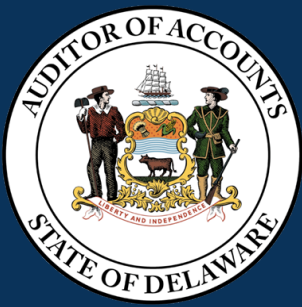


DELAWARE STATE LOTTERY

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023 AND 2024



DELAWARE STATE LOTTERY

REPORT SUMMARY FISCAL YEARS ENDED JUNE 30, 2023 AND 2024

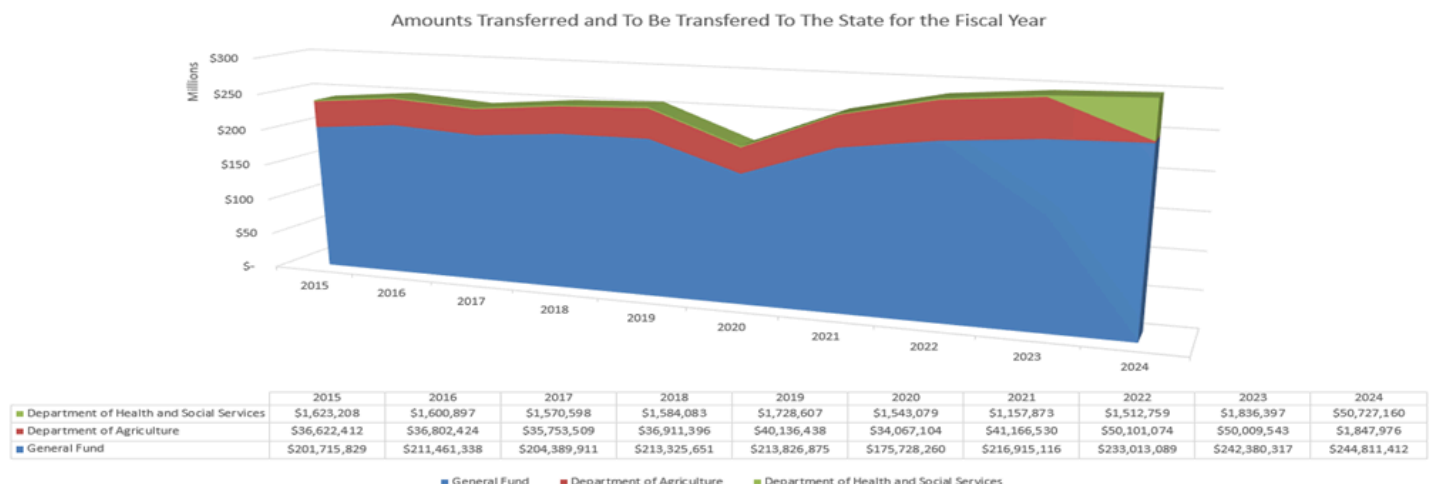
BACKGROUND

This engagement is for the Delaware State Lottery's Annual Comprehensive Financial Report (ACFR), which presents a wide variety of important information to help readers properly understand the basic statements. This allows the Delaware State Lottery to participate in the Government Financial Officers Association (GFOA) ACFR certification program, which it has participated in for over 20 years. Unlike many other state lotteries, the Delaware Lottery's revenue is not earmarked for any specific cause or group. Instead, the lottery generates income for the state's General Fund.

This engagement was performed in accordance with 29 Del. C. § 4816 and 29 Del. C. § 2906.

KEY INFORMATION AND FINDINGS

This audit contains an unmodified opinion. An unmodified opinion is sometimes referred to as a “clean” opinion. It is one in which the auditor expresses an opinion that the financial statements present fairly, in all material respects, an entity’s financial positions, results of operations, and cash flows in conformity with generally accepted accounting principles. There were no findings required to be reported under Government Auditing Standards.

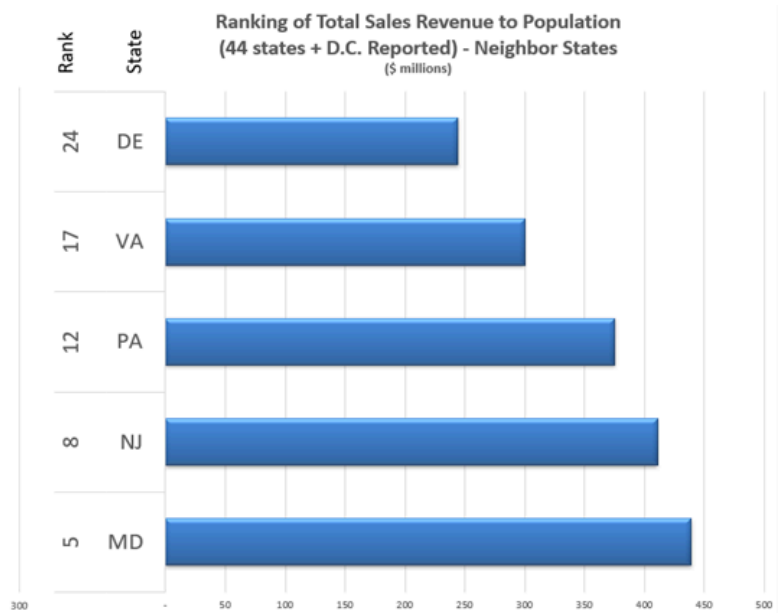




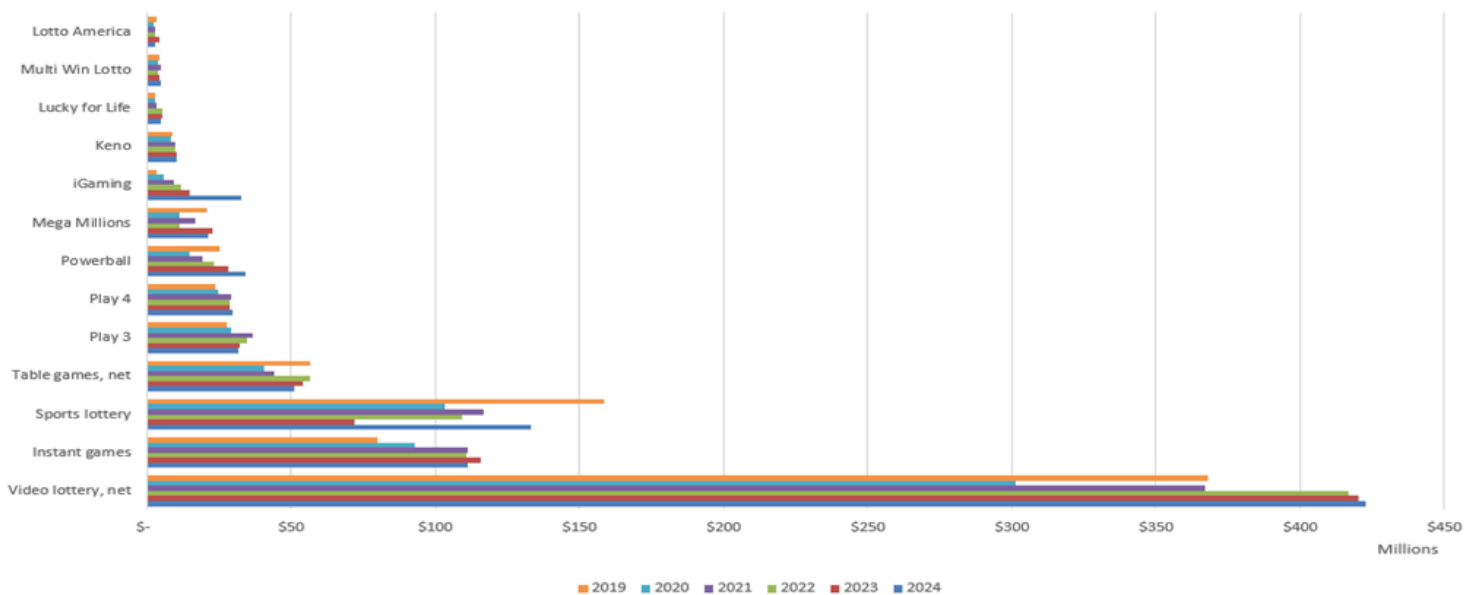
DELAWARE STATE LOTTERY

REPORT SUMMARY FISCAL YEARS ENDED JUNE 30, 2023 AND 2024

KEY INFORMATION & FINDINGS CONT.



**Revenue by Game Category
(\$ millions)**



DELAWARE STATE LOTTERY

An Enterprise Fund of the State of Delaware



ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEARS ENDED JUNE 30, 2024, AND 2023

DELAWARE STATE LOTTERY

An Enterprise Fund of the State of Delaware



ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEARS ENDED JUNE 30, 2024, AND 2023

Prepared by:

**Tina M. McQuaide
Assistant Lottery Director
Delaware State Lottery**

**Rebecca Hornsby
Fiscal Administrator I
Delaware State Lottery**

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INTRODUCTORY SECTION



STATE OF DELAWARE
DEPARTMENT OF FINANCE
STATE LOTTERY OFFICE

MCKEE BUSINESS PARK
1575 MCKEE ROAD, SUITE 102
DOVER, DELAWARE 19904-1903

OFFICE OF THE
DIRECTOR

TELEPHONE: (302) 739-5291
FAX: (302) 739-6706

December 5, 2024

The Citizens of the State of Delaware
The Honorable Governor John Carney
The Honorable Richard Geisenberger
Secretary of Finance
State of Delaware

INTRODUCTION

We are pleased to submit to you this Annual Comprehensive Financial Report of the Delaware State Lottery for the fiscal year ended June 30, 2024. This report has been prepared by the Finance and Accounting Department of the Lottery.

Responsibility for both the accuracy of the financial data and the completeness and fairness of the presentation, including all disclosures, rests with the Delaware State Lottery. To the best of our knowledge and belief, the data presented is accurate in all material respects and is 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.

This Annual Comprehensive Financial Report is presented in three sections, as outlined below:

The Introductory section is comprised of this transmittal letter, a list of principal officials, an organization chart, and a copy of the Certificate of Achievement for Excellence in Financial Reporting for the year ended June 30, 2023.

The Financial section begins with the independent auditors' report followed by management's discussion and analysis and then by the Lottery's audited financial statements and accompanying notes for the years ended June 30, 2024, and 2023.

The Statistical section presents trends of financial and other relevant data. It includes data on the Delaware State Lottery and certain data pertaining to the United States Lottery industry.

REPORTING ENTITY

OVERVIEW:

The Reporting entity is the Delaware State Lottery (the Lottery). The Lottery operates traditional lottery games, video lottery, sports lottery, table games, and iGaming. This report includes only activity of the Lottery and does not include data or information related to any other state agency or fund.

LOTTERY MISSION STATEMENT:

To maximize revenue contributions to the State's General Fund, thereby helping to fund the delivery of governmental services to the people of Delaware:

- Through the marketing, sale and distribution of innovative, entertaining, and secure Lottery products that ensure the public's confidence in the integrity of the games, retailers, agents, and Lottery operations, and
- By providing leadership and a corporate culture that encourages productive change leading to improvement in every aspect of the business.

TRADITIONAL LOTTERY:

The Lottery was established by enabling legislation signed into law on May 31, 1974, by the Governor of the State of Delaware and placed under his Executive Office. On July 7, 1976, the Lottery was transferred from the Office of the Governor to the Department of Finance.

This enabling legislation, which established traditional lottery, placed the operation of the lottery under the supervision of a Director. The Director has the power and duty to establish rules for conducting games, including the type and number of games, the price of tickets, the number and amounts of winning tickets, the manner of prize payment, frequency of drawings, locations, and methods for the sale of tickets, procedures for licensing of retailers and all other functions related to the operations of the lottery. The legislation provided that at least 45 percent of total revenue shall be used to pay prizes, operating expenses shall not exceed 20 percent of total revenue and up to 30 percent of total revenue will be paid to the General Fund of the State of Delaware.

TRADITIONAL LOTTERY PRODUCTS

INSTANT GAMES

Instant tickets were introduced in February 1976. These games are easy to play since all that is required is to scratch the latex covering off the play area on the ticket. If the correct combination appears, the player becomes an instant winner. The Lottery currently has a wide variety of instant game themes and ticket prices by game.

PLAY3[®]

Play 3 was the first traditional drawing game introduced by the Lottery in January 1978. Players pick three numbers from 0 to 9 and choose among nine different play options. Players also have the option of selecting for a "Day" or a "Night" drawing. Drawings are held daily. Odds of winning and payouts vary depending on the selected option.

PLAY4[®]

Play 4 was introduced in January 1980. Players pick four numbers from 0 to 9 and choose among five different options. Players also have the option of selecting for a “Day” or a “Night” drawing. Drawings are held daily. Odds of winning and payouts vary depending on the selected option.

MULTI-WIN LOTTO

Lotto was first introduced in April 1983 with a “6 of 30” matrix. The jackpot prize for picking all six correct numbers out of 30 was paid as an annuity over a maximum of twenty years. In July 1984, an EZ pick option, which gave players the choice of having the computer pick all or some of the numbers to be played, was added. Multi-Win Lotto was created during January 2005, replacing the Lotto game. The matrix changed to “6 of 35”. Tickets cost \$2 with each ticket giving players three lines of play. A prize can be won by matching three, four, five or six numbers straight across on any of the three lines of numbers. Players can also win by combining number matches from all three lines. This is accomplished by matching a total of at least six numbers from the three lines. Drawings for Multi-Win Lotto are held on daily.



Powerball is a traditional lottery drawing game jointly operated by multiple lotteries throughout the United States known as MUSL. In its current form, Powerball has a matrix of “5 of 69” for the first set and a matrix of “1 of 26” for the second (Powerball) set. Players have the option of receiving the jackpot as an annuity over 29 years or receiving the present value of the annuity stream in cash. A Powerball ticket costs \$2. The minimum jackpot offered is \$20 million. There are eight prize levels up to \$2 million. Drawings are held every Monday, Wednesday, and Saturday. The jackpot amount increases for each drawing if no winning ticket matches the first set of five numbers and the Powerball number of the second set. An additional feature of the Powerball game is the Power Play option. Players can wager an additional \$1 for each Powerball game that they chose to play. If they win, they’re guaranteed to win the set Power Play prize amount. Power Play does not apply to the jackpot.



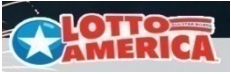
During January 2010, the Delaware Lottery began to sell tickets for Mega Millions. The starting jackpot is \$20 million, tickets cost \$2 per play and players select five different numbers from 1 to 70 from one pool of numbers, and one Mega Ball number from 1 to 25. Lottery players also can wager an additional \$1 to activate the Megaplier option, which could multiply their non-jackpot prize by 2X – 5X. Players win the jackpot by matching all six numbers in a drawing. Drawings are held on Tuesday and Friday nights.



In January 2013, Keno was launched. Keno is an easy, fun, and fast-paced traditional lottery drawing game that allows you to choose how many numbers to play and how much money to wager. Keno is played using a field of numbers from 1 to 80. You may choose up to 10 numbers in that field. The Lottery’s computer continuously generates random sets of 20 numbers. These numbers are then displayed on the Keno monitor. Keno is available daily from 6:03 a.m. to 12:03 a.m. Drawings take place every three and half minutes.

