



OHIO LOTTERY COMMISSION

An Enterprise Fund of the State of Ohio



FISCAL YEAR 2023

ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

The Ohio Lottery Commission

An Enterprise Fund of the State of Ohio
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

Prepared by the
Ohio Lottery Office of Finance

Mike DeWine, Governor
Michelle Gillcrist, Executive Director
Matthew Blair, Commission Chairperson
Edward Slyman, Finance Director



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• INTRODUCTORY SECTION •

Celebrating the Ohio Lottery's outstanding employees

Launched in April 2018, **BravOH** is the Ohio Lottery's Employee Recognition program.

Every month, employees are nominated for exemplary performance in the execution of their job duties and their exceptional dependability. Congratulations to the following employees who were acknowledged during Fiscal Year 2023 for going above and beyond.



DANA ARTIM



Information Technology
July 2022

TIM O'LINN



Security
October 2022

JOHN KEYSE



Information Technology
January 2023

BRENDAN MULLOY



Finance
April 2023

RON PRINCE



Security
August 2022

CARLA REEVES



Sports Betting
November 2022

STEVE DAVIS



General Services
February 2023

DANNY DAVIS



General Services
May 2023

LAUREN MEDINA



Marketing
September 2022

MEG RASMUSSEN



Legal Counsel
December 2022

BOB DREW



Information Technology
March 2023

JACKIE CUNNINGHAM



Communications
June 2023

Partners in Education: Shining a Spotlight on Academic Excellence

In Fiscal Year 2023, the Ohio Lottery transferred a record \$1.46 billion to help fund education in Ohio. Investing in Ohio students and communities is our passion, which is why in 2007 we launched an initiative perfectly suited to our mission.

The **Partners in Education** program recognizes students, teachers, and schools by shining a light on academic excellence. Every month from September through May, the Lottery accepts nominations of outstanding teachers and students statewide for **Teacher of the Month** and **Academic All-Star**.

The Partners in Education program currently highlights three teachers and three students per month who work hard in the classroom and in their community. A monthly drawing is held and the selected teachers and students each receive a gift card, prize pack, and a certificate of excellence. Currently, Academic All-Stars receive a \$100 gift card and Teachers of the Month receive a \$500 gift card. They are also recognized on the Lottery's website and social media pages.



In addition to honoring students and teachers, the Ohio Lottery added a **School of the Year** component to the program that acknowledges schools across the state. Under the newly updated program, the School of the Year will receive a \$2,500 gift card, prize pack and certificate of excellence.

To learn more about the program and how you can nominate a teacher or student, please visit:

www.ohiolottery.com/partners



The Dolly Parton Imagination Library of Ohio

The Dolly Parton's Imagination Library of Ohio mails children one free book each month until their 5th birthday. Any child in Ohio up to age 5 is eligible for the program, which is available at no cost to families.

The Ohio Lottery, and particularly First Lady Fran DeWine, is encouraging all to take advantage of this amazing program.



Register here:





THE OHIO LOTTERY COMMISSION
615 WEST SUPERIOR AVENUE
CLEVELAND, OHIO 44113-1879
1-800-686-4208

September 29, 2023

To the Governor of the State of Ohio
The Ohio Lottery Commissioners, and
The Citizens of Ohio:

We are pleased to submit to you this Annual Comprehensive Financial Report (ACFR) of the Ohio Lottery Commission (the Ohio Lottery) for the fiscal year ended June 30, 2023. The Office of Finance of the Ohio Lottery has prepared this report in accordance with Generally Accepted Accounting Principles (GAAP). The Ohio Lottery management assumes the responsibility for the accuracy and completeness of this report. To the best of our knowledge, the information presented is accurate in all material respects and is reported in a manner designed to present fairly the financial position, the results of operations, and the cash flows of the Ohio Lottery. All disclosures necessary to gain an understanding of the Ohio Lottery financial activities have been included. The Independent Auditor's Report is included on pages 18-21 of this report.

The Ohio Lottery, an agency of the State of Ohio (the State) launched in 1974, is operated as a business enterprise within the framework of the State's laws and regulations and is included in the State's ACFR. The Ohio Lottery's activity is reported as an enterprise fund type and includes all activity for which the Ohio Lottery is financially accountable. No data related to any other state agency or fund is included in this report. The Ohio Lottery's mission is supporting education by offering entertaining gaming experiences.

PROFILE OF THE OHIO LOTTERY

The Ohio Lottery was approved in May 1973, through a constitutional amendment approved by voters by a 2-to-1 margin. The first ticket went on sale in August 1974. Throughout the 1980's, the Ohio Lottery launched a number of draw games which still exist today, such as Pick 3 and Pick 4. The 1990's were a strong decade for instant "scratch-off" games, with \$2, \$5 and \$10 price points launched during this period. The first \$20 scratch-off ticket was launched in 2003, the Ohio Lottery later added a \$30 price point in 2014, and a \$50 scratch-off in 2023. Encouraged by the ongoing success of its in-state lotto games, the Ohio Lottery formally joined the Mega Millions consortium in fiscal year 2002. In fiscal year 2010, the Ohio Lottery entered into an agreement to sell Powerball. The Ohio Lottery continues to aggressively modernize its game portfolio to better match player demand. For instance, the Ohio Lottery launched EZPlay and Keno in 2008. Furthermore, fast play draw game options were launched in June of 2016. The latest example is a \$40 EZ Play progressive jackpot game, Ohio Jackpot 7s, launched in early 2021. In 2015, the Ohio Lottery joined a multi-state consortium to offer a "life" prize, Lucky for Life. Today, the Ohio Lottery offers customers a wide variety of draw-based and scratch off games, with new convenient payment options, at more than 10,000 licensed retailer locations across the state.

In 1983, the Ohio Legislature earmarked Lottery profits to education, which was made permanent via a constitutional amendment in 1987. Since inception, the Ohio Lottery has provided approximately \$31 billion to education.

Video Lottery gaming was introduced in Ohio in 2012, when then Governor John Kasich signed Executive Order 2011-22K, which authorized the Ohio Lottery to amend and adopt rules necessary to implement a video lottery program at Ohio's seven (7) horse racing facilities. The Ohio Lottery's role is to regulate the program with the goal of generating revenue for the State of Ohio, while maintaining integrity and transparency.

In December 2021, the Ohio General Assembly passed legislation (SB 29) legalizing sports gaming in Ohio. The Ohio Lottery was tasked with the implementation and operation of "type C" sports wagering at Lottery retail locations. In October, the Ohio Lottery executed contracts with Sports Gaming Proprietors to participate in a revenue sharing program. Sports Gaming went live January 1, 2023.

As of June 30, 2023, 45 states, plus the District of Columbia, the U.S. Virgin Islands and Puerto Rico operate lotteries using computer-based draw games and instant "scratch off" games. The Ohio Lottery routinely ranks in the top ten of all US lotteries in terms of its sales and profits.

ECONOMIC OUTLOOK

According to the Bureau of Economic Analysis (BEA), personal income in the United States increased 5.1 percent in the first quarter of federal fiscal year 2023. The report indicates that personal income grew in 48 states and the District of Columbia. BEA targeted three primary factors behind the increase in personal income, the increase in earnings, property income (dividends, interest, and rent), and transfer receipts. Of the industries tracked by the BEA, the largest percentage of earnings growth were from professional, scientific, and technical services; state and local government; and healthcare and social assistance. All told, nineteen of the twenty-four industries tracked saw earnings growth.

The US unemployment rate for June 2023 was 3.6 percent, which did not change from the previous year. This is likely attributed to the steady job growth across most industries. The four main industries where employment had the most growth were government, health care, social assistance, and construction.

Ohio began the first quarter of fiscal year 2023 with a 6.5 percent increase in personal income over the previous quarter. Ohio ranked 26th among states for change of income between the quarters. Throughout fiscal year 2023, the unemployment figures in Ohio have decreased, from 3.9 percent in June of 2022 to 3.4 percent as of June 2023. Ohio's unemployment rate currently sits at 0.2 percent below the national rate.

Many factors in the national and state economies have a direct impact on revenue generated by the Ohio Lottery. As smaller retail outlets close, national big box retailers and bulk consumer product warehouse clubs open in their place. The Ohio Lottery's revenues may be negatively impacted by this national and statewide trend because these retailers do not consider lottery products to be part of their business model, though the Ohio Lottery continues to make inroads into these markets. Additionally, as public places close and a need for entertainment increases, there has been a rapid increase in the sales of scratch-off lottery games. This could have a lasting effect on our sales as we introduce more consumers to Ohio Lottery during this period.

LOTTERY PRODUCTS

The Ohio Lottery provides the opportunity for the public to participate in different games with four styles of play, draw-based games, scratch-off games, Video Lottery, and Sports Gaming. Descriptions of the games and their portion of sales are as follows:

DRAW - BASED GAMES allow the customer to pick the numbers for their wager or utilize automatic computer-generated plays. Players receive a ticket with the numbers selected and must wait for a drawing to determine if they have matched the numbers and won.



PICK 3 was Ohio's first draw-based game. Players select a three-digit number from 000 to 999 and can play the numbers straight (numbers in exact order), boxed (numbers in any order) or as backup bets (players can win either or both ways). A wheel wager can also be placed. This wager is, in essence, equivalent to a straight bet being made for each number combination. Pick 3 sales for fiscal year 2023 were \$410.9 million, or 9.2 percent of total traditional Ohio Lottery sales.



PICK 4 is played similarly to Pick 3. Players select a four-digit number from 0000 to 9999 and may play it straight, boxed or in back-up bets. Sales for fiscal year 2023 were \$257.5 million, or 5.8 percent of total traditional Ohio Lottery sales.



PICK 5 began in August 2012 and is played similarly to Pick 3 and Pick 4. Players select a five-digit number from 00000 to 99999 and may play it straight, boxed or in back-up bets. Sales for fiscal year 2023 were \$63.9 million, or 1.4 percent of total traditional Ohio Lottery sales. Pick 3, Pick 4, and Pick 5 are drawn middays and evenings Sunday through Saturday.



ROLLING CASH 5 is a lotto game in which players select five numbers from a pool of 1 to 39, with overall odds of winning any prize of 1 in 9. The top prize starts at \$100,000 and increases if not won. Sales for fiscal year 2023 were \$49.6 million, or 1.1 percent of total traditional Ohio Lottery sales. Drawings are held Sunday through Saturday evenings.



CLASSIC LOTTO is an in-state lotto game in which players select six numbers from a pool of 1 to 49. To win the jackpot, all six numbers must be matched. The jackpot starts at \$1.0 million and increases if not won. Drawings are held on Monday, Wednesday, and Saturday evenings. Classic Lotto sales for fiscal year 2023 were \$27.9 million, or 0.6 percent of total traditional Ohio Lottery sales.

KICKER is an add-on game, with a top prize of \$100,000, which may only be purchased as an add-on to Classic Lotto. KICKER was reinstated in April 2012. Sales for fiscal year 2023 were \$4.2 million, or 0.1 percent of total traditional Ohio Lottery sales.



EZPLAY is a hybrid instant/draw game. EZPLAY combines instant win experiences with an online game component. The player purchases an online ticket that consists of two sections, a draw section followed by a play section. Players then match the two sections to determine if they are a winner. Game themes and ticket selling prices are strategically modified to keep the product line fresh. In fiscal year 2013, a progressive jackpot component was added to the game portfolio, which now comprises roughly 60 percent of EZPLAY sales. Sales for fiscal year 2023 were \$105.4 million, or 2.4 percent of total traditional Ohio Lottery sales.



EZPLAY TAP is a series of EZPLAY® Games that include graphical touch-screen style play and is played exclusively on Multi-Purpose Next Generation (MPNG) machines. This was an exclusive, legal gaming option offered by the Ohio Lottery for Veteran and Fraternal Organizations. Today, units are deployed at various fraternal and veteran organizations throughout the State. Several different games are loaded onto each machine with play prices starting at twenty-five cents. These games are normally structured to generate an 85-90 percent payout. Sales for fiscal year 2023 were \$36.3 million, or 0.8 percent of total traditional Ohio Lottery sales.



EZPLAY TOUCH & WIN are a style of EZPLAY games that are based on the traditional KENO game. It was originally introduced as QuickKeno in June 2016, and rebranded and renamed in January 2018 to generate more attention. Touch & Win games, which start at \$0.25, are highly interactive, visually entertaining, and played on a Touch & Win terminal. Sales for fiscal year 2023 were \$39.1 million, which represents 0.9 percent of total traditional Ohio Lottery sales.



KENO is a draw game in which players choose from one to 10 numbers (also called spots) for a top prize of \$100,000 by matching 10 of 20 numbers drawn. During fiscal year 2021, changes were made to the frequency of draws. The drawings are held every day starting at 6:04 a.m. and occur every 3.5 minutes, ending at 2:29 a.m. The Ohio Lottery introduced Booster in February 2010. Players may select the Booster option for a chance to increase their winnings at the cost of \$1 for each dollar wagered on KENO. The Booster number drawn can be 1, 2, 3, 4, 5, or 10 and can increase winnings 2, 3, 4, 5, or 10 times. Combined KENO/Booster sales for fiscal year 2023 were \$640.5 million, or 14.3 percent of total traditional Ohio Lottery sales.



THE LUCKY ONE is a monitor game that complements Keno, with drawings held every few minutes. Wagers range between \$1 and \$50. Players choose one number between 1 and 36 and have up to three different ways to play. Sales for fiscal year 2023 were \$36.2 million, or 0.8 percent of total traditional Ohio Lottery sales.



MEGA MILLIONS is a multi-state lotto game. Mega Millions adjusted its matrix and jackpot amount on October 28, 2017. For each \$2 wager, players select five numbers from a pool of 1 to 70 and select one Mega ball number from a second pool of 1 to 25. To win the jackpot, all six numbers must match. During the COVID-19 pandemic, the consortium voted to change the starting jackpot and minimum rolls to minimize the risk of underfunded jackpots. Starting jackpots and minimum jackpot rolls will be determined based on sales. All jackpots will be announced prior to the drawings.

MEGAPLIER was added to Mega Millions in January 2011. Players may select the Megaplier option for a chance to increase their winnings at the cost of \$1 for each dollar wagered on Mega Millions. The Megaplier number drawn can be 2, 3, 4 or 5, and can increase winnings by that Megaplier number drawn. Megaplier multiplies the winnings by the number drawn for prizes up to \$5,000,000. If a player selects the Megaplier option and then matches all five numbers but not the Mega ball, the prize is automatically \$1.0 million. Drawings are held on Tuesday and Friday evenings. Combined, Mega Millions/Megaplier sales for fiscal year 2023 were \$210.6 million, or 4.7 percent of total traditional Ohio Lottery sales.



POWERBALL is a multi-state lotto game launched in Ohio in April 2010. For each \$2 wager, players select five numbers from a pool of 1 to 69 and select one Powerball number from a second pool of 1 to 26. To win the jackpot, all six numbers must match. Guaranteed starting jackpot amounts and minimum jackpot increases were eliminated after the April 8, 2020 drawing, and future jackpot increases will be determined and announced by the Product Group prior to each drawing. During fiscal year 2022, changes were made to the frequency of draws. Drawings are held on Monday, Wednesday, and Saturday evenings.

Players may select the **POWER PLAY** feature that allows a winner to increase the original prize amount for an additional \$1 wager. Powerball players winning any prize other than the jackpot will win a larger cash prize. Combined Powerball/Power Play sales for fiscal year 2023 were \$202.7 million or 4.5 percent of total traditional Ohio Lottery sales.



LUCKY FOR LIFE is a small-scale multi-state game that was introduced in Ohio in November 2015. For each \$2 wager, players select five numbers from a pool of 1 to 48 and select one Lucky Ball number from a second pool of 1 to 18. During fiscal year 2022, changes were made to the frequency of draws. Drawings are held seven days a week. The Top Prize is \$1,000 a day for life and the Second Prize is \$25,000 a year for life. The top prize and second prize payouts are divided equally among multiple winners. Sales for fiscal year 2023 were \$40.3 million, or 0.9 percent of total traditional Ohio Lottery sales.



SCRATCH-OFF games are played by scratching the latex covering off a play area to reveal preprinted combinations. There are different ways to win in a “scratch-off” game, such as matching three like dollar amounts, symbols, or letters. If the correct combinations appear, the player becomes an “instant winner” and may immediately submit a claim to cash the ticket. Scratch-off games have been the Ohio Lottery’s dominant product since fiscal year 1997. For fiscal year 2023, scratch-off game sales were \$2.34 billion or 52.5 percent of total traditional ticket sales. The Ohio Lottery has successfully sold scratch-off games at the \$1, \$2, \$3, \$5, \$10, \$20, \$30, and \$50 price points. The Ohio Lottery continues to feature several “spotlight” scratch-off games, which are games sold at \$10 and \$20 price points with attractive, higher prize payouts.

Overall scratch-off sales saw a total increase in sales from the previous fiscal year. The \$50 game Billion was the best-selling game in fiscal year 2023, with over \$492.7 million in total sales. The \$1, \$2, and \$3 product lines all had growth in sales of 8 percent, 30.5 percent, and 91.5 percent respectively, while the \$5 - \$30 product lines saw a decrease in sales, over the prior fiscal year. In addition, as part of the agency’s new contract for the distribution of tickets to retailers, data analytics were leveraged to develop customized product orders for retailers to maximize sales potential by minimizing excess inventory.

VIDEO LOTTERY was introduced to the State of Ohio in 2012 when Governor Kasich signed Executive Order 2011-22K, which authorized the Ohio Lottery to amend and adopt rules necessary to implement a video lottery program at Ohio’s seven (7) horse racing facilities. On June 1, 2012, Scioto Downs in Columbus began video gaming with 1,787 video lottery terminals; as of June 30, 2023 there were 10,471 terminals at seven different racetracks in Ohio. A Video Lottery Terminal (VLT) is a stand-alone device containing a random-number generator. Each VLT connects to a centralized computer system that allows the Ohio Lottery to monitor game play and collect revenue activity. The Central Monitoring System (CMS) keeps track of money deposited in a terminal, usage, wins and payouts, machine maintenance and cash removal. Game themes are approved by the Ohio Lottery Commissioners, and independently tested and certified, before placed into operation. The minimum percentage payout in Ohio is 85.0 percent. The VLT total revenue for fiscal year 2023 was \$1.35 billion, with the Ohio Lottery receiving \$453.8 million as commissions earned.

SPORTS GAMING went live on January 1, 2023. In December 2021, the Ohio General Assembly passed legislation (SB 29) legalizing sports gaming in Ohio. The Ohio Lottery was tasked with the implementation and operation of “type C” sports wagering at Lottery retail locations. In October, the Ohio Lottery executed contracts with Sports Gaming Proprietors to participate in a revenue sharing program. There were five sportsbook vendors, BET IGG, UBETOho, Sports Bet Ohio, BetSkybox, and Gold Rush Gaming, that are licensed and actively selling sports gaming in Ohio. Each sportsbook offers their own terminal equipment, prize payment capabilities, and supporting services, while following Lottery regulations and guidelines. Players can place several different types of wagers including parlay wagers (combines multiple wagers into one), over/under wagers (higher or lower than a specific statistic), moneyline wagers (straight bet/outright winner), and spread wagers (pick a team to win or lose by a certain point spread). Players can wager any amount up to \$700 for a single transaction, and no more than \$700 per week. Sales for fiscal year 2023 were \$3.6 million.

MAJOR INITIATIVES

During fiscal year 2023, the Ohio Lottery generated \$1.46 billion for the Lottery Profits Education Fund (LPEF). This represents an increase of \$58.9 million compared to fiscal year 2022. Through fiscal year 2023, the Ohio Lottery has provided over \$31.0 billion in profits to the State of Ohio.

Gross gaming revenue generated from VLTs were \$1.35 billion during fiscal year 2023. This was an increase of \$23.3 million from the prior fiscal year. Of this amount, the video lottery operators received \$896.3 million commissions earned, while the Ohio Lottery's share of revenue equaled \$453.8 million, which represents an increase of \$7.8 million. Funds dedicated towards Problem Gambling programs were \$4.5 million.

Additionally, the Ohio Lottery made several noteworthy achievements during fiscal year 2023.

As part of our continued strategy to reach new consumers and adapt our business model to the changing landscape of how consumers purchase goods and services, the Ohio Lottery continued using a cashless solution accepting Visa, Mastercard, Discover and e-Wallet transactions. In fiscal year 2023, \$380.3 million in sales were generated utilizing the various forms of "cashless" transactions.

Mobile Cashing has continued to be popular with our players throughout FY 2023. In fiscal year 2023, 227,207 tickets were cashed for over \$73 million.

Total traditional lottery sales totaled nearly \$4.46 billion, the highest sales level achieved since inception. The Scratch-off ticket category led the way with sales of \$2.34 billion, an increase of about \$51 million over the previous fiscal year. In January 2023, a \$50 scratch-off was introduced (Billion), and the following month it reached the top spot as the highest selling game. The Billion scratch-off reached sales of \$492.8 million in FY23, and nearly had more sales than other price points despite only being on sale for half the fiscal year. The Ohio Lottery launched several new promotions throughout FY 2023 to help boost sales, including but not limited to:

1. Naughty or Nice Promotion, various price points and entry periods.
2. The \$20 Priceless Experience Promotion (Enter non-winning \$20 scratch-offs).
3. The Priceless Experience Promotion Adventure Package (Enter non-winning \$20 scratch-offs) June 20th - August 28th.

Scientific Games analyzes data from scratch-off orders and sales to provide retailers with information on the best performing scratch-offs. Overall, scratch-off sales generated were more than scratch-off sales in FY22, which was consistent throughout the industry and peer lotteries.

Ohio benefited from a few large jackpot prize offerings from its' Multi-State Jackpot games Powerball & Mega Millions. The Powerball jackpot reached \$2.04 billion in November 2022 and \$755 million in February 2023. The Mega Millions jackpot reached \$1.34 billion in July 2022 and \$1.35 billion in January 2023. The high jackpot sequences generated excitement from our players which contributed substantially to the ability to raise additional profits for our good cause.

The Ohio Lottery successfully launched type C sports gaming at retail locations throughout the State beginning January 1, 2023. This process included drafting and implementing new sports gaming rules and regulations, vetting various sportsbook operator solutions for compliance, and recommending over 1,600 eligible bars, restaurants, and other Ohio Lottery retail establishments for licensure as host locations where wagering is conducted. As of June 30th, there were five (5) type C sportsbook vendors operational and active selling at over 930 host locations, which spreads over 68 different counties throughout Ohio.

The Ohio Lottery made its presence felt by organizing several community-based events at sports games, concerts, fairs, and more. Promotional events were conducted including scratch-off giveaways, free merchandise, second chance promotions, and cash prizes. The Cash Explosion Anniversary Game Show (The Super Show) was advertised at the Ohio State Fair in Columbus.

Ohio participated in the national Living Lucky omnichannel promotion. Selected entrants were invited to an exclusive concert with the possibility of additional winnings. The Ohio Lottery also piloted long-term licensed property releases on terminals, with some financial success.

The Ohio Lottery encourages players to enjoy lottery games responsibly. The Ohio Lottery has demonstrated its historical commitment to responsible gambling by providing mandatory training for all Lottery employees, retailers, and Video Lottery Terminal employees. On its own and in conjunction with its Ohio for Responsible Gambling (ORG) partners, (the Ohio Casino Control Commission, the Ohio State Racing Commission and the Ohio Department of Mental Health and Addiction Services), the Ohio Lottery produces media awareness campaigns that promote methods of practicing responsible gambling and highlight prevention of problem gambling. Based on the findings by the Ohio Problem Gambling Prevalence Studies, a small percentage of Ohioans are at-risk for developing life altering gambling problems. Ohio for Responsible Gambling extended their "Change the Game" campaign, which focuses on bringing awareness to youth gambling. ORG continued with their successful prevention campaign "Get Set Before You Bet", which targeted select groups, such as seniors, athletes, teenagers, minority groups, and Spanish-speaking adults. The Ohio Lottery maintained the "Keep It Fun," Ohio campaign which offers facts, odds of games, tips to play responsibly, and resources for help to those that need it. With the introduction of sports gaming, the Ohio Voluntary Exclusion Program (VEP) was upgraded and rebranded as "Timeout Ohio." In fiscal year 2023, the Ohio Lottery collected \$4.5 million from VLT sales agents share of revenue to be spent on problem gambling programs in Ohio.

Additionally, the Ohio Lottery funds regional outpatient treatment programs, training for problem gambling counselors, a statewide multi-agency Voluntary Exclusion Program, and a statewide annual conference which presents cutting edge research and treatment tools to the problem gambling community to better address the issues impacting our citizens.

Along with offering fair and equitable games, the Ohio Lottery continues its commitment to the community to enhance and expand its various sponsorship programs, such as Partners in Education, MBE/EDGE Programs, and Community Outreach. Moreover, to appeal to a more diverse player and retailer base, the Ohio Lottery plans to implement various social media opportunities. Players and retailers can

access the Ohio Lottery via Twitter, Facebook, Instagram, YouTube, WordPress, and both the Ohio Lottery website and app. Going forward, into fiscal year 2024, the Ohio Lottery will continue to develop new ways to enhance its current product offerings and maximize operational efficiency and effectiveness. The Ohio Lottery benchmarks sales results against peer lottery states and reviews best practices to improve the current lottery products.

