



New  
Jersey  
Lottery

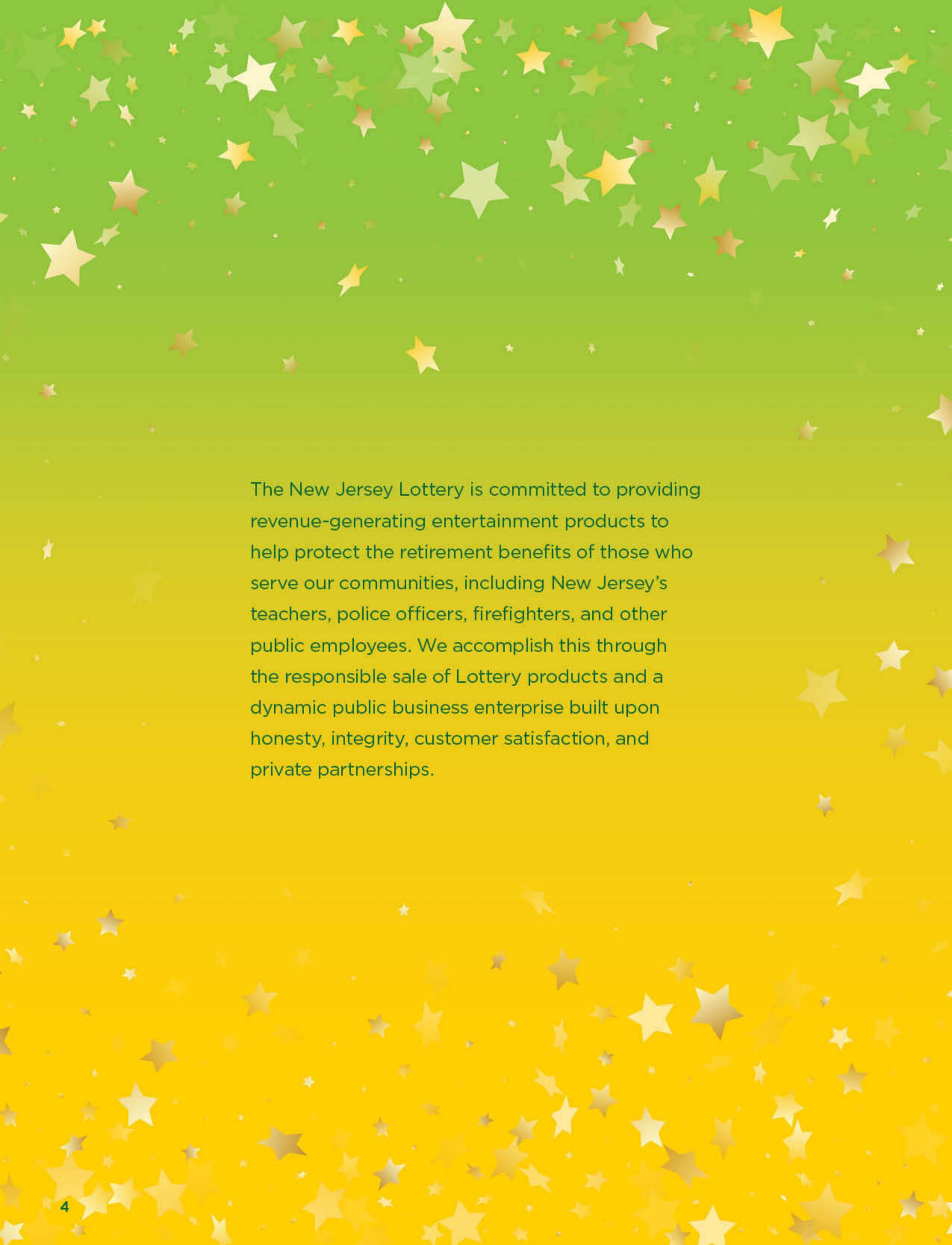
2025

**Annual Report**  
Celebrating 55 Years



# Table of Contents

Mission Statement . . . . .	4
Executive Overview . . . . .	5
Lottery Commission . . . . .	6
Past Directors . . . . .	7
A Trip Along Memory Lane . . . . .	8
Top Winners 2025 . . . . .	10
Where the Money Goes . . . . .	11
Game Sales . . . . .	12
Quick Facts . . . . .	13
Winner Comments . . . . .	14
Anonymity . . . . .	17
Million Dollar Replay Winners . . . . .	18
Awards . . . . .	19
2025 Responsible Gaming Annual Report . . . . .	20
2025 Financial Statements . . . . .	26



The New Jersey Lottery is committed to providing revenue-generating entertainment products to help protect the retirement benefits of those who serve our communities, including New Jersey's teachers, police officers, firefighters, and other public employees. We accomplish this through the responsible sale of Lottery products and a dynamic public business enterprise built upon honesty, integrity, customer satisfaction, and private partnerships.

# Executive Overview

The New Jersey Lottery generated sales of \$3.3 billion in fiscal year 2025, reinforcing its significant role in the State's economy. It is in this spirit that I am honored to submit this report.

The Lottery's contribution to the state pension fund was \$1.08 billion. This contribution is part of Governor Phil Murphy's \$7.2 billion full pension payment.

Our consistently successful suite of Scratch-Off games drove sales in 2025 to a strong \$1.8 billion. "Jersey" themed scratchers played a central role last year as we launched The Jersey Giant Winnings, Jersey Pop, and The Shore Thing tickets. The Jersey Giant Winnings Scratch-Off game was a notable addition to the Lottery's portfolio. Featuring basketball legend and New Jersey native Shaquille O'Neal, it added an entertainment aspect and increased the game's appeal. The use of Shaquille O'Neal in marketing communications brought a fun and engaging element, and he even attempted to rename the Garden State as Shaq Jersey.

The New Jersey Lottery faced the same headwinds that were felt across the lottery industry. Multi-state jackpot games Powerball and Mega Millions saw sales declines after a standout year with several billion-dollar jackpots in fiscal year 2023. The growing popularity of online sports betting and casinos weighed on the sales of Scratch-Offs and Pick-3 and Pick-4, even as they remained the highest selling games in our portfolio.

There were plenty of bright spots. Jersey Cash 5 and Cash Pop saw significant growth, with sales increases of 26 percent and 10 percent, totaling \$176 million and \$67.5 million, respectively. The week before Christmas was our fourth highest selling week ever, as players enjoyed our holiday themed tickets. And New Jersey players took home \$2 billion in prizes, with 177 prizes awarded worth \$100,000 or more, including more than 50 prizes of \$1 million or higher. Notable top prizes included seven second-tier Powerball winners, four \$1 million Mega Millions winners, two \$4 million Mega Millions winners, a \$32 million Pick-6 winner, a \$7 million Cash4Life winner, and a \$5 million winner in the \$5,000,000 Fortune game, the highest Scratch-Off prize available.

Lottery retailers earned \$198 million in commissions and \$2 million in bonuses connected to the selling of winning top-tier tickets. With more than 6,500 locations selling New Jersey Lottery tickets, lottery retailers can be found in every corner of the state. Our partners, many of them small businesses, are vital to the Lottery's success and will continue to be a key partner to the Lottery as we move forward and continue to modernize operations in coming years.

Since its launch in 1970, the Lottery has contributed more than \$34.7 billion to the State, aiding valuable programs and services. The New Jersey Lottery is committed to transparency in its financial reporting and on its website, multiple financial reports can be found here. We are proud to present this annual report for fiscal year 2025.

James A. Carey, Jr.  
Executive Director



# Lottery Commission



**Tahesha Way**  
Lieutenant Governor



**Phil Murphy**  
Governor



**Elizabeth Maher Muolo**  
State Treasurer  
Ex Officio



**Robert J. D'Anton**  
Chair



**Ian K. Leonard**  
Vice Chair

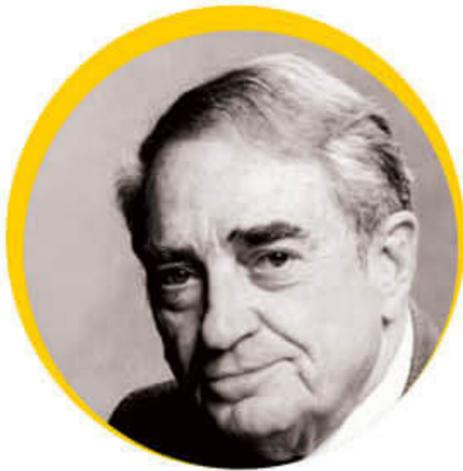


**Shoalb Khan**  
NJ Division of Investment  
Ex Officio



**Dr. Munr Kazmir**  
Commissioner

# Past Directors



**Ralph Batch**  
April 1970 - January 1974



**Charles Carella**  
January 1974 - May 1975



**Henry Luther**  
September 1975 - March 1977



**Gloria Decker**  
July 1977 - April 1982



**Hazel Frank-Gluck**  
April 1982 - March 1985



**Joan Ziellinski**  
May 1985 - December 1986



**Barbara Marrow-Mooring**  
April 1987 - January 1990



**Frank Pelly**  
July 1991 - June 1994



**Virginia Haines**  
July 1994 - February 2002



**Virginia Bauer**  
April 2003 - July 2004



**Michellene Davis**  
March 2005 - November 2006



**Carole Hedinger**  
January 2011 - December 2017

# A Trip Along Memory Lane

For 55 years, the New Jersey Lottery has been ingrained in the fabric of life in the Garden State. A look at cultural icons and memorable events linked to the Lottery.

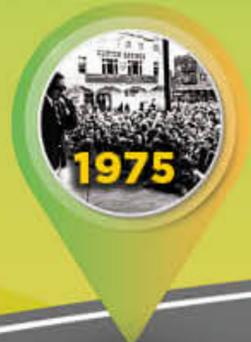
**1972**

A New Jersey Transit bus advertising the Lottery.



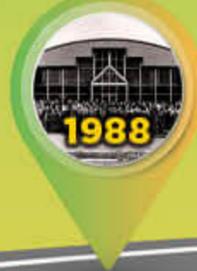
**1975**

Public drawing in the Passaic County city of Clifton.



**1988**

The entire Lottery staff at the christening of the Lottery building.



**1998** ★

Hela Young, the iconic Lottery spokeswoman, singing the national anthem at a New Jersey Nets game in the Meadowlands. "Hela was a great person and had a wonderful personality," former Director Ginny Haines said.



**1972**

A Lottery billboard from the 1970s highlighting big rewards for a 50-cent ticket.



**1972**

**1971**

Captain Kirk (William Shatner) beamed down to the Short Hills Mall to "supervise" a drawing.



**1971**

**1972**

Hugh O'Brian, the star of the 1950s TV series "The Life and Legend of Wyatt Earp" whose career spanned a half century, visits a millionaire roundup.

**1999**  
Agent Night at the Meadowlands drew the likes of former Director Ginny Haines, Hela Young and New Jersey Devils executive Lou Lamoriello.



**2000**  
The legendary Ray Charles performs at the New Jersey Lottery 30th anniversary gala.



**2002**  
The Mega Millions kickoff event on May 11, 2002 aboard the USS New Jersey battleship.



**2003**  
Lottery retailer night with special appearances from the Nets. Host Rene Ellison, with Nets NBA great Dikembe Mutumbo and Lottery director Carole Hedinger.



**2004**  
Then New Jersey Lottery Director Ginny Bauer with New York Yankees legend Whitey Ford.



**2005**  
Yankees Hall-of-Famer Yogi Berra at the Lottery booth at his namesake museum on the Montclair State University campus.



**2024**  
A Lottery player in Monmouth County drew the largest lottery prize in New Jersey history: A \$1.13 billion Mega Millions jackpot. The next day, Lottery director James Carey celebrated the win with Richard Saker, owner of the Neptune ShopRite that sold the winning ticket.

# In New Jersey, you can find Lottery winners everywhere.

In fiscal year 2025, every one of the Garden State's 21 counties had winners of at least \$10,000!

★	BERGEN	88
★	MIDDLESEX	70
★	ESSEX	67
★	MONMOUTH	67
★	HUDSON	59
★	UNION	47
★	OCEAN	46
★	MERCER	35
★	MORRIS	34
★	CAMDEN	33
★	PASSAIC	46
★	BURLINGTON	34
★	SOMERSET	24
★	ATLANTIC	17
★	WARREN	13
★	HUNTERDON	9
★	CUMBERLAND	9
★	CAPE MAY	5
★	SUSSEX	10
★	SALEM	6
★	GLOUCESTER	6



## TOP PRIZES OF FISCAL YEAR 2025

● Seven second-tier Powerball winners of \$1 million to \$2 million	● Four \$1 million Mega Millions prizes with two \$4 million winners.	● A \$32 million Pick-6 winner and two other Pick-6 jackpots topping \$5 million
● A \$2.4 million Jersey Cash 5 jackpot	● A Cash4Life jackpot winner valued at \$7 million	● A \$5 million Scratch-Off winner, the highest instant game prize among New Jersey Lottery offerings

# Where The Money Goes

## Pensions

In 2017, a bipartisan 30-year agreement was signed into law to protect the retirement benefits of those who improve the lives of others by providing essential services, such as New Jersey State teachers, police officers, firefighters and other public employees. The Lottery is helping to ensure that their service today will result in a secure future for them tomorrow.

## Retailers

Beyond prizewinners and public benefits, the Lottery also plays a vital role in supporting businesses throughout the state. Lottery retailers earn commissions on each ticket sold and cashed in their store, and the draw of Lottery games helps bring in hungry and thirsty foot traffic looking for refreshment.

The Clark Cardsmart in Union County sold the winning Pick-6 \$5.5 million jackpot in March.



## Where the Money Goes



S EVERY DAY

FREE  
GET

# Game Sales



# Quick Facts

A record \$2.4 million Jersey Cash 5 jackpot

\$1.08 billion in proceeds were contributed to the State pension program

New Jersey players took home \$2 billion in prizes in the fiscal year

\$5 million Scratch-Off winner, the highest instant game prize among New Jersey Lottery offerings

More than 6,500 retailers earned nearly \$200 million in commissions and bonuses

Game sales have exceeded \$3 billion every year since 2015

NEW JERSEY LOTTERY

## JERSEY GIANT WINNINGS

Reveal a "50" symbol, win \$50 automatically!

BONUS \$50 BONUS \$50

### WIN UP TO \$200,000!

Match any of YOUR NUMBERS to any of the WINNING NUMBERS, win PRIZE shown for that number. Get a "2X" symbol, win DOUBLE the PRIZE shown for that symbol. Get a "5X" symbol, win 5 TIMES the PRIZE shown for that symbol. Get a "20X" symbol, win 20 TIMES the PRIZE shown for that symbol!

