Non-Operating Revenues (expenses)</b>										
Investment revenue (loss)	4,635,259	60,628	(1,425,795)	(11,083,328)	(5,779,975)	15,944,818	10,110,562	(1,156,453)	(3,785,665)	10,226,195
Amortization of annuity prize liability	(3,076,807)	(3,123,186)	(2,461,941)	(3,777,536)	(4,578,037)	(5,019,561)	(4,400,523)	(5,083,091)	(5,757,685)	(6,283,851)
Interest income	1,352,608	1,020,702	206,146	1,903	3,294	263,249	125,192	99,940	21,397	23,098
Misc. income (expense)	-	-	-	-	-	-	-	7,589	-	59,059
Fee income	14,475	10,400	10,325	10,750	11,575	10,875	10,700	10,725	10,100	10,325
Loss on disposal of capital assets	-	(7,187)	-	-	-	420	100	155	5,180	(2,434)
Interest expense on leases	(26,346)	(27,642)	(26,956)	(28,607)	(25,182)	-	-	-	-	-
<b>Total non-operating revenues (expenses)</b>	<b>2,899,189</b>	<b>(2,066,285)</b>	<b>(3,698,221)</b>	<b>(14,876,818)</b>	<b>(10,368,325)</b>	<b>11,199,801</b>	<b>5,846,031</b>	<b>(6,121,135)</b>	<b>(9,506,673)</b>	<b>4,032,392</b>
<b>Payments to:</b>										
Washington Opportunity Pathways Account	(180,206,428)	(189,850,889)	(199,882,189)	(176,551,928)	(185,724,653)	(147,335,195)	(166,743,348)	(134,170,055)	(126,797,889)	(128,731,626)
Education Legacy Trust Account	-	-	-	-	-	-	-	-	-	-
Stadium and Exhibition Center Account	-	-	-	-	(14,219,515)	(13,672,608)	(13,146,739)	(12,641,094)	(12,154,899)	(11,687,403)
Economic Development	(5,738,654)	(6,703,190)	(7,262,366)	(6,205,028)	(4,733,537)	(3,362,016)	(4,564,936)	(4,629,950)	(4,869,712)	(2,844,549)
Problem Gambling	(891,594)	(785,344)	(499,996)	(433,805)	(450,626)	(373,180)	(406,800)	(358,845)	(326,033)	(340,567)
General Fund	(25,587,725)	(58,194,783)	(45,476,927)	(33,647,606)	(23,918,843)	(16,205,856)	(30,920,310)	(31,170,784)	(16,751,322)	(31,918,951)
Gambling Commission	-	-	-	-	-	-	-	-	(1,000,000)	-
<b>Total payments</b>	<b>(212,424,401)</b>	<b>(255,534,206)</b>	<b>(253,121,478)</b>	<b>(216,838,367)</b>	<b>(229,047,174)</b>	<b>(180,948,855)</b>	<b>(215,782,133)</b>	<b>(182,970,728)</b>	<b>(161,899,855)</b>	<b>(175,523,096)</b>
<b>Net non-operating expense</b>	<b>(209,525,212)</b>	<b>(257,600,491)</b>	<b>(256,819,700)</b>	<b>(231,715,185)</b>	<b>(239,415,499)</b>	<b>(169,749,054)</b>	<b>(209,936,102)</b>	<b>(189,091,863)</b>	<b>(171,406,528)</b>	<b>(171,490,704)</b>
<b>Change in net position</b>	<b>3,231,634</b>	<b>(862,476)</b>	<b>(4,575,664)</b>	<b>(12,382,613)</b>	<b>(9,565,019)</b>	<b>12,377,199</b>	<b>2,823,539</b>	<b>(4,487,643)</b>	<b>(9,089,414)</b>	<b>(1,628,967)</b>
<b>Prior period adjustment to net position</b>	<b>-</b>	<b>69,047</b>	<b>-</b>	<b>(2,636)</b>	<b>(67,061)</b>	<b>-</b>	<b>-</b>	<b>(6,550,434)</b>	<b>-</b>	<b>-</b>
<b>Total net position at beginning of year</b>	<b>(27,603,166)</b>	<b>(26,809,738)</b>	<b>(22,234,074)</b>	<b>(9,848,825)</b>	<b>(216,745)</b>	<b>(12,593,945)</b>	<b>(15,417,484)</b>	<b>(4,379,407)</b>	<b>4,710,007</b>	<b>6,338,974</b>
<b>Total net position at end of year</b>	<b>(24,371,533)</b>	<b>(27,603,166)</b>	<b>(26,809,738)</b>	<b>(22,234,074)</b>	<b>(9,848,825)</b>	<b>(216,745)</b>	<b>(12,593,945)</b>	<b>(15,417,484)</b>	<b>(4,379,407)</b>	<b>4,710,007</b>

