

**STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

One-month and twelve-month periods
June 30, 2023

**STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY**

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

State of New Jersey
Pension Fund L
Division of State Lottery

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying statements of revenues, expenses and changes in net position of the State of New Jersey, Pension Fund L, Division of State Lottery (the "Division of State Lottery") for the one-month and twelve-month periods ended June 30, 2023 and 2022, and the related notes to statements of revenues, expenses and changes in net position, which comprise the Division of 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 changes in financial position of the Division of State Lottery for the one-month and twelve-month periods ended June 30, 2023 and 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Division of State Lottery, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Division of 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibilities for the Audits 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 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 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 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Division of State Lottery's basic financial statements. The accompanying supplementary information, such as schedules of instant game revenues and administrative expenses, are presented for purposes of additional analysis and are 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 has been subjected to the auditing procedures applied in the audits 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, the schedules of instant game revenues and administrative expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2024, on our consideration of the Division of 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 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 State Lottery's internal control over financial reporting and compliance.

Mercadieu, P.C.

Certified Public Accountants

January 22, 2024

BASIC FINANCIAL STATEMENTS

**STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY**

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
One-month and twelve-month periods ended June 30, 2023 and 2022

	June 30, 2023				June 30, 2022			
	One-month period ended		Twelve-month period ended		One-month period ended		Twelve-month period ended	
Operating Revenues:								
Ticket Sales								
Pick 3 Fireball	\$ 32,803,954	11.16%	\$ 398,223,613	10.56%	\$ 34,611,177	11.77%	\$ 432,405,725	11.74%
Pick 4 Fireball	20,165,902	6.86%	250,833,332	6.65%	21,897,825	7.45%	274,862,465	7.46%
Jersey Cash 5 Xtra	12,491,978	4.25%	137,293,281	3.64%	10,720,824	3.65%	157,439,813	4.27%
Pick 6 Double Play	7,792,997	2.65%	65,138,369	1.73%	8,371,887	2.85%	62,868,070	1.71%
CASH4LIFE Doubler	4,980,683	1.70%	62,677,360	1.66%	4,651,037	1.58%	58,975,403	1.60%
Mega Millions	14,447,045	4.92%	293,645,609	7.78%	12,640,803	4.30%	147,238,717	4.00%
Powerball	18,263,886	6.22%	308,624,548	8.18%	17,620,934	5.99%	241,001,378	6.54%
Quick Draw	8,011,630	2.73%	101,117,331	2.68%	9,202,678	3.13%	112,115,435	3.04%
Fast Play	5,705,546	1.94%	52,998,150	1.40%	3,282,529	1.12%	40,180,302	1.09%
Cash Pop	5,244,290	1.78%	58,635,133	1.55%	3,882,610	1.32%	46,159,886	1.25%
Raffles	-	0.00%	-	0.00%	-	0.00%	4,025,060	0.11%
Instant	176,356,013	60.02%	2,169,846,419	57.52%	177,971,652	60.51%	2,201,022,844	59.75%
Gross Sales	306,263,923	104.24%	3,899,033,145	103.35%	304,853,956	103.65%	3,778,295,098	102.56%
Less Sales Discounts/Tickets Provided as Prizes	(14,430,930)	(4.91%)	(172,084,577)	(4.56%)	(12,857,374)	(4.37%)	(144,141,921)	(3.91%)
Net Sales	291,832,993	99.32%	3,726,948,568	98.79%	291,996,582	99.28%	3,634,153,177	98.65%
Other Revenues:								
Forfeited Prizes	1,161,515	0.40%	44,498,494	1.18%	1,172,511	0.40%	48,868,631	1.33%
Miscellaneous	825,680	0.28%	1,057,356	0.03%	936,060	0.32%	973,953	0.03%
Total Operating Revenues	293,820,187	100.00%	3,772,504,418	100.00%	294,105,153	100.00%	3,683,995,761	100.00%
Operating Expenses:								
Prize Expense	173,921,683	59.19%	2,230,286,382	59.12%	175,980,827	59.84%	2,209,064,696	59.96%
Administrative Expenses	2,121,383	0.72%	12,111,756	0.32%	1,558,082	0.53%	14,154,300	0.38%
Retailer Commissions	17,030,477	5.80%	218,756,960	5.80%	17,153,300	5.83%	213,116,490	5.78%
NJ Gaming System Vendor Fees	3,215,665	1.09%	40,939,920	1.09%	3,200,917	1.09%	39,672,435	1.08%
NJ Management Fee	477,375	0.16%	5,728,500	0.15%	467,500	0.16%	5,610,000	0.15%
NJ Manager Expenses	(1,405,728)	(0.48%)	15,388,458	0.41%	(2,219,779)	(0.75%)	15,339,888	0.42%
NJ Instant Vendor Printing Fees	2,205,922	0.75%	27,109,005	0.72%	2,224,404	0.76%	27,670,944	0.75%
NJ Advertising and Marketing Expenses	2,301,203	0.78%	27,967,870	0.74%	2,280,120	0.78%	27,946,787	0.76%
Multi-State Game Expenses	17,148	0.01%	123,724	0.00%	39,726	0.01%	85,722	0.00%
Drawing Broadcast Fees	60,627	0.02%	1,146,504	0.03%	37,154	0.01%	1,136,409	0.03%
Total Operating Expenses	199,945,756	68.05%	2,579,559,078	68.38%	200,722,251	68.25%	2,553,797,672	69.32%
Operating Income	93,874,432	31.95%	1,192,945,340	31.62%	93,382,902	31.75%	1,130,198,089	30.68%
Non-Operating Revenue								
Interest	994,113	0.34%	8,952,069	0.24%	170,365	0.06%	538,226	0.01%
Income Before Transfers	94,868,545	32.29%	1,201,897,409	31.86%	93,553,267	31.81%	1,130,736,315	30.69%
New Jersey Incentive Payment	(28,342,083)	(9.65%)	(28,342,083)	(0.75%)	(19,314,696)	(6.57%)	(19,314,696)	(0.52%)
Lease Amortization	217,025	0.07%	217,025	0.01%	125,452	0.04%	125,452	0.00%
Transfers out - contribution for state aid to education and state institutions	132,000,000	44.93%	1,173,000,000	31.09%	126,000,000	42.84%	1,111,000,000	30.16%
Changes in Net Position	(65,256,513)	(22.21%)	772,351	.02%	(51,635,977)	(17.56%)	547,071	0.01%
Net Position - Beginning of Period	66,476,996		448,133		52,084,109		(98,938)	
Net Position - End of Period	\$ 1,220,482		\$ 1,220,482		\$ 448,133		\$ 448,133	