ACCOUNTING SYSTEMS AND POLICIES

The Ohio Lottery operates under two enterprise funds, each using the full accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred. The two Ohio Lottery funds are the Lottery Operating Fund and the Annuity Prize Fund.

The Ohio Lottery's operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources, liabilities and deferred inflows of resources associated with operation of the Ohio Lottery are included in the statement of net position. Operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in total net position. A narrative overview and analysis of the Ohio Lottery's financial activities for the fiscal year ended June 30, 2023 is in the Management's Discussion and Analysis in the financial section of this document.

BUDGETARY CONTROL

Budgetary control for all state agencies is maintained through legislative appropriations and the executive branch allotment. The budget includes all costs to operate the Ohio Lottery except for certain prizes paid to winners and all commissions paid to retailers. Various prize tiers and commissions are funded through the sale of lottery tickets and are not included as part of the biennial budget submitted for approval. An encumbrance system is utilized, whereby purchase orders reserve portions of applicable appropriations. The Ohio Lottery and the State of Ohio Office of Budget and Management monitor the appropriations and the amounts expended within the Ohio Lottery's funds. The adopted budget is divided among the operating offices at the Ohio Lottery, which have responsibility for delivery of service. These offices control the funds within their program. The Office of Finance monitors all accounts via the Ohio Administrative Knowledge System and its accounting reporting system. Additionally, the Ohio Lottery prepares periodic revisions to project revenue and expenditure trends and implements any changes necessary to keep both within appropriation and within internal management targets set by the Director.

INTERNAL CONTROL ENVIRONMENT

Management of the Ohio Lottery is responsible for establishing and maintaining internal controls designed to ensure that assets are protected from loss, theft, or misuse, and to ensure that the accounting system allows for compilation of accurate and timely financial information. Financial information is reported at monthly public meetings of the Ohio Lottery Commission. Because the cost of a control should not exceed their benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

To enhance controls over accounting procedures, the Ohio Lottery has segregated the following functions: personnel and payroll; purchasing; accounts payable; general ledger; and accounts receivable processing. Additionally, a Contract Compliance Officer monitors the execution of all large vendor contracts. Data input and processing is separate from system programming. An Information Security Manager monitors and audits automated systems. An Electronic Data Processing Audit Plan is executed annually to further improve internal controls. An internal audit team reviews all areas of operations and reports to the Director. The Office of Internal Audit prepares an annual internal audit plan and formally submits the plan to the Office of Budget and Management for approval. Results of these internal audits are submitted to the Auditor of State for review and consideration in its financial audit.

Since the Ohio Lottery manages a valuable ticket inventory and controls the disbursement of prizes, the following steps are taken to ensure that operations remain honest and secure:

- Maintain secure Ohio Lottery facilities with limited access.
- Perform background checks on retailers, key employees at Racinos, contractors and Ohio Lottery employees.
- Print lottery tickets with special paper, inks, dyes and security codes.
- Establish and execute detailed procedures for all game drawings.
- Contract with the Auditor of State as an independent witness to further ensure the integrity of our drawings and the television game show.
- Provide a variety of access and other controls in our computer systems.

FINANCIAL INFORMATION

The Ohio Lottery operates as an enterprise activity, selling lottery tickets to the general public and funding all related support activities from funds internally generated. No general government functions or fiduciary operations are managed by the Ohio Lottery or included in this report.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Ohio Lottery for its ACFR for the fiscal year ended June 30, 2022. This was the twenty-sixth consecutive year that the Ohio Lottery has received this prestigious award. To qualify for the Certificate of Achievement Award, the Ohio Lottery published an easily readable and efficiently organized ACFR. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

INDEPENDENT AUDIT

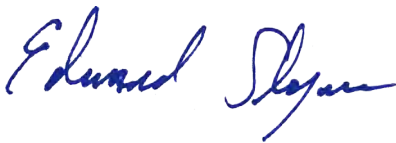
Ohio law requires an annual audit of the Ohio Lottery by an independent auditor. The Auditor of State for the State of Ohio currently conducts the annual financial audit of the Ohio Lottery. The Ohio Lottery's financial statements audit for fiscal year 2023 has been completed in conformity with generally accepted governmental auditing standards. The auditor's unmodified audit opinion of the Ohio Lottery's financial statements is included in the financial section of this report.

ACKNOWLEDGMENTS

Preparation of this report was made possible by the efficient and dedicated efforts of our employees. A special note of thanks is given to the General Accounting Bureau comprised of Mary Tedeschi-Vittardi, Marisol Halligan, Anna Callas, and Greg Schtscherbak and to the entire finance staff. Thanks to Michael M. Bycko, Visual Communications Manager, for the layout and graphics support of this publication.

Publishing this Annual Comprehensive Financial Report reflects our commitment to meet the highest standards of accountability. The Ohio Lottery intends to continually improve financial management and clearly communicate its financial story. It is important for the public to know that the Ohio Lottery's financial condition is properly reported, including payments made to education. Credit is due to Commission Chair Matthew Blair and the members of the Ohio Lottery Commission for their commitment to operating the Ohio Lottery in a responsible and progressive manner.

Respectfully submitted,



Edward Slyman
Finance Director



Michelle Gillcrist
Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

The Ohio Lottery Commission

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

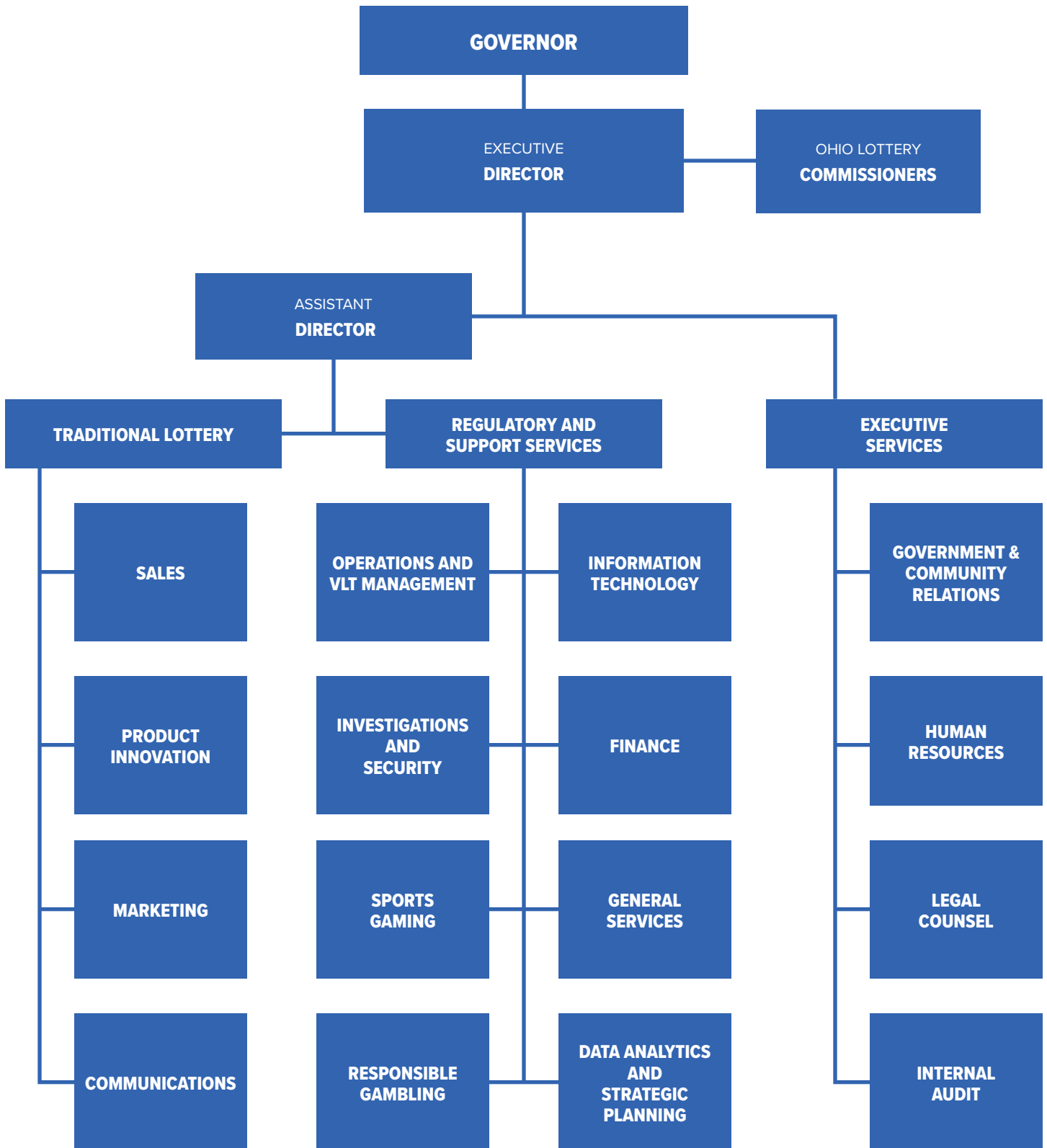
June 30, 2022

Christopher P. Morill

Executive Director/CEO

OHIO LOTTERY COMMISSION

STRUCTURE OF ORGANIZATION • FISCAL YEAR 2023



PRINCIPAL OFFICIALS

AS OF JUNE 30, 2023

MIKE DEWINE

GOVERNOR OF OHIO

MICHELLE GILLCRIST

EXECUTIVE DIRECTOR

MATTHEW BLAIR

COMMISSION CHAIRPERSON

TERM ENDS 08/01/2024

JAMES BRADY

COMMISSIONER

TERM ENDS 08/01/2023

CARYN CANDISKY

COMMISSIONER

TERM ENDS 08/01/2023

NITA GUPTA

COMMISSIONER

TERM ENDS 08/01/2025

JONATHAN HUGHES

COMMISSIONER

TERM ENDS 08/01/2025

ANGELA MINGO

COMMISSIONER

TERM ENDS 08/01/2023

MARK RICKEL

COMMISSIONER

TERM ENDS 08/01/2025

MARTIN J SWEENEY

COMMISSIONER

TERM ENDS 08/01/2024

MATTHEW SZOLLOSI

COMMISSIONER

TERM ENDS 08/01/2024

• FINANCIAL SECTION •

TEACHER OF THE MONTH

Congratulations to all the recipients of the
Teacher of the Month award for the 2022-2023 academic year:

September 2022

Josh Mewhinney
Holy Name High School
Stephanie Lloyd
Liberty-Benton Elementary School
Terri Mangan
Dixie Middle School
Nick Leone
Mariemont High School
Holly King
Millersport Elementary
David Reese
Oberlin High School
Beth Barber
Beaver Local Middle School
Matthew Utz
R.B. Chamberlin Middle School
Sarah Leach
Ironton Elementary

October

Amanda Stanoszek
Shaw High School
Jane Inniger
Arlington School
Annette Lump
Riverside Elementary
Matt Slone
Hunter Elementary
Diane Cryder
Bishop Flaget School
Angie Carey
Dawson-Bryant Elementary
Allyson Mast
Barberton Intermediate School
Tim Fisher
Toronto Jr.-Sr. High School
Molly Acheson
Walter G. Nord School

November

Katrina Hicks
Maple Leaf Elementary
Cheryl Koch
Kalida Elementary
Sara Brown
Botkins Local School
Pam Harp
Hillsboro City Schools
Kim Montgomery
Hamilton Middle School
Angie Carey
Dawson-Bryant Elementary
Taylor Nussbaum
Hazel Harvey Elementary
Angie Coutts
Port Washington Elementary
Karen Ebert
Ashland Middle School

December 2022

Crystal Hamborg
Walnut Elementary School
Tara Cardenas
Saint Martin De Porres High School
Kelly Zachrich
Ayersville Elementary School
Chris Little
Morton Middle School
Stacy Jones
Fairborn Elementary School
Courtney Mays
Clay High School
Laurel Labbe
Woodridge High School
Amanda Poletti
Midvale Elementary
Barbara Bowman
Southview Middle School

January 2023

Matt Murphy
Pine Intermediate
Audra Manriquez
Ayersville Local School
Sheila Brogan
Miamisburg Middle School
Stefanie Lawson
Saint Peter in Chains
Melissa Gaston
London Elementary School
Megan Mowrer
Green Elementary
Chris Lowry
Warren G. Harding High School
Kellie Palmer
Brookside Middle School

February

Saiida Bowie-Little
Saint Martin De Porres High School
Andrea Mead
Van Wert High School
Jennifer Shade
Milton-Union Middle School
Randy Hubbard
Mason High School
Sarah Roseberry
Sherwood Middle School
Greg Metzger
River High School
Elizabeth Barkan
Fairless High School
Nicole Varley
Jefferson PK-8
Stephanie Dubois
Furry Elementary

March

Christine Wolshuck
North Olmsted Middle School
Julie Grime
Wauseon Elementary
Bruce Smith
Benjamin Logan Elementary
Kate Werli
Delshire Elementary
Casey Teets
Bishop Flaget School
Devani Roe
Buckeye Trail High School
Jamie Finney
Buchtel High School
Emily Ramey
Lakeview K-8
Valerie Groff
North Ridgeville Early Childhood Learning Center

April

Rachel Gebler
Gurney Elementary School
Lindsey Pester
Ayersville Elementary School
Stephanie Steinmetz
Chardon Middle School
Stacie Heck
Midvale Elementary
Matthew Erdelyi
Helen Steiner Rice Elementary

May

Erik Anderson
Shaker Heights High School
Crystal Miller
Heritage Elementary School
Rusty Hutchinson
Tri-County North
Marie Nie
Saylor Park High School
Sarah Harrington
Logan Elm High School
Anthony Xenos
Athens Middle School
Melissa Rodhe
West Holmes School
Danielle McMillen
Indian Valley Middle School
Leslie Medves
Eastern Heights Elementary

ACADEMIC ALL-STAR

Congratulations to all the recipients of the
Academic All-Star award for the 2022-2023 academic year:

September 2022

Finn Warden • 10th Grade
Mariemont High School
Alexander Potter • 7th Grade
Watts Middle School
Kipton Reichman • 5th Grade
Port Washington Elementary
Hannah Davis • 12th Grade
Bluften High School
Emma Johnson • 6th Grade
Bishop Flaget School
Maahi Nanavati-Tucker • 2nd Grade
South Elementary School
Hazel Riley • 4th Grade
Westview Elementary
Jasmine Ward • 5th Grade
Ironton Elementary

October

Lawrence Maxwell • 12th Grade
Shaw High School
Jayden Truitt • 5th
Galion Intermediate School
Aubrey Younce • 7th Grade
Milton-Union Middle School
Ashley Telfer • 12th Grade
Pickerington Central High School
Easton Dye • 11th Grade
River High School
Davierre Hart • 8th Grade
I Promise School
Koy Haney • 9th Grade
Indian Valley High School
Alexandra Garbe • 12th Grade
Margaretta Middle/High School

November

Gabriela Balliu • 12th Grade
North Olmsted High School
Nathan Araiza • 12th Grade
Calvin M. Woodward High School
Evan Jackle • 8th Grade
Dixie Middle School
Maggie Franz • 4th Grade
Indian Hill Elementary
Ava Hickman-Beck • 8th Grade
Bishop Flaget School
Leah Shields • 12th Grade
Chesapeake High School
Braden Williams • 12th Grade
RG Drage Career Technical Center
Ryleigh Long • 6th
Indian Valley Middle School
Max Gerbick • 3rd Grade
Westview Elementary School

December 2022

I'Shun Patterson • 11th Grade
Saint Martin De Porres High School
Tucker Sprow • 8th Grade
Ayersville Local School
Johnathan Harris • 11th Grade
West Clermont High School
Jordan Cupp • 5th Grade
Toll Gate Middle School
Bryce Christman • 10th Grade
River High School
Logan Williams • 11th Grade
Fairless High School
Arielle Dickey • 5th Grade
Port Washington Elementary
Brooke Schultz • 4th Grade
Westview Elementary

January 2023

Ian Walsh • 12th Grade
Rocky River High School
Valeria Andres • 8th Grade
Fremont Middle School
Christian Shoe • Kindergarten
Hook Elementary
Karoline Wetzel • 8th Grade
Bishop Flaget School
Allyson Troyer • 5th Grade
Marlboro Elementary
Kaden Dillon • 6th Grade
Indian Valley Middle School
Nathan Reynolds • 8th Grade
Briar Middle School

February

Madison Rausch • 2nd Grade
Ayersville Elementary School
Hailey Moore • 7th Grade
Milton-Union Middle School
Jaycee Goodman • 7th Grade
Loveland High School
Hannah Raper • 12th Grade
River High School
Simone Light • 5th Grade
Henry Deffer Intermediate
Nikki Freet • 9th Grade
Sebring McKinley High School
Isabella Szmania • 8th Grade
Black River Middle School
Samuel Feliciano • 11th Grade
Saint Martin De Porres High School

March

Antonaja Little John • 11th Grade
Saint Martin De Porres High School
Emma Spoor • 11th Grade
Van Wert High School
Lynzee Artz • 7th Grade
Milton-Union Middle School
Luke Wilson • 12th Grade
Moeller High School
Bentley Gleadell • 4th Grade
Belle Aire Intermediate School
Emma Fields • 12th Grade
Nelsonville-York High School
Noah Riffle • 12th Grade
Perry High School
Linsey Evans • 12th Grade
East Palestine High School
Heidi Clark • 6th Grade
Black River Middle School

April

Dominic Weaver • 5th Grade
Messiah Lutheran School
Autumn Osborne • 11th Grade
Ayersville High School
Lilah Zobrist • 8th Grade
St. Columban
Isabella Core Barbosa • 12th Grade
Thomas Worthington High School
Emma Smith • 12th Grade
Buckeye Trail High School
Natalie Pigman • 12th Grade
Stow-Munroe Falls High School
Eliana Burkner • 8th Grade
McGuffey K-8

May

Myk'el Coleman • 8th Grade
W.H. Kirk
Cassidy Hensch • 12th Grade
Ayersville High School
Aubree Bates • 7th Grade
Milton-Union Middle School
Bill Gottardi • 2nd Grade
Ridgewood Elementary
Helen Liu • 11th Grade
Athens High School
Quinn Dale • 5th Grade
Marlboro Elementary
Karlee Scott • 5th Grade
Port Washington Elementary
David Kress • 8th Grade
Black River Middle School

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Ohio Lottery Commission
Cuyahoga County
615 Superior Ave., N.W.
Cleveland, Ohio 44113

To the Commissioners:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of each major fund of the Ohio Lottery Commission, Cuyahoga County, Ohio (the Commission), an Agency of the State of Ohio, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Ohio Lottery Commission, Cuyahoga County, Ohio, an Agency of the State of Ohio, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Commission, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Presentation

As discussed in Note 1 to the financial statements, the financial statements of the Commission, an Agency of the State of Ohio, are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the State of Ohio that is attributable to the transactions of the Commission. They do not purport to, and do not, present fairly the financial position of the State of Ohio as of June 30, 2023, the changes in its financial position or, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Efficient • Effective • Transparent

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 Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 Commission'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, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Summarized Comparative Information

We have previously audited the Commission's 2022 financial statements, and we expressed unmodified opinions on the financial statements of each major fund dated September 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue our report dated September 29, 2023, on our consideration of the Commission's internal control over financial reporting and 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 Commission'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 Commission's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Ohio Lottery Commission (the Ohio Lottery), we offer readers of the Ohio Lottery's financial statements this narrative overview and analysis of our financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 6-12 of this report, and the financial statements which begin on page 30.

FINANCIAL HIGHLIGHTS

- Total traditional lottery sales increased \$166.0 million, or 3.87 percent from fiscal year 2022, resulting in overall sales of \$4.5 billion.
- Gross gaming revenue from Video Lottery Terminals (VLT's) totaled \$1.35 billion, an increase of \$23.3 million over fiscal year 2022. The Ohio Lottery's share of VLT revenue increased from \$446.0 million to \$454.0 million or 1.8 percent in fiscal year 2023.
- When combining traditional lottery sales with VLT net revenue and Sports Gaming, total sales amounted to \$5.8 billion.
- Draw-based game sales increased \$115.0 million, or 5.73 percent from last year. This can be attributed to higher multi-state jackpots combined along with increased sales in the daily number games and a few other categories. Monitor games such as Keno witnessed an increase of 3.0 percent. This can be attributed to the increased traffic at bars and restaurants. The largest jackpots for fiscal year 2023 were \$1.3 billion for Mega Millions and \$2.0 billion for Powerball.
- Scratch-off ticket sales increased \$50.9 million, or 2.2 percent from fiscal year 2022. Sales from this category achieved a record sales level since inception.
- Total prize expense for fiscal year 2023 represented 65.0 percent of total ticket sales compared to 65.0 percent in fiscal year 2022. Though the percentage of prize expense remained the same, actual prize expense increased \$103.0 million in fiscal year 2023 as a direct result of increased sales volume compared to fiscal year 2022.
- Operating expenses increased by \$20.2 million compared to fiscal year 2022 due to expenses to provide operating support. Also, inflationary pressures on certain goods/services, and various increases in select maintenance & service type contracts.
- As a result of increased revenues associated with all games, the Ohio Lottery transferred \$1.5 billion to the Lottery Profits Education Fund (LPEF) in 2023, \$58.9 million more than the 2022 transfer amount.
- The Ohio Lottery's total net position increased \$66.2 million, or 18.0 percent, due an increase in operating income.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to these statements. The basic financial statements by fund include the statement of net position, statement of revenues, expenses and changes in fund net position, statement of cash flows, as well as the notes to the basic financial statements, which disclose detailed information within the financial statements.

The Ohio Lottery's activities are accounted for within the enterprise fund type and are reported using a full accrual basis of accounting, which is comparable to the methods used by private sector entities. The Ohio Lottery manages the following major funds:

LOTTERY OPERATING FUND

Revenues for this fund are provided primarily from traditional ticket sales and net revenue collected from the VLT facilities. Expenses of this fund represent primarily prize expenses (including cash transfers to the Annuity Prize Fund), operating expenses, and transfers to the LPEF. For purposes of this financial report, all financial activity is presented within the Lottery Operating Fund. Please see notes to the basic financial statements for more detailed activity reported within this fund.

ANNUITY PRIZE FUND

Revenues for this fund are provided through cash transfers from the Lottery Operating Fund for the purpose of providing investment principal for funding long-term prize obligations. Expenses of the Annuity Prize Fund primarily represent annuity prize payments.

The statement of net position presents information on all the Ohio Lottery's assets, deferred outflow of resources, liabilities, and deferred inflows of resources. The difference between the two is reported as total net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Ohio Lottery is improving or deteriorating. The statement of revenues, expenses and changes in fund net position reports the revenue and expense activity of the Ohio Lottery. This statement is used to measure the success of the Ohio Lottery's operations over the given period related to sales, expenses, and funding of Ohio education. The statement of cash flows provides information about the Ohio Lottery's cash receipts and cash payments during the reporting period from operating, non-capital and capital financing and investing activities.

FINANCIAL ANALYSIS

The table below provides a summary of the Ohio Lottery's net position at June 30, 2023 compared to June 30, 2022.

NET POSITION (ROUNDED IN THOUSANDS)

	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>
Current Assets: Unrestricted	\$ 567,281	\$ 494,385
Current Assets: Restricted	111,107	126,125
Noncurrent Assets: Restricted	265,634	285,977
Net Capital Assets	7,383	6,638
Net Pension Asset	508	751
Net OPEB Asset	-	5,093
Total Assets	<u>951,913</u>	<u>918,969</u>
Deferred Outflows of Resources		
Pension: OPERS	18,936	4,381
OPEB: OPERS	3,143	9
Total Outflows	<u>22,079</u>	<u>4,390</u>
Current Liabilities: Unrestricted	86,255	94,794
Current Liabilities: Restricted	113,204	128,342
Noncurrent Liabilities: Restricted and Unrestricted	289,953	296,084
Net Pension Liability	49,527	14,140
Net OPEB Liability	1,061	-
Total Liabilities	<u>540,000</u>	<u>533,360</u>
Deferred Inflows of Resources		
Pension: OPERS	76	17,406
OPEB: OPERS	389	5,294
Total Inflows	<u>465</u>	<u>22,700</u>
Net Position:		
Net Investment in Capital Assets	4,599	6,609
Restricted for Net Unrealized Gains on Restricted Investments	-	84,147
Unrestricted	428,928	276,543
Total Net Position	<u>\$ 433,527</u>	<u>\$ 367,299</u>

GASB 68/75 NET PENSION LIABILITY & NET OPEB LIABILITY

The net pension liability (NPL) is one of the largest liabilities reported by the Ohio Lottery at June 30, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions an Amendment of GASB Statement 27." The Ohio Lottery adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Ohio Lottery's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension and net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the Ohio Lottery's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Ohio Lottery is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Ohio Lottery's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

CURRENT ASSETS – UNRESTRICTED

The Ohio Lottery's Current Assets – Unrestricted increased \$72.9 million compared to fiscal year 2022. Current Assets Unrestricted consists primarily of Cash & Cash Equivalents (including Video Lottery), Cash Equity with the Treasurer of State, Net Receivables from Agents, and other Assets such as Prepaid Assets.