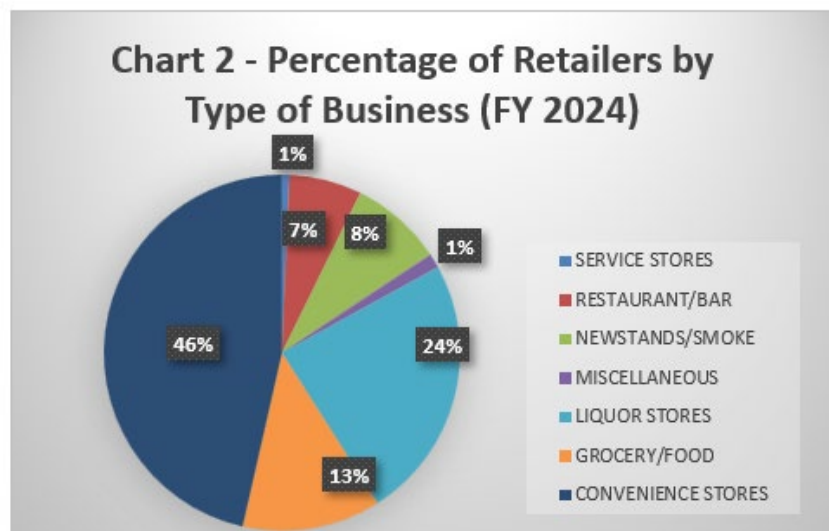
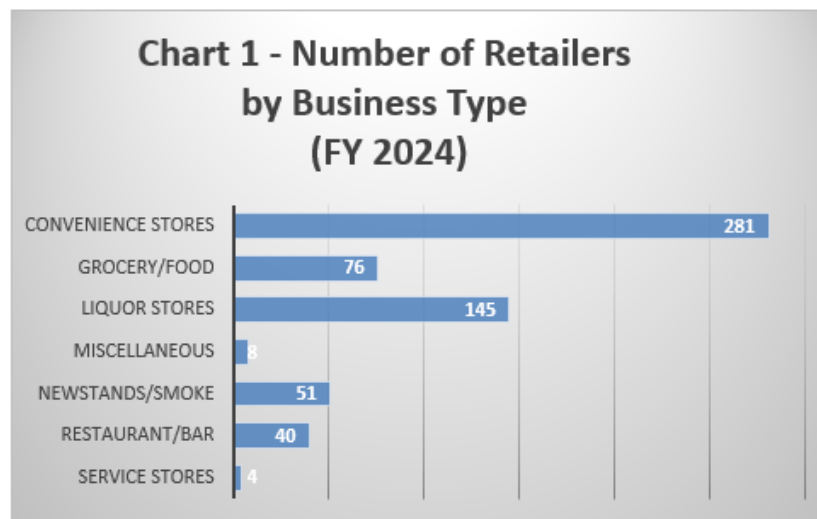


In February of 2015, Delaware joined a game called Lucky for Life. A total of 26 other states have combined their sales on this multi-state game. The top prize for this game is \$1,000 a day for life. The second prize is \$25,000 a year for life. Players select five numbers from 1 to 48 plus one number from 1 to 18 for the “Lucky” ball. The ticket cost \$2 and there are 8 set prizes in the pool ranging from \$4 to \$5,000. Drawings are held daily at 10:38 p.m.



In 2017, Delaware joined a multi-state game called Lotto America. Lotto America cost \$1 to play, selecting five numbers 1 to 52 for the red balls, then selecting one number from 1 to 10 for the Lotto America Star Ball. Lotto America’s Grand Prize starts at \$2 million and increases by a minimum of \$50,000 per draw until it is won. Players win the Grand Prize or one of 8 sets of cash prizes matching one of the 9 ways to win. For an addition \$1 per play, the Lotto America All Star Bonus can multiply winnings by 2, 3, 4, or 5 times. The multiplier number is randomly selected just before each drawing. The All-Star Bonus does not apply to the Grand Prize. Drawings are held every Monday, Wednesday, and Saturday.

Retailer Data:





On July 16, 1994, enabling legislation called the “Horse Racing Redevelopment Act” (the Act) was passed by the General Assembly of the State of Delaware allowing the three existing racetracks (agents), upon license approval, to implement video lottery machines within their facilities. The purpose of the Act was to increase the economic activity and vitality of Delaware’s Standardbred and Thoroughbred horse racing industries.

The Act covered all aspects of video lottery operations by setting into law the parameters by which the tracks could operate in Delaware. The Act also placed the Lottery and its Director fully in charge of both implementation and oversight of operations as set forth by the legislation and authorized the creation of the Video Lottery Enforcement Unit to administer the security and law enforcement provisions of the Act and to conduct background investigations.

Consequently, the Lottery established certain rules and regulations to be followed by the agents and gaming machine providers concerning licensing, game requirements, and payout percentages to players as established by law. The Lottery also developed a methodology for distributing video lottery revenue net of payments to players in accordance with the legislation. Based on weekly calculations, a percentage is reserved for the State’s general fund, payments are made to the Department of Agriculture to be used for purse increases, and vendors payments are distributed. The balance is returned to the video lottery agents as commissions.

Video lottery operations officially began on December 29, 1995, at Delaware Park and Dover Downs. On August 20, 1996, Harrington Raceway opened its doors to the public.

In July 2013, new legislation allowed fraternal or veterans organization with national affiliation or an organization whose membership consists primarily of veterans honorably discharged or active-duty service member to operate charitable video lottery machines within their organizations upon approval from the Director of the Lottery.



On May 12, 2009, enabling legislation was passed by the General Assembly of the State of Delaware requiring the Lottery Director to use his or her authority to reestablish a sports lottery, in order to enhance the Delaware Lottery, protect Delaware employment, and provide additional revenues for the State. The sports lottery authorization excluded collegiate sporting events that involve a Delaware college or university, as well as prohibiting persons under the age of 21 from participating in the sports lottery.

On September 10, 2009, sales began for the Delaware Sports Lottery. The Lottery offered “off-the-board” parlay wagering as well as traditional parlay type cards. As a result of the passage of House Bill 333, The Delaware Gaming Competitiveness Act of 2012, Sports Lottery was expanded into retail locations in time for the 2012/2013 pro football season. In fiscal year 2024, the Delaware Lottery expanded sports betting thru a mobile application offered on the same platform as iGaming.



On January 15, 2010, enabling legislation was passed by the General Assembly of the State of Delaware authorizing the introduction and operation of table games by the Delaware Lottery at licensed video

lottery agents. On January 28, 2010, the legislation was signed into law by the Governor. Like video lottery, table games are offered on the premises of Delaware's video lottery agents. The Delaware Lottery was given administrative and regulatory oversight of table games, including determining which table games (blackjack, craps, roulette, poker, etc.) would be played, as well as establishing regulations for the effective management of the games.

Proceeds from the operation of the table games are paid to the Delaware Lottery, which keeps a portion of those proceeds to cover its administrative expenses and its law-enforcement and security expenses, as well as an amount to fund programs for the treatment, education, and assistance of compulsive gamblers, with the remainder contributed to the State General Fund.



During fiscal year 2014, the Lottery was tasked with continuing the implementation of House Bill 333, The Delaware Gaming Competitiveness Act of 2012. One of the four main components was the authorization of casino style internet wagering (iGaming). The Lottery launched the nation's first full-scale internet casino and poker offering in October of 2013. Delaware's iGaming also introduced the nation's first "shared liquidity" poker network, allowing players from multiple states to sit in one common poker room and play against each other. In fiscal year 2024, the Lottery signed a new contract to offer iGaming to the public.

ECONOMIC OUTLOOK

U.S. LOTTERY INDUSTRY:

Based on statistics compiled by *LaFleur's*, a gaming industry publication, total unaudited lottery sales for U.S. lotteries decreased to \$98.5 billion in fiscal year 2024, a decrease of \$1.1 billion. The Florida Lottery ranked first in traditional sales with \$9.4 billion. Massachusetts Lottery ranked first in per capita sales of \$876. The Illinois Lottery had the biggest increase in traditional sales from last fiscal year of 6.9%.

Total U.S instant ticket sales decreased \$1.3 billion to \$61.8 billion in fiscal year 2024, down from \$66.2 billion in 2023. The Massachusetts Lottery ranked first in per capita instant sales at \$573. The Texas Lottery ranked first in instant sales of \$6.6 billion. The Montana Lottery ranked first with a 10.1% increase in instant sales for fiscal year 2024 over fiscal year 2023.

GENERAL:

After the completion of fiscal year 2024, the Delaware Lottery has distributed over \$6.5 billion to the State General Fund. Since the commencement of video lottery and table games, The Delaware Lottery has contributed \$44.8 million to the Department of Health and Social Services to help fund initiatives that address problem gambling in Delaware.

The Delaware Lottery was ranked 37th out of 45 U.S. lotteries in total traditional lottery sales. Delaware finished 24th in total sales per capita and 29th in total percent of change (-0.3%) in total comparing FY24 to FY23. The Delaware Lottery was ranked 38th out of 43 states in instant ticket sales fiscal year 2024. Delaware was also ranked 27th in per capita instant sales and 36th in the percent of change (-4.1%) comparing FY24 from FY23.

FINANCIAL INFORMATION

The Management Discussion and Analysis section should also be read for an overview of the financial results.

REVENUE DISTRIBUTION:

Chart 3 - Distribution of Traditional Lottery Revenue \$251.4 Million (FY 2024)

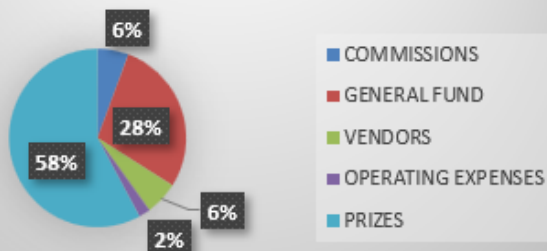


Chart 4 - Distribution of Video Lottery Revenue \$422.5 Million (FY 2024)

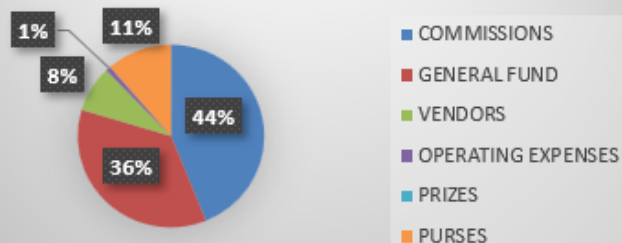


Chart 5 - Distribution of Sports Lottery Revenue \$133.4 Million (FY 2024)

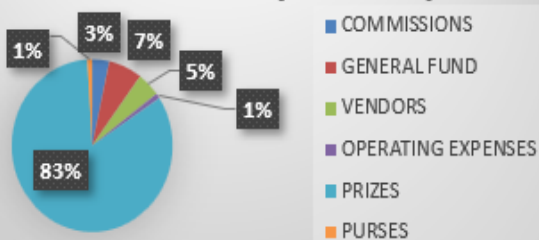


Chart 6 - Distribution of Table Games Revenue \$51.1 Million (FY 2024)

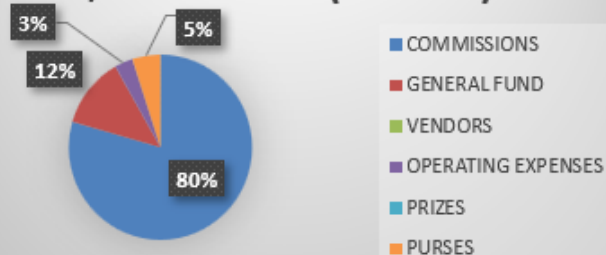


Chart 7 - Distribution of iGaming Revenue \$32.7 Million (FY2024)

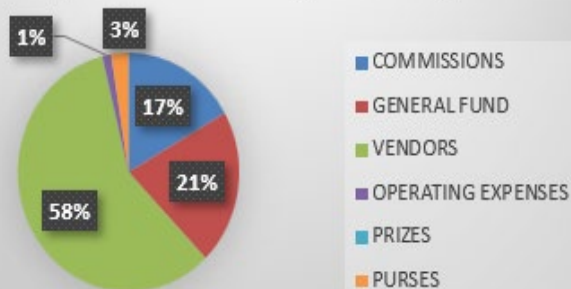


Chart 8 - Distribution of Total Lottery Revenue \$891.1 Million (FY 2024)



The Delaware Lottery is proud of its contribution to the State General Fund which finances state services. The monies, appropriated by the Legislature as a result of the Governor's recommended budget, fund such necessary state services as:

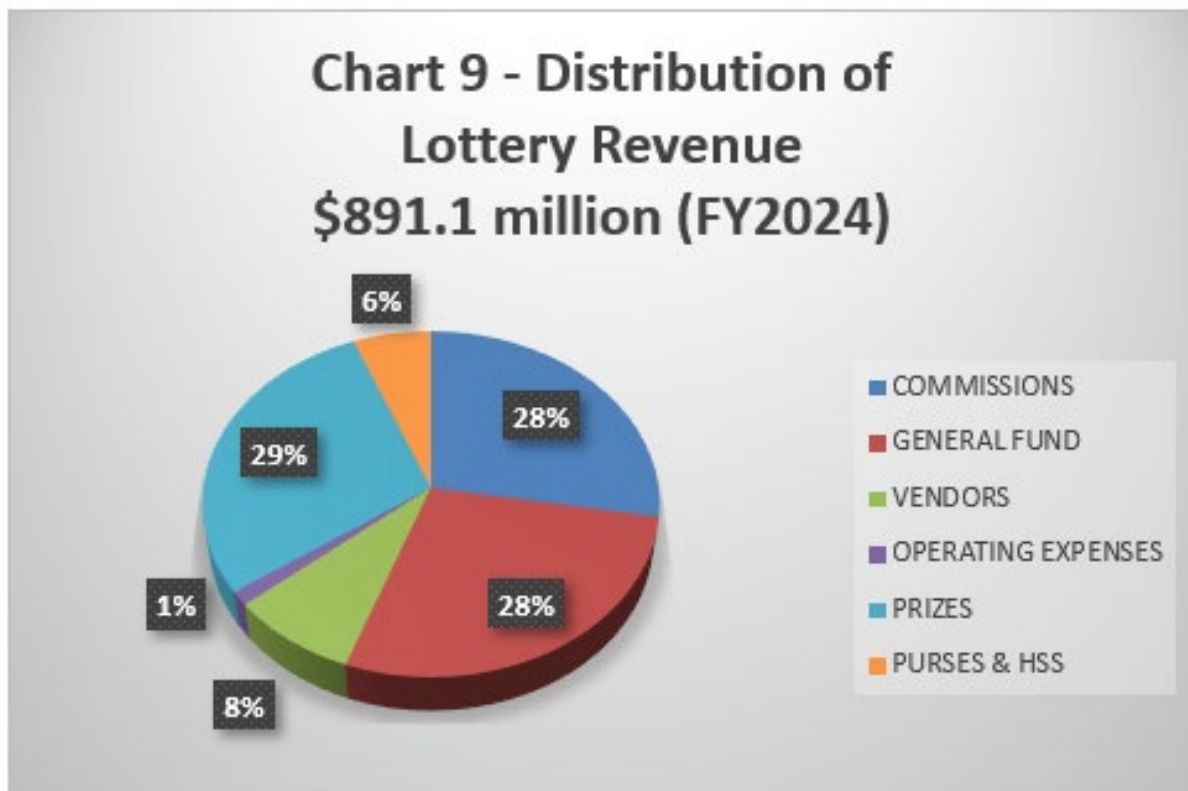
- Public and higher education
- Health and social services
- Public safety
- Judicial and corrections
- Child, youth, and family services.

Additional taxes would be needed to provide these vital state services without the Lottery's contribution.

In addition to the above contribution to the State General Fund, the Lottery's earnings also contribute directly to:

- The Department of Agriculture for horse racing purse increases and for funding the Standardbred Breeder's Program, the Certified Thoroughbred Program, and the Jockey Health & Welfare Fund.
- The Department of Health and Social Services for operating the Problem Gamblers' program

As seen from the chart below, when these distributions are added to the contributions made to the State General Fund, the Lottery contributed 28 cents of every sales dollar to the State of Delaware in fiscal year 2024.



MAJOR INITIATIVES

In fiscal year 2024 some major initiatives the lottery decided to undertake were:

- Increase traditional lottery sales by:
 - Adding additional drawing for Keno by switching from a drawing every four minutes to every three and a half minutes.

- Switching Multi-Win Lotto drawings to seven days a week
- Adding a Sunday afternoon drawing for Play 3 and Play 4 games.
- Increase iGaming and sports lottery sales by:
 - Signing new iGaming vendor contract which included adding sports mobile to the iGaming platform.

INTERNAL CONTROL ENVIRONMENT:

The Lottery maintains an internal control system designed to ensure that its assets are protected from loss, theft, or misuse. The system also ensures that adequate accounting data is compiled in an accurate and timely fashion to allow for the preparation of financial statements in conformity with U.S. Generally Accepted Accounting Practices (GAAP). Because the costs of a control should not exceed the benefits to be derived, the objective is to provide reasonable, but not absolute, assurance that the financial statements are free of any material misstatements. Lottery officials believe that the Lottery's internal control structure provides reasonable assurance that the above objectives are met.

