

VIRGINIA LOTTERY

POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2025



A Message *From* Our Executive Director

We are pleased to present the Popular Annual Report (PAFR) for the Virginia Lottery (Lottery) for the fiscal year ended June 30, 2025. We have designed the PAFR to be a user-friendly companion to the Lottery's Annual Comprehensive Financial Report (ACFR). This will give a more generalized overview of the Lottery - providing information on who we are, the Lottery's financial position, and our contribution to Virginia's K-12 education.

The financial data presented within this PAFR is directly pulled from the Lottery's ACFR, but is presented in a more general and summarized tone in order to appeal more to the interest of the general public rather than those specifically in the finance sector. The ACFR contains financial information in greater detail in conformance with Generally Accepted Accounting Principles (GAAP) and is audited by Auditors of Public Accounts (APA). Both the ACFR and the PAFR are available on the Lottery's website.

Fiscal Year 2025 (FY25) was another stellar year and one that generated \$901 million in profits for Virginia K-12 public education. Since 1999, all Virginia Lottery profits total more than \$14 billion, and 100% of that has been used to support K-12 public education in Virginia. That is something in which we at the Lottery take a lot of pride.

In FY25, we celebrated a decade of our Thank a Teacher program, which is just one of the ways we honor Virginia K-12 public educators and the work they do. We also have a presence at education-related events and conferences across the commonwealth and love interacting with the educators and administrators who are the backbone of Virginia's education system.

As iLottery continues to expand in the United States, the Virginia Lottery has consistently been an industry leader. The sales of Lottery games online, along with the sales of Lottery tickets at our 5,300+ valuable retail partners, have added to the Lottery's bottom-line profits.

In fact, in FY25, those retailers earned \$127.9 million in retailer compensation and players themselves took home more than \$4.5 billion in prizes, which is the most EVER in the Lottery's history!

Of course, I'd be remiss not to mention that we do it all with the support of our vendor partners who collaborate with us to offer innovative ways to engage with our retailers, our players, and the public. And, most importantly, we do it with a player-focused integrity.

Our nationally recognized Play Responsibly campaign has achieved the Sustaining Level certification in the Responsible Gambling Verification Program, a joint venture of the National Council on Problem Gambling (NCPG) and the North American Association of State and Provincial Lotteries (NASPL), and has served as a model for other lotteries across the nation.

In FY25, we celebrated many milestones: the first year of Virginia Lottery Rewards, which offers more ways for players to engage and chances to win; the introduction of VSports and many other exciting new games; and record volunteerism through the Lottery Outreach program.

We look forward to many new initiatives in the year ahead. We look forward to continuing to lead with innovation and keep our mission in the front of our mind with a laser focus on raising as much money for Virginia K-12 public education. After all, it's the reason we exist!

We hope this report will provide desired information and insight into the Lottery's business to its readers while at the same time showcasing our mission and values. Above all, we hope that it communicates our dedication to the support of Virginia K-12 public education and Virginia initiatives.

Khalid R. Jones
executive director

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Our Mission: Contributing to Virginia's future one play at a time.

At the Virginia Lottery, we take playing seriously. Fun Matters. Excitement Matters. And so does the education of Virginia's youngest residents. It's the reason we play so enthusiastically. Every time a ticket is scratched, played online, or numbers are selected for the big jackpot, winners are created in education all over Virginia.



OUR VISION

Responsible create and regulate games, experiences, and fun to benefit K-12 education and Virginia Initiatives



OUR CORE VALUES

Innovation

Empowerment

Customer Focus

Integrity

Collaboration



Our Programs

Thank a Teacher

The Thank a Teacher campaign is designed to increase awareness for the Lottery's commitment to Virginia's public schools. It's planned around Teacher Appreciation Week encouraging the public to thank as many public-school teachers as possible. Since 2016, the Lottery has distributed over 200,000 thank you cards, and together with its partners, has awarded 15 teachers with a luxury Virginia vacation, gift cards and supplies for their school. Visit thankateacherva.com for all the details.



Thank a Teacher Art Contest

The Virginia Lottery expanded its Thank a Teacher campaign by adding an art contest for K-12 students enrolled in Virginia's public schools. Launched on Jan. 2, 2018, the Thank a Teacher Art Contest sought student artists to design the thank-you notes distributed to thousands of teachers during National Teacher Appreciation Week. Since its launch in 2018, the Virginia Lottery has received thousands of entries into the Art Contest and featured designs from fifteen talented artists from across Virginia. Winners receive gift cards and, thanks to a valuable partnership with The Supply Room, money for their school's art department. Visit thankateacherva.com for all the details.



Lottery Outreach

Virginia Lottery employees expressed their interest in volunteering through one-time and group volunteer opportunities in a variety of areas in the communities in which they live and work. Each employee receives 24 Lottery Outreach hours to serve their communities in addition to the 16 Community Service hours offered by the Commonwealth of Virginia.



PLAY RESPONSIBLY

THE LOTTERY CONTINUED ITS PARTNERSHIPS IN FY25 WITH THE VIRGINIA COUNCIL ON PROBLEM GAMBLING AND THE NATIONAL COUNCIL ON PROBLEM GAMBLING AND IS A MEMBER OF THE VIRGINIA PARTNERSHIP FOR GAMING AND HEALTH.



- Preoccupation with gambling
- Increased spending on gambling
- Unsuccessful attempts to stop gambling
- Negative work, social, emotional or family consequences due to gambling
- Chasing losses
- Irritability
- Lying
- Reliance on others to cover non-gambling expenses

Where does the money come from?

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

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

During its 36 years of operation, the Lottery has offered a variety of instant and draw-style products. The instant games consist of preprinted "scratch-off" tickets, which contain various symbols and captions covered by latex material. Players instantly determine the winning or non-winning status of their tickets by removing the latex. Draw-style game tickets are produced through terminals at lottery retailer locations based on player instructions for number selection. Drawings are conducted to determine winning combinations.

Effective July 1, 2020, the sale of lottery products over the internet became legal and iLottery sales began with eInstant games and certain draw-style games.

In fiscal year 2025, iLottery activity represented over half of all lottery sales, a first for any U.S. lottery.

The Lottery operates without state funding and is solely funded by the revenue generated through the sale of its games and associated operations. The Lottery's sole objective is to provide funding and support to Virginia's K-12 public Education

Fiscal year 2025 saw a record-breaking \$5.7 billion in lottery sales surpassing the previous sales record of \$5.5 billion set in fiscal year 2024.

