

2022

Annual

COMPREHENSIVE FINANCIAL REPORT

for the Fiscal Years Ended June 30, 2022 and 2021

WEST VIRGINIA LOTTERY

A Component Unit of the
State of West Virginia

A Component Unit of the State of West Virginia

Prepared by Finance and Administration Division

Michelle Painter, CPA
Deputy Director of Finance and Administration
and Chief Financial Officer

Annual Comprehensive Financial Report
For the Fiscal Years Ended June 30, 2022 and 2021

A PDF download of this Annual Comprehensive Financial Report is available at wvlottery.com. Go to the News and Info tab and to Financial Reports.

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MESSAGE FROM JOHN A. MYERS

Director, West Virginia Lottery



I am pleased to present this year's West Virginia Lottery Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022 to the Honorable Jim Justice, Governor; Dave Hardy, Cabinet Secretary, Department of Revenue; and the West Virginia Legislature. Our mission to operate responsibly with the highest standards of integrity and security has helped to provide a continued revenue stream for programs that benefit the citizens of West Virginia for more than 36 years.

The Lottery was created in April 1985 pursuant to authority granted by the West Virginia Legislature with gaming operations beginning in January 1986. Since that time, the Lottery has generated nearly $11.9 billion in gaming revenue for the State of West Virginia with proceeds supporting education, seniors, and tourism. Lottery operations have produced more than $3.7 billion for education, more than $1.5 billion for senior services, and more than $1.3 billion for tourism.

The financial, economic, demographic, and statistical data contained in this report is intended to help provide a framework of understanding of the Lottery's financial performance, and represents only the activity for which the West Virginia Lottery exercises regulatory authority. Responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests solely with the Lottery. An independent certified public accounting firm has audited the financial statements and accompanying notes contained in the financial section of this report.



WEST VIRGINIA LOTTERY COMMISSION

The Commission was created in 1985 to assist and advise the Director of the Lottery and to carry on a continuous study of West Virginia Lottery operations throughout the state. Members are appointed by the Governor with the approval of the Senate. In accordance with state law, the Lottery Commission is required to have seven members comprised of a lawyer, a certified public accountant, a computer expert, a marketing specialist, and one member with not less than five years experience in law enforcement. An additional two members represent the "public at large." No more than four members may be from the same political party. Unless filling an unexpired appointment, members serve overlapping terms of five years and are eligible for successive appointments to the Commission.



KENNETH L. GREEAR

Chairman
Charleston
Computer Expert



ROY E. SHREWSBERRY III

Vice Chairman
Beckley
Public at Large



PEGGY J. POPE

Charleston
Public at Large



ANDREW B. KNICELEY

Fairmont
Marketing



DAN A. MARSHALL

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Attorney



DOUGLAS A. BICKSLER, CPA

Lewisburg
Certified Public Accountant

*The law enforcement chair is currently open.



The West Virginia Lottery has generated nearly $11.9 billion in proceeds for the State of West Virginia since 1986.

LOTTERY PROCEEDS

The West Virginia Lottery has generated nearly $11.9 billion in proceeds for the State of West Virginia since 1986. Lottery proceeds are used in various ways to improve the quality of life of all West Virginians. Proceeds help fund new school construction and improvements, help finance the PROMISE Scholarship program, assist in providing important senior services, aid in the growth of the state's tourism industry, and support West Virginia veterans with services and needs.

LOTTERY IMPACT

The West Virginia Lottery began operations in 1986 with a single scratch-off game called “West Virginia Jackpot” that generated more than $53.0 million in sales. Today, the West Virginia Lottery regulates several forms of gaming that include traditional lottery, racetrack video lottery, limited video lottery, table games, sports wagering, and interactive wagering.

The Lottery’s continued success is largely attributed to its partnerships with more than 1,500 traditional and more than 1,200 limited video lottery retailers. These retailers employ thousands of West Virginians. Additionally, optimized products and ongoing communications have created satisfied Lottery players who continue to help us generate a significant, positive impact on West Virginia’s economy.





INTRODUCTORY SECTION

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1-800-WVA-CASH

James C. Justice
Governor

John A. Myers
Director

December 5, 2022

The Honorable James C. Justice II, Governor
Dave Hardy, Cabinet Secretary, Department of Revenue
Kenneth L. Greear, Chairman, West Virginia Lottery Commission
Members of the West Virginia Lottery Commission

We are pleased to transmit to you the Annual Comprehensive Financial Report of the West Virginia Lottery (the Lottery) for the fiscal years ended June 30, 2022 and 2021. This report has been prepared by the Finance and Administration Division of the Lottery. Responsibility for both the accuracy of the financial data and the completeness and fairness of presentation, including all disclosures, rests solely with the Lottery. To the best of our knowledge and belief, the enclosed data and information are accurate and are reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the Lottery. All disclosures necessary to enable the reader to gain an understanding of the Lottery's financial activities have been included.

Presented in this report is information about the Lottery, an agency under the Department of Revenue of the State of West Virginia. The State Lottery Act §29-22 was passed in April 1985 by the West Virginia Legislature. The Lottery operates as a business enterprise within the framework of State laws, rules and regulations. Its mission is to generate revenue to fund programs benefiting education, senior citizens, tourism and such other programs as the Legislature may determine. This mission is being performed with the utmost integrity to ensure public confidence.

The Lottery is considered a component unit of the State of West Virginia. This report presents Lottery activity in a single enterprise fund; the fund includes all activity for which the West Virginia Lottery Commission exercises oversight responsibility. The Lottery has no component units and this report includes only the activity of the Lottery. This report does not include data and information related to any other state agency or fund.

This letter of transmittal is designed to be read in conjunction with the complementary information offered in the Management's Discussion and Analysis (MD&A) which can be found immediately following the independent auditor's report.

John A. Myers
Director of West Virginia Lottery

Michelle Painter, CPA
Deputy Director of Finance and Administration

OVERVIEW

As the world began to return to normalcy on the heels of the COVID-19 pandemic, retailers and limited video lottery establishments reopened to full capacity in Fiscal Year 2022, allowing for a steady climb back to normal operations. The climb was not always smooth, as retailers and LVL establishments learned to adjust from the previous two years. Entertainment options and spending habits had shifted in a post-pandemic business environment.



The West Virginia Lottery registered total gross sales of nearly $1.3 billion for the fiscal year ending on June 30, 2022, nearly $290 million above projections. The Lottery was able to allocate $545.7 million in proceeds to the State. While casinos seemed to suffer a decline in attendance, traditional lottery gaming and limited video lottery saw increases, with LVL revenues at their highest ever at $490.9 million.

Overall, West Virginia Lottery players, retailers and casinos shared in a total of nearly $674.5 million in prizes and commissions from all forms of gaming in FY 2022. Each of these gaming operations was able to provide the following in transfers: Traditional Lottery $48.6 million, Racetrack Video Lottery $213.0 million, Limited Video Lottery $245.7 million, and $17.8 million from table games. Additionally the Historic Resort at the Greenbrier supplied $3.1 million in transfers, while sports wagering and interactive wagering were able to provide $3.9 million and $13.6 million, respectively.

Lottery proceeds leave a substantial imprint on a wide-range of programs that benefit the people and communities of West Virginia. The 2022 state budget included $472.5 million in cash transfers from the Lottery. This included $80.4 million for education, $70.6 million for senior services, $62.6 million for tourism, $88.8 million to the General Fund, $46.1 million towards the Infrastructure Council, with other agencies collecting $94.3 million, including $29.0 million towards the PROMISE Scholarship fund and $677.6 thousand for veterans. A total of $29.2 million in statutory transfers were paid to county and local municipalities in FY2022.

The West Virginia Lottery's total operating costs were 3.0 percent of total sales, and this allowed the Lottery to generate a surplus in excess amounts of $130.4 million available for additional legislative appropriations.

The West Virginia Lottery registered total gross sales of nearly

$1.3 BILLION

for the fiscal year ending on June 30, 2022, nearly $290 million above projections.

RACETRACK VIDEO LOTTERY	$213.0 MILLION
LIMITED VIDEO LOTTERY	$245.7 MILLION
TRADITIONAL LOTTERY	$48.6 MILLION
RACETRACK TABLE GAMES	$17.8 MILLION
HISTORIC RESORT	$3.1 MILLION
SPORTS WAGERING	$3.9 MILLION
INTERACTIVE WAGERING	$13.6 MILLION

ECONOMIC OUTLOOK

The West Virginia economy continues to recover following the COVID-19 pandemic. Employment has surpassed pre-pandemic levels as total nonfarm employment was over 705,730 through the second quarter of 2022, up from 673,630 during 2020. The labor force in West Virginia has increased by over 14,000 workers since the pandemic trough and the state unemployment rate improved from 8.2 percent to 3.8 percent over the same period. Revenue growth is being driven by strong collections of Severance Tax, Personal Income Tax, and Consumer Sales Tax. Collections of Severance Tax continue to set records with year-to-date revenue of $183.8 million through August 2022. This represents a year-over-year increase of 273 percent. Year-to-date collections of Personal Income Tax through August 2022 totaled $347.2 million, or 17.2 percent ahead of prior year receipts. Cumulative Consumer Sales Tax collections of nearly $247.2 million are $30.5 million above estimate, which is 7.0 percent ahead of the previous year. As natural gas prices continue to rise, West Virginia produced over 2.7 trillion cubic feet of natural gas in 2021, which was the fifth most in the United States. Additionally, West Virginia produced an all-time high of 19.1 million barrels of crude oil in 2020 and 18.2 million barrels in 2021, per data from the Energy Information Administration (EIA). The state's exports of merchandise increased to $6.34 billion through 2021, as the impact of the global pandemic on export trade began to dissipate. The top three export destinations for West Virginia were Canada, China, and India, which are major importers of coal, according to analysis by IHS Markit.

West Virginia General Revenue Fund collections were $1.3 billion above the official Fiscal Year 2022 estimate and 18.0 percent above prior year receipts. The record revenue collection was driven by solid economic growth and higher than anticipated inflation. The revenue growth was coupled with a tight labor market and low unemployment. Furthermore, the level of federal aid to state and local governments was larger than could be anticipated. State records were set for Personal Income Tax, severance tax, and consumer sales tax collections. During Fiscal Year 2022, the record-setting collections gathered from these components of the General Revenue Fund were $2.5 billion, $768.8 million, and $1.6 billion, respectively.



According to the most recent monthly data from the EIA, West Virginia produced 1,406,000 MMCF of natural gas through June 2022. This represented an increase of 3.3 percent during the same time period compared to the previous year. Total natural gas production in the United States was 21,159,921 MMCF during the first six months of this year, which was an increase of 4.6 percent from the first six months of the previous year. According to reports from Natural Gas Intelligence, the Eastern Gas price was $7.73 per million BTU in August 2022. This represents a slight increase from the previous month, but is significantly higher than the price of $3.63 per million BTU, recorded in August 2021. Average natural gas prices have roughly tripled in the past year with supply shortages, particularly in Europe, contributing to recent upward pressure on natural gas pricing. Prices are anticipated to decrease somewhat in future months, however, assuming a combination of greater storage levels and falling demand due to the impact of high current pricing and moderate rationing overseas.

Through June of this year, West Virginia produced 62.7 million short tons of coal, year-to-date, which was a year-over-year increase of 4.7 percent. Between 2021 and the first half of 2022, the average price of coal nearly doubled from $73 per ton to approximately $145 per ton. However, U.S. coal-fired generation capacity is expected to continue its long-term decline in 2022 by about 6.0 percent of the coal-fired generating capacity that was operating at the end of 2021. The fluctuations in commodity prices, demand, supply, and other factors may be indicative of industry uncertainties, both globally and domestically. Additionally, continuing uncertainty in European markets and the potential for recession in foreign markets could signal downward pressure on demand, leading to decreasing metallurgical coal prices.

During the first half of calendar year 2022, the average annual household employment count in West Virginia reached a three-year high of 794,367 and the average annual unemployment rate improved to 3.7 percent, and total employment in West Virginia surpassed its pre-pandemic levels. However, data provided by Workforce West Virginia indicates that the seasonally adjusted unemployment rate rose slightly to 3.9 percent in August. Similarly, the United States unemployment rate increased slightly to 3.7 percent in August. Despite the slight uptick in the state unemployment rate, service sector job growth was evident as 1,400 new jobs were added in the sector of leisure and hospitality. The field of leisure and hospitality now has an estimated labor force of 73,800 as of August, which is up from 67,300 workers from the previous August, an increase of 9.6 percent. Within this sector, the labor

force for accommodations and food service has grown by 4,700 people year-over-year. Nationally, the amount of people employed in leisure and hospitality has increased every month since December 2020, reaching a high of 15.8 million employees in August, according to preliminary data provided by the Bureau of Labor Statistics (BLS).

Average wages and salaries increased by 4.7 percent, over the preceding 12-month period, in the United States, as of the end of the first quarter of 2022 (according to the Bureau of Labor Statistics). This percentage has increased each quarter since the end of the third quarter of 2020 when wages increased by 2.5 percent. West Virginia has performed consistently with the national average as wages increased by 2.3 percent through the first quarter of 2022, according to the Bureau of Economic Analysis (BEA). Additionally, the average hourly wages of private-sector employees have trended upwards since the pandemic low of $24.29 in August 2020. Through June 2022, the average hourly salary of West Virginia's private-sector workers was $26.50.

The U.S. economy is expected to grow by an annual rate of just 1.7 percent in 2022. This potential for slow growth is attributable to higher interest rates associated with efforts to reduce demand in a high inflationary environment. Partly due to continued political turmoil in Eastern Europe, with some disruption in normal energy supply trade, the consumer price inflation is expected to rise to above 8.0 percent in 2022, from 4.7 percent in the previous year. Though overall CPI inflation continues at elevated levels, this is expected to ease dramatically in 2023 before leveling off at about 2.0 percent in 2024. The economic sectors of consumption, business fixed investment, industrial production, and payroll employment are expected to grow at rates above the real GDP projected rate of 1.7 percent. These indicators are projected to increase at a rate of 2.5 percent, 4.2 percent, 4.1 percent, and 4.0 percent, respectively, in 2022.

In September, the Federal Open Market Committee (FOMC) raised the federal funds rate by 0.75 percent, the fifth rate increase with a cumulative total of 300 basis points so far in 2022. The FOMC took this action in an effort to reduce inflation, which was at a 40-year high. Federal Reserve policymakers are attempting to increase the cost of borrowing in an attempt to stave off demand and slow economic growth. Their objective is to return inflation to a stable 2.0 percent level. The FOMC's action risks a slowdown of economic growth, however, this move comes with the potential benefit of reducing inflation to a sustainable level. In additional actions, the FOMC is continuing to reduce its holdings of Treasury securities in an effort to reduce the size of the Federal Reserve's balance sheet, as described in plans released in May. Inflationary expectations have varied and the median expectation for personal consumption expenditure (PCE) inflation over 10 years was 2.4 percent as of a May survey and inflation expectations for three and five-year intervals have moderated in recent months.

Throughout this year, state and corporate officials have announced agreements for new manufacturing projects in West Virginia. In January, the Office of the Governor proclaimed an investment deal by Nucor Corporation to build a sheet steel mill in Mason County. This investment brings the potential of creating approximately 1,000 construction jobs in 2022 and 800 manufacturing jobs by 2024. The Governor's Office also announced the arrival of GreenPower Motor Company Inc., which could bring up to 200 new manufacturing jobs to the state, and up to 900 jobs when full production capabilities are reached. Additionally, the West Virginia Department of Economic Development announced the acquisition of a building in the Eastern Panhandle by a German packaging manufacturer. The development of this plant could create up to 100 new jobs for the state. During the second half of 2022, a South Korean drug manufacturer is expected to begin the building of a manufacturing plant in Morgantown. The completion of the plant by 2023 could result in the addition of 1,200 new manufacturing jobs, as outlined in a Memorandum of Understanding signed with the state.

Though General Revenue Fund collections were exceptionally high in Fiscal Year 2022, this growth is expected to slow during Fiscal Year 2023. Slowing economic growth in recent months, current geopolitical crises, the ongoing COVID-19 pandemic, high inflation, and changing federal monetary policy will likely result in slower revenue growth during the new fiscal year. On a national basis, the Urban Institute and Brookings Institution's Tax Policy Center recently reported that states' Personal Income Tax revenues are expected to grow by a weak 0.4 percent, Corporate Income Tax collections could decrease by 8.6 percent, and Sales Tax revenues may increase by only 0.1 percent during Fiscal Year 2023. With all-time highs in revenue collections among the states, there remain economic uncertainties that could slow the momentum of growth from the previous fiscal year. ■

Written by Korok Biswas, Tax Analyst 2, West Virginia Department of Revenue and Daniel Kanner, Executive Assistant, West Virginia Department of Revenue

LOTTERY PRODUCTS

The West Virginia Lottery has introduced 13 different traditional lottery game products since its inception, but currently provides players the opportunity to participate at 1,503 retail locations in a variety of 9 products:

SCRATCH-OFF games were the Lottery's first type of game introduced in January 1986. There are different ways to win in an instant or "scratch-off" game including matching three-like dollar amounts, symbols or letters, or adding up numbers to a specified total for example. If the correct combination is revealed, the player becomes an "instant winner" without having to wait for the results of a drawing. Instant games offer a wide variety of game themes. During Fiscal Fear 2022, there were 37 new games introduced. Instant games provided approximately 13.3 percent of total Fiscal Year 2022 sales.

DAILY 3 is a draw game introduced in February of 1987. Players choose three numbers from 0 to 9 for prizes ranging from $40 to $500. Drawings are held six nights a week.

DAILY 4 is a draw game also introduced in February of 1987. Players choose four numbers from 0 to 9 for prizes ranging from $100 to $5,000. Drawings are held six nights a week.

CASH 25 is a draw game, introduced in February 1990. Players pick six numbers between 1 and 25 for a chance to win cash prizes ranging from $1 to $25,000. Drawings are held four nights a week every Monday, Tuesday, Thursday, and Friday.

KENO GO is a draw game introduced in December 1992 and updated and made available at all retail locations in July 2020. Drawings are held every three minutes, seven days a week from 5:01 a.m. through 3:46 a.m. The player marks the "spot", the amount of numbers they want to play per game from 1 to 10 and choose numbers from 1 to 80 depending on the number of "spots". The Lottery's secured random number generator randomly picks 20 numbers between 1 and 80. Keno Go Bonus is a chance to increase your winnings by 3, 4, 5, or 10 times. The winning numbers are displayed at retailer locations and on the Lottery's website and mobile convenience app.

POWERBALL® is a draw game offering jackpots of $20 million or more paid either in a cash lump sum of the prize value or a 29-year annuity with drawings every Monday, Wednesday, and Saturday. Prizes are also awarded in eight other win divisions ranging from $4 to $1 million. The game is jointly operated by 44 state lotteries, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands who are members of either the Multi-State Lottery Association (MUSL) or the Mega Millions® Group. Powerball® was first introduced on April 22, 1992 with 15 participating lotteries. The Power Play® Multiplier feature was added in March 2001. Cross-selling with Mega Millions® Group members began January 31, 2010. On January 18, 2012, the price point for a single play increased to $2 per play and Power Play® no longer used a multiplier, but was now set dollar values. The Power Play® option match 5+0 prize became $2 million and all lower prizes were multiplied by 2, 3, 4 or 5 and a 10x option was added if the jackpot is $150 million or less beginning October 4, 2015. Powerball® sales are approximately 2.5 percent of total Fiscal Year 2022 sales.

MEGA MILLIONS® is a draw game jointly operated by 44 state lotteries, the District of Columbia and the U.S. Virgin Islands, with members belonging to the same groups that operate Powerball®. The game was introduced on August 31, 1996 as The Big Game. The first drawing took place on September 6, 1996, with six states participating. The West Virginia Lottery and 22 other states began selling Mega Millions® January 31, 2010 in a cross-selling agreement. The game is similar to Powerball®, in play and jackpots. A feature called Megaplier® was added where non-jackpot winnings can be multiplied from a random number. Jackpots are paid either in a cash lump sum equal to the present value of the annuitized amount or over 29 years with a guaranteed minimum jackpot of $20 million. Mega Millions® offers eight secondary prizes of fixed amounts ranging from $2 to $1 million. On October 15, 2017, a special offer called Just the Jackpot became available allowing a player to pay $3 for two plays towards the jackpot only. Drawings are held twice weekly on Tuesday and Friday.

LOTTO AMERICA® is a draw game jointly operated by 13 states who are members of MUSL. A game with the same name was launched in 1988 and the final drawing was held on April 18, 1992 when it became Powerball®. The name with a new game returned November 2017 with drawings on Monday, Wednesday, and Saturday, replacing the Hot Lotto® multi-state game. Players choose five numbers from 1 to 52 for the red balls and one number from 1 to 10 for the Star Ball®. When adding the All Star Bonus® for $1 per play, you can multiply your winnings (except for the grand prize) by 2 to 5 times. The grand prize starts at $2 million and increases by a minimum of $50 thousand per draw until it is won. Lotto America® offers eight secondary prizes of fixed amounts ranging from $2 to $20 thousand.

CA$H POP is a new fast draw game introduced in February 2022. Drawings are held every fifteen minutes, seven days a week from 5:01 a.m. through 3:46 a.m. Players may win from 5 to 500 times the dollar amount played on a number. The player chooses how many number(s) they want to play per drawing, a single number from 1 to 15 for each number played, to play $1, $2, $5, or $10 per number, and the number of consecutive draws from 1 to 8 to play. The Lottery's secured random number generator randomly picks a single number to match. The winning numbers are displayed at retailer locations and Lottery's website and mobile convenience app.



The West Virginia Lottery regulates several forms of gaming that include racetrack video lottery, limited video lottery, table games, sports wagering, and interactive wagering:

RACETRACK VIDEO LOTTERY games were implemented in 1994 when the West Virginia Legislature passed the Racetrack Video Lottery Act, making video lottery terminals available to the four racetracks in the state subject to passage of local referendums. In September 1994, three racetracks (Mountaineer Casino Racetrack & Resort, Wheeling Island Hotel, Casino & Racetrack, and Mardi Gras Casino & Resort) began operating with 1,200 video lottery machines. A fourth racetrack (Hollywood Casino at Charles Town Races) began video gaming in September 1997. Games offered are Poker, Blackjack, Keno, and spinning reel types. Effective June 1999, legislative action has allowed mechanical reel coin drop machines. As of June 30, 2022, the West Virginia Lottery Commission had an average of 4,783 terminals available for play at the four racetracks in the state. Racetrack Video Lottery sales were 37.4 percent of total 2022 fiscal sales.

LIMITED VIDEO LOTTERY games were approved by the Legislature in April 2001. The legislation provides up to 9,000 video lottery terminals to be placed in retailer locations with specific types of West Virginia Alcohol Beverage Control Administration licenses. The first terminals were enabled for play on December 17, 2001. A total of 8,132 terminals were operating at licensed retail locations throughout the state as of June 30, 2022. Limited video lottery sales were 38.7 percent of total 2022 fiscal sales at 1,228 operating retailer locations.

TABLE GAMES were implemented in Fiscal Year 2008 when the West Virginia Legislature passed the Racetrack Table Games Act, making table games available to the four racetracks in the state subject to passage of local referendums. In October 2007, two racetracks (Mountaineer Casino Racetrack & Resort and Wheeling Island Hotel, Casino & Racetrack) began operating with poker tables only and added full table games in December 2007. In August 2008, a third racetrack (Mardi Gras Casino & Resort) began operating with poker tables only and added full table games in October 2008. The fourth racetrack (Hollywood Casino at Charles Town Races) began operating full table games on July 1, 2010. Games offered are Poker, Blackjack, Caribbean Stud, Craps, Roulette, Three and Four Card Poker, and other miscellaneous games. Racetrack Table Games sales were 2.8 percent of total 2022 fiscal sales.





INTERACTIVE WAGERING REVENUE
2022: $12,925,912 / 2021: $5,076,863

HISTORIC RESORT implemented video lottery and table games in Fiscal Year 2010 when the West Virginia Legislature passed the Casino Act, which also required the passage of local referendum. In October 2009, The Greenbrier began operating both video lottery and the table games Blackjack, Roulette, and Three Card Poker.

SPORTS WAGERING was implemented in Fiscal Year 2019 when the West Virginia Legislature passed Senate Bill 415 permitting wagering on the results of permitted professional or collegiate sports or athletic events and other events authorized as West Virginia Lottery sports wagering activities.

INTERACTIVE WAGERING was implemented in Fiscal Year 2020 when the West Virginia Legislature passed House Bill 2934 permitting existing racetrack casinos and the casino in a historic resort hotel to offer wagering on any authorized interactive game. Authorized interactive games are computerized or virtual versions of any game of chance or digital simulation thereof, including, but not limited to, casino-themed slot simulations, table games, and other games approved by the Commission.

FINANCIAL INFORMATION

ENTERPRISE OPERATIONS

The West Virginia Lottery operating activities include sales of instant and online tickets, the regulation of video lottery, table games, sports wagering, and interactive wagering operations to the general public and the related supporting functions: personnel, finance and administration, video, marketing, security, table games, and licensing. No general government functions or operations are managed by the Lottery or included in this report. Sales in Fiscal Year 2022 increased 7.8 percent to $1.27 billion from $1.18 billion in Fiscal Year 2021. Distributions to the State of West Virginia decreased 2.4 percent from $558.96 million in Fiscal Year 2021 to $545.75 million in Fiscal Year 2022.

ACCOUNTING SYSTEMS AND POLICIES

The West Virginia Lottery operates as an enterprise fund that, like a private business, utilize the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

BUDGETARY CONTROLS

The Lottery's budgeted funds are the State Lottery Fund and State Excess Lottery Fund. Budgetary control for these funds are addressed through their enabling legislations, which provide specific limitations on operating and administrative expenses. For budgetary purposes, the State Lottery and Excess Lottery Funds are classified as non-appropriated special revenue funds and do not have a legally adopted budget. An estimate of expected expenditures is filed annually with the Budget Division of the Department of Revenue and is monitored throughout the year by this Division. In addition, Lottery financial management staff monitors actual expenditures for compliance with operational requirements and compliance with lottery statutes.

INTERNAL CONTROL ENVIRONMENT

Lottery Management is responsible for establishing and maintaining internal controls whose cost does not exceed the benefits to be derived, but whose objective is to provide reasonable, rather than absolute assurance, that assets are protected from loss, theft, or misuse, transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements that are free of material misstatement and in conformity with generally accepted accounting principles. Internal control is also designed to reduce, to an acceptable level, the risk that errors or irregularities in amounts that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Management believes that the Lottery's internal control meets the above objectives.