YOUR NUMBERS

\$	\$	\$
PRIZE	PRIZE	PRIZE
\$	\$	\$
PRIZE	PRIZE	PRIZE
\$	\$	\$
PRIZE	PRIZE	PRIZE
\$	\$	\$
PRIZE	PRIZE	PRIZE
\$	\$	\$
PRIZE	PRIZE	PRIZE
\$	\$	\$
PRIZE	PRIZE	PRIZE

WINNING NUMBERS

\$	\$	\$	🏀
PRIZE	PRIZE	PRIZE	🏀
\$	\$	\$	🏀
PRIZE	PRIZE	PRIZE	🏀
\$	\$	\$	🏀
PRIZE	PRIZE	PRIZE	🏀

# Winner Comments

New Jersey Lottery officials hear plenty of stories from winners. One thing is certain, there's no "usual" story about how a player wins. By law, Garden State winners can choose to remain anonymous. But that doesn't prevent them from sharing their journeys to big paydays.



*I thought maybe \$1,000. Or \$10,000. I couldn't believe it—\$1 million?!?"*



## Check the Junk Drawer//Mega Millions, \$1 million

Perhaps the most eyebrow-raising player story of the fiscal year came in May when a Mercer County couple revealed that they purchased a Mega Millions ticket on the last day of 2024 during a visit to the Speedymart Food Store in West Trenton. After returning home, they set the ticket aside and didn't think much about it until May.

"I was in the house and I just opened the drawer and I saw the tickets. I decided to get them checked," the player said, reflecting on a return visit to the store. "I scanned them. One said 'not a winner,' and then another 'not a winner,' and then I scanned a ticket that said 'winner.'"

The player took the ticket home and checked the ticket against the numbers on the computer and wasn't sure what they were seeing. "I thought maybe \$1,000. Or \$10,000. I couldn't believe it—\$1 million?!?"



*I just truly believe it was a test from God."*



## Do the Right Thing//Power 20X, \$1 million

Before purchasing tickets, the player spotted a \$100 bill on the store's counter. "I see it, and I turn around. There's a person at the ATM and two people waiting in line. I said 'Did somebody leave this here?' Everybody's saying, 'just keep it.' I feel that if you take something that's not yours, you will never get your own. I started crying and shaking. I thought if I had taken that \$100 bill, I would have felt guilty and I would have left there and never bought the ticket. I just truly believe it was a test from God."



*I'm thankful to the person that caused me to stop. In chaos, there's a blessing."*



## Avoid Conflict//Colossal Crossword, \$600,000

"I was on Valley Street in South Orange. There was a car stopped there. And I was just waiting. I honked. Rather than moving, (the driver) just sat there and I could tell he was glaring at me. I did not want the drama, so I decided to pull into the 7-Eleven that was right there. I said to myself 'Let me go get a lottery ticket.'"

"I'm thankful to the person that caused me to stop," the player said. "In chaos, there's a blessing."



“ There was an overwhelming sensation. A million things going through my head. ”

March 20, 2025: Pick-6: \$5.5 Million: Union County

Feb. 26, 2025: Jersey Cash 5: \$1.5 million, Union County

“ I've always been told if I get a dream, and it's a good dream, I go and play. God answers your prayers. ”

“

OMG. It's me. I am the winner!!! ”

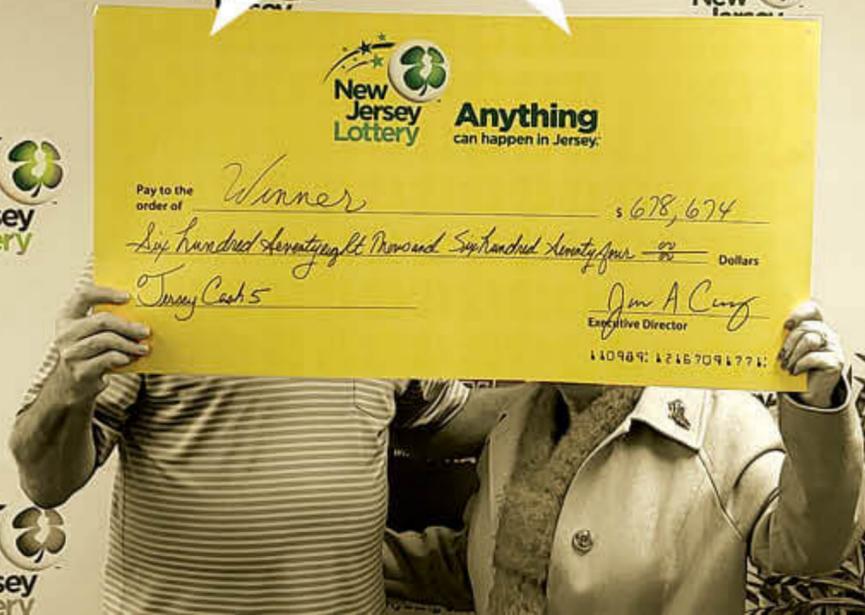
Dec. 6, 2024: Jersey Cash 5: \$1.8 Million - Ocean County

“ We always wish, but don't always expect. I couldn't sleep at night. Now, I can sleep better. ”

June 2024: Mega Millions: \$1 Million: Bergen County

Jan. 14, 2025: Jersey Cash 5: \$248,000: Monmouth County

“ 2-4-8-5-4-1...those numbers are etched in my brain. ”



# Winner Comments

Dec. 22, 2024: Jersey Cash 5:  
\$380,000: Hunterdon County

“ I did figure at some point  
maybe I'd win a few  
hundred dollars. The real  
value is the  
financial flexibility  
from this! ”

“ I am so excited. I have one  
friend he bought a ticket  
for me. I told him  
that any card  
would do. ”

Feb. 12, 2025: \$1 Million  
Ultimate Spectacular:  
\$1 Million: Middlesex County

“ Then I saw where it was played...  
I went to my car and got the  
ticket...I still thought—  
they sell a lot of  
tickets, so the  
odds still weren't  
great for me. ”

Feb. 5, 2025: Jersey Cash 5  
\$1,065,447: Bergen County

# Anonymity

The New Jersey Lottery is the fifth largest source of revenue to the State—all as a nontax, voluntary, entertainment enterprise. The organization is self-supporting through its sale of fun gaming products. Lottery contributions to the State have totaled \$34.7 billion since 1970, securing funding for needed programs and services.

Winners of New Jersey Lottery games can enjoy their prizes in privacy. While the Lottery loves to show off and brag about its numerous winners, players in New Jersey may remain anonymous to the general public if they choose.



# MILLION Dollar REPLAY™



*In March, Daniel DeSanto of Middlesex County was the big winner in the Million Dollar Replay at the Golden Nugget in Atlantic City.*

**\$1,000,000** Middlesex

**\$100,000** Essex

**\$100,000** Passaic

**\$50,000** Ocean

**\$50,000** Cumberland

**\$50,000** Passaic

**\$25,000** Ocean

**\$25,000** Cumberland

**\$25,000** Hudson

**\$25,000** Hudson

**\$10,000** Union

**\$10,000** Passaic

**\$10,000** North Carolina

**\$10,000** Bergen

**\$10,000** Union



# Awards

## The Telly Awards

### General Entertainment

Silver, Jersey Giant Winnings Scratch-Offs for Shaq Jersey  
Bronze, Cash Blitz Scratch-Offs for Puttin' on the Blitz

## Batchy Awards

**Winner:** New Jersey Lottery, Cash4Life Free Standing Inserts

**Winner:** New Jersey Lottery, fiscal year 2023 Annual Report



## NJ Ad Club

### Social Media - Multi-Platform Campaign: 3 or More Elements

First Place for Cash Blitz Social Campaign

### Radio - Single Spot: Any Length

First Place for Holiday Wrap  
Second Place for Cash Blitz, The Reviews Are In!

### Radio - Campaign: 3 or More Elements

First Place for Scratch-Offs Division,  
Cash Blitz, Holiday Wrap and  
Precious Metals

### Out-of-Home - Transit-Bus: Internal & External

First Place for Jersey Luck Bus King

### Social Media - Single Platform

Second Place for Big Game Giveaway

### Television - Campaign: 3 or More Elements

Second Place for Scratch-Offs Division,  
Precious Metals, Cash Blitz and Holiday Diner

### Music - Original Music Composition, Any Length

Second Place for Cash Blitz TV spot,  
Puttin' on the Blitz

### Out-of-Home - Kiosk

First Place for Neon Cash Party Game Screen

### Television - Single Spot: Any Length

Second Place for Cash Blitz, Puttin' on the Blitz

### Out-of-Home - Outdoor Billboard

Certificate for It's a Jersey Thing





*New Jersey Lottery*  
**Responsible  
Gaming  
Annual  
Report**

*Fiscal Year 2025*

# Responsible Gaming Annual Report

## About the New Jersey Lottery

The New Jersey Lottery is an executive agency of the government of the State of New Jersey. The Lottery is committed to providing revenue-generating entertainment products to help protect the retirement benefits of those who serve our communities, including New Jersey's teachers, police officers, firefighters, and other public employees. The Lottery accomplishes this through the responsible sale of Lottery products and a dynamic public business enterprise built upon honesty, integrity, customer satisfaction, and private partnerships.

Bipartisan legislation passed in July 2017 created the Lottery Enterprise Contribution Act (LECA) (Chapter 98 of the Public Laws of 2017) to strengthen New Jersey's pension system and provide ongoing financial stability and growth potential to the State's retirement systems until 2047. Under LECA, the Lottery's entire net proceeds are contributed to the State pension system and used to help fund the pensions of retired public employees throughout the state, including police and firefighters, teachers, and state, county, and local employees. In Fiscal Year 2025, the Lottery contributed \$1.08 billion to the State, benefiting the citizens of New Jersey through the responsible sale of Lottery products.

## New Jersey Lottery Games

The following Lottery games were offered during FY2025:



Draw Game, \$5 per play.  
Drawings Tuesday and Friday evenings. Jackpot starts at \$50 million.



Draw Game, \$1-\$20 per wager.  
Daily midday and evening drawings. Players pick any 3-digit number from 000 to 999.



Draw Game, \$2 per play.  
Drawings Monday, Wednesday, and Saturday evenings. Jackpot starts at \$20 million.



A series of terminal-based games, offering various price points and play styles. Tickets are printed on-demand. Players do not need to select numbers or wait for a drawing to determine if they have a winning ticket.



Draw Game, \$2 per play.  
Drawings every night. Top Prize of \$1,000 a Day for Life, second prize of \$1,000 a Week for Life.



Draw Game, \$1-\$10 per play.  
Drawings every four minutes with a chance to win up to \$1,000,000 on a \$10 wager.



Draw Game, \$2 per play.  
Drawings Monday, Thursday and Saturday evenings. Jackpot starts at \$2 Million.



Draw Game, \$1-\$10 per play.  
Drawings every four minutes, with a chance to win up to \$250 on a base wager.



Draw Game, \$2 per play.  
Drawings every night. Jackpot starts at \$150,000.



A printed, paper-based ticket in which winners are determined instantly through a process of removing a coating covering the play area. Ticket prices range from \$1-\$30 per ticket. About 40 new Scratch-Offs are introduced each year.



Draw Game, \$0.50 per play.  
Daily midday and evening drawings. Players pick any 4-digit number from 0000 to 9999.

## Responsible Gaming

The Lottery is committed to the responsible sale of Lottery products. The Lottery's marketing, advertising, game design, sales and promotions teams all support responsible gaming through the Lottery's advertising campaigns, product portfolio, interaction with retailers and players, and various promotions held throughout the state. The Lottery has demonstrated its significant accomplishments in responsible gaming by achieving Level 4 of the World Lottery Association's (WLA) Responsible Gaming Framework. This certification is the most comprehensive measure of responsible play among lotteries in the industry. The Lottery was first granted this certification in 2016 and was recertified in 2019 and most recently in 2022. The Lottery fully intends to continue to uphold the most thorough, complete, and current responsible gaming initiatives in all aspects of its operations. As a Level 4 certified lottery, the Lottery has demonstrated its ongoing commitment to continuously improving its responsible gaming program across ten program elements defined by the WLA. This report highlights the Lottery's Fiscal Year 2025 responsible gaming activities across each of these program elements.



**CERTIFIED**  
**WLA RESPONSIBLE GAMING**  
**FRAMEWORK**  
**LEVEL 4 / VALID UNTIL 2025**

## Key Responsible Gaming Activities:

### Research:

The Lottery conducts responsible gaming research to identify the strengths and opportunities of its responsible gaming program. In the fiscal year, the Lottery conducted the following responsible gaming specific research:

#### Annual Responsible Gaming Awareness and Knowledge Surveys:

- VIP Club
- Employees
- Retailers

#### Responsible Gaming Surveys:

- "Not 18 Yet? No Bet" Campaign Evaluation
- Gift Responsibly Campaign Evaluation
- Problem Gambling Awareness Month Campaign Evaluation
- Positive Play Scale Survey

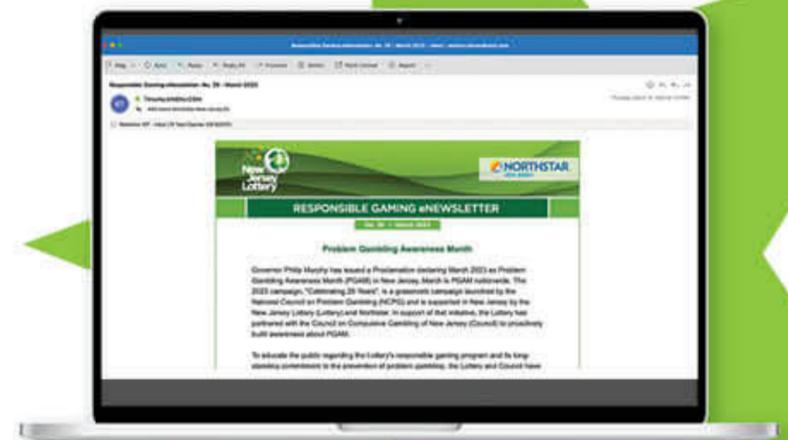
Additionally, throughout the year the Lottery conducts research that includes responsible gaming questions. The feedback from this research provides information on the strength of the Lottery's responsible gaming program and public opinion about the same. The results of the responsible gaming research are used by the Lottery to improve the reach, resonance, and messaging regarding its responsible gaming programming.