The Lottery launched 60 Scratch games during fiscal year 2025 along with new Print 'N Play games each quarter and consistently launched new games on the iLottery platform throughout the fiscal year.

LOTTERY REVENUES	FY25	FY24
Operating Revenues:		
Scratchers	\$ 1,277,531,938	\$ 1,314,085,654
Daily Games ¹	740,331,171	781,744,275
Jackpot Games ²	260,692,605	411,180,778
Raffles ³	12,500,000	14,500,000
iLottery Instants	3,383,284,835	2,903,957,135
Other Games ⁴	96,299,344	95,537,024
Total Operating Revenues	\$ 5,770,639,893	\$ 5,521,004,866
Non-Operating Revenues:⁵		
Net Interest Earned	\$ 8,281,108	\$ 9,331,808
Net Other Income	350,900	597,228
Total Non-Operating Revenue	\$ 8,632,008	\$ 9,929,036
TOTAL REVENUES	\$ 5,779,271,901	\$ 5,530,933,902

¹ Daily Games are *Pick 3*, *Pick 4*, *Pick 5*, *Cash 5 w/ EZ Match*, and *Cash Pop*

² Jackpot Games are *MegaMillions*, *PowerBall*, *Bank A Million*, and *Cash 4 Life*

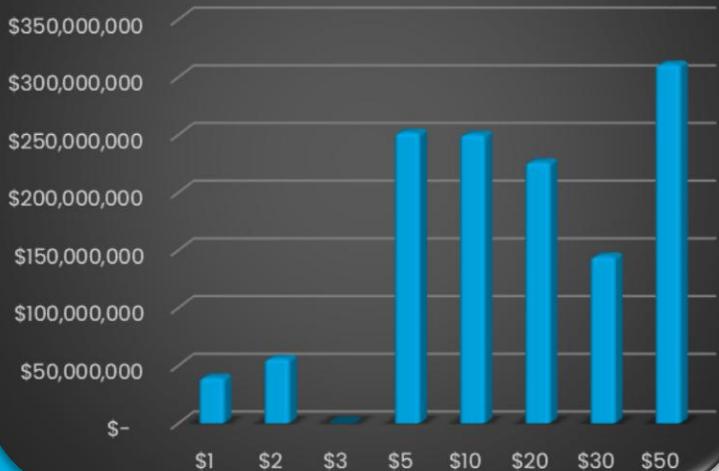
³ Raffles includes the *New Year's Eve Millionaire's Raffle* and *iLottery Raffle*

⁴ Other Games are *Print N Play*, *KENO*, and *Virtual Sports*

⁵ Interest Income is earned primarily on cash balances held and invested by the Department of Treasury on behalf of the Virginia Lottery (net of any associated interest expense) Net other income consists of securities lending income and various fees assessed to retailers for licensing and processing fees, penalties, and other miscellaneous sources.

FY25 GAME SALES

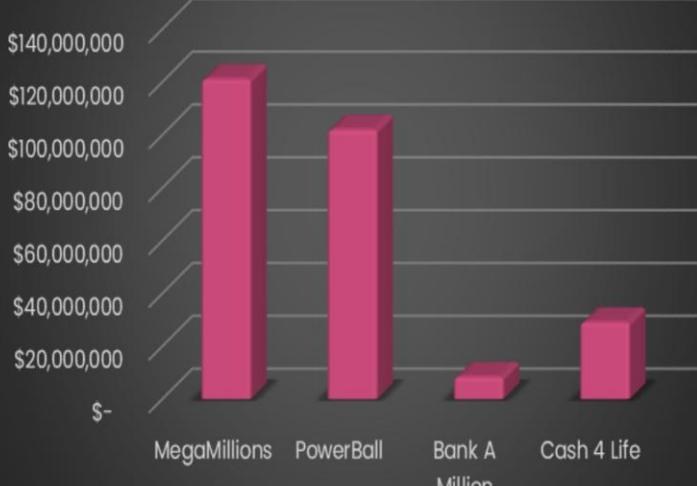
FY25 Scratcher Sales by Price Point



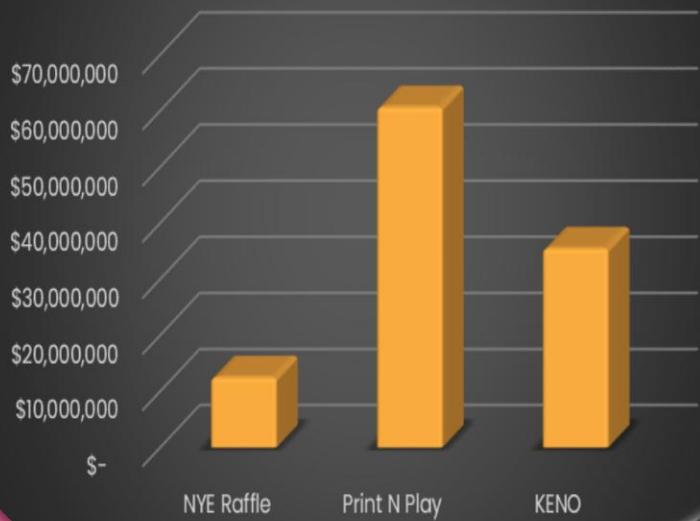
FY25 Daily Game Sales



FY25 Jackpot Game Sales



Raffle & Other Games FY 25 Sales



Where does the money go?

ALL LOTTERY PROFITS GENERATED GO TO SUPPORT VIRGINIA'S K-12 PUBLIC EDUCATION

Since its inception, the Lottery has awarded more than \$41.1 billion in prizes and has contributed more than \$14.5 billion to Virginia's K-12 public education. The Virginia Lottery has consistently returned over 95% of its revenue to the community in the form of either prizes won, funding to support education, or retailer compensation and bonuses. The Lottery is committed to maintaining low administrative and operational costs to maximize the total profits to be transferred to the Lottery Proceeds Fund each year in support of education in Virginia's public schools. The Virginia Lottery funds a wide variety of programs each year based on priorities set by the Governor and the General Assembly.