To enhance controls over accounting procedures, the Lottery has segregated the following functions: personnel, payroll, purchasing, accounts payable, accounts receivable, and general ledger accounting. Data input and processing are separate from system programming with management providing approval and oversight. In addition, an internal auditor reviews all areas of Lottery operations and reports to the Finance and Audit Committee of the Lottery Commission.

Since the Lottery manages a valuable ticket inventory and controls the disbursement of prizes, the following steps are taken to ensure the operations remain secure and meet the highest ethical standards:

- Hiring specialized security and law enforcement staff
- Maintaining secure Lottery facilities and limiting access
- Performing background checks on retailers, contractors, and Lottery employees
- Printing lottery tickets with special inks, dyes, and security codes
- Providing detailed procedures for random online drawings
- Hiring an independent CPA firm to witness the drawings
- Providing a variety of access and other controls to all computer systems
- Providing operating policies and procedures

INDEPENDENT AUDIT

West Virginia statutes require an annual audit by an independent certified public accountant. The independent auditors' opinion on the Lottery's financial statements is included in the financial section of this report.

ACKNOWLEDGEMENTS

This report demonstrates the collaborative efforts of the Finance and Administration Division and Marketing Division of the West Virginia Lottery. We appreciate the contributions of this year's project team comprised of Mara Dawson, Games Accounting Manager/Project Coordinator; Paul Barnette, Lottery Chief Accountant; Lorie Brown, Financial Reporting Specialist; Austin Boyd, Marketing Specialist; Michael Thaxton, Product Development Manager; and Caitie Smith, Public Relations. We could not have successfully completed this report without their efficient and dedicated services. The Lottery continues its commitment to providing thorough and relevant financial information to the public.

This Annual Comprehensive Financial Report reflects our commitment to maintain the highest standards of accountability while working to maintain public trust through ethics and integrity. The Lottery also extends its sincere gratitude to Commission Chairman Kenneth L. Greear and the members of the West Virginia Lottery Commission for their diligence to the law in operating the Lottery in a professional and forward-thinking manner.

GFOA CERTIFICATE OF ACHIEVEMENT

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Virginia Lottery for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the 25th consecutive year that the West Virginia Lottery has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government 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. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



ACCOMPLISHMENTS

For the 25th consecutive year, the West Virginia Lottery was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for the agency's annual comprehensive financial report.

The West Virginia Legislature approved Legislative Rule 179 CSR 1, which allows the West Virginia Lottery to enter and participate in the newest gaming industry channel, iLottery.

FY 2022 traditional scratch-off and draw game sales totaled $243.0 million, second only to the record-breaking previous year.

FY 2022 saw the successful addition of a new draw game to the Lottery's traditional product mix. CA$H POP, a companion game to the current draw game Keno Go, offers a draw every 15 minutes daily. Players can enter by choosing just a single CA$H POP number to match and win. A special "Cover All" element allows players to choose all 15 available numbers, guaranteeing a win. Prizes range up to $5,000 and are randomly assigned to each individual number the player has chosen when purchased. The West Virginia Lottery marketing staff developed and implemented a CA$H POP Cash Vault Tour, visiting 15 retailers throughout the state to educate the players of the new game.

In FY22, the WV Limited Video Lottery market achieved Top 25 monthly gross revenue numbers for 11 of the 12 months. March 2022 was the highest grossing month in FY22 with a gross revenue of $46.7 million and ranked as the third highest month since 2008.

FUTURE PROJECTS

Lotto America®, a multi-state draw game, transitions to three drawings a week in Fiscal Year 2023. The West Virginia Lottery marketing staff advertises the third weekly draw date of Monday, including its "New Night New Millionaire" campaign running several weeks and resulting in four West Virginia Lottery players winning a trip to Dick Clark's New Year's Rockin' Eve in late December. The first Monday draw date in Lotto America® history occurred on July 18, 2022.

FY 2023 will see the selection of a vendor and the start and implementation of iLottery, a system that provides for the distribution of lottery products digitally. A registered iLottery player can interface through their mobile device or computer to obtain traditional products, as well as for account management, game purchasing and play, and prize redemption. This new industry channel allows players to play Lottery anywhere within the state at the player's convenience. Other state lotteries have shown iLottery to drive sales across both channels, without having a negative impact on physical traditional retail sales.





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Virginia Lottery

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

PRINCIPAL OFFICIALS AND ORGANIZATIONAL CHART

JAMES C. JUSTICE
Governor

DAVE HARDY
Cabinet Secretary
Department of Revenue

JOHN A. MYERS
Director
West Virginia Lottery

LOTTERY COMMISSION:

KENNETH L. GREEAR
Chairman

PEGGY J. POPE
At Large

DOUGLAS A. BICKSLER
CPA

VACANT
Law Enforcement

ROY E. SHREWSBURY II
Vice Chairman - At Large

DAN A. MARSHALL
Attorney

ANDREW B. KNICELEY
Marketing

EXECUTIVE ORGANIZATIONAL CHART

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Director

RANDY BURNSIDE
Assistant Director

BRIAN NICKERSON
General Counsel

KIM LAMB
Administrative
Assistant

JUNE SOMMERVILLE
Attorney

DEBBIE HUGHES
Manager
Human Resources

DUSTIN LAMAR
Deputy Director
Video Lottery

MICHELLE PAINTER
Deputy Director
Finance and Administration

STEVE COMPSTON
Deputy Director
Security

DANIELLE SNIDOW
Deputy Director
Marketing

DAVID BRADLEY
Deputy Director
Casino Gaming and Limited Video Lottery

ANNAMARIE SHORT
Compliance Officer

JONATHAN O'QUINN
Deputy Director
Information Technologies

ELIZABETH WEBB
Deputy Director
Licensing

KRIS FRANKO
Deputy Director
Casino Gaming, Sports Wagering,
and Interactive Wagering



FINANCIAL SECTION

BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the
West Virginia Lottery Commission
Charleston, West Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the West Virginia Lottery (the Lottery), a component unit of the State of West Virginia, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Lottery's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lottery, as of June 30, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lottery and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lottery's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lottery's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lottery's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the proportionate share of the net pension liability (asset) PERS, the schedules of contributions to the PERS, the schedules of the proportionate share of the net OPEB liability (asset), the schedules of contributions to the RHBT, and the accompanying notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

Required Supplementary Information (Continued)

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion 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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Charleston, West Virginia
September 28, 2022

WEST VIRGINIA LOTTERY

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Our discussion of the West Virginia Lottery's (the Lottery) financial performance provides for an overview of the Lottery's financial activities for the fiscal years ended June 30, 2022 and 2021. In reading the Management's Discussion and Analysis (MD&A), the current year refers to fiscal year ending June 30, 2022, and the prior year refers to fiscal year ending June 30, 2021. This analysis is to be considered in conjunction with the financial statements, which begin on page *34*.

Financial Highlights

The Lottery's operating income decreased in 2022 $6.6 million or 1.1% compared to the prior year, and increased in 2021 due to Limited Video Lottery bid fees for permits issued for the third 10-year period beginning July 1, 2021. The following summary is provided below:

- Lottery revenues for the current year increased $92.1 million or 7.8% compared to the prior year, which increased $222.2 million or 23.3% from 2020.

- Commissions for the current year increased $40.9 million or 8.5% compared to the prior year, which increased $87.6 million or 22.3% from 2020.

- Gross profit for the current year increased $54.0 million or 10.2% compared to the prior year, which increased $105.2 million or 24.8% from 2020.

- Nonoperating expenses decreased $9.0 million or 1.6% compared to the prior year, which increased $165.1 million or 40.1% from 2020. The predominant nonoperating expense is the distributions to the State of West Virginia, which decreased $13.2 million or 2.4% compared to the prior year, which increased $157.0 million or 39.0% from 2020.

Using This Annual Report

The Lottery is a component unit of the State of West Virginia, and is accounted for as a proprietary type enterprise fund using the accrual basis of accounting much like a private business entity. As such, this report consists of a series of financial statements, along with explanatory notes to the financial statements. To assess the Lottery's financial position, the reader of these statements should pay particular attention to changes in the components of assets and liabilities as set forth in the Statements of Net Position and changes in operating revenues, expenses and nonoperating distributions to the State of West Virginia as set forth in the Statements of Revenues, Expenses and Changes in Fund Net Position.

Statements of Net Position

As shown in Table 1, current assets for the current year increased $80.3 million or 34.0% compared to the prior year, which decreased $50.9 million or 17.7% from 2020, due to the timing difference between the winning of a Powerball® jackpot and the payment to the player.

Capital assets of land, building and equipment, net of accumulated depreciation and amortization, decreased in the current year by $94.0 thousand or 0.2% due to depreciation compared to the prior year which decreased by $2.3 million or 5.1% from 2020, due to depreciation. For additional information on capital assets, please refer to Note 4 to the financial statements.

(Continued)

Statements of Net Position (Continued)

Table 1
Assets and Deferred Outflows of Resources
(in $000's)

	2022	2021	2020
Assets			
Current assets	$ 316,653	$ 236,377	$ 287,228
Noncurrent assets,			
Capital assets net of accumulated depreciation and amortization	42,326	42,420	44,708
Restricted net pension & OPEB assets	4,513	-	-
Total assets	$ 363,492	$ 278,797	$ 331,936
Deferred Outflows of Resources			
Deferred outflows of resources	$ 2,436	$ 2,537	$ 1,355

As shown in Table 2, the Lottery's current liabilities for the current year increased $79.0 million or 36.1% compared to the prior year, which decreased $53.5 million or 19.7% compared to 2020 due to the accumulation of prior year surplus transfers to the State of West Virginia combined with current year accrued transfers, and the timing of a Powerball® jackpot payout.

Net position - net investment in capital assets decreased in the current year by $94.0 thousand or 0.2% due to depreciation, compared to the prior year which increased by $2.3 million or 5.1% compared to 2020, due to depreciation. Refer to Note 4 to the financial statements for additional information on capital assets.

Net position – restricted net pension and OPEB assets increased in the current year by $4.5 million or 100% compared to the prior year.

Net position – unrestricted decreased $555.0 thousand or 3.8% for the year ended June 30, 2022 compared to the prior year which increased $3.7 million or 34.3% compared to 2020.

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

	2022	2021	2020
Current liabilities	$ 297,541	$ 218,553	$ 272,097
Noncurrent liabilities	-	3,394	3,698
Total liabilities	$ 297,541	$ 221,947	$ 275,795
Deferred inflows of resources	$ 7,491	$ 2,355	$ 1,907
Net position			
Net investment in capital assets	$ 42,326	$ 42,420	$ 44,708
Restricted for pension and OPEB	4,513	-	-
Unrestricted	14,057	14,612	10,881
Total net position	$ 60,896	$ 57,032	$ 55,589

(Continued)

Revenues, Expenses and Changes in Fund Net Position

The content of Table 3 is a summary of activities and is related to the discussion of Table 5.

Table 3
Revenues, Expenses and Changes in Fund Net Position
(in $000's)

	2022	2021	2020
Revenues:			
On-line games	$ 73,956	$ 76,106	$ 61,196
Instant games	168,838	173,142	145,436
Racetrack video lottery	474,765	404,235	384,972
Limited video lottery	490,922	480,612	329,844
Table games	36,195	26,806	27,144
Historic resort	7,963	7,893	5,228
Sports wagering	4,485	4,100	1,915
Interactive wagering	12,926	5,077	-
	1,270,050	1,177,971	955,735
Less commissions:			
On-line games	5,185	5,321	4,288
Instant games	11,818	12,120	10,181
Racetrack video lottery	245,183	212,774	203,211
Limited video lottery	240,552	235,500	161,624
Table games	15,339	11,358	11,513
Historic resort	3,981	4,098	2,735
	522,058	481,171	393,552
Less on-line prize costs	37,390	37,895	30,136
Less instant ticket prize costs	115,062	117,318	97,717
Less ticket costs	1,998	1,680	1,430
Less vendor fees and costs	10,377	10,620	8,854
	164,827	167,603	138,137
Gross profit	583,165	529,197	424,046
Administrative expenses:			
Advertising and promotions	5,790	4,338	3,923
Wages and related benefits	8,307	10,306	10,739
Telecommunications	686	687	477
Contractual and professional	6,594	5,990	5,920
Lease	276	204	211
Depreciation and amortization	1,659	1,659	1,665
Other administrative expenses	2,157	2,058	2,416
	25,469	25,242	25,351
Other operating income	13,987	74,300	12,964
Operating income	571,683	578,255	411,659
Nonoperating income (expense):			
Investment income	111	622	3,549
Distributions to municipalities and counties	(9,622)	(9,420)	(6,465)
Distributions for capital reinvestment	(12,560)	(9,052)	(6,773)
Distributions to the State of West Virginia	(545,748)	(558,962)	(402,002)
Net Income	3,864	1,443	(32)
Net position, beginning of year	57,032	55,589	55,621
Net position, end of year	$ 60,896	$ 57,032	$ 55,589

(Continued)

Sales and Prizes, Commissions, Ticket Costs and Vendor Fees

Table 4 compares sales (referred to as lottery revenues in financial statements), prizes, commissions, ticket printing costs, vendor fees and costs and gross profit for each lottery game category for fiscal years 2022, 2021, and 2020. Sales and gross profits fluctuated in certain categories; however, gross profit percentages remained consistent from year to year.

Table 4
Lottery Sales
(in $000's)

	Instant			On-Line*			Racetrack Video Lottery		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Gross sales	$ 168,838	$ 173,142	$ 145,436	$ 73,956	$ 76,106	$ 61,196	$ 474,765	$ 404,235	$ 384,972
Less direct costs:									
Prizes and bonuses	115,062	117,318	97,717	37,390	37,985	30,136	-	-	-
Commissions	11,818	12,120	10,181	5,185	5,321	4,288	245,183	212,774	203,211
Ticket printing costs	1,998	1,680	1,430	-	-	-	-	-	-
Vendor fees and costs	7,222	6,951	5,958	3,155	3,669	2,896	-	-	-
Total direct costs	136,100	138,069	115,286	45,730	46,975	37,320	245,183	212,774	203,211
Gross Profit	$ 32,738	$ 35,073	$ 30,150	$ 28,226	$ 29,131	$ 23,876	$ 229,582	$ 191,461	$ 181,761
Gross profit percentage	19.4%	20.3%	20.7%	38.2%	38.3%	39.0%	48.4%	47.4%	47.2%

* On-line games include the results of Powerball® and Mega Millions which are significant components of the results described above.

	Limited Video Lottery			Table Games			Historic Resort		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Gross sales	$ 490,922	$ 480,612	$ 329,844	$ 36,195	$ 26,806	$ 27,144	$ 7,963	$ 7,893	$ 5,228
Less direct costs:									
Prizes and bonuses	-	-	-	-	-	-	-	-	-
Commissions	240,552	235,500	161,624	15,339	11,358	11,513	3,981	4,098	2,735
Ticket printing costs	-	-	-	-	-	-	-	-	-
Vendor fees and costs	-	-	-	-	-	-	-	-	-
Total direct costs	240,552	235,500	161,624	15,339	11,358	11,513	3,981	4,098	2,735
Gross Profit	$ 250,370	$ 245,112	$ 168,220	$ 20,856	$ 15,448	$ 15,631	$ 3,982	$ 3,795	$ 2,493
Gross profit percentage	51.0%	51.0%	51.0%	57.6%	57.6%	57.6%	50.0%	48.1%	47.7%

	Sports Wagering			Interactive Wagering			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Gross sales	$ 4,485	$ 4,100	$ 1,915	$ 12,926	$ 5,077	$ -	$ 1,270,050	$ 1,177,971	$ 955,735
Less direct costs:									
Prizes and bonuses	-	-	-	-	-	-	152,452	155,303	127,853
Commissions	-	-	-	-	-	-	522,058	481,171	393,552
Ticket printing costs	-	-	-	-	-	-	1,998	1,680	1,430
Vendor fees and costs	-	-	-	-	-	-	10,377	10,620	8,854
Total direct costs	-	-	-	-	-	-	686,885	648,774	531,689
							-	-	-
Gross Profit	$ 4,485	$ 4,100	$ 1,915	$ 12,926	$ 5,077	$ -	$ 583,165	$ 529,197	$ 424,046
Gross profit percentage	100.0%	100.0%	100.0%	100.0%	100.0%	-	45.9%	44.9%	44.4%

Instant Sales

Instant ticket sales for the current year decreased by $4.3 million or 2.5% compared to the prior year, which increased $27.7 million or 19.1% from 2020. Thirty-seven games were introduced in 2022 and approximately thirty-six game options were available for play. The Lottery continues to implement the results of research and design efforts, including families of games, varied play styles and continued monitoring of price points mix, prize structures, play styles, and colors to create the best variety of games available. There were seven ten-dollar, and four twenty-dollar tickets introduced in 2022. There were also twelve five-dollar tickets and two three-dollar tickets introduced. The Lottery continues to work toward delivering games three months in advance to provide immediate stock should field inventory become low.

(Continued)

Instant Sales (Continued)

The Lottery increased to four twenty-dollar and five ten-dollar tickets in the field at all times in 2022.

Instant prizes and commissions have a direct correlation to sales, therefore, as sales increase, so do the related prizes and commissions paid by the Lottery. Prize expenses for instant games are controllable by designing and printing a predetermined number and value of winning tickets. While each game has a designed prize payout structure, the overall amount paid as prize expense is consistent over time.

Vendor fees and costs are primarily 4.3% of instant and on-line ticket sales for 2022, 2021 and 2020. The Lottery (as is the case with most lotteries located in North America) has elected to enter into a long-term contract with a vendor to provide a central computer system, retailer terminals and related equipment to sell and cash all tickets for instant and on-line games.

Powerball® Sales

Powerball® is a $2 Multi-State (MUSL) Lottery game designed to grow large jackpot amounts, with occasional jackpots in excess of $400 million. Sales for the current year increased $4.1 million or 15.0% compared to the prior year, which increased $5.4 million or 24.5% from 2020. Sales are generally driven by the jackpot size.

Prize costs are 50% of sales and over time such prize payouts generally reflect the design of the game and the related mathematical odds of winning.

Traditional retailers are those retailers licensed by the Lottery to sell instant and on-line games (which includes Powerball®) and by statute were paid 7% of such sales.

Mega Millions® Sales

Mega Millions® sales offers jackpots starting at $15 million and other prizes ranging from $1 to $1,000,000. Sales for the current year decreased $6.5 million or 33.5% compared to the prior year, which increased $6.0 million or 44.5% from 2020.

Approximately 50% of every dollar wagered goes back to the players in prizes and by statute 7% of sales are paid to retailer commissions.

All Other On-line Games

All other on-line games consist of Daily 3, Daily 4, Cash 25, Travel Keno and one Multi-State games Lotto America™. Sales for the current year increased $244.3 thousand or 0.8% compared to the prior year, which increased $3.5 million or 13.8% from 2020.

In general, prize costs by game will increase or decrease from year-to-year in proportion to the sales for a particular game. Prizes and commissions have remained consistent as presented in Tables 3 and 4.

(Continued)

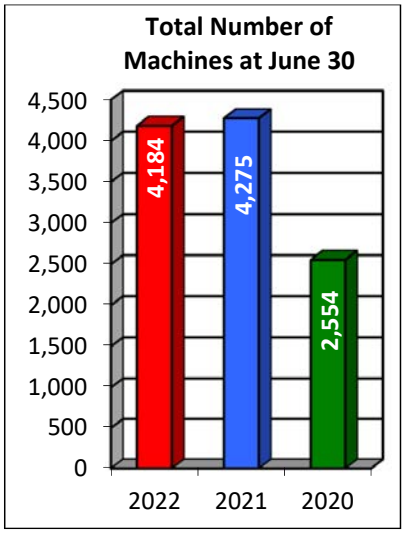
Racetrack Video Lottery

Racetrack video lottery revenues are reported as total wagers net of prizes and credits. Revenues for the current year increased $70.5 million or 17.5% compared to the prior year, which increased $19.3 million or 5.0% from 2020.

A portion of racetrack video lottery sales, as prescribed by statute, are paid to racetracks and other private entities associated with the racing industry and are reported as commissions. See Note 6 to the financial statements for further discussion of racetrack video lottery distributions. Commissions in the current year increased $32.4 million or 15.2% compared to the prior year, which increased $9.6 million or 4.7% compared to 2020.

Competition from gaming operations in neighboring states has led the racetracks to continually re-evaluate their gaming environments which have resulted in changes to the layout and design of gaming floors. The effects of COVID-19 greatly impacted the last quarter of 2020, including the available number of active machines in play. The changes in active machines are presented in Table 5 below over the last three fiscal years.

Table 5



Limited Video Lottery

Sales for the current year increased $10.3 million or 2.2% compared to the prior year, which was recovering from COVID-19, which increased $150.8 million or 45.7% from 2020. Commissions are paid to operators and retailers as provided for by statute and have a direct correlation to changes in sales. For the current year, commissions increased $5.1 million or 2.2% compared to the prior year increased $73.9 million or 45.7% from 2020.

(Continued)

Limited Video Lottery (Continued)

Table 6 illustrates the number of machines which increased by 1,645 machines for the current year compared to the prior year increase of 27 machines from 2020.

Table 6

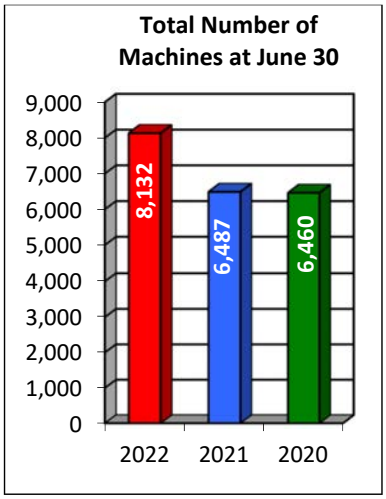


Table Games

Revenues from table games are calculated at a 35% privilege tax of adjusted gross receipts. Revenues for the current year increased $9.4 million or 35.0% compared to the prior year, which was still impacted by restrictions due to COVID-19, which decreased $338 thousand or 1.2% from 2020.

A portion of table games revenues are paid to entities associated with the racetracks and are reported as commissions. See Note 8 to the financial statements. Commissions for the current year increased $4.0 million or 35.1% compared to the prior year, which decreased $155 thousand or 1.3% from 2020.

Historic Resort

Video Lottery revenues from Historic Resort are calculated as defined in Note 9 to the financial statements. Revenues from Historic Resort table games are calculated at a 35% privilege tax of adjusted gross receipts.

Combined revenues of video lottery and table games at the Historic Resort, for the current year increased $70.0 thousand or 0.9% compared to the prior year, which was recovering from COVID-19, which increased $2.7 million or 51.0% from 2020.

A portion of revenues are paid to entities associated with the Historic Resort and are reported as commissions. Commissions for the current year decreased $117.0 thousand or 2.9% compared to the prior year, which year increased $1.4 million or 49.8% from 2020.

(Continued)

Sports Wagering

On March 3, 2019, the West Virginia Legislature passed Senate Bill 415 which allowed for the four racetracks and historic resort in West Virginia to permit wagering on certain professional or collegiate sports or athletic events and other events authorized as Lottery sports wagering activities.

Hollywood Casino at Charles Town Races was the first to begin sports wagering in September 2019 followed shortly by the Greenbrier Historic Resort. Mountaineer Casino Racetrack & Resort began in late November 2019 with Wheeling Island Hotel Casino Racetrack and Mardi Gras Casino & Resort both beginning in late December 2019.

Sports wagering revenues are calculated as defined in Note 10 to the financial statements and are derived from privilege taxes (of 10%) on the licensed racetracks and Historic Resort for sports wagering activities. Revenues for the current year increased $385.0 thousand or 9.4% compared to the prior year, which increased $2.2 million or 114.1% from 2020.

Interactive Wagering

On March 9, 2019, the West Virginia Legislature passed House Bill 2934 which allowed for the four racetrack casinos and the casino in a historic resort hotel in West Virginia to conduct interactive wagering. This allows the placing of wagers through a server-based gaming system using a computer network of interoperable packet switched data networks through which the operator may offer authorized interactive games. Revenues for the current year increased $7.8 million or 154.6% compared to the prior year.

Other Operating Income

Refer to Table 3. Changes in other operating income are primarily related to fees collected for the permitting and licensure of manufacturers, operators, retailers and service technicians. Limited Video Lottery permits are issued to qualifying recipients for a 10-year period which initially expired on June 30, 2021. During the year ended June 30, 2021, bid fees totaling $67.9 million were paid by successful bidders for the right to be permitted for 10-years beginning July 1, 2021.

Nonoperating Income / Expense

Refer to Table 3. Nonoperating expenses reflect a 2% distribution to counties and incorporated municipalities of net terminal income from limited video lottery operations. This distribution will fluctuate with any changes in limited video lottery revenues.

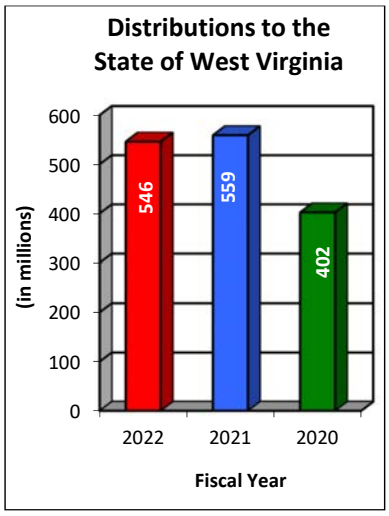
A portion of net revenue from racetrack video lottery is accrued and distributed to each racetrack for capital improvements.

Refer to Table 7. The Lottery's distributions to the State of West Virginia, for the current fiscal year decreased by $13.2 million compared to the prior year, which increased by $157.0 million from 2020, which was impacted by COVID-19.

(Continued)

Nonoperating Income / Expense (Continued)

Table 7



Requests for Information

This financial report is designed to provide a general overview of the Lottery's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Deputy Director of Finance and Administration, West Virginia Lottery, 900 Pennsylvania Avenue, Charleston WV 25302.