## WASHINGTON'S LOTTERY TEN YEARS OF SALES AND OTHER REVENUES

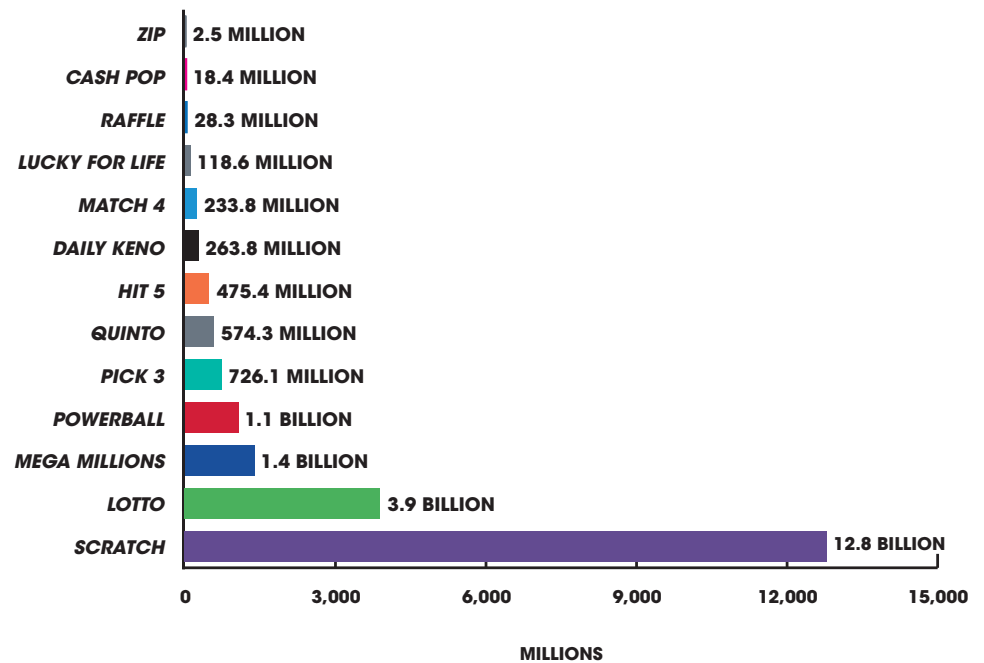
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Scratch</b>	<b>662,654,396</b>	<b>664,329,886</b>	<b>\$669,031,400</b>	<b>\$665,228,910</b>	<b>\$701,182,226</b>	<b>\$619,682,535</b>	<b>\$523,857,598</b>	<b>\$507,900,498</b>	<b>\$472,252,828</b>	<b>\$453,948,422</b>
Draw:										
Pick 3	19,975,745	\$21,092,675	21,556,489	21,406,687	23,193,223	20,830,078	19,502,841	18,925,205	17,748,008	16,653,422
Lotto	46,294,731	40,769,245	45,573,038	38,504,057	39,346,666	39,794,648	56,150,948	38,553,405	43,427,058	46,632,119
Mega Millions	78,342,172	98,183,398	106,012,699	48,668,992	70,965,530	50,959,868	91,876,435	54,651,304	39,312,625	41,278,942
Powerball	64,226,018	136,454,036	107,199,580	80,591,302	57,778,573	42,498,411	69,415,253	72,892,676	60,008,237	95,744,270
Daily Keno	5,643,729	6,254,463	6,034,908	6,102,583	6,364,495	6,211,706	5,878,371	5,705,640	5,816,005	5,890,354
Hit 5	29,548,579	33,258,261	33,364,856	33,032,713	36,615,804	22,081,569	21,929,244	21,632,740	21,330,902	21,706,191
Cash POP	15,068,285	13,188,680	-	-	-	-	-	-	-	-
Match 4	15,467,608	15,424,600	14,673,241	14,150,868	15,279,984	15,240,282	14,667,248	13,677,024	13,434,736	13,021,348
<b>Total Draw</b>	<b>274,566,867</b>	<b>364,625,358</b>	<b>334,414,811</b>	<b>242,457,202</b>	<b>249,544,275</b>	<b>197,616,562</b>	<b>279,420,339</b>	<b>226,037,994</b>	<b>201,077,571</b>	<b>240,926,646</b>
<b>Total Sales</b>	<b>937,221,263</b>	<b>1,028,955,244</b>	<b>1,003,446,211</b>	<b>907,686,112</b>	<b>950,726,501</b>	<b>817,299,097</b>	<b>803,277,937</b>	<b>733,938,492</b>	<b>673,330,399</b>	<b>694,875,068</b>
Grant for Vaccine Promo	-	-	-	-	1,000,000	-	-	-	-	-
<b>Other operating income</b>	<b>2,712,352</b>	<b>2,753,411</b>	<b>2,704,275</b>	<b>3,989,985</b>	<b>2,699,890</b>	<b>2,691,470</b>	<b>2,702,605</b>	<b>2,769,971</b>	<b>2,688,541</b>	<b>2,790,632</b>
Interest	1,352,608	1,020,702	206,144	1,905	3,293	263,249	125,192	99,940	21,397	23,098
License Fees	14,475	10,400	10,325	10,750	11,575	10,875	10,700	10,725	10,100	10,325
Miscellaneous	-	(7,187.00)	-	-	-	420	100	155	5,180	56,625
Total Other Revenues	1,367,083	1,023,915	216,469	12,655	14,868	274,544	135,992	110,820	36,677	90,048
<b>Total Sales and Other Revenues</b>	<b>941,300,698</b>	<b>\$1,032,732,570</b>	<b>\$1,006,366,955</b>	<b>\$911,688,752</b>	<b>\$954,441,259</b>	<b>\$820,265,111</b>	<b>\$806,116,534</b>	<b>\$736,819,283</b>	<b>\$676,055,617</b>	<b>\$697,755,748</b>