	FY25	FY24	FY23
Lottery Sales	\$ 5,770,639,893	\$ 5,521,004,866	\$ 4,611,855,820
Revenue Returned to the Public:			
Prizes Awarded	\$ 4,521,838,463	\$ 4,245,743,816	\$ 3,416,373,320
Allocation of Net Sales to Education ¹	892,748,587	924,169,940	863,360,550
Retailer Compensation	127,910,359	141,510,189	137,300,692
Total Revenue Returned to the Community	\$ 5,542,497,409	\$ 5,311,423,945	\$ 4,417,034,562
% of Revenue Returned to the Community	96.05%	96.20%	95.78%

¹ Does not include net interest income, net other income, or unclaimed prizes



In Fiscal Year 2025, Virginia Lottery sales were more than \$5.7 billion. Of this, the Lottery generated more than \$901 million for K-12 public education; more than \$4.5 billion went back to players in the form of prizes, more than \$127 million went to the retailers who sell Virginia Lottery tickets, and \$228 million went to operational expenses.

When Virginians voted in 1987 for a state-operated lottery, some people may have assumed that they voted on how to spend the Lottery's proceeds. This was not the case. Lottery proceeds were to be used as determined by the General Assembly. The use of the proceeds has changed over time. In 1989, Lottery proceeds were dedicated to capital-construction projects. From 1990 to 1998, Lottery proceeds were transferred to the state's General Fund. Since 1999, all Virginia Lottery profits have been used for K-12 public education in Virginia. In 1999, a state budget amendment sent Lottery proceeds to local public-school divisions to be used solely for educational purposes. In 2000, more than 80% of Virginia voters said yes to the creation of the State Lottery Proceeds Fund. The measure, now a permanent part of Virginia's Constitution, directs all Virginia Lottery profits to be used solely for educational purposes.

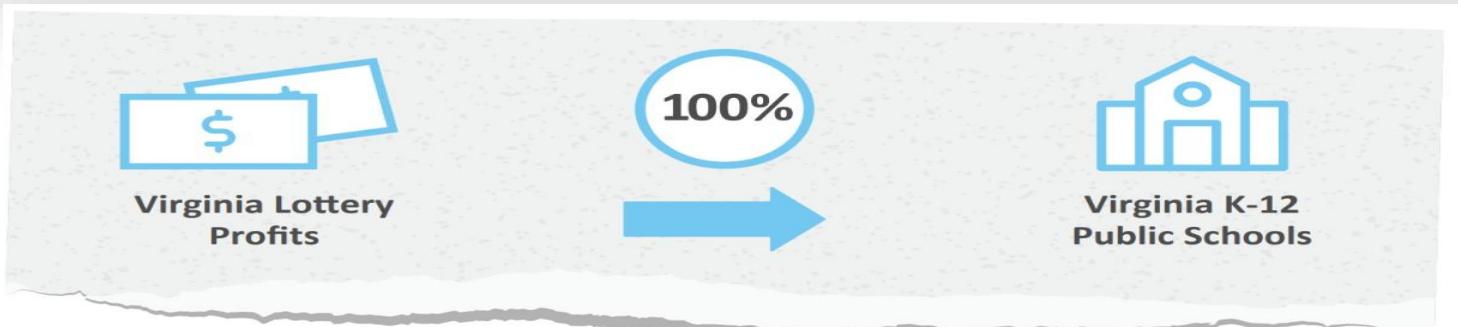
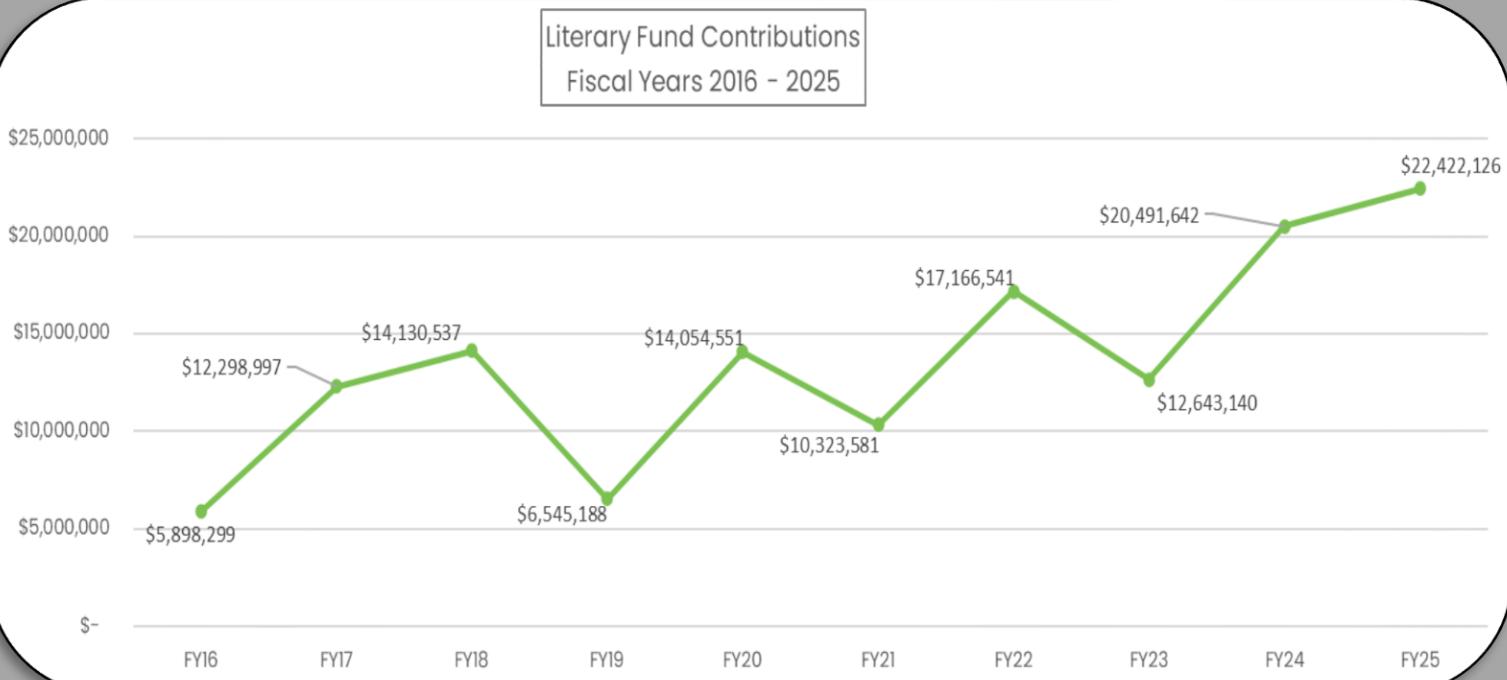
LOTTERY \$ GIVEN TO SUPPORT EDUCATION	FY25
LOTTERY PROCEEDS FUND	
Net Sales	\$ 892,748,587
Net Interest	8,281,107
Net Other Income	498,388
Total Net Profit	\$ 901,528,082
LITERARY FUND	
Unclaimed Prizes	\$ 22,422,126
TOTAL CONTRIBUTED TO SUPPORT VA K-12 PUBLIC EDUCATION	\$ 923,950,208





THE LITERARY FUND

By law, all qualifying unclaimed Virginia Lottery Prizes go to the Literary Fund, which provides low-interest loans to localities for public-school construction, renovations, and technology upgrades. The Lottery transferred more than \$22 million to the Literary Fund in Fiscal Year 2025. Since 1988, the Lottery has transferred more than \$393 million in unclaimed prizes to the Literary Fund.