WEST VIRGINIA LOTTERY

STATEMENTS OF NET POSITION
(In Thousands)
June 30, 2022 and 2021

ASSETS	**2022**	**2021**
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	$ 281,708	$ 198,583
Accounts receivable	32,032	35,077
Inventory	1,436	911
Other assets	1,477	1,806
Total current assets	316,653	236,377
NONCURRENT ASSETS		
Capital assets (Note 4)	62,488	60,923
Less accumulated depreciation and amortization (Note 4)	(20,162)	(18,503)
	42,326	42,420
Restricted net pension and OPEB assets (Note 13 and 14)	4,513	-
Total noncurrent assets	46,839	42,420
Total assets	363,492	278,797
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension and OPEB (Notes 13 and 14)	2,436	2,537
LIABILITIES		
CURRENT LIABILITIES		
Accrued nonoperating distributions to the State of West Virginia (Note 12)	240,181	166,942
Estimated prize claims	16,152	16,445
Accounts payable	4,211	2,265
Other accrued liabilities	36,997	32,901
Total current liabilities	297,541	218,553
NONCURRENT LIABILITIES		
Net pension and OPEB liabilities (Note 13 and 14)	-	3,394
Total liabilities	297,541	221,947
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pension and OPEB (Notes 13 and 14)	7,491	2,355
NET POSITION		
Net investment in capital assets	42,326	42,420
Restricted for pension and OPEB	4,513	-
Unrestricted	14,057	14,612
Total net position	$ 60,896	$ 57,032

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA LOTTERY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
(In Thousands)
Years Ended June 30, 2022 and 2021

	2022	2021
LOTTERY REVENUES		
On-line games	$ 73,956	$ 76,106
Instant games	168,838	173,142
Racetrack video lottery (Note 6)	474,765	404,235
Limited video lottery (Note 7)	490,922	480,612
Table games (Note 8)	36,195	26,806
Historic resort (Note 9)	7,963	7,893
Sports Wagering (Note 10)	4,485	4,100
Interactive Wagering (Note 11)	12,926	5,077
	1,270,050	1,177,971
LESS COMMISSIONS		
On-line games	5,185	5,321
Instant games	11,818	12,120
Racetrack video lottery (Note 6)	245,183	212,774
Limited video lottery (Note 7)	240,552	235,500
Table games (Note 8)	15,339	11,358
Historic resort (Note 9)	3,981	4,098
	522,058	481,171
Less on-line prize costs	37,390	37,985
Less instant prize costs	115,062	117,318
Less ticket costs	1,998	1,680
Less vendor fees and costs	10,377	10,620
	164,827	167,603
Gross profit	583,165	529,197
ADMINISTRATIVE EXPENSES		
Advertising and promotions	5,790	4,338
Wages and related benefits	8,307	10,306
Telecommunications	686	687
Contractual and professional	6,594	5,990
Lease	276	204
Depreciation and amortization	1,659	1,659
Other administrative expenses	2,157	2,058
	25,469	25,242
Other operating income	13,987	74,300
Operating income	571,683	578,255
NONOPERATING INCOME (EXPENSES)		
Investment income	111	622
Distributions to municipalities and counties	(9,622)	(9,420)
Distributions for capital reinvestment	(12,560)	(9,052)
Distributions to the State of West Virginia (Note 12)	(545,748)	(558,962)
	(567,819)	(576,812)
Change in net position	3,864	1,443
NET POSITION, beginning	57,032	55,589
NET POSITION, ending	$ 60,896	$ 57,032

The accompanying notes are an integral part of these financial statements.

WEST VIRGINIA LOTTERY

STATEMENTS OF CASH FLOWS
(In Thousands)
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Cash receipts from customers and other sources	$ 1,287,082	$ 1,369,643
Cash payments for:		
Personnel costs	(2,032)	(11,321)
Suppliers	(22,897)	(13,143)
Other operating costs	(687,828)	(754,784)
Cash provided by operating activities	574,325	590,395
Cash flows from noncapital financing activities:		
Nonoperating distributions to the State of West Virginia	(472,509)	(507,351)
Distributions to municipalities and counties	(9,655)	(9,427)
Distributions to racetracks from racetrack capital reinvestment fund	(7,946)	(8,122)
Cash used in noncapital financing activities	(490,110)	(524,900)
Cash flows from capital financing activities:		
Purchase of capital assets	(1,565)	-
Cash flows from investing activities:		
Investment earnings	475	1,015
Increase in cash and cash equivalents	83,125	66,510
CASH AND CASH EQUIVALENTS, beginning	198,583	132,073
CASH AND CASH EQUIVALENTS, ending	$ 281,708	$ 198,583

(Continued)

WEST VIRGINIA LOTTERY

STATEMENTS OF CASH FLOWS
(In Thousands)
Years Ended June 30, 2022 and 2021

	2022	2021
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 571,683	$ 578,255
Adjustments to reconcile operating income to cash provided by operating activities:		
Loss on disposal of capital assets	-	629
Depreciation and amortization	1,659	1,659
Pension expense	(872)	675
OPEB expense	(880)	(560)
OPEB support	38	(62)
Changes in operating accounts:		
(Increase) decrease in:		
Accounts receivable	3,045	117,372
Inventory	(525)	(372)
Other assets	(35)	(32)
Deferred outflows of resources	(956)	(1,091)
Increase (decrease) in:		
Estimated prize claims	(293)	(107,471)
Accounts payable	1,946	(117)
Other accrued liabilities	(485)	1,510
Cash provided by operating activities	$ 574,325	$ 590,395

The accompanying notes are an integral part of these financial statements.

Note 1. Legislative Enactment

The West Virginia Lottery (the Lottery) was established by the State Lottery Act (the Act) passed April 13, 1985, which created a fund in the State Treasury designated as the "State Lottery Fund." The purpose of the Act was to establish and implement a state-operated lottery under the supervision of a state lottery commission (the Commission) and a Director. The Commission, consisting of seven members, and the Director are appointed by the Governor. Under the Act, the Commission has certain powers and the duty to establish rules for conducting games, to select the type and number of gaming systems or games, to enter into contracts and agreements, and to do all acts necessary or incidental to the performance of its duties and exercise of its power and duty to operate the Lottery in a highly efficient manner. The Act provides that a minimum annual average of 45% of the gross amount received from each lottery shall be allocated for prizes and also provides for certain limitations on expenses necessary for operation and administration of the Lottery. To the extent available, remaining net profits are to be distributed to the State of West Virginia (the State) and local governments as required by law. As the State is able to impose its will over the Lottery, the Lottery is considered a component unit of the State and its financial statements are presented in the comprehensive annual financial report of the State as a discretely presented component unit.

Note 2. Summary of Significant Accounting Policies

Basis of presentation

The West Virginia Lottery is accounted for as a proprietary fund special purpose government engaged in business type activities. In accordance with accounting principles generally accepted in the United States of America for governmental entities, the financial statements are prepared on the accrual basis of accounting which requires recognition of revenue when earned and expenses when incurred.

Use of estimates

Certain estimates and assumptions are required by management in the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP). The significant estimates and assumptions that affect the reporting of amounts of assets and liabilities at the statement of net position dates and revenues and expenses for the years then ended are those required in the determination of estimated prize claims. Actual results in the near-term could differ from the estimates used to prepare these financial statements.

Lottery game operations

The West Virginia Lottery derives its revenues from six basic types of lottery games: instant, on-line, video type games, table games, and taxes derived from sports and interactive wagering. The Lottery develops multiple game themes and prize structures to comply with its enabling legislation, including aggregate annual minimum prize provisions. All bonded retailers and agents comprised principally of grocery and convenience stores serve as the primary distribution channel for instant and on-line lottery sales to the general public.

The Lottery has contracted with a private vendor to manufacture, distribute, and provide data processing support for instant and on-line lottery games. Under the terms of the agreements, the Lottery pays a percentage of gross revenues for the processing and manufacturing of the games.

Revenue from instant games is recognized when game tickets are sold to the retailers, and the related prize expense is recorded based on the specific game prize structure. Instant ticket sales and related prizes do not include the value of free plays issued for the purpose of increasing the odds of winning a prize.

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Lottery game operations (Continued)

Sales of on-line lottery tickets are made by licensed agents to the public with the use of computerized terminals. On-line games include POWERBALL®, a multi-state "jackpot" game; LOTTO AMERICA, a multi-state "lotto" game; MEGA MILLIONS®, a multi-state "lotto" game; Cash Pop and Cash25 "lotto" games; Daily 3 and 4 "numbers" games; and Travel, an online "keno" game. Revenue is recognized when the agent sells the tickets to the public. Prize expense is recognized on the basis of actual drawing results.

Commissions are paid to instant game retailers and on-line agents at the rate of seven percent of gross sales. A portion of the commission not to exceed one and one quarter percent of gross sales may be paid from unclaimed prize moneys. The amount paid from unclaimed prize moneys is credited against prize costs. In addition, retailers and agents are paid limited bonus incentives that include prize shares on winning tickets they sold and a ticket cashing bonus on winning tickets they cash. On a weekly basis, retailers and agents must remit amounts due to the Lottery. Retailers may not be able to order additional instant tickets if payment has not been made for the previous billing period, while an agent's on-line terminal may be rendered inactive if payment is not received. No one retailer or agent accounts for a significant amount of the Lottery's sales or accounts receivable. Historically credit losses have been nominal and no allowance for doubtful accounts receivable is considered necessary.

Racetrack video lottery is a self-activated video version of lottery games. The board-operated games allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The games allow a player to use coins, currency, tokens, or tickets to place bets for the chance to receive coins, tokens, or ticket awards, which may be redeemed for cash or used for replay in the games. The racetrack video lottery games' prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as racetrack video lottery revenue "gross terminal income" equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to private and local government entities are reported as commissions.

Racetrack video lottery legislation has established specific requirements for racetrack video lottery and imposed certain restrictions limiting the licensing for the operation of racetrack video lottery games to horse and dog racetracks in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from racetrack video lottery games, and requires any licensed racetrack to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Limited video lottery is also a self-activated video version of lottery games located in limited licensed retailer areas restricted for adult amusement. The games allow a player to use currency to place bets for the chance to receive free games or vouchers, which may be redeemed for cash. The limited video lottery games' prize structures are designed to award prizes, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes as limited video lottery revenue "gross terminal income" equivalent to all wagers, net of related prizes. Amounts required by statute to be paid to private entities are reported as commissions. Limited video lottery permit holders are statutorily responsible for acquiring equipment and bearing the risk associated with the costs of operating the games.

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Lottery game operations (Continued)

Table games legislation has established specific requirements for table games and imposed certain restrictions limiting the licensing for operation of table games to horse and dog racetracks and a historic resort in West Virginia, subject to local county elections permitting the same. Each location licensed as an agent of the Commission to operate West Virginia table games shall have written rules of play for each table game it operates which must be approved by the Commission. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding a table games license, there is levied a privilege tax of thirty-five percent of each licensee's adjusted gross receipts from the operation of Lottery table games which the Lottery records as revenue. Amounts required by statute to be paid to private and local government entities are reported as commissions. The legislation further stipulates the distribution of revenues from West Virginia table games, and requires any licensed location to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Historic resort lottery games are a combination of self-activated video lottery games as well as table games which are located at a licensed historic resort hotel as defined by the WV Code. Video lotteries at the historic resort are board-operated games that allow a player to place bets for the chance to be awarded credits which can either be redeemed for cash or be replayed as additional bets. The video lottery games allow a player to use coins, currency, tokens, or tickets, to place bets for the chance to receive coins, tokens, or ticket awards which may be redeemed for cash or used for replay in the games.

The historic resort video lottery games' prize structures are designed to award prizes, or credits, at a stipulated rate of total bets played, and prize expense is netted against total video credits played. The Lottery recognizes video lottery revenue consisting of "gross terminal income" equivalent to all wagers, net of related prizes; and historic resort table games revenue consisting of a privilege tax of thirty-five percent of adjusted gross receipts for the operation of table game as historic resort lottery revenues.

Amounts required by statute to be paid to the private and local government entities are reported as commissions. The Lottery Act as amended has established specific requirements for historic resort video and table games lotteries and imposed certain restrictions limiting the licensing for operation of historic resort lottery games in West Virginia, subject to local county elections permitting the same. The legislation further stipulates the distribution of revenues from historic resort lottery games, and requires the licensed historic resort to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing the games.

Sports wagering legislation has established specific requirements for sports wagering and imposed certain restrictions limiting the licensing for operation of sports wagering to horse and dog racetracks and the historic resort in West Virginia. Each location licensed as an agent of the Lottery to operate West Virginia sports wagering shall have written rules of play which must be approved by the Lottery. All wagers and pay-offs of winning wagers shall be made according to those rules play. For the privilege of holding a sports wagering license, there is levied a privilege tax of ten percent of each licensee's adjusted gross sports wagering receipts from the operation of sports wagering which the Lottery records as revenue. The legislation requires any licensed location to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing sports wagering.

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Lottery game operations (Continued)

Interactive wagering legislation has established specific requirements for interactive wagering and imposed certain restrictions limiting the licensing for operation of interactive wagering to horse and dog racetracks and the historic resort in West Virginia. Each location licensed as an agent of the Lottery to operate West Virginia interactive wagering shall have written rules of play which must be approved by the Lottery. All wagers and pay-offs of winning wagers shall be made according to those rules of play. For the privilege of holding an interactive wagering license, there is levied a privilege tax of fifteen percent of each licensee's adjusted gross interactive wagering receipts from the operation of interactive wagering which the Lottery records as revenue. The legislation requires any licensed location to be responsible for acquiring the necessary equipment and bearing the risk associated with the costs of operating and marketing interactive wagering.

Cash and cash equivalents

Cash and cash equivalents consist primarily of deposits on hand with the State Treasurer of West Virginia and interest-earning deposits in State investments pools maintained by the West Virginia Board of Treasury Investments (BTI). The West Virginia Money Market Pool is carried at amortized cost and the West Virginia Short Term Bond Pool is carried at fair value. The Lottery held no assets in the West Virginia Short Term Bond Pool as of June 30, 2022.

Inventory

Inventory consists of instant game tickets available for sale to approved Lottery retailers and are carried at the lower of cost or market as determined by the specific identification method.

Other assets

Other assets consist of deposits restricted for payment of certain Multi-State Lottery Association activities and prepaid expenses.

Capital assets

The Lottery has adopted a policy of capitalizing assets with individual amounts exceeding $25,000 and a useful life greater than one year. These assets include a building, leasehold improvements, and purchased equipment comprised principally of technology property, office furnishings and equipment necessary to administer lottery games, and are carried at cost. Depreciation is computed by the straight-line method over the estimated economic useful lives of the assets, which are as follows:

Building	40 years
Leasehold improvements	5 years
Equipment	3-5 years

The Lottery leases, under cancelable leases, various office spaces for field operations. The Lottery also leases various equipment under agreements considered to be cancelable leases.

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Accrued employee benefits

The Lottery accrues a liability for estimated liabilities that may arise in connection with compensated absences at the current rate of employee pay. The Lottery's annual leave transactions for the years ended June 30, 2021 and June 30, 2020 are as follows (in thousands):

	Year Ending June 30	
	2022	2021
Beginning estimated liabilities	$ 836	$ 813
Leave expenses incurred	755	836
Leave expenses paid	(836)	(813)
Ending estimated liabilities	$ 755	$ 836
Liabilities estimated to be paid in one year	$ 755	$ 836

Pensions

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments of the PERS are reported at fair value.

Postemployment benefits other than pensions (OPEB).

For purposes of measuring the net OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Retiree Health Benefit Trust OPEB Plan (RHBT) and additions to/deductions from RHBT's fiduciary net position have been determined on the same basis as they are reported by RHBT. For this purpose, RHBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

Deferred outflows of resources/deferred inflows of resources

Deferred outflows of resources represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. Currently the Lottery has recognized deferred outflows of resources related to pensions and OPEB (See Notes 13 and 14). Deferred inflows of resources represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Currently the Lottery has recognized deferred inflows of resources related to pensions and OPEB (See Notes 13 and 14).

(Continued)

Note 2. Summary of Significant Accounting Policies (Continued)

Net position

Net position is presented as either unrestricted, restricted for pension and OPEB, restricted by enabling legislation for capital project, or as net investment in capital assets, which represents the net book value of all property and equipment of the Lottery. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, restricted resources are applied first.

Operating revenues and expenses

Operating revenues and expenses for proprietary funds such as the Lottery are revenues and expenses that result from providing services and producing and delivering goods and/or services. Operating revenues for the Lottery are derived from providing various types of lottery games and the receipt of gaming related taxes. Operating expenses include commissions, prize costs, other direct costs of providing and regulating lottery games, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Advertising and promotions

The Lottery expenses the costs of advertising and promotions as they are incurred.

Note 3. Cash and Cash Equivalents

At June 30, 2022 and 2021, the carrying amounts of deposits with financial institutions were $459 thousand and $461 thousand, respectively, with bank balances of $1,489 and $563 thousand, respectively. Deposits up to $250 thousand are insured by the Federal Depository Insurance Corporation. Any balances over the insured amount are collateralized with securities held by the State of West Virginia's agent in the State's name.

At June 30, 2022 and 2021, the carrying amounts of deposits with financial institutions, the State Treasurer, and the West Virginia Board of Treasury Investments (BTI) were as follows (in thousands):

	2022	2021
Deposits with financial institutions	$ 459	$ 461
Cash on hand at the Treasurer's Office	24,721	26,655
Investments with BTI reported as cash equivalents	256,528	171,467
	$ 281,708	$ 198,583

The State Treasurer has statutory responsibility for the daily cash management activities of the State's agencies, departments, boards and commissions and transfers funds to the BTI for investment in accordance with West Virginia statutes, policies set by the BTI and by provisions of bond indentures and trust agreements when applicable.

The Lottery's cash balances are invested by the BTI in the BTI's West Virginia Money Market Pool and the BTI's West Virginia Short Term Bond Pool. Investment income is pro-rated to the Lottery at rates specified by the BTI based on the balance of the deposits maintained in relation to the total deposits of all state agencies participating in the pool. Investments in the West Virginia Money Market Pool are available to the Lottery with overnight notice. Investments in the West Virginia Short Term Bond Pool are available to the Lottery on the first day of each month.

(Continued)

Note 3. Cash and cash equivalents (Continued)

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WV Money Market Pool has been rated AAAm by Standard & Poor's. A fund rated AAAm has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. AAAm is the highest principal stability fund rating assigned by Standard & Poor's. Neither the BTI itself nor the West Virginia Short Term Bond Pool has been rated for credit risk by any organization.

The BTI limits the exposure to credit risk in the WV Money Market Pool by requiring all long-term corporate debt be rated A+ or higher by Standard & Poor's (or its equivalent) and short-term corporate debt be rated at A-1 or higher by Standard & Poor's (or its equivalent). The following table provides information on the credit ratings of the WV Money Market Pool's investments (in thousands):

Security Type	Rating	Carrying Value (in Thousands)	Percent of Pool Assets
U.S. Treasury notes *	AA+	$ 37,503	0.47%
Commercial Paper	A-1+	1,956,052	24.00
	A-1	3,849,657	47.27
Negotiable certificates of deposit	A-1+	208,000	2.55
	A-1	1,141,000	14.01
	A+	117,500	1.44
Money market funds	AAAm	217,659	2.67
Cash	A-1+	824	0.01
Repurchase agreements (underlying securities):			
U.S. Treasury bonds and notes*	AA+	117,400	1.44
U.S. Agency bonds and notes	AA+	500,000	6.14
		$ 8,145,595	100.00%

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not considered to have credit risk.

The BTI limits the exposure to credit risk in the WV Short Term Bond Pool by requiring all long-term corporate debt be rated BBB- or higher by Standard & Poor's (or its equivalent) and all short-term corporate debt be rated A-1 or higher by Standard & Poor's (or its equivalent). Mortgage-backed and asset-backed securities must be rated AAA by Standard & Poor's (or its equivalent). The following table provides information on the credit ratings of the WV Short Term Bond Pool's investments (in thousands):

(Continued)

Note 3. Cash and Cash Equivalents (Continued)

Credit risk (continued)

Security Type	Rating	Carrying Value (in Thousands)	Percent of Pool Assets
U.S. Treasury notes *	AA+	$ 89,910	13.03%
U.S. government agency bonds	AA+	2,403	0.34
U.S. agency collateralized mortgage obligations			
U.S. government guaranteed*	AA+	10,577	1.53
Non-U.S. government guaranteed	AA+	2,732	0.40
Corporate fixed- and floating-rate bonds and notes	AAA	3,421	0.50
	AA+	1,983	0.29
	AA	3,077	0.45
	AA-	22,231	3.22
	A+	57,764	8.37
	A	58,155	8.43
	A-	90,582	13.13
	BBB+	61,433	8.90
	BBB	35,313	5.12
	BBB-	44,896	6.51
	NR	24,283	3.52
Collateralized mortgage obligations	AAA	3,126	0.45
	NR	15,296	2.22
Municipal Securities	AAA	7,713	1.12
	AA+	12,362	1.79
	AA	7,262	1.05
	AA-	2,179	0.32
	A	2,469	0.36
	NR	4,279	0.62
Asset-backed securities	AAA	94,217	13.66
	NR	26,361	3.82
Money market funds	AAAm	5,856	0.85
		$ 689,880	100.00%

NR = Not Rated

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The overall weighted average maturity of the investments of the WV Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Money Market Pool:

(Continued)

Note 3. Cash and Cash Equivalents (Continued)

Interest rate risk (continued)

Security Type	Carrying Value (In Thousands)	WAM (Days)
U.S. Treasury notes	$ 37,503	1
Commercial paper	5,805,709	23
Negotiable certificates of deposit	1,466,500	25
Repurchase agreements	617,400	1
Money market funds	217,659	1
Cash	824	1
	$ 8,145,595	21

The overall effective duration of the investments of the WV Short Term Bond Pool is limited to a +/- 30 percent band around the effective duration of the portfolio's benchmark (the ICE BofAML 1-3 US Corporate & Government Index). As of June 30, 2022, the effective duration of the benchmark was 686 days. Maximum effective duration of individual securities cannot exceed 1,827 days (five years) from date of purchase. The following table provides information on the effective duration for the various asset types in the WV Short Term Bond Pool:

Security Type	Carrying Value (In Thousands)	Effective Duration (Days)
U.S. Treasury notes	$ 89,910	816
U.S. government agency bonds	2,403	815
U.S. agency collateralized mortgage obligations	13,309	75
Corporate fixed-rate bonds and notes	369,328	657
Corporate floating-rate bonds and notes	33,810	(19)
Commercial mortgage-backed securities	18,422	585
Municipal Securities	36,264	433
Asset-backed securities	120,578	474
Money market funds	5,856	-
	$ 689,880	584

(Continued)

Note 3. Cash and Cash Equivalents (Continued)

Other Risks of Investing

Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The West Virginia Money Market Pool and the West Virginia Short Term Bond Pool holds no interests in foreign currency or interests valued in foreign currency.

Note 4. Capital Assets

A summary of capital asset activity is as follows (in thousands):

	Historical cost at June 30, 2020	Additions	Deletions	Historical cost at June 30, 2021	Additions	Deletions	Historical cost at June 30, 2022
Capital assets, not depreciated							
Construction in progress	$ 629	$ -	$ (629)	$ -	$ 1,565	$ -	$ 1,565
Land	1,681	-	-	1,681	-	-	1,681
Capital assets, being depreciated							
Building	48,243	-	-	48,243	-	-	48,243
Equipment	10,999	-	-	10,999	-	-	10,999
	$ 61,552	$ -	$ (629)	$ 60,923	$ 1,565	$ -	$ 62,488

	Accumulated depreciation at June 30, 2020	Additions	Deletions	Accumulated depreciation at June 30, 2021	Additions	Deletions	Accumulated depreciation at June 30, 2022
Building	$ 8,932	$ 1,233	$ -	$ 10,165	$ 1,233	$ -	$ 11,398
Equipment	7,912	426	-	8,338	426	-	8,764
	$ 16,844	$ 1,659	$ -	$ 18,503	$ 1,659	$ -	$ 20,162

Note 5. Participation in the Multi-State Lottery

The Lottery is a member of the Multi-State Lottery (MUSL), which operates the semi-weekly POWERBALL® jackpot lotto game, the LOTTO AMERICA game, and MEGA MILLIONS® jackpot game on behalf of other participating lotteries. MUSL is currently comprised of 33 member state lotteries, including the District of Columbia and the United States Virgin Islands. MUSL is managed by a Board of Directors, which is comprised of the lottery directors or their designee from each of the party states. The Board of Directors' responsibilities to administer the Multi-State Lottery POWERBALL®, LOTTO AMERICA, and MEGA MILLIONS® games are performed by advisory committees or panels staffed by officers and independent contractors appointed by the board. These officers and consultants serve at the pleasure of the board and the board prescribes their powers, duties and qualifications. The Executive Committee carries out the budgeting and financing of MUSL, while the board contracts the annual independent audit. A copy of the audit may be obtained by writing to the Multi-State Lottery Association, 4400 N.W. Urbandale Drive, Urbandale, Iowa 50322.

Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the total prize pool less the amount of prizes won in each state. Lesser prizes are paid directly to the winners by each member lottery. The prize pool for POWERBALL®**,** LOTTO AMERICA and MEGA MILLIONS® is 50% of each drawing period's sales, with minimum jackpot levels.

Revenues derived from the Lottery's participation in the POWERBALL® jackpot game were $31,466,165 and $27,355,170 for the years ended June 30, 2022 and 2021, respectively, and related prize costs were $15,572,056 and $13,687,235, respectively.

Revenues derived from the Lottery's participation in the LOTTO AMERICA game were $4,896,281 and $4,733,870 for the years ended June 30, 2022 and 2021, respectively, and related prize costs were $2,455,608 and $2,367,225, respectively.

Revenues derived from the Lottery's participation in the MEGA MILLIONS® game were $12,930,196 and $19,434,999 for the years ended June 30, 2022 and 2021, respectively, and related prize costs were $6,465,208 and $9,715,483, respectively.

MUSL places a percentage of game sales from each game in separate prize reserve funds that serve as a contingency reserve to protect the respective MUSL Product Groups from unforeseen prize liabilities. These funds can only be used at the discretion of the respective MUSL Product Group. Once the prize reserve funds exceed the designated limit, the excess becomes part of that particular prize pool. Prize reserve fund monies are refundable to MUSL Product Group members if the MUSL disbands or, after one year, if a member leaves the MUSL. The applicable sales percentage contribution as well as the reserve fund limit for the MUSL games is as follows (in thousands):

(Continued)

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

	Required Contribution (% of Sales)	Reserve Fund Cap
POWERBALL®	2%	$125,000
LOTTO AMERICA	3%	$9,000
MEGA MILLIONS®	1%	$45,000

The Lottery's share of the prize reserve fund balances with MUSL as of June 30, were as follows (in thousands):

	2022		2021	
	Total Prize Reserve	Lottery Share	Total Prize Reserve	Lottery Share
POWERBALL ®	$ 121,461	$ 1,340	$ 109,316	$ 1,386
LOTTO AMERICA	5,975	455	4,610	347
MEGA MILLONS ®	88,624	845	93,276	934
	$ 216,060	$ 2,640	$ 207,202	$ 2,667

Lottery prize reserves held by the MUSL are invested according to a Trust agreement the Lottery has with MUSL outlining investment policies. The policies restrict investments to direct obligations of the United States Government, perfected repurchase agreements, and obligations issued or guaranteed as to payment of principal and interest by agencies or instrumentalities of the United States Government, and mutual funds of approved investments. The average portfolio maturity is never more than one year, except that up to one third of the portfolio may have an average maturity of up to two years. The maximum maturity for any one security does not exceed five years.