### SALES BY PRODUCT



### SALES SINCE INCEPTION

SALES BEGAN NOV. 15, 1982



## WASHINGTON'S LOTTERY TEN YEARS OF EXPENSES

	2025	Restated 2024	2023	Restated 2022	Restated 2021	2020	2019	2018	2017	2016
Prizes	594,300,651	636,283,176	\$618,833,716	\$573,989,678	\$604,091,484	\$530,237,664	\$490,355,040	\$457,904,034	\$422,536,021	\$432,900,790
Retailer Commissions	46,808,736	51,503,097	50,250,221	45,597,649	47,827,944	41,202,583	40,221,131	36,927,642	33,893,194	36,021,210
Cost of Sales	69,149,264	70,305,373	68,591,481	57,715,809	57,630,533	52,125,589	48,153,428	43,286,531	42,873,254	44,390,160
Administration	16,918,118	16,878,994	16,231,032	15,040,389	15,025,950	14,298,478	14,491,302	13,986,036	14,399,357	14,491,803
<b>Total Expenses</b>	<b>727,176,769</b>	<b>774,970,640</b>	<b>\$753,906,450</b>	<b>\$692,343,525</b>	<b>\$724,575,911</b>	<b>\$637,864,314</b>	<b>\$593,220,901</b>	<b>\$552,104,243</b>	<b>\$513,701,826</b>	<b>\$527,803,963</b>

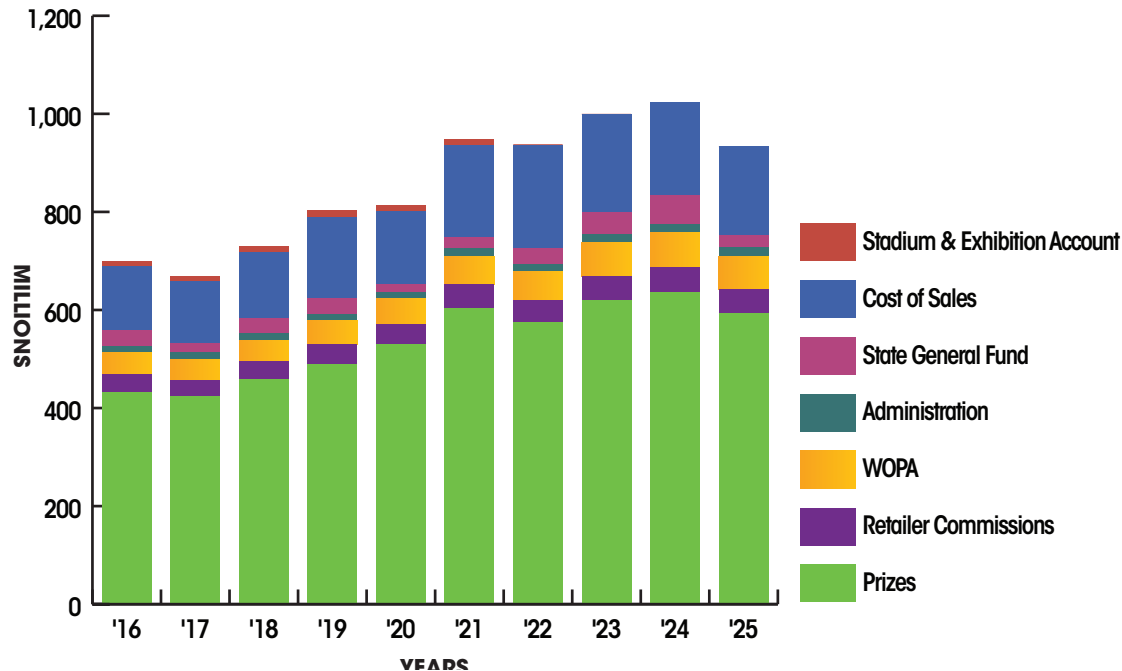
Note: Non-operating expenses are not included.