Lottery management also believes that the organization's responsibility towards internal control extends far beyond the aforementioned objectives. The success of the Lottery is wholly dependent upon favorable public perception as well as the public's confidence in the honesty, integrity, and security of its games.

To maintain this public perception of Lottery integrity, the Lottery has enhanced its system of internal controls to include:

- Maintaining highly secure lottery facilities and limiting access to them
- Providing for multiple drawing algorithms
- Hiring an independent CPA firm to test data and witness drawings
- Printing lottery tickets with special inks, dyes, and security codes
- A report on internal controls at a service organization (SOC) is issued by an independent CPA firm annually for the Lottery's central system service provider
- Having video lottery machines and software tested by an independent laboratory
- Performing background checks on retailers, agents, vendors and video lottery employees, and Delaware Lottery employees.

BUDGETARY CONTROLS:

The Lottery submits an operating budget and forecasts revenue contribution for the State General Fund to the Department of Finance on an annual basis. The revenue contribution is tracked and reported monthly and is revised on a quarterly basis if necessary. This information is included in the State's budget under the Department of Finance.

ENTERPRISE OPERATIONS:

The Delaware State Lottery operates as an enterprise fund. An enterprise fund is used to account for the operations of an entity that is financed and operated in a manner similar to a private enterprise. The intent of the State is that the costs of providing Lottery services and products to the general public on a continuing basis should be financed by or recovered primarily through user charges.

The Lottery's financial statements are included in the State's Annual Comprehensive Financial Report under Proprietary Fund Type – Enterprise Fund.

Although the Lottery provides an annual operating budget to the State, all capital expenditures and operating expenses are funded by the Lottery through internally generated funds.

The Lottery utilizes internal services of other State agencies for items such as postage, telephone, automobiles, graphics and printing, pension administration, etc. These agencies are compensated by the Lottery through inter-fund transfers.

DEBT ADMINISTRATION:

Money owed to the State of Delaware in the event that the Lottery's MUSL games are discontinued is \$2.5 million as of June 30, 2024. This amount has been reserved by MUSL (Multi-State Lottery) that operates the Powerball, Lotto America, Lucky for Life, and Mega Million games. Please see Note 4 of the Notes to Financial Statements under the "Financial Section" of this report.

The Lottery's enabling legislation does not provide the ability to issue bonded debt.

OTHER INFORMATION

INDEPENDENT AUDIT:

Enabling legislation of the Lottery requires that the State of Delaware Auditor's Office conduct an annual audit of all accounts and transactions of the Delaware State Lottery Office. The cost of the audit is paid by money from the Lottery and designated as operating expenses.

The State Auditor's Office has contracted with an independent Certified Public Accounting firm to perform annual audits of the Lottery's financial statements. The independent auditor's opinion and the current annual audit report are included in the "Financial Section" of this report.

AWARDS:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Delaware State Lottery for its annual comprehensive financial report for the fiscal year ended June 30, 2023. This was the 25th consecutive year that the Lottery has achieved this prestigious award. A copy of the certificate for fiscal year 2023 can be seen in this report. 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 U.S. 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.

ACKNOWLEDGMENTS:

This Annual Comprehensive Financial Report for fiscal year 2024 signifies the Delaware State Lottery's commitment to comprehensive disclosure of its financial condition.

The preparation of this report was made possible by cooperation from all departments of the Lottery. We wish to express our special appreciation to the Lottery's Finance and Accounting department as well as to other groups and individuals who assisted in the preparation of this report.

Respectfully submitted,

DELAWARE STATE LOTTERY

A handwritten signature in blue ink, reading "Tina M. McQuaide".

Tina M. McQuaide
Assistant Director
Delaware State Lottery

A handwritten signature in blue ink, reading "Rebecca Hornsby".

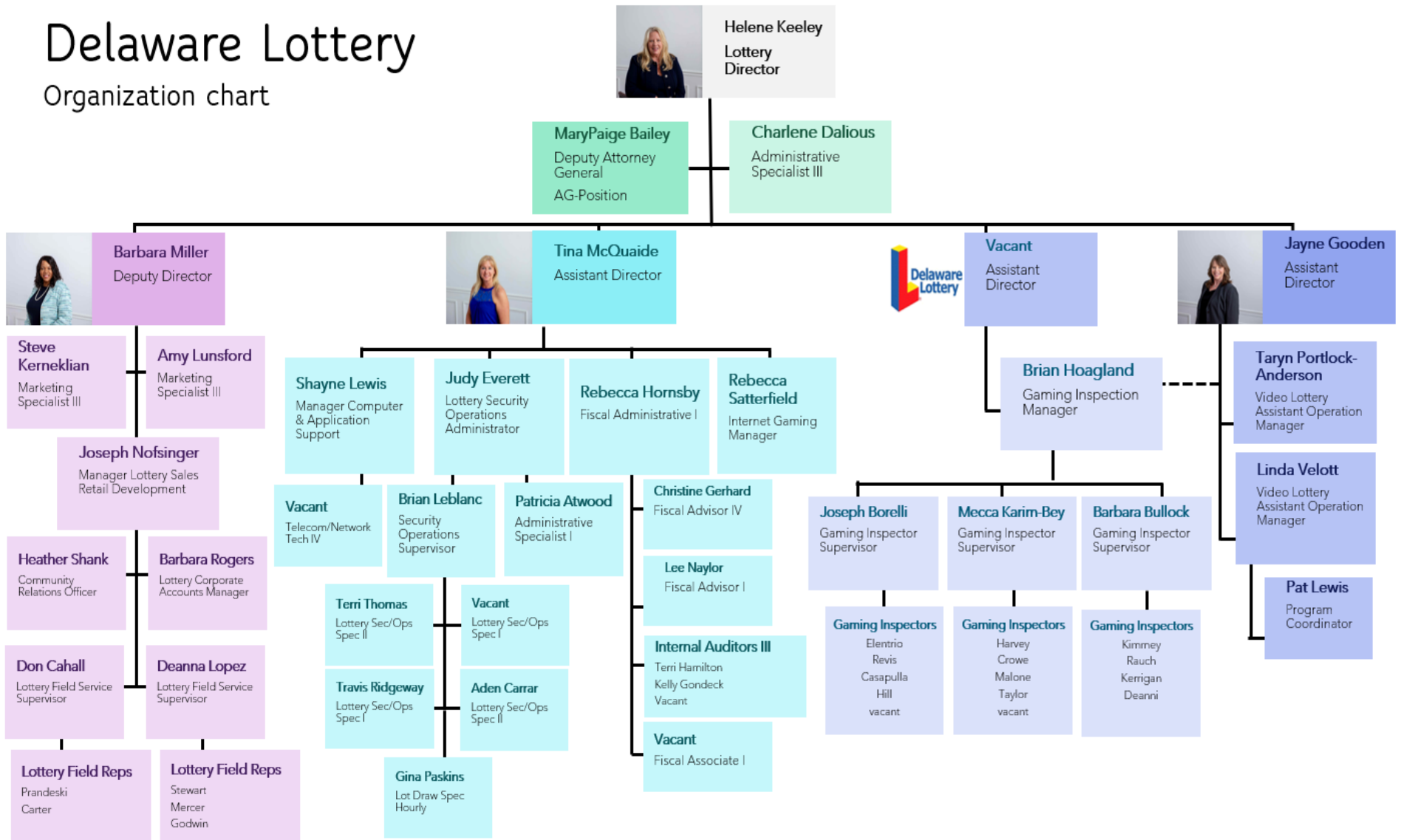
Rebecca Hornsby
Senior Fiscal Administrative Officer
Delaware State Lottery

**DELAWARE STATE LOTTERY
PRINCIPAL OFFICIALS**

Governor	John Carney
Secretary of Finance	Richard Geisenberger
Lottery Director	Helene Keeley
Lottery Deputy Director	Barbara Miller
Assistant Director	Jayne Gooden
Assistant Director	Tina McQuaide
Fiscal Administrative	Rebecca Hornsby

Delaware Lottery

Organization chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Delaware State Lottery

For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO





INDEPENDENT AUDITORS' REPORT

Helene Keeley, Director of Delaware State Lottery, and
Richard Geisenberger, Secretary of Finance, State of Delaware
Dover, Delaware

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and contributions and the schedule of proportionate share of the net OPEB liability and contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Helene Keeley, Acting Director of Delaware State Lottery, and
Richard Geisenberger, Secretary of Finance, State of Delaware

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 auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2024, on our consideration of the Lottery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lottery's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lottery's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland

November 13, 2024, except for the Other Information section of our report, as to which this date is
December 4, 2024

DELAWARE STATE LOTTERY
Management's Discussion and Analysis
June 30, 2024 and 2023

The management of the Delaware State Lottery (the Lottery) offers this narrative overview and analysis of the Lottery's financial activities for the years ended June 30, 2024, and 2023, which should be read in conjunction with the Lottery's financial statements.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Lottery's financial statements. Since the Lottery is an enterprise fund of the State of Delaware (the State), these financial statements are presented in a manner similar to a private-sector business. As required by accounting principles generally accepted in the United States of America (GAAP), revenues are recorded when earned and expenses are recorded as they are incurred, regardless of when the cash is received or disbursed.

The Statement of Net Position presents information on all of the Lottery's assets, liabilities, deferred outflows, and deferred inflows with the residual of all elements reported as the net position. Pursuant to Delaware law, the Lottery's net position should remain relatively unchanged, since all excess monies are to be sent directly to the State's General Fund, allowing the Lottery to maintain a net position of \$1,000,000.

The Statement of Revenue, Expenses, and Changes in Net Position show the result of the Lottery's total operations and reflect both operating and nonoperating activities. Changes in net position (increases or decreases) reflect the current fiscal year's operating impact upon the overall financial position of the Lottery.

The Statement of Cash Flows provides a detailed analysis of all sources and uses of cash. The direct method of cash flows is presented, ending with a reconciliation of operating income to net cash provided by operating activities. The Statement of Cash Flows is divided into three sections – operating, noncapital financing, and investing.

Notes to the financial statements contain additional information and offer explanations to the financial statements. The notes are intended to assist the reader in understanding the Lottery's basic financial statements.

DELAWARE STATE LOTTERY
Management's Discussion and Analysis
June 30, 2024 and 2023

Condensed Statement of Net Position

Table 1
(In millions)

Assets & Deferred Outflows		June 30		
		2024	2023	2022
Cash and cash equivalents	\$	1.9	7.1	6.8
Accounts receivable		23.8	9.2	7.5
Deposit with MUSL		2.5	2.5	2.5
Due from State of Delaware		11.8	11.9	16.9
Total assets		40.0	30.7	33.7
Deferred outflows		2.7	2.9	3.4
Liabilities, Deferred Inflows and Net Position				
Liabilities:				
Prizes liability		8.5	8.0	7.7
Accounts payable and accrued liabilities		16.7	7.2	8.8
Due to the State of Delaware		-	0.1	-
Noncurrent Liabilities		12.5	12.9	13.8
Total liabilities		37.7	28.2	30.3
Deferred inflows		4.0	4.4	5.8
Net position:				
Restricted		-	-	1.4
Unrestricted	\$	1.0	1.0	(0.4)
Total net position		1.0	1.0	1.0

The Lottery's accounting periods are predicated on a 4-4-5-week cycle except at year-end when the closing date includes additional days up to and including June 30. These extra days amounted to four days in 2022, five days in 2023, and seven days in 2024.

In Table 1, comparing fiscal year 2024 to fiscal year 2023, the increase in accounts receivables was \$14.6 million (158.7%). The majority of the increase was due to the new iGaming contract that showed a significant increase in sales that needed to be collected at year end plus the additional full week of revenue collection. Comparing fiscal year 2023 to fiscal year 2022, the extra day of uncollected revenue makes up the increase in accounts receivables of \$1.7 million (22.7%). Sweep revenue was not collected for the last five days of the month, but general fund contributions were allocated for the full year. The one-day increase allotted for the increase in accounts receivable primarily for video revenue. Revenue for video and traditional lottery is received weekly on Wednesdays and commission are paid out on Thursdays.

Comparing fiscal year 2024 to fiscal year 2023, the prize liability increased \$0.5 million (6.3%) A large part of the prize liability increase was in the instant product. The prize liability in 2023 increased over 2022 by \$0.3 million (3.9%). The increase in traditional lottery sales yielded more winners in 2023. Prize liability usually has a direct correlation with sales; however, sports liability is unpredictable and any given Sunday the results for our professional football games can go either way. In 2024, accounts payable and accrued liabilities increased \$9.5 million (131.9%). The biggest increase was in the iGaming vendor payable which is based on the increased sales of iGaming. In 2023, the accounts payable and accrued liabilities decreased \$1.6 million (18.2%). The majority of the accounts payable came from the tables games commission payable in 2023 was for four days and the commission due in 2022 was for ten days which yielded a difference of over \$1 million.

DELAWARE STATE LOTTERY
Management's Discussion and Analysis
June 30, 2024 and 2023

Revenue

Table 2
Revenue
(In millions)

		Year ended June 30		
		2024	2023	2022
Multi Win Lotto	\$	5.1	4.2	4.1
Lucky for Life		5.0	5.2	5.3
Keno		10.3	10.4	9.7
Mega Millions		21.1	23.0	11.1
Powerball		34.4	28.1	23.5
Lotto America		2.7	4.2	2.8
Play 3		31.8	32.4	34.6
Play 4		29.8	28.7	28.7
Total draw games revenue		140.2	136.2	119.8
Instant games		111.2	116.0	110.9
Traditional games revenue		\$ 251.4	252.2	230.7
Sports lottery		133.4	71.8	109.5
Table games, net		51.1	53.9	56.5
Video lottery, net		422.5	420.1	416.5
iGaming		32.7	14.6	12.0
Total revenue		\$ 891.1	812.6	825.2

Table 2 displays the comparison of revenue by product for fiscal year 2024 to 2022. Fiscal year 2024 was a record year for total Lottery revenue. Revenue increased \$78.5 million (9.7%) over fiscal year 2023. The majority of the increase was due to the new contract for iGaming that also included a sports mobile option. Fiscal year 2023 revenue fell to \$812.6 million, a decrease of \$12.6 million (1.5%). The biggest decrease was in sports lottery revenue (-34.4%) due to the competition from the surrounding states and the introduction of mobile sports betting by those states.

Traditional Lottery revenue decreased slightly in fiscal year 2024 by \$0.8 million or (0.3%). Fiscal year 2023 was a record year for traditional lottery. Traditional sales increased \$21.5 million (9.3%). Mega Millions had two large jackpots and Powerball had one in fiscal year 2023. The large multi-state jackpots are huge contributors to increased sales in our state.

Sports lottery showed the largest increase in fiscal year 2024 by \$61.1 million (85%). The increase was due to a new iGaming contract that include a sports mobile option. Sports mobile sales are recorded in sport lottery figures. There were also new offerings of sports parlay card sales on sports other than football and distributed to more retailer throughout the state. Sports Lottery decreased in revenue in 2023 from 2022 by \$37.7 million (34.4%). Sports sales have declined due to the increase in sports venues in the surrounding states.

iGaming sales had another record year for Delaware Lottery. Due to a new contract, a new vendor, and more game content, the sales increased \$18.1 million (123.97%) in 2024 over 2023. iGaming sales increased in 2023 over 2022, \$2.6 million (21.7%).

DELAWARE STATE LOTTERY
Management's Discussion and Analysis
June 30, 2024 and 2023

Cost of Games

Table 3
Cost of Games
(In millions and as a percentage of all revenue)

	Year ended June 30					
	2024		2023		2022	
Commission expense	\$ 248.0	30.5%	\$ 246.0	30.3%	\$ 246.5	29.8%
Gaming vendor fees	75.1	9.2%	61.1	7.5%	58.4	7.1%
Prize expense	257.5	31.7%	198.2	24.4%	223.5	28.1%
Total cost of games	<u>\$ 580.6</u>		<u>\$ 505.3</u>		<u>\$ 528.4</u>	

Table 3 above compares the cost of games for the last three years. Commission expense includes payments to lottery retailers for selling traditional and sports lottery tickets, and commissions to casinos for the operation of video lottery, internet gaming, sports lottery, and table games. Delaware law allows for the net of sports (sports sales minus sports win) to be used in the calculations for commissions and vendors fees.