The interest earned on prize reserve fund monies is used to pay MUSL operating expenses and any amounts over and above the expenses are credited to an unreserved fund. The Lottery records this interest when earned. This fund had a balance of $20,493,598 and $19,878,441 at June 30, 2022 and 2021, of which the Lottery's share was $1,477,141 and $1,441,191, respectively.

Note 6. Racetrack Video Lottery

The racetrack video lottery legislation stipulates the distribution of racetrack video lottery revenues. This legislation has been amended since inception to restate revenue distribution based on revenue benchmarks. Initially, four percent (4%) of gross terminal revenue is allocated for lottery administrative costs. Fifty-seven percent (57%) of net terminal revenue (gross less 4%) is allocated in lieu of commissions to: the racetracks (46.5%); other private entities associated with the racing industry (8.7%); and the local county and municipal governments (2%). The remaining forty-three percent (43%) of net terminal revenue is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 12 titled "Nonoperating Distributions to the State of West Virginia."

(Continued)

Note 6. Racetrack Video Lottery (Continued)

The first benchmark occurs when the current year net terminal revenue meets the fiscal year 1999 net terminal revenue. The counties and incorporated municipalities split 50/50 the two percent (2%) net terminal revenue.

The second benchmark occurs when the current year gross terminal revenue meets the fiscal year 2001 gross terminal revenue. The four percent (4%) is no longer allocated for lottery administrative costs; instead the State receives this for distribution as specified by legislation or the State budget.

The final benchmark occurs when the current year net terminal revenue meets the fiscal year 2001 net terminal revenue. At this point, a 10% surcharge is applied to net terminal revenue, with 62% of the surcharge allocated for distribution to the State as specified by legislation or the State budget, and 38% of the surcharge allocated to separate capital reinvestment funds for each licensed racetrack. After deduction of the surcharge, 49% of the net terminal revenue is allocated in lieu of commissions to: the racetracks (42%); other private entities associated with the racing industry (5%); and the local county and incorporated municipality governments (2%). The remaining net terminal revenue (51%) is allocated for distribution to the State as specified in the Racetrack Video Lottery Act or subsequent State budget, as described in Note 12.

Amounts from the capital reinvestment fund may be distributed to each racetrack if qualifying expenditures are made within the statutory timeframe; otherwise, amounts accumulated in the fund revert to the state excess lottery revenue fund.

A summary of racetrack video lottery revenues for the years ended June 30, 2022 and 2021, follows (in thousands):

	2022	2021
Total credits (bets) played	$ 5,435,672	$ 4,546,773
Credits (prizes) won	(4,883,779)	(4,082,345)
Promotional credits played	(77,128)	(60,193)
Gross terminal income	474,765	404,235
Administrative costs	(13,729)	(13,035)
Net terminal income	461,036	391,200
Commissions	(245,183)	(212,774)
Racetrack video lottery revenues available for distribution	$ 215,853	$ 178,426

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

	2022	2021
State Lottery Fund	$ 100,453	$ 95,054
State Excess Lottery Revenue Fund	110,829	80,680
Capital Reinvestment Fund	4,571	2,692
Total nonoperating distributions	$ 215,853	$ 178,426

(Continued)

Note 6. Racetrack Video Lottery (Continued)

On March 12, 2011, the Legislature passed Senate Bill 550 (amended March 24, 2021 by Senate Bill 9 to extend the fund through 2030) which provides for the creation of the Racetrack Modernization Fund. The Modernization Fund is available to reimburse the licensed tracks $1 for every $2 spent on the costs of facility modernization. For the years ended June 30, 2015 through June 30, 2030, the Lottery may transfer up to $9 million from racetrack administrative surplus funds to the Modernization Fund, which is allocated to each track on a pro rata basis according to their administrative contribution for the fiscal year. For the years ended June 30, 2022 and 2021, the Lottery transferred approximately $9 million to the Racetrack Modernization Fund each year.

Note 7. Limited Video Lottery

The limited video lottery legislation established specific requirements imposing certain restrictions limiting the licensing for the operation of limited video lottery games to 9,000 terminals placed in licensed retailers. These licensed retailers must hold a qualifying permit for the sale and consumption on premises of alcohol or non-intoxicating beer. The Lottery has been charged with the administration, monitoring and regulation of these machines. The legislation further stipulates the distribution of revenues from limited gross terminal income be deposited into the state lottery fund for administrative costs. Then, the state share percentage is 50 percent of gross profit is to be transferred to the State Excess Lottery Revenue Fund. Two percent is distributed to counties and incorporated municipalities in the manner prescribed by the statute. The remaining amount of gross profit is paid to retailers and/or operators as prescribed in the Act and is recorded as limited video lottery commissions in the financial statements. Municipal and county distributions are accounted for as nonoperating expenses. A summary of limited video lottery revenues for the years ended June 30, 2022 and 2021 follows (in thousands):

	2022	2021
Total credits played	$ 6,407,567	$ 6,204,072
Credits (prizes) won	(5,916,645)	(5,723,460)
Gross terminal income	490,922	480,612
Administrative costs	(9,818)	(9,612)
Gross profit	481,104	471,000
Commissions	(240,552)	(235,500)
Distributions to municipalities and counties	(9,622)	(9,420)
Limited video lottery revenues available for distribution	$ 230,930	$ 226,080

Note 8. Table Games

The passage of table games legislation allowed local referendums in each of the four counties in which a race track is located to approve table games. All four counties have authorized table games at their respective tracks.

Table games include blackjack, roulette, craps, and various types of poker. The Lottery receives a privilege tax of 35% of adjusted gross receipts, from each licensed racetrack, which is deposited weekly into the Lottery's racetrack table game fund.

(Continued)

Note 8. Table Games (Continued)

From the gross amounts deposited into the table games fund, the Lottery, on a monthly basis retains 3% of the adjusted gross receipts for administrative expenses. From the administrative allowance, at least $100,000 and not more than $500,000 annually will be transferred to the Lottery's compulsive gambling treatment fund.

The Lottery then transfers 2.25% of adjusted gross receipts from all thoroughbred and greyhound racetracks participating in licensed table games to the special funds established by each thoroughbred and greyhound racetrack table games licensee for the payment of regular racetrack purses to be divided equally among each licensee. A transfer of 1.8% of the adjusted gross receipts is made from all licensed racetracks to the thoroughbred development fund and the greyhound breeding development fund to be divided pro rata among the development funds.

Transfers of 2% of the adjusted gross receipts are made from each licensed racetrack to the county commissions of the counties where racetracks participating in licensed table games are located to be divided pro rata among the counties. Transfers of 3% of the adjusted gross receipts are made from each licensed racetrack to the governing bodies of municipalities within counties where racetracks participating in licensed table games are located as prescribed by statute. A transfer of .5% of the adjusted gross receipts to the governing bodies of municipalities in which a racetrack table games licensee is located is to be divided equally among the municipalities. The Lottery, in accordance with the enabling legislation, will distribute the remaining amounts hereinafter referred to as the net amounts in the racetrack table games funds as follows:

- A transfer of 4%, into a special fund to be established by the West Virginia Racing Commission to be used for payment into the pension plan for all employees of each licensed racing association.

- A transfer of 10%, to be divided and paid in equal shares, to each county commission in the state where table games are not located.

- A transfer of 10%, to be divided and paid in equal shares, to the governing bodies of each municipality in the state where table games are not located.

- A transfer of 76% to the Excess Lottery Fund.

The table games adjusted gross receipts for the year ended June 30, 2022 and 2021 were $103,414,024 and $76,587,377, respectively. A summary of table games revenues for the years ended June 30, 2022 and 2021 follows (in thousands):

(Continued)

Note 8. Table Games (Continued)

	2022	2021
Table games privilege tax	$ 36,195	$ 26,806
Interest on table games fund	11	3
Administrative costs	(3,102)	(2,298)
Total available for distribution	33,104	24,511
Less distributions:		
Racetrack purse funds	2,327	1,723
Thoroughbred & greyhound development funds	1,861	1,379
Racing commission pension plan	910	674
Municipalities/counties	10,241	7,582
Total distributions	15,339	11,358
Table games distribution to the state Excess Lottery Fund	$ 17,765	$ 13,153

Note 9. Historic Resort Hotel

The Historic Resort Hotel legislation authorizes video lottery and table games at a licensed historic resort hotel which is defined as "a resort hotel registered with the United States Department of the Interior as a national historic landmark in its National Registry of Historic Places having not fewer than five hundred guest rooms under common ownership and having substantial recreational guest amenities in addition to the gaming facility."

Historic resort video lottery

Historic Resort Hotel legislation, as amended, dictates the distribution of video lottery revenues. Thirty three and a half percent (33.5%) of gross terminal income is allocated to Historic Resort Hotel Fund, two and a half percent (2.5%) is allocated to the State Excess Lottery Revenue Fund, and seventeen percent (17%) of gross terminal income is allocated to the Human Resource Benefit Fund. The remaining forty-seven percent (47%) of gross terminal income is then subject to a ten percent (10%) surcharge which is allocated to separate capital reinvestment funds for the licensed historic resort hotel. After deduction of the surcharge, the remaining forty-two and three-tenths percent (42.3%) of gross terminal income is retained by the historic resort hotel. A summary of historic resort hotel video lottery revenues for the years ended June 30, 2022 and 2021 follows (in thousands):

(Continued)

Note 9. Historic Resort Hotel (Continued)

Historic resort video lottery (continued)

	2022	2021
Total credits played	$ 73,505	$ 88,205
Credits (prizes) won	(67,479)	(81,424)
Promotional credits played	(815)	(1,227)
Gross terminal income	5,211	5,554
Capital reinvestment	(245)	(261)
Excess Lottery	(47)	(50)
Hotel commissions	(2,204)	(2,349)
Net terminal income	$ 2,715	$ 2,894
Historic Resort Hotel Fund	$ 1,829	$ 1,950
Human Resource Benefit Fund	886	944
Total	$ 2,715	$ 2,894

Historic resort table games

Each historic resort hotel licensee is subject to a privilege tax of thirty five percent (35%) of adjusted gross receipts, of which thirty percent (30%) is deposited directly into the Historic Resort Hotel Fund and five percent (5%) is deposited directly into the Human Resource Benefit Fund. The historic resort hotel table games adjusted gross receipts for the years ended June 30, 2022 and 2021 were $7,862,551 and $6,681,689, respectively.

The following table shows the privilege tax and the accrued distributions (in thousands) for the years ended June 30, 2022 and 2021:

	2022	2021
Table games privilege tax	$ 2,752	$ 2,339
Historic Resort Hotel Fund	$ 2,359	$ 2,005
Human Resource Benefit Fund	393	334
Total distributions	$ 2,752	$ 2,339

Historic resort hotel fund

Historic Resort Hotel Fund deposits are allocated after a fifteen percent (15%) lottery administrative cost. The remaining Historic Resort Hotel Fund net income (gross deposits less 15%) are distributed as follows:

(Continued)

Note 9. Historic Resort Hotel (Continued)

Historic resort hotel fund (Continued)

- 4% is paid to the county where the gaming facility is located;
- 2.5% is paid to the municipality where the gaming facility is located as prescribed by statute;
- 2.5% is divided and paid in equal shares to the remaining municipalities in the county where the gaming facility is located;
- 2.5% is divided and paid in equal shares, to each county commission in the state where the gaming facility is not located;
- 2.5% is divided and paid in equal shares, to each municipality in the State not already receiving a distribution.
- 86% is transferred to the Excess Lottery Revenue Fund.

A summary of Historic Resort Hotel Fund revenues and related distributions is as follows (in thousands) for the years ended June 30, 2022 and 2021:

	2022	2021
Historic Resort Hotel video lottery	$ 1,829	$ 1,950
Historic Resort table games	2,359	2,005
Interest on Historic Resort Hotel Fund	3	1
Historic Resort Hotel Fund deposits	4,191	3,956
Administrative costs	(635)	(601)
Historic Resort Hotel Fund net income	$ 3,556	$ 3,355
Municipalities/Counties	$ 498	$ 470
Excess Lottery Revenue Fund	3,058	2,885
Total distributions	$ 3,556	$ 3,355

Note 10. Sports Wagering

Each racetrack and historic resort hotel licensee is subject to a privilege tax of ten percent (10%) of adjusted gross wagering receipts, which will be deposited weekly into the Sports Wagering Fund.

From the privilege tax deposited into the Sports Wagering Fund, the Lottery, on a monthly basis shall:

Retain 15% for administrative expenses of which any surplus in excess of $250,000 shall be reported to the Joint Committee on Government and Finance and remitted to the State Treasurer.

After the reduction for administrative expenses, the net profit shall be deposited into the State Lottery Fund until a total of $15 million is deposited. The remainder of net profit shall be deposited into the Public Employees Insurance Agency Financial Stability Fund.

(Continued)

Note 10. Sports Wagering (Continued)

The Sports Wagering adjusted gross wagering receipts for the year-to-date ended June 30, 2022 and 2021 were $44,845,602 and $40,998,479 respectively. The following table shows the privilege tax and the accrued distributions is as follows (in thousands), for the years ended June 30, 2022 and 2021:

	2022	2021
Sports wagering privilege tax	$ 4,485	$ 4,100
Administrative costs	(673)	(615)
Total available for distribution	$ 3,812	$ 3,485

Note 11. Interactive Wagering

Interactive Wagering legislation passed in 2019 per House Bill 2934. Each racetrack and historic resort hotel licensee is subject to a privilege tax of fifteen percent (15%) of adjusted gross interactive gaming receipts, which will be deposited weekly into the Interactive Wagering Fund.

From the privilege tax deposited into the Interactive Wagering Fund, the Commission, on a monthly basis shall:

Retain 15% for administrative expenses of which any surplus in excess of $250,000 shall be reported to the Joint Committee on Government and Finance and remitted to the State Treasurer.

In each fiscal year, the Lottery Commission shall deposit one-quarter of a percent of the net profit into each of the four special funds established by the Racing Commission, pursuant to §29-22A-10 and §29-22C-27 to be used for payment into the pension plan for the employees of the licensed racing associations in this state.

After the reduction for administrative expenses and the pension plans for the racing associations, the net profit shall be deposited into the State Lottery Fund.

The Interactive Wagering adjusted gross interactive gaming receipts for the year-to-date ended June 30, 2022 and 2021 were $86,172,746 and $33,845,751 respectively. The privilege tax and the accrued distributions (in thousands) for the years ended June 30, 2022 and 2021 are as follows:

	2022	2021
Interactive wagering privilege tax	$ 12,926	$ 5,077
Interest on Interactive wagering fund	11	1
Administrative costs	(1,939)	(762)
Total available for distribution	10,998	4,316
Racetrack Pension Funds	$ 110	$ 43
State Lottery Fund	10,888	4,273
Total distributions	$ 10,998	$ 4,316

Note 12. Nonoperating Distributions to the State of West Virginia

The Lottery periodically distributes surplus funds, exclusive of amounts derived from limited video lottery and a portion of racetrack video lottery funds, to the State of West Virginia in accordance with the current governing legislation. For the years ended June 30, 2022 and 2021, the State Legislature budgeted $142,297,650 and $142,964,751, respectively, of estimated profits of the Lottery for distributions to designated special revenue accounts of the State of West Virginia. With regard to the State Lottery Fund, legislation stipulates that debt service payments be given a priority over all other transfers in instances where estimated profits are not sufficient to provide for payment of all appropriated distributions. Debt service payments of $1,800,000, $1,000,000, and $500,000 per month for the first ten months of each fiscal year currently have such priority. Transfers made pursuant to the State Excess Lottery Revenue Fund have similar requirements; currently debt service payments are $6,600,000 per month for the first ten months of each fiscal year. In addition, Legislation provides that, if in any month, there is a shortage of funds in the State Excess Lottery Revenue Fund to make debt service payments, the necessary amount shall be transferred from the State Lottery Fund to cover such shortfall, after the State Lottery Fund debt service payments have been made. Repayments to the State Lottery Fund are required to be made in subsequent months as funds become available.

All budgetary appropriations were satisfied for the years ending June 30, 2022 and 2021. The Lottery accrued additional distributions from the State Lottery Fund and State Excess Lottery Revenue Fund of $240,180,876 and $166,941,982, for the years ended June 30, 2022 and 2021 respectively. The Lottery does not have a legally adopted annual budget.

A summary of distributions to certain state agencies to conform with the various legislation follows (in thousands):

	2022	2021
State Lottery Fund:		
Bureau of Senior Services	$ 61,607	$ 57,955
Department of Education	14,357	18,883
Library Commission	11,514	11,514
Higher Education - Central Office	7,262	7,265
Tourism	6,732	6,732
Natural Resources	3,444	3,443
Division of Culture & History	4,264	4,185
Economic Development Authority	9,998	9,994
School Building Authority	18,000	18,000
General Revenue Fund	125	-
Community and Technical College	4,993	4,993
Total State Lottery Fund	142,296	142,964

(Continued)

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

	2022	2021
State Excess Lottery Revenue Fund:		
General Purpose Account	65,000	65,000
Education Improvement Fund	29,000	29,000
WV Infrastructure Council Fund	46,000	46,000
Higher Education Improvement Fund	15,000	15,000
State Park Improvement Fund	1,505	1,505
School Building Authority	18,987	18,994
Economic Development Fund	25,409	25,406
Refundable Credit - General Revenue Fund	9,009	10,000
Racing Commission	2,800	2,000
General Revenue Fund	22,500	6,498
WV Department of Health and Human Resources	33,303	83,303
Distributions to Statutory Funds and Purposes		
Parking Garage Fund	716	716
Capitol Dome and Improvements Fund	1,796	1,796
Capitol Renovation and Improvements Fund	2,381	2,381
Development Office Promotion Fund	1,299	1,299
Research Challenge Fund	1,732	1,732
Tourism Promotion Fund	4,808	4,808
Cultural Facilities and Capitol Resources Fund	1,251	1,251
State Debt Reduction Fund	20,000	20,000
General Revenue Fund	1,168	1,168
Historic Resort Hotel Fund	24	24
Racing Commission	3,464	3,464
Non-Governmental Budgeted Transfers	22,383	22,383
Total State Excess Lottery Revenue Fund	329,535	363,728
Total Distributions	471,831	506,692
Veterans Instant Ticket Fund	678	659
Total nonoperating distributions to the State of West Virginia (cash basis)	472,509	507,351
Accrued nonoperating distributions, beginning of year	(166,942)	(115,331)
Accrued nonoperating distributions, end of year	240,181	166,942
Total nonoperating distributions to the State of West Virginia	$ 545,748	$ 558,962

Note 13. Pension Benefits

Plan description

All full-time Lottery employees are eligible and required to participate in the West Virginia Public Employees' Retirement System (PERS). The PERS is one of several plans administered by the West Virginia Consolidated Public Retirement Board (CPRB). The CPRB issues a publicly available financial report that includes financial statements for PERS that can be obtained at www.wvretirement.com.

PERS is a multiple employer defined benefit cost sharing public employee retirement system covering substantially all employees of the State and its component units, as well as employees of participating non-State governmental entities who are not participants of another state or municipal retirement system.

Benefits provided

PERS provides retirement benefits as well as death and disability benefits. Qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. For all employees hired after July 1, 2015, qualification for normal retirement is age 62 with 10 years of service. The straight-life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. Average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired after July 1, 2015, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings. Terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired after July 1, 2015, this age increases to 64 with 10 years of service.

Chapter 5, Article 10 of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature.

Contributions

Per Chapter 5, Article 10, members hired prior to July 1, 2015 contribute 4.5% of annual earnings. All members hired July 1, 2015 and later, will contribute 6% of annual earnings. State and non-state governmental employers' contribution rates were 10% of covered employees' annual earnings for fiscal years ending June 30, 2022, 2021, and 2020, respectively. Contribution rates for members are established by statutes, subject to legislative limitations and are not actuarially determined. Contribution rates for employers are established by the CPRB. Contributions to the pension plan from the Lottery were $804,035, $812,805, and $809,424 for the years ended June 30, 2022, 2021 and 2020, respectively.

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

At June 30, 2022 and 2021, respectively, the Lottery reported a liability (asset) of $(4,466,851) and $2,739,610 for its proportionate share of the net pension liability (asset). The net pension liability (asset) reported at June 30, 2022 was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2020,

(Continued)

Note 13. Pension Benefits (Continued)

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

rolled forward to the measurement date of June 30, 2021. The Lottery's proportion of the net pension liability (asset) was based on the Lottery's share of contributions to the pension plan relative to the contributions of all participating plan employers for the year ended June 30, 2021. At June 30, 2021, the Lottery's proportion was 0.51 percent, which is a decrease of less than .01 from its proportion as of June 30, 2020.

For the years ended June 30, 2022 and 2021, respectively, the Lottery recognized pension expense of $(870,873) and $674,353. At June 30, 2022 and 2021, the Lottery reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 5,721
Differences between expected and actual experience	510	17
Changes in assumptions	850	36
Changes in proportion and differences between Lottery contributions and proportionate share of contributions	3	43
Lottery contributions made subsequent to the measurement date of June 30, 2021	804	-
Total	$ 2,167	$ 5,817

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 868	$ -
Differences between expected and actual experience	403	56
Changes in assumptions	-	121
Changes in proportion and differences between Lottery contributions and proportionate share of contributions	12	37
Lottery contributions made subsequent to the measurement date of June 30, 2020	813	-
Total	$ 2,096	$ 214

(Continued)

Note 13. Pension Benefits (Continued)

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

The $804,035 reported as deferred outflows of resources related to pensions resulting from Lottery contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (or increase in the net pension asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2023	$ (843)
2024	(742)
2025	(1,184)
2026	(1,685)

Actuarial assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.75 percent
Salary increases	2.75 - 6.75 percent, average, including inflation
Investment rate of return	7.25 percent, net of pension plan investment expense

Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018 for active employees, 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy males, 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy females, 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018 for disabled males, and 117% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018 for disabled females.

Experience studies, which were based on the years 2015 through 2020 for economic assumptions and 2013 through 2018 for all other assumptions, were used for the 2021 actuarial valuation.

Certain assumptions have changed since the prior actuarial valuation as of June 30, 2020. The discount rate and salary scales were changed to reflect the recent experience study covering the economic assumptions for July 1, 2015 through June 30, 2020.

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0 percent
Salary increases	3.1-6.5 percent, average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expense

(Continued)

Note 13. Pension Benefits (Continued)

Actuarial assumptions (continued)

Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected generationally with scale MP-2018 for active employees, 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy males, 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018 for retired healthy females, 118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018 for disabled males, and 117% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018 for disabled females.

An experience study, which was based on the years 2013 through 2018, was used for the 2020 actuarial valuation.

The long-term rates of return on pension plan investments was determined using the building block method in which estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. Best estimates of long-term geometric rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return	Weighted Average Expected Real Rate of Return
Domestic equity	27.5%	5.5%	1.51%
International equity	27.5%	7.0%	1.93%
Fixed income	15.0%	2.2%	0.33%
Real estate	10.0%	6.6%	0.66%
Private equity	10.0%	8.5%	0.85%
Hedge funds	10.0%	4.0%	0.40%
Total	100.00%		5.68%
Inflation (CPI)			2.10%
			7.78%

(Continued)

Note 13. Pension Benefits (Continued)

Actuarial assumptions (continued)

Discount rate

The discount rates used to measure the total pension liability were 7.25% and 7.50% for the 2021 and 2020 actuarial valuations, respectively. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position of the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability of the plan.

Sensitivity to change in the discount rate

Regarding the sensitivity of the net pension liability (asset) to changes in the discount rate, the following table presents the Lottery's proportionate share of the net pension liability (asset) calculated using the current discount rate of 7.25% as well as what the Lottery's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate (in thousands):

	Net Pension Liability (Asset)	
1% decrease (6.25%)	$	51
Current discount rate (7.25%)	$	(4,467)
1% increase (8.25%)	$	(8,280)

Note 14. Other Postemployment Benefits

Plan description

The West Virginia Other Postemployment Benefit Plan (the OPEB Plan) is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The financial activities of the OPEB Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The OPEB Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. OPEB Plan benefits are established and revised by PEIA and the RHBT management with approval of their Finance Board. The PEIA issues a publically available financial report of the RHBT that can be obtained at www.peia.wv.gov or by writing to the West Virginia Public Employees Insurance Agency, 601 57th Street, SE Suite 2, Charleston, WV 25304.

Benefits provided

The Lottery employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the PERS or meet certain other eligibility requirements of other West Virginia Consolidated Public Retirement Board (CPRB) sponsored retirement plans. RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is fully funded by member contributions. The medical and prescription drug insurance is provided through two options; Self-Insured Preferred Provider Benefit Plan - primarily for non-Medicare-eligible retirees and spouses or External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses.

(Continued)

Note 14. Other Postemployment Benefits (Continued)

Benefits provided (continued)

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Plan administered by a vendor. Under this arrangement, the vendor assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option. The RHBT collects employer contributions for Managed Care Organization (MCO) participants and remits capitation payments to the MCO. Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

Eligible participants hired after June 30, 2010, will be required to fully fund premium contributions upon retirement. The Plan is a closed plan to new entrants.

Contributions

West Virginia Code section 5-16D-6 assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers. Participating employers are required by statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers. Employer contributions represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to as paygo, retiree leave conversion billings, and other matters, including billing adjustments. The annual contractually required per active policyholder per month rates for State non-general funded agencies and other participating employers effective June 30, 2022, 2021, and 2020, respectively, were:

	2022 2/1/22 – 6/30/22	2022 7/1/21 – 1/31/22	2021	2020
Paygo Premium	$ 48	$ 116	$ 160	$ 168

Contributions to the OPEB plan from the Lottery were $151,957, $278,563 and $287,367 for the years ended June 30, 2022, 2021, and 2020, respectively.

Members retired before July 1, 1997, pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below;

- Members hired before July 1, 1988, may convert accrued sick or leave days into 100% of the required retiree healthcare contribution.

- Members hired from July 1, 1988, to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

(Continued)

Note 14. Other Postemployment Benefits (Continued)

Contributions by nonemployer contributing entities in special funding situations

The State of West Virginia is a nonemployer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating $30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The $30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

The State is a nonemployer contributing entity that provides funding through SB 469, which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. The public school support plan (PSSP) is a basic foundation allowance program that provides funding to the local school boards for "any amount of the employer's annual required contribution allocated and billed to the county boards for employees who are employed as professional employees, employees who are employed as service personnel and employees who are employed as professional student support personnel", within the limits authorized by the State Code. This special funding under the school aid formula subsidizes employer contributions of the county boards of education.