VIRGINIA DEPARTMENT OF EDUCATION

DISTRIBUTION OF LOTTERY PROCEEDS FUNDS TO SCHOOL DIVISIONS

Lottery Proceeds Fund balances are distributed by the Virginia Department of Education in accordance with the approved state budget. Details are included in the current year's Appropriation Act in the Office of Education Budget. One-third of what each district receives goes to that district's specific needs and two-thirds goes to programs such as School Breakfast and Early Reading Intervention.

SCHOOL DIVISION	FY25 DISTRIBUTION
Accomack	\$7,002,041
Albemarle	\$4,642,720
Alexandria	\$4,561,482
Alleghany	\$3,260,493
Amelia	\$1,490,091
Amherst	\$4,808,260
Appomattox	\$2,576,484
Arlington	\$6,617,593
Augusta	\$9,111,363
Bath	\$329,349
Bedford	\$7,340,774
Bland	\$775,596
Botetourt	\$2,770,265
Bristol	\$3,357,432
Brunswick	\$1,338,925
Buchanan	\$3,115,624
Buckingham	\$2,219,437
Buena Vista	\$1,231,248
Campbell	\$8,171,774
Caroline	\$4,497,819
Carroll	\$3,813,835
Charles	\$521,625
Charlotte	\$2,137,597
Charlottesville	\$2,101,907
Chesapeake	\$31,924,913
Chesterfield	\$43,432,521
Clarke	\$591,211
Colonial Beach	\$647,458
Colonial Heights	\$2,779,765
Craig	\$640,406
Culpeper	\$7,000,781
Cumberland	\$1,714,464
Danville	\$10,104,102
Dickenson	\$3,056,019
Dinwiddie	\$4,503,397
Emporia	\$1,489,446
Essex	\$1,307,267
Fairfax County	\$56,082,479
Fairfax City	\$540,244
Falls Church	\$463,796
Fauquier	\$4,509,633
Floyd	\$1,518,922
Fluvanna	\$3,064,162
Franklin County	\$4,804,103
Franklin City	\$2,204,599

SCHOOL DIVISION	FY25 DISTRIBUTION
Frederick	\$9,572,639
Fredericksburg	\$2,505,814
Galax	\$1,720,714
Giles	\$3,279,565
Gloucester	\$3,594,769
Goochland	\$656,580
Grayson	\$2,082,039
Greene	\$3,027,803
Greensville	\$1,425,479
Halifax	\$5,601,381
Hampton	\$24,762,279
Hanover	\$8,002,167
Harrisonburg	\$7,809,767
Henrico	\$38,291,891
Henry	\$9,906,486
Highland	\$1,202,230
Hopewell	\$6,350,708
Isle of Wight	\$4,132,459
James City	\$5,406,720
King George	\$2,632,378
King and Queen	\$744,932
King William	\$2,446,924
Lancaster	\$560,957
Lee	\$3,071,914
Lexington	\$298,157
Loudoun	\$28,812,196
Louisa	\$4,261,644
Lunenburg	\$2,053,593
Lynchburg	\$9,464,179
Madison	\$1,107,153
Manassas City	\$8,156,253
Manassas Park	\$4,426,755
Martinsville	\$3,314,268
Mathews	\$577,673
Mecklenburg	\$3,724,480
Middlesex	\$761,914
Montgomery	\$6,517,712
Nelson	\$829,417
New Kent	\$1,530,653
Newport News	\$38,067,315
Norfolk	\$34,504,422
Northampton	\$1,844,303
Northumberland	\$535,441
Norton	\$1,340,077
Nottoway	\$2,970,420

SCHOOL DIVISION	FY25 DISTRIBUTION
Orange	\$4,016,202
Page	\$3,171,028
Patrick	\$2,789,911
Petersburg	\$7,869,013
Pittsylvania	\$8,622,117
Poquoson	\$1,172,221
Portsmouth	\$22,054,884
Powhatan	\$2,031,407
Prince Edward	\$2,024,737
Prince George	\$5,563,302
Prince William	\$63,349,676
Pulaski	\$4,569,971
Radford	\$3,028,962
Rappahannock	\$353,580
Richmond County	\$1,500,336
Richmond City	\$22,550,518
Roanoke County	\$8,813,621
Roanoke City	\$24,025,435
Rockbridge	\$1,619,733
Rockingham	\$8,528,180
Russell	\$4,867,503
Salem	\$3,183,352
Scott	\$5,597,415
Shenandoah	\$4,941,220
Smyth	\$5,614,228
Southampton	\$3,174,989
Spotsylvania	\$19,743,079
Stafford	\$21,081,085
Staunton	\$2,922,512
Suffolk	\$12,214,083
Surry	\$393,786
Sussex	\$1,773,659
Tazewell	\$5,891,731
Virginia Beach	\$40,782,589
Warren	\$3,741,672
Washington	\$6,702,807
Waynesboro	\$3,983,487
West Point	\$590,354
Westmoreland	\$1,791,575
Winchester	\$4,251,753
Wise	\$7,674,201
Wythe	\$3,906,459
York	\$6,441,361

LOTTERY RETAILERS



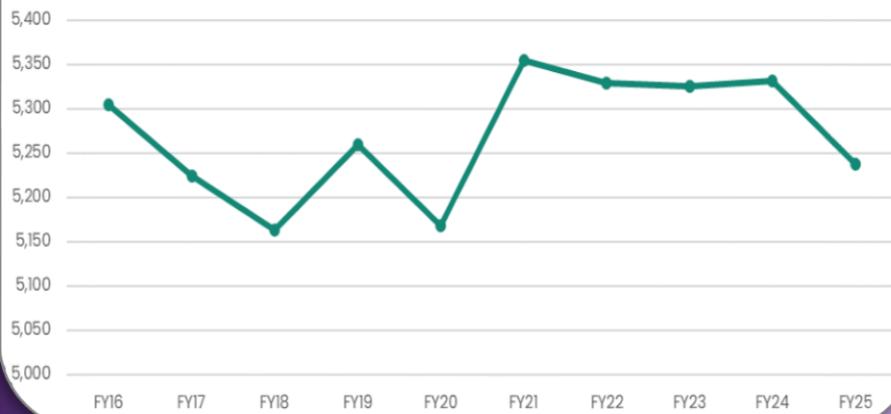
Lottery Retailers throughout Virginia collected more than \$127 million in commissions and bonuses in fiscal year 2025. The Lottery's network of retailers consists of 5,300 partners across Virginia. Every Lottery retailer plays an important role in helping the Lottery generate funding for education.