Commission expense increased in fiscal year 2024 over fiscal year 2023 by \$2 million (0.8%). The addition of sports mobile earned the video lottery agents an additional \$1.9 million in commissions over 2023. The new iGaming contract earned the video lottery agents an additional \$3.7 million as well. Commission expense decreased in fiscal year 2023 from 2022 by \$500 thousand (0.2%). Most products in fiscal year 2023 had an increase in sales, the decrease in sports sales was a contributing factor of the overall decrease in commission in fiscal year 2023.

Gaming vendor fees include the cost of the central system used to monitor and collect pertinent data for the traditional draw games and the video lottery central system, the instant games supplier fees, the vendor fees for video lottery terminals supplied to the video lottery agents, and the cost incurred by internet gaming for fees and website maintenance.

Gaming vendor fees for 2024 increased \$14 million (22.9%). iGaming and the new sports mobile product increased sales significantly over 2023. This increase in sales increased the vendor fees, which are based on a percentage of sales. Gaming vendor fees for 2023 increased by \$2.7 million (4.6%) over fiscal year 2022. A rate change for video vendors for the full fiscal year and the increase in revenue would explain the increase in vendor fees. Vendors get paid on a percentage of sales so when sales increase so do vendor fees.

DELAWARE STATE LOTTERY
Management's Discussion and Analysis
June 30, 2024 and 2023

Prize Expense, Net of Reversions

Table 4
Prize Expense, Net of Reversions
(In millions)

	Year ended June 30		
	2024	2023	2022
Instant games	\$ 75.0	77.2	74.4
Keno	6.2	6.1	5.9
Lotto America	1.1	2.0	1.3
Lucky for Life	2.9	3.3	2.7
Mega Millions	10.2	11.4	5.3
Multi Win Lotto	3.0	2.5	2.6
Play 3	14.9	13.4	17.4
Play 4	15.6	14.6	13.8
Powerball	16.6	13.7	11.5
Sports lottery	112.0	54.0	88.6
Total prize expense	\$ 257.5	198.2	223.5

The table above compares prize expense for each lottery game category for the past three years. Prize expense includes the costs for winning tickets for traditional and sports lottery. In general, prize expense by game will increase or decrease from year to year in proportion to the increase or decrease in sales for a particular game. However, the prize expenses for the Play 3 and Play 4 games are impacted by the luck of the draw, and actual prize payments are determined by lottery players' luck in matching the particular set of numbers randomly selected in each drawing for each game. Overall prize expense for the instant game product category is controllable for the most part, by printing a predetermined number and value of winning tickets for each instant game. Sports lottery winners vary from year to year due to the unpredictability of the outcome of professional sports. During any given sports event the liability of the game could exceed the sales for that event.

In Table 4, the prize expense increased from fiscal year 2024, \$59.3 million (29.9%). The significant sales increase in sports attributed to the increase in winning sports tickets. A large jackpot run in Powerball increased the sales as well, which increased the number of winners for Powerball in fiscal year 2024. In fiscal year 2023, the prize expense decreased \$25.3 million (11.3%) from fiscal year 2022. The majority of the changes in prize expense are related to the increase or decrease in sales by game.

DELAWARE STATE LOTTERY
Management's Discussion and Analysis
June 30, 2024 and 2023

Operating Expenses

Table 5
Operating Expenses
(In millions)

	Year ended June 30		
	2024	2023	2022
Operating expenses	\$ 11.6	11.6	10.8

Operating expenses were consistent between fiscal year 2024 and fiscal year 2023. In 2023, operating expenses increased \$0.8 million (7.4%) for fiscal year. Capital improvements within the lottery, significant pay raises for state employees, and an increase in travel make up the difference from fiscal year 2022.

Nonoperating Expenses and Transfers

Table 6
Nonoperating Expenses and Transfers
(in millions)

	Year ended June 30		
	2024	2023	2022
Transfer to the State of Delaware:			
Standardbred Breeder's Program	\$ 4.0	4.0	4.0
Certified Thoroughbred Program	1.5	1.5	1.5
Department of Agriculture Purses	46.7	46.0	46.1
Department of Health & Social Services	1.8	1.8	1.5
State of Delaware - General Fund	244.8	242.4	233.0
Total nonoperating expenses	\$ 298.8	295.7	286.1

Table 6 shows the expenses incurred to other state agencies as dictated by Delaware Law. In 2024, nonoperating expenses increased by \$3.1 million (1.0%). The difference came from an increase in iGaming sales that added more contribution to the general fund. There was an increase of \$9.6 million (3.4%) from 2022 to 2023.

DELAWARE STATE LOTTERY
Statements of Net Position
June 30, 2024 and 2023

Assets and Deferred Outflows	2024	2023
Current assets:		
Cash and cash equivalents	\$ 1,852,537	\$ 7,057,897
Accounts receivable	23,825,610	9,214,494
Due from the State of Delaware	470,396	-
Total current assets	26,148,543	16,272,391
Noncurrent assets:		
Deposits with Multi-State Lottery Association	2,545,867	2,522,812
Due from the State of Delaware	11,331,387	11,862,312
Total noncurrent assets	13,877,254	14,385,124
Total assets	40,025,797	30,657,515
Deferred outflows of Resources	2,670,711	2,930,823
Liabilities, Deferred Inflows, and Net Position		
Current liabilities:		
Prizes obligations	8,467,777	8,023,197
Accounts payable and accrued liabilities	16,680,766	7,216,176
Due to the State of Delaware	-	33,018
Total current liabilities	25,148,543	15,272,391
Noncurrent liabilities:		
Multi-State Lottery reserve	2,545,867	2,522,812
Net Pension Liability	1,651,959	1,486,084
Net OPEB Liability	8,389,646	8,923,084
Total noncurrent liabilities	12,587,472	12,931,980
Total liabilities	37,736,015	28,204,371
Deferred inflows of Resources	3,960,493	4,383,967
Net position:		
Unrestricted	\$ 1,000,000	\$ 1,000,000
Total net position	1,000,000	1,000,000

See accompanying notes to financial statements.

DELAWARE STATE LOTTERY

Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

	2024	2023
Revenue:		
Traditional lottery	\$ 251,431,053	\$ 252,118,979
Video lottery, net	422,516,465	420,101,133
Sports lottery	133,390,311	71,814,171
Table games, net	51,061,357	53,932,172
iGaming	32,669,645	14,634,065
Total revenue	891,068,831	812,600,520
Cost of games:		
Traditional lottery commissions	14,244,479	15,260,174
Video lottery commissions	183,120,154	182,408,114
Sports lottery commissions	4,571,413	3,675,907
Table games commissions	40,622,578	42,992,329
iGaming commission	5,486,348	1,696,757
Gaming vendor fees and costs	75,046,191	61,054,946
Prize costs, net of reversions	257,517,606	198,232,584
Total cost of games	580,608,769	505,320,811
Gross margin	310,460,062	307,279,709
Operating expenses:		
Advertising and promotions	3,369,563	3,457,570
Payroll and related benefits	6,384,541	6,117,793
Other general and administrative	1,819,410	1,978,089
Total operating expenses	11,573,514	11,553,452
Operating income	298,886,548	295,726,257
Nonoperating expenses:		
Contributions to Thoroughbred Fund	1,500,000	1,500,000
Total nonoperating expenses	1,500,000	1,500,000
Income before transfers	297,386,548	294,226,257
Transfers Out		
Department of Agriculture	50,727,160	50,009,543
Department of Health & Social Services	1,847,976	1,836,397
State of Delaware	244,811,412	242,380,317
Total transfers	297,386,548	294,226,257
Change in net position	-	-
Net position at beginning of year	1,000,000	1,000,000
Net position at end of year	\$ 1,000,000	\$ 1,000,000

See accompanying notes to financial statements.

DELAWARE STATE LOTTERY
Statements of Cash Flows
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Receipts from customers	\$ 876,457,715	\$ 810,871,489
Payments to vendors for goods and services	(74,256,307)	(67,751,114)
Payments to employees for services	(6,180,951)	(6,763,046)
Payments for prizes	(257,073,026)	(197,921,157)
Payments for commissions	(244,576,371)	(246,180,683)
Net cash provided by operating activities	<u>294,371,060</u>	<u>292,255,489</u>
Cash flows from noncapital financing activities:		
Contributions to the Delaware Certified Thoroughbred Program	(1,500,000)	(1,500,000)
Transfers to the Delaware Standardbred Breeder's Program	(4,000,000)	(4,000,000)
Transfers to the State of Delaware	(294,076,420)	(286,470,372)
Net cash used in noncapital financing activities	<u>(299,576,420)</u>	<u>(291,970,372)</u>
Net change cash and investments	(5,205,360)	285,117
Cash and investments at beginning of year	<u>7,057,897</u>	<u>6,772,780</u>
Cash and investments at end of year	<u>\$ 1,852,537</u>	<u>\$ 7,057,897</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 298,886,548	\$ 295,726,257
Adjustments to reconcile operating income to net cash provided by operating activities:		
Effect of changes in operating assets, liabilities and deferred inflow and deferred outflows:		
Accounts receivable, net	(14,611,115)	(1,729,031)
Prizes liability	444,580	311,427
Net Pension and OPEB Liability	9,464,590	(1,572,540)
Accounts payable and accrued liabilities	(367,563)	546,896
Deferred Inflows and Deferred Outflows, net	554,020	(1,027,520)
Net cash provided by operating activities	<u>\$ 294,371,060</u>	<u>\$ 292,255,489</u>

See accompanying notes to financial statements.

DELAWARE STATE LOTTERY
Notes to Financial Statements
June 30, 2024 and 2023

(1) Summary of Significant Accounting Policies

(a) Legislative Enactment

The Delaware State Lottery (the Lottery) was established by Enabling Legislation (the Legislation) passed on May 31, 1974, by the General Assembly of the State of Delaware (the General Assembly) under the authority of the Governor's Office and under the supervision of a Director. In July 1976, the Lottery was transferred to the Office of the Secretary of Finance. The Director has the power and duty to establish rules for conducting games, including the type and number of games, the price of tickets, the number and amounts of winning tickets, the manner of selecting winning tickets, the manner of prize payment, frequency of drawings, location and methods for the sale of tickets, procedures for licensing of retailers, and all other functions related to the operation of the Lottery.

The Legislation provides that, for the non-video lottery games, at least 45% of total revenue shall be used to pay prizes, operating expenses shall not exceed 20% of total revenue, and the Lottery shall undertake to provide into the General Fund of the State of Delaware a payment of earnings of 30%. Enabling legislation for video lottery was enacted on July 16, 1994, and provides that, for the video lottery games, at least 87%, but not more than 95% (unless approved by the Director), of total proceeds on an average annual basis shall be used to pay prizes.

In May 2009, enabling legislation was passed by the General Assembly of the State of Delaware requiring the Lottery Director to use authority to reestablish a sports lottery, in order to enhance the Delaware Lottery, protect Delaware employment, and provide additional revenues for the State. Also, a result of the passage of House Bill 333, The Delaware Gaming Competitiveness Act of 2012, Sports Lottery was expanded into retail locations in time for the 2012/2013 pro football season.

(b) Reporting Entity

The Delaware State Lottery (reporting entity) is an enterprise fund of the State of Delaware.

(c) Basis of Accounting

In accordance with accounting principles generally accepted in the United States of America, the financial statements are prepared on the accrual basis of accounting, which requires recognition of revenues when earned and expenses when incurred.

(d) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. The deferred outflows of resources represent a consumption of net assets that applies to future periods.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods.

DELAWARE STATE LOTTERY
Notes to Financial Statements
June 30, 2024 and 2023

(e) Cash and Cash Equivalents

Cash and cash equivalents consist of deposits held in lottery bank accounts as well as deposits held by the State Treasurer to fund future non-prize operating costs during the next month.

(f) Accounts Receivable

Accounts receivable consists primarily of unsettled balances due to the Lottery from the racetracks for video lottery, table games, sports lottery, and iGaming and from retailers for traditional lottery and retailer sports lottery sales. Accounts receivable is stated at the carrying amount net of allowance for uncollectible accounts. An allowance for uncollectible accounts receivable is established when specific retailer collection issues are identified. Uncollectible accounts are written off when management has determined that the balance will not be collected. As of June 30, 2024, and 2023, no allowance for uncollectible accounts were recorded.

(g) Investments

Investments consist of annuity contracts purchased from insurance companies to fund future prize payments and are carried at amortized cost as nonparticipating investment contracts. The practice of purchasing and holding annuity contracts to fund future prize obligations is no longer employed by the Lottery, as investment amounts reported represent annuity contracts whose most recent purchase was during 1998. It is the Lottery's policy to hold all investments of this nature that were purchased to fund prize obligations until maturity. All investments the Lottery had on hand have matured. As of June 30, 2024, and 2023, there were no investments.

(h) Revenue Recognition

Revenue from drawing games and sports lottery is recognized on the day of purchase. Revenue from the sale of instant games is recognized when the book has been activated and when one of the following occurs:

- 85% of the related prizes of an activated book is paid to winner.
- 90 days from the date of activation
- When the next pack of the same game is activated

Revenue from video lottery and table game sales is recognized, net of prizes paid, at the time the public plays the game. All revenue that the Lottery reports is considered operating revenue.

(i) Prize Obligations

Prize obligations for the traditional draw games and sports lottery are determined and recognized after each drawing or sports game is held. For the daily number games, winners are paid a certain amount depending upon the number of, or order of, winning numbers. Of every Multi Win Lotto sales dollar, a fixed payment goes to fund the nine lower prize levels with the balance going into the jackpot. If there are no jackpot winners in the Multi Win Lotto game, the amount is carried forward until there is a winner. For the Powerball, Lotto America, and Mega Millions, 50% of the revenues are allocated to the prize pool.

Prize obligations related to instant games are recognized by taking the greater of prize cash disbursements or the historical estimates of claimed prizes. Disbursements for prizes, including installment prize awards, are charged against the obligations for unpaid prize awards. Prizes unclaimed after one year revert back to the Lottery and reduce the prize costs for the year. Such unclaimed monies are then remitted to the State.

DELAWARE STATE LOTTERY
Notes to Financial Statements
June 30, 2024 and 2023

(j) *Compensated Absences*

The Lottery has accrued a liability included in accounts payable and accrued liabilities for employee future absences, recognizing the obligation relating to services already rendered. This liability represents benefits accrued to Lottery employees for vacation earned as of year-end and sick leave estimated to be paid out at retirement for services rendered as of June 30, 2024. Employees earn from 9.5 to 13.25 hours of vacation leave per month depending on years of service. The employee or his or her estate is paid for unused vacation upon termination of employment. Employees earn 9.5 hours of sick leave per month. The Lottery's obligation for sick leave credit is a maximum of 337.5 hours. As of June 30, 2024 and 2023, the Lottery had liabilities of \$244,619 and \$233,322 respectively for accrued vacation and \$233,251 and \$229,784 for accrued sick leave, respectively.

(k) *Operating and Nonoperating Expenses*

Operating expenses generally result from providing services and producing and delivering goods in connection with the Lottery's principal ongoing operations. Operating expenses of the Lottery include personnel costs, travel costs, contracted services, supplies, and capital expenses. All expenses not meeting this definition are reported as nonoperating expenses.

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

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

(m) *Net OPEB Liability*

For purposes of measuring the net Other Postemployment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expenses, information about the fiduciary net position of OPEB Trust and additions to/deductions from OPEB Trust's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(n) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

(o) *Net Position*

As part of Delaware law, Title 29, Chapter 48, section 4815, all moneys received from the sale of lottery products shall be accounted for to the State Treasurer and all net moneys shall be placed into a special account known as the State Lottery Fund. The remaining moneys after prizes and gaming operations are paid, shall accumulate in the State Lottery Fund for the payments of operations and administration costs. In the event

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that the percentage allocated for operations (including prize payments) generates a surplus, said surplus shall be allowed to accumulate to an amount not to exceed \$1,000,000. Since the Lottery is required to send all surplus funds to the State's General Fund, any monies required to pay MUSL, Pension, and OPEB liabilities would come from the State of Delaware.