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

At June 30, 2022 and 2021, the Lottery reported a liability (asset) for its proportionate share of the RHBT net OPEB liability (asset) that reflected a reduction for State OPEB support provided to the Lottery. The amount recognized by the Lottery as its proportionate share of the net OPEB liability (asset), the related State support, and the total portion of the net OPEB liability (asset) that was associated with the Lottery was as follows (in thousands):

	2022	2021
Lottery's proportionate share of net OPEB liability (asset)	$ (46)	$ 654
State's special funding proportionate share of the net OPEB liability (asset) associated with the Lottery	(9)	145
Total portion of net OPEB liability (asset) associated with the Lottery	$ (55)	$ 799

(Continued)

Note 14. Other Postemployment Benefits (Continued)

OPEB liabilities (asset), OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

The net OPEB liability (asset) reported at June 30, 2022 was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2020, and rolled forward to a measurement date of June 30, 2021. The Lottery's proportion of the net OPEB liability (asset) was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date. At June 30, 2021, the Lottery's proportion was .15 percent, which is unchanged from its proportion measured as of June 30, 2020.

For the years ended June 30, 2022 and 2021, respectively, the Lottery recognized OPEB expense (revenue) of $(880,464) and $(559,657) and for support provided by the State under special funding situations revenue (expense) of $(38,190) and $62,147. At June 30, 2022 and 2021, the Lottery reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 314
Net difference between projected and actual earnings on OPEB plan investments	-	315
Changes in assumptions	-	965
Changes in proportion and differences between Lottery contributions and proportionate share of contributions	117	63
Reallocation of opt out employer change in proportionate share	-	17
Lottery contributions subsequent to the measurement date of June 30, 2021	152	-
Total	$ 269	$ 1,674

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 425
Net difference between projected and actual earnings on OPEB plan investments	49	-
Changes in assumptions	-	1,477
Changes in proportion and differences between Lottery contributions and proportionate share of contributions	113	198
Reallocation of opt out employer change in proportionate share	-	41
Lottery contributions subsequent to the measurement date of June 30, 2020	279	-
Total	$ 441	$ 2,141

(Continued)

Note 14. Other Postemployment Benefits (Continued)

OPEB liabilities, OPEB expense (revenue), and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

The amount of $151,957 reported as deferred outflows of resources related to OPEB resulting from Lottery contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (or increase in the net OPEB asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year Ended June 30:	
2023	$ (764)
2024	(607)
2025	(95)
2026	(91)

Actuarial assumptions

The total OPEB liability, reported as of June 30, 2022 and 2021, was determined by an actuarial valuation as of June 30, 2020, with measurement dates of June 30, 2021 and 2020, respectively, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Rates based on 2015 – 2020 OPEB experience study and dependent on pension plan participation and attained age, and range from 2.75% to 5.18%, including inflation
Investment rate of return	6.65%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2020, decreasing by 0.50% one year, then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of (31.11%) for plan year end 2022. 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year end 2036.
Actuarial cost method	Entry age normal cost method
Amortization method	Level percentage of payroll
Remaining amortization period	20 years closed period beginning June 30, 2017

(Continued)

Note 14. Other Postemployment Benefits (Continued)

Actuarial assumptions (continued)

Post-retirement mortality retirement rates were based on Pub-2010 General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 100% for males and 108% for females for Teachers' Retirement System (TRS), Pub-2010 Below-Median Income General Healthy Retiree Mortality Tables projected with MP-2019 and scaling factors of 106% for males and 113% for females for PERS, and Pub-2010 Public Safety Healthy Retiree Mortality Tables projected with scale MP-2019 and scaling factors of 100% for males and females for West Virginia Death, Disability, and Retirement Fund (Trooper A) and West Virginia State Police Retirement System (Trooper B). Pre-retirement mortality rates were based on Pub-2010 General Employee Mortality Tables projected with MP-2019 for TRS, Pub-2010 Below-Median Income General Employee Mortality Tables projected with MP-2019 for PERS, and Pub-2010 Public Safety Employee Mortality Tables projected with scale MP-2019 for Troopers A and B.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2020.

There were no assumption changes from the actuarial valuation as of June 30, 2020, measured at June 30, 2020 to the roll-forward measurement date of June 30, 2021.

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.0% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 2.5% for assets invested with the WVBTI. Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

The long-term rates of return on OPEB plan investments are determined using a building block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions, and forecast returns were provided by the plan's investment advisors, including the WVIMB. The projected return for the Money Market Pool held with the WVBTI was estimated based on the WVIMB assumed inflation rate of 2.0% plus a 25 basis point spread. The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	55.0%	4.8%
Core Plus Fixed Income	15.0%	2.1%
Hedge Fund	10.0%	2.4%
Private Equity	10.0%	6.8%
Core Real Estate	10.0%	4.1%

(Continued)

Note 14. Other Postemployment Benefits (Continued)

Discount rate

A single discount rate of 6.65% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Other key assumptions

Members hired on or after July 1, 2010, are required to pay 100% of expected cost of coverage, resulting in no implicit or explicit employer cost. Consequently, these members are excluded from the actuarial valuation.

OPEB subsequent event

Subsequent to the OPEB valuation with a measurement date of June 30, 2020, the RHBT was still experiencing the effects of the global pandemic that was declared by the World Health Organization due to an outbreak and spread of the COVID-19 virus. The OPEB valuation with a measurement date of June 30, 2021, does not reflect the recent and still developing impact of COVID-19, which is likely to influence healthcare claims experience, demographic experience and economic expectations.

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

The following presents the Lottery's proportionate share of the net OPEB liability (asset) calculated using the current discount rate, as well as what the Lottery's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate (in thousands):

	1% Decrease (5.65%)	Current Discount Rate (6.65%)	1% Increase (7.65%)
Lottery's proportionate share of the net OPEB liability (asset)	$ 245	$ (46)	$ (287)

(Continued)

Note 14. Other Postemployment Benefits (Continued)

Sensitivity of the Lottery's proportionate share of net OPEB liability (asset) to changes in the healthcare cost trend rates

The following presents the Lottery's proportionate share of the net OPEB liability (asset), as well as what the Lottery's proportionate share of the net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current rates (in thousands):

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Lottery's proportionate share of the net OPEB liability (asset)	$ 337	$ (46)	$ (309)

Note 15. Commitments

The Lottery Commission has designated unexpended administrative funds from various fiscal years for the acquisition of capital assets. As of June 30, 2022 and 2021, $7,075,367 and $7,536,034, respectively, are included in unrestricted net position for this purpose.

Note 16. Risk Management

The Lottery is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Lottery participates in several risk management programs administered by the State of West Virginia and other providers. Each of the state administered risk pools have issued separate audited financial reports on their operations. Those reports include the required supplementary information regarding the reconciliation of claims liabilities by type of contract and ten-year claim development information. Complete financial statements of the individual risk pools can be obtained directly from their respective administrative offices.

Public Employees' Insurance Agency (PEIA)

The Lottery participates in the Public Employees Insurance Agency (PEIA), which provides an employee benefit insurance program to employees. PEIA was established by the State of West Virginia for State agencies, institutions of higher education, Boards of Education and component units of the State. In addition, local governmental entities and certain charitable and public service organizations may request to be covered by PEIA. PEIA provides a base employee benefit insurance program, which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Underwriting and rate setting policies are established by PEIA. The cost of all coverage, as determined by PEIA shall be paid by the participants. Premiums are established by PEIA and are paid monthly, and are dependent upon, among other things, coverage required, number of dependents, state vs. non state employees and active employees vs. retired employees and level of compensation. Coverage under these programs is limited to $1 million for lifetime for health and $10,000 of life insurance coverage.

(Continued)

Note 16. Risk Management (Continued)

Public Employees' Insurance Agency (PEIA) (Continued)

The PEIA risk pool retains all risks for the health and prescription features of its indemnity plan. PEIA has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider, and has transferred the risks of the life insurance coverage to a third party insurer. PEIA presently charges equivalent premiums for participants in either the indemnity plan or the MCO Plan. Altogether, PEIA insures approximately 205,000 individuals, including participants and dependents.

Board of Risk and Insurance Management (BRIM)

The Lottery participates in the West Virginia Board of Risk and Insurance Management (BRIM), a risk pool currently operating as a risk management and insurance program for all State agencies, component units, and other local governmental agencies who wish to participate. The Lottery pays an annual premium to BRIM for its general insurance coverage. Underwriting and rate setting policies are established by BRIM. The cost of all coverage as determined by BRIM shall be paid by the participants. The BRIM risk pool retains the risk of the first $1 million per property event and purchases excess insurance on losses above that level. Excess coverage through an outside insurer under this program is limited to $200 million per event, subject to limits on certain property. BRIM has $1 million per occurrence coverage maximum on all third-party liability claims. During the year ended June 30, 2022, no changes in coverage were made and paid claims did not exceed coverage.

Workers compensation insurance

The Lottery carries workers compensation insurance coverage through a commercial insurance carrier. The commercial insurance carrier is paid a monthly rated premium to provide compensation for injuries sustained in the course of employment.

Note 17. Contingencies and Uncertainties

The Lottery is involved in certain claims and legal actions arising from the ordinary course of conducting business. Although the outcome of these claims and legal actions are presently indeterminable; it is the opinion of the Lottery's management, after a review of legal activities, that no adjustments to the financial statements are warranted and that any resolution of outstanding claims or legal actions are not expected to have a material adverse effect on the accompanying financial statements.

Note 18. Effect of New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

The GASB issued **Statement No. 94,** *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* in March 2020. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022.

(Continued)

Note 18. Effect of New Accounting Pronouncements (Continued)

The GASB issued **Statement No. 96,** *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for periods beginning after June 15, 2022.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WEST VIRGINIA LOTTERY

SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
(In Thousands)

Public Employees Retirement System Plan

	Years Ended June 30							
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Lottery's proportion (percentage) of the net pension liability (asset)	0.51%	0.52%	0.53%	0.53%	0.53%	0.52%	0.55%	0.55%
Lottery's proportionate share of the net pension liability (asset)	$ (4,467)	$ 2,740	$ 1,147	$ 1,360	$ 2,274	$ 4,800	$ 3,044	$ 2,035
Lottery's covered payroll	$ 8,130	$ 8,100	$ 7,890	$ 7,345	$ 7,192	$ 7,259	$ 7,421	$ 7,415
Lottery's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(54.94%)	33.83%	14.54%	18.52%	31.62%	66.12%	41.02%	27.44%
Plan fiduciary net position as a percentage of the total pension liability	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	91.29%	93.98%

Note: All amounts presented are as of the measurement date, which is one year prior to the fiscal year end date.

See Independent Auditor's Report and accompanying Notes to Required Supplementary Information.

WEST VIRGINIA LOTTERY

SCHEDULES OF CONTRIBUTIONS TO THE PERS
(In Thousands)

	Years Ended June 30									
	2022	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Statutorily required contribution	$ 804	$ 813	$ 810	$ 789	$ 808	$ 863	$ 980	$ 1,039	$ 1,075	$ 1,072
Contributions in relation to the statutorily required contribution	804	813	810	789	808	863	980	1,039	1,075	1,072
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Lottery's covered payroll	$ 8,040	$ 8,130	$ 8,100	$ 7,890	$ 7,345	$ 7,192	$ 7,259	$ 7,421	$ 7,415	$ 7,658
Contributions as a percentage of covered-employee payroll	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%

See Independent Auditor's Report and accompanying Notes to Required Supplementary Information.

WEST VIRGINIA LOTTERY

SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
(In Thousands)

Retirement Health Benefit Trust Plan

	Years Ended June 30				
	2022	**2021**	**2020**	**2019**	**2018**
West Virginia Lottery's proportion (percentage) of the net OPEB liability (asset)	0.15%	0.15%	0.15%	0.15%	0.14%
West Virginia Lottery's proportionate share of the net OPEB liability (aset)	$ (46)	$ 654	$ 2,551	$ 3,187	$ 3,501
State's proportionate share of the net OPEB liability (asset) associated with the Lottery	$ (9)	$ 145	$ 522	$ 659	$ 719
Total	$ (55)	$ 799	$ 3,073	$ 3,846	$ 4,220
West Virginia Lottery's covered-employee payroll	$ 4,810	$ 4,942	$ 4,909	$ 4,999	$ 5,264
West Virginia Lottery's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(0.96%)	13.23%	51.97%	63.75%	66.51%
Plan fiduciary net position as a percentage of the total OPEB liability	101.81%	73.49%	39.69%	30.98%	25.10%

Note: All amounts presented are as of the measurement date,
which is one year prior to the fiscal year end date.

See Independent Auditor's Report and accompanying Notes to Required Supplementary Information.

WEST VIRGINIA LOTTERY

SCHEDULES OF CONTRIBUTIONS TO THE RHBT
(In Thousands)

	Years Ended June 30					
	2022	**2021**	**2020**	**2019**	**2018**	**2017**
Statutorily required contribution	$ 152	$ 279	$ 287	$ 317	$ 303	$ 292
Contributions in relation to the statutorily required contribution	152	279	287	317	303	292
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
West Virginia Lottery's covered-employee payroll	$ 4,645	$ 4,810	$ 4,942	$ 4,909	$ 4,999	$ 5,264
Contributions as a percentage of covered-employee payroll	3.27%	5.80%	5.81%	6.46%	6.06%	5.55%

See Independent Auditor's Report and accompanying Notes to Required Supplementary Information.

Note 1. Trend Information Presented

The accompanying schedules of the Lottery's proportionate share of the net pension liability (asset) and contributions to PERS and the Lottery's proportional share of the Net OPEB liability (asset) and contributions to RHBT, are required supplementary information to be presented for 10 years. However, until a full 10 year trend is compiled, information is presented in the schedules for those years for which information is available.

Note 2. Pension Plan Amendment

The PERS was amended to make changes, which apply, to new employees hired July 1, 2015 and later, as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least age 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For employees hired July 1, 2015 and later, qualification for normal retirement is 62 with 10 years of service. A member hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between ages 60 and 62 with at least ten years of contributory service, between ages 57 and 62 with at least twenty years of contributory service, or between ages 55 and 62 with at least thirty years of contributory service.

- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired July 1, 2015 and later, average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.

- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired July 1, 2015 and later, this age increases to 64 with at least ten years of contributory service, or age 63 with at least twenty years of contributory service..

- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired July 1, 2015 and later, are required to contribute 6% of annual earnings.

Note 3. Pension Assumptions

The information in the schedules of the proportionate share of the net pension liability (asset) was based on actuarial valuations rolled forward to measurement dates of June 30 of each year presented below using the following actuarial assumptions:

(Continued)

Note 3. Pension Assumptions (Continued)

PERS	2019-2021	2015-2018	2014
Projected salary increase			
State	3.1 - 5.3%(2019–2020); 2.75% - 5.55% (2021)	3.0 - 4.6%	4.25 - 6.0%
Nonstate	3.35 - 6.5% (2019-2020); 3.60%-6.75%(2021)	3.35 - 6.0%	4.25 - 6.0%
Inflation rate	3.0% (2019-2020); 2.75% (2021)	3.0% (2016-2018); 1.9% (2015)	2.2%
Discount rate	7.50% (2019-2020); 7.25% (2021)	7.50%	7.50%
Mortality rates	Active-100% of Pub-2010 General Employees table, below median, headcount weighted, projected generationally with scale MP-2018 Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected generationally with scale MP-2018 Retired healthy females-122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected generationally with scale MP-2018 Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, headcount weighted, projected generationally with scale MP-2018 Disabled females-118% of Pub-2010 General / Teachers Disabled Female table, headcount weighted, projected generationally with scale MP-2018	Active-RP-2000 Non-Annuitant tables, Scale AA fully generational Retired healthy males – 110% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy females – 101% of RP -2000 Non-Annuitants, Scale AA fully generational Disabled males – 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled females – 107% of RP-2000 Disabled Annuitant, Scale AA fully generational	Healthy males – 1983 GAM Healthy females – 1971 GAM Disabled males-1971 GAM Disabled females-Revenue ruling 96-7
Withdrawal rates			
State	2.28-45.63%	1.75 - 35.1%	1 – 26%
Nonstate	2.50-35.88%	2 - 35.8	2 – 31.2%
Disability rates	0.005-0.540%	0. - 67.5%	0 – 8%
Experience study	2013 – 2018 (2019 – 2020); 2015-2020 –economic assumptions and 2013-2018 all other assumptions (2021)	2009 - 2014	2004 - 2009

Note 4. OPEB Assumptions

Below are changes in assumptions between the 2020 and 2018 valuations:

The assumption changes that most significantly impacted the total OPEB liability were an approximate $831 million decrease due to updated capped subsidy rates, per capita costs, and trend rates, as well as an approximate $279 million decrease due to changes in assumptions as a result of an experience study as follows:

- General/price inflation – decrease price inflation rate from 2.75% to 2.25%
- Discount rate – decrease discount rate from 7.15% to 6.65%
- Wage inflation – decrease wage inflation rate from 4.00% to 2.75% for PERS and TRS, and 3.25% for Troopers A and B
- OPEB retirement – develop explicit retirement rates for members who are eligible to retire with healthcare benefits and elect healthcare coverage
- Waived annuitant termination – develop explicit waived termination rates for members who are eligible to retire with healthcare benefits but waive healthcare coverage
- SAL conversion – develop explicit SAL conversion rates for members who are eligible to convert sick and annual leave (SAL) balances at retirement and convert SAL balances into OPEB benefits
- Lapse/re-entry – develop net lapse/re-entry rates for members who either lapse coverage after electing healthcare coverage or elect healthcare coverage after waiving coverage.

(Continued)

Note 4. OPEB Assumptions (Continued)

- Other demographic assumptions – develop termination, disability, and mortality rates based on experience specific to OPEB covered group
- Salary increase – develop salary increase assumptions based on experience specific to the OPEB covered group

Below are changes in assumptions between the 2018 and 2017 valuations:

The assumption changes that most significantly impacted the total OPEB liability were an approximate $11.8 million decrease in the per capital claims costs for Pre-Medicare and Medicare, as well as an approximate $224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumptions were noted but did not materially impact the total OPEB liability.

Below are changes in assumptions between the 2017 and 2016 valuations:

The assumption changes that most significantly impacted the Net OPEB Liability are as follows: the inclusion of waived annuitants increased the liability by approximately $17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately $68 million; a change in certain healthcare-related assumptions decreased the liability by approximately $232 million; and an update to the mortality tables increased the liability by approximately $25 million. Certain other assumption changes were noted but did not materially impact the Net OPEB Liability.

Below are changes in the assumptions between the 2016 and 2015 valuations:

Certain economic and behavioral assumptions are unique to healthcare benefits. These assumptions include the healthcare trend, per capita claims costs, the likelihood that a member selects healthcare coverage and the likelihood that a retiree selects one-person, two person or family coverage. These assumptions were updated based on a recent experience study performed by the RHBT actuaries using five-year experience data through June 30, 2015. The updated per capita claims costs were also based on recent claims, enrollment and premium information as of the valuation date.

For the June 30, 2016 valuation, the retiree healthcare participation assumption for each retirement plan is slightly higher than the previous assumption used in the June 30, 2015 OPEB valuation. More members who were covered as actives will be assumed to participate as retirees.

The 2016 and 2015 valuations include consideration of the $30 million annual appropriations under Senate Bill 419, through July 1, 2037, or if earlier, the year the benefit obligation is fully funded. Additionally, the presentation of covered payroll was changed for the June 30, 2015, actuarial valuation. Participating employees hired before July 1, 2010, pay retiree premiums that are subsidized based on years of service at retirement. Participating employees hired on or after July 1, 2010, are required to fully fund premium contributions upon retirement. Consequently, beginning June 30, 2015, actuarial valuation covered payroll represents only the payroll for those OPEB eligible participating employees that were hired before July 1, 2010, allowing a better representation of the UAAL as a percentage of covered payroll, whereas, for the prior years, covered payroll is in total for all participating employees.



STATISTICAL SECTION

This section of the West Virginia Lottery's annual comprehensive financial report depicts charts and graphs to aide in understanding the information presented in the financial statements and note disclosures about the Lottery's overall financial health.

FINANCIAL TRENDS/REVENUE CAPACITY

The accompanying schedules, depicting financial and revenue trends, contain information to help the reader understand how the financial performance and well-being have changed over time and how the Lottery assesses its most significant revenue sources; traditional instant and online games, the video lottery segment and table games. The continued expansion of venues that offer a variety of gaming options has sustained revenues for the Lottery.

DEMOGRAPHIC AND ECONOMIC INFORMATION

The accompanying schedules, depicting demographic and other economic relationships, offer indicators to help the reader understand the environment within which the Lottery's financial activities take place. Indexes such as player income distribution, per capita income, and competitive revenues generated by other lottery systems are relevant in assessing the Lottery's performance.

OPERATING INFORMATION

There are many factors that impact the level of demand for Lottery products. For our online games, the sizes of the publicized jackpots drive the sales level. As an example, a Powerball® jackpot of $250 million will generate more sales than a jackpot of $40 million. For our instant ticket games, the level of demand is impacted by many factors such as game themes, playstyles, price points, and prize payouts. Racetrack Video Lottery and Table Games sales are largely driven by tourism. Weekends and holidays generate higher sales than weekdays. Limited Video Lottery sales are seasonally affected. Cold months tend to generate higher sales than warmer months. In an effort to minimize the effect of these nuances, the accompanying schedules contain information by year and game type to help the reader understand how the Lottery's financial performance and overall growth have trended.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports or the audited financial statements for the relevant year.



SALES BY PRODUCT AND OTHER REVENUES - LAST TEN YEARS*

	2013	2014	2015	2016
INSTANT	$108,634,752	$105,561,992	$103,276,392	$102,541,884
POWERBALL®	$48,688,807	$39,490,788	$34,099,437	$46,553,463
HOT LOTTO SIZZLER®	$5,063,704	$5,310,353	$5,745,617	$4,790,589
DAILY 3	$8,301,649	$8,269,965	$8,109,719	$8,176,541
DAILY 4	$4,748,002	$4,905,892	$4,849,937	$4,904,381
CASH 25	$5,237,499	$5,191,451	$5,191,526	$5,062,256
TRAVEL KENO	$5,671,808	$5,049,843	$5,103,370	$4,136,493
CA$H POP	-	-	-	-
MEGA MILLIONS®	$9,274,409	$14,850,257	$13,623,552	$12,035,877
LOTTO AMERICA®	-	-	-	-
TOTAL ONLINE	$86,985,878	$83,068,549	$76,723,158	$85,659,600
VIDEO *(net of prizes)*				
RACETRACK	$655,676,762	$590,918,374	$557,802,811	$537,729,110
LIMITED	$399,223,893	$377,222,264	$373,220,741	$360,814,338
TABLE GAMES *(privilege tax)*	$70,258,634	$50,464,934	$46,928,173	$43,545,330
VIDEO *(net of prizes)*	$4,737,669	$4,440,596	$4,070,270	$4,486,215
TABLE GAMES *(privilege tax)*	$2,858,962	$2,607,435	$1,982,451	$1,859,221
TOTAL HISTORIC RESORT	$7,596,631	$7,048,031	$6,052,721	$6,345,436
SPORTS WAGERING	-	-	-	-
INTERACTIVE WAGERING	-	-	-	-
TOTAL SALES	$1,328,376,550	$1,214,284,144	$1,164,003,996	$1,136,635,698
LICENSE FEE	$9,871,021	$9,776,116	$10,024,323	$9,396,576
MISCELLANEOUS	$1,989,230	$1,943,345	$1,288,429	$1,131,369
OTHER OPERATING INCOME	$11,860,251	$11,719,461	$11,312,752	$10,527,945
NONOPERATING INCOME	$252,688	$462,053	$406,819	$788,063
TOTAL REVENUES	**$1,340,489,489**	**$1,226,465,658**	**$1,175,723,567**	**$1,147,951,706**

EXPENSES, DISTRIBUTIONS, AND CHANGES IN NET POSITION - LAST TEN YEARS*

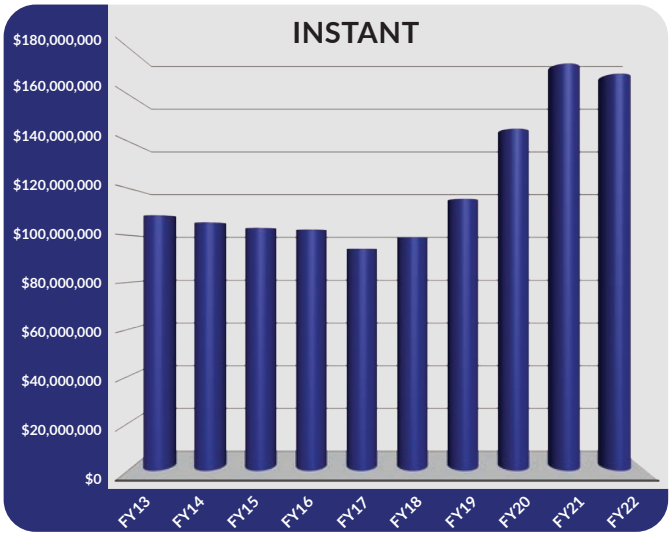
	2013	2014	2015	2016
PRIZES *(traditional)*	$116,230,326	$111,761,267	$106,475,947	$110,827,487
COMMISSIONS				
INSTANT	$7,604,433	$7,389,339	$7,229,348	$7,177,932
ONLINE	$6,094,540	$5,819,974	$5,371,955	$6,001,020
RACETRACK	$370,827,992	$336,205,404	$286,777,829	$275,496,153
LIMITED	$195,619,694	$184,838,897	$182,878,150	$176,799,014
TABLE GAMES	$30,674,243	$22,032,440	$19,885,019	$18,453,051
HISTORIC RESORT	$3,706,532	$3,456,421	$3,068,391	$3,302,272
TOTAL COMMISSIONS	$614,527,434	$559,742,475	$505,210,692	$487,229,442
ADMINISTRATION *(includes ticket costs)*	$34,991,775	$35,652,922	$33,663,094	$32,858,938
TOTAL OPERATING EXPENSES	$765,749,535	$707,156,664	$645,349,733	$630,915,867
NONOPERATING DISTRIBUTIONS				
MUNICIPALITIES AND COUNTIES	$7,824,788	$7,393,556	$7,315,126	$7,071,961
CAPITAL REINVESTMENT FUND	$18,820,278	$13,397,148	$11,716,851	$10,445,577
STATE OF WEST VIRGINIA	$545,203,685	$498,364,762	$508,328,566	$501,301,537
TOTAL DISTRIBUTIONS	$571,848,751	$519,155,466	$527,360,543	$518,819,075
CHANGES IN NET POSITION	**$2,891,203**	**$153,528**	**$3,013,291**	**($1,783,236)**