Cash Equity with Treasurer of State decreased \$8.6 million, while Cash and Cash Equivalents increased \$68.9 million. The decrease in Cash Equity with Treasurer of State and the increase in balances held in Cash and Cash Equivalents is primarily due to the timing of when funds were transferred from the Gross Revenue Fund to the State Lottery Fund. Cash is typically held in the Gross Revenue Fund for Ohio's share of the multi-state jackpot liability and for prizes paid other than via a state warrant.

Cash and Cash Equivalent – Video Lottery increased by \$10.4 million due to an increase in sales and the final transfer to the Treasurer of State made after the end of the fiscal year 2023.

Net Receivables from Agents increased by \$1.7 million which is comprised of amounts due from lottery retailers from the sale of traditional lottery tickets, VLT revenue due from the VLT operators and unrecorded scratch-off ticket sales. On a weekly basis, amounts due from retailers are collected electronically from the retailer's bank accounts for the invoices due from the prior week sales. On June 30, 2023, six days of net sales activity was waiting to be collected compared to five days on June 30, 2022. Other Assets increased by \$1.8 million over last fiscal year.

CURRENT ASSETS - RESTRICTED

The Lottery's Current Assets – Restricted decreased from \$126.1 million in fiscal year 2022 to \$111.1 million in 2023, or \$15.0 million. Current Assets – Restricted represent investments dedicated to the current years payment of an annuity prize, Obligations under Securities Lending program per GASB 28 requirements, and Interest Receivable. Dedicated Investments increased \$39 thousand, which is a direct function of the number of winners choosing the annuity option in prior years, and the expiration of annual payments from prior year winners. This is a normal occurrence due to less offerings that have the annuity prize. This category also decreased due to a decrease in the Securities Lending Program.

NONCURRENT ASSETS – RESTRICTED

Noncurrent Assets – Restricted, which is comprised of investments dedicated for the payment of the Lottery's long-term annuity prizes, decreased from \$286.0 million in fiscal year 2022 to \$266.0 million in fiscal year 2023, or \$20.0 million. This decrease is primarily the result of more grand prize winners selecting the cash option as opposed to the annuity option over time.

CURRENT LIABILITIES - UNRESTRICTED

Current Liabilities - Unrestricted decreased by \$8.5 million, primarily due to the accounting for GASB 28 and the Securities Lending Program. The amount reported as obligations under security lending decreased from \$26.2 million in 2022 to \$24.9 million in 2023, or \$1.3 million. In addition, Due to Other Lotteries decreased \$357 thousand.

CURRENT LIABILITIES - RESTRICTED

Current Liabilities – Restricted decreased \$15.1 million. This is attributed to obligations under securities lending decreased \$15.0 million as the value and size of the investment portfolio has decreased over time.

NONCURRENT LIABILITIES

Noncurrent Liabilities increased \$30.3 million. This increase is primarily attributed to an increase of \$35.4 million from the change to Net Pension Liability (GASB 68).

The overall effect on liabilities is an increase of \$6.6 million attributed to the combination of increases and decreases of the various accounts discussed above.

NET POSITION

According to enabling Ohio Statute, the Lottery can retain working capital for its further operations, and as a result, Net Position increased by \$66.2 million, or 18.0 percent in fiscal year 2023 compared to fiscal year 2022. In addition, the increase is primarily attributed to the

increase in market value of investments held by the Lottery to pay annuity prizes. Accounting principles dictate that the Lottery record the gain or loss related to the change in market value of investments. Since the full maturity value of the investments is needed to pay the annuity prize, the Lottery does not expect to realize any permanent gain on these investments.

The table below shows the change in the Ohio Lottery's net position for fiscal year 2023 compared to fiscal year 2022, including revenue and expense comparisons.

CHANGES IN NET POSITION
(ROUNDED IN THOUSANDS)

	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>
Ticket Sales	\$ 4,463,710	\$ 4,297,700
VLT and License Revenues	1,354,798	1,331,478
Sports Gaming Handle ¹	3,746	-
Other Operating Revenues	(6,375)	(5,047)
Non-Operating Revenues	8,735	-
Total Revenues	<u>5,824,614</u>	<u>5,624,131</u>
Prize Awards	2,894,710	2,791,674
Bonuses and Commissions	292,662	282,113
VLT Commissions	900,825	885,307
Sports Gaming Commission	155	-
Cost of Tickets Sold	34,696	33,889
Vendor Fees	50,664	33,369
Operating Expenses	105,774	85,598
Non-Operating Expenses	14,675	36,721
Payments to the Lottery Profits Education Fund	<u>1,464,225</u>	<u>1,405,358</u>
Total Expenses	<u>5,758,386</u>	<u>5,554,029</u>
Change in Net Position	66,228	70,102
Total Net Position - Beginning	367,299	297,197
Total Net Position - Ending	<u>\$ 433,527</u>	<u>\$ 367,299</u>

TICKET SALES BY GAME, VLT, AND
SPORTS GAMING REVENUE: FISCAL YEARS 2023 AND 2022
(ROUNDED IN THOUSANDS)

Game	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>
Pick 3	\$ 410,857	\$ 438,197
Pick 4	257,477	267,733
Pick 5	63,852	64,480
Rolling Cash 5	49,648	51,243
Classic Lotto/Kicker	32,102	36,593
Lucky For Life	40,264	37,623
Mega Millions/Megaplier	210,573	99,850
Powerball/Power Play	202,714	151,245
Keno/Booster	640,465	621,643
The Lucky One	36,172	32,553
EZPLAY	105,380	110,717
EZPLAY TAP	36,319	59,581
EZPLAY TOUCH & WIN	39,092	38,363
Total Draw-Based Sales	<u>2,124,915</u>	<u>2,009,821</u>
Scratch Offs	<u>2,338,795</u>	<u>2,287,879</u>
Total Sales	<u>4,463,710</u>	<u>4,297,700</u>
VLT Revenue	1,354,625	1,331,288
VLT License Revenue	173	190
Total VLT Revenue	<u>1,354,798</u>	<u>1,331,478</u>
Sports Gaming Revenue	<u>3,746</u>	<u>-</u>
Total Ticket Sales and VLT Revenue	<u>\$ 5,822,254</u>	<u>\$ 5,629,178</u>

(1) Sports Gaming was introduced on January 1, 2023. This figure represents handle taken by the one proprietor approved to use the Lottery's gaming system, Sports Bet Ohio (Intralot). In Fiscal Year 2023, there were four independent proprietors offering sports gaming as well. The Lottery's share of all of type C sports gaming is reflected on page 59.

OPERATING ANALYSIS

Sales from traditional lottery games in fiscal year 2023 were \$4.5 billion. This represents an increase of \$166.0 million or 3.87 percent compared to sales from fiscal year 2022. The following section summarizes traditional lottery sales in fiscal year 2023 by game category.

DAILY NUMBERS GAMES

Sales for the daily numbers games, which consist of Pick 3, Pick 4, and Pick 5, totaled \$732.2 million in fiscal year 2023. This was \$38.2 million, or 5.0 percent lower than sales posted in fiscal year 2022. Sales for both Pick 3 and Pick 4 decreased \$27.3 million and \$10.3 million, respectively, while Pick 5 finished the year down by \$0.6 million. Sales for the daily numbers category were down as they were last year in fiscal year 2022.

IN-STATE LOTTO GAMES

Sales for in-state Lotto style games, which consist of Rolling Cash 5, Classic Lotto and KICKER, totaled \$81.8 million for fiscal year 2023. This is \$6.1 million, or 7.0 percent less than sales posted in fiscal year 2022. Fiscal year 2023 sales for Rolling Cash were \$1.6 million less than sales posted in fiscal year 2022. Classic Lotto was down \$4.3 million. This decrease can be attributed to lower-than-normal jackpots in fiscal year 2023. Sales for KICKER, an add-on game of Classic Lotto, were \$227 thousand less than sales posted in fiscal year 2022.

MULTI-STATE JACKPOT GAMES

Sales for multi-state jackpot games, which consist of Mega Millions, Megaplier, Powerball, Power Play, and Lucky for Life, totaled \$453.6 million for fiscal year 2023. This is \$164.8 million, or 57.1 percent higher than sales posted in fiscal year 2022.

Sales for Mega Millions and Powerball are jackpot driven. Sales for Mega Millions in fiscal year 2023 were \$97.6 million more than sales posted the prior year, while Megaplier, the Mega Millions add-on game, increased by \$13.1 million. This increase can be directly correlated to higher jackpots offered during the year. In fiscal year 2023, the highest jackpot for Mega Millions was \$1.3 billion, compared to \$431.0 million during fiscal year 2022.

Powerball sales in fiscal year 2023 were \$43.7 million more than sales generated the prior year, while Power Play, the Powerball add-on game, increased by \$7.7 million. Jackpots were relatively high during the year, with a high of \$2.0 billion. Therefore, higher jackpots contributed to an industry-wide sales increase.

Sales for Lucky for Life, a multi-state game offering life prizes, increased by \$2.6 million as drawings changed to every-day of the week during the fiscal year.

KENO AND THE LUCKY ONE (MONITOR GAMES)

Sales for monitor games totaled \$676.6 million for the 2023 fiscal year. This is \$22.4 million, or 3.4 percent more than sales posted in fiscal year 2022. Sales for KENO in fiscal year 2023 were \$9.3 million more than sales posted in fiscal year 2022, while Booster increased \$9.5 million. The Lucky One contributed \$36.2 million to the sales total. Sales for Booster in fiscal year 2023 were 29.1 percent of KENO sales. Typically, over 75 percent of sales for monitor games occur at bars and restaurants.

EZPLAY

Sales for EZPLAY games, which include EZPLAY, EZPLAY TAP, and EZPLAY TOUCH & WIN, totaled \$181.0 million for the 2023 fiscal year. This is \$27.9 million, or 13.4 percent less than sales posted in fiscal year 2022. Fiscal year 2023 sales for EZPLAY were \$5.3 million less than sales recorded in fiscal year 2022. Fiscal year 2023 sales for EZPLAY TAP were \$23.3 million less than sales posted in fiscal year 2022. The decrease in EZPLAY sales were mitigated by increases in Touch & Win and other interactive touch-screen style games. EZPLAY TOUCH & WIN games are only played on Multi-Play Touch & Win terminals and available at select Ohio Lottery licensed retailers, mostly the bar/restaurant trade channel.

SCRATCH-OFF TICKETS

Sales for scratch-off ticket games totaled \$2.3 billion, which was \$51.0 million, or 2.2 percent higher than sales posted during fiscal year 2022. The best-selling games at each price point were \$1 Holiday Cash; \$2 Cash Explosion Cashword; \$5 Special Edition Cashword; \$10 \$500,000 Cashword; Dazzler and a \$30 game, Monopoly 200x. Our biggest success was the release of the \$50 game, Billion. In just 6 months it had sales of over \$251.6 million. This one game accounted for 10.8% of our fiscal year sales.

For the 4th consecutive year, the \$10 product line had the highest total sales compared to all other price points. The \$5 product line sold the highest total number of tickets, accounting for 25% of the total number of tickets sold. This was the first time in the Ohio Lottery's history that the \$1 games did not sell the most tickets in a fiscal year.

The scratch-off game category performed exceptionally well and finished as the highest on record. Some of the strategies implemented include enhanced collaboration with our vendor partners, new and improved algorithms & predictive modeling to ensure inventory levels are accurate, and the introduction of data analytics. In addition, a retailer incentive program that incentivizes retailers to grow sales by earning additional commissions based on certain sales increases, also helped spur growth. The Lottery also benefits from the expansion of self-service terminals.

OPERATING RELATED EXPENSES AND PAYMENTS TO EDUCATION • FISCAL YEARS 2023 AND 2022
(ROUNDED IN THOUSANDS)

	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>
Prize Awards	\$ 2,894,710	\$ 2,791,674
Bonuses and Commissions	292,662	282,113
VLT Commissions	900,825	885,307
Sports Gaming Commission	155	-
Cost of Tickets Sold	34,696	33,889
Vendor Fees	50,664	33,369
Operating Expense	105,774	85,598
Payments to Education	<u>1,464,225</u>	<u>1,405,358</u>
Total	<u>\$ 5,743,711</u>	<u>\$ 5,517,308</u>

PRIZE AWARDS

Prize expense for fiscal year 2023, which totaled \$2.9 billion, was \$103.0 million, or 3.7 percent more than fiscal year 2022. Prize expense has a direct correlation to sales. Therefore, since sales volume increased, the amount of prizes awarded also increased.

BONUSES/COMMISSIONS

Bonuses/Commissions increased due to higher sales volume. Also, bonus payments made to retailers for the Retailer Incentive Program were slightly higher in fiscal 2023 compared to fiscal 2022 due to higher sales achieved.

This program provides an increase in commissions for retailers when they meet certain sales goals and other mandatory requirements and optional qualifying criteria. Bonuses earned by retailers from this incentive program amounted to \$12.8 million for the year, which consisted of four quarterly payments. Commissions earned in Q4 of fiscal year 2023 were paid in Q1 of fiscal year 2024. Commissions - VLT increased \$15.5 million due to more VLT sales in fiscal year 2023.

COST OF TICKETS SOLD

Expenses in this category include costs associated with the printing of scratch-off tickets as well as other paper stock necessary to sell draw-based games via the point-of-sale terminal at retail. Costs of tickets sold increased due to the timing of paying invoices during the year.

GAMING RELATED VENDOR FEES

This includes payments made to vendors that provide gaming-related services such as the gaming system and the warehousing and distribution of scratch-off tickets. The gaming system comprises of services such as the software, hardware, communication, technical support, set-up and delivery of terminals, and the general maintenance of the Lottery's online gaming system. This also includes payments made for the purpose of purchasing gaming equipment such as the self-service terminals at retail. Costs associated with gaming-related vendor fees increased due to higher sales volume during fiscal year 2023.

OPERATING EXPENSE

Total Operating Expenses, which for purposes of this Management Discussion & Analysis, consists of personal services (including salaries and benefits), maintenance & equipment, advertising, travel, utilities, rent, depreciation, and other expenses. Costs associated with travel, utilities, salaries, and certain maintenance & service-related contracts increased. Total operating expenses increased \$20.2 million in fiscal year 2023.

PAYMENTS TO EDUCATION

Payments to education totaled \$1.5 billion, representing an increase of \$58.9 million over last fiscal year. All of this positive variance can be attributed to an increase in sales revenue.

VIDEO LOTTERY TERMINAL (VLT) GROSS REVENUE

VLT Gross Gaming Revenue, or Net Win, represents revenue generated from VLT machines net of total payouts and other adjustments. Gross Revenue for fiscal year 2023 totaled \$1.35 billion, an increase of \$23.3 million or 1.8 percent over fiscal year 2022. The following table shows VLT statistics for fiscal years 2023 and 2022.

VIDEO LOTTERY TERMINAL - NET WIN
(ROUNDED IN THOUSANDS)

<u>RACINO</u>	<u>DATE OPENED</u>	<u>2023 NET WIN</u>	<u>2022 NET WIN</u>
Scioto Downs	June 1, 2012	\$ 234,551	\$ 232,636
Jack Thistle Down	April 9, 2013	185,616	191,681
MGM Northfield Park	December 09, 2013	296,806	281,010
Miami Valley	December 06, 2013	236,768	219,291
Belterra Park	May 1, 2014	85,880	94,958
Hollywood Gaming Mahoning Valley	September 11, 2014	162,959	158,506
Hollywood Gaming Dayton Raceway	August 22, 2014	<u>152,045</u>	<u>153,207</u>
		<u>\$ 1,354,625</u>	<u>\$ 1,331,289</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The table below summarizes the Ohio Lottery's capital assets at the end of fiscal years 2023 and 2022.

CAPITAL ASSETS (NET OF DEPRECIATION) (ROUNDED IN THOUSANDS)

	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>
Equipment	\$ 3,895	\$ 5,574
Lease Assets - Buildings	2,664	-
Lease Assets - Equipment	67	28
Vehicles	<u>757</u>	<u>1,036</u>
Total Net Capital Assets	<u>\$ 7,383</u>	<u>\$ 6,638</u>

As of June 30, 2023, the Ohio Lottery had \$7.4 million, net of accumulated depreciation, in Capital Assets. The increase in Net Capital Assets is a result of building leases entered into in 2023. The leases meet the requirements of a lease under GASB Statement No.87 and are being amortized over the term of the lease.

DEBT

The significant components of the Ohio Lottery's debt are annuity prize awards payable, which is payable from restricted assets. Prize Awards Payable from Restricted Assets – Net of Discount (non-current portion only) decreased \$8.1 million because more prize winners chose the cash option over the annuity option in fiscal year 2023.

For more detailed information on long-term debt and capital asset activity, refer to the notes in the financial statements #6 and #3 respectfully.

CONTACTING THE OHIO LOTTERY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the legislative and executive branches of government, the Ohio Lottery Commissioners, the public and other interested parties with a general overview of the Ohio Lottery's finances and to demonstrate the Lottery's accountability for the monies it receives. If you have questions about this report or need additional financial information, contact the Ohio Lottery's Finance Director at the Ohio Lottery Commission, 615 W. Superior Avenue, Cleveland, Ohio 44113-1879. You may also access more information about the Ohio Lottery by visiting the Ohio Lottery's website at www.ohiolottery.com.



OHIO LOTTERY COMMISSION

STATEMENT OF NET POSITION - MAJOR FUNDS JUNE 30, 2023 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022) (ROUNDED IN THOUSANDS)

	OPERATING	ANNUITY FUND	TOTALS	
			JUNE 30, 2023	JUNE 30, 2022
ASSETS:				
Current Assets - Unrestricted				
Cash and Cash Equivalents	\$ 286,624	\$ -	\$ 286,624	\$ 217,765
Cash Equity with Treasurer of State	135,332	-	135,332	143,904
Cash and Cash Equivalents - Video Lottery	45,481	-	45,481	35,130
Collateral on Lent Securities	24,904	-	24,904	26,230
Receivables from Agents, Net	68,443	-	68,443	66,702
Due From Other State Agencies	-	-	-	-
Other Assets	6,497	-	6,497	4,654
Total Current Assets - Unrestricted	567,281	-	567,281	494,385
Current Assets - Restricted				
Cash Equity with Treasurer of State	-	15	15	154
Dedicated Investments	-	38,222	38,222	38,183
Collateral on Lent Securities	-	72,811	72,811	87,784
Interest Receivable	-	59	59	4
Total Current Assets - Restricted	-	111,107	111,107	126,125
Total Current Assets	567,281	111,107	678,388	620,510
Noncurrent Assets				
Dedicated Investments, Restricted	-	265,634	265,634	285,977
Capital Assets				
Equipment	60,254	-	60,254	59,550
Vehicles	3,186	-	3,186	3,507
Lease Assets	3,073	-	3,073	51
Accumulated Depreciation & Amortization	(59,130)	-	(59,130)	(56,470)
Net Capital Assets	7,383	-	7,383	6,638
Net Pension Asset	508	-	508	751
Net OPEB Asset	-	-	-	5,093
Total Noncurrent Assets	7,891	265,634	273,525	298,459
TOTAL ASSETS	575,172	376,741	951,913	918,969
DEFERRED OUTFLOWS OF RESOURCES				
Pension: OPERS	18,936	-	18,936	4,381
OPEB: OPERS	3,143	-	3,143	9
Total Deferred Outflows of Resources	\$ 22,079	\$ -	\$ 22,079	\$ 4,390

OHIO LOTTERY COMMISSION

STATEMENT OF NET POSITION - MAJOR FUNDS, CONTINUED JUNE 30, 2023 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2022) (ROUNDED IN THOUSANDS)

	OPERATING	ANNUITY FUND	TOTALS	
			JUNE 30, 2023	JUNE 30, 2022
LIABILITIES:				
Current Liabilities - Unrestricted				
Accounts Payable	\$ 30,220	\$ -	\$ 30,220	\$ 16,714
Prize Awards Payable	24,714	-	24,714	46,606
Obligations under Securities Lending	24,904	-	24,904	26,230
Finance Purchase Payable - Current	-	-	-	-
Unearned Revenue	2,190	-	2,190	1,987
Accrued Interest Payable	62	-	62	-
Leased Liabilities	1,004	-	1,004	18
Other Liabilities	2,582	-	2,582	2,303
Due to Other Lotteries	579	-	579	936
Total Current Liabilities - Unrestricted	86,255	-	86,255	94,794
Current Liabilities - Restricted				
Due to other State Agencies	-	-	-	-
Due for Problem Gambling VLT Expenses	2,245	-	2,245	2,216
Obligations under Securities Lending	-	72,811	72,811	87,784
Prize Awards Payable - Net of Discount	-	38,148	38,148	38,342
Total Current Liabilities - Restricted	2,245	110,959	113,204	128,342
Total Current Liabilities	88,500	110,959	199,459	223,136
Noncurrent Liabilities:				
Prize Awards Payable from Restricted Assets - Net of Discount	-	282,500	282,500	290,561
Finance Purchase Payable - Long-Term	-	-	-	-
Workers' Compensation	952	-	952	824
Compensated Absences	4,721	-	4,721	4,689
Leased Liabilities	1,780	-	1,780	10
Net Pension Liability	49,527	-	49,527	14,140
Net OPEB Liability	1,061	-	1,061	-
Total Noncurrent Liabilities	58,041	282,500	340,541	310,224
TOTAL LIABILITIES	146,541	393,459	540,000	533,360
DEFERRED INFLOWS OF RESOURCES				
Pension: OPERS	76	-	76	17,406
OPEB: OPERS	389	-	389	5,294
Total Deferred Inflows of Resources	465	-	465	22,700
NET POSITION				
Net Investment in Capital Assets	4,599	-	4,599	6,609
Restricted for Net Unrealized Gains on Restricted Investments	-	-	0	84,147
Unrestricted	445,646	(16,718)	428,928	276,543
TOTAL NET POSITION	\$ 450,245	\$ (16,718)	\$ 433,527	\$ 367,299

The Accompanying Notes to the Basic Financial Statements are an Integral Part of the Statement.

OHIO LOTTERY COMMISSION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MAJOR FUNDS FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022) (ROUNDED IN THOUSANDS)

			TOTALS	
	OPERATING	ANNUITY FUND	JUNE 30, 2023	JUNE 30, 2022
REVENUES				
Ticket Sales	\$ 4,463,710	\$ -	\$ 4,463,710	\$ 4,297,700
VLT Revenue, Net	1,354,625	-	1,354,625	1,331,288
VLT License Revenue	173	-	173	190
Sports Gaming Handle ¹	3,746	-	3,746	-
Other Revenues	<u>(6,604)</u>	<u>229</u>	<u>(6,375)</u>	<u>(5,047)</u>
Total Operating Revenues	5,815,650	229	5,815,879	5,624,131
EXPENSES				
Direct Game Costs				
Prize Awards	2,871,873	22,837	2,894,710	2,791,674
Bonuses and Commissions	292,662	-	292,662	282,113
VLT Commissions	900,825	-	900,825	885,307
Sports Gaming Commission	155	-	155	-
Cost of Tickets Sold	34,696	-	34,696	33,889
Vendor Fees	<u>50,664</u>	<u>-</u>	<u>50,664</u>	<u>33,369</u>
Total Direct Game Costs	4,150,875	22,837	4,173,712	4,026,352
Operating Expenses				
Personal Services	6,286	-	6,286	4,709
Repairs and Maintenance	14,223	-	14,223	10,488
Salaries Wages and Benefits	41,955	-	41,955	40,501
Advertising	27,504	-	27,504	27,183
Travel	199	-	199	81
Utilities and Rent	974	-	974	974
Depreciation and Amortization	2,962	-	2,962	3,895
Other Expenses	<u>11,671</u>	<u>-</u>	<u>11,671</u>	<u>(2,233)</u>
Total Operating Expenses	<u>105,774</u>	<u>-</u>	<u>105,774</u>	<u>85,598</u>
OPERATING INCOME (LOSS)	1,559,001	(22,608)	1,536,393	1,512,181
Non-Operating Revenues (Expenses):				
Interest Income	6,459	2,276	8,735	(25,072)
Amortization of Prize Liabilities	-	(11,493)	(11,493)	(11,401)
Gain (Loss) on Equipment Disposal	(32)	-	(32)	(17)
Interest Expense on Lease	(87)	-	(87)	(2)
Interest Expense - Borrower Rebates	-	(3,025)	(3,025)	(178)
Securities Lending Agent Fees	-	(38)	(38)	(51)
Payments to the Lottery Profits Education Fund	<u>(1,464,225)</u>	<u>-</u>	<u>(1,464,225)</u>	<u>(1,405,358)</u>
Total Non-Operating Revenues (Expenses), Net	<u>(1,457,885)</u>	<u>(12,280)</u>	<u>(1,470,165)</u>	<u>(1,442,079)</u>
INCOME (LOSS) BEFORE TRANSFERS	101,116	(34,888)	66,228	70,102
TRANSFERS:				
Transfers to Annuity Prize Trust Fund	<u>(22,755)</u>	<u>22,755</u>	<u>-</u>	<u>-</u>
Total Transfers	<u>(22,755)</u>	<u>22,755</u>	<u>-</u>	<u>-</u>
Change in Net Position	78,361	(12,133)	66,228	70,102
Total Net Position - Beginning	<u>371,884</u>	<u>(4,585)</u>	<u>367,299</u>	<u>297,197</u>
TOTAL NET POSITION - ENDING	<u>\$ 450,245</u>	<u>\$ (16,718)</u>	<u>\$ 433,527</u>	<u>\$ 367,299</u>

The Accompanying Notes to the Basic Financial Statements are an Integral Part of this Statement.