See notes to statements of revenues, expenses and changes in net position.

**STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY**

NOTES TO STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The State of New Jersey, Division of State Lottery (the "Division of 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 thirty years. With the exception of a few retained assets and liabilities, all of the assets and liabilities of the Division of State Lottery were transferred to Pension Fund L on July 1, 2017. Under the LECA there is no material change in the Division of State Lottery's operation and management and 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 State Lottery's financial statements are presented as those of a proprietary fund and include the operations for which the Division of 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 Lottery Transfer Act and the subsequent Memorandum of Lottery Contribution ("MOLC") entered into between the State Treasurer and the Division of Investment, the operations of the Division of State 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 State Lottery existing prior to the transfer date (July 1, 2017), not be transferred to Pension Fund L. This requirement compelled the Division of State Lottery, specifically its Finance Department, to maintain two general ledgers. The pre-existing (or residual) Division of 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 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 State Lottery are being properly recorded and posted.

Basis of Accounting

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

STATE OF NEW JERSEY
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NOTES TO STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

In its accounting and financial reporting, the Division of State Lottery follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles. GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, establishes the order of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Position

Net position represents resources available for current operating expenses in compliance with legal and budgetary restrictions as well as amounts restricted for prize awards or contributions for aid to education and state institutions in conformance with the LECA. Specifically, net position consists 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 instant games.

Revenue Recognition

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

- "Pick-3 Fireball", "Pick-4 Fireball", "Jersey Cash 5 Xtra", "Pick-6 Double Play", "Mega Millions", "Powerball", "CASH4LIFE Doubler", "Quick Draw", "Raffles" and "Cash Pop" games on the drawing date.

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NOTES TO STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

- 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 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 not included in prize expense.

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 instant games be forfeited. Effective November 21, 1991, the Commission authorized that 70% of forfeited prizes are to be maintained in restricted net position for prize awards and are available to augment future prize awards or, at the discretion of the executive director, to augment the Division of State Lottery's contribution for state aid for education and state institutions in conformance with the LECA.

