

1985



2025

POPULAR ANNUAL FINANCIAL REPORT

Forty years of commitment supporting California's public schools

Happy 40th Anniversary To Us!

October 1985 - 2025



contents



Happy Anniversary!

Left: Harjinder K. Shergill-Chima, Director
Middle: Alva Johnson, Former Director
Right: Florence Bernal, Chief Deputy Director



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Celebrating 40 Years Together

Our commitment to supporting public education

Nicholas Buchen | Chief Financial Officer

Since 1985, the Lottery has been instrumental in generating meaningful financial support benefiting students across the state of California. Over the past four decades, the Lottery has achieved numerous milestones. It started on October 3, 1985 with the sale of its first instant ticket *California Jackpot*. By the time ticket sales began, nearly 500 qualified employees were on board, and in less than four months, the Lottery sold its billionth ticket. The Lottery introduced its first draw game in 1986, *Lotto 6/49*. The name was later changed to *SuperLotto®* in the 1990s. While game changes have occurred over the years, *SuperLotto* is known today as *SuperLotto Plus®*. The Lottery joined its first multi-state game *Mega Millions®* in 2005 and sold its first *Powerball®* ticket on April 8, 2013, with more than \$3 million in ticket sales on that first day.

In fiscal year 2000-01, the Lottery's contribution to public education surpassed \$1 billion for the first time. Fast forward to fiscal year 2021-22, contributions to education surpassed \$2 billion, reaching \$2.077 billion, marking a new milestone in Lottery history. A year later, the Lottery set a new record both in sales with more than \$9.2 billion and a contribution to education of more than \$2.3 billion, which still holds as our highest annual contribution to date. The Lottery has transferred more than \$1 billion annually to public education for twenty-five consecutive years, with its cumulative contributions surpassing \$48 billion over the past four decades since the Lottery was established.

In 2015, the Lottery became the first in the nation to receive the World Lottery Association Level Four Certificate for its Responsible Gaming programs. This certification represents the highest level of internationally recognized standards for responsible gaming. This milestone emphasizes the Lottery's commitment to responsible gaming and its dedication to maintaining the integrity of operations. Building on this achievement, the Lottery has continued to innovate and implement programs that prioritize player protection and ethical standards. Furthermore, the Lottery's retail partners, numbering more than 23,000, play a crucial role in the ongoing success and outreach of our responsible gaming initiatives.

In 2018, the Lottery launched a pilot program to pay winning ticket claims at the Sacramento District Office for prizes of \$1000 or less. Today, with the successful rollout of this initiative in all nine district offices statewide, it has led to a decrease in the number of claims managed at Lottery headquarters and shortened the waiting period for prizewinners to receive their winnings. Throughout the 2024-25 fiscal year, district offices issued upwards of 102,000 checks, distributing more than \$106 million in total winnings.

"The People of the State of California further declare that it is their intent that the net revenues of the California State Lottery shall not be used as substitute funds but rather shall supplement the total amount of money allocated for public education in California."
- California State Lottery Act of 1984

During fiscal year 2024-25, the Lottery recorded nearly \$9 billion in sales, resulting in a contribution of more than \$1.9 billion to California public education. Beginning in January 2025, the Lottery began a year-long celebration of its 40th Anniversary with a wide range of initiatives recognizing its players, retailers, beneficiaries, and Lottery staff. With a goal of raising awareness of the Lottery's origins and reaffirming its commitment to generating supplemental funding for California public schools, these activities included a dedicated anniversary logo, special promotions, social media content highlighting Lottery history, and commemorative Scratchers® games.

The significant success the Lottery has achieved over the past four decades is attributed to the hard work, dedication, and commitment of its team members, some of whom have been at Lottery since its inception, as well as retail partners and stakeholders. On behalf of the director, chief deputy director, and executive managers, I would like to take this opportunity to express our gratitude to all our team members, retail partners, and stakeholders who have made these achievements possible. As the Lottery Director Harjinder K. Shergill Chima stated, "We are proud of raising more than \$48 billion for California public schools and the positive ripple effects that funding has had on students, families, and educators. Our commitment to innovation, integrity, and impact remains as strong as ever." Looking forward, the Lottery is committed to enhancing productivity and player engagement to responsibly increase sales. Additionally, we aim to raise more supplemental funds for public education through sustainable growth and unwavering dedication to our mission, vision, and core values.

We are pleased to present this 2025 edition of the Popular Annual Financial Report (PAFR), which highlights our history and our 40th anniversary celebration, as well as emphasizes our mission, dedication, and commitment to supporting California public schools. This report also underscores our efforts in returning substantial revenue to communities throughout the state.

The financial data presented in the PAFR from the Lottery for the fiscal year ending June 30, 2025 is derived from the Lottery's Annual Comprehensive Financial Report (ACFR) but is presented with additional explanation and description in order to be of more interest to the general public rather than to financial analysts. The ACFR contains more detailed financial information prepared in conformance with Generally Accepted Accounting Principles and audited by an independent accounting firm. The most recent ACFR and PAFR are both available on the Lottery's website at www.calottery.com/about-us.



Together, We Succeed As One

The Lottery thrives not just through its games and revenue, but through a well-established community, shared purpose, and inclusive culture. This unity is reflected in our mission, vision, and core values.

A Shared Mission and Vision

At the heart of the Lottery's success is a clear and inspiring mission to generate supplemental funding for public education across California. This mission is not just a statement, it is a joint effort that aligns with our team members, retail partners, and stakeholders. The vision of consistent growth, innovation, and ethical excellence reinforces this shared direction.

Core Values That Build Community

The Lottery's core values - teamwork, respect, diversity, equity, inclusion, integrity, transparency, and accountability - serve as fundamental principles that guide employee interactions, collaboration, and mutual support.