## WASHINGTON'S LOTTERY TEN YEARS OF CONTRIBUTIONS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
State General Fund	25,587,725	\$58,194,783	\$45,476,927	\$33,647,606	\$23,918,843	\$16,205,856	\$30,920,310	\$31,170,784	\$16,751,322	\$31,918,951
Washington Opportunity Pathways Account	180,206,428	189,850,889	199,882,189	176,551,928	185,724,653	147,335,195	166,743,348	134,170,055	126,797,889	128,731,626
Education Legacy Trust Fund	-	-	-	-	-	-	-	-	-	-
Economic Development	5,738,654	6,703,190	7,262,366	6,205,028	4,733,537	3,362,016	4,564,936	4,629,950	4,869,712	2,844,549
Problem Gambling	891,594	785,344	499,996	433,805	450,626	373,180	406,800	358,845	326,033	340,567
Stadium & Exhibition Account	-	-	-	-	14,219,515	13,672,608	13,146,739	12,641,094	12,154,899	11,687,403
Gambling Commission	-	-	-	-	-	-	-	-	1,000,000	-
<b>Total Contributions</b>	<b>212,424,401</b>	<b>\$255,534,206</b>	<b>\$253,121,478</b>	<b>\$216,838,367</b>	<b>\$229,047,174</b>	<b>\$180,948,855</b>	<b>\$215,782,133</b>	<b>\$182,970,728</b>	<b>\$161,899,855</b>	<b>\$175,523,096</b>

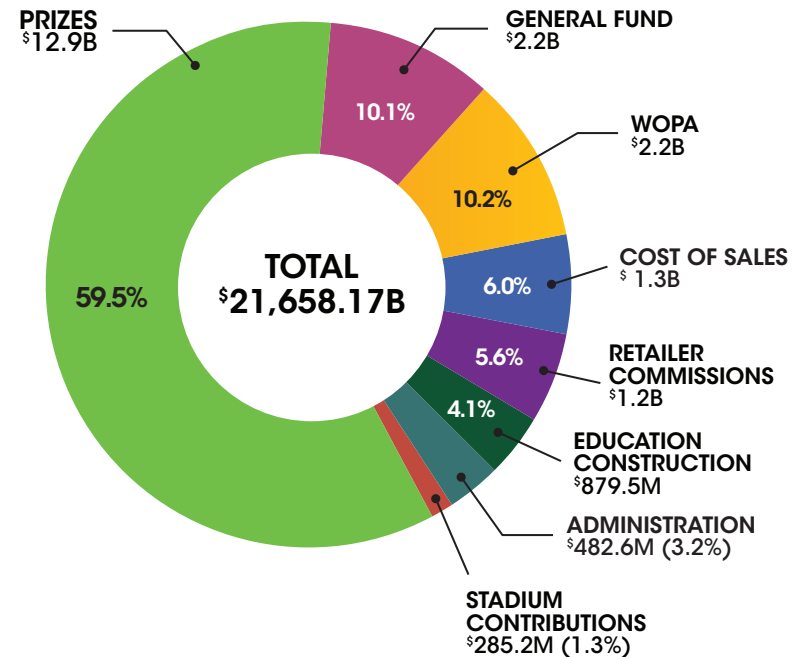
### EXPENSES AND CONTRIBUTIONS

(AMOUNTS IN MILLIONS)



### DISTRIBUTIONS SINCE INCEPTION

NOVEMBER 15, 1982 – JUNE 30, 2025





**RATIO OF OUTSTANDING DEBT SCHEDULE – LEASE LIABILITY**

FISCAL YEAR	LEASES	SBITA'S	TOTAL OUTSTANDING DEBT	PERCENTAGE OF PERSONAL INCOME (1)	POPULATION (2)	DEBT PER CAPITA
2025	\$1,710,558	\$23,368	\$1,733,927	0.0003%	8,100,000	\$0.21
2024	2,370,378	28,251	2,398,629	0.0004%	8,000,000	0.30
2023	2,744,548	90,947	2,835,495	0.0005%	8,000,000	0.35
2022	\$2,967,262	\$-	\$2,967,262	0.0005%	7,900,000	\$0.38

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

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

\*GASB Statement No. 87, requires ten years of information to be presented in this table. However until a full 10 years trend is compiled, the Lottery will present information for those years for which information is available.