Lottery retailers earn sales commissions of 5% on every ticket sold. They also earn 1% of all prizes that are cashed at their store and any retailer that sells a winning ticket of \$20,000 or more will receive an additional bonus. Additionally, the Lottery will occasionally offer retailer promotional programs that are designed to reward them for improved performance and sales. Many retailers will use this additional income to re-invest in their stores, support their families, and even give back to their local community.

	FY25	FY24	FY23
Retailer Commissions	\$112,246,096	\$122,416,330	\$120,702,344
Retailer Cashing Bonus	11,689,529	12,545,616	12,354,988
Retailer Sales Incentive	3,974,734	6,309,192	4,243,360
	\$127,910,359	\$141,271,138	\$137,300,692



Active Retailers
Fiscal Years 2016 – 2025

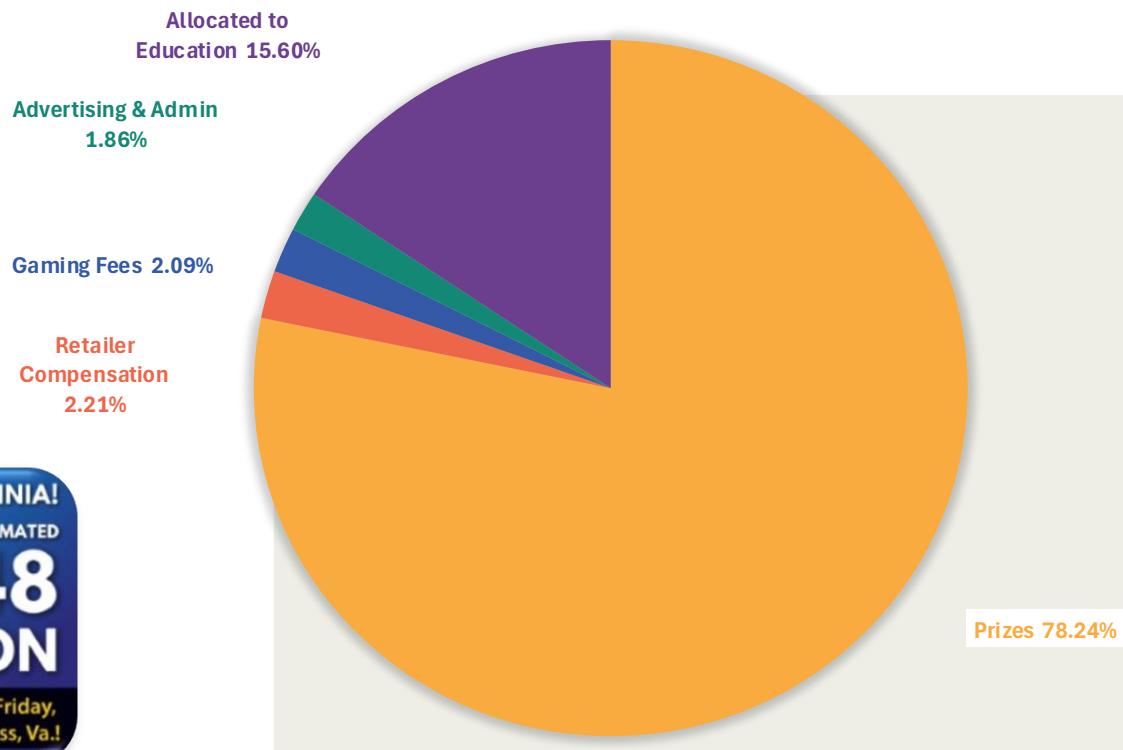


EXPENSES

LOTTERY EXPENSES	FY25	FY24
Prizes:		
Scratchers	\$ 939,598,297	\$ 956,595,844
Daily Games ¹	352,973,823	413,913,703
Jackpot Games ²	132,046,306	205,705,585
Raffles ³	6,200,000	7,800,000
iLottery Instants	3,022,649,717	2,594,278,167
Other Games ⁴	68,370,320	67,450,517
Total Prize Expense	\$ 4,521,838,463	\$ 4,245,743,816
Operating Expenses:		
Retailer Compensation	\$ 127,910,359	\$ 141,510,189
Gaming Fees & Services	120,600,975	112,980,331
Advertising & Promotion	40,405,361	33,784,569
General Administration	67,136,151	62,816,021
Total Operating Expenses	\$ 356,052,846	\$ 351,091,110
Allocated to the Literary Proceeds Fund⁵	\$ 901,528,082	\$ 934,098,975
TOTAL EXPENSES	\$ 5,779,419,391	\$ 5,530,933,901

¹Daily Games are *Pick 3*, *Pick 4*, *Pick 5*, *Cash 5 w/ EZ Match*, and *Cash Pop*
²Jackpot Games are *MegaMillions*, *PowerBall*, *Bank A Million*, and *Cash 4 Life*
³Raffles includes the *New Year's Eve Millionaire's Raffle* and *iLottery Raffle*
⁴Other Games are *Print N Play* and *KEENO*
⁵Does not include unclaimed prizes transferred to the Literary Fund

FY25 DISTRIBUTION OF EXPENSES



Statement of Net Position

Statement of Net Position represents the Lottery's financial position. This statement reports the assets and liabilities at the completion of the fiscal year. The Lottery is considered a major enterprise fund of the Commonwealth of Virginia and is reported as a proprietary fund within the state's Annual Comprehensive Financial Report. The fund is operated in a manner like a private business enterprise.