(2) Cash and Cash Equivalents

Cash and cash equivalents reported reflect three types of account balances: Lottery deposit account, Lottery prize accounts, and pooled cash and investments held by the State Treasurer's Office. Cash receipts and all cash transfers to other state agencies are made in and out of the Lottery deposit account. Prize disbursements are made out of the Lottery prize accounts. Pooled cash and investments consist of cash equivalents held and managed by the State Treasurer. State agencies, including the Lottery, participate in the State's internal cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool.

Cash and investment balances consisted of the following:

	June 30	
	2024	2023
Cash deposits	\$ 1,369,798	\$ 5,210,433
Pooled cash and investments	<u>482,739</u>	<u>1,847,464</u>
Total cash and investment balances	<u>\$ 1,852,537</u>	<u>\$ 7,057,897</u>

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the deposits or collateral securities may not be recovered from an outside party.

All deposits are required by state law to be collateralized by direct obligations of, or obligations guaranteed by, the U.S. government or other suitable obligations as determined by the State's Cash Management Policy Board (the Board), unless the Board shall find such collateralization not in the best interest of the State. Additionally, the Board has determined that deposits need not be collateralized provided they are held in a bank that for the previous two years has had a return on total average assets of 0.5% or greater and has had an average capital ratio (total equity to total assets) of at least 5.0%. If the bank does not meet the aforementioned criteria, collateral must consist of one or more of the following:

- U.S. government securities
- U.S. government agency securities
- Federal Home Loan Board letters of credit
- State securities.
- Securities of a political subdivision of the State with a Moody's Investors service rating of "A" or better.

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In addition, the bank must ensure that those securities pledged as collateral have a market value equal to or greater than 102% of the ledger balance(s) in the account(s) each day and ensure that securities pledged are identified as held in the State's name and are segregated on the bank's records.

The bank balance of deposits was not subject to custodial credit risk as all amounts were either fully insured and/or collateralized. As of June 30, 2024, and June 30, 2023, the total bank balance of cash in all bank accounts was \$1,401,972 and \$5,243,169 respectively.

Pooled cash and investments maintained by the State Treasurer are not deemed to have custodial credit risk with regard to the Lottery.

(3) Prize Obligations

The following is a reconciliation of changes in the prize's liability account, which includes the present value of prize installment obligations, for the fiscal years ended June 30, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
Prize obligations, beginning of year	\$ 8,023,197	\$ 7,711,770
Prize payments	(257,073,026)	(197,921,157)
Prize costs, net of reversions	257,517,606	198,232,584
Prize obligations, end of year	<u>\$ 8,467,777</u>	<u>\$ 8,023,197</u>

(4) Participation in the Multi-State Lottery Association

The Lottery is a member of the Multi-State Lottery Association (the MUSL), which operates traditional draw games on behalf of participating state lotteries. Each MUSL member sells game tickets through its agents and makes weekly wire transfers to the MUSL in an amount equivalent to the member's share of the estimated grand prize liability. Each MUSL member pays lesser prizes directly to the winners. The MUSL has operated the Powerball game since fiscal year 2008, Mega Millions game since 2010, and Lotto America since 2018 and Lucky for Life since 2015. Participating lotteries are required to maintain deposits with MUSL for contingency reserves to protect MUSL from unforeseen prize liabilities. The money in this reserve fund is refundable to MUSL members if the MUSL disbands or if a member leaves the MUSL Board. The MUSL has an agreement that grants MUSL the nonexclusive right to offer the multi-jurisdictional lottery game known as the "Mega Millions Game," to be conducted by the MUSL member lotteries.

The amount the Lottery had on deposit with the MUSL, as of June 30, 2024, and 2023, equaled \$2,545,867 and \$2,522,812 respectively. These amounts are also reported as a liability on the Lottery's balance sheet because they represent the amount to be paid to the State's General Fund upon separation from the MUSL, if the MUSL is not required to use any portion of the Lottery's reserves held by the MUSL.

(5) Delaware Standardbred Breeder's Program and Delaware Certified Thoroughbred Program

In March 1998, an amendment to the Legislation was passed by the General Assembly that established the Delaware Standardbred Breeder's Program for the purpose of promoting the Delaware harness racing industry. This legislation, amended in 2004, 2008, and 2021 requires the Lottery to withhold \$4,000,000 of funds annually (\$1,250,000 from the State General Fund, \$2,000,000 from Purses, and \$750,000 from Video commissions) and remit to the Delaware Standardbred Breeder's Program.

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Epilogue language in fiscal year 2006 Bond Bill, an amendment was passed by the General Assembly that established the Delaware Certified Thoroughbred Program for the purpose of enhancing the quantity of thoroughbred foals and/or yearlings stabled within Delaware. This legislation, amended in 2008 and 2021, requires the Lottery to withhold \$1,500,000 of funds annually (\$500,000 from the State General Fund, \$750,000 from Purses, and \$250,000 from Video Commissions) and remit these funds to the Delaware Certified Thoroughbred Program.

(6) Transfers to the State of Delaware

As required, under the Legislation, net position of the Lottery may not exceed \$1,000,000; therefore, the Lottery periodically transfers surplus funds to the State in accordance with the Legislation. For the years ended June 30, 2024, and 2023, the Lottery made the following contributions to the State.

	June 30	
	2024	2023
Amounts transferred and to be transferred to the State for the fiscal year:		
General Fund	\$ 244,811,412	\$ 242,380,317
Department of Health and Social Services	1,847,976	1,836,397
Department of Agriculture	50,727,160	50,009,543
	<u>\$ 297,386,548</u>	<u>\$ 294,226,257</u>

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(7) Revenue and Expenses by Game

The following revenue was recognized:

	Year ended June 30	
	2024	2023
Draw games:		
Multi Win Lotto	\$ 5,074,142	\$ 4,140,670
Lucky for Life	4,988,138	5,221,358
Keno	10,257,509	10,371,956
Mega Millions	21,157,056	23,021,855
Powerball	34,375,278	28,118,592
Lotto America	2,706,419	4,138,905
Play 3	31,836,742	32,361,809
Play 4	29,783,277	28,714,507
Total draw games	\$ 140,178,561	\$ 136,089,652
Instant games	111,252,492	116,029,327
Total traditional lottery	\$ 251,431,053	\$ 252,118,979
Video lottery, net	422,516,465	420,101,133
Table games, net	51,061,357	53,932,172
Sports lottery	133,390,311	71,814,171
iGaming, net	32,669,645	14,634,065
Total revenue	\$ 891,068,831	\$ 812,600,520

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The revenue, prize costs, and commission expense, by game type, are listed below:

		Video lottery net	iGaming net	Sports lottery	Table games, net	Traditional Lottery	Total
Year ended June 30, 2024:							
Revenue	\$	422,516,465	32,669,645	133,390,311	51,061,357	251,431,053	891,068,831
Total Income		422,516,465	32,669,645	133,390,311	51,061,357	251,431,053	891,068,831
Prize costs, net of Reversions		—	(16,383)	112,061,518	—	145,472,471	257,517,606
Commissions expense		183,120,154	5,486,348	4,571,413	40,622,578	14,244,479	248,044,972
Total Costs		183,120,154	5,469,965	116,632,931	40,622,578	159,716,950	505,562,578
Contribution Margin per game	\$	239,396,311	27,199,680	16,757,380	10,438,779	91,714,103	385,506,253
Game vendor fees		34,592,446	19,089,944	6,075,091	—	15,288,710	75,046,191
Gross Margin	\$	204,803,865	8,109,736	10,682,289	10,438,779	76,425,393	310,460,062
		Video lottery net	iGaming net	Sports lottery	Table games, net	Traditional Lottery	Total
Year ended June 30, 2023:							
Revenue	\$	420,101,133	14,634,065	71,814,171	53,932,172	252,118,979	812,600,520
Total Income		420,101,133	14,634,065	71,814,171	53,932,172	252,118,979	812,600,520
Prize costs, net of Reversions		—	—	53,990,452	—	144,242,132	198,232,584
Commissions expense		182,408,114	1,696,757	3,675,907	42,992,329	15,260,174	246,033,281
Total Costs		182,408,114	1,696,757	57,666,359	42,992,329	159,502,306	444,265,865
Contribution Margin per game	\$	237,693,019	12,937,308	14,147,812	10,939,843	92,616,673	368,334,655
Game vendor fees		34,412,745	7,486,304	3,439,017	—	15,716,880	61,054,946
Gross Margin	\$	203,280,274	5,451,004	10,708,795	10,939,843	76,899,793	307,279,709

(8) Payroll-Related and Other Benefits

All Lottery personnel are employees of the State of Delaware and are covered by pension, health insurance, and other employee benefit programs administered by agencies of the State. During fiscal year 2024 and fiscal year 2023, the Lottery incurred \$6,384,541 and \$6,117,793 respectively, of payroll and benefit costs, including pension, health insurance, and other employee benefit costs, paid to various state agencies responsible for the administration of benefit programs.

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(9) Pension and Other Postemployment Benefits

	<u>FY24 Liability</u>	<u>FY24 Deferred Outflows</u>	<u>FY24 Deferred Inflows</u>
Pension	\$ 1,651,959	\$ 1,166,949	\$ 104,700
OPEB	8,389,646	1,503,762	3,855,793
	<u>\$ 10,041,605</u>	<u>\$ 2,670,711</u>	<u>\$ 3,960,493</u>

	<u>FY23 Liability</u>	<u>FY23 Deferred Outflows</u>	<u>FY23 Deferred Inflows</u>
Pension	\$ 1,486,084	\$ 888,410	\$ 117,736
OPEB	8,923,084	2,042,413	4,266,231
	<u>\$ 10,409,168</u>	<u>\$ 2,930,823</u>	<u>\$ 4,383,967</u>

(a) Pension

The Lottery contributes to the State Employees' Pension Plan (the Plan) established by the State to provide benefits for state employees. The Plan is a cost-sharing multiple-employer defined benefit pension plan established in the Delaware Code. The State of Delaware is responsible for setting benefits and amending plan provisions. The Plan prepares separate financial statements and is administered by the Delaware Public Employees' Retirement System (DPERS). All details of the Plan can be obtained by writing to the State Board of Pension Trustees and Office of Pensions, McArdle Building, Suite #1, 860 Silver Lake Boulevard, Dover, Delaware 19904-2402.

Benefits Provided

The Plan provides retirement, disability, and death benefits. Pre-2012 members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least five years of credit service; (b) age 60 with 15 years of credit service; or (c) 30 or more years of service regardless of age. Post-2011 members are eligible for monthly retirement benefits upon reaching (a) age 65 with at least ten years of credited service; (b) age 60 with 20 years of credit service; or (c) 30 or more years of service regardless of age.

Pre-2012 participants are eligible for disability benefits after five years of credited service. In lieu of disability pension benefits, over 90% of the members in this plan opted into a Disability Insurance Program offered by the State effective January 1, 2006. Post-2011 participants are not offered disability pension benefits and are in the Disability Insurance Program.

Death benefits are payable upon the death of an active member who has reached age 62 with at least five years of credit service. Such benefits are paid at 75% of the benefit the employee would have received at age 62. If an employee is currently receiving a pension, the eligible survivor receives 50% of the pension benefit (or 75% with 3% reduction of benefit). Burial benefits of \$7,000 per member are also provided.

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Employer Contributions

Employer contributions are determined by the Board of Pension Trustees. For the years ending June 30, 2024, and 2023, the rate of the employer contribution was 11.15% and 12.50% percent of covered payroll respectively. The Lottery's employer contributions for the years ended June 30, 2024, and 2023 was \$303,029 and \$284,298 respectively.

Net Pension/Liability and Expense

On June 30, 2024, and 2023, the Lottery reported a net pension liability of \$1,651,959 and \$1,486,084, respectively, for its proportionate share of the net pension liability of the State Employees' Pension Plan. The net pension liability on June 30, 2024, was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the Plan's total pension liability as of June 30, 2022, to June 30, 2023. The net pension liability on June 30, 2023, was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the Plan's total pension liability as of June 30, 2021, to June 30, 2022. As of the measurement date, June 30, 2024, the lottery's proportion was 0.00098 percent, a decrease of 0.007 percent from June 30, 2023. As of the measurement date, June 30, 2023, the lottery's proportion was 0.1054 percent, a decrease of 0.0016 percent from June 30, 2022. For the years ended June 30, 2024, and 2023, the Lottery recognized a pension expense of \$344,773 and \$290,545 respectfully.

Deferred Outflows and Inflows of Resources

On June 30, 2024, and 2023, the Lottery reported deferred outflows of resources of \$303,029 and \$ 284,298, respectively, for its contributions after the measurement date, which will be recognized as a reduction of the net pension liability in the following year.

On June 30, 2024, and 2023, the Lottery reported deferred outflows of resources related to pensions from the following sources:

	<u>2024</u>	<u>2023</u>
Difference between actual and expected experience	\$ 217,262	\$ 153,459
Changes in assumptions	116,946	160,686
Net difference between projected and actual investment	527,320	285,184
Change in proportion	2,392	4,783
Contributions subsequent to the date of measurement	303,029	284,298
	<u>\$ 1,166,949</u>	<u>\$ 888,410</u>

On June 30, 2024, and 2023, the Lottery reported deferred inflows of resources related to pensions from the following sources:

	<u>2024</u>	<u>2023</u>
Changes in proportions	\$ 104,700	\$ 117,736
	<u>\$ 104,700</u>	<u>\$ 117,736</u>

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Amounts reported as deferred inflows and outflows of resources on June 30, 2024, related to pensions will be recognized as part of pension expense in future periods as follows:

Year Ending <u>30-Jun</u>	
2025	(67,548)
2026	(130,027)
2027	52,693
2028	939,377
2029	<u>(35,275)</u>
	<u>\$ 759,220</u>

Actuarial Assumptions

The collective total pension liability for the June 30, 2023, measurement date was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Investment Return includes inflation at 7.0%

Salary Increases – 2.5% + Merit, includes inflation at 2.5%

The total pension liabilities are measured based on assumptions pertaining to the interest rates inflation rates, and employee demographic behavior in future years. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Mortality assumptions are based on Pub-2010 mortality tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2020 mortality improvement scale on a fully generational basis.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's current and expected asset allocation are summarized in the following table:

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<u>Asset class</u>	<u>Long-term expected real rate of return</u>	<u>Asset allocation</u>
Domestic equity	5.7%	33.8%
International equity	5.7%	15.9%
Fixed income	2.0%	25.2%
Alternative investments	7.8%	19.3%
Cash and equivalents	-	5.8%

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current 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.

Sensitivity of the Lottery's Proportionate Share of the Net Pension (Asset)/Liability to Changes in the Discount Rate

The following presents the net pension (asset)/liability calculated using the discount rate of 7.0%, as well as what the collective net pension (asset)/liability 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:

	1% Decrease <u>6.00%</u>	Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
2024 Lottery's proportionate share of net pension (asset)/liability	<u>\$ 3,220,372</u>	<u>\$ 1,651,959</u>	<u>\$ 335,789</u>
	1% Decrease <u>6.00%</u>	Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
2023 Lottery's proportionate share of net pension (asset)/liability	<u>\$ 3,103,166</u>	<u>\$ 1,486,084</u>	<u>\$ 243,000</u>

Pension Plan Fiduciary Net Position

Detailed information about the Delaware Public Employees' Retirement System (DPERS) fiduciary net position is available in the DPERS Annual Comprehensive Financial Report which can be obtained from the pension office at McArdle Building, Suite 1; 860 Silver Lake Blvd; Dover, DE, 19904.

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(b) Other Postemployment Benefits (OPEB)

The Lottery contributes to the State Employees' Other Postemployment Benefits Fund Trust (OPEB Trust) established by the State to provide benefits for state employees through the Delaware Postretirement Health Plan (the Plan). The OPEB Trust is a cost-sharing multiple-employer defined-benefit plan established in the Delaware Code. Policy for and management of the OPEB Trust benefits provided to retirees are the responsibility of the State. The plan is administered by the Delaware Public Employees' Retirement System (DPERS). All details of the OPEB Trust can be obtained by writing to the State Board of Pension Trustees and Office of Pensions, McArdle Building, Suite #1, 860 Silver Lake Boulevard, Dover, Delaware 19904-2402.