Strive For Excellence

As we commemorate 40 years of impact, the Lottery remains dedicated to supporting education with purpose, transparency, and pride. The Lottery has been nationally recognized multiple times by the Government Finance Officers Association for Excellence in Annual Comprehensive Financial Reporting, Outstanding Achievement in Popular Annual Financial Reporting, and was recently given the Distinguished Budget Presentation Award. Together, these honors underscore the Lottery's dedication to operating with transparency and accountability.



The Lottery recorded nearly \$9 billion in sales during the 2024-25 fiscal year. Through the support of its retail partners and players, the Lottery has consistently returned approximately 95 percent of its revenue to the community in the form of prizes, education funding, and retailer compensation and bonuses. While the Lottery's commitment to optimizing prize payouts is a big part of this equation, this also demonstrates the Lottery's commitment to adopting cost-saving strategies aimed at minimizing administrative expenses and optimizing funding for California's public schools.

Sales/Revenues	FY 2024-25	FY 2023-24	FY 2022-23
Lottery Sales	\$8,932,712,123	\$9,275,114,092	\$9,239,353,311
Revenue Returned to the Public:			
Prizes	\$5,994,177,466	\$6,031,571,558	\$5,960,301,724
Allocation of Sales to Education ¹	1,844,228,140	2,158,168,786	2,231,053,935
Retailer Compensation	614,805,168	632,678,900	633,200,226
Total Revenue Returned to the Community	\$8,453,210,774	\$8,822,419,244	\$8,824,555,885
Percentage of Revenue Returned to the Community	94.6%	95.1%	95.5%

¹ Does not include unclaimed prizes, interest income, and other income.



Lottery retail partners play a crucial role in generating supplemental funding for public education. Their dedicated hard work and commitment are significant reasons the Lottery continues to achieve record sales and funds transferred to its beneficiary. During the 2024-25 fiscal year, the Lottery's network of retail partners comprised more than 23,000 stores across the state.

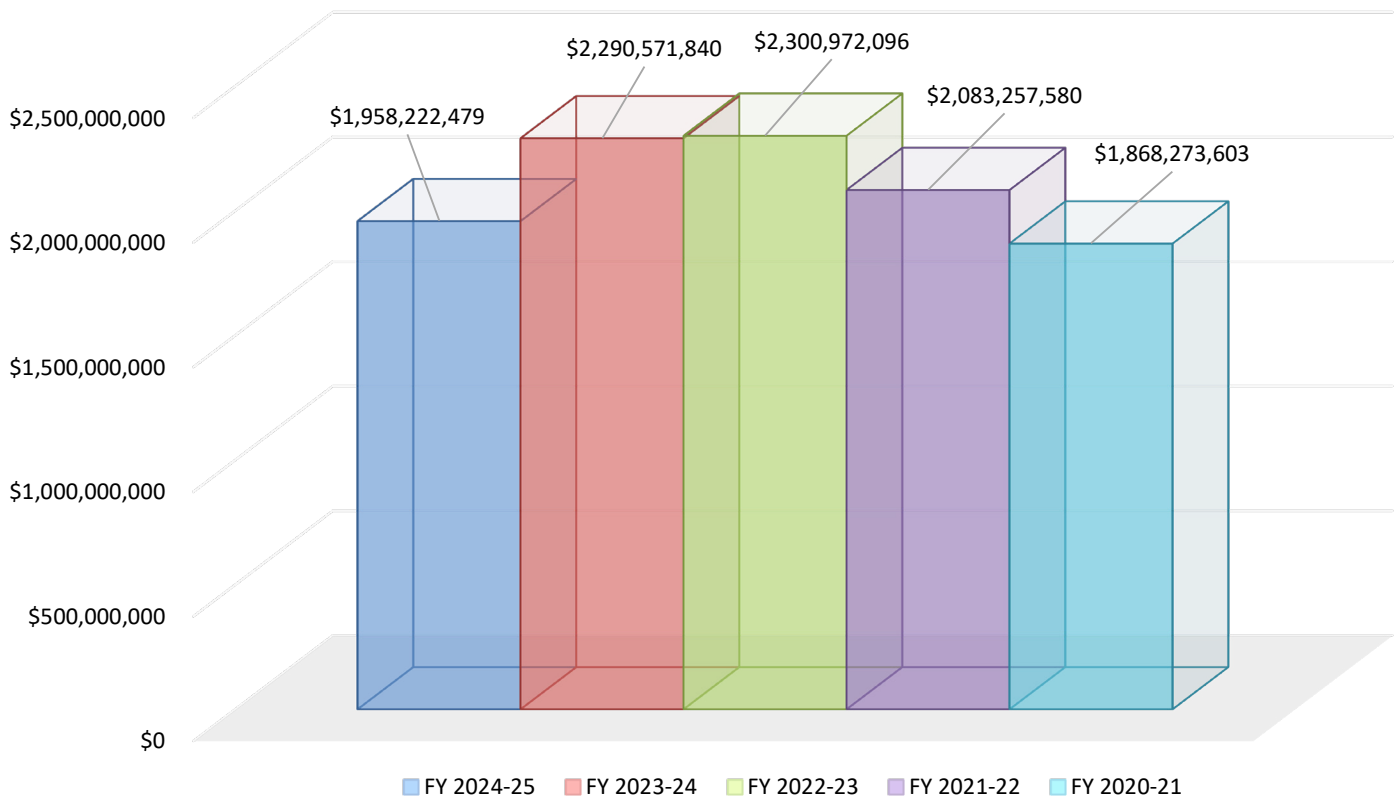
Lottery retailers earn sales commissions of up to 6 percent on every ticket sold. Additionally, retailers receive a cashing bonus for paying prizes under \$600 for winners. Retailers who sell a ticket that wins an eligible top prize or prize over \$1 million are also awarded an extra sales incentive bonus. Many retailers utilize this additional income to reinvest in their stores, support their families, and contribute to their communities. In fiscal year 2024-25, Lottery retail partners received nearly \$615 million in commissions and bonuses.