The remaining 30% goes directly to contributions to aid education and 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. For the one-month and twelve-month periods ended June 30, 2023, forfeited prizes were \$1,161,515 and \$44,498,494, respectively. For the one-month and twelve-month periods ended June 30, 2022, forfeited prizes were \$1,172,511 and \$48,868,631, respectively.

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 State Lottery for prize disbursements. For each lottery winner that chooses to receive their prize in installments, the Division of State Lottery purchases annuity contracts from insurance companies or 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 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:

1. Combined capital and surplus of at least \$1 billion dollars.
2. Admitted assets of at least \$10 billion dollars.
3. Risk based capital ratio of at least 300%.
4. Must have ratings equal to or better than those listed below from 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.
 - Moody's long term insurance financial strength rating of "Aa3" or higher.

**STATE OF NEW JERSEY
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NOTES TO STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Installment Prize Awards and Prize Expenses (Continued)

According to the Division of State Lottery's calculation, only one company does not meet the criteria, that of Delaware Life, formerly Sun Life Assurance. Due to the long-term 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.

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 state aid for education and state institutions on an annual basis. Contributions for the one-month and twelve-month periods ended June 30, 2023, were \$132,000,000 and \$1,173,000,000, respectively. Contributions for the one-month and twelve-month periods ended June 30, 2022, were \$126,000,000 and \$1,111,000,000, respectively.

For machine games, the Division of 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 instant games, the percentage of gross revenues to be allocated for prize awards varies by game.

Commissions and Fees

Retailers (agents) receive a commission of 5% based on the total tickets sold and a commission of 1.25% of terminal validations. 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.

██████ New Jersey Lottery Group, LLC ("██████ NJ" or "NSNJ") thus far 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 State Lottery follows the state's threshold for capitalizing equipment, which is 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 during the period in which they are acquired and are included in administrative expenses.

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NOTES TO STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Expenses (Continued)

The Division of State Lottery records vacation and sick time incurred during the period as "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.

Rounding

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

B. LITIGATION

The Division of 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 State Lottery cannot be predicted with certainty, management of the Division of State Lottery does not expect that these matters will have a material adverse effect on net position.

C. COMMITMENTS

The Division of State Lottery maintains a gaming network of almost 7,000 online locations where all games are sold. IGT Corporation is responsible for operating the network games and providing courier services under a contract that was assigned to NSNJ on October 1, 2013, and expires concurrent with NSNJ'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 State Lottery. NSNJ is owned directly by two members: (1) Scientific Games New Jersey, LLC, and (2) ██████ New Jersey Holding Company, LLC, and indirectly by three companies: (1) IGT Corporation, and (2) OSI LTT NJ Holdings Inc., which are the members of ██████ 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. In May 2019, the Department of Treasury, the Division of State Lottery, and ██████ agreed to Amendment 4 to the ██████ Contract. Amendment 4 revised the formula for calculating the incentive payment owed to ██████ in fiscal year 2019 and increased the net income targets that are used to calculate incentive payments in future years to ██████ thereby creating a higher performance bar to be reached before ██████ 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 don't meet the net income target, they are

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NOTES TO STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

C. COMMITMENTS (CONTINUED)

assessed a penalty. The NSNJ contract provided for an allowance of \$20 million to offset any potential contribution shortfall payments over the life of the contract. For fiscal years ended June 30, 2023 and 2022, NSNJ met its amended contractual net income target resulting in an incentive payment of \$28,342,083 and \$19,314,696, respectively, to NSNJ.

Prior to the beginning of each fiscal year the Division of State Lottery and NSNJ agree to an annual business plan that includes the projected operating expenses, which includes management fee, manager, advertising and marketing expenses of NSNJ for the fiscal year. Each month NSNJ may invoice the Division of 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 NSNJ operating expenses are aggregated and reconciled with any excess returned to the Division of State Lottery.

The NSNJ expenses for services to the Division of State Lottery amounted to \$1,372,850 and \$49,084,828 for the one-month and twelve-month periods ended June 30, 2023, respectively. The NSNJ expenses for services to the Division of State Lottery amounted to \$527,841 and \$48,896,675 for the one-month and twelve-month periods ended June 30, 2022, respectively.

In addition to the budgeted monthly expenditures, NSNJ receives a system provider vendor fee based on 1.05% of ticket sales and a system provider printing fee based on 1.215% of ticket sales as part of its subcontractor agreements. All other gaming contractors are paid fees based on the units of service provided.