The Lottery's financial statements are prepared using an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accrual basis means that revenues and expenses are recognized when incurred, not when received or paid. The Lottery's fiscal year runs from July 1 through June 30. By law, the Virginia Lottery transfers all business-type Lottery activity profits to the Commonwealth, specifically to the Lottery Proceeds Fund, each year. As a result, the net position of the Virginia Lottery business-type Lottery activities consists of capital assets (equipment), restricted OPEB assets, and U.S. Treasuries held to fund future payments on annuitized Lottery prizes as shown in the Statement of Net Position. The Lottery's net position for the fiscal years ending June 30, 2024-2025 is shown below. The negative Net Position and any changes in net position of the Lottery enterprise fund at year end reflect Lottery's portion of net pension and other post-employment benefits liabilities. Readers wanting more detailed financial information should refer to the Lottery's FY 2025 Annual Comprehensive Financial Report (ACFR) available on the Virginia Lottery website at: <https://www.valottery.com>.

	FY25	FY24
Assets:		
Current and Other Assets	\$ 660,565,937	\$ 557,929,486
Capital Assets	18,755,932	14,452,125
Total Assets	\$ 679,321,869	\$ 572,381,611
Deferred Outflows of Resources	9,489,451	9,570,057
Total Assets and Deferred Outflows	\$ 688,811,320	\$ 581,951,668
Liabilities:		
Current Liabilities	\$ 497,869,141	\$ 387,344,216
Non-Current Liabilities	206,850,800	212,614,217
Total Liabilities	\$ 704,719,941	\$ 599,958,433
Deferred Inflows of Resources	4,657,893	4,125,495
Total Liabilities and Deferred Inflows	\$ 709,377,834	\$ 604,083,928
Net Investment in Capital Assets	\$ 7,361,845	\$ 8,876,811
Restricted OPEB	\$ 1,593,567	\$ 1,438,593
Unrestricted	\$ (29,521,926)	\$ (32,447,664)
TOTAL NET POSITION	\$ (20,566,514)	\$ (22,132,260)

Statement of Activities

Statement of Activities reports information on the Lottery's revenues and expenses during the fiscal year and changes in net position. The Lottery's fiscal year runs from July 1 through June 30.

	FY25	FY24
OPERATING REVENUES		
Scratchers	\$ 1,277,531,938	\$ 1,314,085,654
Daily Games ¹	740,331,171	781,744,275
Jackpot Games ²	260,692,605	411,180,778
Raffles ³	12,500,000	14,500,000
iLottery Instants	3,383,284,835	2,903,957,135
Other Games ⁴	96,299,344	95,537,024
TOTAL OPERATING REVENUES	\$ 5,770,639,893	\$ 5,521,004,866
OPERATING EXPENSES		
Direct Costs:		
Prize Expense	\$ 4,521,838,463	\$ 4,245,743,816
Retailer Compensation	127,910,359	141,510,189
Ticket Printing & Gaming Services	120,600,975	112,980,332
Advertising & Promotion	40,405,361	33,784,569
General & Administration	65,722,914	61,957,959
TOTAL OPERATING EXPENSES	\$ 4,876,478,072	\$ 4,595,976,864
NON-OPERATING REVENUES (EXPENSES)		
Net Interest Income	\$ 8,281,107	\$ 9,331,808
Net Other Income	650,900	1,028,128
TOTAL NON-OPERATING REVENUES (EXPENSES)	\$ 8,932,007	\$ 10,359,936
CHANGE IN NET POSITION PRIOR TO TRANSFERS	\$ 903,093,828	\$ 935,387,938
Total Transfer to Lottery Proceeds Fund	\$ 901,528,082	\$ 934,098,975
TOTAL CHANGE IN NET POSITION	\$ 1,565,746	\$ 1,288,963
NET POSITION - JULY 1	(22,132,260)	(23,421,223)
NET POSITION - JUNE 30	\$ (20,566,514)	\$ (22,132,260)

¹ Daily Games are Pick 3, Pick 4, Pick 5, Cash 5 w/ EZ Match, and Cash Pop

² Jackpot Games are MegaMillions, PowerBall, Bank A Million, and Cash 4 Life

³ Raffles includes the New Year's Eve Millionaire's Raffle and iLottery Raffle

⁴ Other Games are Print N Play, Virtual Sports, and KENO

Sportsbetting Taxes

The Virginia Lottery is responsible for the regulatory oversight of legalized mobile sportsbetting. The first legal sportsbetting wagers were accepted by licensed operators in January 2021. Taxes from these regulated activities are collected by the Lottery and distributed between the State's general fund and the problem gambling treatment fund, as established by the Code of Virginia.

During fiscal year, the Virginia Lottery collected just over \$103 million in sportsbetting taxes. These funds were deposited directly with the Treasurer of Virginia for credit to the General Fund of the



Commonwealth and the Problem Gambling Treatment and Support Fund, and are not available to the Lottery to meet any current needs. The Virginia Lottery serves in an administrative capacity for the collection of taxes, hence, sports betting taxes are not presented in the financial statements; these revenues are included in the Commonwealth of Virginia's Annual Comprehensive Financial Report (ACFR).

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

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

Casino Taxes

Land-based casino gaming activities commenced in Virginia in FY23. The Virginia Lottery facilitated the collection of approximately \$160 million in taxes associated with the casino wagering activity and related distributions were made to the Problem Gambling Treatment and Support Fund, the Family and Children's Trust Fund, and the host city or Regional Improvement Commission. The remainder of the gaming taxes retained in the established regulatory fund have been designated to support school construction projects.

The Virginia Lottery serves in an administrative capacity for the collection of taxes, hence, casino taxes are not presented in the financial statements; these revenues are included in the Commonwealth of Virginia's Annual Comprehensive Financial Report (ACFR).

The above chart shows the distribution of collected Casino taxes for fiscal year 2025.

Casino Regulation

The Virginia Lottery has been tasked with regulatory responsibilities for land-based casinos. This includes regulation, auditing and compliance for gaming operators, equipment manufacturers and distributors, suppliers, and employees. These activities are accounted for and presented separately in the financial statements as a governmental special revenue fund. This oversight includes the establishment, collection, and use of application and licensure fees from applicants and regulated entities. \$11.3 million in application and license fees were earned during this fifth year of the regulatory oversight functions.

The Governmental Gaming activities that are accounted for in a special revenue fund are used to account for resources committed for a specific purpose. When there is an available fund balance, it is committed for the regulation of Sports Betting and Casino activities. The related activity has been accounted for using the modified accrual basis of accounting and the governmental fund financial statements have been prepared using the financial resources measurement focus.