Commissions & Bonuses	FY 2024-25	FY 2023-24	FY 2022-23
Retailer Sales Commissions	\$559,192,245	\$579,887,665	\$581,026,445
Retailer Cashing Bonus	48,969,884	46,100,101	46,594,911
Retailer Sales Incentive Bonus	6,643,039	6,691,134	5,578,870
Total	\$614,805,168	\$632,678,900	\$633,200,226

California State Lottery Education Allocations For the Fiscal Year Ended June 30, 2025

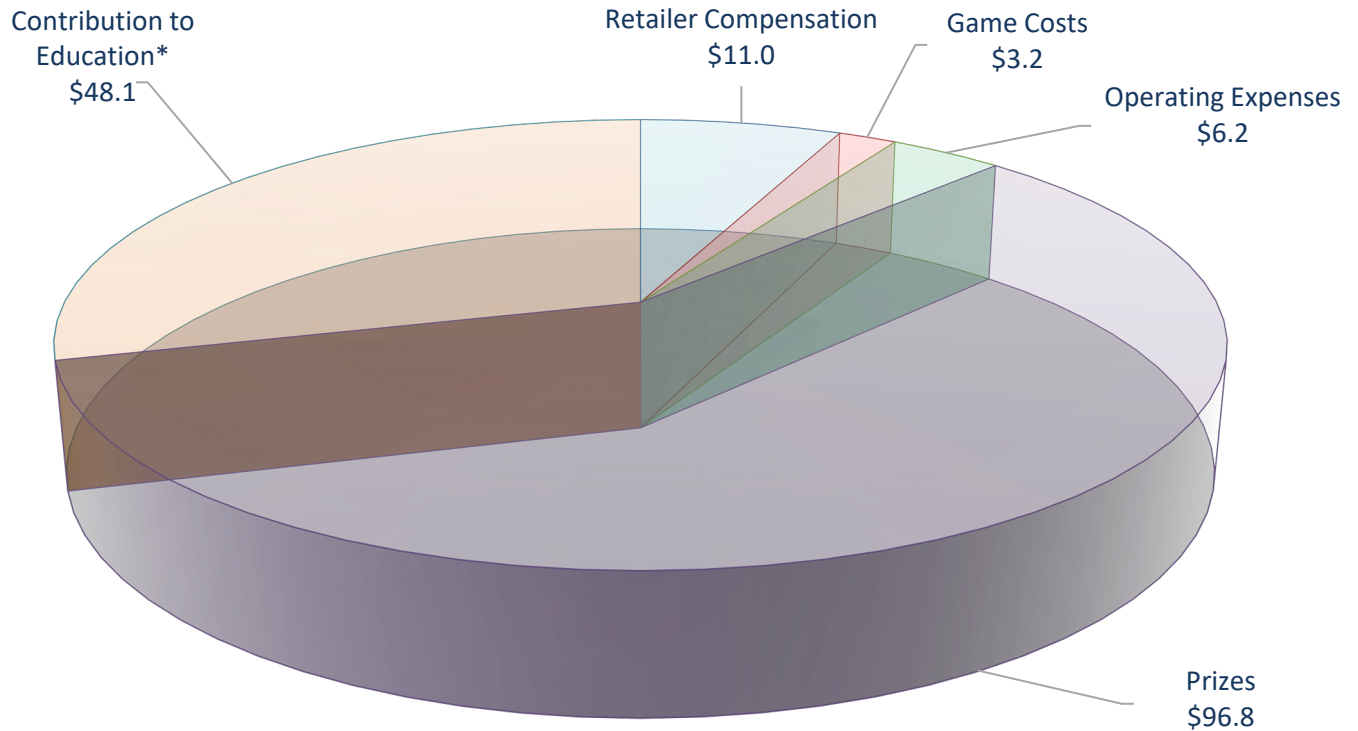
Recipient	Average Daily Attendance	Year to Date Total ¹	Percent of YTD Funding	Cumulative Total (1985-Present)
K-12	5,678,515	\$1,542,746,941	78.78%	\$38,257,559,811
Community Colleges	1,090,064	283,282,157	14.47%	6,837,190,530
California State University	391,268	75,608,704	3.86%	1,776,386,436
University of California	293,483	56,231,845	2.87%	1,149,402,923
Other Educational Entities	2,028	352,832	0.02%	51,572,795
Grand Total	7,455,358	\$1,958,222,479	100.00%	\$48,072,112,495

Education Allocations Last 5 Fiscal Years



¹ The Year-to-Date Total is the amount allocated to education by the State Controller's Office for fiscal year ended June 30, 2025, and does not reflect the total earned for the fiscal year primarily due to timing differences.

California State Lottery Distribution of Revenues (in billions) October 3, 1985 - June 30, 2025



* Includes interest income, unclaimed prizes, and other income of more than \$1.9 billion.



See how the Lottery supports California's public schools. Visit our [YouTube](#) channel to see Lottery funds in action.

Scratchers games remain the primary driver of Lottery sales, generating approximately \$6.9 billion and accounting for 77.2 percent of total Lottery sales during fiscal year 2024-25. In an effort to further enhance the funds allocated to its beneficiaries, the Lottery has established prize payout levels designed to optimize returns. This includes the introduction of two new price points: a \$25 game titled *2025* and a new \$40 game, *40 Years of Play*, commemorating four decades of supporting public school funding. In addition, California Lottery's first game, *California Jackpot®*, returns with a sparkly 40th anniversary glow-up.

The robust sales performance this fiscal year can be largely attributed to the sustained popularity of crossword-themed Scratchers games, the success of special anniversary edition games, and the launch of the Lottery's first-ever \$40 Scratchers game.

Scratchers games are played by removing a special coating to reveal symbols and "instantly" learn whether the ticket is a winner. The Lottery currently offers Scratchers games ranging from \$1 to \$40 and games may feature prizes up to \$20 million.