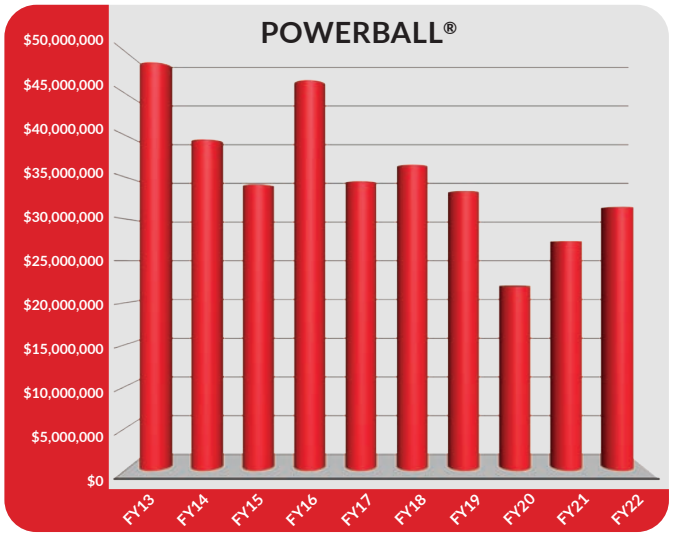
**Fluctuations in general revenues are the result of the general changes in demand, competitive changes in demand, and other factors affecting the volume of play from year to year. Expense fluctuations are directly correlated to the corresponding changes in revenue.*

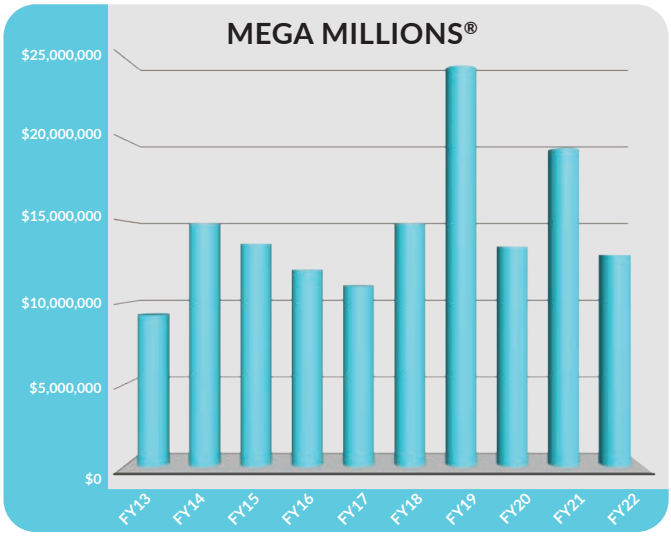
2017	2018	2019	2020	2021	2022
$94,368,751	$99,194,790	$115,596,133	$145,435,600	$173,142,225	$168,838,096
$34,514,013	$36,483,389	$33,340,489	$21,977,553	$27,355,170	$31,466,165
$4,848,437	$2,219,730	-	-	-	-
$8,144,181	$7,940,388	$7,936,802	$8,178,479	$8,722,635	$8,041,107
$4,796,895	$4,746,084	$4,639,723	$4,734,016	$5,002,445	$4,930,069
$4,938,032	$4,833,798	$4,831,831	$4,894,279	$5,044,417	$4,666,745
$3,811,709	$3,639,022	$3,917,999	$3,370,533	$5,812,452	$5,269,096
-	-	-	-	-	$1,756,789
$11,057,403	$14,850,547	$24,482,131	$13,446,828	$19,434,999	$12,930,196
-	$3,126,972	$5,351,712	$4,593,875	$4,733,870	$4,896,281
$72,110,670	$77,839,930	$84,500,687	$61,195,563	$76,105,988	$73,956,448
$521,317,604	$504,294,811	$506,646,755	$384,972,224	$404,234,626	$474,764,983
$347,555,459	$368,067,327	$392,329,925	$329,844,305	$480,612,089	$490,921,902
$38,957,889	$35,152,441	$35,530,186	$27,144,122	$26,805,582	$36,194,909
$3,739,067	$4,845,200	$5,094,820	$3,729,723	$5,554,723	$5,211,279
$1,467,848	$1,778,614	$2,255,342	$1,498,662	$2,338,591	$2,751,893
$5,206,915	$6,623,814	$7,350,162	$5,228,385	$7,893,314	$7,963,172
-	-	$1,193,403	$1,914,670	$4,099,848	$4,484,560
-	-	-	-	$5,076,863	$12,925,912
$1,079,517,288	$1,091,173,113	$1,143,147,251	$955,734,869	$1,177,970,535	$1,270,049,982
$9,245,717	$10,806,586	$10,152,290	$9,993,823	$72,630,164	$12,341,701
$1,431,996	$1,926,990	$1,822,894	$2,971,027	$1,670,372	$1,646,484
$10,677,713	$12,733,576	$11,975,184	$12,964,850	$74,300,536	$13,988,185
$934,085	$1,573,220	$3,964,409	$3,549,343	$622,730	$111,025
$1,091,129,086	**$1,105,479,909**	**$1,159,086,844**	**$972,249,062**	**$1,252,893,801**	**$1,284,149,192**

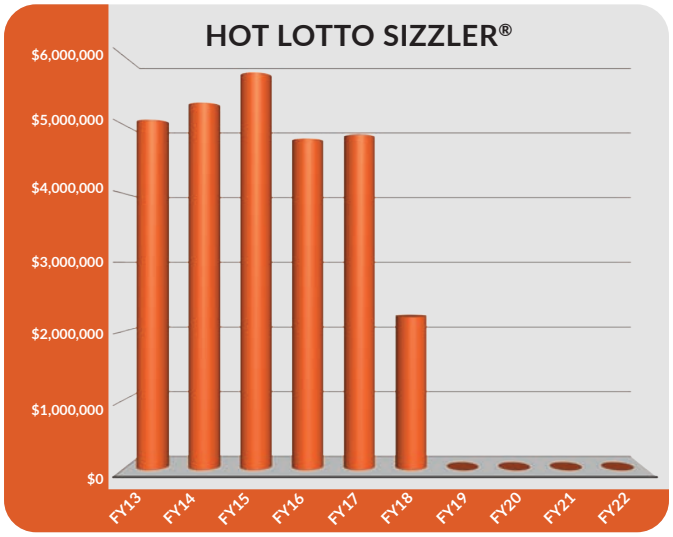
2017	2018	2019	2020	2021	2022
$98,186,374	$105,195,719	$119,246,794	$127,852,731	$155,303,951	$152,451,118
$6,605,813	$6,938,222	$8,075,627	$10,181,238	$12,119,956	$11,818,667
$5,043,296	$5,436,726	$5,910,620	$4,288,240	$5,320,934	$5,184,797
$268,177,388	$260,243,206	$261,874,733	$203,211,199	$212,773,694	$245,183,189
$170,302,163	$180,352,974	$192,241,651	$161,623,696	$235,499,912	$240,551,720
$16,512,256	$14,905,401	$15,070,193	$11,512,511	$11,358,709	$15,338,881
$2,732,495	$3,511,074	$3,786,770	$2,735,050	$4,097,735	$3,981,197
$469,373,411	$471,387,603	$486,959,594	$393,551,934	$481,170,940	$522,058,451
$31,589,554	$33,372,668	$35,963,214	$35,634,843	$37,540,586	$37,844,927
$599,149,339	$609,955,990	$642,169,602	$557,039,508	$674,015,477	$712,354,496
$6,812,087	$7,214,120	$7,689,667	$6,464,948	$9,419,997	$9,622,069
$7,467,510	$13,455,200	$13,663,976	$6,772,776	$9,052,604	$12,560,456
$477,053,471	$473,947,597	$495,141,920	$402,002,458	$558,962,484	$545,748,277
$491,333,068	$494,616,917	$516,495,563	$415,240,182	$577,435,085	$567,930,802
$646,679	**$907,002**	**$421,679**	**($30,628)**	**$1,443,239**	**$3,863,894**