(1) Sports Gaming was introduced on January 1, 2023. This figure represents handle taken by the one proprietor approved to use the Lottery's gaming system, Sports Bet Ohio (Intralot). In Fiscal Year 2023, there were four independent proprietors offering sports gaming as well. The Lottery's share of all of type C sports gaming is reflected on page 59.

OHIO LOTTERY COMMISSION

STATEMENT OF CASH FLOWS - MAJOR FUNDS FOR THE YEAR ENDED JUNE 30, 2023 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022) (ROUNDED IN THOUSANDS)

			TOTALS	
			JUNE 30, 2023	JUNE 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES	OPERATING	ANNUITY FUND		
Cash Received from Sales	\$ 5,820,542	\$ -	\$ 5,820,542	\$ 5,616,985
Cash Received from Multi-State Lottery for Grand Prize Winners	154,017	-	154,017	13,205
Cash Payments for Prize Awards	(3,049,979)	(42,586)	(3,092,565)	(2,806,081)
Cash Payments for Bonuses and Commissions	(1,193,642)	-	(1,193,642)	(1,167,420)
Cash Payments for Goods and Services	(121,169)	-	(121,169)	(120,063)
Cash Payments to Employees	(41,531)	-	(41,531)	(41,829)
Other Operating Revenues	(6,432)	229	(6,203)	(4,856)
Other Operating Expenses	(9,812)	-	(9,812)	(8,289)
Net Cash Provided (Used) by Operating Activities	<u>1,551,994</u>	<u>(42,357)</u>	<u>1,509,637</u>	<u>1,481,652</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to Other State Agencies	-	-	-	-
Payments to the Lottery Profits Education Fund	(1,464,225)	-	(1,464,225)	(1,405,358)
Transfers In	-	22,755	22,755	34,172
Transfers Out	(22,755)	-	(22,755)	(34,172)
Net Cash Provided (Used) by NonCapital Financing Activities	<u>(1,486,980)</u>	<u>22,755</u>	<u>(1,464,225)</u>	<u>(1,405,358)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Property and Equipment	(705)	-	(705)	-
Proceeds from Sale of Property and Equipment	-	-	0	(2,529)
Repayment of Lease Obligation	(100)	-	(100)	(22)
Interest on Lease Obligation	(25)	-	(25)	(2)
Net Cash Used by Capital and Related Financing Activities	<u>(830)</u>	<u>-</u>	<u>(830)</u>	<u>(2,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income Received	6,454	32,829	39,283	1,824
Interest Expense and Agent Fees	-	(3,063)	(3,063)	(229)
Proceeds from the Sale and Maturity of Investments	-	48,873	48,873	61,147
Purchase of Investments	-	(59,176)	(59,176)	(47,701)
Securities Lending Proceeds	24,904	72,811	97,715	114,014
Securities Lending Payments	(24,904)	(72,811)	(97,715)	(114,014)
Net Cash Provided (Used) by Investing Activities	<u>6,454</u>	<u>19,463</u>	<u>25,917</u>	<u>15,041</u>
Net Increase (Decrease) in Cash & Cash Equivalents	70,638	(139)	70,499	88,782
Cash and Cash Equivalents - Beginning	<u>396,799</u>	<u>154</u>	<u>396,953</u>	<u>308,171</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 467,437</u>	<u>\$ 15</u>	<u>\$ 467,452</u>	<u>\$ 396,953</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 1,559,001	\$ (22,608)	\$ 1,536,393	\$ 1,512,181
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	6,363	-	6,363	3,895
Amortization of Discount of Prize Liabilities	-	11,493	11,493	11,402
Net Changes in Assets and Liabilities				
Receivables from Agents - Net	(1,598)	-	(1,598)	(12,632)
Other Assets	(1,841)	-	(1,841)	(1,703)
Prize Awards Payable	(21,891)	-	(21,891)	16,942
Accounts Payable	13,506	-	13,506	(9,155)
Other Liabilities	(49)	-	(49)	(5,259)
Unearned Revenue	203	-	203	629
Prize Awards Payable from Restricted Assets - Net of Discount	-	(31,242)	(31,242)	(24,184)
Accrued Workers' Compensation	128	-	128	66
Compensated Absences	31	-	31	(8)
Pension Expense	(3,745)	-	(3,745)	(6,241)
OPEB Expense	1,886	-	1,886	(4,281)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,551,994</u>	<u>\$ (42,357)</u>	<u>\$ 1,509,637</u>	<u>\$ 1,481,652</u>

DESCRIPTION OF NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Non-Cash items included in investment income were \$-96.1 million and \$-6.9 million of unrestricted net gains/losses for the years ended June 30, 2023 and June 30, 2022, respectively. During fiscal year 2023 the Ohio Lottery acquired \$8.8 million of additional gaming equipment.

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

The Ohio Lottery Commission (the Ohio Lottery) began selling tickets in August 1974, under Section 3770 of the Ohio Revised Code (ORC). The Ohio Lottery has a nine-member board of commissioners appointed by the Governor with the advice and consent of the Senate. It is classified as an enterprise fund of the State of Ohio (the State) and is presented as such in the State's financial statements.

The Ohio Lottery is required by law to transfer all of its net profits from the sale of lottery tickets to the Lottery Profits Education Fund (LPEF) of the State. The amounts transferred are determined and certified by the Director of the Ohio Lottery and are to be used to help support primary, secondary, vocational, and special education within the State.

In fiscal year 2010 a cross-sale agreement was reached authorizing the Ohio Lottery to sell both Mega Millions and Powerball games. The net proceeds from the sale of Mega Millions and Powerball in Ohio that remain after associated operating expenses, prize disbursements, retailer bonuses and commissions, reimbursements, and any other expenses necessary to comply with the agreements among the member jurisdictions are required to be transferred to the LPEF of the State.

Video Lottery was introduced in the State of Ohio in 2012 when Governor Kasich signed Executive Order 2011-22K, which authorized the Lottery to amend and adopt rules necessary to implement a video lottery program at Ohio's seven (7) horse racing facilities. On June 1, 2012, Scioto Downs in Columbus began video gaming with 1,787 video lottery terminals, since then six additional VLT facilities opened. The Ohio Lottery is responsible for regulating the licensing of video lottery sales agents (VLSA), key gaming employees, VLT manufacturers, collection and disbursement of VLT revenue, as well as compliance. The Ohio Lottery receives the proceeds from the video lottery terminal income less a commission paid to the VLSA.

Sports Gaming was introduced in the State of Ohio in 2023. The Ohio General Assembly passed legislation (SB 29) legalizing sports gaming in Ohio. The Ohio Lottery was tasked with implementing the operation of "type C" sports wagering at lottery retail locations. There are currently five sportsbook vendors. Intralot uses the Lottery's existing equipment. The remaining vendors use their own equipment. Also, we can cash sports gaming prizes on behalf of these vendors.

BASIS OF ACCOUNTING

The Ohio Lottery operates under a series of enterprise funds, each using a full accrual basis of accounting. Under this basis, revenues are recognized when earned and expenses are recognized when incurred. The two Ohio Lottery funds are the Lottery Operating Fund, and the Annuity Prize Fund.

Ohio Lottery operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of the Ohio Lottery are included in the statement of net position. Operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The Ohio Lottery distinguishes operating revenues and expenses from non-operating items within the operating statements. Operating revenues and expenses generally result from providing services, producing and delivering goods in connection with selling Ohio Lottery tickets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

LOTTERY OPERATING FUND

Revenues for this fund are provided primarily from the sale of lottery tickets. VLT and Sports Gaming revenues are also included in this fund. Receivables from ticket sales are collected weekly, with net proceeds equal to an individual retailer's gross sales less cash prizes paid and commissions earned. The balance from the Lottery Operating Fund is reduced mainly by the following types of transactions: (1) operating expenses and all non-deferred prize payments; (2) cash transfers to the Annuity Prize Trust Fund; (3) transfers to the LPEF of the State; and (4) transfers to other State agencies to support centralized services.

ANNUITY PRIZE FUND

Revenues for the Annuity Prize Fund are provided through cash transfers from the Lottery Operating Fund for the purpose of supplying investment principal for funding long-term prize obligations of the Ohio Lottery, and the investment income related to those cash transfers. Expenses of the Annuity Prize Fund primarily represent payments for annuity prizes.

CASH AND CASH EQUIVALENTS

Cash equivalents include highly liquid investments with a maturity of 90 days or less from the date of purchase. The Ohio Lottery also considers Cash Equity with Treasurer of State (TOS) to be a cash equivalent. Cash flows related to the payment of prize awards are accounted for as an operating activity.

INVESTMENTS

The Ohio Lottery's investments are stated at fair value (based on quoted market prices) in the accompanying comparative statement of net position, and the change in the fair value of the investments is recorded as investment income along with the interest earned on the investments.

The Ohio Lottery has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the TOS, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the

Securities Exchange Commission (SEC) as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Accounting and Financial Reporting for Certain External Investment Pools and Pool Participants", which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts at June 30, 2023 and 2022 of \$664,000 and \$639,000, respectively, is based on an analysis of historical collection experience for accounts receivable, which considers the age of the receivable and current economic conditions.

RESTRICTED ASSETS AND RESTRICTED NET POSITION

Restricted assets represent amounts restricted for the payment of annuity prize awards and payments to other Governmental Agencies. Upon the awarding of an annuity prize, amounts equal to the present value of future prize payments are deposited with the TOS. The Ohio Lottery is either credited with equity in the State of Ohio Common Cash and Investments Account equal to the amounts deposited, or specific State investments are identified and dedicated to the repayment of annuity prizes. Amounts necessary to fund annuity prizes awarded shortly before the end of the fiscal year that will be used to acquire additional equity in State of Ohio general investments in the succeeding year, if any, are recorded as amounts "due from unrestricted assets" in the accompanying statement of net position.

CAPITAL ASSETS

Capital assets are defined as assets with an initial, individual cost of more than \$1,000, or otherwise classified as sensitive items as described in the Department of Administrative Services' (DAS) Property Inventory Guidelines and Procedures and are stated on the basis of historical cost. Accumulated depreciation and Amortization is determined by depreciating and Amortizing the cost of the assets over their estimated useful lives on a straight line basis.

The estimated useful life for ticket issuing equipment is five years. The estimated useful life for all other equipment ranges from three to fifteen years.

The Ohio Lottery is reporting intangible right to use assets related to leased equipment and buildings. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain (loss) is reflected in non-operating revenues (expenses) in the year of disposal.

PRIZE AWARDS

Prize awards that are payable in installments over future years are recorded at their present values based upon interest rates provided to the Ohio Lottery by the TOS. The interest rates represent the expected long term rate of return on the assets restricted for the payment of annuity prize awards. Once established for a particular annuity prize award, the interest rate does not fluctuate with changes in the expected long term rate of return. The difference between the present value and gross amount of the obligations is amortized over the terms of the obligations using the interest method, and the amortization is recognized as a non-operating expense.

UNEARNED REVENUE

Advanced wagers may be placed for all online games. Sales relating to future draws are recorded as unearned revenue when received. Sales revenue is recognized during the month in which the related drawings occur.

COMPENSATED ABSENCES

Ohio Lottery employees earn vacation leave, sick leave and personal leave at various rates within limits specified under collective bargaining agreements or under law. Generally, employees accrue vacation leave at a rate of 3.1 hours every two weeks for the first four years of employment, up to a maximum rate of 9.2 hours every two weeks after 24 years of employment. Vacation credit may be accumulated to a maximum of three times the annual rate of accrual. At termination or upon other separation from the Ohio Lottery, employees are paid at their hourly rate for 100 percent of unused vacation leave and personal leave. Bargaining unit employees are also eligible to receive 100 percent of unused compensatory time.

Sick leave for all full time employees is accumulated at a rate of 3.1 hours every two weeks. Union employees who have a minimum of five years or exempt employees who have a minimum of one year of service shall convert to cash any sick leave accrued at the employee's regular rate of pay earned at time of separation within three years of separation at the rate of 55 percent for retirement separation and 50 percent for all other separations.

DEFERRED COMPENSATION PLAN

Ohio Lottery employees are eligible to participate in the deferred compensation plan sponsored by the state of Ohio. The state-sponsored plan was created in accordance with IRC Section 457. The plan is available to all Ohio Lottery employees and permits them to defer a portion of their salary until future years. Deferred compensation assets are not available to employees until termination, retirement, death, or unforeseeable emergency.

VIDEO LOTTERY OPERATIONS

The Ohio Lottery commenced Video Lottery Operations in June 2012 at Scioto Downs in Columbus. In April 2013, Thistledown Racino in Cleveland opened. In March 2016, new owners took over and the name changed to JACK Thistledown. In December 2013, Hard Rock Rocksino in Northfield and Miami Valley Gaming in Lebanon opened. In April 2019, new owners took over Hard Rock Rocksino. The property was re-branded as MGM Northfield Park. Later in May 2014, Belterra Park in Cincinnati opened. Hollywood Gaming Dayton opened in August 2014, and Hollywood Mahoning Valley Racecourse opened in September 2014. As of June 30, 2023 the Video Lottery

Sales Agents (VLSA) had 10,471 VLTs in operation. A Video Lottery Terminal (VLT) is a stand-alone device containing a random-number generator. Each VLT is connected to a centralized computer system that allows the Lottery to monitor game play and revenue activity. The Central Monitoring System (CMS) keeps track of money deposited in a terminal, usage, wins and payouts, machine maintenance and cash removal. Each game theme is approved by Ohio Lottery Commissioners and independently tested and certified before being placed into operation.

The Ohio Lottery recognizes VLT revenue as “gross gaming revenue”. Gross gaming revenue represents gross wagers, net of related prizes. The minimum percentage payout in Ohio is 85 percent. Licensed operators receive 66.5 percent of gross terminal revenue to operate their facility, as commissions earned. Payments to the VLSA are recorded in VLT Commissions. For fiscal year ended June 30, 2023, VLT revenue was \$1,354.6 million with \$896.3 million paid to VLSA as VLT commission, \$453.8 million representing the Lottery’s share and 4.5 million was collected for Problem Gambling Services, as defined in the Ohio revised Code.

NON-OPERATING EXPENSE: PAYMENTS TO THE LOTTERY PROFITS EDUCATION FUND

Payments to the Lottery Profits Education Fund totaled \$1,464.2 million. Of this amount, \$1,022.0 million represented profits generated from traditional lottery games, while \$442.2 million represented profits generated from the VLT program. Due to a change in how the office of Budget & Management recognizes transfers, VLT Revenue earned in June was transferred and posted to the LPEF in July and will be accounted for in the next fiscal year.

BONUSES AND COMMISSIONS

Retailers receive a commission of 5.5 percent based on their total sales. Cashing bonuses are paid on a weekly basis and equal 1.0 percent of all redeemed tickets. An additional 0.5 percent is awarded to retailers if their cash-to-sales ratio is 49.5 percent or greater. A \$5 claiming bonus is awarded to retailers for validating a winning ticket worth \$600 to \$5,000. In addition, various selling bonuses are in place for online games ranging from \$500 to \$100,000. A retailer is eligible for an instant ticket bonus when selling the top prize of the game with top prize of \$100,000 or more. The bonus is 1.0 percent of the prize, with a maximum of \$10,000. The Game Show selling bonus is 1.0 percent of the championship contestant’s total winnings (excluding bonus prize winnings).

In July 2017, the Lottery launched a tiered commission structure to incentivize retailers to increase sales volume in select categories, along with other mandatory qualifying criteria selected by management. Qualified, eligible retailers will receive 0.5 percent commission bonus for achieving a 3.5 percent increase in sales over the same quarter last year, and a 1.0 percent commission bonus for a 6.0 percent increase in sales over the same quarter last year.

A VLSA receives a commission of 66.5 percent of the net win, which is defined as net revenues remaining after payout of prizes to players. The VLT terminal income is calculated as follows: credit(s) played, less credits won, less promotional credits.

FUND EQUITY CLASSIFICATIONS

Fund equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets – consists of capital assets net of accumulated depreciation.
- Restricted – for Net Unrealized Gains on Restricted Investments.
- Unrestricted – represents all other net position that are not classified as invested in capital assets or restricted.

RISK MANAGEMENT

The Ohio Lottery is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Ohio Lottery generally retains the risk of loss; however, the Ohio Lottery is protected for purposes of sales collections by third-party surety bonds or deposits. Upon inception, retailers with an on site consumption D5 liquor license are required to have a deposit of \$500.00. All other retailers are required to carry a minimum bond of \$15,000. On a yearly basis, the retailers’ required coverage is based on an evaluation of their average annual sales. The minimum bond coverage is \$15,000 or one twenty-sixth of their annual sales. If an existing business is being purchased the bond coverage is \$15,000 or one twenty-sixth of their annual sales. The amount of loss arising from these risks was not significant for the years ended June 30, 2023, 2022, and 2021. No significant payments were made or liabilities recorded during the years ended June 30, 2023, 2022, and 2021 due to self-insured risks.

The Office of Risk Management implemented the Blanket Bond coverage program, under which all state employees, including elected and appointed officials (other than the Treasurer of State as an individual), are covered. This policy is paid annually and remains in effect until terminated. The premium is split between all participating state agencies and is charged based upon number of employees. It provides a limit of \$500,000 per occurrence, subject to a \$5,000 deductible for employee theft. This policy covers all employees of all the participating agencies, including each commissioner. The Ohio Lottery pays a premium to the State for workers’ compensation benefits.

The Ohio Lottery pays a premium assessed by DAS to cover motor vehicle liability related to bodily injury and property damage for a maximum of \$2.0 million per occurrence. The Ohio Lottery retains the risk for any liability exceeding this limit.

The state contracts with Medical Mutual of Ohio and Anthem to serve as the third-party administrators for the Ohio Med PPO, a fully self-insured health benefit plan. This plan allows all employees and any eligible dependents to have access to both network and non-network providers. Medical Mutual and Anthem each serve specific regions of Ohio based upon the home ZIP codes, which determines which administrator the employee will be assigned to. The Ohio Lottery and its participants are charged a share of the costs for claims settlement based on the number of employees opting for plan participation and the type of coverage selected by participants. Employees contributed \$53.60 for single, \$146.81 for family Minus Spouse and \$156.04 for Family Plus Spouse per pay period, while the Ohio Lottery contributed \$302.68 for single and \$830.82 for family coverage per pay period for each eligible employee. Premiums are accounted for in the State of Ohio’s Benefits Trust Fund. In the event that liabilities exceed premiums paid, assessed premiums would be increased in

the succeeding year. The Ohio Lottery's total contributions to the Health Plans for the last ten fiscal years were 5,337,000, 5,525,000, 5,332,000, \$5,516,000, \$5,102,000, \$4,796,000, \$4,280,000, \$3,746,000, \$3,577,000 and \$3,198,000.

BUDGETARY ACCOUNTING AND CONTROL

The Ohio Lottery is required to submit, through the Governor, a biennial budget to the Ohio General Assembly (General Assembly). Biennially, the General Assembly approves the appropriations, which are provided in annual amounts.

The Ohio Lottery's official budget, as adopted by the Legislature, is based upon accounting for certain transactions on the basis of cash receipts and disbursements. Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded as expenditures when the purchase commitment is made, is employed for budgetary purposes. Unliquidated encumbrances are generally canceled four months after the end of the fiscal year. Unencumbered appropriations lapse at the end of the biennium for which they were appropriated. The major differences between the budget basis and the GAAP basis of accounting are:

- Prizes and commissions which are not vouchered are not budgeted.
- Revenues are recorded when received in cash (budget) as opposed to when earned (GAAP).
- Expenses (including annuity prizes) are recorded when paid in cash or encumbered (budget) as opposed to when the liability is incurred (GAAP).
- The budget basis excludes depreciation and amortization, as well as gains and losses on the disposition of equipment.

The Ohio Lottery maintains budgetary control by not permitting total expenditures to exceed appropriations without approval of the General Assembly, except for vouchered prize awards for which appropriation amendments may be approved by Ohio OBM and unvouchered prize expenses, which are not budgeted. Certain budget amendments were adopted during the year ended June 30, 2023.

NEW ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) has issued new GASB's, to be implemented for the fiscal year ending June 30, 2023. The Government Accounting Standards Board (GASB) has issued GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription-Based Information Technology Arrangement" and GASB Statement No. 99, "Omnibus 2022". The Ohio Lottery has implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangement for Fiscal Year Ending June 30, 2023, which did not have any impact on the Financial Statements. GASB Statements No. 91, No. 94 and No. 97 have no impact on the Ohio Lottery Commission.

ESTIMATES

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

SUMMARIZED COMPARATIVE DATA

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Ohio Lottery's financial statements for the year ended June 30, 2022 from which the summarized information was derived.

SECURITIES LENDING

In accordance with GASB Statement No. 28, "Accounting and Financial Reporting for Securities Lending Transactions" (GASB 28), the Ohio Lottery reports cash received as collateral on securities lending transactions and any investments made with that cash as assets in the accompanying comparative statement of net position. Liabilities to return the collateral to the borrower are also recognized. Securities received as collateral in connection with securities lending activities are not recorded as the assets and liabilities of the Ohio Lottery, because the Ohio Lottery does not have the ability to pledge or sell the securities without borrower default. The costs of securities lending transactions are reported as expenses in the accompanying comparative statements of revenues, expenses and changes in fund net position.

PENSIONS/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

2. CASH DEPOSITS AND INVESTMENTS

The Ohio Lottery maintains cash on deposit at a commercial bank and with the TOS. The Ohio Lottery is authorized by State statutes to invest its moneys in certificates of deposit, money market accounts, the TOS investment pool STAR Ohio and obligations of the United States government or certain agencies thereof. The Ohio Lottery, through the TOS, may also enter into repurchase agreements with any eligible depository for periods not to exceed 30 days and is also permitted to engage in security lending transactions with qualified broker-dealers.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or may pledge a pool of government securities of which the face value is at least 102 percent of the total value of public moneys on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations

of or guaranteed by the United States government, and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Ohio Lottery's name.

DEPOSITS

As of June 30, 2023, the deposit accounts were not exposed to custodial credit risk; since the accounts were held in insured depositories approved by the State Board of Deposit and were fully collateralized. The financial institutions holding state deposits collateralize accounts for balances in excess of the amounts insured by FDIC as required by ORC Section 135.18. The carrying amount was \$304,217,784 and bank balances of the Ohio Lottery's deposits with the financial institutions were \$304,244,538.

INVESTMENTS

Although risk exposures are minimized by complying with legal requirements and internal policies adopted by the TOS, the Ohio Lottery's investments are exposed to risks that may lead to a loss of value. The Ohio Lottery's investments at June 30, 2023 consist of the following:

INVESTMENTS AT JUNE 30, 2023 CONSIST OF THE FOLLOWING: (ROUNDED IN THOUSANDS)

INVESTMENT TYPE (ROUNDED THOUSANDS)	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3	INVESTMENT MATURITIES (IN YEARS)				
		Quoted Prices In Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Credit Quality Rating	LESS THAN 1	1-5	6-10	>10
Certificates of Deposit	\$ 5,000		\$ 5,000		AAA/Aaa	\$ 5,000	\$ -	\$ -	\$ -
U.S. Agency Obligations	4,668	-	4,668	-	AA/Aa/ Unrated	4,668	-	-	-
U.S. Agency Obligation Strips	24,915	-	24,915	-	AA/Aa	9,211	12,511	3,193	-
U.S. Government Obligation	1,991	-	1,991	-		-	1,991	-	-
U.S. Government Obligation Strips	260,205	-	260,205	-		26,654	93,451	85,827	54,273
Total Investments	296,779	-	296,779	-		45,533	107,953	89,020	54,273
<u>Investments not required to be categorized</u>									
Investments in State Treasury Asset Reserve of Ohio (STAR Ohio)	7,077				AAA/Aaa	7,077	-	-	-
Equity in State of Ohio Common Cash & Investments	-					-	-	-	-
Collateral on loaned securities - Lottery's ratable allocation of cash collateral received on securities loans made from the State of Ohio's Common Cash and Investments account	24,904					24,904	-	-	-
Total Lottery Commission - Structured Investments, as of June 30, 2023	\$ 328,760					\$ 77,514	\$ 107,953	\$ 89,020	\$ 54,273
Total Lottery Commission - Investments made with Cash Collateral	72,811								
Total - Statement of Net Position	\$ 401,571								

For Investments held by the Treasurer of State, 6.75 billion classified in Level 2 was valued using either matrix pricing, or, in the case of variable rate notes, were valued by discounting the current and future coupons using a yield calculation or scale based on the characteristics of the security. For matrix pricing, inputs such as benchmark yields, reported trades, broker dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications were used. Interactive Data pricing used by the Treasurer's office also monitors market indicators, and industry and economic events. The Ohio Lottery Commission's structured investments are included in the Treasurer of State's Level 2 investments noted above.