Players can also submit non-winning Scratchers for another chance to win through the Lottery's 2nd Chance Program. In fiscal year 2024-25, the Lottery offered four Bonus Draw promotion in its 2nd Chance program in addition to weekly prize drawings. These promotions aim to increase engagement and loyalty. In January 2025, the Lottery kicked-off its year-long 40th Anniversary celebration which included celebratory Scratchers games and the *40 Years of Play* Scratchers 2nd Chance Bonus Draw. This promotion featured 40 winners and a grand prize of \$40,000 awarded to one lucky player.



TOTAL GAMES SALES FOR THE FISCAL YEAR ENDED JUNE 30, 2025

GAMES	TOTAL SALES	PERCENTAGE OF SALES
SCRATCHERS	6,892,391,897	77.2%
MEGA MILLIONS	551,017,293	6.2%
POWERBALL	408,083,638	4.5%
SUPERLOTTO PLUS	230,724,285	2.6%
HOT SPOT	424,355,620	4.7%
DAILY 3	177,928,331	2.0%
FANTASY 5	176,228,766	2.0%
DAILY DERBY	36,066,962	0.4%
DAILY 4	35,915,331	0.4%
TOTAL	8,932,712,123	100.0%

Draw games refers to the category of games for which numbers are drawn at random to determine the winning tickets. Draws are securely conducted either mechanically or electronically, depending on the game. The Lottery currently offers eight draw games, including the multi-state jackpot games *Mega Millions®* and *Powerball®*. *Powerball* draws three times per week, while *Mega Millions* and California's own jackpot game, *SuperLotto Plus®*, draw twice a week.

During fiscal year 2024-25, *Powerball* and *Mega Millions* collectively produced nearly \$1 billion in sales and represented more than 10 percent of total Lottery sales. Sales for both games were down slightly from the previous year due to both games having significantly lower jackpot levels than usual. During this timeframe, the *Mega Millions* game was updated to include better overall odds, larger starting jackpots, and a built-in multiplier feature for non-jackpot prizes with the cost of each play increasing from \$2 to \$5. These enhancements are expected to generate increased revenue to benefit public education.

Sales of California's own lotto-style game, *SuperLotto Plus*, are also largely driven by jackpot levels. Sales of *SuperLotto Plus* were \$230.7 million, a decrease of 13.3 percent in comparison to the prior fiscal year when jackpot amounts were larger.

The Lottery's four daily games - *Daily 3*, *Daily 4*, *Fantasy 5* and *Daily Derby®* - are drawn every day (*Daily 3* has two draws per day) and totaled more than \$426 million in combined sales, which is nearly unchanged from the previous fiscal year.

Hot Spot®, a fast-moving game that draws every four minutes, experienced another successful year with sales exceeding \$424 million, remaining consistent with its previous year's sales. The Lottery continued to maintain collaboration with its retail partners to further promote the game.

LOTTERY TIMELINE

1984

California voters approved Proposition 37 to establish the Lottery.

1985

Began ticket sales, with the sale of its first instant ticket "California Jackpot."

1986

Introduced its first draw game, **Lotto 6/49**, with one draw per week.

1990

Sales for the SuperLotto draw game began and is known today as **SuperLotto Plus**.



Lottery reached **\$20 billion** year-to-date contribution to public education.

2008

Assembly Bill 142 signed into law to help increase public education contribution.

2010

Sold its first **Powerball** ticket on April 8, 2013. The first \$20 Scratchers tickets were sold.

2013

1st in nation to achieve a World Lottery Association Level Four Certificate for Responsible Gaming programs.

2015

1993

New Scratchers price points were introduced with \$2, \$3, and \$5 tickets.

1996

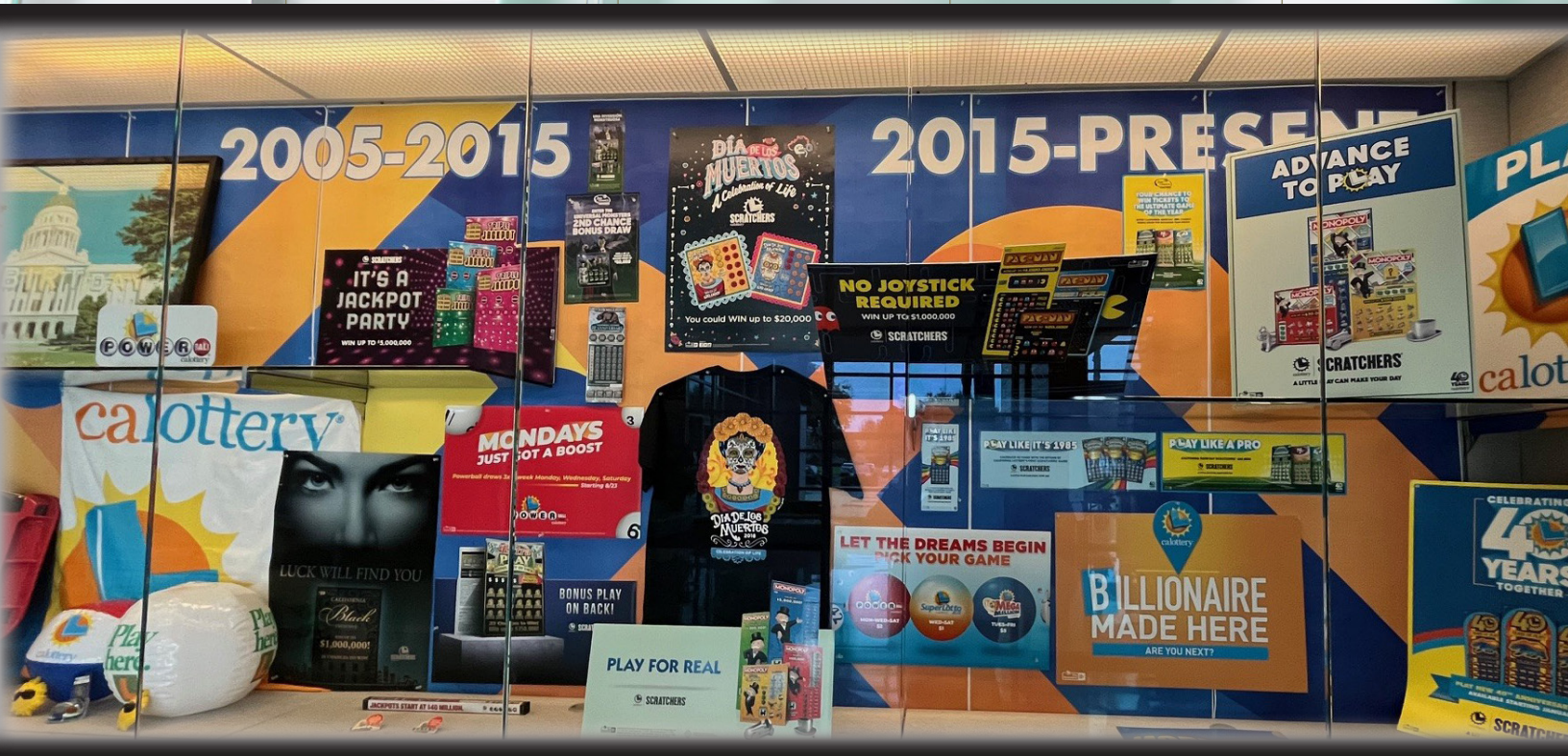
Lottery establishes California's first Problem Gambling Helpline.