Rent expense for office facilities and equipment is included in administrative expenses and amounted to \$362,973 and \$1,147,273 for the one-month and twelve-month periods ended June 30, 2023, respectively. Rent expense for office facilities and equipment is included in administrative expenses and amounted to \$138,937 and \$875,337 for the one-month and twelve-month periods ended June 30, 2022, respectively.

SUPPLEMENTARY INFORMATION

**STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY**

SCHEDULES OF INSTANT GAME REVENUES

	June 30, 2023		June 30, 2022	
	One-month period ended	Twelve-month period ended	One-month period ended	Twelve-month period ended
ULTIMATE \$1,000,000 SPECTACULAR	\$ 17,726,010	\$ 71,673,060	\$ -	\$ -
CROSSWORD BONANZA	11,851,100	22,325,880	-	-
POWER 50X	11,178,780	124,297,770	-	-
\$50,000 LOADED	8,601,720	126,656,640	-	-
\$1,000,000 SPECTACULAR	8,329,730	57,649,110	-	-
POWER 20X	8,228,700	45,395,260	-	-
\$250,000 CROSSWORD	6,617,190	13,898,720	-	-
\$1,000,000 DIAMOND SPECTACULAR	6,416,260	88,384,240	12,659,280	27,257,880
SUPER CROSSWORD	6,271,005	19,648,035	-	-
CASH BLAST	6,224,270	6,224,270	-	-
LUCKY 7'S MULTIPLIER	4,648,460	67,433,240	-	-
THE BIGGER \$PIN	4,567,670	17,620,130	-	-
THE JERSEY DEBATE	4,400,780	10,872,230	-	-
\$500 FRENZY	4,352,990	11,908,855	-	-
CROSSWORD	4,318,245	4,560,345	-	-
POWER 10X	4,154,170	32,621,700	-	-
\$100,000 LUCKY BINGO	3,708,700	7,013,315	-	-
LADY LUCK 7'S	3,661,155	12,577,675	-	-
WIN EITHER \$100 OR \$200	3,455,780	28,932,360	-	-
CROSSWORD BONANZA	3,193,120	35,191,520	-	-
WIN FOR LIFE	3,023,457	26,188,704	-	-
HIT \$200!	2,973,770	16,259,255	-	-
EXTREME CASH	2,926,520	34,510,980	3,551,920	57,991,480
POWER 5X	2,394,885	18,049,930	-	-
LOTERIA	2,213,172	5,015,319	-	-
CROSSWORD	2,192,727	39,743,052	-	-
BIG MONEY SPECTACULAR	2,185,852	2,227,552	-	-
LUCKY 7'S TRIPLER	2,066,810	46,389,030	-	-
LOTERIA GRANDE	2,057,250	3,070,535	-	-
BIG MONEY SPECTACULAR	2,056,856	23,609,030	-	-
BLACKJACK TRIPLER	1,857,100	1,857,100	-	-
HIGH CARD POKER	1,728,840	25,574,855	-	-
SUPER 8'S	1,360,210	36,572,710	9,411,640	9,411,640
CASH CLIMB	1,222,446	6,352,574	-	-
\$3,000,000 PLATINUM CLUB	1,185,450	109,113,720	15,454,650	100,372,380
LOOSE CHANGE	1,150,492	1,452,786	-	-
POWER 2X	1,060,150	7,744,648	-	-
SUPER 50X	978,530	14,136,020	1,477,050	26,984,790
WILD CASH MULTIPLIER	968,050	14,497,075	-	-
CASH LINE BINGO	815,400	20,535,665	-	-
FAST \$50'S	805,688	8,942,932	-	-
QUICK 7'S	736,864	7,409,595	-	-
LOTERIA GRANDE	688,690	22,022,420	-	-
SCORCHING HOT7S	685,040	8,749,860	1,065,600	23,692,360
\$250,000 CROSSWORD	678,100	35,301,010	-	-
LUCKY 7'S	646,360	11,548,148	-	-
TRIPLE DOUBLE DIAMOND	418,760	17,085,690	-	-
LUCKY 7'S DOUBLER	385,435	26,517,490	-	-
BIRTHDAY SURPRISE	381,260	3,860,976	-	-
WILD 10'S	365,950	20,644,385	-	-
CROSSWORD MULTIPLIER	282,141	19,105,299	-	-
LOTERIA	246,741	15,522,360	-	-

See independent auditors' report.

**STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY**

SCHEDULES OF INSTANT GAME REVENUES (CONTINUED)

	June 30, 2023		June 30, 2022	
	One-month period ended	Twelve-month period ended	One-month period ended	Twelve-month period ended
\$1,000,000 GOLD CLUB	203,600	60,429,660	9,376,660	54,554,000
\$10,000 BALLOONING BUCKS	201,574	7,404,428	1,309,496	1,309,496
\$1,000,000 RICHES	189,940	22,980,300	2,734,360	45,401,680
\$500 FRENZY	163,680	25,197,320	-	-
WHEEL OF FORTUNE	162,995	2,961,440	485,640	13,177,920
SUPER CROSSWORD	151,735	25,995,840	-	-
CASH	135,645	1,537,825	140,625	3,012,495
7-11-21 10 X	130,718	12,734,848	-	-
BEAN BAG BUCKS	101,785	1,623,725	220,210	10,325,250
CROSSWORD BONANZA	92,080	47,319,520	-	-
\$50 AND \$100 BLOWOUT	65,530	7,486,100	1,592,580	26,429,270
WIN EITHER \$100 OR \$200	39,740	18,686,100	3,741,920	53,474,060
WINTER WISHES	25,110	29,763,380	-	-
\$500,000 SILVER CLUB	17,220	25,707,730	6,210,060	38,664,820
SUMMER FUN	12,864	1,263,802	190,496	5,485,854
RUBY/EMERALD/SAPPHIRE MINE 20X	8,445	1,146,850	119,105	2,048,440
THE BIG SPIN	6,765	7,134,290	2,571,595	16,614,975
\$1,000,000 SPECTACULAR	5,170	39,704,820	6,609,110	54,415,000
QUICK 7'S	4,702	7,265,913	374,578	388,178
PEPPERMINT PAYOUT	3,575	17,022,055	-	-
SLEIGH BILL\$	3,314	6,056,371	-	-
BIG MONEY SPECTACULAR	2,324	23,320,180	1,246,736	1,246,736
\$250,000 CROSSWORD	1,980	34,645,030	1,185,600	1,185,600
SUPER CROSSWORD	1,890	25,998,295	-	-
BINGO BONUS SQUARE	1,420	18,726,310	2,846,425	2,846,425
\$200,000 COPPER CLUB	885	6,446,920	1,676,320	16,026,135
\$NOW ME THE MONEY	434	9,969,134	-	-
\$250,000 CROSSWORD	300	2,651,960	5,545,540	32,831,160
SUPER CROSSWORD	75	6,187,105	6,301,000	20,288,490
50X THE CASH	(10)	4,207,470	3,699,870	62,701,380
CROSSWORD	(15)	176,832	641,583	40,369,311
CASH PLUS	(70)	2,309,245	839,040	17,319,225
\$100 DOUBLER	(122)	311,492	403,524	8,581,330
MONEY VAULT	(145)	2,017,695	388,510	15,900,215
DIAMONDS AND GOLD DOUBLER	(178)	310,240	208,698	5,536,010
LUCKY TIMES 20	(300)	419,465	107,260	1,441,055
POWER 5s	(300)	469,080	131,055	1,642,495
\$1,000,000 SPECTACULAR	(300)	2,574,230	749,770	33,822,710
24 KARAT GOLD	(300)	818,200	359,215	8,300,100
LADY LUCK MULTIPLIER	(300)	1,332,400	414,210	12,008,310
CASH BLAST	(300)	872,770	762,700	29,950,020
BIG MONEY SPECTACULAR	(300)	2,426,028	464,454	19,697,130
BIG MONEY SPECTACULAR	(300)	2,113,330	3,007,574	22,331,718
\$100,000 BANKROLL BINGO	(305)	4,423,170	2,357,375	23,208,330
QUICK 7s	(353)	935,448	872,407	7,185,325
HIGH CARD POKER	(395)	2,925,915	2,074,855	21,623,040
\$500 FRENZY	(475)	7,661,875	3,072,780	18,163,395
CROSSWORD	(498)	25,114,122	6,579,345	15,437,571
SUPER MONEY MULTIPLIER	(600)	358,200	88,880	1,046,550
DIAMOND RICHES	(600)	384,415	94,370	1,486,885
\$3,000,000 MEGA BUCKS	(720)	11,973,360	7,355,400	92,953,440
100X THE CASH	(760)	2,899,760	2,461,640	118,300,120

See independent auditors' report.

**STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY**

SCHEDULES OF INSTANT GAME REVENUES (CONTINUED)

	June 30, 2023		June 30, 2022	
	One-month period ended	Twelve-month period ended	One-month period ended	Twelve-month period ended
JUMBO BUCK	(860)	7,006,995	4,474,585	10,763,175
LOTERIA GRANDE	(865)	6,821,705	2,277,105	13,787,765
CROSSWORD BONANZA	(920)	3,897,820	6,532,920	42,790,680
BLACKJACK TRIPLER	(952)	8,864,424	-	-
BIRTHDAY SURPRISE	(1,090)	1,198,792	360,502	4,603,622
WIN FOR LIFE	(1,155)	12,148,599	3,096,207	21,654,882
CASH BLAST	(1,400)	18,488,040	-	-
CROSSWORD BONANZA	(1,640)	40,447,800	4,692,900	4,692,900
WILD CASH	(1,794)	2,805,688	2,021,804	6,097,698
\$10,000 TITANIUM CLUB	(1,800)	3,412,076	1,421,288	9,448,434
RAGING HOT 7s	(2,070)	12,956,700	6,345,930	94,248,570
LOTERIA	(2,121)	7,045,491	2,181,846	8,550,546
PRIOR YEAR GAME	-	(15,678)	(8,307)	(30,776)
\$200 MILLION CASH BONANZA	-	-	-	(5,490)
INSTANT CASH MILLIONAIRE	-	-	-	47,960
\$1,000,000 GOLD RUSH	-	-	-	(600)
DAZZLING DIAMOND SPECTACULAR	-	(580)	(400)	5,878,500
RUBY RED RICHES	-	-	-	117,550
WILD TIME MULTIPLIER	-	-	-	(300)
LADY LUCK BONUS	-	-	-	(300)
MONEY MATCH	-	-	-	(2,765)
\$2,000,000 LUCKY 7S	-	-	-	(800)
\$3,000,000 CASH OUT	-	-	-	(5,175)
DIAMONDS AND DOLLARS	-	301,580	72,975	981,505
WIN FOR LIFE	-	-	-	3,000
\$18,000,000 SILVER PAYOUT	-	-	-	(830)
\$52,000,000 GOLD PAYOUT	-	(260)	(900)	3,429,950
\$90,000,000 PLATINUM PAYOUT	-	(1,000)	(400)	6,863,580
LUCKY TIMES 50	-	-	-	(1,730)
DOUBLE DOLLAR BINGO	-	-	-	(3,144)
FAST MONEY	-	(1,192)	-	294,434
SUMMER LUCKY TIMES 10	-	-	-	(1,250)
7 (THEME)	-	-	-	12,025
CASH BLAST	-	-	-	(300)
HIGH CARD POKER	-	-	-	(600)
SUPER TRIPLE 777	-	(1,030)	(300)	3,699,490
TIC TAC TOE DOUBLER	-	-	-	(4,012)
\$25,000 CASH LINES	-	-	-	(1,380)
\$100,000 BINGO MULTIPLIER	-	-	-	(805)
200X THE MONEY BONUS	-	-	-	(14,550)
LOOSE CHANGE	-	-	-	(400)
HIT \$200!	-	-	-	(2,495)
HIT \$500!	-	60	(300)	147,280
HIT \$2,000!	-	203,120	364,060	16,840,960
LOOSE CHANGE	-	-	-	(859)
MEGA CROSSWORD	-	-	-	(1,600)
BIRTHDAY SURPRISE	-	(188)	(38)	54,710
BINGO GOLD	-	-	-	(2,193)
HOLIDAY LUCKY TIMES 10	-	-	-	(300)
LOTERIA	-	-	-	(87)
CROSSWORD	-	-	-	(300)
MONEY MULTIPLIER	-	6,384	7,682	843,266

See independent auditors' report.

**STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY**

SCHEDULES OF INSTANT GAME REVENUES (CONTINUED)

	June 30, 2023		June 30, 2022	
	One-month period ended	Twelve-month period ended	One-month period ended	Twelve-month period ended
WIN FOR LIFE	-	-	-	11,274
DOUBLE MATCH BONUS	-	-	-	(3,445)
\$1,000,000 SPECTACULAR	-	-	-	21,540
2020 CASH CELEBRATION	-	-	-	(1,290)
\$500 FRENZY	-	-	-	(5,090)
BIG MONEY SPECTACULAR	-	-	-	(1,202)
LOVE TO WIN \$50	-	-	-	8,544
BINGO BONUS SQUARE	-	-	-	16,590
MEGA CROSSWORD	-	-	-	(12,520)
-7-	-	-	-	26,295
SUPER CROSSWORD	-	-	-	(905)
10X THE MONEY BONUS	-	-	-	(3,778)
20X THE MONEY BONUS	-	-	-	(4,615)
50X THE MONEY BONUS	-	-	-	6,120
100X THE MONEY BONUS	-	(3,980)	(2,720)	13,128,300
\$250,000 CROSSWORD	-	-	-	(600)
LUCKY 7s	-	-	-	(7,384)
LOTERIA	-	-	-	17,001
BIG MONEY SPECTACULAR	-	-	-	3,392
\$500,000 FORTUNE	-	(2,680)	(1,340)	6,989,810
SUPER 50	-	(560)	(1,370)	571,250
MONEY MADNESS	-	-	-	23,170
HIGH CARD POKER	-	-	-	7,675
POCKET CHANGE	-	-	-	4,796
CROSSWORD	-	-	-	(1,860)
SUPER CROSSWORD	-	-	-	(1,190)
QUICK \$100s	-	-	-	10,096
LUCKY STARS	-	6,826	12,374	902,414
LOTERIA GRANDE	-	(70)	(180)	85,585
FAST CASH	-	-	-	(8,340)
\$250,000 CROSSWORD	-	-	-	(1,500)
\$3,000,000 ULTIMATE RICHES	-	451,620	837,630	67,993,830
CROSSWORD	-	(300)	(300)	190,464
DOUBLE MATCH	-	-	-	10,660
\$100,000 BINGO TRIPLER	-	(1,060)	(600)	2,160,150
FULL OF \$500s	-	-	-	9,955
\$250,000 CROSSWORD	-	-	-	(2,100)
CROSSWORD BONANZA	-	(40)	(1,600)	867,960
\$20,000 RICHES	-	(18)	(1,086)	312,634
\$200,000 RICHES	-	(300)	-	214,040
\$500,000 RICHES	-	(3,200)	(10)	9,143,740
SUPER CROSSWORD	-	-	-	9,800
BIG MONEY SPECTACULAR	-	(288)	(900)	239,814
MONEY BAG MULTIPLIER	-	(2,976)	(2,808)	2,172,394
CASH LINE BINGO	-	(2,439)	(906)	3,038,379
HAPPY HOLIDAYS	-	-	-	4,428
HAPPY HOLIDAYS	-	-	(1,682)	71,796
HAPPY HOLIDAYS	-	-	-	8,315
MONEY STASH	-	(7,086)	(1,204)	1,916,458
WIN FOR LIFE	-	(5,319)	(2,637)	16,547,424
SUPER TIC TAC TOE BONUS	-	14,355	40,175	8,526,920
SUPER CROSSWORD	-	(305)	-	604,230
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**STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY**

SCHEDULES OF INSTANT GAME REVENUES (CONTINUED)