Expenditures of \$16.1 million were incurred during fiscal year 2025 in support of casino regulation functions. This was an increase from last year as activities have continued to ramp up. These expenditures include staff and contractual services in support of the regulatory programs. The negative ending fund balance is due to the timing of start-up expenditures exceeding the revenue recognized in the first years of casino gaming. Each approved casino pays a \$15 million license fee, recognized over the 10-year license term. Cash flow is sufficient to meet operating expenditures, but the timing of revenue recognition and start-up costs caused the negative ending fund balance. We will continue to assess the adequacy of licensing fee revenues to support the total program costs and explore future options including changes to the licensing fees and terms to offset the costs of the regulatory oversight program.

The three casinos in Operation during fiscal year 2025 were:

- Hard Rock Bristol: While the temporary facility opened in July 2022, the permanent facility celebrated its grand opening in 2025



- Rivers Casino Portsmouth: The first permanent casino facility to open in Virginia celebrated its grand opening in January 2023

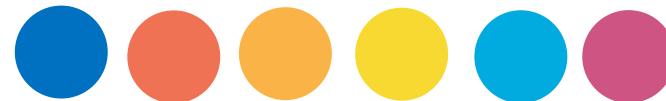


- Caesars Virginia in Danville: While the temporary facility opened in May 2023, the permanent facility celebrated its grand opening in 2025



(\$ in thousands, differences due to rounding)	FY25	FY24
REVENUES		
License & Application Fees	\$ 11,253.6	\$ 11,250.0
Interest Income	810.1	1,634.3
TOTAL REVENUES	\$ 12,063.7	\$ 12,884.3
EXPENDITURES		
General & Administrative	\$ 16,142.8	\$ 15,069.9
Debt Service	\$ 4,521.7	\$ 4,434.6
TOTAL OPERATING EXPENSES	\$ 20,664.5	\$ 19,504.5
OTHER		
Other Financing Sources	\$ 306.1	\$ 267.1
CHANGE IN FUND BALANCE	\$ (8,295)	\$ (6,353)
BEGINNING FUND BALANCE, JULY 1	(13,691.3)	(7,338.2)
ENDING FUND BALANCE, JUNE 30	\$ (21,986.0)	\$ (13,691.3)

Accounting Terminology



Current Assets are resources that the Lottery owns, which includes cash, receivables, ticket inventory, and amounts due from other funds. These are assets that can either be converted to cash or used to pay current liabilities within 12 months.

Operating Revenue is income from the sale of Lottery tickets.

Current Liabilities are obligations in which the Lottery owes to its suppliers, winners, and the State. These are short term debts to be paid within 1 year.

Deferred Inflows/Outflows of Resources are an acquisition/consumption of Net Position that is applicable to a future accounting period.

Net Position is the difference between the Lottery's total assets (including deferred outflows) and liabilities (including deferred inflows).

Non-Operating Revenue is income from interest earned on cash held and fees collected from retailers. The majority of retailer fees are a communication fee charged to active retailers for satellite communications and activation fees for new retailers.

Modified Accrual Basis is when revenues are recognized in the period they are available/measurable; expenditures are recognized in the period in which the fund liability is incurred, if measurable.

Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Fund Balance is the excess of assets over liabilities; also known as surplus funds.

Operating Expenses are expenses incurred as a result of normal business operations. These expenses are necessary to run the business while also generating additional funding for education through promotions, public relations, and point of sale items such as signage and monitors at retail locations.

GAAP (Generally Accepted Accounting Principles) are the uniform minimum standards for financial accounting & recording; encompassing the conventions, rules, and procedures that define accepted accounting principles.

Capital Assets are assets that the Lottery uses to run its daily operations, such as land, buildings, vehicles, and gaming equipment. Also included are Right-To-Use Assets which consist of qualifying leases and subscriptions per GASB publications 87 and 96.

Restricted Assets is the amount of assets limited for specific purposes, such as employee benefits.

Non-Current Liabilities are long-term financial obligations that are not due within a year. Annuity prizes and accrued time off make up the majority.

Fund is an accounting entity that has a set of self-balancing accounts and that records all financial transactions for specific activities or functions.

Unrestricted is the difference between the Lottery's assets and liabilities that isn't already included in the net investment of capital assets or restricted by legislation.

Enterprise Fund is a governmental accounting fund in which services provided are financed & operated similar to those of a private business, where the intent is that the costs of providing goods and services be financed or recovered through user fees.

Ticket Printing/Gaming Services are ticket printing, delivery, and warehouse expenses, gaming vendor contract expenses, and licensing fees for branded games.

Accrual Basis is when revenues and expenses are recognized in the period in which they are earned/incurred.

Net Investment in Capital Assets is the difference between the value accumulated depreciation of capital.

Governmental Fund is a fund used to account for the governmental activities, including the acquisition or construction of governmental capital assets and the servicing of general long-term debt. Typically, governmental funds derive some or all of their revenue from taxes.



LOTTERY IN THE COMMUNITY

The Virginia Lottery is proud to have an outreach program that provides employees with leave hours that they are able to use in a variety of ways in their communities. This program provides employees with opportunities to take an active role in their communities. It's important for us to share our mission and also remind our beneficiaries of the Virginia Lottery's commitment to supporting teacher development, expanded education options and community outreach efforts. Each year we continue to build our education partnership portfolio so that we can expand our reach to key education stakeholder groups.



Lottery Employees volunteer at community events throughout the state as a representative of the Lottery.

Employees pass out promotional scratch tickets and premium items while spreading the message of our mission to support K-12 public education.

RICHMOND SPCA

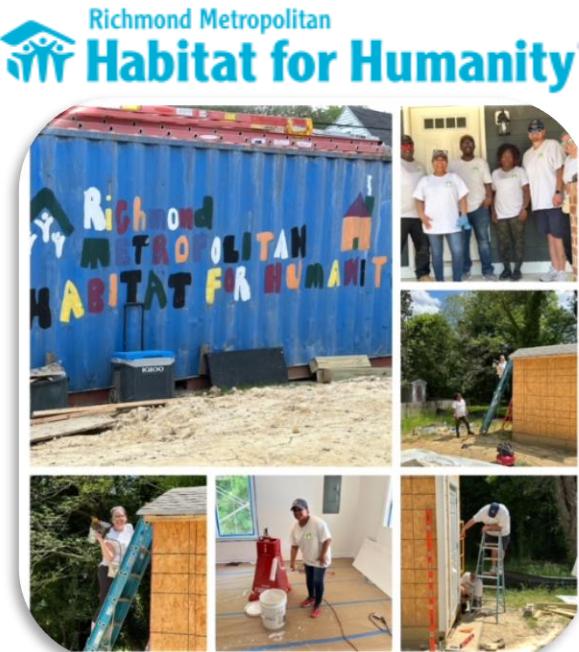
CELEBRATING 20 YEARS NO-KILL

Volunteers for Richmond SPCA assist with ensuring the health and happiness of animals in their care.