Benefits Provided

The Plan provides medical coverage to eligible pensioners and their eligible dependents through the same healthcare plans that are available to active employees. The participant's cost and vesting provisions of OPEB benefits is variable based on years of service. Pensioners who retire after July 1, 2012, and who become eligible for Medicare will pay an additional five percent of the Medicare Supplement offered by the State. Surviving spouses are eligible for coverage after a retiree's death.

Contributions

Participating employers fund the OPEB Trust for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget, but not actuarially determined. By State Statute Chapter 52, Title 29 of the Delaware Code, contribution requirements of plan members and the government are established and may not be amended by the State Legislature.

Allocation Methodology

The OPEB amounts are determined in accordance with the Governmental Accounting Standards Board Statement No. 75 (GASB 75), *Accounting and Financial Reporting of Postemployment Benefits Other than Pensions*. The State has elected to allocate the employers proportionate shares of the OPEB amounts based on the percentages of actual employer contributions during the period of July 1, 2022, thru June 30, 2023.

Net OPEB Liability and Expense

On June 30, 2024, and 2023, the Lottery reported a net Other Postemployment Benefits (OPEB) liability of \$8,389,646 and \$8,923,084 respectively, for its proportionate share of the net OPEB liability of the State of Delaware.

As of the measurement date, June 30, 2023, the Lottery's proportion is based on the percentage of actual employer contributions during the period ending June 30, 2022. As of the measurement date, June 30, 2022, the Lottery's proportion is based on the percentage of actual employer contributions during the period ending June 30, 2021. The Lottery's 2023 and 2022 proportion was 0.0794 percent and 0.1020 percent, respectively. The 2023 portion showed a decrease of 0.0226 percent from its proportion measured as of June 30, 2022. The Lottery's 2022 and 2021 proportion was 0.1020 percent and 0.1026 percent, respectively. The 2022 portion showed a decrease of 0.0006 percent from its proportion measured as of June 30, 2021. For the year ended June 30, 2022, and 2023, the Lottery recognized an OPEB expense of \$9,127 and (\$75,992) respectively.

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Deferred Outflows and Inflows of Resources

On June 30, 2024, and 2023, the Lottery reported deferred outflows of resources related to OPEB from the following sources:

	<u>2024</u>	<u>2023</u>
Expected and actual experience differences	\$ 151,380	\$ 225,683
Contributions subsequent to the date of measurement	414,353	381,926
Change in assumptions	887,355	1,377,411
Project & actual plan investment differences	32,395	20,835
Changes in proportions	18,279	36,558
	<u>\$ 1,503,762</u>	<u>\$ 2,042,413</u>

On June 30, 2024, and 2023, the Lottery reported deferred inflows of resources related to OPEB from the following sources:

	<u>2024</u>	<u>2023</u>
Expected and actual experience difference	813,921	1,093,309
Changes in assumptions	1,943,405	2,050,923
Changes in proportions	1,098,467	1,121,999
	<u>\$ 3,855,793</u>	<u>\$ 4,266,231</u>

The cumulative amounts of collective net deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending <u>30-Jun</u>	
2025	\$ (739,062)
2026	(997,038)
2027	(826,103)
2028	(203,879)
2029	(302)
	<u>\$ (2,766,384)</u>

Actuarial Assumptions

The total OPEB liability for the June 30, 2023, and June 30, 2022, measurement date was determined by an actuarial valuation as of June 30, 2022, and June 30, 2021, with update procedures used to roll forward the total OPEB liability to June 30, 2023, and June 30, 2022. These actuarial valuations used the following actuarial assumptions.

Actuarial assumptions:	June 30, 2023	June 30, 2022
Discount Rate	3.82%	3.54%
Projected Salary increases	3.25% + Merit	3.25% + Merit
Healthcare cost trends rates	3.94%	5.17%

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Mortality rates were based on the sex-distinct employee, healthy annuitant, and disabled annuitant mortality tables derived from the RP-2010 General Benefits Weighted Annuitant Mortality Table, including adjustment factors. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted base tables from the base year.

The total OPEB liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, health costs, and employee demographics behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2021 and covering period July 1, 2015, through June 30, 2020. It is likely that future experiences will not exactly conform to these assumptions. To that extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.54% at the beginning of the current measurement period and 3.82% at the end of the current measurement period, based on the Bond Buyer GO 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and the employer contributions to the OPEB will continue to follow the pay-as-you-go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discount rates used for June 30, 2023, measurement dates are equal to the applicable rate of the 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate:

	1% Decrease <u>2.82%</u>	Discount Rate <u>3.82%</u>	1% Increase <u>4.82%</u>
2024 Lottery's proportionate share of Collective Net OPEB liability	<u>\$ 9,967,886</u>	<u>\$ 8,389,646</u>	<u>\$ 7,140,071</u>
	1% Decrease <u>2.54%</u>	Discount Rate <u>3.54%</u>	1% Increase <u>4.54%</u>
2023 Lottery's proportionate share of Collective Net OPEB liability	<u>\$ 10,195,273</u>	<u>\$ 8,923,084</u>	<u>\$ 7,414,689</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:

	1% Decrease <u>6.00%</u>	Health Care Trend <u>7.00%</u>	1% Increase <u>8.00%</u>
2024 Lottery's proportionate share of Collective Net OPEB liability	<u>\$ 7,149,661</u>	<u>\$ 8,389,646</u>	<u>\$ 9,879,510</u>
	1% Decrease <u>4.17%</u>	Health Care Trend <u>5.17%</u>	1% Increase <u>6.17%</u>
2023 Lottery's proportionate share of Collective Net OPEB liability	<u>\$ 7,426,583</u>	<u>\$ 8,923,024</u>	<u>\$ 10,098,286</u>

DELAWARE STATE LOTTERY
Notes to Financial Statements
June 30, 2024 and 2023

(10) Risk Management

The Lottery stipulates in its vendor contracts that the vendors carry various insurance coverage such as property (video gaming machines and online terminals, etc.), general liability, errors, and omissions, automotive, and crimes. The Lottery's risks of losses related to workers' compensation, employee healthcare, automobile, and a portion of property and casualty claims are insured internally by the State.

(11) Commitments

The Lottery has entered into various contracts for services to be rendered relating principally to the operation of the Lottery's games. Under the gaming systems contract, the Lottery is committed to paying 4.795% of draw game sales, 4.18% of PHD (high-definition lottery ticket vending machine) sales, 9.95% of Keno sales, 5.525% of instant sales, 12.5% of track sports net revenue and 25% of retailer sports net revenue, 1% of video net gaming revenue, and 25% of net win for charitable gaming video machines to its central system provider through October 2029. For video lottery terminals, the lottery is committed to a 7.0% to video lottery vendors through October 28, 2026. For video lottery terminals classified as electronic table games (ETG), the Lottery is committed to a range of 10% to 16% through October 28, 2026.

Delaware State Lottery
Required Supplementary Information
Schedule of Proportionate Share of the Net Pension (Asset)/Liability and Contributions

Proportionate Share of Net Pension (Asset)/Liability

Measurement date	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Lottery's percentage of the net pension (asset)/liability	0.1054%	0.1070%	0.1158%	0.1191%	0.1241%	0.1228%	0.1269%	0.1327%	0.1370%	0.1407%
Lottery's proportion of the net pension (asset)/liability	\$ 1,651,959	\$ 1,486,084	\$(1,410,084)	\$ 1,672,518	\$ 1,932,872	\$ 1,585,580	\$ 1,860,152	\$ 1,999,680	\$ 911,588	\$ 518,009
Lottery's covered payroll	\$ 2,549,241	\$ 2,467,655	\$ 2,530,757	\$ 2,567,602	\$ 2,575,914	\$ 2,438,128	\$ 2,472,103	\$ 2,474,843	\$ 2,521,514	\$ 2,589,613
Lottery's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	64.8%	60.2%	-55.7%	65.1%	75.0%	65.0%	75.2%	80.8%	36.2%	20.0%
Plan fiduciary net position as a percentage of the total pension liability	87.6%	88.8%	110.5%	87.3%	85.4%	87.5%	85.4%	84.1%	92.7%	95.8%
<u>Contributions - Fiscal Year</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 303,029	\$ 284,298	\$ 311,926	\$ 311,810	\$ 306,769	\$ 304,759	\$ 253,999	\$ 236,800	\$ 242,448	\$ 244,307
Contributions in relation to the contractually required contributions	303,029	294,298	311,926	311,810	306,769	304,759	253,999	236,800	242,448	244,307
Contribution excess (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Lottery's covered payroll	\$ 2,418,635	\$ 2,549,241	\$ 2,467,655	\$ 2,530,757	\$ 2,567,602	\$ 2,575,914	\$ 2,438,128	\$ 2,472,103	\$ 2,474,843	\$ 2,521,514
Contribution as a percentage of covered payroll	12.5%	11.5%	12.6%	12.3%	11.9%	11.8%	10.4%	9.6%	9.8%	9.7%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years.

Delaware State Lottery
Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions

Proportionate Share of Net OPEB Liability

Measurement date	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Lottery's percentage of the net OPEB liability	0.1020%	0.1026%	0.1118%	0.1161%	0.1208%	0.1197%	0.1286%	0.1286%
Lottery's proportion of the net OPEB liability	\$ 8,389,646	\$ 8,923,084	\$ 11,272,356	\$ 12,092,186	\$ 9,630,120	\$ 9,824,521	\$ 10,235,689	\$ 11,681,265
Lottery's covered payroll	\$ 1,920,396	\$ 2,366,182	\$ 2,443,339	\$ 2,502,927	\$ 2,507,417	\$ 2,376,579	\$ 2,505,221	\$ 2,452,619
Lottery's proportionate share of the net OPEB liability as percentage of its covered payroll	436.9%	377.1%	461.4%	483.1%	384.1%	413.4%	408.6%	476.3%
Plan fiduciary net position as a percentage of the total OPEB liability	6.4%	6.4%	6.1%	4.3%	4.9%	4.4%	4.1%	3.3%

Contributions - Fiscal Year

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 414,353	\$ 381,926	\$ 287,641	\$ 298,471	\$ 320,928	\$ 303,694	\$ 268,793	\$ 294,117
Contributions in relation to the contractually required contributions	\$ 414,353	\$ 381,926	\$ 287,641	\$ 298,471	\$ 320,928	\$ 303,694	\$ 268,793	\$ 294,117
Contribution excess (deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lottery's covered payroll	\$ 2,481,520	\$ 1,920,396	\$ 2,366,182	\$ 2,443,339	\$ 2,502,927	\$ 2,507,417	\$ 2,376,579	\$ 2,505,221
Contribution as a percentage of covered payroll	16.7%	19.9%	12.2%	12.2%	12.8%	12.1%	11.3%	11.7%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available.

This schedule will accumulate each year until sufficient information to present a ten year trend is available.



STATISTICAL SECTION

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Delaware Demographics and Economic Information

Please see Exhibits I that shows the State of Delaware statistics for the last 10 calendar years.

Financial Trend Data

Please see Exhibits II for Delaware Lottery financial trends for the last 10 fiscal years.

Employee & Retailer Demographics

Please see Exhibits III & IV that show numbers of Lottery Employees and Retailers.

Revenue Capacity Data and Operation Information

Please see Exhibits V to XIV that show the contributions and revenue generated by the various components of the Lottery.

Delaware State Lottery Historical Data

Please see Exhibit XV for Delaware State Lottery historical data since inception.

U.S. Lottery Statistics

Please see Exhibits XVI to XVIII that shows statistics on the U.S. Lotteries

Debt Capacity Data

The Delaware State Lottery has no Legislative debt limit.

State of Delaware
Delaware Demographic and Economic Statistics
Last Ten Calendar Years
(Expressed in Thousands, unless otherwise stated)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Population										
State	935	946	952	962	967	974	990	1003	1018	1031
Percentage Change	1.0%	1.2%	0.6%	1.1%	0.5%	0.7%	1.6%	1.3%	1.5%	1.3%
National	318,857	321,419	323,128	325,719	327,167	328,240	331,449	331,900	333,287	334,915
Percentage Change	0.9%	0.8%	0.5%	0.8%	0.4%	0.3%	1.0%	0.1%	0.4%	0.5%
Total personal income										
State (in millions)	43,392	45,012	45,917	47,782	51,313	53,515	57,230	58,989	64,407	68,982
Percentage Change	4.6%	3.7%	2.0%	4.1%	7.4%	4.3%	6.9%	3.1%	9.2%	7.1%
National (in billions)	14,683	15,711	16,116	16,820	18,077	18,751	20,549	20,908	21,820	23,380
Percentage Change	3.8%	7.0%	2.6%	4.4%	7.5%	3.7%	9.6%	1.7%	4.4%	7.1%
Delaware Labor Force										
Civilian labor force	452,472	462,330	468,515	475,584	480,875	486,230	500,292	495,461	496,763	506,816
Employed	426,731	440,105	447,619	454,216	463,154	469,008	436,710	466,791	476,083	487,265
Unemployed	25,741	22,225	20,896	21,368	17,721	17,222	63,582	28,670	20,680	19,551
Unemployment rate	5.7%	4.8%	4.5%	4.5%	3.7%	3.5%	12.7%	5.8%	4.2%	3.9%

Sources:

Population is provided by the Bureau of Census, U.S. Department of Commerce

(<https://www.census.gov/quickfacts/fact/table/US>) through estimates released in July 2023.

Personal income is provided by the Bureau of Economic Analysis, U.S. Department of Commerce

(<http://www.bea.gov/regional/>) estimates released in June 2023

Delaware Labor force (<https://lmi.delaware.gov/laus>)

Exhibit II

DELAWARE STATE LOTTERY
Schedule of Change in Net Position and Components of Net Position,
Last Ten Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenue - Traditional Lottery	\$ 149,817,606	\$ 175,040,937	\$ 169,723,004	\$ 176,787,968	\$ 196,317,746	\$ 190,672,739	\$ 233,791,643	\$ 230,734,389	\$ 252,118,979	\$ 251,431,053
Revenue - Video Lottery, net	\$ 360,964,815	\$ 364,280,324	\$ 356,326,994	\$ 357,378,278	\$ 367,781,033	\$ 301,131,052	\$ 366,792,556	\$ 416,502,968	\$ 420,101,133	\$ 422,516,465
Revenue - Sports Lottery	\$ 37,857,048	\$ 39,398,130	\$ 46,114,509	\$ 54,747,779	\$ 158,630,194	\$ 103,173,797	\$ 116,768,811	\$ 109,450,423	\$ 71,814,171	\$ 133,390,311
Revenue - Table Games	\$ 51,455,977	\$ 54,010,328	\$ 53,117,143	\$ 54,629,995	\$ 56,822,392	\$ 40,943,040	\$ 44,037,207	\$ 56,576,306	\$ 53,932,172	\$ 51,061,357
Revenue - I-Gaming - Video	\$ 1,773,149	\$ 2,559,090	\$ 2,701,931	\$ 2,178,023	\$ 3,166,045	\$ 6,073,212	\$ 9,261,017	\$ 11,954,091	\$ 14,634,065	\$ 32,669,645
Total revenue	\$ 601,868,595	\$ 635,288,809	\$ 627,983,581	\$ 645,722,043	\$ 782,717,410	\$ 641,993,840	\$ 770,651,234	\$ 825,218,177	\$ 812,600,520	\$ 891,068,831
Total cost of games	\$ 347,266,684	\$ 370,690,457	\$ 371,547,319	\$ 379,454,891	\$ 512,316,476	\$ 415,878,979	\$ 496,650,468	\$ 528,473,180	\$ 505,320,811	\$ 580,608,769
Gross profit	\$ 254,601,911	\$ 264,598,352	\$ 256,436,262	\$ 266,267,152	\$ 270,400,934	\$ 226,114,861	\$ 274,000,766	\$ 296,744,997	\$ 307,279,709	\$ 310,460,062
Total operating expenses	\$ 10,640,462	\$ 10,733,694	\$ 10,722,244	\$ 10,446,022	\$ 10,709,014	\$ 10,776,418	\$ 10,761,247	\$ 10,618,075	\$ 11,553,452	\$ 11,573,514
Operating income	\$ 243,961,449	\$ 253,864,658	\$ 245,714,018	\$ 255,821,130	\$ 259,691,920	\$ 215,338,443	\$ 263,239,519	\$ 286,126,922	\$ 295,726,257	\$ 298,886,548
Non-operating Expenses:										
Certified Thoroughbred Program	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Contributions to the State of Delaware	\$ 242,961,449	\$ 252,864,658	\$ 244,714,018	\$ 254,821,130	\$ 258,691,920	\$ 214,338,443	\$ 262,239,519	\$ 284,626,922	\$ 294,226,257	\$ 297,386,548
Change in net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net position at beginning of year	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Net position at end of year	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Net Investment In Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Total Net Position	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000