	June 30, 2023		June 30, 2022	
	One-month period ended	Twelve-month period ended	One-month period ended	Twelve-month period ended
POCKET CHANGE	-	(496)	(227)	564,551
ROSES & RICHES	-	(2,206)	(1,182)	1,153,998
HIGH CARD POKER	-	(4,960)	(2,375)	8,974,685
\$250,000 CROSSWORD	-	-	-	3,450
HOT 7S	-	19,462	38,392	4,508,606
FLAMING HOT 7S	-	28,255	38,640	7,255,935
BLAZING HOT 7S	-	5,421,860	2,407,820	46,197,940
BIG MONEY SPECTACULAR	-	(3,510)	(2,032)	14,746,738
CROSSWORD	-	(3,537)	(786)	25,528,104
LOTERIA	-	(1,524)	(900)	3,409,581
CROSSWORD BONANZA	-	(400)	(100)	3,331,900
7-11-21 10X	-	-	(938)	340,716
CASH BLAST	-	(2,000)	(2,040)	4,770,090
\$250,000 CROSSWORD	-	-	(300)	56,330
\$500 FRENZY	-	(1,785)	(1,200)	3,875,670
CASH CLIMB	-	(5,062)	(3,188)	2,828,258
LOTERIA	-	19,392	24,900	15,544,965
WILD 10'S	-	(2,585)	(1,275)	6,382,810
LOTERIA GRANDE	-	8,075	11,265	12,914,175
\$500 FRENZY	-	9,340	12,290	25,436,700
SUPER CROSSWORD	-	(4,845)	(2,075)	14,451,365
\$250,000 CROSSWORD	-	(1,900)	(200)	644,820
MULTIPLIER MANIA	-	50,220	134,240	48,277,450
LOOSE CHANGE	-	476,548	497,720	11,423,921
EMERALD 8'S	-	5,870	12,722	8,980,408
BINGO TIMES 10	-	3,815	4,465	20,066,705
QUICK \$50s	-	13,200	21,328	9,349,710
\$250,000 CROSSWORD	-	(1,250)	(730)	5,268,160
SUPER CROSSWORD	-	4,925	4,655	25,826,025
10X THE CASH	-	102,972	176,784	13,098,688
20X THE CASH	-	204,015	398,570	25,234,085
CROSSWORD BONANZA	-	(6,920)	(2,500)	40,235,480
\$250,000 CROSSWORD	-	(3,380)	(610)	17,335,630
FESTIVE \$50s	-	4,252	2,874	5,934,732
HOLIDAY LUCKY TIMES 10	-	14,624	22,804	11,783,514
HOLIDAY DELIGHT	-	4,930	6,130	17,253,920
SUPER CROSSWORD	-	86,685	196,160	25,350,740
\$250,000 CROSSWORD	-	5,050	4,830	17,235,150
CROSSWORD BONANZA	-	99,060	132,240	47,856,760
\$250,000 CROSSWORD	-	12,960	18,610	16,962,010
RED 7'S DOUBLER	-	8,372,690	3,884,165	14,595,325
	<u>\$ 176,356,013</u>	<u>\$ 2,169,846,419</u>	<u>\$ 177,971,652</u>	<u>\$ 2,201,022,844</u>

**STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY**

SCHEDULES OF ADMINISTRATIVE EXPENSES

	June 30, 2023		June 30, 2022	
	One-month period-ended	Twelve-month period ended	One-month period-ended	Twelve-month period ended
Salaries	\$ 575,895	\$ 6,665,916	\$ 545,423	\$ 6,349,667
Fringe Benefits	-	-	557,886	3,869,986
Printing and Office Supplies	13,145	71,625	(28,842)	47,734
Vehicular Supplies	1,017	1,017	699	699
Household and Clothing	3,214	17,215	18,492	18,598
Travel	27,931	103,825	9,837	55,731
Telephone	(3,434)	129,483	(9,073)	137,960
Postage	3,192	43,708	(3,642)	42,941
Data Processing	142,322	764,722	172,878	682,978
Household and Security	59,702	267,602	(13,077)	235,837
Professional Services	(165,987)	1,001,312	43,548	940,848
Other Professional Services	(38,363)	326,296	54,573	420,511
Data Processing-OIT	55,553	140,553	(56,104)	84,696
Maintenance-Building & Grounds	(1,429)	18,671	1,859	18,959
Maintenance-Office Equipment	12,893	36,093	3,748	12,548
Rent-Building and Grounds	362,973	1,147,273	138,937	875,337
Central Motor Pool	21,747	86,489	(2,394)	55,906
Vehicular Equipment	10,054	10,054	-	-
Other Equipment	956,576	1,115,087	58,144	238,175
Info Processing Equipment	77,069	77,069	18,996	18,996
Amortization	7,312	87,744	46,195	46,195
Total Administrative Expenses	<u>\$ 2,121,383</u>	<u>\$ 12,111,756</u>	<u>\$ 1,558,081</u>	<u>\$ 14,154,300</u>

**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
Pension Fund L
Division of 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 statements of revenues, expenses and changes in net position of the State of New Jersey, Pension Fund L, Division of State Lottery (the "Division of State Lottery") for the one-month and twelve-month periods ended June 30, 2023, and the related notes to statements of revenues, expenses and changes in net position, which comprise the Division of State Lottery's basic financial statements, and have issued our report thereon dated January 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Division of State Lottery's internal control over financial reporting ("internal control") as a basis for designing 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 Division of State Lottery's internal control. Accordingly, we do not express an opinion on the effectiveness of Division of 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 entity'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 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 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 State Lottery's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercadieu, P.C.
Certified Public Accountants

January 22, 2024