CUSTODIAL CREDIT RISK: A custodial credit risk for investments exists when a government is unable to recover the value of investments or collateral securities that are in possession of an outside party in the event of a failure of a counterparty to a transaction. Investments are exposed to custodial credit risks if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department but not in the government's name. The Ohio Lottery is not subject to custodial credit risk because the investments listed above are insured or registered in the State's name, held by the TOS or a TOS agent in the State's name, or uninsured and unregistered with securities held by the counterparty's trust department or agent in the State's name.

INTEREST RATE RISK: An interest rate risk is the risk that an investment's fair value decreases as the market interest rate increases. Typically, this risk is higher in debt instruments with longer maturities. The State's investment policy states that the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. The Ohio Lottery's portfolio invests in securities with a stated maturity of no more than 30 years from the date of purchase. Notwithstanding these limitations, in no case will the assets be invested in securities with a term to maturity that exceeds the expected disbursement date of those funds. The risks that the Ohio Lottery will realize material losses from its investments in government securities resulting from changes in market interest rates is mitigated by the low probability that these securities will be sold before maturity.

CREDIT RISK: Ohio Lottery does not have a separate policy relating to credit risk of investments. The Ohio Lottery follows the Treasurer of State, Statement of Investment Policy. This policy applies to the investment of all interim funds of the State Treasurer including the Ohio Lottery Annuity Prizes Trust Fund.

CONCENTRATION OF CREDIT RISK: The State's investment policy states that the portfolio should be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, or a specific type of security. The portfolio

will be further diversified to limit the exposure to any one issuer. No more than 2 percent of the total average portfolio will be invested in the securities of any single issuer with the following exceptions:

U.S. Government Obligations	100% maximum
Repurchase Agreements	5%, or \$250 million, whichever is less
Mutual Funds	10% maximum

The equity in State of Ohio common cash and investments, collateral on loaned securities, money market mutual fund and an investment in STAR Ohio has not been categorized because these accounts represent investment pools. Equity in the pools is not evidenced by securities that exist in physical or book entry form. Information regarding the classification of the pools' investments and deposits by credit risk may be found in the State of Ohio Comprehensive Annual Financial Report for the fiscal year ended June 30, 2023. Investments held by broker-dealers under securities loans are also not categorized pursuant to the provisions of GASB 28.

As of June 30, 2023, the total carrying amount of deposits and investments categorized and disclosed in this note is \$869,023. This amount can be reconciled to the statement of net position as follows:

<u>(ROUNDED THOUSANDS)</u>	<u>DEPOSITS</u>	<u>INVESTMENTS</u>	<u>TOTAL</u>
Unrestricted Assets:			
Cash and Cash Equivalents	\$ 286,624	\$ -	\$ 286,624
Cash Equity with Treasurer of State	135,332	-	135,332
Cash and Cash Equivalents - Video Lottery	45,481	-	45,481
Collateral on Lent Securities		24,904	24,904
Restricted Assets:			
Cash Equity with Treasurer of State	15	-	15
Dedicated Investments	-	303,856	303,856
Collateral on Lent Securities	-	72,811	72,811
Total - per Statement of Net Position	<u>\$ 467,452</u>	<u>\$ 401,571</u>	<u>\$ 869,023</u>

SECURITIES LENDING TRANSACTIONS

The Ohio Lottery, through the TOS's Investment Department, participates in a securities lending program for securities included in the equity in State of Ohio common cash and investments and Dedicated State of Ohio investment accounts. The lending program, authorized under Sections 135.143 and 135.47 of the ORC, is administered by a custodial agent bank, whereby certain securities are transferred to an independent broker-dealer (borrower) in exchange for collateral.

Several investments reported as "Collateral on Lent Securities" have terms that make them highly sensitive to interest rate changes. U.S. Agency & Instrumentality Obligations and Master Notes have daily reset dates. Variable Rate Notes have daily, monthly and quarterly reset dates.

Credit risk is calculated as the aggregate of the TOS exposure to individual borrowers or on individual loans, depending on whether individual loans to the same borrower can be aggregated for purposes of offset in the event of default. A lender has exposure if the amount a borrower owes the lender exceeds the amount the lender owes the borrower.

The amount the borrower owes the lender includes the market value of the underlying securities (including accrued interest), unpaid income distributions on the underlying securities and accrued loan premiums or fees. The amount the lender owes the borrower includes the cash collateral received, the fair value of collateral securities (including accrued interest), the face value of letters of credit, unpaid income distributions on collateral securities and accrued borrower rebates.

JUNE 30, 2023 • OHIO LOTTERY SECURITIES LENDING (ROUNDED THOUSANDS)

<u>BORROWER OWES TO LENDER</u>		<u>LENDER OWES TO BORROWER</u>	
MV of Loaned Securities	\$ 70,528	Cash Collateral	\$ 72,799
Unpaid Distributions	-	Unpaid Distributions	-
Accrued Premiums	-	Accrued Rebates	102
Total	<u>\$ 70,528</u>	Total	<u>\$ 72,881</u>

Since the Lender owes the Borrowers \$2,353,000 more than the Borrowers owe the Lender, there is no credit risk to the Lender as of June 30, 2023.

The Ohio Lottery has minimized its exposure to credit risk due to borrower default by requiring the custodial agent to ensure that the lent securities are collateralized at no less than 102 percent of the fair value.

For loaned contracts, the TOS executes on the Ohio Lottery's behalf not more than 15.0 percent of the State's cash and investment portfolio can be lent to a single broker-dealer.

During the fiscal year, the TOS lent U.S. Agency and Instrumentality Obligations (excluding Strips) and U.S. Agency and Instrumentality Obligation – Strips in exchange for collateral consisting of cash and/or U.S. government obligations. The Ohio Lottery cannot sell securities received as collateral unless the borrower defaults. At June 30, 2023 the collateral the Ohio Lottery had received for securities lent consisted entirely of cash, some of which had been temporarily invested by the Ohio Lottery in various securities. The Ohio Lottery invests cash collateral in short-term obligations, which have a weighted average maturity of 3.4 days and generally match the maturities of the securities loans at year-end. Loan contracts do not provide any loss indemnification by securities lending agents in cases of borrower default. However, during fiscal year 2023, the Ohio Lottery did not experience any losses due to credit or market risk on securities lending

activities. The Ohio Lottery did not experience any losses on securities lending transactions resulting from the default of a borrower or lending agent, therefore, there were no recoveries during fiscal year 2023 due to prior-period losses.

SECURITIES LENDING PROGRAM • INVESTMENTS MADE WITH CASH COLLATERAL

Investments at June 30, 2023 consist of the following:

INVESTMENT TYPE (ROUNDED IN THOUSANDS)	FAIR VALUE	CREDIT QUALITY RATING	INVESTMENT MATURITIES (IN YEARS)			
			LESS THAN 1	1-5	6-10	>10
Repurchase Agreements	\$ 58,479	A/A-1, BBB/Baa	\$ 58,479	\$ -	\$ -	\$ -
U.S. Government Obligation Strips	-		-	-	-	-
U.S. Agency Obligations-strips	-		-	-	-	-
U.S. Agency Obligations	-		-	-	-	-
Corporate Bonds and Notes	-		-	-	-	-
Certificates of Deposits (Negotiable)	-		-	-	-	-
Commercial Paper	5,577	A/A-1	5,577	-	-	-
Other Investments:						
Master Note	-		-	-	-	-
Variable Rate Note	8,752	A/A-1	8,752	-	-	-
Star Ohio	-		-	-	-	-
Investments Not Required to be Categorized:						
Money Market Funds	-		-	-	-	-
Allocated Cash Collateral ⁽¹⁾	3		3	-	-	-
Total - Investments made with Cash Collateral, as of June 30, 2023	\$ 72,811		\$ 72,811	\$ -	\$ -	\$ -

(1) The Ohio Lottery has been allocated \$3,000 cash collateral bases on the amount of cash equity from the State's common cash and investment account.

3. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2023 and 2022 was as follows:

(ROUNDED IN THOUSANDS)	2022	INCREASES	DECREASES	2023
Equipment	\$ 59,550	\$ 704	\$ -	\$ 60,254
Vehicles	3,507	-	321	3,186
Leased Assets - Buildings	-	2,962	-	2,962
Leased Assets - Equipment	51	74	14	111
Total Capital Assets	63,108	3,740	335	66,513
Less Accumulated Depreciation & Amortization:				
Equipment	(53,976)	(2,383)	-	(56,359)
Vehicles	(2,471)	(247)	289	(2,429)
Leased Assets - Buildings	-	(298)	-	(298)
Leased Assets - Equipment	(23)	(34)	13	(44)
Total Accumulated Depreciation & Amortization	(56,470)	(2,962)	302	(59,130)
Net Capital Assets	\$ 6,638	\$ 778	\$ 33	\$ 7,383
	2021	INCREASES	DECREASES	2022
Equipment	\$ 183,238	\$ 2,532	\$ 126,220	\$ 59,550
Vehicles	3,623	-	116	3,507
Leased Assets - Equipment	-	51	-	51
Total Capital Assets	186,861	2,583	126,336	63,108
Less Accumulated Depreciation & Amortization:				
Equipment	(161,744)	(3,529)	111,297	(53,976)
Vehicles	(2,228)	(343)	100	(2,471)
Leased Assets - Equipment	-	(23)	-	(23)
Total Accumulated Depreciation & Amortization	(163,972)	(3,895)	111,397	(56,470)
Net Capital Assets	\$ 22,889	\$ (1,312)	\$ 14,939	\$ 6,638

4. PRIZE AWARDS PAYABLE

(ROUNDED IN THOUSANDS)	JUNE 30, 2023	JUNE 30, 2022
Current portion - face amount	\$ 46,462	\$ 46,682
Less: Unamortized discount	<u>(8,314)</u>	<u>(8,340)</u>
Current portion - present value	38,148	38,342
Noncurrent portion - face amount	337,976	344,565
Less: Unamortized discount	<u>(55,476)</u>	<u>(54,004)</u>
Noncurrent portion - present value	282,500	290,561
Total Prize Awards Payable - Net of Discount	<u>\$ 320,648</u>	<u>\$ 328,903</u>

Interest rates used to determine the present values ranged from 2.0 percent to 7.0 percent. The present value of future payments from restricted assets for deferred prize awards as of June 30, 2023 is summarized as follows:

FISCAL YEAR ENDING JUNE 30 (ROUNDED IN THOUSANDS)

	AMOUNT
2024	\$ 46,462
2025	35,017
2026	30,115
2027	29,215
2028	28,333
2029 through 2033	123,515
2034 through 2038	51,290
2039 through 2043	30,491
2044 through 2048	10,000
Subtotal	384,438
Unamortized Discount	<u>(63,790)</u>
Net Prize Liability	<u>\$ 320,648</u>

Prize liabilities are reduced by an estimate of the amount of prizes that will ultimately be unclaimed. The Ohio Lottery is required by law to award prizes to holders of winning lottery tickets equal to at least 50 percent of total revenues from the sale of lottery tickets. The prize structure of certain games played exceeded this percentage; accordingly, additional amounts have been allocated for prize awards. These amounts approximated \$663.0 million and \$643.0 million for the years ended June 30, 2023 and 2022, respectively.

5. OTHER LIABILITIES

The composition of other liabilities balances as of June 30, 2023 and 2022 is as follows:

(ROUNDED IN THOUSANDS)	2023	2022
Accrued Liabilities	\$ 1,703	\$ 1,453
Worker's Compensation - Current Portion	125	125
Compensated Absences - Current Portion	<u>754</u>	<u>725</u>
Total	<u>\$ 2,582</u>	<u>\$ 2,303</u>

PLAN DESCRIPTION - OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Plan Description - Ohio Lottery employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting WWW.OPERS.ORG/FINANCIAL/REPORTS.SHTML, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

GROUP A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	GROUP B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	GROUP C Members not in other Groups and members hired on or after January 7, 2013
<p style="text-align: center;">STATE AND LOCAL</p> <p>Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p> <p>Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30</p> <p>Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30</p>	<p style="text-align: center;">STATE AND LOCAL</p> <p>Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p> <p>Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30</p> <p>Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30</p>	<p style="text-align: center;">STATE AND LOCAL</p> <p>Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit</p> <p>Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35</p> <p>Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35</p>

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

2023 STATUTORY MAXIMUM CONTRIBUTION RATE		STATE AND LOCAL
Employer		14.0 %
Employee*		10.0 %
2023 ACTUAL CONTRIBUTION RATE		STATE AND LOCAL
Employer:		
Pension		14.0 %
Post-employment Health Care Benefits**		0.0 %
Total Employer		14.0 %
Employee		10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Ohio Lottery's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$3,829,000 for fiscal year 2023.

NET PENSION LIABILITIES/ASSETS, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The net pension liability and net pension asset for OPERS was measured as of December 31, 2022, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The Ohio Lottery's proportion of the net pension liability or asset was based on the Ohio Lottery's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

PERS	TRADITIONAL	COMBINED	TOTAL
Proportionate of the Net Pension Liability/Asset Prior Measurement Date	0.162550%	0.190728%	
Proportionate of the Net Pension Liability/Asset Current Measurement Date	0.167662%	0.215577%	
Change in Proportionate Share	0.005112%	0.024849%	
Proportionate Share of the Net Pension Liability (Asset)	\$ 49,527,000	\$ (508,000)	\$ 49,019,000
Proportionate Share of the Net Pension Expense	\$ 5,578,000	\$ 65,000	\$ 5,643,000

At June 30, 2023, the Ohio Lottery reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS	TRADITIONAL	COMBINED	TOTAL
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 1,645,000	\$ 31,000	\$ 1,676,000
Net difference between projected and actual earnings on pension plan investments	14,117,000	185,000	14,302,000
Changes of Assumptions	523,000	34,000	557,000
Changes in employer's proportionate percentage/difference between employer contributions	503,000	-	503,000
OLC contributions subsequent to the measurement date	1,898,000	-	1,898,000
Total Deferred Outflows of Resources	\$ 18,686,000	\$ 250,000	\$ 18,936,000
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 73,000	\$ 73,000
Changes in employer's proportionate percentage/difference between employer contributions	3,000	-	3,000
Total Deferred Inflows of Resources	\$ 3,000	\$ 73,000	\$ 76,000

\$1,898,000 reported as deferred outflows of resources related to pension resulting from Ohio Lottery contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

FISCAL YEAR ENDING JUNE 30,	TRADITIONAL	COMBINED	TOTAL
2024	\$ 2,253,000	\$ 8,000	\$ 2,261,000
2025	3,460,000	34,000	3,494,000
2026	4,155,000	47,000	4,202,000
2027	6,917,000	80,000	6,997,000
2028	-	(1,000)	(1,000)
Therafter	-	9,000	9,000
Total	<u>\$ 16,785,000</u>	<u>\$ 177,000</u>	<u>\$ 16,962,000</u>

ACTUARIAL ASSUMPTIONS - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, are presented below.

KEY METHODS AND ASSUMPTIONS USED IN VALUATION OF TOTAL PENSION LIABILITY		
Actuarial Information	Traditional Pension Plan	Combined Plan
Measurement and Valuation Date	December 31, 2022	December 31, 2022
Experience Study	5 Year Period Ended December 31, 2020	5 Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age	Individual entry age
ACTUARIAL ASSUMPTIONS		
Investment Rate of Return		
Current Measurement Date	6.90 %	6.90 %
Prior Measurement Date	6.90 %	6.90 %
Wage Inflation		
Current Measurement Date	2.75 %	2.75 %
Prior Measurement Date	2.75 %	2.75 %
PROJECTED SALARY INCREASES		
Current Measurement Date	2.75 % - 10.75 % (includes wage inflation at 3.25 %)	2.75 % - 8.25 % (includes wage inflation at 3.25 %)
Prior Measurement Date	2.75 % - 10.75 % (includes wage inflation at 3.25 %)	2.75 % - 8.25 % (includes wage inflation at 3.25 %)
COST-OF-LIVING ADJUSTMENTS		
Current Measurement Date	Pre 1/7/2013 Retirees: 3.00 % Simple Post 1/7/2013 Retirees: 3.00 % Simple through 2022, then 2.05 % Simple	Pre 1/7/2013 Retirees: 3.00 % Simple Post 1/7/2013 Retirees: 3.00 % Simple through 2022, then 2.05 % Simple
Prior Measurement Date	Pre 1/7/2013 Retirees: 3.00 % Simple Post 1/7/2013 Retirees: 3.00 % Simple through 2022, then 2.05 % Simple	Pre 1/7/2013 Retirees: 3.00 % Simple Post 1/7/2013 Retirees: 3.00 % Simple through 2022, then 2.05 % Simple

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 12.1% for 2022.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION FOR 2022	WEIGHTED AVERAGE LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00 %	4.60 %
Real Estate	13.00 %	3.27 %
Private Equity	15.00 %	7.53 %
International Equities	21.00 %	5.51 %
Risk Parity	2.00 %	4.37 %
Other Investments	5.00 %	3.27 %
TOTAL	100.00 %	

DISCOUNT RATE - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. Projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE OHIO LOTTERY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET TO CHANGES IN THE DISCOUNT RATE - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

SENSITIVITY OF NET PENSION LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE

EMPLOYERS' NET PENSION LIABILITY/(ASSET) AS OF DECEMBER 31, 2022	1% DECREASE 5.9%	CURRENT DISCOUNT RATE 6.9%	1% INCREASE 7.9%
Traditional Pension Plan	\$74,190,000	\$49,527,000	\$29,012,000
Combined Plan	(\$265,000)	(\$508,000)	(\$701,000)

8. DEFINED BENEFIT OPEB PLANS

NET OPEB ASSET

See Note 7 for a description of the net OPEB asset.

PLAN DESCRIPTION - OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents

with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Ohio Lottery did not make any contributions to fund health care.

NET OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OR RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Ohio Lottery's proportion of the net OPEB liability was based on the Ohio Lottery's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

OPERS	OPEB
Proportionate of the Net OPEB Liability Prior Measurement Date	0.162592%
Proportionate of the Net OPEB Asset Current Measurement Date	0.168243%
Change in Proportionate Share	0.005651%
Proportionate Share of the Net OPEB Asset	\$ 1,061,000
Proportionate Share of the Net OPEB Expense	\$ (1,886,000)

At June 30, 2023, the Ohio Lottery reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

OPERS	OPEB
Deferred Outflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	<u>2,107,000</u>
Changes of Assumptions	<u>\$ 1,036,000</u>
Total Deferred Outflows of Resources	<u>\$ 3,143,000</u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 265,000
Changes of Assumptions	85,000
Changes in employer's proportionate percentage/difference between employer contributions	<u>39,000</u>
Total Deferred Inflows of Resources	<u>\$ 389,000</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

FISCAL YEAR ENDING JUNE 30,	TRADITIONAL
2024	\$ 320,000
2025	760,000
2026	657,000
2027	<u>1,017,000</u>
Total	<u>\$ 2,754,000</u>

ACTUARIAL ASSUMPTIONS - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

KEY METHODS AND ASSUMPTIONS USED IN VALUATION OF TOTAL OPEB LIABILITY	
ACTUARIAL INFORMATION	OPEB PLAN
Actuarial Valuation Date	December 31, 2021
Roll-Forward Measurement Date	December 31, 2022
Experience Study	5 Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age normal
Actuarial Assumptions:	
Single Discount Rate	
Current Measurement Date	5.22%
Prior Measurement Date	6.00%
Investment Rate of Return	
Current Measurement Date	6.00%
Prior Measurement Date	6.00%
Municipal Bond Rate	
Current Measurement Date	4.05%
Prior Measurement Date	1.84%
Wage Inflation	
Current Measurement Date	2.75%
Prior Measurement Date	2.75%
Projected Salary Increases	
Current Measurement Date	2.75%-10.75%
	(includes wage inflation at 2.75%)
Prior Measurement Date	2.75%-10.75%
	(includes wage inflation at 2.75%)
Health Care Cost Trend Rate	
Current Measurement Date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement Date	5.50% initial, 3.50% ultimate in 2034

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 15.6% for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

ASSET CLASS	TARGET ALLOCATION FOR 2022	WEIGHTED AVERAGE LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)
Fixed Income	34.00%	2.56%
Domestic Equities	26.00%	4.60%
REITs	7.00%	4.70%
International Equities	25.00%	5.51%
Risk Parity	2.00%	4.37%
Other Investments	6.00%	1.84%
TOTAL	100.00%	

DISCOUNT RATE - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

SENSITIVITY OF THE OHIO LOTTERY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

EMPLOYERS' NET OPEB ASSET AS OF DECEMBER 31, 2022	SENSITIVITY OF NET OPEB ASSET TO CHANGES IN THE DISCOUNT RATE		
	1% DECREASE	CURRENT DISCOUNT RATE	1% INCREASE
OPEB	4.22%	5.22%	6.22%
	\$3,610,000	\$1,061,000	(\$1,043,000)

SENSITIVITY OF THE OHIO LOTTERY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTH CARE COST TREND RATE - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to

exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

SENSITIVITY OF NET OPEB ASSET TO CHANGES IN THE TREND RATE			
EMPLOYERS' NET OPEB ASSET AS OF DECEMBER 31, 2022	1% DECREASE	CURRENT TREND RATE	1% INCREASE
OPEB	\$994,000	\$1,061,000	\$1,136,000

9. INTERFUND TRANSACTIONS AND BALANCES

Interfund Transactions: During the course of normal operations, the Ohio Lottery records numerous transactions between funds including expenditures and transfers of resources to provide services, subsidize operations and service debt. The Ohio Lottery has the following types of transactions among funds:

NONRECIPROCAL INTERFUND TRANSFERS - Flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment. This includes transfers to subsidize various funds

For the year ended June 30, 2023 transfers consist of the following:

TRANSFER OUT	TRANSFER IN
Operating Fund	Annuity Fund
	\$22,755

10. LITIGATION

The Ohio Lottery is a party to legal proceedings. A liability for a claim is established if information indicates that it is probable that a liability has been incurred as of the date of issuance of the financial statement and if the amount of the associated loss is estimable. In the opinion of management, the ultimate outcome of such legal proceedings cannot be determined at this time. Its impact on the Ohio Lottery's financial position, therefore, is also unknown.

11. LEASES

The Ohio Lottery has entered into lease agreements for the use of right to use equipment and buildings. Due to the implementation of GASB Statement No. 87, the Ohio Lottery will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases.