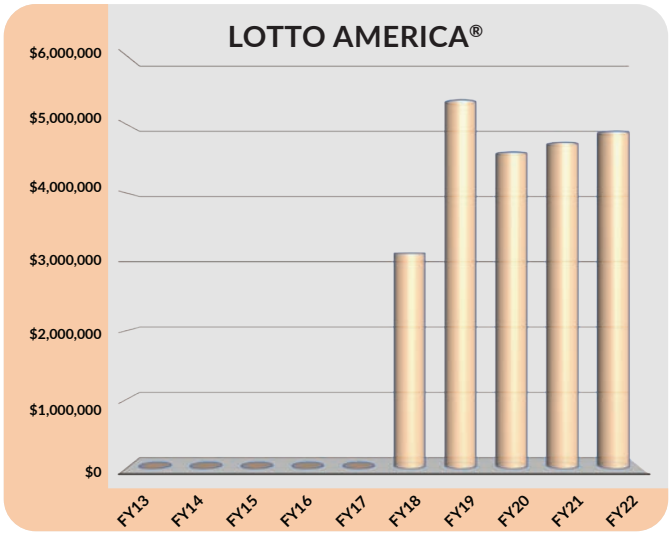
SALES BY PRODUCT LINE - LAST TEN YEARS

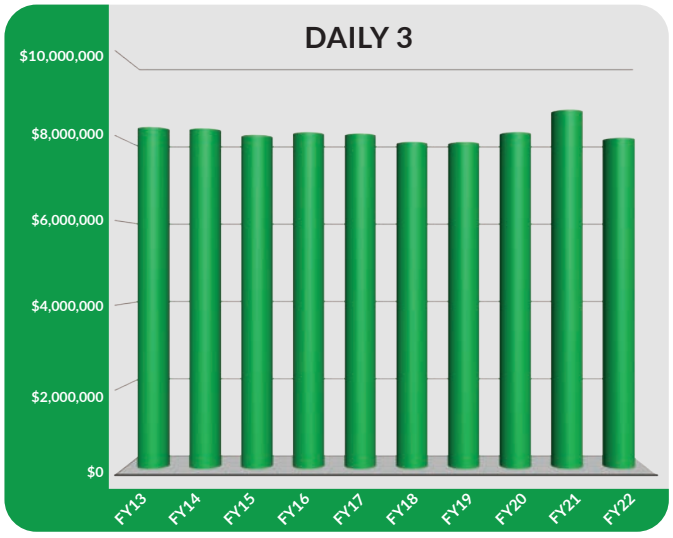






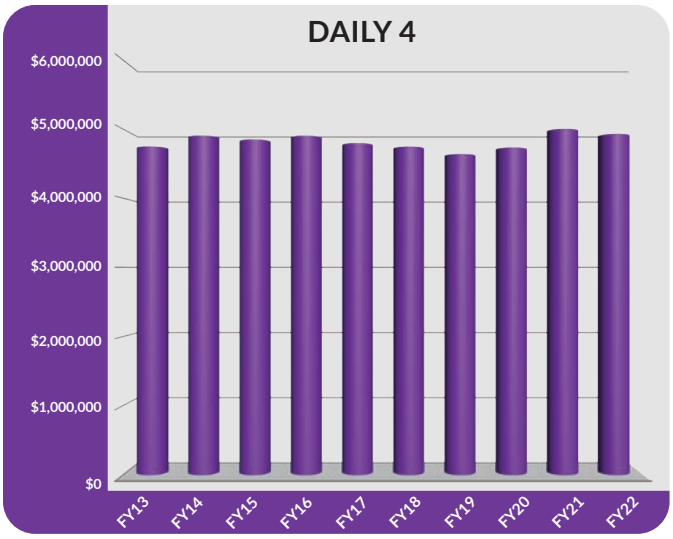


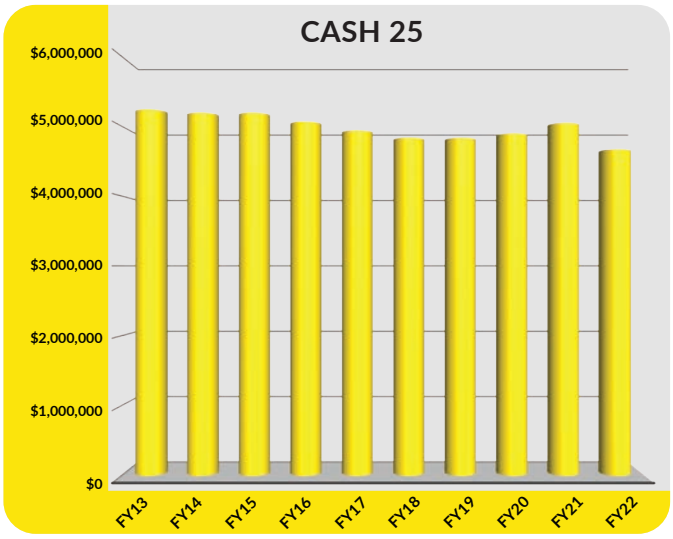


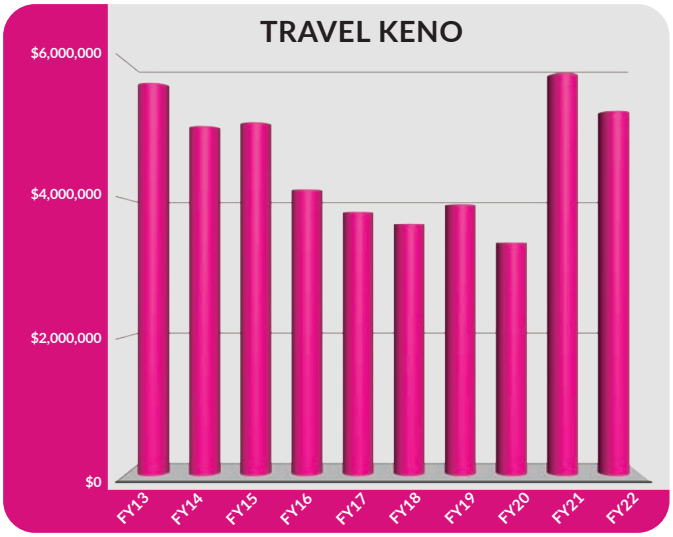


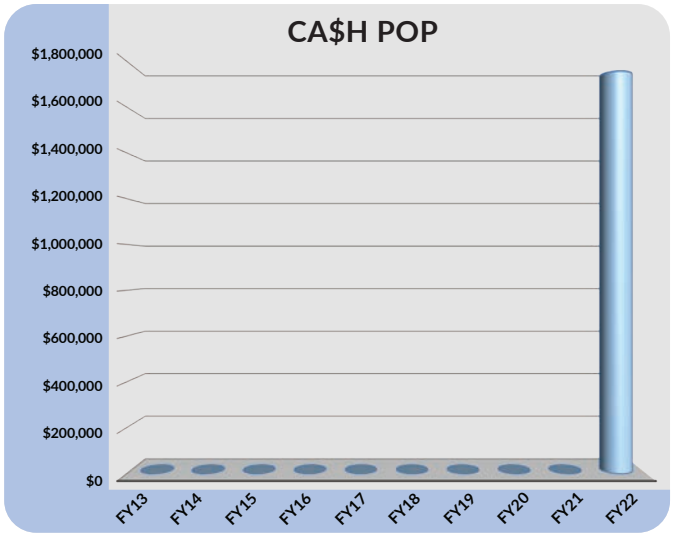
Source: West Virginia Lottery

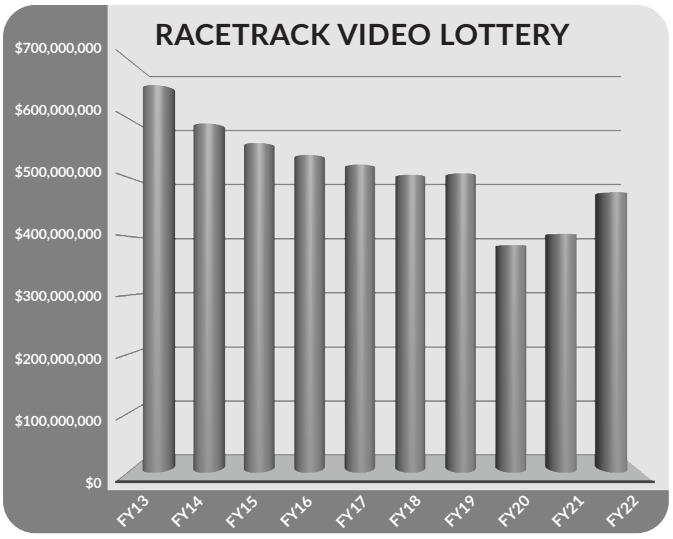
SALES BY PRODUCT LINE - LAST TEN YEARS

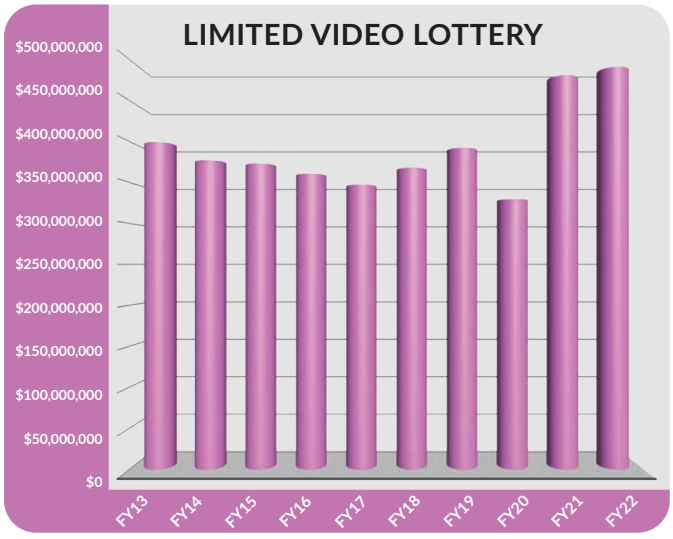






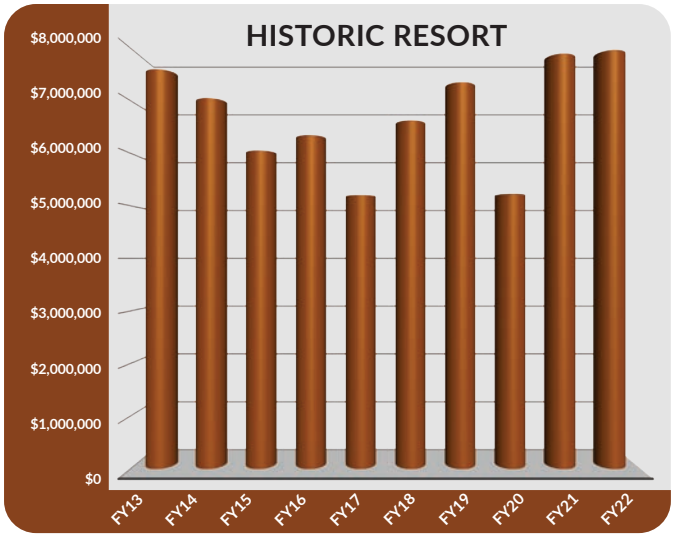


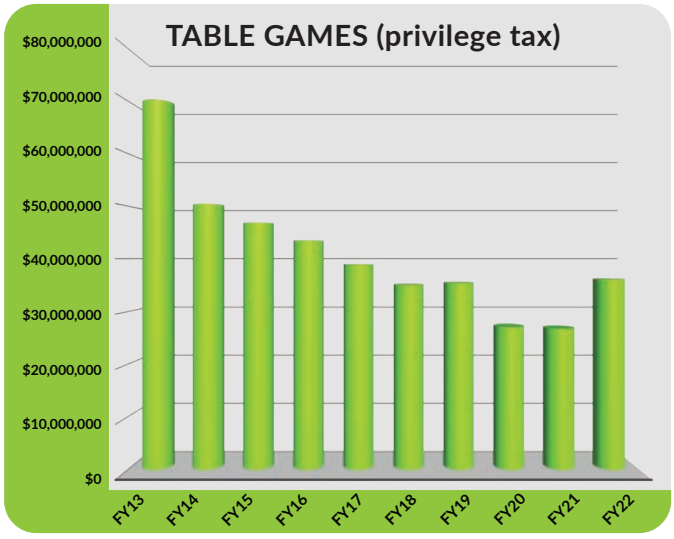


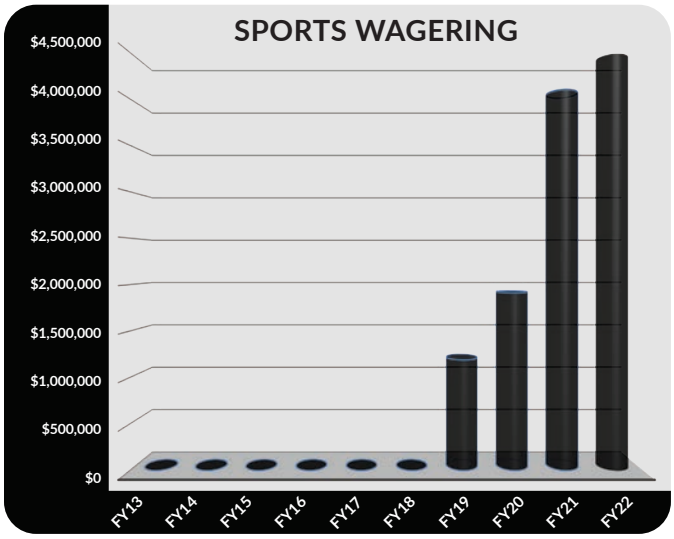


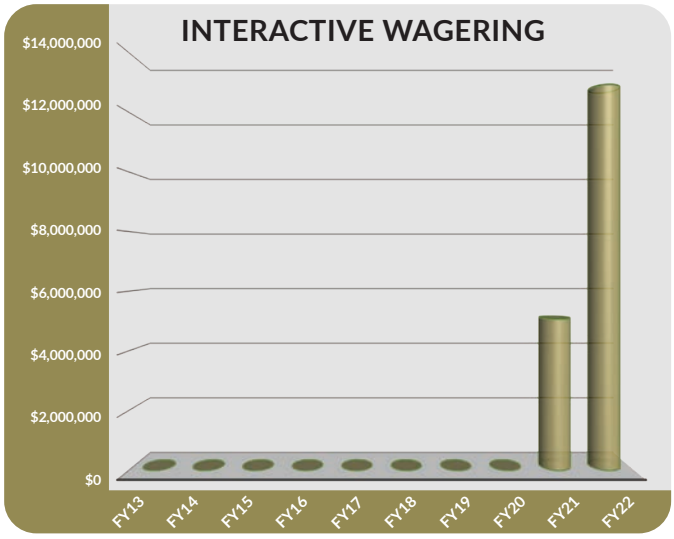
Source: West Virginia Lottery

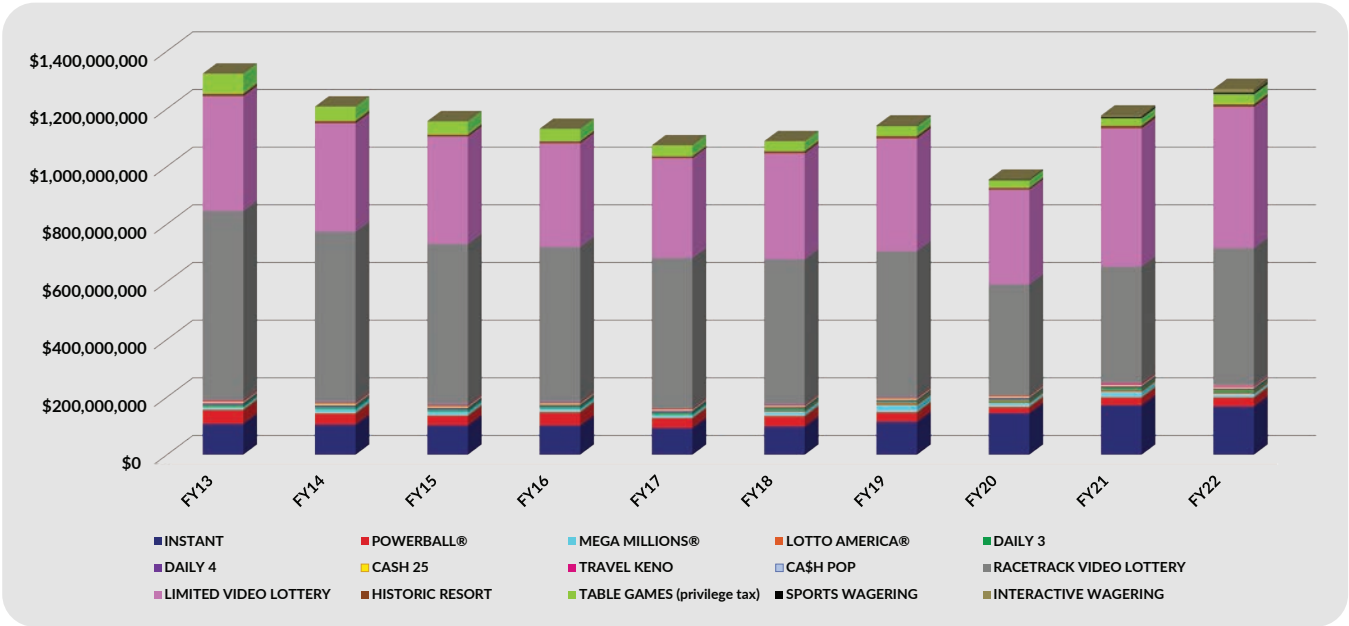
SALES BY PRODUCT LINE - LAST TEN YEARS





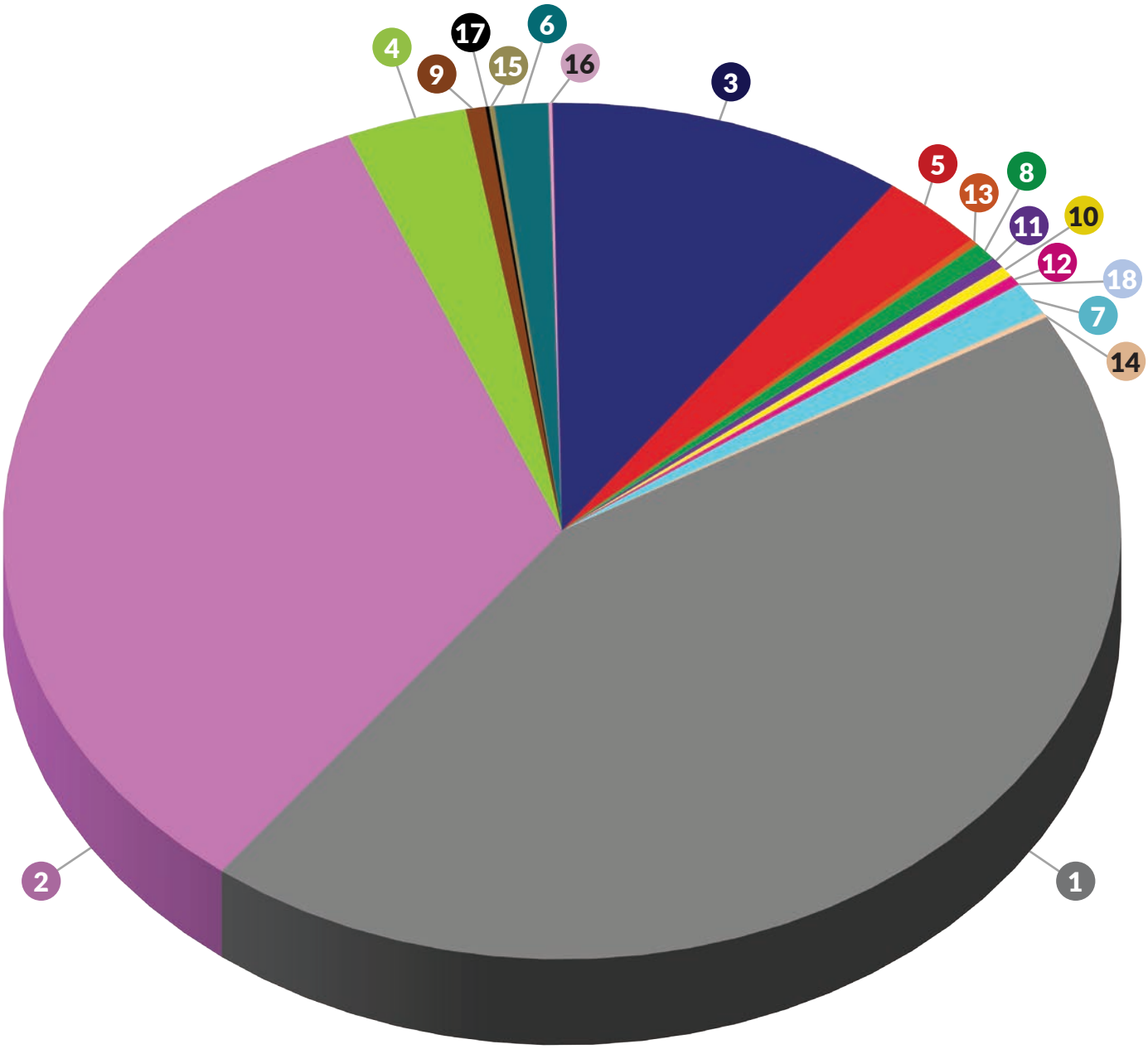






Source: West Virginia Lottery

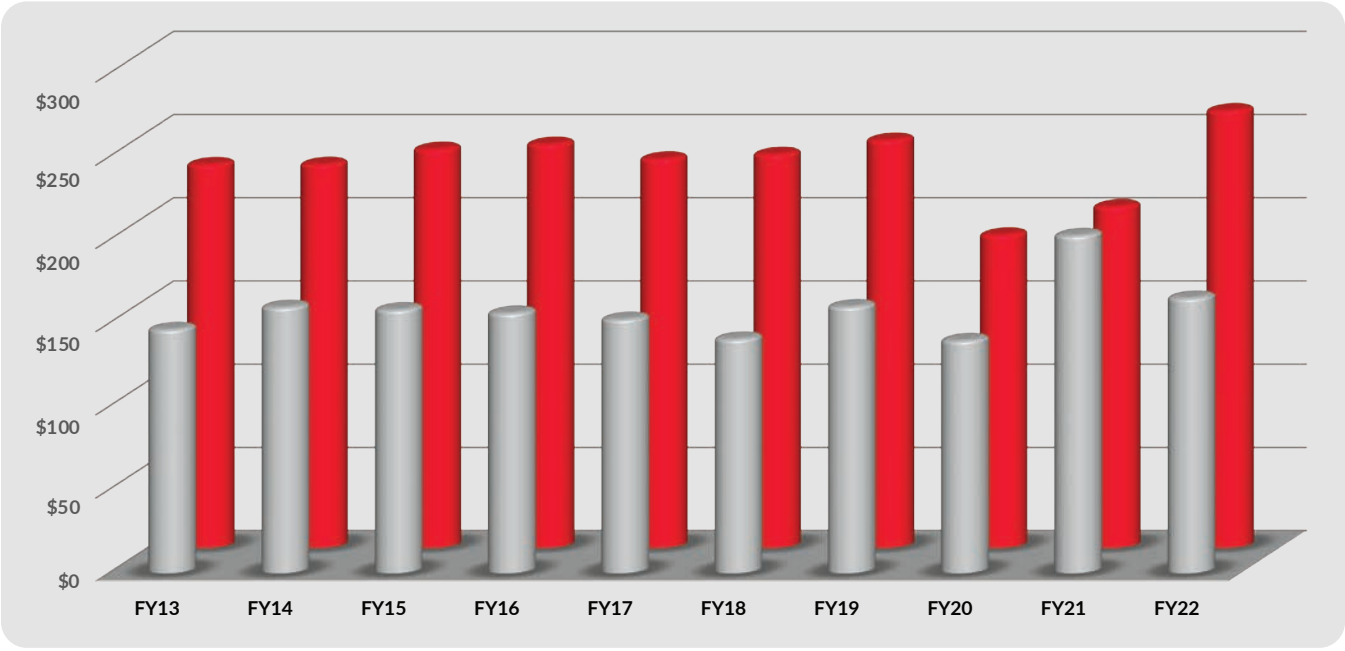
TOTAL REVENUE: $11,755,618,314 - LAST TEN YEARS

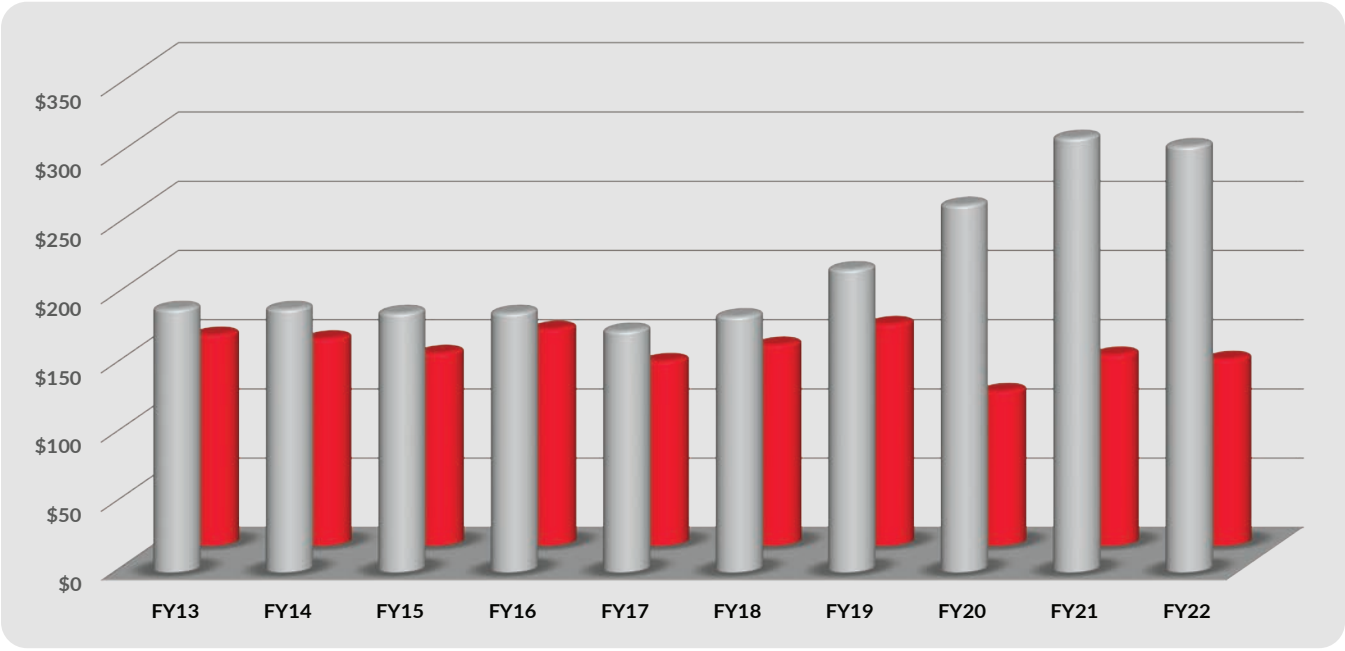


1 RACETRACK VIDEO LOTTERY: $5,138,358,060 • 43.71%
2 LIMITED VIDEO LOTTERY: $3,919,812,243 • 33.34%
3 INSTANT: $1,216,590,615 • 10.34%
4 TABLE GAMES (privilege tax): $410,982,200 • 3.50%
5 POWERBALL®: $353,969,274 • 3.01%
6 TOTAL OTHER: $182,060,453 • 1.55%
7 MEGA MILLIONS®: $145,986,199 • 1.24%
8 DAILY 3: $81,821,466 • 0.70%
9 HISTORIC RESORT: $67,308,581 • 0.57%
10 CASH 25: $49,891,834 • 0.42%
11 DAILY 4: $48,257,444 • 0.41%
12 TRAVEL KENO: $45,782,325 • 0.39%
13 HOT LOTTO SIZZLER®: $27,978,430 • 0.24%
14 LOTTO AMERICA®: $22,702,710 • 0.19%
15 INTERACTIVE WAGERING: $18,002,775 • 0.15%
16 NONOPERATING: $12,664,435 • 0.11%
17 SPORTS WAGERING: $11,692,481 • 0.10%
18 CA$H POP: $1,756,789 • 0.01%

Source: West Virginia Lottery

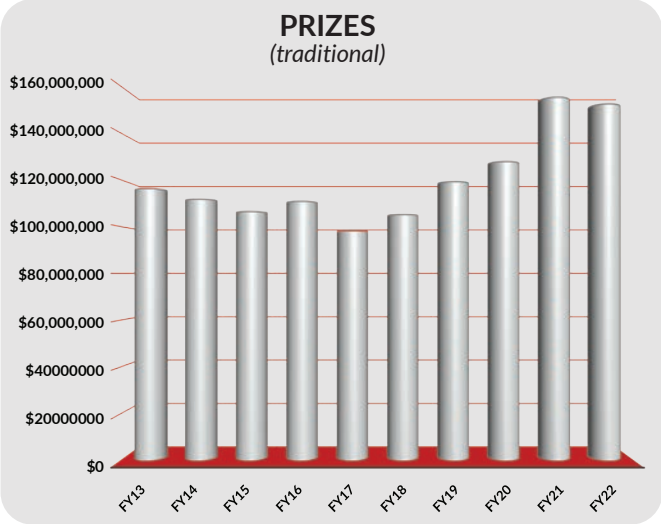
DAILY AVERAGES - LAST TEN YEARS

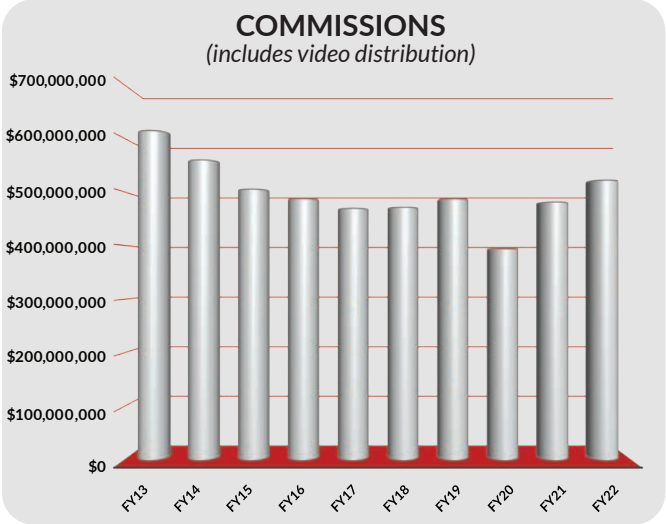


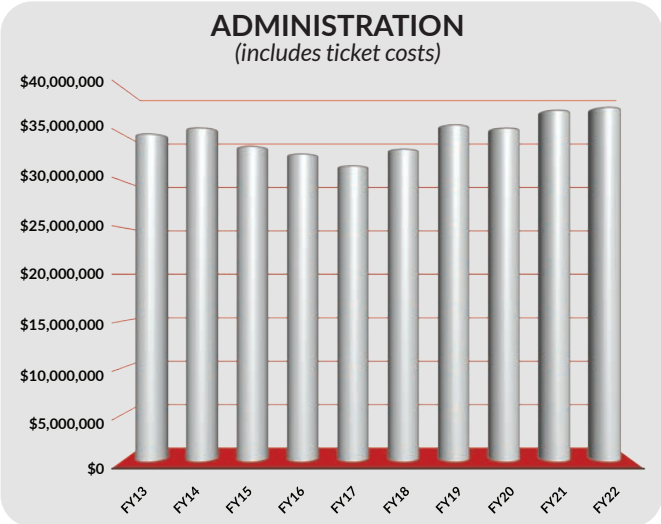


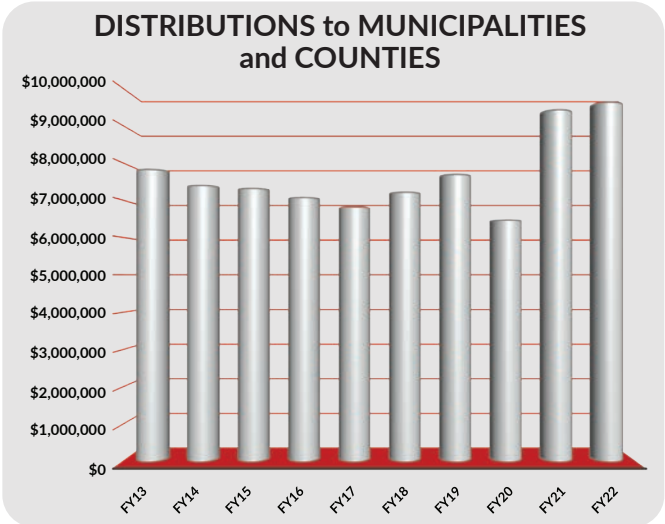
Source: West Virginia Lottery

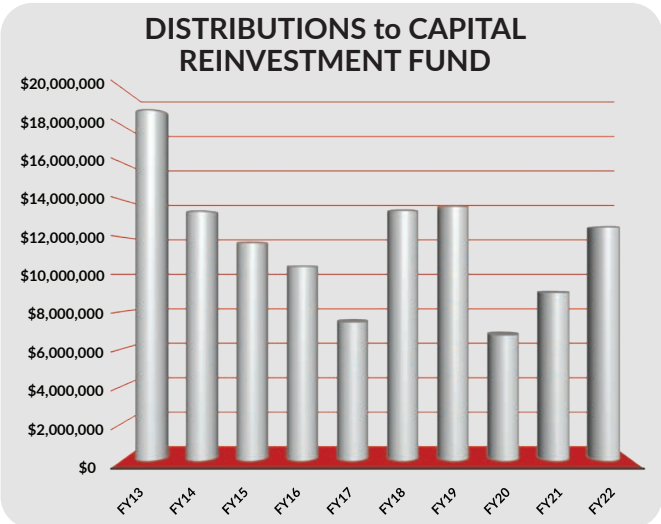
EXPENSES AND NONOPERATING DISTRIBUTIONS - LAST TEN YEARS

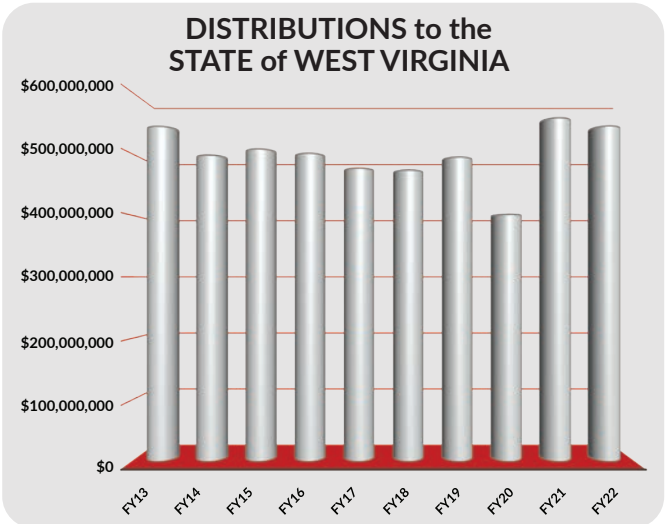








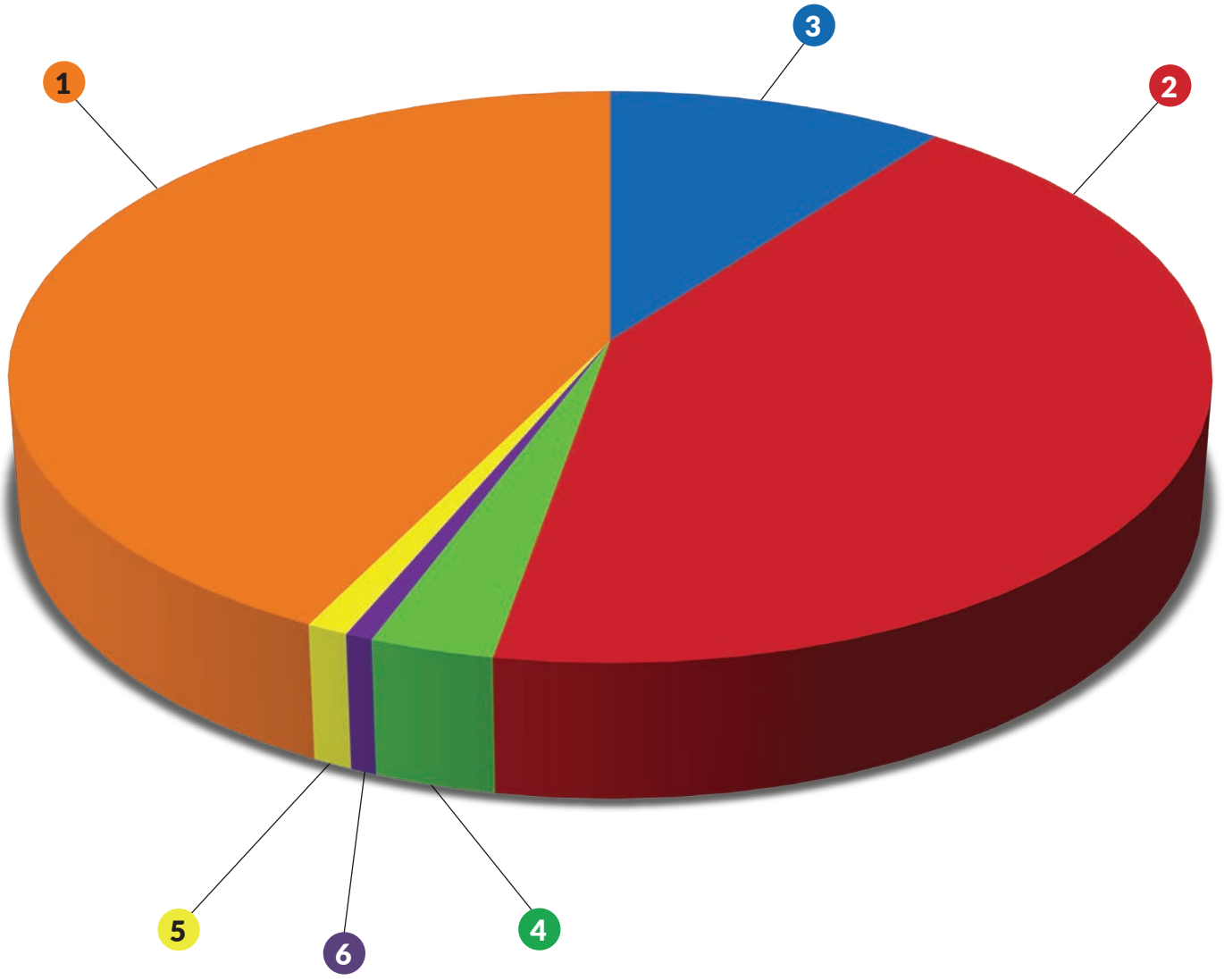




Source: West Virginia Lottery

TOTAL EXPENSES AND NONOPERATING DISTRIBUTIONS: $11,744,091,663

LAST TEN YEARS



1 **DISTRIBUTIONS TO THE STATE OF WEST VIRGINIA:** $5,006,054,757 • 42.63%

2 **COMMISSIONS *(includes video distribution)*:** $4,991,211,976 • 42.50%

3 **PRIZES *(traditional)*:** $1,203,531,714 • 10.25%

4 **ADMINISTRATION *(includes ticket costs)*:** $349,112,521 • 2.97%

5 **DISTRIBUTIONS TO CAPITAL REINVESTMENT FUND:** $117,352,376 • 1.00%

6 **DISTRIBUTIONS TO MUNICIPALITIES AND COUNTIES:** $76,828,319 • 0.65%

Source: West Virginia Lottery

TOTAL NET POSITION
(IN 000'S)

	2013	2014	2015	2016	2017
NET POSITION					
RESTRICTED BY ENABLING LEGISLATION	$1,640	$1,397	$1,130	-	-
NET INVESTMENT IN CAPITAL ASSETS	$40,220	$38,745	$37,763	$44,874	$43,779
RESTRICTED FOR PENSION AND OPEB	-	-	-	-	-
UNRESTRICTED	$13,006	$14,878	$15,263	$7,498	$9,240
TOTAL NET POSITION	$54,866	$55,020	$54,156*	$52,372	$53,019

	2018	2019	2020	2021	2022
NET POSITION					
RESTRICTED BY ENABLING LEGISLATION	-	-	-	-	-
NET INVESTMENT IN CAPITAL ASSETS	$48,047	$46,373	$44,708	$42,420	$42,326
RESTRICTED FOR PENSION AND OPEB	-	-	-	-	$4,513
UNRESTRICTED	$7,152	$9,248	$10,881	$14,612	$14,057
TOTAL NET POSITION	$55,199**	$55,621	$55,589 **	$57,032	$60,896

Source: West Virginia Lottery

**Beginning net position for Fiscal Year 2015 was restated for implementation of GSAB 68.*
***Beginning net position for Fiscal Year 2018 was restated for implementation of GASB 75.*

U.S. LOTTERIES UNAUDITED SALES FOR FISCAL YEAR 2021
INCLUDES VIDEO LOTTERY, TABLE GAMES & SPORTS WAGERING SALES
($ MILLIONS)

	SALES	PROFIT	POPULATION	SALES PER CAPITA
ARIZONA	$1,439.37	$287.83	7.4	$194.51
ARKANSAS	$631.93	$106.42	3.0	$210.64
CALIFORNIA	$8,417.94	$1,882.55	39.4	$213.65
COLORADO	$794.93	$169.35	5.8	$137.06
CONNECTICUT	$1,497.77	$420.30	3.6	$416.05
DELAWARE[1,2,3]	$682.57	$218.07	1.0	$682.57
DISTRICT OF COLUMBIA (9/30)	$223.09	$48.15	0.7	$318.70
FLORIDA	$9,076.22	$2,236.64	21.7	$418.26
GEORGIA	$5,877.22	$1,545.35	10.7	$549.27
IDAHO	$372.02	$72.50	1.8	$206.68
ILLINOIS	$3,449.97	$776.32	12.6	$273.81
INDIANA	$1,737.73	$375.55	6.8	$255.55
IOWA	$452.59	$101.75	3.2	$141.44
KANSAS	$326.01	$78.94	2.9	$112.42
KENTUCKY	$1,486.43	$355.10	4.5	$330.32
LOUISIANA	$624.95	$207.50	4.6	$135.86
MAINE	$390.74	$71.12	1.4	$279.10
MARYLAND[1,2]	$4,356.87	$1,312.14	6.1	$714.24
MASSACHUSETTS	$5,820.65	$1,112.58	6.9	$843.57
MICHIGAN (9/30)	$5,046.09	$1,420.80	10.0	$504.61
MINNESOTA	$803.64	$188.83	5.7	$140.99
MISSISSIPPI	$510.57	$137.72	3.0	$170.19
MISSOURI	$1,811.49	$397.16	6.2	$292.18
MONTANA	$77.65	$13.30	1.1	$70.59
NEBRASKA	$205.28	$48.18	1.9	$108.04
NEW HAMPSHIRE	$534.11	$144.24	1.4	$381.51
NEW JERSEY	$3,683.61	$1,105.09	8.9	$413.89
NEW MEXICO	$154.88	$46.48	2.1	$73.75
NEW YORK (3/31)[1]	$8,594.88	$3,590.65	19.3	$445.33
NORTH CAROLINA	$3,805.35	$937.82	10.6	$359.00
NORTH DAKOTA	$30.38	$7.42	0.8	$37.98
OHIO[1]	$5,516.44	$1,362.32	11.7	$471.49
OKLAHOMA	$346.75	$80.99	4.0	$86.69
OREGON[1,3]	$1,298.45	$654.44	4.2	$309.15
PENNSYLVANIA	$5,425.57	$1,302.62	12.8	$423.87
RHODE ISLAND[1,2,3]	$751.91	$301.80	1.1	$683.55
SOUTH CAROLINA	$2,415.77	$609.04	5.2	$464.57
SOUTH DAKOTA[1]	$373.85	$161.88	0.9	$415.39
TENNESSEE	$2,083.87	$499.89	7.0	$297.70
TEXAS (8/31)	$8,107.20	$1,998.31	29.4	$275.76
VERMONT	$161.53	$31.89	0.6	$269.21
VIRGINIA	$2,699.13	$774.56	8.6	$313.85
WASHINGTON	$950.73	$229.05	7.7	$123.47
WEST VIRGINIA[1,2,3]	$1,268.99	$558.96	1.8	$705.00
WISCONSIN	$894.54	$236.70	5.8	$154.23
WYOMING	$31.69	$4.33	0.6	$52.81
TOTAL	**$105,243.37**	**$28,222.60**	**316.5**	**$14,478.48**

2021 data source: NASPL website: www.NASPL.org

[1]Includes net VLT sales (Cash in less cash out) [2]Includes Table Games (net) [3]Includes Sports Wagering

U.S. LOTTERIES UNAUDITED SALES FOR FISCAL YEAR 2022
INCLUDES VIDEO LOTTERY, TABLE GAMES & SPORTS WAGERING SALES

($ MILLIONS)

	SALES	PROFIT	POPULATION	SALES PER CAPITA
2021 DATA - REPLACE	$1,368.37	$269.52	7.3	$187.45
ARKANSAS	$579.56	$99.76	3.0	$193.19
CALIFORNIA	$8,865.75	$2,029.93	39.2	$226.17
COLORADO	$826.88	$180.32	5.8	$142.57
CONNECTICUT	$1,462.81	$405.29	3.6	$406.34
DELAWARE[1,2,3]	$736.00	$234.53	1.0	$736.00
DISTRICT OF COLUMBIA (9/30)	$207.28	$40.67	0.7	$296.12
FLORIDA	$9,324.63	$2,333.00	21.8	$427.74
GEORGIA	$5,553.12	$1,474.40	10.8	$514.18
IDAHO	$376.31	$73.00	1.9	$198.06
ILLINOIS	$3,396.28	$833.57	12.7	$267.42
INDIANA	$1,702.86	$346.81	6.8	$250.42
IOWA	$432.66	$97.95	3.2	$135.21
KANSAS	$312.99	$79.11	2.9	$107.93
KENTUCKY	$1,480.43	$360.82	4.5	$328.98
LOUISIANA	$582.93	$191.20	4.6	$126.72
MAINE	$385.80	$72.09	1.4	$275.57
MARYLAND[1,2]	$4,684.19	$1,418.09	6.2	$755.51
MASSACHUSETTS	$5,853.59	$1,105.44	7.0	$836.23
MICHIGAN (9/30)	$4,896.85	$1,200.99	10.1	$484.84
MINNESOTA	$740.16	$172.63	5.7	$129.85
MISSISSIPPI	$432.86	$122.88	3.0	$144.29
MISSOURI	$1,779.95	$400.26	6.2	$287.09
MONTANA	$77.78	$16.81	1.1	$70.71
NEBRASKA	$202.27	$49.43	2.0	$101.13
NEW HAMPSHIRE	$556.42	$146.56	1.4	$397.44
NEW JERSEY	$3,634.15	$1,111.00	9.3	$390.77
NEW MEXICO	$136.87	$41.07	2.1	$65.18
NEW YORK (3/31)[1]	$10,355.48	$3,608.11	19.8	$523.00
NORTH CAROLINA	$3,887.05	$932.93	10.6	$366.70
NORTH DAKOTA	$29.18	$6.72	0.8	$36.47
OHIO[1]	$5,628.99	$1,409.36	11.8	$477.03
OKLAHOMA	$350.34	$79.34	4.0	$87.59
OREGON[1,3]	$1,675.35	$910.50	4.2	$398.89
PENNSYLVANIA	$5,121.29	$1,195.15	13.0	$393.95
RHODE ISLAND[1,2,3]	$944.53	$388.64	1.1	$858.66
SOUTH CAROLINA	$2,253.56	$561.82	5.2	$433.38
SOUTH DAKOTA[1]	$400.70	$179.25	0.9	$445.23
TENNESSEE	$2,027.34	$485.58	7.0	$289.62
TEXAS (8/31)	$8,296.89	$1,998.42	29.5	$281.25
VERMONT	$151.48	$31.14	0.6	$252.47
VIRGINIA	$3,002.40	$807.29	8.6	$349.12
WASHINGTON	$907.69	$216.84	7.7	$117.88
WEST VIRGINIA[1,2,3]	$1,382.74	$550.96	1.8	$768.19
WISCONSIN	$887.82	$340.59	5.9	$150.48
WYOMING	$27.41	$3.18	0.6	$45.68
TOTAL	**$107,919.99**	**$28,612.95**	**318.4**	**$14,758.67**

2022 data source: NASPL website: www.NASPL.org
Note: All figures are preliminary.