**RATIO OF OUTSTANDING DEBT TO SALES – LEASE LIABILITY**

FISCAL YEAR	LEASES	SBITA'S	TOTAL OUTSTANDING DEBT	PERCENTAGE OF SALES
2025	\$1,710,558	\$23,368	\$1,733,927	0.19%
2024	2,370,378	28,251	2,398,629	0.23%
2023	2,744,548	90,947	2,835,495	0.28%
2022	\$2,967,262	\$-	\$2,967,262	0.33%

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

## COMPARATIVE STATEMENT OF LOTTERY REVENUES AND EXPENSES BY LOTTERY FOR FISCAL YEAR 2024

Lottery	Billions of Dollars					As Percentage of Sales			
	Sales	Prizes	Commissions	Expenses	Net Income	Prizes	Commissions	Expenses	Net Income
Florida	9,424.25	6,254.66	571.61	213.82	2,410.85	67.24%	6.79%	5.50%	20.55%
California	9,275.11	6,031.57	632.68	452.69	2,204.27	68.44%	5.63%	7.27%	20.52%
Texas	8,391.34	5,655.49	448.50	234.17	2,059.11	65.03%	6.82%	4.88%	23.77%
New York <sup>(1)(2)(3)</sup>	8,197.88	4,918.64	491.12	328.77	2,459.35	64.11%	7.45%	6.36%	22.43%
Massachusetts	6,258.20	4,633.99	350.71	143.47	1,159.65	68.19%	5.12%	3.54%	23.21%
Georgia	5,837.40	3,798.58	304.47	252.21	1,489.40	66.37%	6.07%	2.27%	25.58%
Virginia	5,521.00	4,245.74	141.51	208.32	935.79	57.86%	5.67%	11.12%	25.36%
North Carolina	5,380.92	3,802.66	285.61	202.12	1,099.99	58.89%	5.16%	18.68%	17.68%
Pennsylvania	4,973.90	3,215.39	276.51	262.82	1,258.14	65.07%	5.22%	4.32%	25.51%
Michigan	4,777.16	2,976.26	348.70	205.21	1,270.30	66.81%	4.64%	5.67%	22.79%
Ohio <sup>(1)(2)(3)</sup>	4,538.56	3,012.00	305.84	155.99	1,064.74	67.74%	5.85%	6.88%	20.04%
Illinois	3,861.05	2,579.49	179.03	218.89	879.95	65.43%	6.77%	5.49%	21.36%
New Jersey	3,675.11	2,157.64	213.90	129.53	1,172.48	63.80%	6.52%	7.70%	22.26%
Maryland <sup>(1)(2)(3)</sup>	2,715.74	1,715.48	220.25	66.03	713.98	59.68%	5.79%	3.76%	30.76%
South Carolina	2,388.77	1,571.70	168.12	54.83	593.43	72.29%	4.16%	4.36%	19.30%
Kentucky	2,098.15	1,516.79	87.38	91.44	405.03	57.87%	5.58%	5.00%	32.04%
Tennessee	1,903.89	1,208.14	132.42	35.67	501.32	63.17%	8.11%	2.43%	26.29%
Indiana	1,744.83	1,141.69	118.21	95.73	372.73	74.05%	5.60%	2.29%	18.53%
Missouri	1,743.39	1,218.50	102.02	63.50	377.09	65.78%	6.37%	7.34%	20.52%
Connecticut	1,666.68	1,136.46	85.29	59.08	386.76	62.30%	7.30%	4.30%	26.59%
Arizona	1,528.62	1,027.86	103.84	84.11	314.06	61.37%	6.57%	7.09%	25.35%
<b>Washington</b>	<b>1,031.71</b>	<b>636.28</b>	<b>51.50</b>	<b>87.18</b>	<b>254.67</b>	<b>62.81%</b>	<b>6.03%</b>	<b>5.34%</b>	<b>26.31%</b>
Wisconsin	955.49	588.96	64.55	47.58	262.69	69.89%	5.85%	3.64%	21.63%
Colorado	901.24	577.81	67.17	57.35	202.18	70.84%	4.90%	10.19%	13.97%
Minnesota	775.85	476.17	50.98	54.97	196.71	58.28%	6.37%	10.03%	25.56%
Louisiana	639.56	370.09	35.70	31.96	204.94	58.71%	5.82%	3.52%	31.90%
New Hampshire	633.65	345.03	33.56	48.41	207.77	54.95%	6.39%	8.67%	30.01%
Arkansas	613.64	419.99	34.54	44.59	125.93	54.45%	5.30%	7.64%	32.79%
Iowa	489.90	312.57	31.94	37.71	109.03	60.00%	5.99%	4.01%	30.00%
Mississippi	475.52	298.66	28.67	25.41	125.10	70.67%	5.31%	3.76%	20.44%
Oregon <sup>(1)(2)(3)</sup>	463.46	285.92	39.14	57.90	80.50	61.69%	8.45%	12.49%	17.37%
Maine	439.06	288.81	27.96	32.21	90.08	66.36%	6.74%	3.44%	23.46%
Idaho	422.46	286.16	24.71	29.07	84.65	61.89%	6.28%	6.81%	25.45%
Oklahoma	355.23	219.85	22.31	24.19	90.40	64.65%	5.56%	5.28%	25.29%
Kansas <sup>(1)(2)(3)</sup>	339.10	202.38	19.65	12.76	104.30	65.80%	7.04%	2.30%	24.84%
Rhode Island <sup>(1)(2)(3)</sup>	320.98	205.20	36.94	6.59	72.25	63.93%	11.51%	2.05%	22.51%
W. Virginia <sup>(1)(2)(3)</sup>	269.17	159.23	18.05	10.38	81.51	58.35%	5.35%	5.44%	30.85%
Delaware <sup>(1)(2)(3)</sup>	251.43	145.47	14.24	27.96	63.76	51.31%	4.56%	18.10%	26.07%
District of Columbia	222.76	131.18	11.49	41.62	39.38	63.46%	6.96%	1.87%	26.33%
Nebraska	221.50	129.09	14.12	22.22	56.61	67.40%	5.34%	2.79%	24.54%
New Mexico	170.25	93.55	10.89	14.76	51.08	61.67%	4.99%	8.45%	24.68%
Vermont	168.59	111.60	10.28	12.06	35.06	66.19%	6.10%	7.15%	20.79%
Montana	154.16	109.20	7.56	15.71	21.54	76.90%	2.56%	3.77%	16.95%
South Dakota <sup>(1)(2)(3)</sup>	88.30	51.53	4.73	4.81	27.24	59.16%	6.71%	3.86%	30.28%
Wyoming	41.05	22.05	2.63	9.04	7.50	61.64%	6.76%	4.98%	27.49%
North Dakota	40.46	20.76	1.84	7.32	10.55	53.70%	6.41%	22.02%	18.28%
<b>Total</b>	<b>106,386.48</b>	<b>70,306.28</b>	<b>6,232.87</b>	<b>4,322.16</b>	<b>25,733.84</b>	<b>66.09%</b>	<b>5.86%</b>	<b>4.06%</b>	<b>24.19%</b>