## Employee Program:

The Lottery distributes a quarterly responsible gaming eNewsletter to all employees. The responsible gaming eNewsletter informs employees of the Lottery's current and planned responsible gaming activities, initiatives, and accomplishments.

Additionally, on a biennial basis, all Lottery employees must complete New Jersey Lottery Employee Responsible Gaming Training Video and score at least an 80% on the Employee Responsible Gaming Training quiz. In Fiscal Year 2025, all Lottery employees completed this training.

In June 2025, the Lottery held its first employee (Lottery and Northstar) in-person responsible gaming training. The in-person responsible gaming training included presentations from the Council on Compulsive Gambling of New Jersey ("CCGNJ Inc.") and individuals that told of their lived-experience stories of their problems with gambling.



## Retailer Program:

As a condition for receiving and maintaining their retail licenses, all Lottery retailers are required to fulfill their responsible gaming requirements, which include watching the New Jersey Lottery Retailer Responsible Gaming Training Video and acknowledging receipt and review of the Retailer Code of Conduct. These requirements must also be fulfilled in connection with all retail changes of ownership, whereby a current retail location is purchased, and the new owner seeks to continue selling Lottery products at that location, and all biennial license renewals. In Fiscal Year 2025, the following numbers of retailers fulfilled the Lottery's responsible gaming requirements:

- 276 new retailers (July 1, 2024 - June 30, 2025);
- 303 change of ownership retailers (July 1, 2024 - June 30, 2025); and
- 3,108 retailer licensure renewals (July 2024 - Dec 2024)



**NEW JERSEY LOTTERY RETAILER CODE OF CONDUCT**

To support the New Jersey Lottery's commitment to ensuring integrity, honesty and fairness, licensed Lottery Retailers and their employees must responsibly sell and redeem New Jersey Lottery tickets with integrity, respect and social responsibility in the following manner:

**INTEGRITY**

- Retailer will adhere to the Lottery's commitment to maintaining a positive brand image and positive playing experience for our customers.
- Retailer will comply with all laws and regulations that apply to the Lottery.
- Retailer will follow all Lottery operating procedures, including proper Lottery terminal security, establishing and maintaining inventory control, and reporting all lost or stolen Lottery tickets as soon as they are detected.
- Retailer will make game rules and game information, such as prize details and game results, readily available to customers.
- Retailer will adhere to the Lottery's policies pertaining to the proper payment of prizes.
- Retailer will cooperate with all investigative, security inspection and compliance activities conducted by Lottery personnel or any law enforcement or regulatory agency.

**RESPECT**

- Retailer will promote fair, honest and courteous treatment of all customers.
- Retailer will answer all reasonable customer questions or direct customers to contact the Lottery as necessary.

**SOCIAL RESPONSIBILITY**

- Retailer will sell Lottery tickets to, and redeem winning Lottery tickets for, only individuals who are 18 years of age or older.
- Retailer will never pay an incorrect, discounted prize amount or an amount that exceeds the Lottery's cashing limit, including the cashing of a winning ticket as a "service" to customers or friends.
- Retailer acknowledges that failure to conform to this New Jersey Lottery Retailer Code of Conduct will result in disciplinary action, up to and including revocation of the New Jersey Lottery Retailer License.

Must be 18 or older to buy a lottery ticket. Please play responsibly. If you or someone you know has a gambling problem, call 1.800.GAMBLER.



## Game Design:

All Lottery games that are released to the New Jersey market have gone through two analyses that help the Lottery determine that the risk of each Lottery game in the market is minimized with regard to vulnerable populations and for the potential appeal of such games to underage persons. These risk analyses are:

- A third-party software that evaluates the structural and situational characteristics of each game using a rating scale for each game's key elements. The lower the rating of each game the lower level of risk. All Lottery games on the market have scored low risk.
- A Responsible Gaming Social Responsibility Assessment ("Social Responsibility Assessment") that evaluates the visual appeal and messaging of all Lottery games to ensure the game is compliant with the Lottery's Game Design Code of Conduct. The Social Responsibility Assessment reviews each proposed game's aesthetics, sounds, imagery, and text to minimize the risk of appealing to vulnerable populations and/or underage persons. All games released to date, including during Fiscal Year 2025, have passed both analyses. The number of Lottery games launched in Fiscal Year 2025 that passed both analyses were:
  - 38 Scratch-Offs launched between July 1, 2024 - June 30, 2025
  - 24 Fast Play Progressive Games launched between July 1, 2024 - June 30, 2025

## Advertising and Marketing Communications:

The Lottery ensures responsible gaming messaging is included in all Lottery advertising and marketing communications, and that these communications are age-appropriate and socially responsible. Additionally, each quarter the Lottery publishes a responsible gaming advertisement.



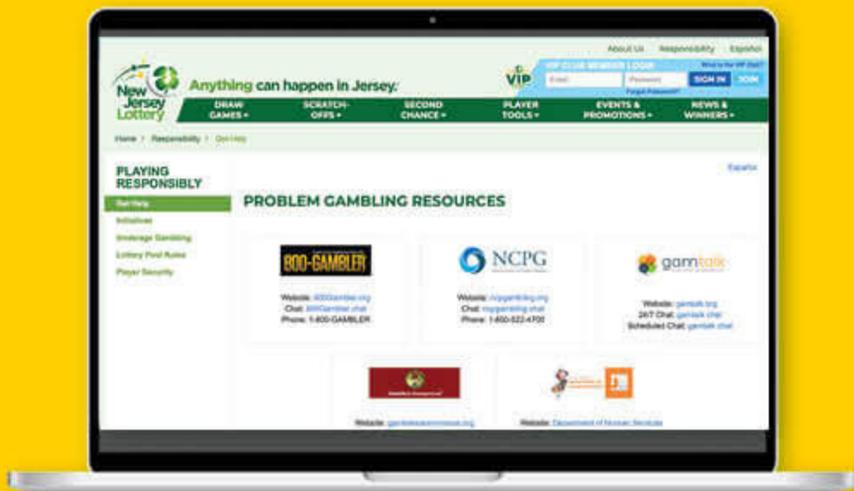
## Player Education:

The Lottery is committed to protecting its players by educating players that Lottery products are offered as a form of entertainment. In doing so, the Lottery provides them with responsible gaming tips and information, and also provides contact information for treatment providers when needed. In Fiscal Year 2025, the Lottery communicated responsible gaming messages and information to players as follows:

- Publishing responsible gaming advertisements state-wide via newspapers and digital advertisements quarterly.
- Sharing responsible gaming messages through radio live reads three times throughout the year.
- Posting responsible gaming messages to the Lottery's social media platforms at least once a month and more frequently during March, September, the holiday season, and when jackpots are greater than \$500 million.
- Publishing responsible gaming messages on Draw Game tickets at least once a month and more frequently during March, September, the holiday season, and when jackpots are greater than \$500 million.
- Publishing responsible gaming messaging on the scoreboards at two New York Jets games and one game each of the Somerset Patriots, Jersey Shore BlueClaws, and Trenton Thunder.
- Including responsible gaming messages in VIP Club emails informing the VIP Club members of the Lottery's Problem Gambling Awareness Month, "Not 18 Yet? No Bet", and Gift Responsibly campaigns.
- Updating the Lottery's responsible gaming webpages to be more interactive and engaging for page viewers.



In Fiscal Year 2025, the Lottery launched its Positive Play Quiz. The Positive Play Quiz evaluates quiz participants on their gambling beliefs and behaviors to encourage a happy and positive experience. In its inaugural year there were 1,051 completed Positive Play Quizzes.



## Treatment Referral:

The Lottery provides treatment referral resources to the public via its website (NJLottery.com/gethelp) and other public-facing platforms. In Fiscal Year 2025, the Lottery partnered with Birches Health, a gambling addiction treatment from home that is covered by many insurance providers, to offer as a resource to players in need. Birches Health joins the resources the Lottery provides contact information for which are: the Council on Compulsive Gambling of New Jersey (“CCGNJ Inc.”), National Council on Problem Gambling (“NCPG”), gamtalk, Gamblers Anonymous, and the New Jersey Department of Human Services. Retailers are also equipped with brochures and have the ability to print out CCGNJ’s helpline number on a ticket when requested.

## Stakeholder Engagement:

The Lottery continually seeks opportunities to cultivate and strengthen its relationships with a variety of stakeholders. These stakeholders include New Jersey residents, Lottery retailers, Lottery players, the Lottery Commission, Lottery beneficiaries, Lottery employees, Lottery vendors, the Governor and State Legislature, problem gambling prevention and treatment providers, trade associations, charitable organizations, academic institutions, civic groups, and other organizations. The Lottery is a key member of and/or participant in the following organizations relating to responsible gaming and problem gambling:

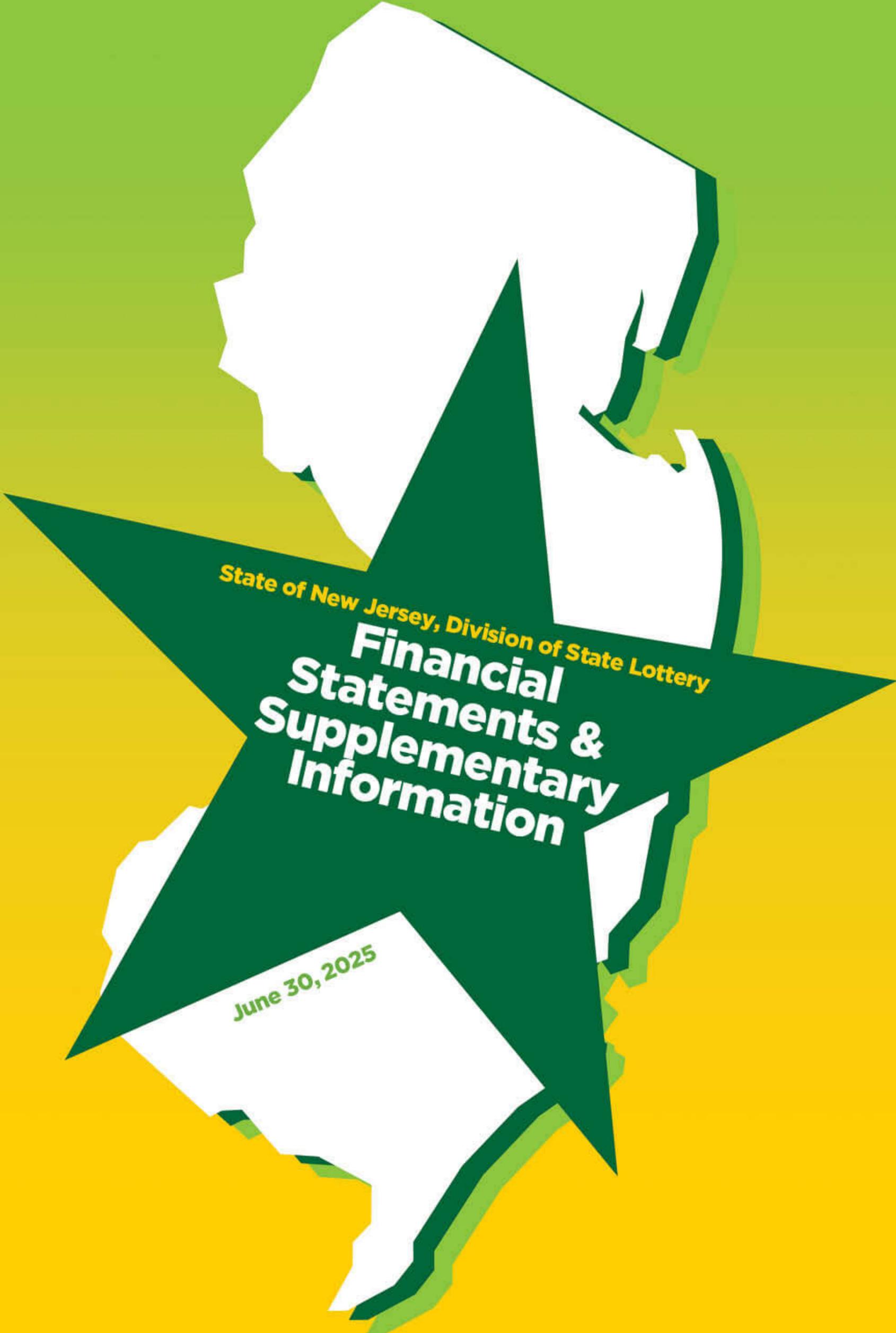


- The Council on Compulsive Gambling of New Jersey Inc.
- The National Council on Problem Gambling.
- The International Center for Responsible Gambling.

## Reporting and Measurement:

The Lottery develops its responsible gaming goals and initiatives based on the opportunities identified by the WLA through the Lottery’s WLA recertification process, from feedback received from its stakeholders through surveys, and from best practices learned in connection with peer lotteries and its various stakeholder engagement activities. These identified opportunities help the Lottery to improve its responsible gaming programs and to report valuable responsible gaming goals and initiatives to relevant stakeholders in a meaningful manner.

In Fiscal Year 2025, the Lottery published a Player Responsible Gaming Report to educate the audience on the Lottery’s responsible gaming program and how to create a positive lottery experience. The Lottery shares its Player Responsible Gaming Report on the “Initiatives” responsible gaming webpage and includes the report in packets that are handed out to the public.



*State of New Jersey, Division of State Lottery*

**Financial  
Statements &  
Supplementary  
Information**

**June 30, 2025**

# Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) .....	28	
INDEPENDENT AUDITORS' REPORT .....	38	
<b>BASIC FINANCIAL STATEMENTS</b>		
STATEMENTS OF NET POSITION .....	43	
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ....	44	
STATEMENTS OF CASH FLOWS .....	45	
NOTES TO FINANCIAL STATEMENTS .....	46	
<b>SUPPLEMENTARY INFORMATION</b>		
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL .....	56	
SCHEDULE OF NET POSITION .....	57	
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION .....	58	
SCHEDULES OF SCRATCH-OFFS (INSTANT GAMES) REVENUES .....	59	
SCHEDULES OF ADMINISTRATIVE EXPENSES .....	65	
<b>OTHER INFORMATION</b>		
SCHEDULE OF NORTHSTAR NJ NET INCOME TARGETS (UNAUDITED) .....	66	
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....</b>		<b>67</b>
Schedule of Current Year Findings and Recommendations .....	69	
Summary Schedule of Prior Year Audit Findings .....	70	

# MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

# STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

### INTRODUCTION

The following discussion and analysis provides an analytical overview of the financial position and activities of the State of New Jersey, Division of the State Lottery (the "Division of the State Lottery" or "the Division") for the years ended June 30, 2025 and 2024. This statement was prepared by management and should be read in conjunction with the financial statements and notes hereto, which follow this section.