The Ohio Lottery has entered into lease agreements for copier equipment and office space at varying years and terms as follows:

LEASE	LEASE COMMENCEMENT DATE	YEARS	LEASE END DATE	PAYMENT METHOD
Copiers	Various	3 - 5	Various	Quarterly
Office Space	Various	2- 10	Various	Quarterly, Yearly

The following is a schedule of future lease payments under the lease agreements:

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2024	\$ 1,004	\$ 86	\$ 1,090
2025	984	105	1089
2026	246	46	292
2027	251	31	282
2028	145	18	163
2029 - 2033	154	9	163
TOTAL	\$ 2,784	\$ 295	\$ 3,079

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL, COMBINED AND MEMBER-DIRECT LAST TEN FISCAL YEARS⁽¹⁾

PERS	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
OLC's Proportion (Percentage) of the Collective Net Pension Liability/Asset										
Traditional	0.167662 %	0.162550 %	0.163091 %	0.163371 %	0.163433 %	0.164436 %	0.160915 %	0.159630 %	0.155623 %	0.155623 %
Combined	0.215577 %	0.190728 %	0.182182 %	0.170169 %	0.127235 %	0.125481 %	0.130520 %	0.107980 %	0.094337 %	0.094337 %
OLC's Proportionate share (amount) of the Collective Net Pension Liability/Asset										
Traditional	\$ 49,019,000	\$ 13,389,000	\$ 23,624,000	\$ 31,936,000	\$ 44,619,000	\$ 25,626,000	\$ 36,468,000	\$ 27,607,000	\$ 18,734,000	\$ 18,336,000
Combined	\$ 49,527,000	\$ 14,140,000	\$ 24,150,000	\$ 32,291,000	\$ 44,761,000	\$ 25,797,000	\$ 36,541,000	\$ 27,660,000	\$ 18,770,000	\$ 18,346,000
Combined	(508,000)	(751,000)	(526,000)	(355,000)	(142,000)	(171,000)	(73,000)	(53,000)	(36,000)	(10,000)
OLC's Covered Payroll	\$ 22,587,000	\$ 20,850,000	\$ 21,067,000	\$ 19,829,000	\$ 18,977,000	\$ 18,635,000	\$ 17,844,000	\$ 16,929,000	\$ 16,239,000	\$ 14,805,000
OLC's Proportionate share (amount) of the Collective Net Pension Liability as a Percentage of the OLC's Covered Payroll										
	217.0 %	64.2 %	112.1 %	161.1 %	235.1 %	137.5 %	204.4 %	163.1 %	115.4 %	123.9 %
The Pension Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability										
Traditional	75.7 %	92.6 %	86.9 %	82.2 %	74.7 %	84.7 %	77.3 %	81.1 %	86.4 %	86.4 %
Combined	137.1 %	169.9 %	157.7 %	145.3 %	126.6 %	137.3 %	116.6 %	116.9 %	114.8 %	104.6 %
Member-Direct	126.7 %	171.8 %	188.2 %	118.8 %	113.4 %	124.5 %	103.4 %	103.9 %	107.1 %	102.9 %

SCHEDULE OF OHIO LOTTERY CONTRIBUTIONS - LAST TEN FISCAL YEARS

PERS	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions (2)										
Traditional	\$ 3,829,000	\$ 3,803,000	\$ 3,318,000	\$ 3,466,000	\$ 3,351,000	\$ 3,094,000	\$ 2,785,000	\$ 2,557,000	\$ 2,435,000	\$ 2,293,000
Combined	3,668,000	3,643,000	3,179,000	3,320,000	3,210,000	2,964,000	2,668,000	2,450,000	2,333,000	2,197,000
Member-Direct	62,000	62,000	54,000	56,000	54,000	50,000	45,000	41,000	39,000	37,000
Member-Direct	99,000	98,000	86,000	89,000	86,000	80,000	72,000	66,000	63,000	59,000
Contributions in Relation to the Contractually Required Contributions										
	(3,829,000)	(3,803,000)	(3,318,000)	(3,466,000)	(3,351,000)	(3,094,000)	(2,785,000)	(2,557,000)	(2,435,000)	(2,293,000)
Contribution Deficiency (Excess)										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OLC's Covered Payroll										
	\$ 22,542,000	\$ 22,587,000	\$ 20,850,000	\$ 21,067,000	\$ 19,829,000	\$ 18,977,000	\$ 18,635,000	\$ 17,844,000	\$ 16,929,000	\$ 16,239,000
Contributions as a Percentage of Covered-Employee Payroll										
	17.0 %	16.8 %	15.9 %	16.5 %	16.9 %	16.3 %	14.9 %	14.3 %	14.4 %	14.1 %

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION

Changes in benefit terms:

There were no changes in benefit terms from the amounts reported for fiscal year 2014-2023.

Changes in assumptions:

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%
- (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25%
- (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018.

For fiscal year 2019, the most significant changes of assumptions that affected the total pension liability since the prior measurement date was the reduction in the actuarially assumed rate of return from 7.50% down to 7.20%.

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2020-2021.

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- (a) reduction in the actuarially assumed rate of return from 7.20% down to 6.90%
- (b) for defined benefit investments, decreasing the wage inflation from 3.25% to 2.75%
- (c) changing the future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%.
- (d) changing the cost-of-living adjustment from for post 1/7/2013 retirees from 0.50% simple through 2021, then 2.15% simple to 3.00% through 2022, then 2.05% simple.

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM • LAST SEVEN FISCAL YEARS (1)

PERS	2023	2022	2021	2020	2019	2018	2017
OLC's Proportion (Percentage) of the Collective Net OPEB Liability (Asset)	0.168243	0.162592 %	0.163044 %	0.162469 %	0.160666 %	0.161070 %	0.161070 %
OLC's Proportionate share (amount) of the Collective Net OPEB Liability (Asset)	\$ 1,061,000	\$ (5,093,000)	\$ (2,905,000)	\$ 22,441,000	\$ 20,947,000	\$ 17,491,000	\$ 16,269,000
OLC's Covered Payroll	\$ 22,587,000	\$ 20,850,000	\$ 21,067,000	\$ 19,829,000	\$ 18,977,000	\$ 18,635,000	\$ 17,844,000
OLC's Proportionate share (amount) of the Collective Net OPEB Liability (Asset) as a Percentage of the OLC's Covered Payroll	4.7	24.4 %	13.8 %	113.2 %	110.4 %	93.9 %	91.2 %
The Pension Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	94.8 %	128.2 %	115.6 %	47.8 %	46.3 %	54.1 %	54.1 %

(1) Information prior to 2017 is not available

SCHEDULE OF OHIO LOTTERY CONTRIBUTIONS • LAST TEN FISCAL YEARS

PERS	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 124,000	\$ 343,000	\$ 426,000	\$ 406,000	\$ 277,000
Contributions in Relation to the Contractually Required Contributions	-	-	-	-	-	(124,000)	(343,000)	(426,000)	(406,000)	(277,000)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OLC's Covered Payroll	\$ 22,542,000	\$ 22,587,000	\$ 20,850,000	\$ 21,067,000	\$ 19,829,000	\$ 18,977,000	\$ 18,635,000	\$ 17,844,000	\$ 16,929,000	\$ 16,239,000
Contributions as a Percentage of Covered Payroll	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.7 %	1.8 %	2.4 %	2.4 %	1.7 %

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB

Changes in benefit terms:

There were no changes in benefit terms from the amounts reported for fiscal year 2017-2020.

For fiscal year 2021, the the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation.

There were no changes in benefit terms from the amounts reported for fiscal years 2022-2023.

Changes in assumptions:

For fiscal year 2017, the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date was the reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- (a) increase in the discount rate from 3.85% up to 3.96%
- (b) decrease in the investment rate of return from 6.50% down to 6.00%
- (c) increase in the municipal bond rate from 3.31% to 3.71%
- (d) change in the health care cost trend rate from 7.50% initial, 3.25% ultimate in 2028 to 10.00% initial, 3.25% ultimate in 2029.

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- (a) decrease in the discount rate from 3.96% down to 3.16%
- (b) decrease in the municipal bond rate from 3.71% down to 2.75%
- (c) change in the health care cost trend rate from 10.00% initial, 3.25% ultimate in 2029 to 10.50% initial, 3.50% ultimate in 2030.

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- (a) increase in the discount rate from 3.16% up to 6.00%
- (b) decrease in the municipal bond rate from 2.75% down to 2.00%
- (c) change in the health care cost trend rate from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035.

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- (a) decrease in the municipal bond rate from 2.00% down to 1.84%
- (b) change in the health care cost trend rate from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- (a) decrease in the discount rate from 6.00% down to 5.22%
- (b) increase in the municipal bond rate from 1.84% to 4.05%
- (b) change in the health care cost trend rate from 8.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.



• STATISTICAL SECTION •

School of the Year: Revere Middle School

Revere Middle School in Akron was recognized as the 2022-2023 **School of the Year**.

The school was selected in a random drawing comprised of 328 Ohio schools who participated in the Lottery's Partners in Education program during the 2022-2023 academic year. Teacher **Allison McIntyre** was nominated for **Teacher of the Month** last year which made the school eligible for the drawing.

Revere Middle School received a trophy, a \$1,000 gift card, and autographed team merchandise from major and minor league sports teams across Ohio to be used for fundraising efforts. The school's 668 students also received a **Partners in Education** draw string bag.



Since McIntyre's nomination is what led to the middle school receiving this award, the school's principal, **Bill Conley**, awarded her the gift card to OfficeMax. In turn, McIntyre spent it on school supplies to help improve her intensive needs classroom.

"We used it to just buy a few different things that we needed for our coffee cart business, and then also just some extra supplies. For the classroom some educational tools and manipulatives and things that we needed for some of our students. So, it was kind of nice to pay it forward back into the classroom," McIntyre said.

New Program in Fiscal Year 2024

Beginning in the 2023-2024 academic year, the **School of the Year** is now a separate nomination process. Anyone can submit a nomination for School of the Year until March 10, 2024. The School of the Year award for 2023-2024 has an element of literacy associated with the nomination requirement.



Visit www.ohiolottery.com/partners to learn more, or to submit a nomination for a student, teacher, or School of the Year. For more information about the Ohio Lottery and its contribution to education, visit www.ohiolottery.com/supportingeducation.

Teacher Appreciation Week: Field Trip Giveaway

The **Ohio Lottery** partnered with the **Ohio Department of Natural Resources (ODNR)** to send an Ohio teacher and their class on a field trip to acknowledge and celebrate **Teacher Appreciation Week**. **Brigette Hoff**, a Latin teacher from **Bluffton High School**, was selected to take her class to learn and experience the outdoors.

Teachers who were nominated for Teacher of the Month from September 2022 - March 2023 were automatically included in the drawing for the field trip giveaway. Mrs. Hoff's nomination secured her entry in the giveaway. She was excited to be drawn as the winner and said it enabled her to reward her students for a great year.



She and her students received a field trip guided by outdoor experts from the Ohio Department of Natural Resources. They had the chance to hike followed by a canoe float on the Sandusky River. The prize included round-trip transportation and a substitute teacher as well.

"We are excited to expand our recognition of educators by adding this partnership with ODNR to offer another way to recognize the wonderful teachers we have here in Ohio in addition to our monthly recognition through the Partners in Education program," says **Molly Fanta**, Partners in Education Coordinator.

The Ohio Lottery takes pride in celebrating academic excellence throughout Ohio and is happy to offer the opportunity for students and teachers to be acknowledged through the Partners in Education program in addition to the funding that we provide to the Lottery Profits Education Fund.

"During Teacher Appreciation Week, it is such an honor to have been chosen to receive this Teacher Appreciation Field Trip Giveaway for my Latin III students. They have been such a wonderful class and I am so happy to be sharing this trip with them," said Mrs. Hoff.

"I also want to thank the Ohio Lottery and the Ohio Department of Natural Resources for partnering to make this trip possible. I am hoping that my students will not only have fun, but I hope they learn the value which our state parks can offer us. We look forward to spending a day together in a state park in Northwest Ohio. What an awesome experience you are providing for us. Thank you!"



STATISTICAL SECTION

This section of the Ohio Lottery's Annual Comprehensive Financial Report presents detailed information as a supplement to the information presented in the financial statements and note disclosures to assist readers in assessing the Lottery's overall financial health.

FINANCIAL TRENDS

These schedules contain trend information to help readers understand how the Lottery's financial performance and position has changed over time. The information presented includes changes in net position, sales, and transfer data specific to the Lottery as well as the lottery industry as a whole.

REVENUE CAPACITY

These schedules contain information to help readers assess the Lottery's most significant revenue source. Sales information, included in the financial trends section, provides data about the various games available to the public. The Lottery's statewide retailer network determines the market exposure for the Lottery's games.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help readers understand the environment within which the Lottery operates.

OPERATING INFORMATION

These schedules contain information about the Lottery's organization and efficiency.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports or the audited financial statements for the relevant year.

OHIO LOTTERY - CHANGE IN NET POSITION

LAST TEN FISCAL YEARS • IN MILLIONS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Plus: Total Operating Revenues	\$ 3,288.0	\$ 3,776.4	\$ 3,987.2	\$ 3,933.3	\$ 4,153.3	\$ 4,423.6	\$ 4,294.2	\$ 5,515.5	\$ 5,624.1	\$ 5,815.9
Less: Prizes & Commissions	2,158.9	2,568.5	2,699.0	2,711.9	2,861.3	3,067.2	3,038.7	3,926.7	3,959.0	4,088.4
Less: Cost of Tickets Sold/ Vendor Fees	-	55.0	55.4	60.1	49.7	53.3	61.4	74.1	67.3	85.4
Less: Operating Expenses	121.0	75.9	89.5	90.9	92.2	105.9	96.2	79.4	85.6	105.7
Operating Income (Loss)	\$ <u>1,008.2</u>	\$ <u>1,077.0</u>	\$ <u>1,143.3</u>	\$ <u>1,070.4</u>	\$ <u>1,150.1</u>	\$ <u>1,197.2</u>	\$ <u>1,097.9</u>	\$ <u>1,435.3</u>	\$ <u>1,512.2</u>	\$ <u>1,536.4</u>
Plus: Non-Operating Income	16.9	19.1	35.1	(7.4)	2.4	35.7	43.5	(12.7)	(25.1)	8.7
Less: Non-Operating Expense	30.7	30.3	24.4	21.3	20.9	17.8	15.1	13.0	11.6	14.7
Less: Transfers	1,004.3	1,090.0	1,116.1	1,040.6	1,087.7	1,153.9	1,127.1	1,359.0	1,405.4	1,464.2
Change In Net Position	\$ <u>(9.9)</u>	\$ <u>(24.2)</u>	\$ <u>37.9</u>	\$ <u>1.1</u>	\$ <u>43.9</u>	\$ <u>61.2</u>	\$ <u>(0.8)</u>	\$ <u>50.6</u>	\$ <u>70.1</u>	\$ <u>66.2</u>
Change In Net Position	(9.9)	(41.6)	37.9	0.9	43.9	61.2	(0.8)	50.6	70.1	66.2
Total Net Position - Beginning	<u>171.1</u>	<u>161.2</u>	<u>119.6</u>	<u>157.5</u>	<u>142.3</u>	<u>186.2</u>	<u>247.4</u>	<u>246.6</u>	<u>297.2</u>	<u>367.3</u>
Total Net Position - Ending(2)	\$ <u><u>161.2</u></u>	\$ <u><u>119.6</u></u>	\$ <u><u>157.5</u></u>	\$ <u><u>158.4</u></u>	\$ <u><u>186.2</u></u>	\$ <u><u>247.4</u></u>	\$ <u><u>246.6</u></u>	\$ <u><u>297.2</u></u>	\$ <u><u>367.3</u></u>	\$ <u><u>433.5</u></u>

OHIO LOTTERY - NET POSITION

LAST TEN FISCAL YEARS • IN MILLIONS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Investment In Capital Assets	\$ 2.1	\$ 15.7	\$ 26.8	\$ 20.9	\$ 25.6	\$ 17.3	\$ 13.4	\$ 8.0	\$ 6.6	\$ 4.6
Restricted For Net Unrealized Gains On Restricted Investments	73.8	66.3	77.4	47.0	28.0	57.2	99.5	91.0	84.2	-
Unrestricted	<u>85.3</u>	<u>37.6</u>	<u>53.3</u>	<u>90.5</u>	<u>132.6</u>	<u>172.9</u>	<u>133.7</u>	<u>198.2</u>	<u>276.5</u>	<u>428.9</u>
Total Net Position	\$ <u><u>161.2</u></u>	\$ <u><u>119.6</u></u>	\$ <u><u>157.5</u></u>	\$ <u><u>158.4</u></u>	\$ <u><u>186.2</u></u>	\$ <u><u>247.4</u></u>	\$ <u><u>246.6</u></u>	\$ <u><u>297.2</u></u>	\$ <u><u>367.3</u></u>	\$ <u><u>433.5</u></u>

OHIO LOTTERY - CAPITAL ASSETS

LAST TEN FISCAL YEARS • IN MILLIONS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capital Assets										
Lottery Equipment	\$ -	\$ 13.8	\$ 24.4	\$ 18.4	\$ 23.2	\$ 14.9	\$ 10.4	\$ 4.9	\$ 2.1	\$ 0.8
Vehicles	1.4	1.3	1.6	1.9	1.8	1.8	1.4	1.4	1.0	0.7
Data / Office Equipment	<u>0.7</u>	<u>0.6</u>	<u>0.8</u>	<u>0.6</u>	<u>0.6</u>	<u>0.6</u>	<u>1.6</u>	<u>1.7</u>	<u>3.5</u>	<u>3.1</u>
Net Investments In Capital Assets	\$ <u><u>2.1</u></u>	\$ <u><u>15.7</u></u>	\$ <u><u>26.8</u></u>	\$ <u><u>20.9</u></u>	\$ <u><u>25.6</u></u>	\$ <u><u>17.3</u></u>	\$ <u><u>13.4</u></u>	\$ <u><u>8.0</u></u>	\$ <u><u>6.6</u></u>	\$ <u><u>4.6</u></u>

RATIO OF OUTSTANDING DEBT SCHEDULE • CAPITAL LEASE

LAST TEN FISCAL YEARS • IN MILLIONS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capital Lease ⁽¹⁾	\$ 15.4	\$ 13.1	\$ 10.1	\$ 6.3	\$ 3.2	\$ 4.7	\$ 2.9	\$ 14.9	\$ 11.4	\$ 16.2
Percentage of Annual Lottery Sales	0.6%	0.5%	0.3%	0.2%	0.1%	0.1%	0.1%	0.3%	0.3%	0.4%

(1) The Debt will be paid by Lottery Ticket Sales.

(2) Net position in Fiscal Year 2017 was restated in Fiscal Year 2018 to reflect the adjustment made for the cumulative effect of change in accounting principles.

Note: The Ohio Lottery changed the way expenses are classified for Fiscal Year 2015 and subsequent fiscal years

REVENUES

LAST TEN FISCAL YEARS • IN MILLIONS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Draw Sales										
Pick 3	\$ 339.0	\$ 338.0	\$ 343.0	\$ 340.0	\$ 340.1	\$ 354.0	\$ 400.6	\$ 485.9	\$ 438.2	\$ 410.9
Pick 4	185.8	192.8	200.3	201.0	205.1	216.9	240.5	284.0	267.7	257.5
Pick 5	27.9	33.3	36.4	38.1	40.8	44.5	51.2	66.1	64.5	63.8
Rolling Cash 5	63.4	62.6	60.3	55.5	53.0	52.1	51.7	57.0	51.2	49.6
Classic Lotto/Kicker ⁽¹⁾	60.1	35.7	35.8	30.9	34.4	31.4	28.8	28.0	36.6	32.1
Raffle/Multi-State Raffle	1.0	7.0	-	3.6	-	-	-	-	-	-
EZPLAY	84.8	99.8	115.2	120.2	113.2	100.4	88.4	112.2	110.7	105.4
EZPLAY Tap	-	24.0	31.5	30.0	31.8	40.8	38.9	44.8	59.6	36.3
Touch & Win ⁽²⁾	-	-	0.7	16.0	19.5	30.4	31.4	35.2	38.4	39.1
Keno / Booster	298.1	329.5	365.9	396.3	421.1	453.9	439.4	577.4	621.6	640.4
The Lucky One ⁽³⁾	-	-	-	-	11.6	16.9	20.1	28.7	32.6	36.2
Mega Millions/Megaplier ⁽¹⁾	133.4	113.3	102.2	93.3	120.1	192.7	102.0	152.7	99.9	210.6
Powerball/Power Play ⁽⁴⁾	122.8	105.0	193.5	129.8	148.1	143.3	85.2	120.1	151.2	202.7
Lucky For Life	-	-	14.1	19.9	20.7	20.4	19.5	22.2	37.6	40.3
Total Draw-Based Sales	1,316.3	1,341.0	1,498.9	1,474.6	1,559.5	1,697.7	1,597.7	2,014.3	2,009.8	2,124.9
Scratch Off Sales	1,426.8	1,551.0	1,560.7	1,527.1	1,600.6	1,663.0	1,873.8	2,315.9	2,287.9	2,338.8
Total Ticket Sales	2,743.1	2,892.0	3,059.6	3,001.7	3,160.1	3,360.7	3,471.5	4,330.2	4,297.7	4,463.7
Sports Gaming Handle ⁽⁵⁾	-	-	-	-	-	-	-	-	-	3.8
VLT Revenue	437.6	773.0	868.9	926.6	987.3	1058.6	820.9	1,186.2	1,331.3	1354.6
VLT License Revenue	100.1	105.2	50.1	0.1	0.1	0.2	0.2	0.1	0.1	0.2
Other Revenues	7.2	6.2	8.6	4.9	5.8	4.1	1.6	(1.0)	(5.0)	(6.4)
Total Revenues	\$ 3,288.0	\$ 3,776.4	\$ 3,987.2	\$ 3,933.3	\$ 4,153.3	\$ 4,423.6	\$ 4,294.2	\$ 5,515.5	\$ 5,624.1	\$ 5,815.9

(1) The Kicker was retired from Mega Millions in 2011 and was replaced by Megaplier; Kicker was reintroduced in 2012 as a add-on feature to Classic Lotto.

(2) QuickKeno was rebranded to EZPLAY Touch & Win in January 2018.

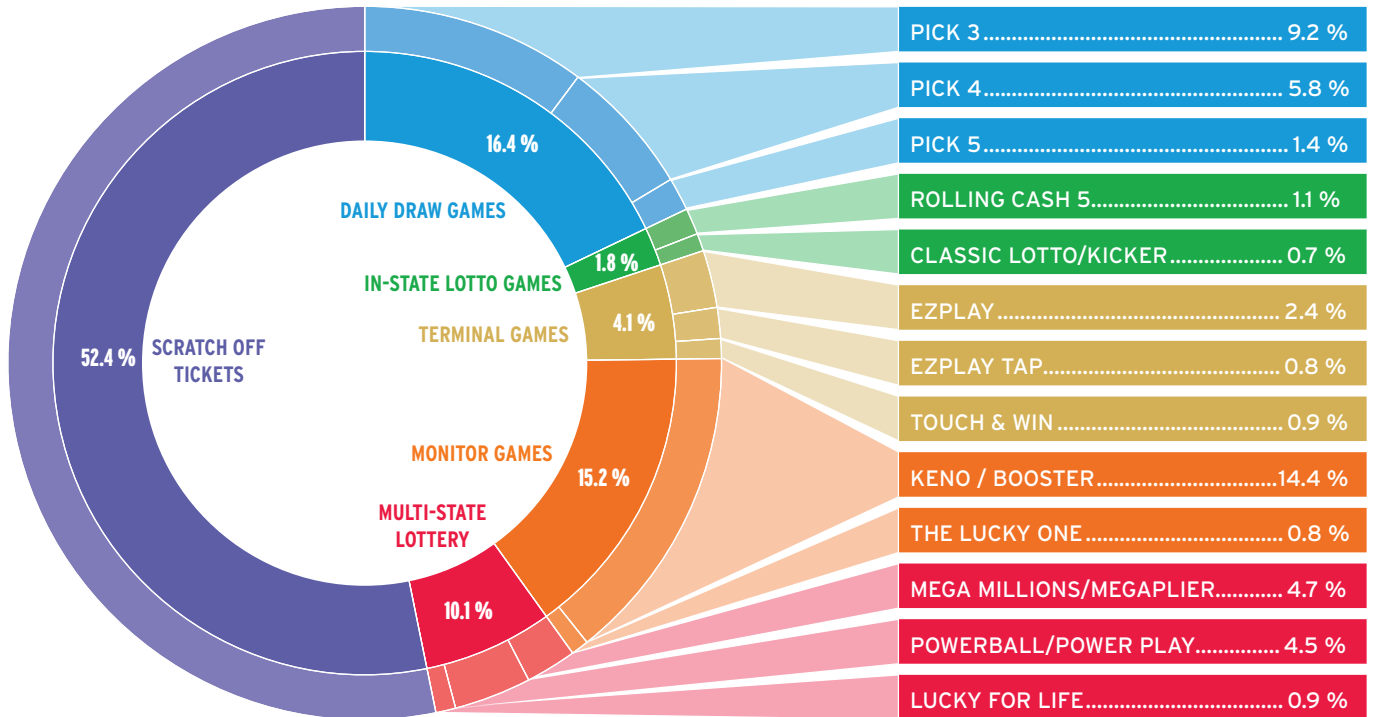
(3) The Lucky One game was introduced on January 21, 2018

(4) Booster option and Power Ball / Power Play added in Fiscal Year 2010.

(5) Sports Gaming was introduced on January 1, 2023. This figure represents handle taken by the one proprietor approved to use the Lottery's gaming system, Sports Bet Ohio (Intralot). In Fiscal Year 2023, there were four independent proprietors offering sports gaming as well. The Lottery's share of all of type C sports gaming is reflected on page 59.