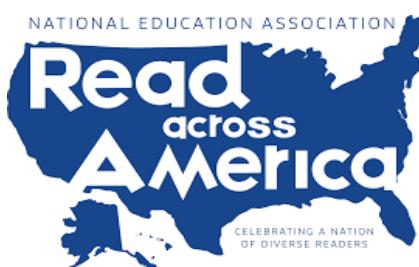
Through cleaning, clerical work, enrichment, reward-based training and community outreach, the support volunteers give help to save thousands of animals each year.



Lottery Outreach participants partner with local elementary schools during Read Across America week and volunteer to read to students during their assigned time slots.



Richmond Metro Habitat for Humanity is committed to making affordable and safe housing a reality for low-income families. Since 1986, they have built and rehabbed more than 385 homes and completed more than 129 critical home repairs in the Greater Richmond area.



COMMUNITY



The Chesterfield Food Bank Outreach Center's mission is about feeding those in need and empowering individuals and families to overcome the root causes of food insecurity.



The Science Museum of Virginia hosts an annual teacher open house. The event invites Virginia educators to the museum to check out the exhibits and to learn about different field trip opportunities, including virtual opportunities, such as the digital demos, which the Lottery sponsors. Digital demos are live, virtual lessons that are highly interactive and designed to involve students in STEM through inquiry, hands-on activities, and demonstrations. During the open house, teachers have the chance to speak directly with Science Museum educators to learn more about group programming.

Virginia Lottery sponsors the event and volunteers worked the registration table, greeted educators as they arrived, and provided information about the event and the museum.



The Ultimate Backpack Supply is one of the largest school supply drives in the United States. This year, the event brought in over 31,056 new backpacks and school supplies for local students. For so many families, the financial burden of school supplies is a pressing issue that many parents face the daunting reality of having to make difficult decisions between basic necessities, such as food and clothing, or investing in educational materials.

Awards & Acknowledgements



The Virginia Lottery's Play Responsibly program has grown over the years to become one of the most respected in the North American lottery industry. The Lottery's commitment can be seen in its Sustaining Level certification in the Responsible Gambling Verification Program, a joint venture of the National Council on Problem Gambling (NCPG) and the North American Association of State and Provincial Lotteries (NASPL). It is the highest and most respected level of certification possible within the North American lottery industry. Virginia was one of the first states to attain certification when that program was first introduced. The current certification is valid through April 2026.

The goal of the Virginia Lottery's Play Responsibly program is to raise awareness among all Virginians, whether they choose to gamble, of the dangers of gambling addiction and the resources available in Virginia to help people with gambling problems. We seek to promote informed Lottery play. We seek to remind Virginians that you must be at least 18 years old to play Lottery games, and Lottery tickets should never be sold to or given as gifts to anyone younger than 18. Looking ahead, the Lottery will continue to expand toward a year-round, sustained effort in all areas of awareness by building on the emphasis on problem-gambling awareness that arises in March and during the holiday season. This includes enhanced research into areas of improvement in our own account-based play awareness, a new public-service announcement, increased Lottery employee education, and an employee survey aimed at measuring Virginia Lottery employee awareness of Play Responsibly messaging. The Lottery remains committed to raising awareness of problem gambling and the resources available in Virginia. We welcome suggestions from other interested parties and concerned citizens as to what we can do to increase our efforts, increase our outreach and increase our impact on this very important issue.



At the Richmond Times-Dispatch's Best of Richmond awards ceremony, the Lottery won the **"Best way to place your bets"** category!



Loyalty360, the Association for Customer Loyalty, presented the Virginia Lottery with the bronze award for **customer loyalty strategy**. These awards recognize brands that are building stronger and deeper loyalty with their customers in a proactive, meaningful, and measurable way.

**TOP
WORK
PLACES
2025**

Richmond Times-Dispatch

THANK YOU, VIRGINIA LOTTERY EMPLOYEES!



**IT'S BECAUSE OF YOUR PASSION AND DEDICATION
THAT THE LOTTERY IS A 2025 TOP WORKPLACE.**



The Virginia Lottery received the honor of being voted one of Virginia's **Top Workplaces** in 2025. That means the Lottery was ranked among the top midsize companies in the Richmond area. This honor was received after Lottery employees completed an anonymous survey that measures employee's opinions on multiple topics, from workplace life and work-life balance to training opportunities and benefits. This is the fifth time the Lottery has been recognized, after having received the designation in 2015, 2018, 2019, and 2024. The Lottery's vision is to create and cultivate a workplace where all employees feel valued and appreciated while responsibly creating games, experiences and fun to benefit K-12 public education and Virginia initiatives, and it looks like that vision is being achieved!



The **LEAD** program is an internal developmental program for any Lottery employee aspiring to become a leader. This year, ten motivated and goal-oriented individuals representing six departments across the agency came together for one common goal: To grow and develop their skills and knowledge in leading others.

The Virginia Lottery received the Corporate Awareness Campaign Impact Award for its 2024 Gift Responsibly campaign, "Scratchers for Kids? Scratch That Idea!" at the National Council on Problem Gambling's Annual Conference. This marks the 18th time that the Virginia Lottery's Play Responsibly program has been recognized with an award at the state or national level.



gift responsibly
Lottery games are not for minors.



It has been 36 years since the Lottery sold its very first ticket: the \$1.00 Match 3 ticket with a \$5,000 top prize. Since then, the Lottery has expanded upon the fun and entertainment it provides for adult Virginians by offering everything from \$1 to \$50 Scratchers, a variety of daily draw games, multi-state games, iLottery games, and Virtual Sports. One thing that has remained constant for 36 years is the dedication of Virginia Lottery employees. The Lottery's core values aren't just talked about, they are LIVED: Integrity, Innovation, Customer Focus, Collaboration, and Empowerment.