2000

Contribution to public education surpassed **\$1 billion** for the fiscal year.

2005

Lottery joined its first multi-state game, ***Mega Millions***.



Launched pilot program to pay winning ticket claims at the Sacramento District Office.

2018

Lottery has more than **23,000** retail partners selling Lottery products.

2019

Contributed a record of more than **\$2.3 billion** to public education for the fiscal year.

2024

Celebrated our 40th anniversary with the launch of our first-ever \$40 Scratchers game.

2025

FINANCIAL SUMMARY

Revenues	FY 2024-25	FY 2023-24	FY 2022-23
Operating Revenues:			
Scratchers	\$6,892,391,897	\$6,561,264,485	\$6,574,494,639
Lotto Games ¹	1,189,825,216	1,861,671,725	1,819,304,484
Hot Spot	424,355,620	424,739,564	410,942,023
Daily Games ²	426,139,390	427,438,318	434,612,165
Total Operating Revenues	\$8,932,712,123	\$9,275,114,092	\$9,239,353,311
Non-operating Revenues ³			
Unrealized Gains (Losses) on Investments	\$8,084,716	\$(15,444,317)	\$(39,929,206)
Interest Earned/Accreted on Investments	21,245,635	23,053,950	25,319,457
Interest on Funds held by State Treasurer	42,251,452	62,441,489	25,776,709
Other Income	127,593	194,418	6,897
Total Non-Operating Revenues	\$71,709,396	\$70,245,540	\$11,173,857
Total Revenues	\$9,004,421,519	\$9,345,359,632	\$9,250,527,168

Revenues to Education for Fiscal Year 2024-25	Amount
Allocation of Sales to Education	\$1,844,228,140
Unclaimed Prizes Directly to the Education Fund	44,968,741
Interest Income	42,251,451
Other Income	127,593
Total Funds Transferred to the Education Community	\$1,931,575,925

¹ Lotto games are *SuperLotto Plus*, *Powerball*, and *Mega Millions*.

² Daily games are *Daily 3*, *Daily 4*, *Daily Derby*, and *Fantasy 5*.

³ The Lottery purchases high quality government bonds to fund annuitized grand prize winners. Interest earned on investments, unrealized gains/losses on investments, and other income are considered non-operating revenues - activities that are not directly associated with the sale of lottery tickets. Investment earnings come from interest payments and capital gains collected upon a sale or maturity of a security. All Lottery investments are held to maturity to meet the required prize payouts. An unrealized gain is a profit that exists on paper, resulting from an investment. It is an increase in a security that has yet to be sold or matured. An unrealized loss is the opposite. All Lottery cash is held on deposit with the California State Treasurer and is invested by that office in the Surplus Money Investment Fund. Interest earned on these funds are distributed quarterly by the State Treasurer and transferred to Education. Other income consists of gains or losses on sale of Lottery assets.