The Division of the State Lottery was established in 1970 pursuant to the State Lottery Law, N.J.S.A. 5:9-1 through 25. The Division of the State Lottery operates within the Department of the Treasury of the State of New Jersey. The New Jersey Lottery Commission is a seven-member board, appointed by the Governor, authorized and empowered to promulgate rules and regulations in the operation of the Division of the State Lottery. The Division of the State Lottery has control and oversight over the operations of the statewide lottery program ("the New Jersey Lottery") that sells various draw games using computer sales terminals and instant or scratch-offs games using pre-printed tickets.

The Division of the State Lottery's sales totaled \$3.343 billion in fiscal year 2025 and the net proceeds to the State totaled \$1.083 billion. Sales decreased by 7.9% and contribution decreased 7.6% from fiscal year 2024 to fiscal year 2025. Prizes awarded to New Jersey Lottery players, the Division's largest expense item, totaled \$2.027 billion in fiscal year 2025, down from \$2.158 billion in fiscal year 2024. Commissions paid to New Jersey Lottery retailers, the Division's second largest expense item, totaled \$198 million, compared to \$214 million in fiscal year 2024.

The Division of the State Lottery's financial position at June 30, 2025 and 2024, consisted of total assets of \$462 million and \$1.093 billion, respectively, and total liabilities of \$462 million and \$1.092 billion, respectively. The decrease in both the total assets and the total liabilities is directly attributable to the cash value of a \$536 million Mega Millions grand prize won in New Jersey on March 26, 2024, and held by the Division until it was claimed on March 11, 2025.

Another substantial portion of the non-current asset and liability amounts for the year ended June 30, 2025, relates to the Division of the State Lottery's annuity investment in prize awards. Prize winners are entitled to a stream of annuity payments in the future, and the Division of the State Lottery has invested in either Treasury Bills or insurance policies to fund the future payments, with the assets and liabilities offsetting. The total amounts invested and due to prize winners as future installment payments at June 30, 2025 and 2024, were \$168 million and \$181 million, respectively. The offset position has continued to decline over time as prizes are paid and fewer players have selected the annuity option to receive prizes.

Net position decreased from \$677,053 in fiscal year 2024 to \$613,679 for fiscal year 2025.

The Division of the State Lottery offers various products for sale with prize awards ranging from a free play or \$1.00 to annuity prizes well in excess of \$100 million. The various products sold are:

Scratch-off Tickets	Pick 3 w/Fireball
Pick 4 w/Fireball	Jersey Cash 5 w/Xtra
Pick 6 w/Double Play	Mega Millions
Powerball w/Double Play and Power Play	Cash4Life w/Doubler
Fast Play Progressive	QuickDraw Progressive w/Bullseye
Cash Pop	

## STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

### INTRODUCTION (CONTINUED)

Pursuant to the Lottery Enterprise Contribution Act, P.L. 2017, c. 98 ("LECA"), the Lottery Enterprise was contributed to certain eligible pension plans for a 30-year term. The LECA furthers the viability of the State's Retirement System by authorizing the contribution of the Lottery Enterprise to the Teacher's Pension and Annuity Fund, the Public Employees' Retirement System, and the Police and Firemen's Retirement System. Under the LECA, the Division of the State Lottery's net proceeds are contributed to the eligible Pension Plans on a monthly basis throughout the fiscal year. Prior to enactment of the LECA, the Division of the State Lottery's net proceeds were contributed to the State's General Fund and utilized to support education and State institutions. The LECA, which improves solvency of the pension funds through the 30-year contribution of the Lottery Enterprise, does not impact Division of the State Lottery operations or personnel.

Prior to implementation of the LECA (July 1, 2017), the Lottery Enterprise underwent a valuation. The purpose of the valuation was to ensure that the lottery revenues anticipated by the LECA for the duration of the act, were reasonable. The LECA requires that the Lottery be re-valued every 5 years. The first such re-valuation was conducted in fiscal year 2022. It confirmed the initial valuation to be reasonable and slightly adjusted anticipated revenues for the remaining years of the term of LECA. The next such re-valuation will take place in fiscal year 2027.

On June 20, 2013, a competitively bid 15-year contract was awarded to Northstar New Jersey, LLC ("Northstar") to provide sales and marketing services to the Division of the State Lottery for the purpose of increasing lottery sales and net income ("the Northstar Contract"). Northstar commenced providing these services to the Division of the State Lottery on October 1, 2013. The Northstar Contract expires on June 30, 2029.

Northstar is reimbursed for operational and marketing costs it incurs on behalf of the Division of the State Lottery. Under the Northstar Contract, if defined net income targets for a given fiscal year are met or exceeded, Northstar will also earn incentive compensation. If the net income targets for a given fiscal year are not met, the incentive compensation is reduced or may be eliminated entirely, and Northstar may owe a contribution shortfall payment to the Division of the State Lottery. Northstar did not exceed the net income targets under the contract for fiscal year 2025 and consequently the Division of the State Lottery is owed a shortfall payment by Northstar New Jersey of \$21,234,051. The shortfall payment is added to the Division's net proceeds. In fiscal year 2024, Northstar did meet the net income targets under the contract and was paid incentive compensation of \$21,840,889 by the Division of the State Lottery.

### FINANCIAL STATEMENTS

The Division of the State Lottery's financial statements include statements of net position as of June 30, 2025 and 2024, statements of revenues, expenses and changes in net position for years ended June 30, 2025 and 2024, and statements of cash flows for years ended June 30, 2025 and 2024. The financial statements are prepared in accordance with the accounting principles established by the Governmental Accounting Standards Board. The basis of accounting is an accrual basis.

In fiscal year 2025, the assets and operations of the Division of the State Lottery continue to be subject to provisions of LECA.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**FINANCIAL STATEMENTS (CONTINUED)**

**Statements of Net Position**

The statements of net position present the Division of the State Lottery's financial position as of the last day of the fiscal year. The Division of the State Lottery's assets, liabilities and net position are summarized (in millions) as follows:

	June 30,			\$ Change 2025-2024	% Change 2025-2024
	2025	2024	2023		
Current Assets	\$ 312	\$ 930	\$ 333	\$ (618)	(66.4%)
Non-Current Assets	150	163	173	(13)	(8.0%)
Total Assets	462	1,093	506	(631)	(57.7%)
Current Liabilities	310	928	331	(618)	(66.6%)
Non-Current Liabilities	151	164	174	(13)	(7.9%)
Total Liabilities	462	1,092	506	(631)	(57.7%)
Restricted Net Position	1.2	1.2	1.2	0.0	1.1%
Unrestricted Net Position	(0.5)	(0.5)	(1.0)	(0.1)	16.0%
Total Net Position	\$ 0.6	\$ 0.7	\$ 0.2	(0.1)	(9.4%)

The Net Position was reduced by \$0.1 million from fiscal year 2024 to 2025.

Current assets consist of cash and investment in the State of New Jersey Cash Management Fund (the "NJCMF"), accounts receivable, current year annuity investments, and deferred expenses. The investment in the NJCMF totaled \$248 million and \$894 million at June 30, 2025 and 2024, respectively.

The Division of the State Lottery funds long-term installment prizes with insurance company annuities and United States Treasury securities. The total value of these investments was \$168 million and \$181 million as of June 30, 2025 and 2024, respectively. The Division of the State Lottery has annuity investments with eleven insurance companies. The total market value of the United States Treasury securities was \$22 million and \$25 million at June 30, 2025 and 2024, respectively. The annuities due beyond fiscal years 2025 and 2024 total \$150 million and \$163 million, respectively. These represent the majority of non-current assets reported on the Division's statements of net position. Although categorized as an asset, annuities represent an obligation that the Division has to pay the annuitants to fund the monies due to them over a fixed period of time based on the amount of the annuitized jackpot at the time of the "win". The duration of an annuity varies from twenty years to the life of a winner. Because of the true nature of these annuities, the Division has a fiduciary responsibility to continue to administer these instruments in a responsible and prudent manner. The current amounts to be paid to annuity winners totaled \$18,228,500 and \$18,448,852 as of June 30, 2025 and 2024, respectively.

For the last several years, the value of the portfolio of annuities managed by the Division of the State Lottery has declined. This is due to the overwhelming number of new winners opting for the cash value of a prize advertised at the annuitized amount coupled with the expiration of several term and lifetime annuities each year.

Non-current liabilities represent annuity prize awards due beyond 2025 and also include the total due to Division of the State Lottery employees for unused vacation and sick leave (compensated absences).

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**FINANCIAL STATEMENTS (CONTINUED)**

**Statements of Net Position (Continued)**

Net position represents the excess of the Division of the State Lottery's assets over its liabilities and is summarized (in millions) as follows:

	June 30,			\$ Change 2025-2024	% Change 2025-2024
	2025	2024	2023		
Restricted (Unclaimed Prize Reserves)	\$ 1.2	\$ 1.2	\$ 1.2	\$ 0.0	1.1%
Unrestricted	(0.5)	(0.5)	(1.0)	(0.1)	16.0%
Total Net Position	<u>\$ 0.6</u>	<u>\$ 0.7</u>	<u>\$ 0.2</u>	(0.1)	(9.4%)

Expired prizes, or unclaimed prize reserves, are restricted to fund either future prizes or state contributions. As such they are available, if necessary, to fund prize liability on special promotions managed by the Division of the State Lottery or its sales and marketing service provider. Consistent with the LECA, any such reserve reflected in Net Position has been and will continue to be minimal.

**Statements of Revenues, Expenses and Changes in Net Position**

The results of the Division of the State Lottery's operations are presented in the statements of revenues, expenses and changes in net position, which are summarized (in millions) as follows:

	June 30,			\$ Change 2025-2024	% Change 2025-2024
	2025	2024	2023		
Operating revenues					
Ticket sales	\$ 3,343	\$ 3,632	\$ 3,727	\$ (289)	(7.9%)
Forfeited prizes	40	42	44	(2)	(3.8%)
Miscellaneous income	1	1	1	(0)	(13.2%)
Total operating revenue	<u>3,385</u>	<u>3,675</u>	<u>3,773</u>	(290)	(7.9%)
Operating expenses					
Prize expenses	2,027	2,158	2,230	(131)	(6.1%)
Retailer commissions	198	214	220	(16)	(7.4%)
Northstar NJ fees and expenses	51	48	49	3	5.5%
Vendor fees	62	66	68	(3)	(5.0%)
Administrative expense	14	16	14	(2)	(12.1%)
Bad debt expense	0.4	0.1	-	0	267.9%
Total operating expenses	<u>2,352</u>	<u>2,501</u>	<u>2,581</u>	(149)	(5.9%)
Operating income	<u>1,032</u>	<u>1,174</u>	<u>1,191</u>	(142)	(12.1%)
Non-Operating (expenses) revenue	<u>50.6</u>	<u>(1.6)</u>	<u>(19)</u>	52	(3,338.5%)
Income before transfers out	<u>1,083</u>	<u>1,172</u>	<u>1,172</u>	(90)	(7.6%)
Operating transfers – State contributions	<u>1,083</u>	<u>1,172</u>	<u>1,173</u>	(89)	(7.6%)
(Decrease) increase in net position	<u>\$ (0.1)</u>	<u>\$ 0.5</u>	<u>\$ (1.1)</u>	(1)	(113.2%)

## STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

### FINANCIAL STATEMENTS (CONTINUED)

#### Statements of Revenues, Expenses and Changes in Net Position (Continued)

Total Lottery ticket sales for fiscal year 2025 were \$3.343 billion, a 7.9% decrease from fiscal year 2024, when sales were \$3.632 billion. The decrease in sales of \$289 million from fiscal year 2024 can primarily be attributed to softer sales of Powerball and Mega Millions. The multi-state jackpot games had only a single jackpot prize that exceed \$1 billion in fiscal year 2025, after seeing five such jackpots in fiscal year 2024. Sales of Powerball and Mega Millions decreased as a result, but sales of other popular Lottery games, including scratch-offs and daily numbers games, were also down or flat. The Division of the State Lottery and Northstar continue to explore ways to boost sales and modernize the Lottery's operations.

For fiscal year 2025, the Division of the State Lottery is required by the State Lottery Law to contribute a minimum of 30% of net revenues from ticket sales to the State of New Jersey. The Division of the State Lottery contributed to the State pension system \$1.083 billion (32.4% of net revenues) in fiscal year 2025 and \$1.172 billion (32.2% of net revenues) in fiscal year 2024.

On June 30, 2025, the State Lottery Law was amended to reduce the 30% contribution rate to 27% for fiscal year 2026 and forward, with certain financial performance requirements.

The Division of the State Lottery's product offerings are divided into two major categories, scratch-offs (or instant games) and draw games. Sales of scratch-offs totaled \$2.043 billion during fiscal year 2025, a decrease of .08% from \$2.060 billion in fiscal year 2024.

Draw games include a wide spectrum of games, including New Jersey only games such as Pick 3 Fireball, Pick 4 Fireball, Jersey Cash 5 Xtra, Pick 6 Double Play, Fast Play Progressive, Cash Pop and Quick Draw, and the multi-state jackpot games Cash4Life, Powerball, and Mega Millions. In fiscal year 2025, draw game sales totaled \$1.471 billion compared to \$1.758 billion in fiscal year 2024, a decrease of 16.4%.

The Division of the State Lottery's largest expense consists of prizes awarded to players. The Lottery awarded \$2.027 billion in prizes in fiscal year 2025 and approximately \$2.158 billion in fiscal year 2024.

The Division of the State Lottery's second largest expense is retailer commissions. Retailers are paid a commission of 5% on all Lottery sales and a commission of 1.25% for cashing winnings. The Division paid \$198 million and \$214 million to our network of approximately 6,500 retailers in fiscal years 2025 and 2024, respectively. Both prize expense and retailer commissions are functions of total sales, and as sales increase or decrease, those expenses also increase or decrease.

The Division of the State Lottery's expenses also include several different vendor expenses. Northstar has subcontracts with various vendors for the operation of the Lottery's gaming system and the production of scratch-offs. Northstar invoices the Division for the costs associated with those vendors and services on a pass-through basis.