SALES BY GAME

FISCAL YEAR 2023



PRIZE PAYOUT AS A PERCENTAGE OF TRADITIONAL LOTTERY SALES

LAST TEN FISCAL YEARS - IN MILLIONS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
SALES										
Draw-Based	\$ 1,316.3	\$ 1,341.0	\$ 1,498.9	\$ 1,474.6	\$ 1,559.5	\$ 1,697.7	\$ 1,597.7	\$ 2,014.3	\$ 2,009.8	\$ 2,124.9
Scratch Offs	1,426.8	1,551.0	1,560.7	1,527.1	1,600.6	1,663.0	1,873.8	2,315.9	2,287.9	2,338.8
Total Ticket Sales	\$ 2,743.1	\$ 2,892.0	\$ 3,059.6	\$ 3,001.7	\$ 3,160.1	\$ 3,360.7	\$ 3,471.5	\$ 4,330.2	\$ 4,297.7	\$ 4,463.7
PRIZE EXPENSE										
Draw-Based	\$ 705.7	\$ 758.5	\$ 838.2	\$ 834.2	\$ 879.9	\$ 981.9	\$ 927.0	\$ 1,168.2	\$ 1,133.6	\$ 1,203.6
Scratch Offs	992.3	1,116.8	1,094.4	1,075.8	1,118.8	1,157.9	1,332.3	1,673.4	1,658.1	1,687.9
Total Prize Expense	\$ 1,698.0	\$ 1,875.3	\$ 1,932.6	\$ 1,910.0	\$ 1,998.7	\$ 2,139.8	\$ 2,259.3	\$ 2,841.6	\$ 2,791.7	\$ 2,891.5
PRIZE PAYOUT PERCENTAGE										
Draw-Based	53.6%	56.6%	55.9%	56.6%	56.2%	57.8%	58.0%	58.0%	56.4%	56.6%
Scratch Offs	69.5%	72.0%	70.1%	70.4%	69.9%	69.6%	71.1%	72.3%	72.5%	72.2%

TRADITIONAL LOTTERY EXPENSES

LAST TEN FISCAL YEARS - IN MILLIONS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Prizes	\$ 1,698.0	\$ 1,875.3	\$ 1,932.6	\$ 1,910.0	\$ 1,998.7	\$ 2,139.8	\$ 2,259.3	\$ 2,841.6	\$ 2,791.7	\$ 2,891.5
Bonuses/Commissions	169.9	179.2	188.6	185.7	206.1	223.4	233.6	296.3	282.1	292.7
Cost of Tickets Sold and Vendor Fees	-	55.4	55.0	60.1	49.7	53.3	61.4	74.1	67.3	85.4
Operating Expenses	113.8	75.9	89.5	90.9	92.2	105.9	86.5	70.1	80.6	94.6
Payments to Education	764.9	739.9	784.1	739.4	794.7	810.1	846.3	958.6	968.9	1022.0
Total Sales	\$ 2,743.1	\$ 2,892.0	\$ 3,059.6	\$ 3,001.7	\$ 3,160.1	\$ 3,360.7	\$ 3,471.5	\$ 4,330.2	\$ 4,297.7	\$ 4,463.7

VIDEO LOTTERY TERMINALS (VLT)

GROSS GAMING REVENUE, COMMISSIONS TO VLSA'S, OPERATING EXPENSES AND PAYMENTS TO EDUCATION

LAST TEN FISCAL YEARS - IN MILLIONS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Commissions to VSLA's	\$ 291.0	\$ 514.0	\$ 577.8	\$ 616.2	\$ 656.6	\$ 704.0	\$ 545.9	\$ 788.8	\$ 885.3	\$ 900.8
Lottery Net Revenue	146.6	259.0	291.1	310.4	330.7	354.6	275.0	397.4	446.0	453.8
Operating Expenses	7.2	8.8	9.1	9.2	9.8	10.5	10.5	10.5	11.0	10.8
Accrued - Profits to Education - Paid in July	-	-	-	-	28.5	29.5	14.3	36.7	36.7	35.2
Payments to Education	139.4	250.1	282.0	301.2	293.0	343.8	264.5	400.4	436.5	442.2
Gross Gaming Revenue	\$ 437.6	\$ 773.0	\$ 868.9	\$ 926.6	\$ 987.3	\$ 1058.6	\$ 820.9	\$ 1186.2	\$ 1,331.3	\$ 1354.6

SPORTS GAMING

LAST TEN FISCAL YEARS - IN MILLIONS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Lottery Net Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.2
Operating Expenses	-	-	-	-	-	-	-	-	-	0.3

TOTAL EXPENSES, INCLUDING VLT AND SPORTS GAMING ACTIVITY

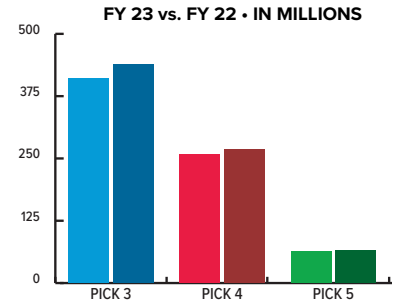
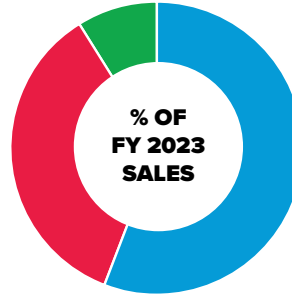
LAST TEN FISCAL YEARS - IN MILLIONS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Sales (including GGR)	\$ 3,180.7	\$ 3,665.0	\$ 3,928.5	\$ 3,928.3	\$ 4,147.4	\$ 4,419.3	\$ 4,292.4	\$ 5,516.4	\$ 5,629.0	\$ 5,822.1
Direct Game Costs:										
Prizes	1,698.0	1,875.3	1,932.6	1,910.0	1,998.7	2,139.8	2,259.3	2,841.6	2,791.7	2,891.5
Bonuses and Commission	460.9	693.2	766.4	801.9	862.7	927.4	779.5	1,085.1	1,167.4	1,193.6
Cost of Tickets Sold and Vendor Fees	-	55.4	55.0	60.1	49.7	53.3	61.4	74.1	67.3	85.4
Operating Expenses	121.0	84.7	98.6	100.1	102.0	116.4	96.2	79.4	91.6	105.7
Accrued - Profits to Education - Paid in July	-	-	-	-	28.5	29.5	14.3	36.7	36.7	35.2
Payments to Education	\$ 904.3	\$ 990.0	\$ 1,066.1	\$ 1,040.6	\$ 1,087.7	\$ 1,153.9	\$ 1,127.1	\$ 1,359.0	\$ 1,405.4	\$ 1,464.2

OHIO LOTTERY • REVENUES
LAST 10 FISCAL YEARS • IN MILLIONS

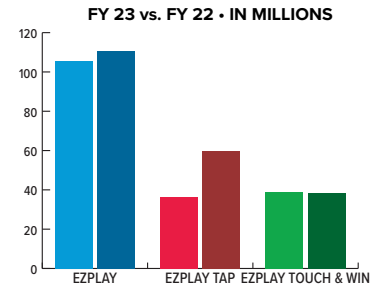
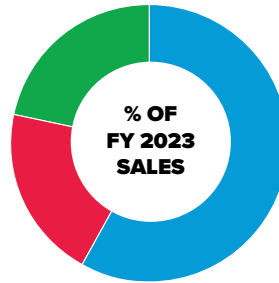
DAILY DRAW	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
PICK 3	\$ 339.0	\$ 338.0	\$ 343.0	\$ 340.0	\$ 340.1	\$ 354.0	\$ 400.6	\$ 485.9	\$ 438.2	\$ 410.99
PICK 4	185.8	192.8	200.3	201.0	205.1	216.9	240.5	284.0	267.7	257.5
PICK 5	27.9	33.3	36.4	38.1	40.8	44.5	51.2	66.1	64.5	63.8
RAFFLE/MULTI-STATE RAFFLE	1.0	7.0	-	3.6	-	-	-	-	-	-
TOTAL DAILY DRAW SALES	\$ 553.7	\$ 571.1	\$ 579.7	\$ 582.7	\$ 586.0	\$ 615.4	\$ 692.3	\$ 836.0	\$ 770.4	\$ 732.2

SALES	% OF FY23 SALES	FY23	FY22	DIFF
PICK 3	56.1%	\$ 410.9	\$ 438.2	\$ (27.3)
PICK 4	35.2%	257.5	267.7	(10.2)
PICK 5	8.7%	63.8	64.5	(0.7)
	<u>100.0%</u>	<u>\$ 732.2</u>	<u>\$ 770.4</u>	<u>\$ (38.2)</u>



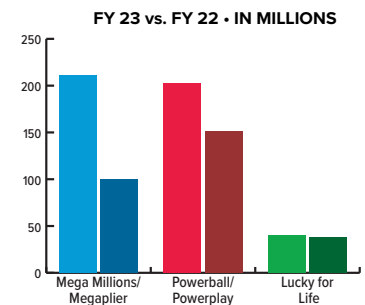
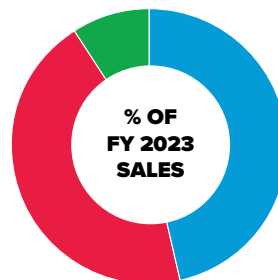
EZPLAY GAMES	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EZPLAY	\$ 84.8	\$ 99.8	\$ 115.2	\$ 120.2	\$ 113.2	\$ 100.4	\$ 88.4	\$ 112.2	\$ 110.7	\$ 105.4
EZPLAY TAP	-	24.0	31.5	30.0	31.8	40.8	38.9	44.8	59.6	36.3
EZPLAY Touch & Win	-	-	0.7	16.0	19.5	30.4	31.4	35.2	38.4	39.1
TOTAL EZPLAY SALES	\$ 84.8	\$ 123.8	\$ 147.4	\$ 166.2	\$ 164.5	\$ 171.6	\$ 158.7	\$ 192.2	\$ 208.7	\$ 180.8

SALES	% OF FY23 SALES	FY23	FY22	DIFF
EZPLAY	58.3%	\$ 105.4	\$ 110.7	\$ (5.3)
EZPLAY TAP	20.1%	36.3	59.6	(23.3)
EZPLAY TOUCH & WIN	21.6%	39.1	38.4	0.7
	<u>100.0%</u>	<u>\$ 180.8</u>	<u>\$ 208.7</u>	<u>\$ (27.9)</u>



MULTI-STATE GAMES	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
MEGA MILLIONS/MEGAPLIER ⁽¹⁾	\$ 133.4	\$ 113.3	\$ 102.2	\$ 93.3	\$ 120.1	\$ 192.7	\$ 102.0	\$ 152.7	\$ 99.9	\$ 210.6
POWERBALL/POWER PLAY ⁽²⁾	122.8	105.0	193.5	129.8	148.1	143.3	85.2	120.1	151.2	202.7
LUCKY FOR LIFE	-	-	14.1	19.9	20.7	20.4	19.5	22.2	37.6	40.3
TOTAL MULTI-STATE SALES	\$ 256.2	\$ 218.3	\$ 309.8	\$ 243.0	\$ 288.9	\$ 356.4	\$ 206.7	\$ 295.0	\$ 288.7	\$ 453.6

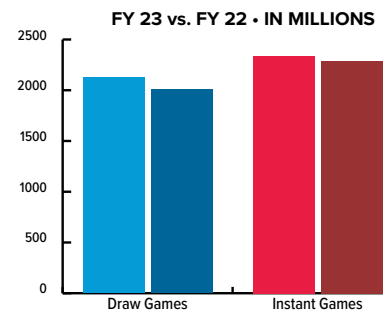
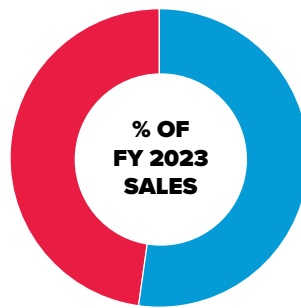
SALES	% OF FY23 SALES	FY23	FY22	DIFF
MEGA MILLIONS/MEGAPLIER	46.4%	\$ 210.6	\$ 99.9	\$ 110.7
POWERBALL/POWER PLAY	44.7%	202.7	151.2	51.5
LUCKY FOR LIFE	8.9%	40.3	37.6	2.7
	<u>100.0%</u>	<u>\$ 453.6</u>	<u>\$ 288.7</u>	<u>\$ 164.9</u>



OHIO LOTTERY • REVENUES
LAST 10 FISCAL YEARS • IN MILLIONS

DAILY LOTTO	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CLASSIC LOTTO/KICKER ⁽¹⁾	\$ 60.1	\$ 35.7	\$ 35.8	\$ 30.9	\$ 34.4	\$ 31.4	\$ 28.8	\$ 28.0	\$ 36.6	\$ 32.1
RAFFLE/MULTI-STATE RAFFLE	1.0	7.0	-	3.6	-	-	-	-	-	-
ROLLING CASH 5	63.4	62.6	60.3	55.5	53.0	52.1	51.7	57.0	51.2	49.6
TOTAL DAILY LOTTO GAME SALES	<u>\$ 124.5</u>	<u>\$ 105.3</u>	<u>\$ 96.1</u>	<u>\$ 90.0</u>	<u>\$ 87.4</u>	<u>\$ 83.5</u>	<u>\$ 80.5</u>	<u>\$ 85.0</u>	<u>\$ 87.8</u>	<u>\$ 81.7</u>
KENO	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
KENO/BOOSTER ⁽²⁾	\$ 298.1	\$ 329.5	\$ 365.9	\$ 396.3	\$ 421.1	\$ 453.9	\$ 439.4	\$ 577.4	\$ 621.6	\$ 640.4
THE LUCKY ONE ⁽⁴⁾	-	-	-	-	11.6	16.9	20.1	28.7	32.6	36.2
TOTAL REVENUE	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
DRAW GAME TICKET SALES	\$ 1,316.3	\$ 1,341.0	\$ 1,498.9	\$ 1,474.6	\$ 1,559.5	\$ 1,697.7	\$ 1,597.7	\$ 2,014.3	\$ 2,009.8	\$ 2,124.9
SCRATCH-OFF GAMES SALES	1,426.8	1,551.0	1,560.7	1,527.1	1,600.6	1,663.0	1,873.8	2,315.9	2,287.9	2,338.8
VLT REVENUE	437.6	773.0	868.9	926.6	987.3	1,058.6	820.9	1,186.2	1,331.3	1,354.6
VLT LICENSE REVENUE	100.1	105.2	50.1	0.1	0.1	0.2	0.2	0.1	0.1	0.2
OTHER REVENUES	7.2	6.2	8.6	4.9	5.8	4.1	1.6	(1.0)	(5.0)	(6.4)
SPORTS GAMING ⁽⁵⁾	-	-	-	-	-	-	-	-	-	3.8
TOTAL REVENUES	<u>\$ 3,288.0</u>	<u>\$ 3,776.4</u>	<u>\$ 3,987.2</u>	<u>\$ 3,933.3</u>	<u>\$ 4,153.3</u>	<u>\$ 4,423.6</u>	<u>\$ 4,294.2</u>	<u>\$ 5,515.5</u>	<u>\$ 5,624.1</u>	<u>\$ 5,815.9</u>

SALES	% OF FY23 SALES	FY23	FY22	DIFF
DRAW GAME TICKET SALES	47.6%	\$ 2,124.9	\$ 2,009.8	\$ 115.1
SCRATCH-OFF TICKET SALES	52.4%	2,338.8	2,287.9	50.9
	100.0%	<u>\$ 4,463.7</u>	<u>\$ 4,297.7</u>	<u>\$ 166.0</u>



(1) The Kicker was retired from Mega Millions in 2011 and was replaced by Megaplier; Kicker was reintroduced in 2012 as a add-on feature to Classic Lotto.

(2) Booster option and Power Ball / Power Play added in Fiscal Year 2010.

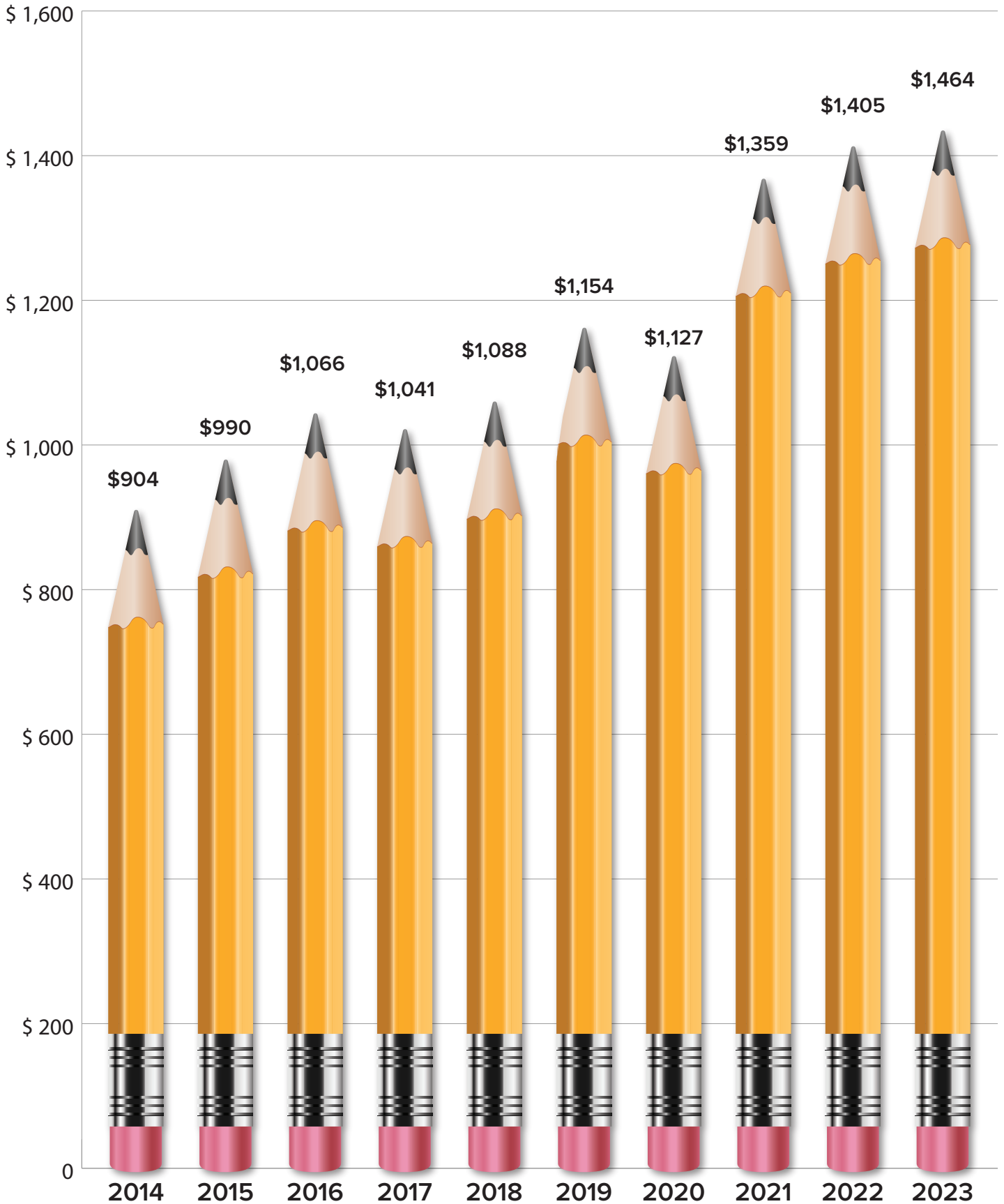
(3) QuicKeno was rebranded to EZPLAY Touch & Win in January 2018

(4) The Lucky One game was introduced on January 21, 2018

(5) Sports Gaming was introduced on January 1, 2023. This figure represents handle taken by the one proprietor approved to use the Lottery's gaming system, Sports Bet Ohio (Intralot). In Fiscal Year 2023, there were four independent proprietors offering sports gaming as well. The Lottery's share of all of type C sports gaming is reflected on page 59.

OHIO LOTTERY • TRANSFERS TO EDUCATION

LAST 10 FISCAL YEARS • IN MILLIONS



TOTAL VIDEO LOTTERY TERMINAL (VLT) SALES

IN MILLIONS



	ELDORADO SCIOTO DOWNS	JACK THISTLEDOWN RACINO	MGM AT NORTHFIELD PARK	MIAMI VALLEY GAMING	BELTERRA PARK GAMING	HOLLYWOOD GAMING AT DAYTON RACEWAY	HOLLYWOOD GAMING AT MAHONING VALLEY	TOTAL
DATE OPENED	JUNE 2012	APRIL 2013	DECEMBER 2013	DECEMBER 2013	MAY 2014	AUGUST 2014	SEPTEMBER 2014	
Average # of VLTs	2,037	1,484	1,606	2,243	1,086	1,012	1,003	10,471
Percent Change of Net Win from FY 2022	0.8%	(3.2%)	5.6%	8.0%	(9.6%)	(0.8%)	2.8%	1.8%
Net Win FY23	\$234.5	\$185.6	\$296.8	\$236.8	\$85.9	\$152.0	\$163.0	1,354.6
Racino Commission	155.2	122.8	196.4	156.7	56.8	100.6	107.8	896.3
Ohio Lottery Commission	78.6	62.2	99.4	79.3	28.8	50.9	54.6	453.8
Problem Gambling Services	0.8	0.6	1.0	0.8	0.3	0.5	0.5	4.5

U.S. LOTTERY INDUSTRY STATEMENT OF OPERATIONS

RANK BY SALES^(A) FISCAL YEAR 2022(B) • IN MILLIONS

U. S. LOTTERY		POPULATION	TOTAL TICKET SALES	PRIZES	BONUSES/ COMMISSIONS	OPERATING EXPENSES	PRIZES AS % OF TOTAL SALES	PER CAPITA SALES
1	Florida	22.3	\$9,324.6	\$6,245.5	\$523.1	\$203.4	67.0%	\$419
2	California	39.0	8,853.3	5,825.7	614.7	396.6	65.8%	227
3	Texas	30.0	8,296.9	5,599.7	439.5	247.2	67.5%	276
4	New York	19.7	8,178.1	4,902.5	489.7	-	59.9%	416
5	Massachusetts	7.0	5,855.6	4,311.2	335.1	113.3	73.6%	839
6	Georgia	10.9	5,421.1	3,585.3	320.1	213.9	66.1%	497
7	Pennsylvania	13.0	5,121.3	3,376.1	259.9	222.3	65.9%	395
8	Michigan	10.0	4,896.9	3,097.0	356.6	197.6	63.2%	488
9	OHIO	11.8	4,297.7	2,791.7	282.1	152.9	65.0%	366
10	North Carolina	10.7	3,887.1	2,544.0	266.2	149.7	65.4%	363
11	Virginia	8.7	3,752.4	2,676.9	138.6	153.1	71.3%	432
12	New Jersey	9.3	3,634.2	2,209.1	213.2	131.6	60.8%	392
13	Illinois	12.6	3,393.8	2,211.4	175.0	186.1	65.2%	270
14	Maryland	6.2	2,662.7	1,689.1	203.0	-	63.4%	432
15	South Carolina	5.3	2,253.6	1,486.9	158.6	52.2	66.0%	427

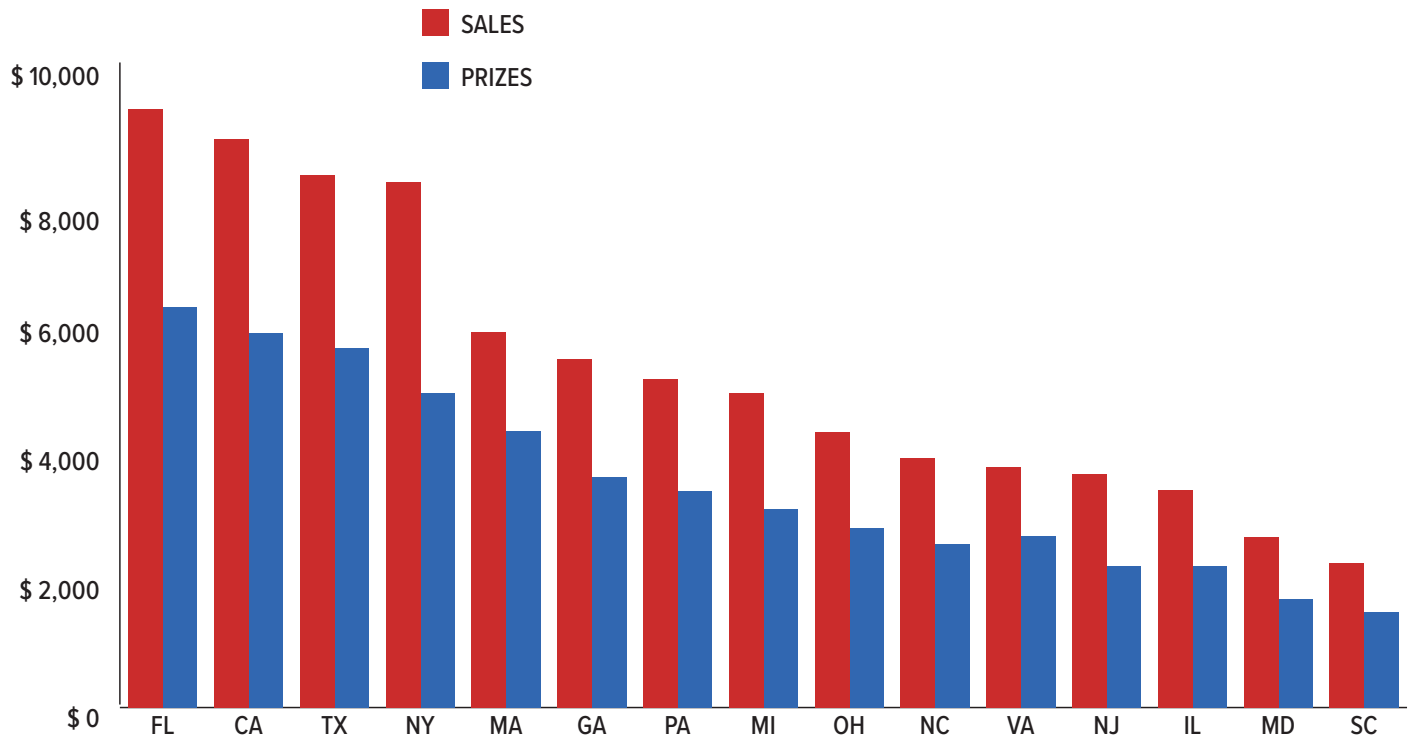
(a) Sales excludes video lottery, (b) Latest information available

The fiscal year ends June 30 for all US states except New York (March 31), Texas (August 31), and Michigan (September 30).