[1]Includes net VLT sales (Cash in less cash out) [2]Includes Table Games (net)
[3]Includes Sports Wagering

U.S. LOTTERIES UNAUDITED SALES FOR FISCAL YEAR 2021
EXCLUDES VIDEO LOTTERY TERMINAL (VLT) SALES AND TABLE GAMES

($ MILLIONS)

	TOTAL SALES	INSTANT SALES	DRAW SALES	POPULATION	SALES PER CAPITA
ARIZONA	$1,439.4	$1,109.8	$329.6	7.4	$194.51
ARKANSAS	$631.9	$529.4	$102.5	3.0	$210.63
CALIFORNIA	$8,405.2	$6,396.7	$2,008.5	39.4	$213.33
COLORADO	$794.9	$573.0	$221.9	5.8	$137.05
CONNECTICUT	$1,497.8	$837.7	$660.1	3.6	$416.06
D.C.	$235.0	$49.5	$185.5	0.7	$335.71
DELAWARE	$233.8	$111.5	$122.3	1.0	$233.80
FLORIDA	$9,076.2	$6,827.9	$2,248.3	21.7	$418.26
GEORGIA	$6,034.4	$4,005.8	$2,028.6	10.7	$563.96
IDAHO	$371.9	$227.2	$144.7	1.8	$206.61
ILLINOIS	$3,450.0	$2,214.4	$1,235.6	12.6	$273.81
INDIANA	$1,737.7	$1,384.5	$353.2	6.8	$255.54
IOWA	$452.6	$316.9	$135.7	3.2	$141.44
KANSAS	$339.6	$232.2	$107.4	2.9	$117.10
KENTUCKY	$1,486.4	$961.7	$524.7	4.5	$330.31
LOUISIANA	$624.9	$333.4	$291.5	4.6	$135.85
MAINE	$390.7	$314.6	$76.1	1.4	$279.07
MARYLAND	$2,600.6	$993.4	$1,607.2	6.1	$426.33
MASSACHUSETTS	$5,797.7	$4,019.5	$1,778.2	6.9	$840.25
MICHIGAN	$3,925.1	$1,868.9	$2,056.2	10.0	$392.51
MINNESOTA	$803.6	$615.6	$188.0	5.7	$140.98
MISSISSIPPI	$514.5	$431.3	$83.2	3.0	$171.50
MISSOURI	$1,659.1	$1,216.5	$442.6	6.2	$267.60
MONTANA	$72.1	$29.9	$42.2	1.1	$65.55
NEBRASKA	$204.9	$123.0	$81.9	1.9	$107.84
NEW HAMPSHIRE	$484.6	$320.4	$164.2	1.4	$346.14
NEW JERSEY	$3,683.9	$2,072.7	$1,611.2	8.9	$413.92
NEW MEXICO	$154.9	$95.5	$59.4	2.1	$73.76
NEW YORK	$7,666.1	$4,231.7	$3,434.4	19.3	$397.21
NORTH CAROLINA	$3,805.4	$2,560.8	$1,244.6	10.6	$359.00
NORTH DAKOTA	$30.3		$30.3	0.8	$37.88
OHIO	$4,330.1	$2,315.8	$2,014.3	11.7	$370.09
OKLAHOMA	$346.8	$256.0	$90.8	4.0	$86.70
OREGON	$409.5	$196.0	$213.5	4.2	$97.50
PENNSYLVANIA	$5,436.9	$3,757.9	$1,679.0	12.8	$424.76
RHODE ISLAND	$296.0	$134.6	$161.4	1.1	$269.09
SOUTH CAROLINA	$2,415.8	$1,763.0	$652.8	5.2	$464.58
SOUTH DAKOTA	$73.7	$47.5	$26.2	0.9	$81.89
TEXAS	$8,115.6	$6,633.3	$1,482.3	29.4	$276.04
VERMONT	$161.5	$131.7	$29.8	0.6	$269.17
VIRGINIA	$2,592.1	$1,302.1	$1,290.0	8.6	$301.41
WASHINGTON	$950.7	$701.2	$249.5	7.7	$123.47
WEST VIRGINIA	$249.2	$173.1	$76.1	1.8	$138.44
WISCONSIN	$894.5	$634.7	$259.8	5.8	$154.22
WYOMING	$30.7		$30.7	0.6	$51.17
TOTAL	$94,908.3	$63,052.3	$31,856.0	309.5	$306.65

2021 data source: La Fleur's Magazine/Vol. 29, No. 1 September/October 2021

U.S. LOTTERIES UNAUDITED SALES FOR FISCAL YEAR 2022
EXCLUDES VIDEO LOTTERY TERMINAL (VLT) SALES AND TABLE GAMES

($ MILLIONS)

	TOTAL SALES	INSTANT SALES	DRAW SALES	POPULATION	SALES PER CAPITA
ARIZONA	$1,368.4	$1,043.2	$325.2	7.3	$187.45
ARKANSAS	$579.6	$480.1	$99.5	3.0	$193.20
CALIFORNIA	$8,865.8	$6,842.6	$2,023.2	39.2	$226.17
COLORADO	$826.9	$590.3	$236.6	5.8	$142.57
CONNECTICUT	$1,452.0	$801.3	$650.8	3.6	$403.33
D.C.	$205.5	$45.9	$159.6	0.7	$293.57
DELAWARE	$230.7	$110.9	$119.8	1.0	$230.70
FLORIDA	$9,324.6	$7,025.3	$2,299.3	21.8	$427.73
GEORGIA	$5,793.9	$3,742.9	$2,051.0	10.8	$536.47
IDAHO	$378.8	$224.7	$154.1	1.9	$199.37
ILLINOIS	$3,396.3	$2,156.9	$1,239.4	12.7	$267.43
INDIANA	$1,703.1	$1,343.1	$360.0	6.8	$250.46
IOWA	$432.7	$293.1	$139.6	3.2	$135.22
KANSAS	$326.1	$220.3	$105.8	2.9	$112.45
KENTUCKY	$1,480.4	$963.5	$516.9	4.5	$328.98
LOUISIANA	$582.9	$292.8	$290.1	4.6	$126.72
MAINE	$385.8	$311.0	$74.8	1.4	$275.57
MARYLAND	$2,649.6	$1,009.5	$1,640.1	6.2	$427.35
MASSACHUSETTS	$5,834.9	$3,898.7	$1,936.2	7.0	$833.56
MICHIGAN	$4,882.4	$2,364.3	$2,518.1	10.1	$483.41
MINNESOTA	$740.2	$561.6	$178.6	5.7	$129.86
MISSISSIPPI	$436.4	$343.7	$92.7	3.0	$145.47
MISSOURI	$1,623.3	$1,196.7	$426.6	6.2	$261.82
MONTANA	$71.9	$26.6	$45.3	1.1	$65.36
NEBRASKA	$202.5	$117.5	$85.0	2.0	$101.25
NEW HAMPSHIRE	$504.4	$314.0	$190.4	1.4	$360.29
NEW JERSEY	$3,778.3	$2,201.1	$1,577.2	9.3	$406.27
NEW MEXICO	$136.9	$80.1	$56.8	2.1	$65.19
NEW YORK	$8,178.1	$4,517.7	$3,660.4	19.8	$413.04
NORTH CAROLINA	$3,887.1	$2,649.7	$1,237.4	10.6	$366.71
NORTH DAKOTA	$29.2		$29.2	0.8	$36.50
OHIO	$4,291.2	$2,287.8	$2,003.4	11.8	$363.66
OKLAHOMA	$350.3	$263.5	$86.8	4.0	$87.58
OREGON	$397.1	$163.4	$233.7	4.2	$94.55
PENNSYLVANIA	$5,131.2	$3,513.4	$1,617.8	13.0	$394.71
RHODE ISLAND	$295.6	$130.6	$165.0	1.1	$268.73
SOUTH CAROLINA	$2,253.6	$1,599.0	$654.6	5.2	$433.38
SOUTH DAKOTA	$75.3	$48.3	$27.0	0.9	$83.67
TEXAS	$8,296.9	$6,727.3	$1,569.6	29.5	$281.25
VERMONT	$151.5	$121.3	$30.2	0.6	$252.50
VIRGINIA	$2,618.1	$1,325.1	$1,293.0	8.6	$304.43
WASHINGTON	$907.7	$665.2	$242.5	7.7	$117.88
WEST VIRGINIA	$242.8	$168.8	$74.0	1.8	$134.89
WISCONSIN	$887.8	$637.8	$250.0	5.9	$150.47
WYOMING	$25.6		$25.6	0.6	$42.67
TOTAL	$96,213.4	$63,420.6	$32,792.9	311.4	$308.97

2022 data source: La Fleur's Magazine/Vol. 30, No. 1 September/October 2022

NUMBER OF EMPLOYEES

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
EXECUTIVE	19	20	20	19	20
FINANCE & ADMINISTRATION	25	25	22	23	22
MARKETING	8	8	8	8	8
VIDEO	31	29	30	31	29
SECURITY *(traditional & video)*	40	41	38	38	39
TABLE GAMES	61	60	57	52	53
TOTAL	**184**	**183**	**175**	**171**	**171**

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
EXECUTIVE	20	18	16	17	18
FINANCE & ADMINISTRATION	24	26	25	26	25
MARKETING	9	9	9	10	11
VIDEO	30	31	30	30	29
SECURITY *(traditional & video)*	38	38	40	39	37
TABLE GAMES	54	49	50	53	49
TOTAL	**175**	**171**	**170**	**175**	**169**

Source: West Virginia Lottery

PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO

WEST VIRGINIA'S LARGEST EMPLOYERS FOR FIRST QUARTER 2022

	BUSINESS NAME	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYED
	LOCAL GOVERNMENT	72,515	10.77%
	STATE GOVERNMENT	40,680	6.04%
	FEDERAL GOVERNMENT	25,013	3.71%
1	WVU MEDICINE	More than 10,000	1.48%
2	WAL-MART ASSOCIATES, INC.	More than 10,000	1.48%
3	CHARLESTON AREA MEDICAL CENTER HEALTH SYSTEMS	5,000-9,999	1.11%
4	MOUNTAIN HEALTH NETWORK	5,000-9,999	1.11%
5	KROGER	2,500-4,999	0.63%
6	LOWE'S HOME CENTERS, INC.	2,500-4,999	0.63%
7	CONTURA ENERGY	2,500-4,999	0.63%
8	MONONGALIA HEALTH	1,000-2,499	0.26%
9	AMERICAN CONSOLIDATED NATURAL RESOURCES, INC.	1,000-2,499	0.26%
10	MYLAN PHARMACEUTICALS, INC.	1,000-2,499	0.26%

WEST VIRGINIA'S LARGEST EMPLOYERS FOR FIRST QUARTER 2013

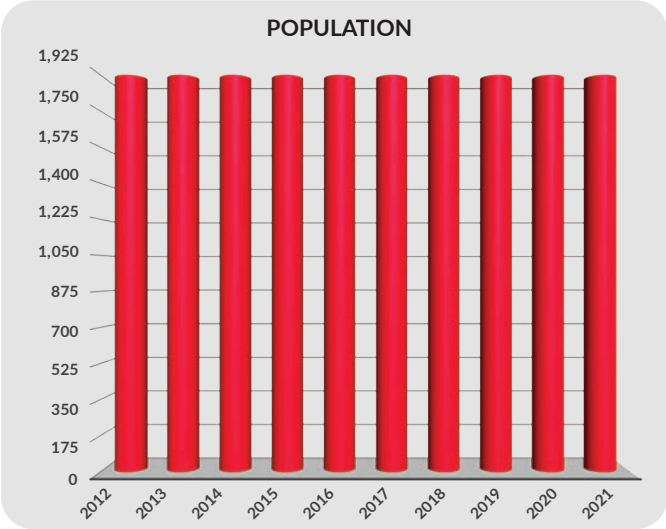
	BUSINESS NAME	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYED
	LOCAL GOVERNMENT	76,617	10.85%
	STATE GOVERNMENT	42,737	6.05%
	FEDERAL GOVERNMENT	22,384	3.17%
1	WAL-MART ASSOCIATES, INC.	More than 10,000	1.42%
2	WEST VIRGINIA UNITED HEALTH SYSTEMS	5,000-9,999	1.06%
3	CHARLESTON AREA MEDICAL CENTER, INC.	5,000-9,999	1.06%
4	KROGER	2,500-4,999	0.60%
5	CONSOLIDATION COAL COMPANY	2,500-4,999	0.60%
6	MYLAN PHARMACEUTICALS, INC.	2,500-4,999	0.60%
7	LOWE'S HOME CENTER, INC.	2,500-4,999	0.60%
8	ST. MARY'S MEDICAL CENTER, INC.	2,500-4,999	0.60%
9	MENTOR MANAGEMENT, INC. (THE MENTOR NETWORK)	2,500-4,999	0.60%
10	RES-CARE	2,500-4,999	0.60%

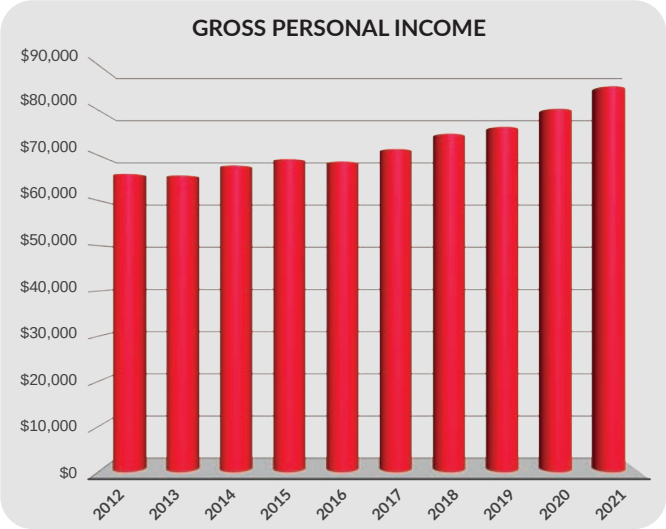
Source: WORKFORCE West Virginia, Research, Information and Analysis

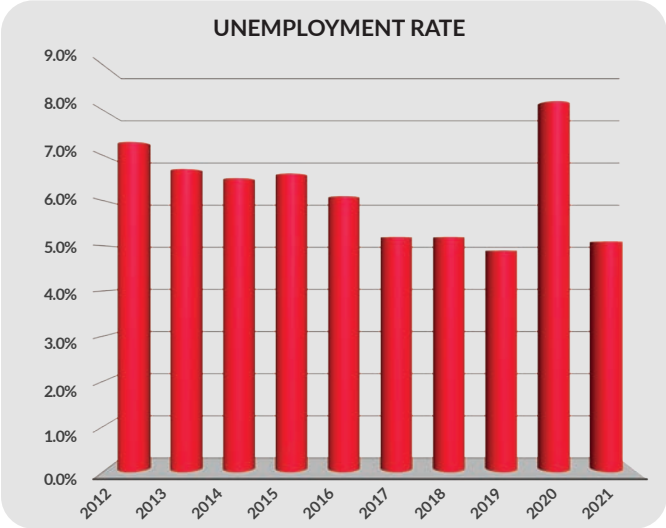
STATE DEMOGRAPHIC AND ECONOMIC INFORMATION

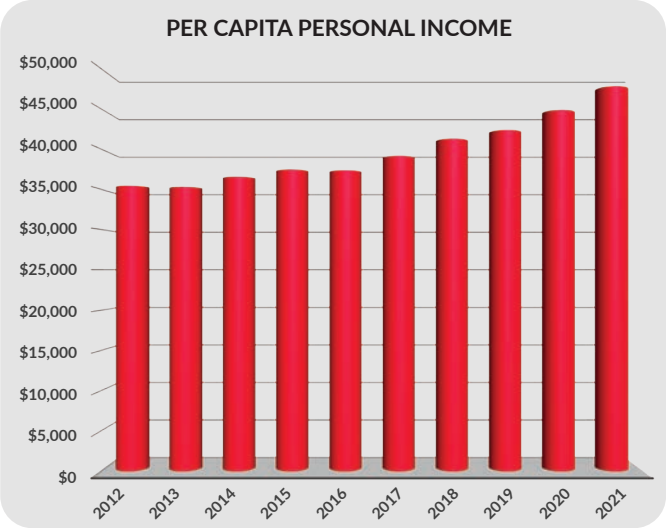
YEAR	POPULATION	GROSS PERSONAL INCOME *(in millions)*	PER CAPITA PERSONAL INCOME	UNEMPLOYMENT RATE
2012	1,858,745	$65,899	$35,453	7.3%
2013	1,856,642	$65,573	$35,318	6.7%
2014	1,853,014	$67,764	$36,570	6.5%
2015	1,846,341	$69,179	$37,468	6.6%
2016	1,835,998	$68,630	$37,380	6.1%
2017	1,822,785	$71,398	$39,169	5.2%
2018	1,810,588	$74,778	$41,300	5.2%
2019	1,800,430	$76,300	$42,378	4.9%
2020	1,789,798	$80,304	$44,868	8.2%
2021	1,782,959	$85,256	$47,817	5.1%

Source: U.S. Bureau of Economic Analysis and Bureau of Labor Statistics based on calendar year.
Note: 2022 information is not available and therefore not presented.

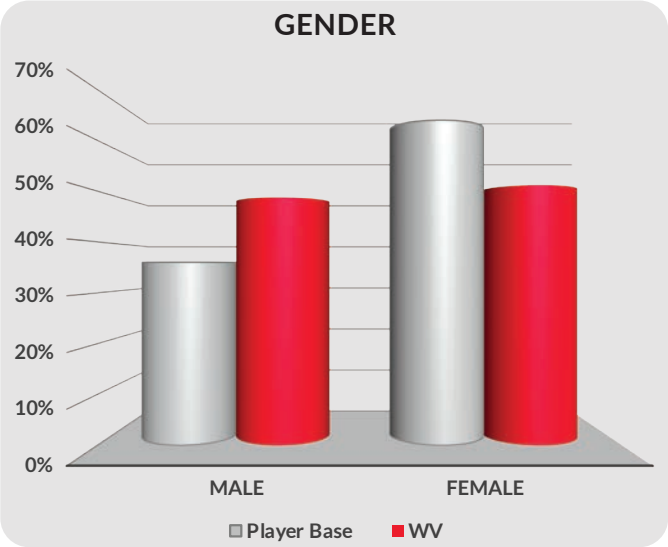


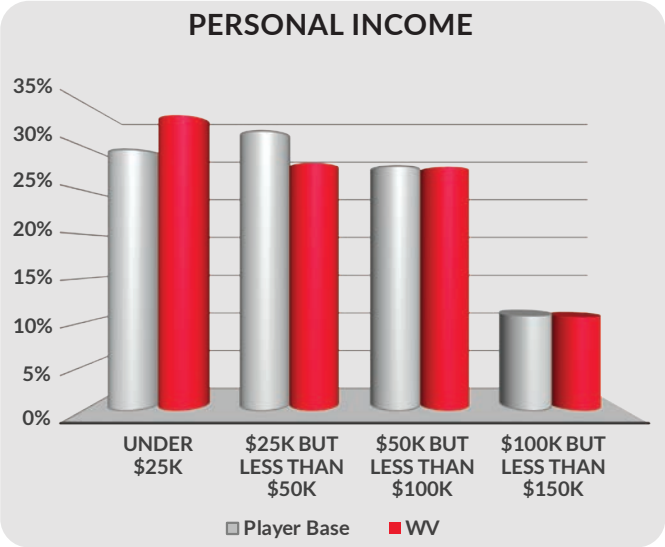


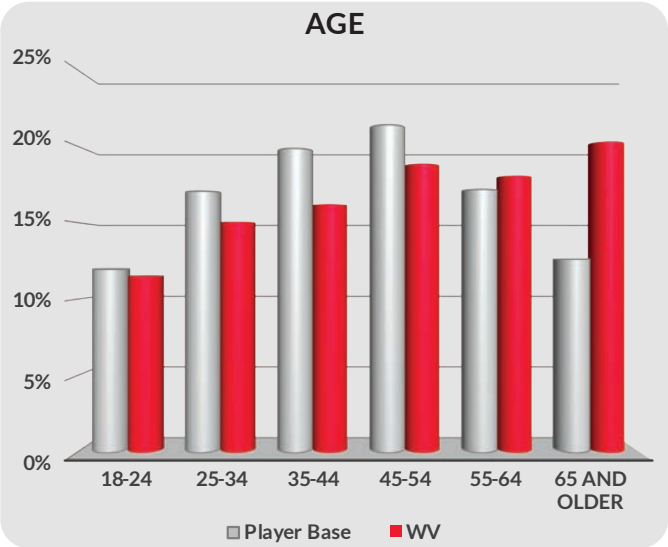


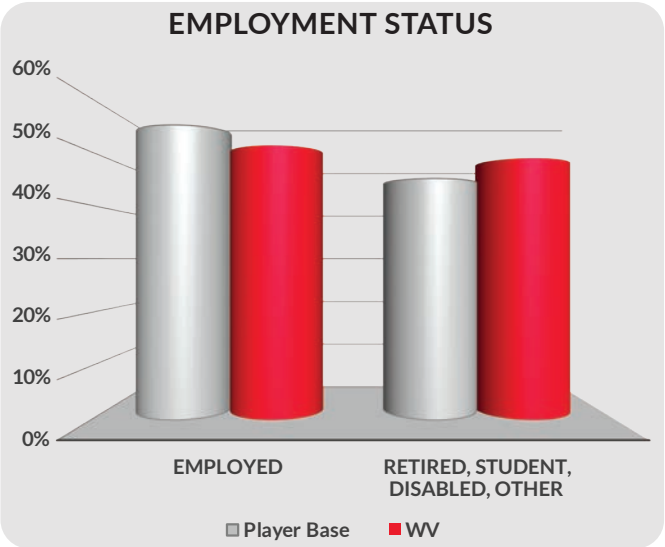


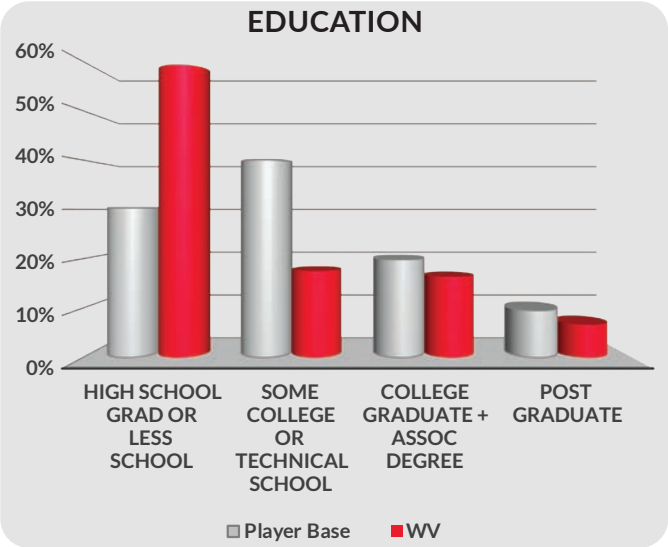
PLAYER AND POPULATION DEMOGRAPHICS













Source: West Virginia Lottery Baseline Survey, June 2019 Research America

ACS Demographic and Housing, 2010 Census

2022 ACFR PROJECT

An in-house production of the West Virginia Lottery

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