Gaming system fees are calculated based on the Lottery's total sales for the fiscal year and totaled \$36.9 million and \$40.1 million in fiscal years 2025 and 2024, respectively. Gaming system costs relate to the costs of operating and maintaining the entire gaming system and include most hardware costs, such as servers, retailer terminals and self-service machines. Gaming system fees are proportional to sales and decreased slightly compared to fiscal year 2024, similar to prize and commission expenses.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**FINANCIAL STATEMENTS (CONTINUED)**

**Statements of Revenues, Expenses and Changes in Net Position (Continued)**

Scratch-offs printing costs are calculated primarily on the value of scratch-offs tickets sold. There may be additional costs for individual scratch-offs games, such as licensing fees or special features of an actual ticket. Scratch-offs printing fees totaled \$25.5 million in fiscal year 2025, a 0.4% decrease from the \$25.7 million in fiscal year 2024. The decrease is attributable to the decline in sales year over year.

Northstar is the sales and marketing vendor for the Division of the State Lottery. Northstar is responsible for providing critical services to the Lottery, including operating the sales force, conducting promotions, game development, and implementing the marketing strategy. As noted above, Northstar is also responsible for managing certain key subcontracts. Northstar management fees and expenses in fiscal years 2025 and 2024, were \$23.3 million and \$21.5 million, respectively. The costs of operating the Lottery's sales and marketing function include items such as employee salaries, rent and vehicle costs. The Northstar fees and expenses do not include incentive compensation paid to Northstar, as explained below.

Marketing and advertising expenses for the Division of the State Lottery were \$27.4 million in fiscal year 2025 and \$26.6 million in fiscal year 2024, respectively. Marketing and advertising expenses are separate from the management fees described above and are paid by Northstar to other vendors on behalf of the Division of the State Lottery. The advertising and marketing costs include, for example, purchasing advertising time on television and radio, and production costs for the advertisements, billboards, and point of sale materials, such as posters and counter displays.

The Division of the State Lottery's administrative expenses for the fiscal years 2025 and 2024 were \$12.4 million and \$14.3 million, respectively. These administrative expenses include salaries, auditing services, rent, security, data processing services, office supplies and fees to the Attorney General. The Division of the State Lottery has continued to perform several core functions of lottery operations following execution of the contract with Northstar. The Division of the State Lottery remains responsible for the following operations: finance, payment of prizes, security and licensing of retailers, and conducting live drawings.

In fiscal year 2025, the Division of the State Lottery had a total of \$50.6 million in non-operating revenue. This figure consists of a shortfall payment from Northstar in the amount of \$21,234,051 and other non-operating revenue, primarily interest earnings of \$29.4 million. In fiscal year 2024, the Division of the State Lottery had a total of \$21.8 million in non-operating expenses, including an incentive payment to Northstar. The non-operating expense was offset by \$20.3 million in non-operating revenue which consisted entirely of interest earnings.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**FINANCIAL STATEMENTS (CONTINUED)**

**Statements of Revenues, Expenses and Changes in Net Position (Continued)**

Incentive compensation paid to Northstar is classified as a non-operating expense. If there is a shortfall payment owed by Northstar to the Division of the State Lottery, it is classified as non-operating income. Northstar is paid incentive compensation if the Division of the State Lottery achieves certain net income targets during the fiscal year. Northstar's incentive compensation is reduced in the event the annual contractual net income target is not met or if the 30% minimum contribution threshold is not achieved.

In fiscal year 2019, the Division of the State Lottery amended ("Amendment 4") the service agreement with Northstar. Amendment 4 revised the formula for calculating the incentive payment owed to Northstar in that year, and increased the performance targets that are used to calculate any incentive payment to Northstar for the remainder of the Contract, thereby creating a higher performance bar to be reached before Northstar receives an incentive payment. Amendment 4 accounts for the increased sales generated by newer games. Since its inception and including fiscal year 2025, Amendment 4 has reduced the cumulative incentive payment to Northstar by more than \$48 million.

The calculation of the incentive compensation and the shortfall payment for the fiscal year 2025 is set forth in the table below and is based on Schedule 10.2 of the Northstar Contract and Amendment 4. Schedule 10.2, Section 2 provides in general terms that Northstar earns an incentive payment if the Division of the State Lottery's Net Income exceeds targets identified as "Base Level Income" and "Middle Level Income" as specified for each remaining contract year in Amendment 4. Schedule 10.2, Section 3 of the Northstar Contract provides that a "Net Income Shortfall" shall be deemed to have occurred in any Contract Year in which Net Income does not meet or exceed the Net Income Target for such Contract Year. If a shortfall payment is owed, the amount of the shortfall payment must offset any incentive payment.

Amendment 4 set a net income target for fiscal year 2025 of \$1,135,239,702. The actual amount of net income earned in 2025 was \$1,061,702,575 which was less than the net income target, resulting in a shortfall payment.

Under Amendment 4, there are two target income bands that are used to calculate incentive compensation, for each remaining year of the Northstar Contract. For fiscal year 2025, Amendment 4 set a Base Level Income target of \$933,854,625. Under the Base Level Income band, Northstar is entitled to receive 5% of that portion of net income that exceeds the Base Level Income for that year, but is equal to or less than the Middle Level Income. For fiscal year 2025, this amount was \$6,392,397. Amendment 4 set a Middle Level Income Target of \$1,169,716,975. Under the Middle Level Income, Northstar is entitled to receive 20% of that portion of Net Income that exceeds the Middle Level Income for that year. For fiscal year 2025, this amount was zero dollars because Net Income did not exceed the Middle Level Income Target of \$1,169,716,975.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**FINANCIAL STATEMENTS (CONTINUED)**

**Statements of Revenues, Expenses and Changes in Net Position (Continued)**

Schedule 10.2, Section 3 provides that a shortfall payment is owed if Net Income does not meet or exceed the Net Income Target. This amount is calculated based on 50% of the difference between the Net Income Target and the actual Net Income. Amendment 4 set the Net Income Target for fiscal year 2025 at \$1,135,239,702, and the Net Income Target was not met. The shortfall payment calculated was \$36,768,564, which was the offset by the calculated incentive of \$6,392,397, resulting in a calculated shortfall payment of \$30,376,166.

However, the Northstar Contract establishes top and bottom caps on Northstar's incentive compensation, and the total shortfall payment due to the Division cannot exceed 2% of operating income for the entire contract year. In fiscal year 2025 the 2% cap on a shortfall payment was utilized. Applying the 2% cap, Northstar owed a payment to the Division of the State Lottery of \$21,234,051.

The calculation is outlined in the table below.

<b>INCENTIVE PAYMENTS BANDS</b>	<b>FY 2025</b>
Above Base Level, Below Middle Level	5.00%
Above Middle Level, Below Upper Level	20.00%
<b>Operating Income Levels</b>	
Base Level Income	\$933,854,625
Middle Level Income	\$1,169,716,975
<b>Lottery Management Agreement NET INCOME</b>	<b>\$1,061,702,575</b>
<b>Incentive Payments</b>	
Above Base, Below Middle	\$6,392,397
Penalty Payment, Below Target Above Base	<u>(\$36,768,564)</u>
<b>Sub Total Incentive Payments (Shortfall Payment)</b>	<b><u>(\$30,376,166)</u></b>
<b>Low Cap (Actual Net Income X 2%)</b>	<b><u>(\$21,234,051)</u></b>
<b>Total Shortfall Payment</b>	<b><u>(\$21,234,051)</u></b>

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**FINANCIAL STATEMENTS (CONTINUED)**

**Statements of Cash Flows**

The statements of cash flows are summarized (in millions) as follows:

	June 30,			\$ Change 2025-2024	% Change 2025-2024
	2025	2024	2023		
Cash flows from operating activities	\$ 392	\$ 1,776	\$ 1,228	\$ (1,385)	(78.0%)
Cash flows from non-capital financing activities	(1,045)	(1,170)	(1,167)	125	(10.7%)
Cash flows from investing activities	654	(607)	(60)	1,260	(207.7%)
Net increase (decrease) in cash	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 1</u>	1	(101.6%)

**CONTACTING THE DIVISION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens with a general overview of the Division of the State Lottery's finances. If you have any questions about this report or need additional financial information, contact the Division of the State Lottery's Deputy Director of Finance at One Lawrence Park Complex, 1333 Brunswick Avenue, PO Box 041, Lawrenceville, New Jersey 08625-0041.

# INDEPENDENT AUDITORS' REPORT

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**INDEPENDENT AUDITORS' REPORT**



**INDEPENDENT AUDITORS' REPORT**

State of New Jersey  
Department of the Treasury  
Division of the State Lottery

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

***Opinion***

We have audited the accompanying financial statements of the State of New Jersey, Division of the State Lottery (the "Division of the State Lottery") as of and for the years ended June 30, 2025 and 2024, and the related notes to financial statements, which comprise the Division of the State 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 Division of the State Lottery as of June 30, 2025 and 2024, and the 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 audit 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 Division of the State 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.

***Responsibility of Management for the Financial Statements***

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

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

## STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY INDEPENDENT AUDITORS' REPORT (CONTINUED)

### INDEPENDENT AUDITORS' REPORT (CONTINUED)

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Division of the State Lottery's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Division of the State Lottery's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 GASB 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.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY  
INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Division of the State Lottery's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for budgeted amounts, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, except for budgeted amounts, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of Northstar NJ Net Income Targets, as listed in the table of contents 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 October 30, 2025, on our consideration of Division of the State 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 Division of the State Lottery's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Division of the State Lottery's internal control over financial reporting and compliance.

**Mercadien, P.C.**

**Certified Public Accountants**

October 30, 2025

# **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**STATEMENTS OF NET POSITION**

	June 30,	
	2025	2024
<b>ASSETS</b>		
<u>Current Assets:</u>		
Cash	\$ 100,975	\$ 89,414
Accounts receivable, net of allowance for doubtful accounts of \$2,521,185 and \$2,436,873 in 2025 and 2024, respectively	44,961,852	16,530,965
Deferred Expenses	934,658	1,001,606
Investments:		
Deposit Fund Contracts	18,228,500	18,448,852
State of New Jersey Cash Management Fund	248,241,584	894,196,104
Total current assets	<u>312,467,569</u>	<u>930,266,941</u>
<u>Non Current Assets:</u>		
Investments - deposit fund contracts	<u>149,654,497</u>	<u>162,635,101</u>
Total non-current assets	<u>149,654,497</u>	<u>162,635,101</u>
Total Assets	<u>\$ 462,122,066</u>	<u>\$ 1,092,902,042</u>
<b>LIABILITIES</b>		
<u>Current Liabilities:</u>		
Accounts payable and accrued expenses	\$ 28,609,597	\$ 62,261,432
Obligation for unpaid prize awards	91,439,289	713,317,500
Installment prize awards	18,228,500	18,448,852
Due to State of New Jersey	172,000,000	134,000,000
Total current liabilities	<u>310,277,386</u>	<u>928,027,784</u>
<u>Non Current Liabilities:</u>		
Compensated absences	1,576,504	1,562,104
Installment prize awards	149,654,497	162,635,101
Total non current liabilities	<u>151,231,001</u>	<u>164,197,205</u>
Total Liabilities	<u>461,508,387</u>	<u>1,092,224,989</u>
<b>NET POSITION</b>		
Restricted for prize awards or contributions	1,163,225	1,150,955
Unrestricted	(549,546)	(473,902)
Total Net Position	<u>\$ 613,679</u>	<u>\$ 677,053</u>

See notes to financial statements.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	Years Ended June 30,	
	2025	2024
Operating revenues		
Ticket Sales		
Pick 3 Fireball	\$ 380,344,451	\$ 389,405,725
Pick 4 Fireball	226,648,091	236,274,666
Jersey Cash 5 Xtra	176,118,726	139,344,796
Pick 6 Double Play	67,860,223	80,121,041
CASH4LIFE Doubler	57,706,445	63,398,011
Mega Millions	189,487,215	259,147,204
Powerball	167,316,671	369,616,337
Quick Draw	86,263,119	96,330,930
Fast Play	51,526,306	63,299,202
Cash Pop	67,586,955	61,346,050
Scratch-offs (Instant Games)	2,043,454,354	2,059,683,950
Sales Discounts/Tickets Provided as Prizes	(170,835,145)	(185,858,822)
Total Ticket Sales	<u>3,343,477,411</u>	<u>3,632,109,090</u>
Other revenues		
Forfeited prizes	40,281,142	41,861,482
Miscellaneous	991,674	1,141,934
Total operating revenues	<u>3,384,750,227</u>	<u>3,675,112,506</u>
Operating expenses		
Prize expenses	2,027,055,529	2,157,643,437
Retailer commissions	198,093,658	213,898,477
Instant ticket vendor printing fees	25,547,308	25,650,789
Gaming system vendor fees	36,932,441	40,103,580
Northstar NJ management fee	5,970,000	5,847,000
Northstar NJ manager expenses	17,332,799	15,635,789
Northstar NJ advertising and marketing expenses	27,384,142	26,582,355
Administration expenses	12,355,603	14,341,975
Multi-state fees	147,559	102,908
Drawing broadcast fees	1,204,268	1,147,412
Bad debt expense	419,825	114,109
Total operating expenses	<u>2,352,443,132</u>	<u>2,501,067,831</u>
Operating Income	1,032,307,095	1,174,044,675
Non-operating revenues		
Interest income	29,395,480	20,277,511
Income Before Transfers	1,061,702,575	1,194,322,186
Northstar NJ shortfall/(incentive) payment	21,234,051	(21,840,889)
Income available for transfer	1,082,936,626	1,172,481,297
Transfers out -		
Contributions to Pensions	1,083,000,000	1,172,000,000
Changes in net position	(63,374)	481,297
Net position, beginning of year	677,053	195,756
Net position, end of year	<u>\$ 613,679</u>	<u>\$ 677,053</u>

See notes to financial statements.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**STATEMENTS OF CASH FLOWS**

	Years Ended June 30,	
	2025	2024
<b>Cash Flows from Operating Activities</b>		
Sales to customers	\$ 1,499,975,960	\$ 1,739,543,733
Payments for prize awards	(980,309,596)	153,781,281
Payments for vendor commissions and fees	(118,205,508)	(110,097,784)
Payments to suppliers	(14,095,197)	(12,028,833)
Other payments	(504,887)	(573,985)
Cash flows from annuity operations		
Annuity receipts	18,329,500	20,284,852
Payments of annuity prizes	(13,687,823)	(14,824,791)
Net cash from operating activities	<u>391,502,449</u>	<u>1,776,084,473</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Contributions to State	<u>(1,045,000,000)</u>	<u>(1,170,000,000)</u>
<b>Cash Flows from Investing Activities</b>		
Cash Management Fund proceeds	2,019,550,000	1,629,350,000
Cash Management Fund purchases	(1,344,200,000)	(2,207,800,000)
Payments from/to Northstar NJ	(21,840,889)	(28,342,082)
Net cash from investing activities	<u>653,509,111</u>	<u>(606,792,082)</u>
Net change in cash	11,560	(707,609)
Cash, beginning of year	89,415	797,024
Cash, end of year	<u>\$ 100,975</u>	<u>\$ 89,415</u>
<b>Reconciliation of operating income to net cash from</b>		
<b>Operating activities</b>		
Operating Income	\$ 1,032,307,095	\$ 1,174,044,675
Changes in assets and liabilities		
Accounts receivable	(7,196,837)	(2,610,881)
Investments - deposit fund contracts	13,200,956	12,533,882
Other assets	66,948	1,328,440
Accounts payable and accrued expenses	(11,810,945)	5,982,566
Obligation for unpaid prize awards	(635,079,168)	585,114,868
Lease Payable	-	(468,112)
Compensating absences	14,400	159,035
Net cash from operating activities	<u>\$ 391,502,449</u>	<u>\$ 1,776,084,473</u>

See notes to financial statements.

## STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY

### NOTES TO FINANCIAL STATEMENTS

#### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Reporting Entity

The State of New Jersey, Division of the State Lottery (the "Division of the State Lottery") and the State Lottery Commission (the "Commission") were concurrently established in 1970, pursuant to the "State Lottery Law" (N.J.S.A. 5:9-1 et seq.). The Lottery Enterprise Contribution Act ("LECA") approved in 2017, directs the Lottery Enterprise for the benefit of the Teachers' Pension and Annuity Fund ("TPAF"), the Public Employees' Retirement System ("PERS"), and the Police and Firemen's Retirement System ("PFRS"). Under the LECA, the entirety of the Lottery Enterprise will be contributed to Pension Fund L, a common trust fund created and formed for the benefit of TPAF, PERS and PFRS for a period of 30 years. With the exception of a few retained assets and liabilities, all of the assets and liabilities of the Division of the State Lottery were transferred to Pension Fund L on July 1, 2017. Under the LECA there is no material change in the Division of the State Lottery's operation and management, which will continue in its existing form as a division within the Department of the Treasury. The Commission consists of the State Treasurer, the director of the Division of (State) Investment and five public members, and is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including the price or prices of tickets, the number and size of prizes on winning tickets, the licensing of retailers, and the apportionment of ticket revenues. The Division of the State Lottery's financial statements are presented as those of a proprietary fund and include the operations for which the Division of the State Lottery is financially accountable and exercises oversight responsibility.

Effective July 1, 2017, with the passage of Chapter 98 of the Public Law of 2017, the LECA and the subsequent Memorandum of Lottery Contribution ("MOLC") entered into between the State Treasurer and the Division of Investment, the Lottery and its resulting net revenues will be transferred to Pension Fund L for a period of thirty years. Both the legislation and the MOLC require that retained assets and liabilities of the Division of the State Lottery existing prior to the transfer date (July 1, 2017), not be transferred to Pension Fund L. This requirement compelled the Division of the State Lottery, specifically its Finance Department, to maintain two general ledgers. The pre-existing (or residual) Division of the State Lottery fund ledger will now only account for all activity associated with those pre-existing assets and liabilities and a new general ledger will account for all the obligations and assets resulting from lottery sales and games emanating on and after the July 1, 2017, transfer date.

The MOLC outlined a six-month transition period for the Division of the State Lottery to re-organize its accounting operation in a manner consistent with the spirit and intent of Chapter 98 of the Public Law of 2017. This was necessary to ensure that all the financial reporting, accounting operations, collections activity and accounts receivable functions of the Division of the State Lottery are being properly recorded and posted.

##### Basis of Accounting

The Division of the State Lottery prepares its financial statements using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred.

In its accounting and financial reporting, the Division of the State Lottery follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles. GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, establishes the order of

## STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Basis of Accounting (Continued)

priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Per the Statement, the sources of authoritative generally accepted accounting principles ("GAAP") are categorized in descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants ("AICPA") cleared by the GASB. Authoritative GAAP is incorporated periodically into the *Codification of Governmental Accounting and Financial Reporting Standards* ("Codification"), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described above and then may consider nonauthoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board ("FASB"), Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks and articles.

#### 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 and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### State of New Jersey Cash Management Fund

Investments in the State of New Jersey Cash Management Fund ("NJCMF") are valued at cost, which approximates fair value.

#### Accounts Receivable

Accounts receivable is comprised primarily of amounts due from retailers. The allowance for uncollectible accounts is funded by a \$100 per year license renewal fee paid by the Division of the State Lottery's retailers. Operating expense is charged with an allowance for estimated uncollectible accounts based on past experience and an analysis of current accounts receivable collectability. Accounts deemed uncollectible are charged to the allowance in the year they are deemed uncollectible.

#### Installment Prize Awards and Prize Expenses

Installment prize awards are recorded based upon the present value of an annuity at terms to yield a series of future payments needed to meet the obligations of the Division of the State Lottery for prize disbursements. For each lottery winner that chooses to receive their prize in installments, the Division of the State Lottery purchases annuity contracts from insurance companies and U.S. government securities to fund its liability for installment prize awards. An annuity contract represents an obligation by an insurance company to provide a fixed series of payments over a specified period. Annuity contracts are subject to credit risk. The Division of the State Lottery seeks to control its exposure to such credit risk by purchasing annuity contracts only from insurance companies that meet certain minimum standards.

## STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Installment Prize Awards and Prize Expenses (Continued)

Due to the longterm nature of these contracts, the credit quality of the issuer is subject to change. Amounts recorded as prize expense reflect the cost of annuity contracts and U.S. government securities necessary to satisfy stated prize awards plus any single payment awards. These annuities are presented on the statements of net position as deposit fund contracts, carried at contract value which approximates fair value.

#### Equipment

The Division of the State Lottery follows the State's threshold for capitalizing equipment as follows: machinery and equipment over \$20,000 and motor vehicles over \$30,000. Purchases that do not meet the threshold for capitalization are recognized as expenses in the statements of revenues, expenses and changes in net position in the period during which they are acquired and are included in administrative expenses.

#### Net Position

##### Restricted

Amounts restricted for prize awards or contribution to pensions consist of prizes that are not claimed within one year from the date of the drawing for machine games and within one year from the date of game's closing for scratch-offs (instant games).

##### Unrestricted

The unrestricted net position represents resources available for current operating expenses in compliance with legal and budgetary restrictions.

#### Revenue Recognition

Revenues from the sale of lottery tickets are recognized as follows:

- "Pick3 Fireball", "Pick4 Fireball", "Jersey Cash 5 Xtra", "Pick 6 Double Play", "Mega Millions", "Powerball", "CASH4LIFE Doubler", "Quick Draw" and "Cash Pop" games on the drawing date.
- Scratch-offs (instant games) are recognized daily, based upon the settlement of instant game inventory packs by selling retailers. Sales adjustments are recorded based upon final reconciliations prepared after the termination of a lottery instant game.
- Fast Play games upon the sale of each ticket.
- Sales discounts are recorded for the sales value of tickets provided to retailers at no cost, to be used for promotional purposes. Tickets provided as prizes are recorded as sales at the face value of each ticket, then backed out as discounts and are not included in prize expense.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Forfeited Prizes**

The State Lottery Law requires that prizes not claimed within one year from the date of the drawing for machine games and within one year from the date of the game's closing for scratch-offs (instant games) be forfeited. Effective November 21, 1991, the Commission authorized that 70% of forfeited prizes are to be maintained in a reserve for prize awards and are available to augment future prize awards or, at the discretion of the executive director, to augment the Division of the State Lottery's contribution for state aid for education and state institutions.

The remaining 30% goes directly to contributions to state institutions in conformance with the LECA. This is consistent with the 30% minimum contribution requirement of the State Lottery Law. Forfeited prizes are recognized as "Other Revenues" during the period forfeited.

**Contributions and Prize Awards**

The State Lottery Law in conformance with the LECA, requires no less than 30% of total revenues accruing from ticket sales to be paid for pensions on an annual basis. On June 30, 2025, the State Lottery Law was amended to reduce the 30% contribution rate to 27% for fiscal year 2026 and forward, with certain financial performance requirements.

For machine games, the Division of the State Lottery has designated that a minimum of 45% of gross revenues be allocated for prize awards, including retailer bonuses. Prize expense is recorded when the winning ticket number is selected for the respective lottery game based on eligible winning tickets sold. For scratch-offs (instant games), the percentage of gross revenues to be allocated for prize awards varies by game.

**Commissions and Fees**

Retailers receive a commission of 5% based on the total tickets sold, a commission of 1.25% of terminal validations, and top tier selling bonuses. The online game contractor receives a fee equal to a contractual percentage of the revenue generated through the respective network maintained by the contractor. All other gaming contractors are paid fees based on the units of service provided.

Northstar New Jersey Lottery Group, LLC ("Northstar NJ" or "NSNJ") has had numerous retailer incentive programs for the purpose of boosting sales, these include temporary commission increases and bonuses. Both of these incentives are recorded as prize expense.

**Administrative Expenses**

The Division of the State Lottery records vacation and sick time incurred during the period in "administrative expenses" in the accompanying statements of revenues, expenses and changes in net position. Payments for accumulated sick leave balances are made to retiring employees upon regular retirement from the State of New Jersey's General Fund. Such payment is based on 50% of the employee's sick leave accumulation at the pay rate in effect at the time of retirement, up to a maximum of \$15,000. Employees separating from service prior to retirement are not entitled to payments for accumulated sick leave.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**B. CASH AND INVESTMENTS**

The Division of the State Lottery adopted GASB Statement No. 40, "Deposit and Investment Risk Disclosures", which requires uncollateralized deposits exposed to custodial credit risk to be disclosed. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits that are in possession of an outside party. The following is a summary of the Division of the State Lottery's cash deposits by financial institution that could be exposed at June 30, 2025 and 2024. The Division of the State Lottery's deposits with Wells Fargo are insured by the Federal Deposit Insurance Corporation up to \$250,000.

	June 30,	
	2025	2024
Wells Fargo	\$ 100,975	\$ 89,414
Total	\$ 100,975	\$ 89,414

The NJCMF is a common trust fund administered by the Department of the Treasury, Division of Investment. NJCMF funds are not subject to custodial credit risk due to the fact that the funds are held by and in the name of the NJCMF in a segregated trust account with the third-party custodian rather than in the possession of the third-party custodian. Additionally, though the underlying assets and investments of the NJCMF pool are subject to credit risk, the risk is limited by the mix of the credit quality ratings of the assets in the portfolio maintained by NJCMF.

*Fair Value Measurements*

The Division of the State Lottery follows the Fair Value Measurements Topic of the GASB, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. The Division of the State Lottery categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

*Fair Value on a Recurring Basis*

The table below presents the balances of investments deposit fund contracts measured at fair value on the statements of net position as of June 30, 2025 and 2024:

	June 30, 2025			
	Total	Level 1	Level 2	Level 3
Annuity Investment Deposit Fund Contracts	\$ 167,882,997	\$ 21,898,273	\$ -	\$ 145,984,724
New Jersey Cash Management Fund	248,241,584	-	248,241,584	-
Total	\$ 416,124,581	\$ 21,898,273	\$ 248,241,584	\$ 145,984,724

	June 30, 2024			
	Total	Level 1	Level 2	Level 3
Annuity Investment Deposit Fund Contracts	\$ 181,083,953	\$ 24,922,617	\$ -	\$ 156,161,336
New Jersey Cash Management Fund	894,196,104	-	894,196,104	-
Total	\$ 1,075,280,057	\$ 24,922,617	\$ 894,196,104	\$ 156,161,336

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**C. FUTURE INSTALLMENT PRIZE AMOUNTS**

The Division of the State Lottery purchases annuity, or deposit fund contracts, from insurance companies and U.S. government securities to fund its liability for future installment prize awards. Generally, insurance company annuity contracts fund life annuities for games such as the CASH4LIFE Doubler draw game and Win for Life scratch-offs (instant games). U.S. government securities fund term annuity prizes for games such as Pick 6 Double Play, Mega Millions, Powerball and scratch-offs (instant games). An annuity contract represents an obligation by an insurance company to provide a fixed series of payments over a specified period.

Annuity contracts are carried at their current contract values, which are based upon their original purchase prices adjusted for credited interest and reduced by amounts already received by the Division of the State Lottery and disbursed to annuitants. Annuity contracts are subject to credit risk. The Division of the State Lottery seeks to control its exposure to such credit risk by purchasing annuity contracts only from insurance companies that meet certain minimum standards. Such standards include the following requirements:

1. Combined capital and surplus of at least \$1 billion;
2. Admitted assets of at least \$10 billion;
3. Risk based capital ratio of at least 300%; and
4. Must have ratings equal to or better than at least two of the three private rating agencies:
  - Standard & Poor's long-term insurer financial strength rating of AA- or higher,
  - AM Best financial strength rating of "A" or higher, and
  - Moody's long-term insurance financial strength rating of "Aa3" or higher.

According to the Division of the State Lottery's calculation, only one company does not meet the criteria, that of Delaware Life, formerly Sun Life Assurance; as of June 30, 2025 and 2024, Delaware Life had annuity contracts totaling approximately \$15,809,285 and \$16,173,198, respectively. However, due to the longterm nature of these contracts, the credit quality of the issuer is subject to change.

At June 30, 2025 and 2024, the Division of the State Lottery held insurance company annuity contracts issued through eleven insurance companies, totaling \$145,984,724 and \$156,161,336, respectively.

U.S. government securities installments range from twentyfive years to the lifetime of the recipient. The securities are recorded at estimated fair value. The estimated fair value of annuity contracts approximates the carrying value of the securities. At June 30, 2025 and 2024, the Division of the State Lottery had \$21,898,273 and \$24,922,617, respectively, in U.S. treasuries included in guaranteed annuity contracts (see Note B).

**Concentration of Credit Risk**

Concentration of credit risk is the risk that relates to the amount of investment at any one financial institution. The disclosure requirement of this risk factor is limited to investments in excess of 5% of the total. Guaranteed annuity contracts, as stated above, are the only category subject to concentration of credit risk disclosure.

## STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### C. FUTURE INSTALLMENT PRIZE AMOUNTS (CONTINUED)

#### Concentration of Credit Risk (Continued)

A significant portion (in excess of 5% of total) of the Division of the State Lottery's investment in annuity contracts at June 30, 2025 and 2024, is invested with each of the following six companies:

- Delaware Life
- New York Life Insurance Co.
- Protective Life
- AuguStar Financial
- Metropolitan Life
- State Street

### D. LITIGATION

The Division of the State Lottery is a party to a number of lawsuits arising out of the conduct of its business. While the ultimate results of the lawsuits or other proceedings against the Division of the State Lottery cannot be predicted with certainty, management of the Division of the State Lottery does not expect that these matters will have a material adverse effect on the financial position or results of operations of the Division of the State Lottery.

### E. COMMITMENTS

#### Contractual Arrangements

The Division of the State Lottery maintains a gaming network of nearly 6,500 retailer locations where all games are sold. Brightstar Lottery, formerly GTECH Corporation, is responsible for operating the network games and procurement of scratch-offs (instant games) tickets under a contract that was assigned to Northstar NJ on October 1, 2013, and expires concurrent with Northstar NJ's contract.

On June 20, 2013, a competitively bid 15-year contract was awarded to NSNJ to provide sales and marketing services to the Division of the State Lottery. NSNJ is owned directly by two members (1) Scientific Games New Jersey, LLC, and (2) Northstar New Jersey Holding Company, LLC, and indirectly by three companies: (1) Brightstar Lottery, and (2) OSI LTT NJ Holdings Inc., which are the members of Northstar New Jersey Holding Company, LLC, and (3) Scientific Games International, Inc., which is the owner of Scientific Games New Jersey, LLC. The base services commenced on October 1, 2013. The contract required NSNJ to bid net income targets for each fiscal year of the 15-year contract. An amendment signed on December 31, 2015, revised the income level and targets downward for contract years 3 through 15. The amended contract provided for an allowance of \$2.5 million from Northstar NJ to the Division of the State Lottery as an additional consideration for the terms contained therein. On May 3, 2019, the Division of the State Lottery amended the service agreement with Northstar. Amendment 4 revised the formula for calculating the incentive payment owed to Northstar in fiscal year 2019, and increased the performance targets that are used to calculate any incentive payment to Northstar for the remaining 10 years of the Northstar Contract, thereby creating a higher performance bar to be reached before Northstar receives an incentive payment. If NSNJ meets or exceeds the net income target for a given fiscal year, they can earn an incentive payment or alternatively, if they do not meet the net income target, they are assessed a penalty.

## STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### E. COMMITMENTS (CONTINUED)

For fiscal year 2025, NSNJ did not meet its amended contractual net income target resulting in a shortfall payment of \$21,234,051 to the Division of the State Lottery. For fiscal year 2024, NSNJ met its amended contractual net income target resulting in an incentive payment of \$21,840,889 to NSNJ.

Prior to the beginning of each fiscal year, the Division of the State Lottery and Northstar NJ agree to an annual business plan that includes the projected operating expenses of Northstar NJ for the fiscal year. Each month NSNJ may invoice the Division of the State Lottery one twelfth (1/12) of the total operating expenses for the fiscal year. Each monthly invoice is accompanied by detailed backup data and information supporting expenses incurred. At the end of the fiscal year, Northstar NJ operating expenses are aggregated and reconciled with any excess returned to the Division of the State Lottery. The Northstar NJ expenses for services to the Division of the State Lottery amounted to \$50,686,941 and \$48,065,144 for the years ended June 30, 2025 and 2024, respectively.

In addition to the budgeted monthly expenditures, NSNJ receives a system provider vendor fee based on 1.05% of ticket sales and an instant ticket printing fee based on 1.216% of ticket sales as part of its subcontractor agreements. All other gaming contractors are paid fees based on the units of service provided.

### F. GASB STATEMENT NUMBER 75 ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The Division of the State Lottery is a member of the State of New Jersey's (the "State") cost sharing multipleemployer plan for health and postretirement medical benefits. Thus, the Division of the State Lottery's portion of this liability and cost is included in the State of New Jersey's Annual Comprehensive Financial Report. As such, the liability of the Division of the State Lottery's employees is covered under the State plan on an annual basis. Please refer to State website [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml) for more information regarding the plan.

### G. PENSION PLAN

The Division of the State Lottery's employees, as part of the New Jersey Department of the Treasury, participate in the PERS, a cost sharing multipleemployer defined benefit plan. The Division of the State Lottery's contribution is determined by State statute and is based upon an actuarial computation performed by the PERS.

The Division of the State Lottery's total covered payroll for the years ended June 30, 2025 and 2024, was \$6,724,107 and \$6,535,437, respectively. The State's contribution is based on the employer contribution rate developed by the system's actuary. The rate is then applied against the pension eligible salary for all State employees. The State does not keep track of contributions made to PERS for each separate state agency. For fiscal year ended June 30, 2025 and 2024, the contribution rate was 7.5%.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**G. PENSION PLAN (CONTINUED)**

The State of New Jersey, Division of Pensions and Benefits, issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 086250295 or by visiting their website at: [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**H. ROUNDING**

Some schedules in the financial statements may have dollar differences due to rounding adjustments.

# SUPPLEMENTARY INFORMATION

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -**  
**BUDGET AND ACTUAL**

Year Ended June 30, 2025

	Budget (Unaudited)	Actual	Variance (Unfavorable) Favorable
Operating revenues			
Ticket sales			
Pick 3 Fireball	\$ 396,200,000	\$ 380,344,451	\$ (15,855,549)
Pick 4 Fireball	243,000,000	226,648,091	(16,351,909)
Jersey Cash 5 Xtra	160,000,000	176,118,726	16,118,726
Pick 6 Double Play	78,600,000	67,860,223	(10,739,777)
CASH4LIFE Doubler	61,800,000	57,706,445	(4,093,555)
Mega Millions	267,900,000	189,487,215	(78,412,785)
Powerball	250,800,000	167,316,671	(83,483,329)
Quick Draw	109,900,000	86,263,119	(23,636,881)
Fast Play	72,800,000	51,526,306	(21,273,694)
Cash Pop	67,100,000	67,586,955	486,955
Scratch-offs (Instant Games)	2,102,900,000	2,043,454,354	(59,445,646)
Sales discounts/tickets provided as prizes	(183,100,000)	(170,835,145)	12,264,855
Total Ticket Sales	<u>3,627,900,000</u>	<u>3,343,477,411</u>	<u>(284,422,589)</u>
Other revenues			
Forfeited prizes	43,800,000	40,281,142	(3,518,858)
Miscellaneous	1,500,000	991,674	(508,326)
Total operating revenues	<u>3,673,200,000</u>	<u>3,384,750,227</u>	<u>(288,449,773)</u>
Operating expenses			
Prize expenses	2,196,636,400	2,027,055,529	169,580,871
Retailer commissions	212,272,700	198,093,658	14,179,042
Instant ticket vendor printing fees	26,771,264	25,547,308	1,223,956
Gaming system vendor fees	40,015,500	36,932,441	3,083,059
Northstar NJ management fee	5,970,000	5,970,000	-
Northstar NJ manager expenses	18,800,000	17,332,799	1,467,201
Northstar NJ advertising & marketing expenses	27,400,000	27,384,142	15,858
Administration expenses	17,057,127	12,355,603	4,701,524
Multi-state fees	125,000	147,559	(22,559)
Drawing broadcast fees	1,200,000	1,204,268	(4,268)
Bad debt expense	550,000	419,825	130,175
Total operating expenses	<u>2,546,797,991</u>	<u>2,352,443,132</u>	<u>194,354,859</u>
Operating income	1,126,402,009	1,032,307,095	(94,094,914)
Non-operating revenue	8,500,000	29,395,480	20,895,480
Income before transfer	1,134,902,009	1,061,702,575	(73,199,434)
Northstar NJ (incentive)/shortfall payment	(9,883,523)	21,234,051	31,117,574
Income available for transfer	<u>1,125,018,486</u>	<u>1,082,936,626</u>	<u>(42,081,860)</u>
Transfers out - contributions for state aid to education and state institutions	1,125,000,000	1,083,000,000	(42,000,000)
Change in net position	18,486	(63,374)	(81,860)
Net position, beginning of year	677,053	677,053	-
Net position, end of year	<u>\$ 695,539</u>	<u>\$ 613,679</u>	<u>\$ (81,860)</u>

See independent auditor's report.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**SCHEDULE OF NET POSITION**

				As of June 30, 2025		
ASSETS				Treasury	Pension Fund L	Total
<u>Current Assets:</u>						
Cash			\$	-	\$ 100,975	\$ 100,975
Accounts receivable, net of allowance for doubtful accounts of \$2,521,185 and \$2,436,873 in 2025 and 2024, respectively				-	44,961,852	44,961,852
Deferred Expenses				431,500	503,158	934,658
Investments:						
Deposit Fund Contracts				17,508,500	720,000	18,228,500
State of New Jersey Cash Management Fund				-	248,241,584	248,241,584
Total current assets				<u>17,940,000</u>	<u>294,527,569</u>	<u>312,467,569</u>
<u>Non Current Assets:</u>						
Investments - deposit fund contracts				141,651,815	8,002,682	149,654,497
Total non-current assets				<u>141,651,815</u>	<u>8,002,682</u>	<u>149,654,497</u>
Total Assets				<u>\$ 159,591,815</u>	<u>\$ 302,530,251</u>	<u>\$ 462,122,066</u>
LIABILITIES						
<u>Current Liabilities:</u>						
Accounts payable and accrued expenses			\$	925,183	\$ 27,684,414	\$ 28,609,597
Obligation for unpaid prize awards				-	91,439,289	91,439,289
Installment prize awards				17,508,500	720,000	18,228,500
Due to State Of New Jersey - Treasury Out				-	172,000,000	172,000,000
Total current liabilities				<u>18,433,683</u>	<u>291,843,703</u>	<u>310,277,386</u>
<u>Non Current Liabilities:</u>						
Compensated absences				-	1,576,504	1,576,504
Installment prize awards				141,651,815	8,002,682	149,654,497
Total non current liabilities				<u>141,651,815</u>	<u>9,579,186</u>	<u>151,231,001</u>
Total Liabilities				<u>160,085,498</u>	<u>301,422,889</u>	<u>461,508,387</u>
NET POSITION						
Restricted for prize awards or contributions to State				500,000	663,225	1,163,225
Unrestricted				(993,683)	444,137	(549,546)
Total Net Position				<u>\$ (493,683)</u>	<u>\$ 1,107,362</u>	<u>\$ 613,679</u>

See independent auditor's report.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	Year Ended June 30, 2025		
	Treasury	Pension Fund L	Total
Operating revenues			
Ticket Sales			
Pick 3 Fireball	\$ -	\$ 380,344,451	\$ 380,344,451
Pick 4 Fireball	-	226,648,091	226,648,091
Jersey Cash 5 Xtra	-	176,118,726	176,118,726
Pick 6 Double Play	-	67,860,223	67,860,223
CASH4LIFE Doubler	-	57,706,445	57,706,445
Mega Millions	-	189,487,215	189,487,215
Powerball	-	167,316,671	167,316,671
Quick Draw	-	86,263,119	86,263,119
Fast Play	-	51,526,306	51,526,306
Cash Pop	-	67,586,955	67,586,955
Scratch-offs (instant games)	-	2,043,454,354	2,043,454,354
Sales discounts	-	(170,835,145)	(170,835,145)
Total ticket sales	-	3,343,477,411	3,343,477,411
Other revenues			
Forfeited prizes	-	40,281,142	40,281,142
Miscellaneous	-	991,674	991,674
Total operating revenues	-	3,384,750,227	3,384,750,227
Operating expenses			
Prize expenses	-	2,027,055,529	2,027,055,529
Retailer commissions	5,504	198,088,154	198,093,658
Instant ticket vendor printing fees	-	25,547,308	25,547,308
Gaming system vendor fees	-	36,932,441	36,932,441
Northstar NJ management fee	-	5,970,000	5,970,000
Northstar NJ manager expenses	-	17,332,799	17,332,799
Northstar NJ advertising and marketing expenses	-	27,384,142	27,384,142
Administration expenses	-	12,355,603	12,355,603
Multi-state fees	-	147,559	147,559
Drawing broadcast fees	-	1,204,268	1,204,268
Bad debt expense	-	419,825	419,825
Total operating expenses	5,504	2,352,437,628	2,352,443,132
Operating income	(5,504)	1,032,312,599	1,032,307,095
Non-operating revenue			
Interest	-	29,395,480	29,395,480
Income before transfers out	(5,504)	1,061,708,079	1,061,702,575
Northstar NJ shortfall payment	-	21,234,051	21,234,051
Income available for transfer	(5,504)	1,082,942,130	1,082,936,626
Transfers out			
Contributions to pensions	-	1,083,000,000	1,083,000,000
Total transfers out	-	1,083,000,000	1,083,000,000
Changes in net position	(5,504)	(57,870)	(63,374)
Net position, beginning of year	(488,179)	1,165,232	677,053
Net position, end of year	\$ (493,683)	\$ 1,107,362	\$ 613,679

See independent auditor's report.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**SCHEDULES OF SCRATCH-OFFS (INSTANT GAMES) REVENUES**

	Years Ended June 30,	
	2025	2024
200X CASH BLITZ	\$ 127,574,340	\$ -
\$1,000,000 ULTIMATE SPECTACULAR	85,874,610	-
100X CASH BLITZ	83,358,340	-
\$1,000,000 SPECTACULAR	65,788,070	-
MILLIONAIRE MAKER	55,567,575	-
\$5,000,000 FORTUNE	54,921,330	-
\$50,000 LOADED	50,336,850	84,554,280
COLOSSAL CROSSWORD	48,655,290	-
\$1,000,000 PLATINUM PAYOUT	45,852,700	48,137,440
CROSSWORD BONANZA	45,348,940	-
MEGA HOT 7'S	40,346,500	-
CROSSWORD	40,318,404	-
50X CASH BLITZ	38,301,120	-
\$50,000,000 EXPLOSION	37,494,560	28,850,260
CROSSWORD BONANZA	34,789,160	10,517,760
ULTIMATE \$1,000,000 SPECTACULAR	34,496,310	147,711,540
\$250,000 CROSSWORD	34,225,420	-
NEON CASH PARTY	30,603,270	5,400
COLOSSAL CROSSWORD	29,425,290	21,408,060
WINTER GREEN	29,118,460	-
SUPER HOT 7'S	28,093,490	-
\$20,000 LOADED	27,795,820	58,620,820
\$1,000,000 DIAMOND SPECTACULAR	27,736,680	80,854,960
FULL OF \$500'S	26,018,360	-
CROSSWORD BONANZA	25,663,600	-
SUPER CROSSWORD	24,879,655	-
20X CASH BLITZ	24,735,295	-
POWER 50X	24,413,190	96,875,250
SUPER CROSSWORD	23,827,390	-
WIN FOR LIFE	23,736,738	-
\$500K TRIPLE MATCH	22,906,120	-
\$50,000 JUMBO BUCKS	21,981,000	-
BIG MONEY SPECTACULAR	21,798,354	2,799,100
\$100,000 BINGO EXTRA	21,081,525	-
IT'S A JERSEY THING	20,792,470	10,916,460
CASH IN A FLASH	20,761,820	-
FAT WALLET	19,728,385	-
COLOSSAL CROSSWORD	19,227,270	-
BIG MONEY SPECTACULAR	19,097,236	-
\$1,000,000 SPECTACULAR	18,218,500	72,392,610
WINNING STREAK	18,181,985	-
POWER 20X	18,108,600	55,167,120
NUMBER-RIFIC!	18,033,280	-