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

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

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

# COMPARISON OF LOTTERY REVENUES AND EXPENSES PER CAPITA BY LOTTERY FOR FISCAL YEAR 2024

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

# WINNING MOMENTS ACROSS WASHINGTON

Every day, Washingtonians experience life-changing wins. Here are just a few highlights from recent Lottery winners and retailers who have shared their stories.

## SPOKANE WOMAN WHO LOVES WATCHING "MY LOTTERY DREAM HOME" NOW BUYING HER OWN THANKS TO \$250,000 SCRATCH WIN

One of Shannon Fernandez's guilty pleasures is watching the reality TV show "My Lottery Dream Home," but little did she know she'd be the one buying a new home thanks to an interesting tidbit she learned from watching the show.

"The show just happens to profile a lot of people who win playing \$10 *Scratch* games, so I figured that should be the type of ticket I buy," explained Fernandez, so she bought two Diamond Crossword *Scratch* tickets from the Lottery Vending Machine at Walmart located at 9212 N Colton St in Spokane.

"At first, I counted 10 complete words, which is a \$1,000 prize and that's pretty cool since the most I'd ever won before was maybe \$150," said Fernandez. "Then I kept looking and found an eleventh word, which meant a \$5,000 prize. I was so excited that I called my husband, and we planned to celebrate later that night with a nice dinner." Fernandez then took her winning ticket to her local Safeway to have an associate scan it to confirm her win, and when the clerk did so, she said his eyes grew wide

and he simply said, "I'm flabbergasted!" He handed her the ticket back and a prize confirmation slip and told her that she needed to go to the Washington's Lottery Department of Imagination store at Northtown Mall to claim a prize that large, still thinking it was \$5,000. "He didn't actually say the amount out loud," said Fernandez. "It wasn't until I got to the mall and walked into the Lottery store that I looked at the slip and nearly fainted when I saw that it said \$250,000 on it."

The couple had already been discussing buying a new home, and this win means they're able to afford something more like their very own "dream home."

### SCRATCH

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



Odds of winning any prize playing Scratch Game #1928 "DIAMOND CROSSWORD" are 1 in 3.54.