Exhibit III

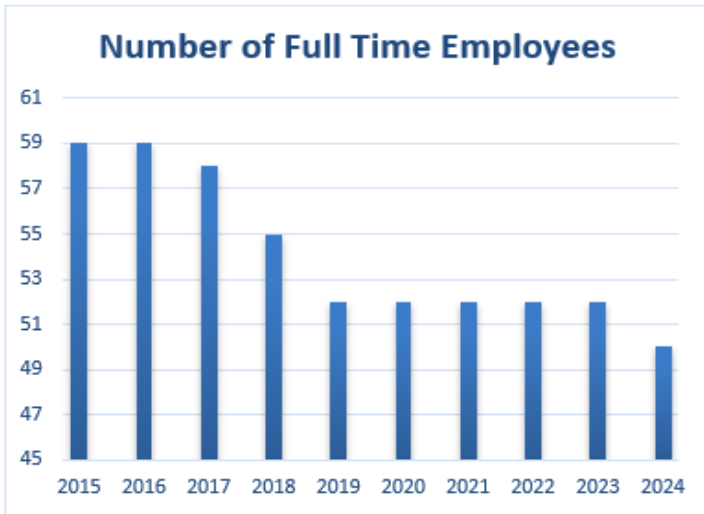


Exhibit IV



Exhibit V

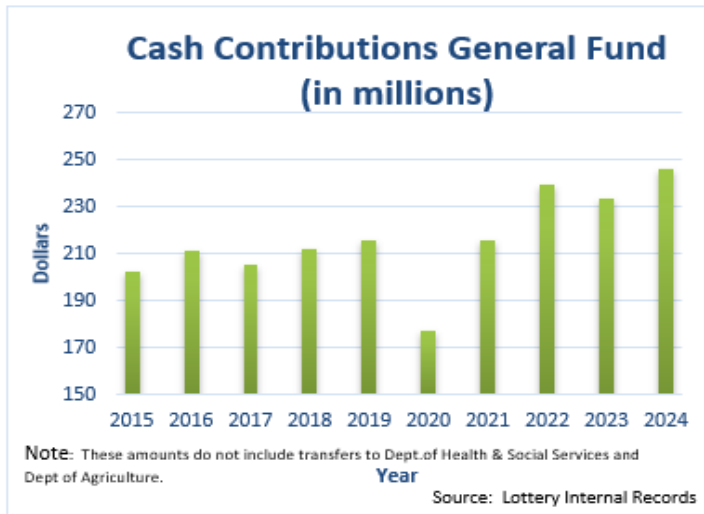


Exhibit VI

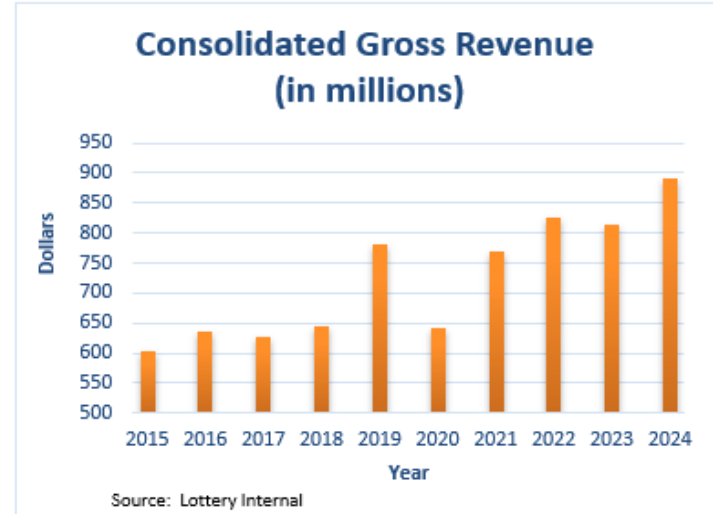


Exhibit VII

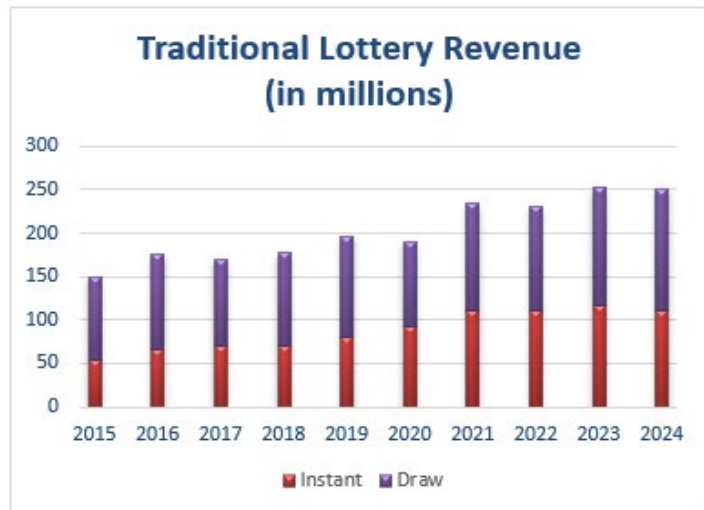


Exhibit VIII

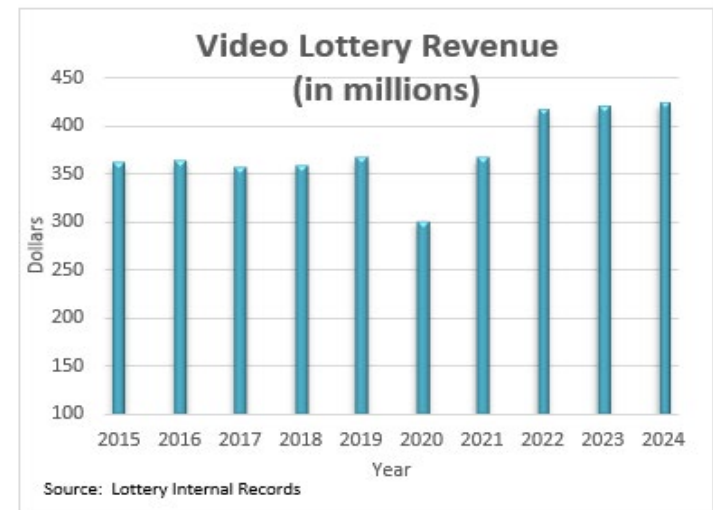


Exhibit IX

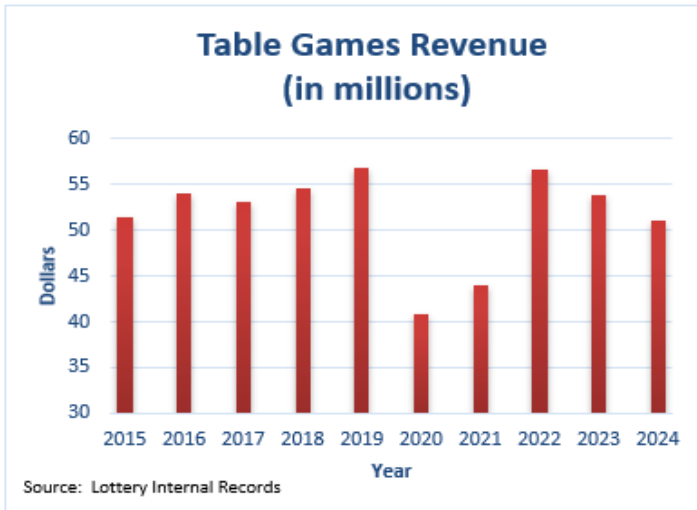


Exhibit X

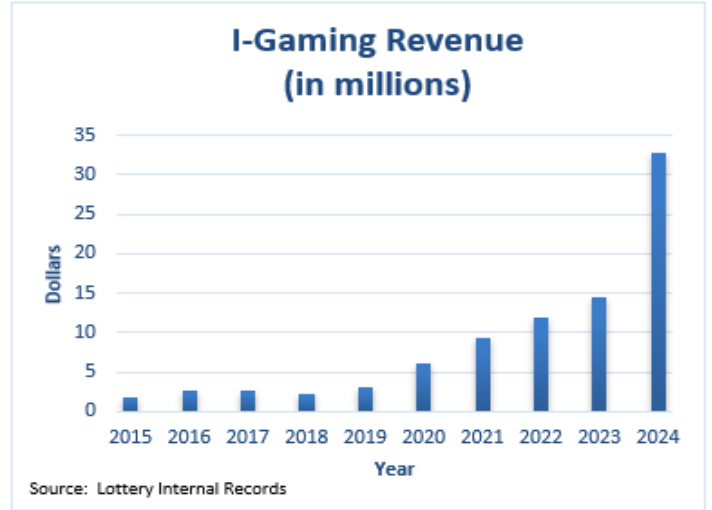


Exhibit XI



Exhibit XII

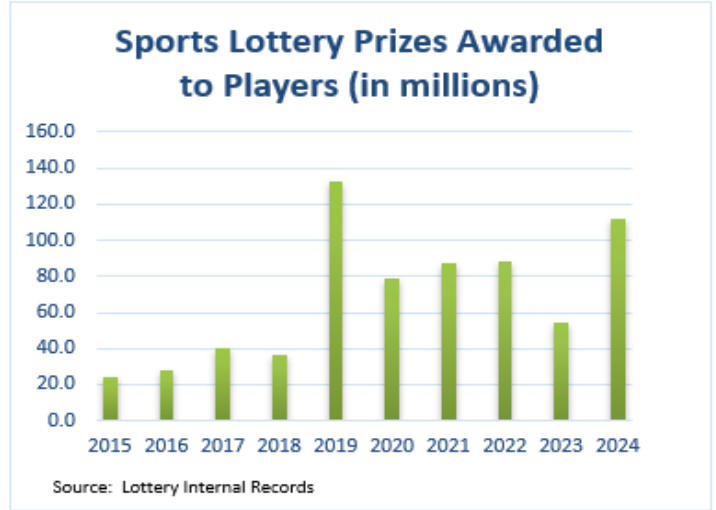


Exhibit XIII

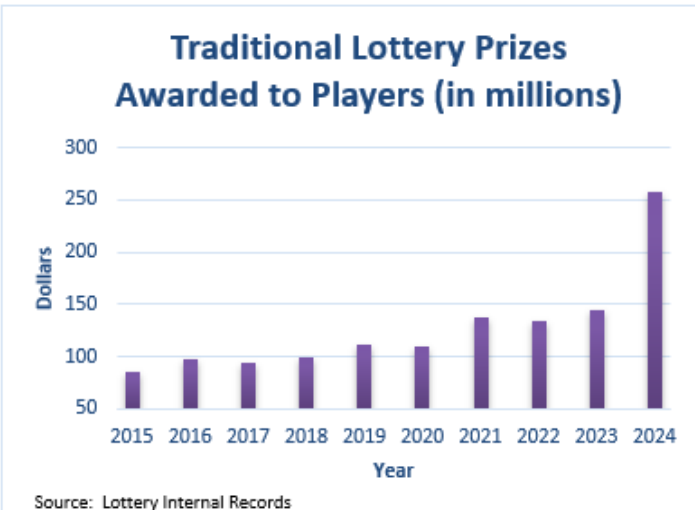


Exhibit XIV

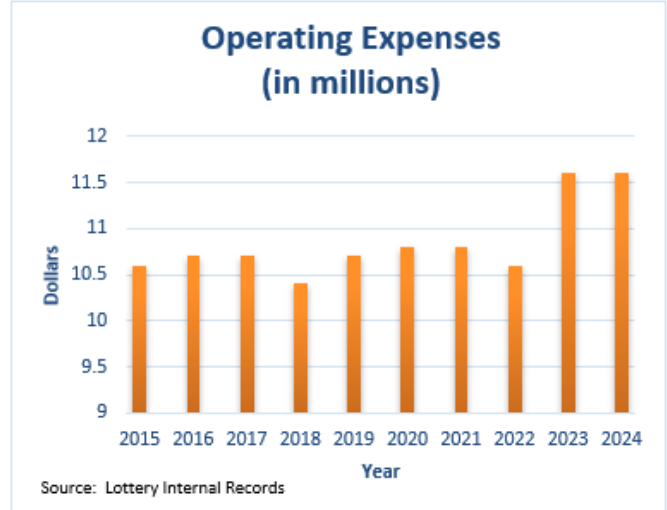


EXHIBIT XV

Delaware State Lottery

Statistics

	Traditional Lottery Revenue \$ (millions)	Instant Games Revenue \$ (millions)	Drawing Games Revenue \$ (millions)	Video Lottery Net Revenue \$ (millions)	I-Gaming Net Revenue \$ (millions)	Sports Lottery Revenue \$ (millions)	Table Games Revenue \$ (millions)	Prizes Awarded to players \$ (millions)	Operating Expenses \$ (millions)	Contributions to State General Fund \$ (millions)	Total Lottery Revenue \$ (millions)
1976	6.7	6.7	0.0	0.0	0.0	0.0	0.0	2.7	17.3	2.0	6.7
1977	6.3	6.3	0.0	0.0	0.0	0.0	0.0	3.1	27.0	1.9	6.3
1978	5.4	1.6	3.8	0.0	0.0	0.0	0.0	2.6	16.2	1.6	5.4
1979	12.0	1.5	10.5	0.0	0.0	0.0	0.0	5.9	11.3	4.2	12.0
1980	16.0	1.9	14.1	0.0	0.0	0.0	0.0	8.1	9.4	5.6	16.0
1981	20.1	1.9	18.2	0.0	0.0	0.0	0.0	10.1	8.0	7.5	20.1
1982	25.6	2.2	23.4	0.0	0.0	0.0	0.0	13.3	6.7	9.5	25.6
1983	30.1	2.4	27.7	0.0	0.0	0.0	0.0	15.6	6.7	11.0	30.1
1984	33.1	2.1	31.0	0.0	0.0	0.0	0.0	15.4	6.2	14.0	33.1
1985	38.7	1.9	36.8	0.0	0.0	0.0	0.0	19.4	6.2	15.0	38.7
1986	41.1	2.4	38.7	0.0	0.0	0.0	0.0	19.7	6.3	16.7	41.1
1987	45.9	5.2	40.7	0.0	0.0	0.0	0.0	23.9	5.7	17.1	45.9
1988	55.6	9.7	45.9	0.0	0.0	0.0	0.0	29.2	5.5	20.5	55.6
1989	64.1	10.4	53.7	0.0	0.0	0.0	0.0	33.5	5.8	23.8	64.1
1990	67.2	13.8	53.4	0.0	0.0	0.0	0.0	35.0	5.5	25.1	67.2
1991	67.2	13.9	53.3	0.0	0.0	0.0	0.0	34.3	6.4	25.3	67.2
1992	78.5	15.8	62.7	0.0	0.0	0.0	0.0	41.5	6.9	27.7	78.5
1993	90.1	19.7	70.4	0.0	0.0	0.0	0.0	48.3	7.2	29.0	90.1
1994	100.6	17.5	83.1	0.0	0.0	0.0	0.0	53.4	7.1	35.6	100.6
1995	114.1	19.5	94.6	0.0	0.0	0.0	0.0	56.3	7.5	43.3	114.1
1996	111.8	23.9	87.9	0.0	0.0	0.0	0.0	58.2	10.5	57.8	111.8
1997	103.6	20.3	83.3	0.0	0.0	0.0	0.0	53.8	11.9	96.0	103.6
1998	120.7	18.2	102.5	0.0	0.0	0.0	0.0	62.4	11.2	125.4	120.7
1999	150.1	20.1	130.0	0.0	0.0	0.0	0.0	75.5	5.5	168.0	150.1
2000	102.7	19.6	83.1	0.0	0.0	0.0	0.0	51.1	6.9	185.4	102.7
2001	97.2	19.4	77.8	0.0	0.0	0.0	0.0	48.7	7.3	204.6	97.2
2002	117.2	21.0	96.2	0.0	0.0	0.0	0.0	59.2	7.3	230.0	117.2
2003	102.4	22.3	80.1	0.0	0.0	0.0	0.0	52.7	6.3	213.0	102.4
2004	108.6	25.0	83.6	0.0	0.0	0.0	0.0	53.2	5.6	222.0	108.6
2005	114.1	28.7	85.4	0.0	0.0	0.0	0.0	59.8	7.2	234.0	114.1
2006	124.5	31.4	93.1	603.5	0.0	0.0	0.0	64.9	5.7	248.8	728.0
2007	118.3	33.1	85.2	636.8	0.0	0.0	0.0	61.3	6.5	256.7	755.1
2008	124.9	35.6	89.3	617.3	0.0	0.0	0.0	65.9	7.2	252.5	742.2
2009	123.2	36.5	86.7	581.1	0.0	0.0	0.0	66.8	6.9	248.0	704.3
2010	123.0	36.1	86.9	548.6	0.0	10.8	7.0	72.5	8.8	275.5	689.4
2011	123.8	40.9	82.9	500.1	0.0	12.9	91.7	75.8	10.3	287.0	728.5
2012	134.7	45.7	89.0	476.0	0.0	17.8	85.8	86.3	10.5	269.0	714.3
2013	144.1	47.5	96.6	397.2	0.0	25.4	68.6	99.3	10.9	235.3	635.3
2014	148.3	50.7	97.6	363.8	1.4	31.5	55.8	102.0	10.5	214.5	600.8
2015	149.7	54.4	95.3	357.8	1.8	37.9	54.7	108.9	10.8	202.5	601.9
2016	175.0	65.7	109.3	361.1	2.6	39.4	57.2	126.5	10.7	211.0	635.3
2017	169.7	69.3	100.4	356.3	2.8	46.1	56.3	135.0	10.7	205.1	631.2
2018	176.8	70.6	106.2	357.4	2.2	54.7	57.8	136.5	10.4	212.0	648.9
2019	196.3	79.8	116.5	367.8	3.2	158.6	56.8	244.4	10.7	215.8	782.7
2020	190.6	92.9	97.7	301.1	6.1	103.2	41.0	189.2	10.8	177.4	642.0
2021	233.8	111.5	122.3	366.8	9.3	116.8	44.0	225.8	10.8	215.7	770.7
2022	230.7	110.9	119.8	416.5	12.0	109.5	56.5	223.5	10.6	236.0	825.2
2023	252.2	116.0	136.2	420.1	14.6	71.8	53.9	198.2	11.6	239.6	812.6
2024	251.4	111.2	140.2	422.5	32.7	133.4	51.1	257.5	11.6	245.9	891.1
Totals	5237.8	1,614.7	3,623.1	8,451.8	88.7	969.8	838.2	3,586.2	444.6	6,520.9	15,586.3