See independent auditor's report.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**

**SCHEDULES OF SCRATCH-OFFS (INSTANT GAMES) REVENUES (CONTINUED)**

	Years Ended June 30,	
	2025	2024
\$250,000 CROSSWORD	18,019,710	-
\$100,000 LIGHTNING BINGO	17,674,935	1,200
CANDY CANE CASH	17,297,020	-
SIZZLING HOT 7'S	17,120,580	-
JERSEY GIANT WINNINGS	16,620,865	-
\$250,000 CROSSWORD	15,856,970	18,876,990
\$500,000 GOLD PAYOUT	15,815,380	33,646,790
LOTERIA	14,728,215	18,900
IN THE GREEN	14,599,235	-
CROSSWORD	14,559,612	26,407,455
COLORWORD CASH	14,127,590	-
LOTERIA GRANDE	13,064,445	9,337,855
LOTERIA GRANDE	13,056,240	-
WIN FOR LIFE	12,396,072	25,307,406
JERSEY POP	12,395,425	-
\$50,000,000 FAST CASH	11,530,240	-
BIG CASH	10,786,940	22,536,510
10X CASH BLITZ	10,391,722	-
SUPER CROSSWORD	10,354,660	15,966,060
IT'S GOLD OUTSIDE	10,100,612	-
MONEY RUSH	9,920,730	-
CROSSWORD	9,858,057	-
SILVER PAYOUT	9,527,570	18,991,725
LUCKY 7'S MULTIPLIER	9,336,880	32,672,300
\$10,000 LOADED	9,191,030	39,553,890
POWER 10X	9,023,210	25,076,820
DOUBLE CASH	8,619,104	-
RED HOT 7'S	8,358,826	-
TRIPLE GOLDEN CHERRIES	8,240,855	14,699,430
LOOSE CHANGE	8,085,061	-
POWER PLAY	7,927,550	8,632,660
EASY AS 123	7,509,836	1,800
THE SHORE THING	7,487,000	-
CLASSIC BINGO	7,098,678	-
WILD CARD POKER	6,515,120	-
POCKET CHANGE	6,483,760	-
HOLIDAY CASH	6,017,319	-
RED BALL TRIPLER	5,911,242	1,840,744
LUCKY 13	5,562,962	-
\$5,000 LOADED	5,266,715	19,871,520
SUPER CROSSWORD	5,210,685	-
COLD CASH	5,086,252	-
LOTERIA	4,418,691	-

See independent auditor's report.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**

**SCHEDULES OF SCRATCH-OFFS (INSTANT GAMES) REVENUES (CONTINUED)**

	Years Ended June 30,	
	2025	2024
PLUS THE MONEY	4,267,115	14,737,745
WIN EITHER \$100 OR \$200	3,951,300	26,059,540
MONEY BOX BINGO	3,902,775	15,556,150
FULL OF \$500	3,885,915	21,490,335
BINGO TIMES 10	3,878,900	-
BIRTHDAY SURPRISE	3,759,962	1,995,796
THE BIGGER \$PIN	3,715,730	20,078,370
LOOSE CHANGE	3,659,390	4,376,818
IT TAKES 2	3,629,180	5,476,500
\$10,000 BRONZE PAYOUT	3,182,950	7,738,192
\$2,000 LOADED	2,960,824	9,518,138
HIGH CARD POKER	2,886,105	19,887,505
CROSSWORD BONANZA	2,587,580	43,243,400
ELECTRIC 8'S	2,254,214	-
LOTERIA	2,205,744	13,334,328
JUMBO BUCKS	1,964,555	19,497,825
WINTER WINNINGS	1,890,340	29,497,090
WILD CASH MULTIPLIER	1,609,265	4,994,570
CROSSWORD GOLD	1,278,246	19,340,427
BIG MONEY SPECTACULAR	1,077,606	23,288,228
TRIPLE DOUBLE DIAMOND	1,022,090	2,701,290
CA\$H CLIMB	945,938	4,495,822
COLOSSAL CROSSWORD	727,410	50,638,320
MERRY MONEY MULTIPLIER	725,932	11,111,072
WILD CASH	386,056	8,399,520
HIT \$50	168,590	7,825,376
YEAR OF THE DRAGON	109,600	16,049,850
SUPER CROSSWORD	94,865	24,573,310
LUCKY 7'S TRIPLER	68,850	13,865,320
\$250,000 CROSSWORD	65,670	33,563,330
POCKET CHANGE	42,400	-
LOTERIA GRANDE	38,725	18,847,460
9'S IN A LINE	38,445	19,786,405
LOOSE CHANGE	34,216	7,905,374
10X BINGO MULTIPLIER	33,540	19,922,990
CROSSWORD BONANZA	20,320	46,982,880
\$500 FRENZY	16,215	23,607,885
SUPER 8'S	11,140	8,875,650
SUPER 50X	10,720	8,334,840
THE JERSEY DEBATE	9,615	10,646,830
POWER 2X	8,190	4,204,876
CROSSWORD	7,734	35,788,518
LOTERIA	4,716	10,681,407

See independent auditor's report.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**

**SCHEDULES OF SCRATCH-OFFS (INSTANT GAMES) REVENUES (CONTINUED)**

	Years Ended June 30,	
	2025	2024
POWER 5X	3,985	8,754,935
RED 7'S DOUBLER	2,590	15,514,610
PEPPERMINT PAYOUT X20	2,440	17,021,140
BIG MONEY SPECTACULAR	2,050	21,059,882
SUPER CROSSWORD	1,790	25,143,705
BIRTHDAY SURPRISE	972	2,634,448
GNOME FOR THE HOLIDAYS	633	6,211,620
DIAMONDS AND DOLLARS	-	(1,500)
\$3,000,000 MEGA BUCKS	-	(1,890)
RUBY/EMERALD/SAPPHIRE MINE 20X	-	6,620
\$3,000,000 ULTIMATE RICHES	-	(600)
\$1,000,000 RICHES	-	47,360
\$1,000,000 SPECTACULAR	-	(300)
BLAZING HOT 7S	-	(140)
BIRTHDAY SURPRISE	-	(814)
RAGING HOT 7s	-	(2,160)
24 KARAT GOLD	-	(300)
HIGH CARD POKER	-	(1,195)
DIAMONDS AND GOLD DOUBLER	-	(420)
LADY LUCK MULTIPLIER	-	(630)
SUMMER FUN	-	7,108
MONEY VAULT	-	(1,330)
LOOSE CHANGE	-	(200)
CASH PLUS	-	(2,070)
CROSSWORD	-	(897)
20X THE CASH	-	(300)
50X THE CASH	-	(2,610)
100X THE CASH	-	(800)
WIN FOR LIFE	-	(2,124)
WIN EITHER \$100 OR \$200	-	28,640
BIG MONEY SPECTACULAR	-	(4)
\$50 AND \$100 BLOWOUT	-	20,070
\$1,000,000 SPECTACULAR	-	9,910
\$3,000,000 PLATINUM CLUB	-	605,310
QUICK 7s	-	(995)
WILD CASH	-	(3,200)
\$100,000 BANKROLL BINGO	-	(785)
\$10,000 TITANIUM CLUB	-	(2,280)
\$200,000 COPPER CLUB	-	1,505
\$500,000 SILVER CLUB	-	11,350
\$1,000,000 GOLD CLUB	-	112,400
LOTERIA GRANDE	-	(795)
BIG MONEY SPECTACULAR	-	(716)

See independent auditor's report.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**

**SCHEDULES OF SCRATCH-OFFS (INSTANT GAMES) REVENUES (CONTINUED)**

	Years Ended June 30,	
	2025	2024
THE BIG SPIN	-	4,090
CROSSWORD BONANZA	-	(1,600)
SUPER CROSSWORD	-	(465)
\$500 FRENZY	-	(1,945)
BLACKJACK TRIPLER	-	(1,128)
RED 7'S DOUBLER	-	(705)
LOTERIA	-	(4,467)
JUMBO BUCK	-	(1,355)
\$500 FRENZY	-	73,960
LOTERIA GRANDE	-	375,195
CROSSWORD	-	(2,127)
BINGO BONUS SQUARE	-	605
\$250,000 CROSSWORD	-	2,860
BIG MONEY SPECTACULAR	-	3,032
SUPER CROSSWORD	-	2,385
CROSSWORD BONANZA	-	(700)
QUICK 7'S	-	2,504
CASH BLAST	-	(4,270)
SLEIGH BILL\$	-	1,140
\$NOW ME THE MONEY	-	1,208
PEPPERMINT PAYOUT	-	1,945
WINTER WISHES	-	20,000
SUPER CROSSWORD	-	79,490
CROSSWORD BONANZA	-	47,900
7-11-21 10X	(2)	71,726
LOTERIA	(36)	173,070
CROSSWORD MULTIPLIER	(36)	144,345
CASH	(85)	199,015
\$10,000 BALLOONING BUCKS	(100)	189,818
SCORCHING HOT 7S	(120)	1,727,550
LUCLY 7'S DOUBLER	(275)	250,690
\$250,000 CROSSWORD	(300)	273,720
WILD 10'S	(325)	266,435
CASH LINE BINGO	(355)	379,815
LADY LUCK 7'S	(460)	7,412,590
BEAN BAG BUCKS	(645)	505,010
BIG MONEY SPECTACULAR	(710)	1,390,120
HIGH CARD POKER	(900)	2,606,805
SUPER CROSSWORD	(900)	6,743,065
QUICK 7'S	(906)	559,902
CROSSWORD BONANZA	(940)	8,239,320
LUCKY 7'S	(960)	1,949,388
CROSSWORD	(960)	1,384,059

See independent auditor's report.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**SCHEDULES OF SCRATCH-OFFS (INSTANT GAMES) REVENUES (CONTINUED)**

	Years Ended June 30,	
	2025	2024
LOOSE CHANGE	(983)	6,531,241
MYSTERY MULTIPLIER	(1,778)	8,790,314
WHEEL OF FORTUNE	(1,840)	837,535
PRIOR YEAR GAME	(1,850)	(9,965)
BLACKJACK TRIPLER	(2,044)	6,720,792
\$500 FRENZY	(2,050)	10,629,870
\$100,000 LUCKY BINGO	(2,070)	11,398,715
HIT \$200!	(2,245)	6,165,790
CASH BLAST	(2,620)	11,794,510
\$1,000,000 SPECTACULAR	(2,820)	24,121,150
WIN FOR LIFE	(3,177)	10,959,810
\$1,000,000 DIAMOND SPECTACULAR	(3,460)	11,338,580
FAST \$50'S	(3,530)	2,821,048
\$250,000 CROSSWORD	(3,660)	21,545,670
EXTREME CASH	(4,860)	12,207,780
CROSSWORD BONANZA	(7,000)	24,727,300
\$50,000 LOADED	(10,680)	35,707,860
	<u>\$ 2,043,454,354</u>	<u>\$ 2,059,683,950</u>

See independent auditor's report.

**STATE OF NEW JERSEY, DIVISION OF STATE LOTTERY**  
**SCHEDULES OF ADMINISTRATIVE EXPENSES**

	Years Ended June 30,	
	2025	2024
Salaries	\$ 7,453,945	\$ 7,377,311
Fringe benefits	-	2,000,000
Printing and office supplies	39,200	39,689
Vehicular supplies	901	1,071
Household and clothing	19,906	22,229
Other Supplies	1,039	-
Travel	101,891	81,766
Telephone	124,400	146,715
Postage	40,087	47,073
Data processing	776,847	821,327
Household and security	281,543	262,072
Professional services	1,675,922	1,124,396
Other professional services	306,913	347,500
Data processing - OIT	114,593	303,022
Maintenance - building and grounds	100,169	9,523
Maintenance - office equipment	16,052	46,202
Rent - building and grounds	917,361	1,058,506
Central motor pool	97,509	98,362
Rent - Other	-	895
Vehicular equipment	1,000	-
Other equipment	33,673	456,822
Information processing equipment	143,817	9,752
Amortization	108,836	87,744
Total administrative expenses	<u>\$ 12,355,603</u>	<u>\$ 14,341,975</u>

See independent auditor's report.

**STATE OF NEW JERSEY, DIVISION OF STATE LOTTERY**  
**SCHEDULE OF NORTHSTAR NJ NET INCOME TARGETS (UNAUDITED)**

Year	Fiscal Year	Net Income Target
Year 1 (Stub Year)	2014	\$ 760,897,061
Year 2	2015	1,047,000,000
Year 3	2016	963,478,103
Year 4	2017	990,513,343
Year 5	2018	1,009,871,643
Year 6	2019	1,023,544,636
Year 7	2020	1,082,203,750
Year 8	2021	1,094,774,507
Year 9	2022	1,104,531,442
Year 10	2023	1,114,374,966
Year 11	2024	1,124,767,787
Year 12	2025	1,135,239,702
Year 13	2026	1,145,794,655
Year 14	2027	1,156,420,946
Year 15	2028	1,167,131,650
Year 16	2029	1,177,921,943

See independent auditor's report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

State of New Jersey  
Department of the Treasury  
Division of the State Lottery

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

**Report on Internal Control Over Financial Reporting**

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

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

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)**

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

**Mercadien, P.C.**

**Certified Public Accountants**

October 30, 2025

**STATE OF NEW JERSEY, DIVISION OF STATE LOTTERY**  
**SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

None reported.

**STATE OF NEW JERSEY, DIVISION OF THE STATE LOTTERY**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

None reported.