## BOTHELL MAN WINS \$2 MILLION SCRATCH PRIZE FROM WASHINGTON'S LOTTERY – BUT NO ONE BELIEVES HIM ON APRIL FOOLS' DAY

For one Bothell man, this year's April Fools' Day was a memorable one – and not because of the reason you expect.

In late March, Stacy visited the 76 gas station located at 19611 Alderwood Mall Parkway in Lynnwood to buy a few lottery tickets, but he saw one of the *Scratch* tickets he planned on getting was sold out. Instead, he grabbed another game that caught his eye – a \$2,000,000 Jackpot *Scratch* ticket – which turned out to be a life-changing decision.

"Later that day, I tried checking my tickets but couldn't see if I had won on this particular ticket, so I called the Lottery office. As they were verifying, I jokingly said 'hopefully it's one of those \$2 million ones!'" he said. "They said it was – and I just started screaming. My fiancée came downstairs because she thought something was wrong."

Several days later, he told a few family members about his win and was immediately met with disbelief. Since April 1 was around the corner, they were sure he was pulling an April Fools' joke. It took some convincing before they finally believed he had in fact won the game's top prize.

Thanks to their big win, the winner and his fiancée have a second reason to celebrate. A few days after claiming their \$2 million prize, they toured a house they loved, put an offer on it, and learned that their offer was accepted.

"None of this would be possible without Washington's Lottery," said Stacy. "The timing just aligned perfectly."



# SCRATCH

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



Odds of winning any prize playing Scratch Game #1925 \$2,000,000 JACKPOT™ are 1 in 3.10.

## MAN FROM CAMAS WINS \$2 MILLION PLAYING MEGA MILLIONS

In May, a man from Camas became the first Washingtonian to win a second-tier multi-million-dollar *Mega Millions* prize since major updates were made to the game in April of 2025. Thanks to the 2X built-in multiplier on his ticket, his base prize of \$1 million was doubled to \$2 million.

The winner purchased his ticket at Fern Prairie Market, a local convenience store he regularly stops by for lunch. After buying his ticket on what he described as a typical day, he returned later to check his results. At first, the ticket scanner simply read "Contact Lottery Office," which left him confused. When he scanned it a second time, however, the screen revealed life-changing news: he had won a \$2 million prize. In shock, he walked straight to his car and called his wife to share the news.

While the couple hasn't done anything big to celebrate just yet, the winner says the prize has already made a meaningful difference, as he will be able to pay for his daughter's college education.

The winner's \$2 million prize was made possible by the new game matrix, which went into effect on April 5, 2025, when the new *Mega Millions* game launched. The updates introduced bigger prizes at every non-jackpot prize tier, better odds to win, larger starting jackpots, and tickets that now include automatic prize multipliers.



*Mega Millions is a national lottery game. Each play is \$5. Players pick five numbers between one and 70 and one Mega Ball number between one and 24. Alternatively, players may use Quick Pick by letting the computer select their numbers.*

## "MUST BE MY LUCKY DAY": LOST DEBIT CARD LEADS TO \$480,000 HIT 5 CASHPOT FOR MARYSVILLE RESIDENT

A frantic search for a lost debit card led to a nearly half-million-dollar surprise for one Marysville resident in April.

After finishing some shopping at the WinCo Foods located at 3947 116th Street NE in Marysville, the winner returned home only to realize his debit card was missing. He retraced his steps, hoping it had been turned in. Fortunately, the WinCo staff had found the card and set it aside for safekeeping.

Feeling a mix of relief and gratitude, the Marysville resident thought to himself, "This must be my lucky day. I should buy some lottery tickets." He decided to purchase a few different games, including a *Hit 5* ticket.

Later that evening, as he sat down to check his tickets, he began comparing his numbers to the winning numbers one by one. When the third number matched, his hands began to tremble. By the time he realized he had matched all five numbers and won the \$480,000 cashpot, he could hardly believe it.

The winner plans on using his newfound fortune to check off a few bucket list dreams, including traveling to Japan and exploring the East Coast.

★★★★★  
**HIT5**

*Hit 5 is a Washington state lottery game that replaced Quinto in 2007. Each play is \$1. Players pick five numbers between 1 and 42. Alternatively, players may use Quick Pick by letting the computer select their numbers.*





### QFC IN ENUMCLAW SELLS WINNING \$7.4 MILLION LOTTO JACKPOT TICKET

A QFC in Enumclaw has something big to celebrate after selling a winning \$7.4 million *Lotto* jackpot ticket, making one customer a multi-millionaire and bringing a wave of celebration to the store and community.

The sole winning ticket was purchased at the QFC located at 1009 Monroe Ave for the May 14, 2025, drawing. As the retailer that sold the top-tier ticket, the store received a 1 percent – in this case, \$74,000 – selling bonus from Washington's Lottery.