Exhibit XVI

U.S. Lotteries'
Comparison of Sales by Game
Fiscal Years 2024 and 2023
(in \$millions)

GAME SALES (MILLIONS)	2024	2023	% INCREASE (DECREASE)
INSTANT	\$61,815.1	\$63,125.8	-2.08%
PULL TAB	159.1	153.9	3.38%
3-DIGIT	6,207.8	6,333.5	-1.98%
4-DIGIT	5,209.5	5,314.8	-1.98%
LOTTO	3,777.1	3,779.3	-0.06%
POWERBALL	7,634.1	6,588.8	15.86%
MEGA MILLIONS	5,075.4	5,792.9	-12.39%
FOR LIFE	688.8	677.8	1.62%
KENO	5,176.9	5,367.1	-3.54%
VLT (VIDEO LOTTERY)	7,940.5	7,497.5	5.91%
OTHER	1,721.3	3,550.2	-51.52%
TOTAL	\$105,405.6	\$108,181.6	-2.57%

Source: *La Fleur's Magazine*, Sept/Oct 2024

Exhibit XVII

U.S. Lotteries' Unaudited Fiscal Year 2024 Sales by Game

(in \$millions)																
State	Pop (M)	Instant	Pull Tab	3 - Digit	4 - Digit	2/5 Digit	Lotto Cash	Powerball	Mega Millions	for Life	ITG	Keno	Other	Total Sales	PC Sales	VLT*
AZ	7.4	1,033.1	15.9	17.3			85.6	193.8	127.7		51.9		3.0	1,528.2	206	
AR	3.1	478.4		12.3	7.1		18.1	44.8	28.4	8.1	15.6			613.0	200	
CA	39.0	6,570.5		179.1	35.7		448.2	890.7	705.0			455.1		9,284.4	238	
CO	5.9	588.6		16.0			62.1	135.5	74.6	23.9				900.8	153	
CT	3.6	744.0		127.2	129.8		45.7	112.0	69.1	30.0	34.7	122.1		1,414.6	391	
DC	0.7	45.8		36.5	50.5	20.3		10.8	7.0	3.1	10.5	11.4		196.1	289	
DE	1.0	111.3		31.8	29.8		7.8	34.4	21.2	5.0		10.3		251.4	244	417.7
FL	22.6	6,618.1		441.4	302.0	100.7	557.0	750.9	450.1	65.8			131.5	9,417.5	417	
GA	11.0	3,454.2		553.2	396.7	10.5	106.4	255.6	197.0	27.4	86.1	212.8	55.6	5,355.3	486	
ID	2.0	229.4	82.3	2.3	1.2		8.9	48.4	25.8	5.5	13.3		4.5	421.6	215	
IL	12.5	2,142.7		272.8	275.8		235.5	260.1	193.2		477.6			3,857.7	307	
IN	6.9	1,279.5		48.7	47.0		92.9	144.2	73.3	7.3	32.4		18.9	1,744.2	254	
IA	3.2	302.2	13.1	9.1	5.9		6.7	77.1	39.3	8.6	28.0			490.0	153	
KS	2.9	213.5		8.2			18.8	50.8	29.4	7.9	0.9	17.6	3.0	350.1	119	
KY	4.5	940.8		185.6	53.5		17.0	100.5	58.4	11.8	16.9	67.4	11.0	1,463.0	323	
LA	4.6	311.7		72.3	57.0	12.4	29.7	90.1	51.2		15.3			639.6	140	
ME	1.4	326.4		6.1	4.8		17.2	33.9	18.6	6.6	16.3		0.4	430.2	308	
MD	6.2	1,061.4		237.2	296.9	67.5	42.0	184.1	131.5	20.6	82.4	587.0	5.3	2,715.7	439	1,347.9
MA	7.0	4,013.0			331.8		109.4	211.5	144.4	47.4		1,272.2		6,129.8	876	
MI	10.0	2,314.0	46.7	453.9	517.0		104.8	192.8	142.3	24.2	71.4	594.8	168.1	4,630.0	461	192.2
MN	5.7	524.9		21.5			43.9	110.3	56.9		10.2		8.0	775.7	135	
MS	2.9	307.5		16.6	17.0		21.7	55.6	34.4				24.7	477.6	162	
MO	6.2	1,127.2		94.7	66.3		46.8	125.9	74.3	10.4		47.3	13.0	1,605.9	259	
MT	1.1	29.3					10.9	22.1	10.6	4.1	7.8		7.6	92.5	82	
NE	2.0	110.1		9.0			22.1	46.9	24.5	8.0				220.6	112	
NH	1.4	314.7		4.9	4.7		18.1	57.5	34.5	11.5	18.1	57.0		520.9	372	
NJ	9.3	2,059.7		389.4	236.3		219.5	369.6	259.1	63.4	63.3	96.3	61.3	3,818.0	411	
NM	2.1	89.6		5.0	1.9		11.4	38.5	22.2		1.7			170.2	81	
NY	19.6	4,373.5		871.4	942.2		264.1	567.7	441.2	116.4		587.4	33.9	8,197.9	419	1,933.2
NC	10.8	2,922.3		449.2	218.4		68.6	257.4	150.9	41.1	56.7	76.6		4,241.3	391	
ND	0.8						7.8	17.4	10.4	4.5				40.1	51	
OH	11.8	2,383.6		418.6	272.6	70.1	77.5	257.4	186.4	44.7	166.0	666.8		4,543.9	386	1,367.3
OK	4.1	224.9		6.6			9.8	64.1	35.4	7.3	6.5			354.7	87	
OR	4.2	159.8			2.0		37.9	95.6	55.9			107.0	2.5	460.6	109	1,190.6
PA	13.0	3,102.5		249.9	217.9	61.8	274.8	409.1	233.8	26.7	176.0	49.7	58.8	4,861.0	375	
RI	1.1	134.4	0.0		22.4		7.2	35.7	18.9	7.6		92.4	2.4	321.0	293	522.5
SC	5.4	1,607.2		285.1	161.3		31.7	151.5	81.3				66.6	2,384.7	444	
SD	0.9	48.7					3.6	20.5	9.5	4.4				86.7	94	
TX	30.5	6,644.5		298.1	156.2		355.9	558.6	376.6					8,389.8	275	
VT	0.6	117.3		1.3	1.3		6.8	14.1	8.2	3.1	16.4			168.6	260	
VA	8.7	1,314.1		321.4	324.2	40.0	45.1	212.9	159.9	29.5	59.8	35.7	74.4	2,617.0	300	
WA	7.8	664.3		21.1			89.5	136.5	98.2				19.4	1,029.0	132	
WV	1.8	164.6		7.0	4.6		9.8	42.6	22.3			4.4	2.6	258.0	146	969.1
WI	5.9	611.7	1.3	25.8	17.7		68.0	131.4	73.7		24.1		1.1	954.8	162	
WY	0.6						10.9	13.2	8.8	2.8		5.4		41.1	70	
Total	313.9	61,815.1	159.1	6,207.8	5,209.5	383.3	3,777.1	7,634.1	5,075.4	688.8	1,560.0	5,176.9	778.0	98,465.1	314.0	7,940.5

Source: Lafleurs Magazine, Sept/Oct 2024

Exhibit XVIII

U.S. Lotteries' Unaudited Fiscal Year 2023 Sales by Game																
(in \$millions)																
State	Pop (M)	Instant	Pull Tab	3 - Digit	4 - Digit	Lotto	Cash Lotto	Powerball	Mega Millions	for Life	ITG	Keno	Other	Total Sales	PC Sales	VLT*
AZ	7.3	1,063.0	15.5	16.3		71.2		162.4	142.3		46.2			1,516.7	208	
AR	3.0	476.6		12.3	6.7	15.6		39.1	32.3	7.1	17.9			607.6	201	
CA	39.2	6,585.5		180.1	35.5	454.3		750.5	792.7			451.8		9,250.4	236	
CO	5.8	596.7		15.5		59.9		109.8	84.6	23.2				889.8	153	
CT	3.6	754.9		133.8	130.9	44.7		100.8	79.2	30.2	40.7	135.9		1,451.2	402	
DC	0.7	42.1		37.0	50.3			9.7	8.0	3.1	9.8	12.7	24.7	197.3	294	
DE	1.0	117.2		32.8	29.0	4.2	4.2	28.4	23.2	5.3		10.5		254.7	254	414.3
FL	21.8	7,043.9		462.3	304.9	591.4		632.6	511.6	64.6			190.6	9,801.8	450	
GA	10.8	3,694.1		572.0	400.5	122.6		214.8	221.1	26.7	4.9	228.3	652.0	6,136.9	568	
ID	1.9	239.8	80.6	2.3	1.1	6.2	3.7	39.3	28.7	5.2	13.2		2.5	422.7	222	
IL	12.7	2,042.5		275.1	281.8	237.0		219.5	218.4		334.0		1.5	3,609.6	285	
IN	6.8	1,306.7		48.9	47.6	91.1		120.8	85.1	7.0	29.5		9.5	1,746.3	257	
IA	3.2	293.6	13.0	9.1	5.8		10.4	65.6	43.8	8.4	31.8			481.5	151	
KS	2.9	216.9		8.5		10.2	10.3	44.1	32.5	7.9		18.0	3.0	351.3	120	
KY	4.5	943.5		177.2	53.3	15.9		87.9	65.0	11.9	17.1	75.2	52.8	1,499.8	333	
LA	4.6	319.3		69.5	57.3	30.9		84.1	61.3		18.5		11.7	652.4	141	
ME	1.4	317.9		6.2	5.0	1.1	12.2	27.6	20.1	6.6	13.6			410.3	299	
MD	6.2	1,063.1		249.8	318.2	46.6		157.8	147.0	20.2	79.1	604.3	63.3	2,749.4	446	1,347.9
MA	7.0	4,043.6	0.8		340.9	106.3		169.7	159.5	44.8		1,245.8		6,111.5	875	
MI	10.1	2,324.4	42.6	482.7	563.2	109.7		146.8	141.3	23.0	97.8	622.3	310.5	4,864.0	484	
MN	5.7	545.7		20.8		29.3	18.3	93.8	63.7		8.5		7.0	787.2	138	
MS	2.9	311.5		18.8	16.7	17.1		49.2	41.1			13.3		467.7	159	
MO	6.2	1,159.7		100.0	68.8	49.1		109.6	82.2	10.4		50.8	13.8	1,644.5	267	
MT	1.1	26.6				13.0	2.7	16.2	11.5	3.9	8.2		5.6	87.6	79	
NE	2.0	116.6		8.1		17.1	2.0	41.8	26.7	8.0				220.2	112	
NH	1.4	320.2		5.0	4.8		9.2	38.2	30.9	9.0	17.8	54.2	58.8	548.0	395	
NJ	9.3	2,169.9		398.2	250.8	202.4		308.6	293.7	62.7	53.0	159.8		3,899.0	421	
NM	2.1	88.0		4.9	1.9	6.8	6.1	33.7	26.0		1.1			168.5	80	
NY	19.8	4,406.3		886.2	930.0	276.2		516.9	492.3	119.5		630.1	34.9	8,292.3	418	1,835.1
NC	10.6	2,979.9		457.5	219.7	72.1		231.3	176.5	44.8	75.9	84.4	0.6	4,342.7	412	
ND	0.8						8.2	15.3	11.8	4.1				39.4	51	
OH	11.8	2,338.9		410.9	257.5	81.8		202.7	210.6	40.3	180.8	676.5	63.9	4,463.7	379	1,354.6
OK	4.0	248.9		6.7		3.8	9.2	55.6	43.1	6.9	5.6			379.8	95	
OR	4.2	158.0			2.0	37.4		75.9	55.8			109.1	2.5	440.6	104	1,181.8
PA	13.0	3,348.6		260.5	225.1	265.9		334.1	260.5	26.0	145.2	50.7	219.4	5,136.0	396	
RI	1.1	124.3	0.0		22.3	8.3		29.7	20.9	7.7		88.8	14.4	316.3	289	532.0
SC	5.2	1,628.6		287.1	157.1	27.1		134.4	95.8				72.6	2,402.7	463	
SD	0.9	48.2				2.3	2.5	17.8	10.4	4.0				85.2	95	329.5
TX	29.5	6,729.3		295.6	148.8	409.5		616.7	525.8					8,725.6	296	
VT	0.6	116.1		1.3	1.3		4.0	13.7	9.9	3.0	12.3			161.5	250	
VA	8.6	1,281.7		324.8	353.2	45.2		178.8	182.9	29.6	52.9	35.7	291.3	2,776.0	321	
WA	7.7	669.0		21.6		93.6		107.2	106.0				6.0	1,003.4	130	
WV	1.8	171.9		7.5	4.9	4.5	7.3	37.3	24.8			4.7	2.3	265.2	149	502.4
WI	5.9	653.0	1.4	26.7	18.1	83.9		107.5	82.7		7.3		1.1	981.7	166	
WY	0.6					14.2	1.3	11.7	9.9	2.8		4.4		44.3	77	
Total	311.2	63,125.8	153.9	6,333.5	5,314.8	3,779.3	111.5	6,588.8	5,792.9	677.8	1,322.6	5,367.1	2,116.0	100,684.1	324.0	7,497.5

Source: LaFleur's Magazine Sept/Oct 2023