Source: "La Fleur's 2023 World Lottery Almanac"

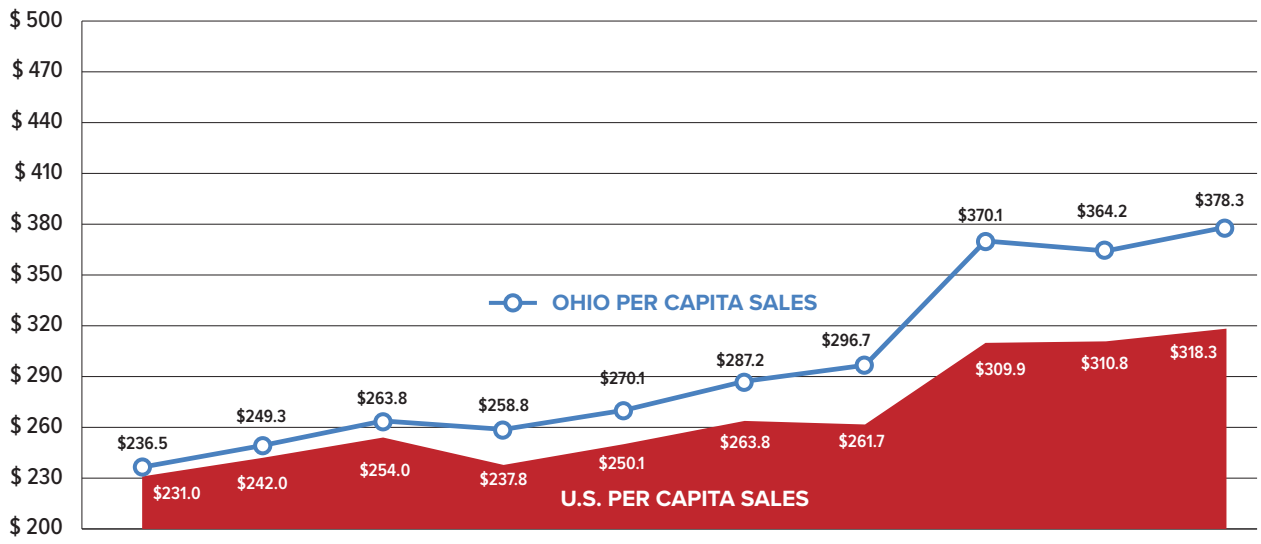
U.S. LOTTERY INDUSTRY • FISCAL YEAR 2022

IN MILLIONS



OHIO LOTTERY • PER CAPITA SALES

LAST TEN FISCAL YEARS • IN MILLIONS

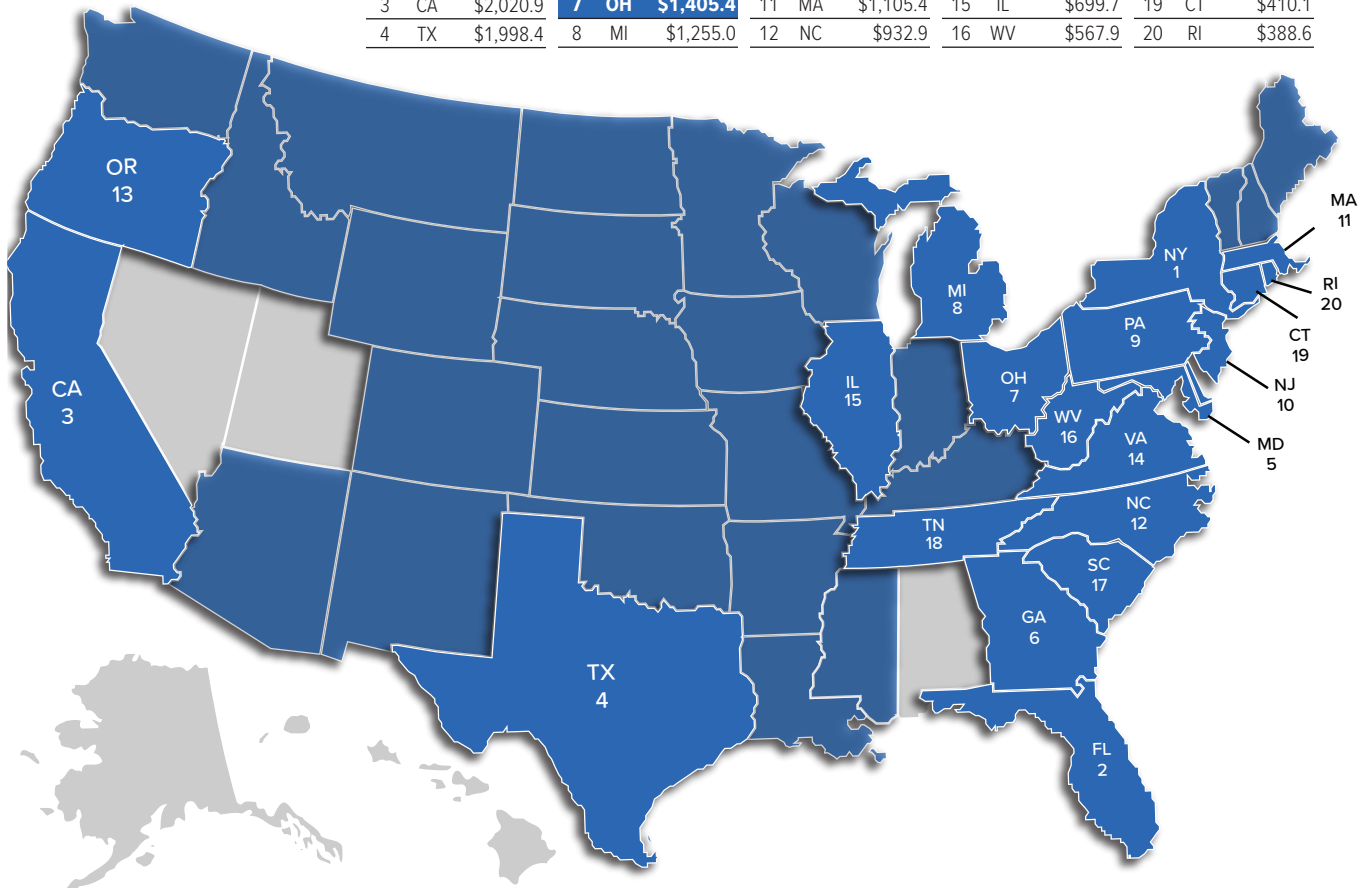


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Population	11.6	11.6	11.6	11.6	11.6	11.7	11.7	11.7	11.7	11.8
Traditional Lottery Sales	\$ 2,697.9	\$ 2,743.1	\$ 2,892.0	\$ 3,059.6	\$ 3,001.7	\$ 3,160.5	\$ 3,160.1	\$ 3,360.8	\$ 3,471.5	\$ 4,330.2

TOP 20 U.S. LOTTERY GOVERNMENT TRANSFERS • FY 2022

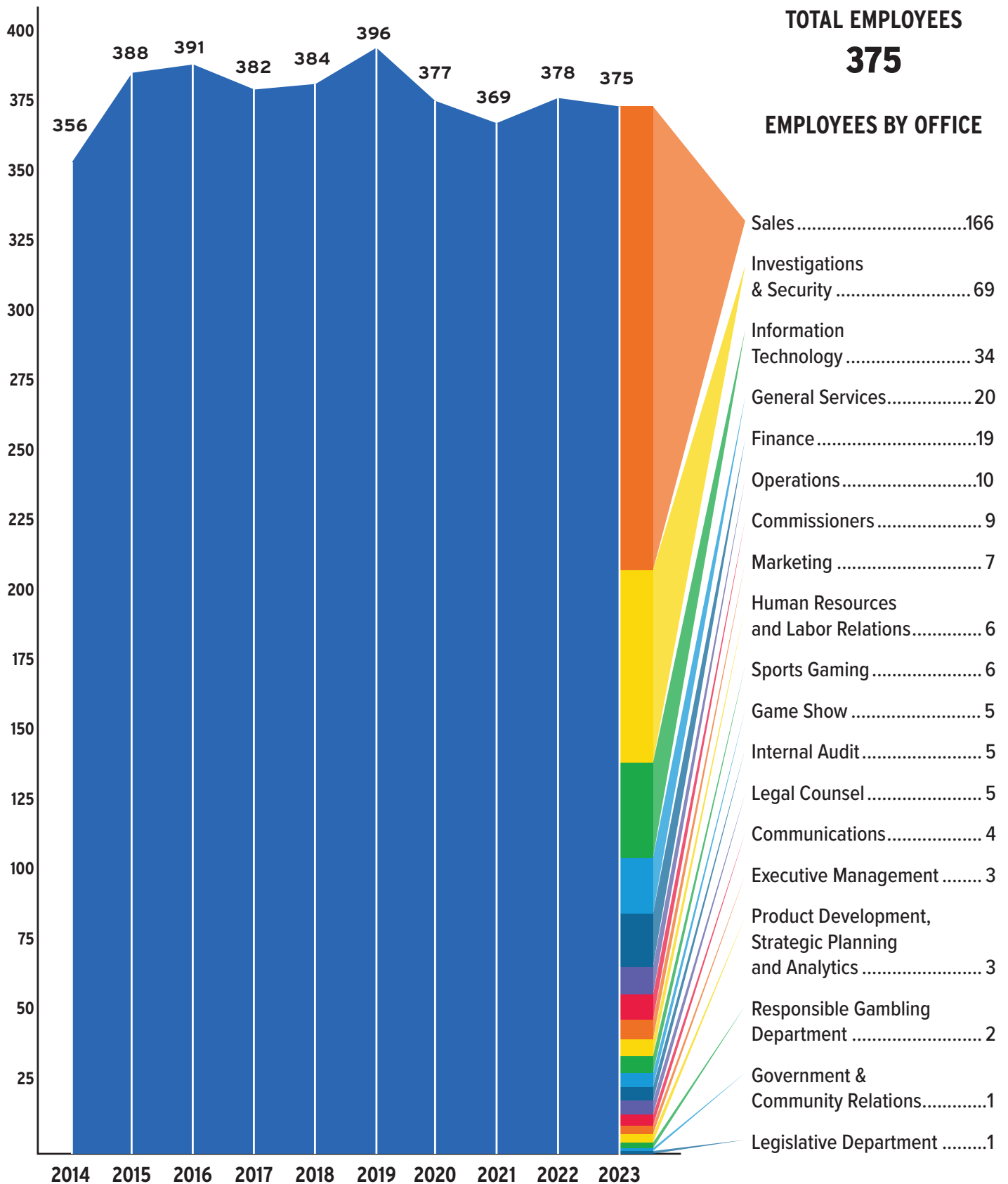
IN MILLIONS

1 NY	\$3,608.1	5 MD	\$1,527.1	9 PA	\$1,221.0	13 OR	\$910.5	17 SC	\$561.8
2 FL	\$2,333.5	6 GA	\$1,474.0	10 NJ	\$1,111.0	14 VA	\$779.6	18 TN	\$487.8
3 CA	\$2,020.9	7 OH	\$1,405.4	11 MA	\$1,105.4	15 IL	\$699.7	19 CT	\$410.1
4 TX	\$1,998.4	8 MI	\$1,255.0	12 NC	\$932.9	16 WV	\$567.9	20 RI	\$388.6



OHIO LOTTERY • NUMBER OF EMPLOYEES

LAST TEN FISCAL YEARS • AS OF JUNE 30, 2023



OHIO LOTTERY • ACTIVE RETAILERS BY REGION

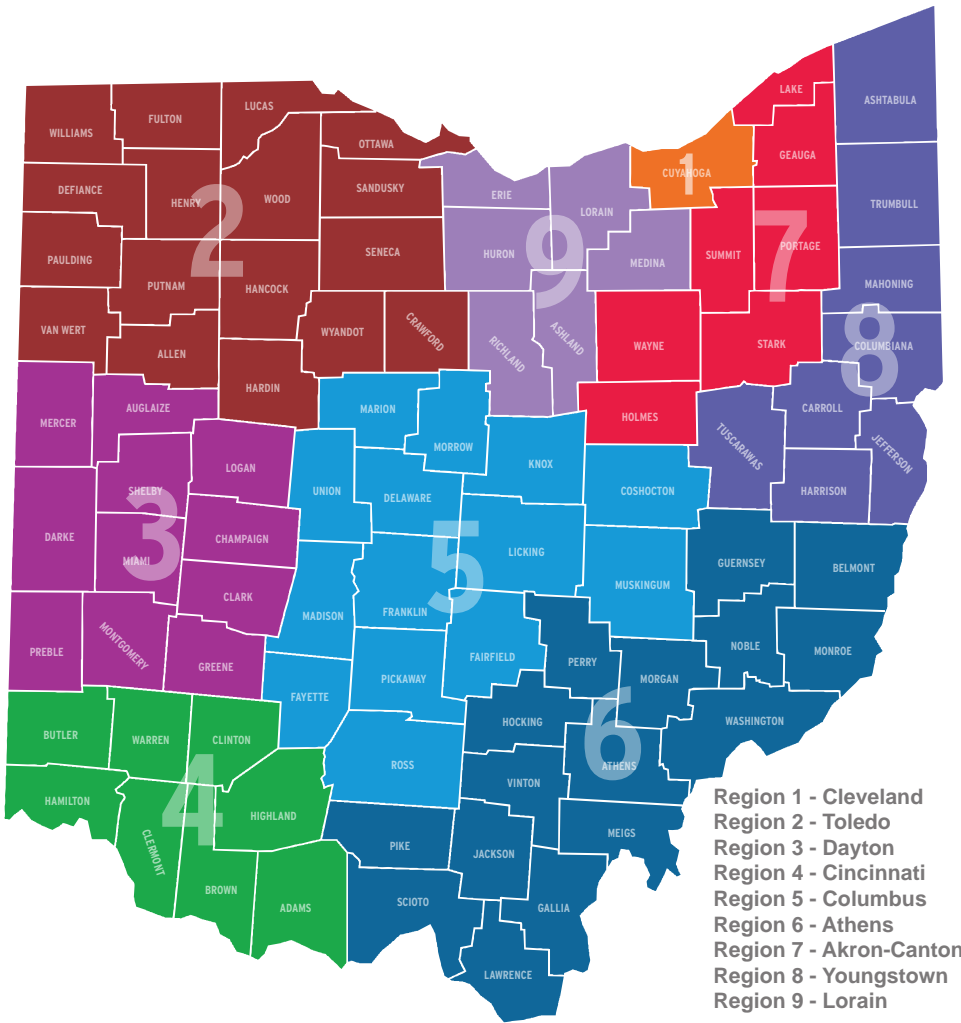
AS OF JUNE 30, 2023

TOTAL LOTTERY RETAILERS:

10,559

CHANGE FROM
PRIOR FISCAL YEAR:

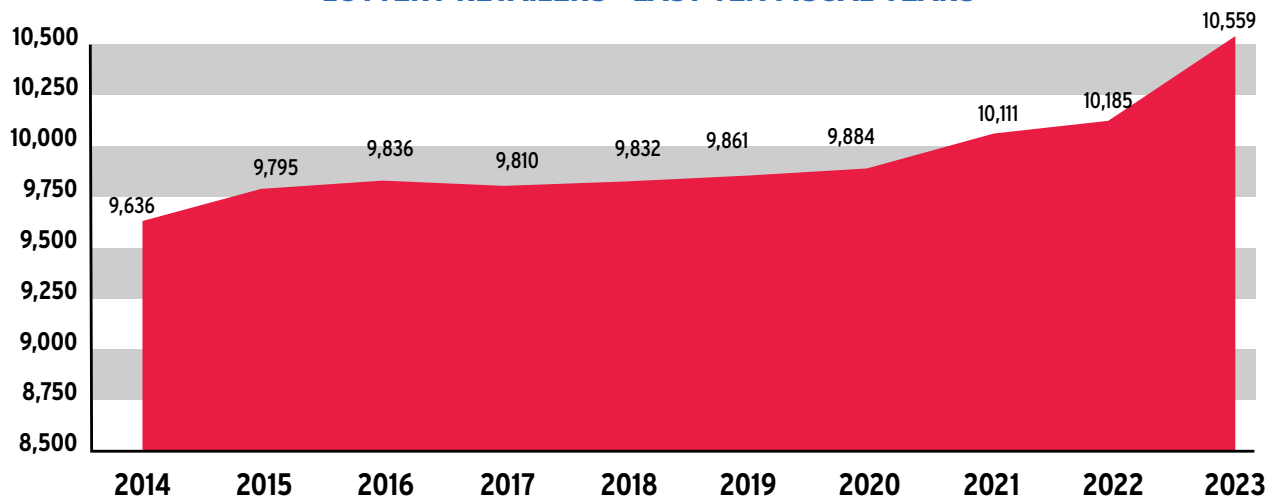
+374



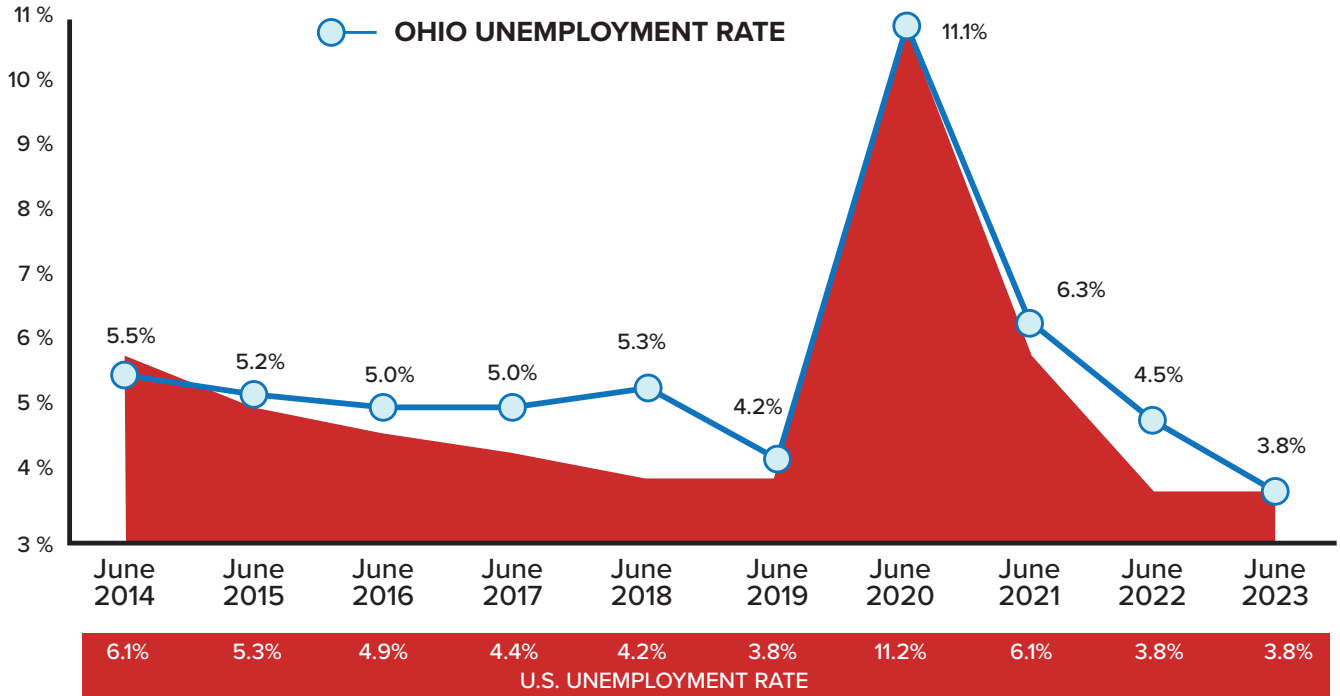
Region 1 - Cleveland
 Region 2 - Toledo
 Region 3 - Dayton
 Region 4 - Cincinnati
 Region 5 - Columbus
 Region 6 - Athens
 Region 7 - Akron-Canton
 Region 8 - Youngstown
 Region 9 - Lorain

TOTAL RETAILERS	REGION NUMBER AND NAME	% OF TOTAL	NET CHANGE
1,857	5. COLUMBUS	17.6%	+ 118
1,350	7. AKRON-CANTON	12.8%	+ 27
1,417	4. CINCINNATI	13.4%	+ 114
1,310	2. TOLEDO	12.4%	+ 28
1,188	1. CLEVELAND	11.3%	+ 10
1,100	3. DAYTON	10.4%	+ 35
956	8. YOUNGSTOWN	9.1%	+ 20
828	9. LORAIN	7.8%	+ 10
553	6. ATHENS	5.2%	+ 12

LOTTERY RETAILERS • LAST TEN FISCAL YEARS



UNEMPLOYMENT RATES • SEASONALLY ADJUSTED

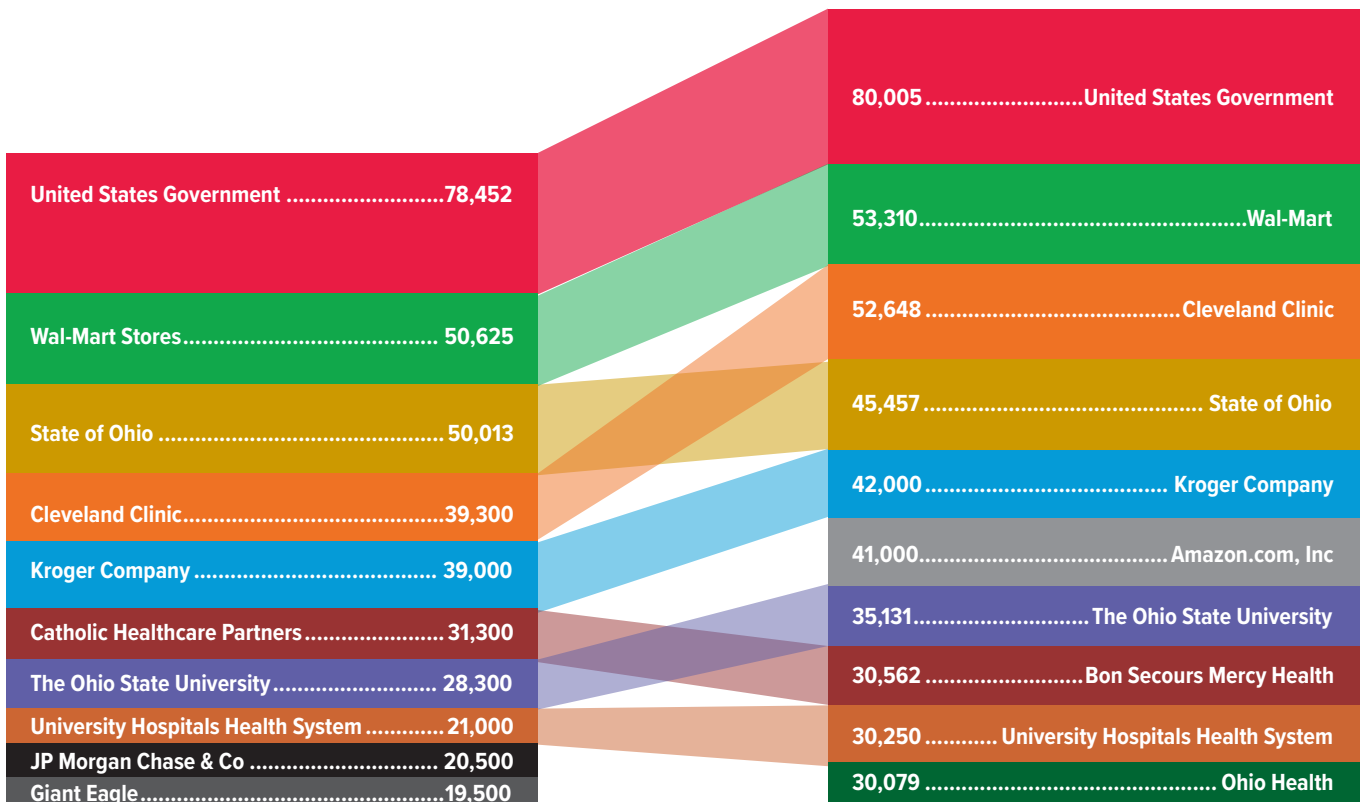


STATE OF OHIO • PRINCIPAL EMPLOYERS

FOR CALENDAR YEARS 2012 AND 2021

2012

2021



Sources: U.S. Department of Commerce, Bureau of Economic Analysis; Ohio Department of Services Agency, Office of Strategic Research; State of Ohio Comprehensive Annual Report for Fiscal Year 2022

Since 1974, the Ohio Lottery has transferred more than **\$31.4 billion** to help fund education in Ohio.



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OHIO LOTTERY COMMISSION

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