"When jackpots start to grow, so does the excitement in our stores," said Tiffany Sanders, Corporate Affairs Manager at QFC. "We're thrilled for the customer who bought the winning ticket here and are grateful that this bonus gives us a chance to give back to our community."

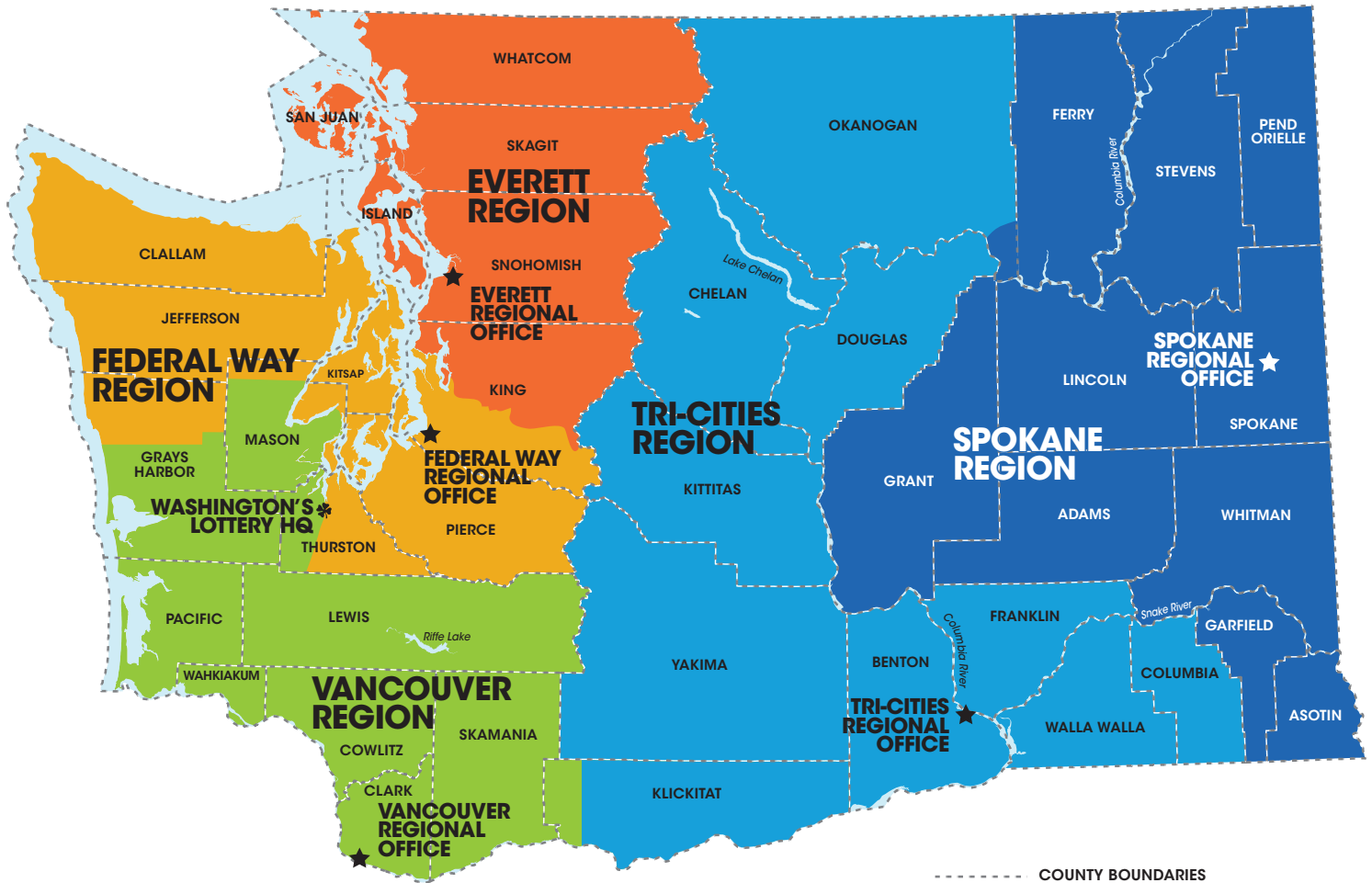
The retailer plans to donate \$20,000 to the Enumclaw Food Bank and use the rest to reinvest in its stores. Through QFC's Zero Hunger Zero Waste initiative, the grocer regularly donates food and resources to help end hunger and reduce waste in the community.



Left: Store Director, Tony Krebsbach  
Right: WA Lottery District Sales Representative, Derek Rivera



*Lotto is a Washington state lottery game. The cost per ticket is \$1 for two plays. Players pick two sets of six numbers between one and 49. Alternatively, players may use Quick Pick by letting the computer select their numbers.*


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