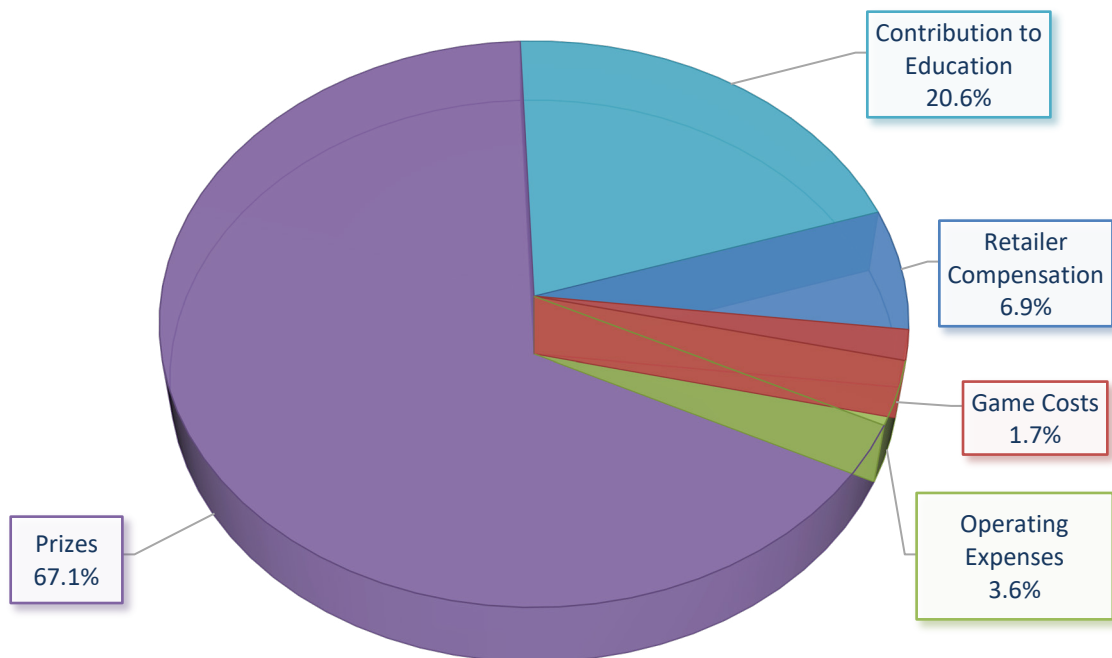
FINANCIAL SUMMARY

Expenses	FY 2024-25	FY 2023-24	FY 2022-23
Prizes:			
Scratchers Game Prizes	\$4,931,747,901	\$4,648,251,345	\$4,615,620,978
Draw Game Prizes	1,062,429,565	1,383,320,213	1,344,680,746
Total Prizes	\$5,994,177,466	\$6,031,571,558	\$5,960,301,724
Game Costs:			
Retailer Costs	\$614,805,168	\$632,678,900	\$633,200,226
Draw/Scratchers Game Costs	154,380,831	152,535,702	160,149,145
Total Game Costs	\$769,185,999	\$785,214,602	\$739,349,371
Operating Expenses	\$325,120,518	\$300,159,146	\$254,648,281
Non-Operating Expenses ¹	\$22,088,268	\$24,138,252	\$26,216,067
Allocation to Education Fund ²	\$1,886,607,184	\$2,220,804,693	\$2,256,837,541
Total Expenses	\$8,997,179,435	\$9,361,888,251	\$9,291,352,984

¹ Non-operating expenses includes interest imputed on the liability for grand prizes won and not yet paid. Imputed interest is interest assumed to have been collected even if the interest was not paid to the Lottery from the purchases of zero-coupon Treasury bonds.

² Includes interest income and other income; does not include unclaimed prizes, which are transferred to the Education Fund directly.

Distribution of Revenues for Fiscal Year 2024-25



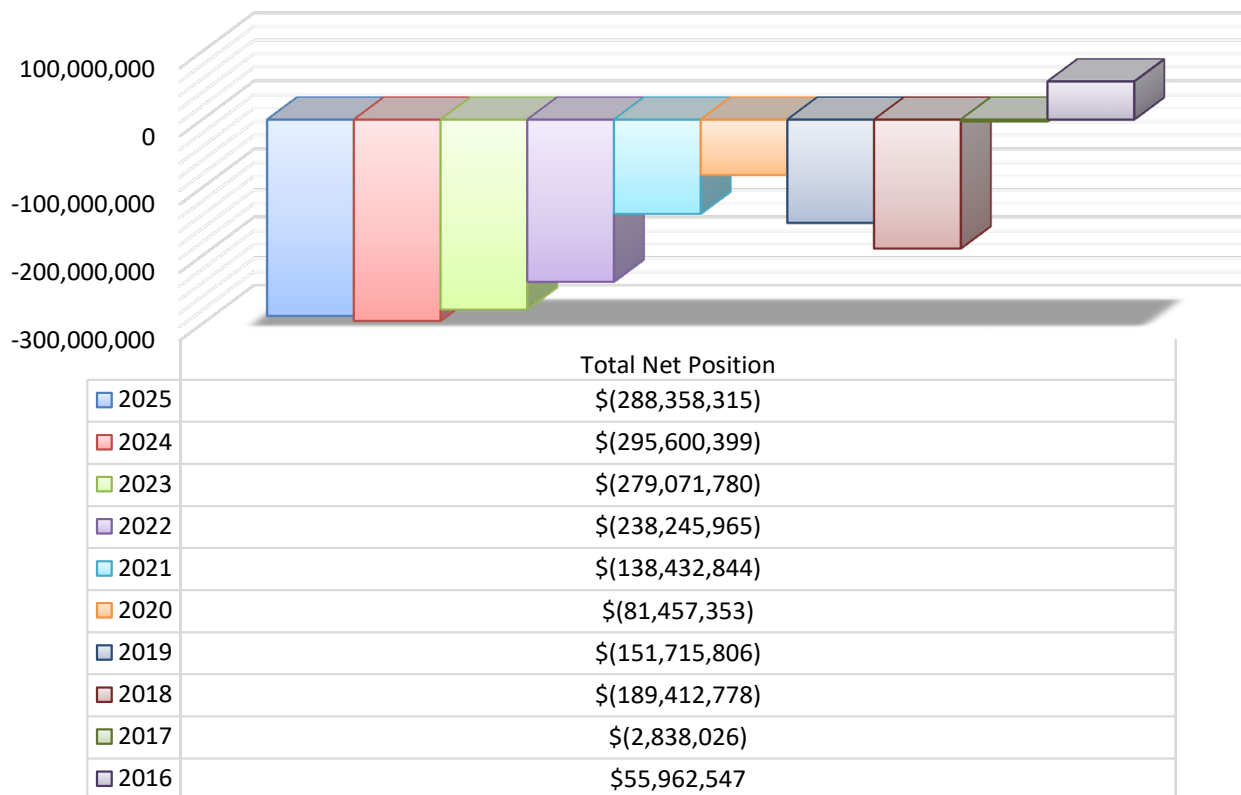
STATEMENT OF NET POSITION

The statement of net position represents the Lottery's financial position. It reports the Lottery's assets and liabilities at the close of the fiscal year. The Lottery is structured as a single enterprise fund and its financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America. Accrual basis means that revenues and expenses are recognized when incurred, not when received or paid. The Lottery's fiscal year runs from July 1 to June 30. The Lottery's net position for fiscal years ending June 30, 2023-2025 is shown below.

Assets & Liabilities	FY 2024-25	FY 2023-24	FY 2022-23
Assets:			
Current and Other Assets	\$1,966,224,007	\$1,948,798,354	\$2,129,719,594
Capital and Leased Assets	172,555,349	176,881,782	179,671,839
Total Assets	\$2,138,779,356	\$2,125,680,136	\$2,309,391,433
Deferred Outflows of Resources	\$147,053,212	\$164,347,479	\$108,493,934
Total Assets and Deferred Outflows	\$2,285,832,568	\$2,290,027,615	\$2,417,885,367
Liabilities:			
Current Liabilities	\$1,538,694,468	\$1,519,287,232	\$1,619,285,652
Non-Current Liabilities	964,700,059	974,001,950	975,230,633
Total Liabilities	\$2,503,394,527	\$2,493,289,182	\$2,594,516,285
Deferred Inflows of Resources	\$70,796,356	\$92,338,832	\$102,440,862
Total Liabilities and Deferred Inflows	\$2,574,190,883	\$2,585,628,014	\$2,696,957,147
Net Investment in Capital Assets	\$168,873,761	\$171,072,647	\$179,671,839
Restricted by Legislation*	-	\$(50,237,987)	\$(33,709,368)
Unrestricted Deficit	\$(457,232,076)	\$(416,435,059)	\$(425,034,251)
Total Net Position	\$(288,358,315)	\$(295,600,399)	\$(279,071,780)

* For fiscal year 2024-25, the negative restricted balance was reclassified as unrestricted net position per Governmental Accounting Standards Board (GASB) guidelines.

Total Net Position
Last Ten Years



Total Net position is calculated by taking the total assets and deferred outflows of resources and subtracting total liabilities and deferred inflows of resources. The Lottery's negative net position is due to changes in accounting for pensions and retiree health benefits. The State of California's pension and retiree healthcare benefit plans are not fully funded, meaning that the plans have more liabilities than they do assets to cover them. Previously, the liabilities for these plans appeared on the State of California financial statements, but accounting changes in 2018 require state agencies and funds to show the liabilities on their own financial statements. Through employer and employee contributions and returns on investments, the plans are working to reduce the liabilities and fully fund the plans in future years.

For the fiscal year ended 2024-25, the Lottery reported a deficit in its net position exceeding \$288 million, which represents a decrease of more than \$7.2 million from the previous year. This reduction is primarily attributed to a decline in the fair value of investments used to pay annuitized prizes. The impact of various amounts restricted under legislative requirements resulted in a negative net position. Per GASB guidelines, a negative balance cannot be classified as restricted. Consequently, the 2024-25 deficit was reclassified as unrestricted within the Statement of Net Position.

Readers wanting more detailed financial information should refer to the Lottery's 2024-25 Annual Comprehensive Financial Report available on the Lottery's website at www.calottery.com/about-us.

STATEMENT OF ACTIVITIES

Statement of Activities reports information on the Lottery's revenues and expenses during the fiscal year and changes in the net position.

CHANGES IN NET POSITION	FY 2024-25	FY 2023-24	FY 2022-23
Operating Revenues:	\$8,932,712,123	\$9,275,114,092	\$9,239,353,311
Less Prizes	5,994,177,466	6,031,571,558	5,960,301,724
Sales After Prizes	\$2,938,534,657	\$3,243,542,534	\$3,279,051,587
Less Game Costs:			
Retailer Costs	\$614,805,168	\$632,678,900	\$633,200,226
Gaming System Costs	104,430,041	110,124,193	109,720,587
Scratchers Game Costs	49,950,790	42,411,509	50,428,558
Total Game Costs	\$769,185,999	\$785,214,602	\$793,349,371
Income Before Operating Expenses	\$2,169,348,658	\$2,485,327,932	\$2,485,702,216
Less Operating Expenses:			
Salaries, Wages, and Benefits	\$142,049,639	\$123,281,140	\$100,871,997
Advertising	108,469,821	101,755,246	89,181,811
Promotions, Public Relations, and Point of Sale	13,310,553	12,229,984	11,095,793
Other Professional Services	21,753,318	21,662,247	18,072,617
Depreciation and Amortization	15,274,619	14,518,446	14,961,644
Other General/Admin. Expenses	24,262,568	26,712,119	20,464,419
Total Operating Expenses	\$325,120,518	\$300,159,146	\$254,648,281
Operating Income	\$1,844,228,140	\$2,158,168,786	\$2,231,053,935
Non-Operating (Expenses) Revenues:			
Investment Earnings	\$71,581,803	\$70,051,122	\$11,166,960
Interest Expense Imputed on Annuitized Prize Liability	(22,088,268)	(24,138,252)	(26,216,066)
Other Income	127,593	194,418	6,897
Allocation to Education Fund	(1,886,607,184)	(2,220,804,693)	(2,256,837,541)
Total Non-Operating (Expense) Revenue	\$(1,836,986,056)	\$(2,174,697,405)	\$(2,271,879,750)
Change in Net Position (Deficit)	\$7,242,084	\$(16,528,619)	\$40,825,815
Total Net Position - Beginning Balance	(295,600,399)	(279,071,780)	(238,245,965)
Total Net Position - Ending Balance	\$(288,358,315)	\$(295,600,399)	\$(279,071,780)

Accounting Terminology

Accumulated Depreciation is the total amount of depreciation that has been allocated to an asset since it was first put into use and reduces the value of the asset over time.

Capital Assets are assets that the Lottery uses to run its day-to-day operation, such as land, buildings, vehicles, and various gaming equipment.

Change in Net Position is the difference between the Lottery's Net Position at the beginning of the period and the end of the period.

Current and Other Assets are resources the Lottery owns, which includes cash and investments, receivables, ticket inventory, and amounts due from other agencies.

Deferred Inflows of Resources are an acquisition of net position that is applicable to a future reporting period.

Deferred Outflows of Resources are a consumption of net position that is applicable to a future reporting period.

Game Costs consist of Lottery retailer sales commissions and bonuses, ticket production and delivery expenses, and gaming vendor charges.

Liabilities are obligations the Lottery owes, which includes payables, prize liabilities, pension and other post-employment benefit liabilities, unearned revenue, and amounts due to other agencies.

Net Investment in Capital Assets is the difference between the Lottery's value of capital assets and the accumulated depreciation of the assets.

Net Position is the difference between the Lottery's assets and liabilities, plus deferred outflows of resources and deferred inflows of resources.

Non-Operating Expenses mostly consist of transfers of net revenues and unclaimed prizes to the State Controller's Office to be allocated to California public education.

Non-Operating Revenues mainly consist of investment earnings from the Surplus Money Investment Fund held at the State Treasurer's Office and interest earned on the Lottery's bond investments purchased to fund annuitized prizes.

Operating Expenses are expenses the Lottery incurs as a result of its normal business operations. These expenses are required to run the Lottery while maximizing the generation of supplemental funding for education.

Operating Revenue is income derived from the Lottery's every day activities consisting of ticket sales.

Payables are short-term debt or obligations to pay for goods or services received but not yet paid, typically due within a year.

Restricted by Legislation is the amount of assets limited for a specific purposes, such as paying Lottery's annuitized prizes.

Unrestricted Deficit is the difference between Lottery's assets and liabilities not already included in the net investment in capital assets and restricted by legislation.

For more detailed financial information, readers should refer to the Lottery's 2025 Annual Comprehensive Financial Report available at www.calottery.com/about-us.



Play Responsibly.

RESPONSIBLE GAMING PROGRAM

The Lottery is committed to promoting healthy game play through our comprehensive Responsible Gaming (RG) program that was re-certified in 2025 as a Level Four lottery, which is the highest level of recognition from the World Lottery Association (WLA).

WLA, the global authority on the lottery business, consists of state-authorized lotteries and gaming organizations from more than 80 countries on six continents. Its Responsible Gaming Principles and Framework Certification Program outlines lotteries' level of commitment to corporate social responsibility and responsible gaming. Its aim is to protect lottery players and assure that revenues are used for public good.

Some key features of our program include:

- Raising awareness about the risks of problem gambling and encouraging players to play for fun and stay within their budget via the Lottery's communication channels and the Responsible Gambling Guidelines brochures found at all retail locations.
- Letting players know about free treatment that's available through the California Department of Public Health's Office of Problem Gambling, including the 24/7 Problem Gambling Helpline 1-800-GAMBLER (which is partially funded by the Lottery).
- Partnering in national campaigns like "Gift Responsibly" to remind people that lottery tickets aren't appropriate gifts for kids and "Problem Gambling Awareness Month" to increase awareness about the growing issue of gambling disorders.
- Ongoing training for over 23,000 retailers and Lottery staff to promote responsible play.
- Consistently learning more about responsible gaming and identifying best practices.

RG is integrated in our everyday operations, from designing games to advertising to customer service. Our dedication to continuous improvement in this area showcases the Lottery's commitment to our mission providing supplemental funding to public education through the responsible sale of Lottery games.

For more details, visit www.calottery.com/en/about-us/responsible-gaming.



CERTIFICATE OF ACCREDITATION

Responsible Gaming Framework

This is to certify that

California State Lottery
UNITED STATES

has met the criteria for achieving

WLA Level 4: Continuous Improvement

and has been granted accreditation by the World Lottery Association in accordance
with the recommendation of the Independent Assessment Panel.

Certification date: August, 2025

This certificate is valid until: August, 2028

A handwritten signature in blue ink, appearing to read 'A. Kötter', written over a horizontal line.

Andreas Kötter
WLA President

A handwritten signature in blue ink, appearing to read 'Luca Esposito Poleo', written over a horizontal line.

Luca Esposito Poleo
WLA Secretary General

RG-LM1-2504



CERTIFIED
WLA RESPONSIBLE GAMING
FRAMEWORK

ACKNOWLEDGEMENTS

The Lottery has been awarded the Outstanding Achievement in Popular Annual Financial Reporting by the Government Finance Officers Association (GFOA) for its Popular Annual Financial Report (PAFR) for five fiscal years.

This award for outstanding achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive the award, the contents of the PAFR must conform to GFOA program standards of creativity, presentation, understandability, distribution, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We are submitting this current report to GFOA for consideration for this award since we believe it continues to conform to the Popular Annual Financial Reporting requirements.

The Lottery also received the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for 20 fiscal years from GFOA.



In addition, the Lottery was recently given the Distinguished Budget Presentation Award for its exceptional clarity, comprehensiveness, and accessibility in budget reporting from GFOA. These honors reaffirm the Lottery's dedication to operating with transparency and accountability. These reports are available on the Lottery's website at www.calottery.com/about-us.

Environmental Sustainability

The Lottery continues its commitment to environmental sustainability regarding its buildings and operations. Nine Lottery buildings throughout the state, including its headquarters building, have earned the ENERGY STAR rating from the United States Environmental Protection Agency (EPA). In fact, a majority of Lottery properties are also classified as Zero Net Energy (ZNE) facilities.

ZNE means the building is designed to produce as much or more on-site energy in a year than it consumes. The EPA refers to

buildings like ours as "America's Energy All-Stars!" The energy-efficient buildings allow the Lottery to lower operating costs, which in turn helps provide additional dollars to California public education.





Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

California State Lottery

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



calottery®

The California Lottery's mission is to generate supplemental funding for public education from elementary schools to universities. With honesty and integrity, the Lottery builds a better tomorrow for students and our communities through the responsible sale of entertaining lottery products.

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