



Audit Summary

David A. Bergantino, CPA, CFE Auditor General

david.bergantino@rioag.gov

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Rhode Island Lottery

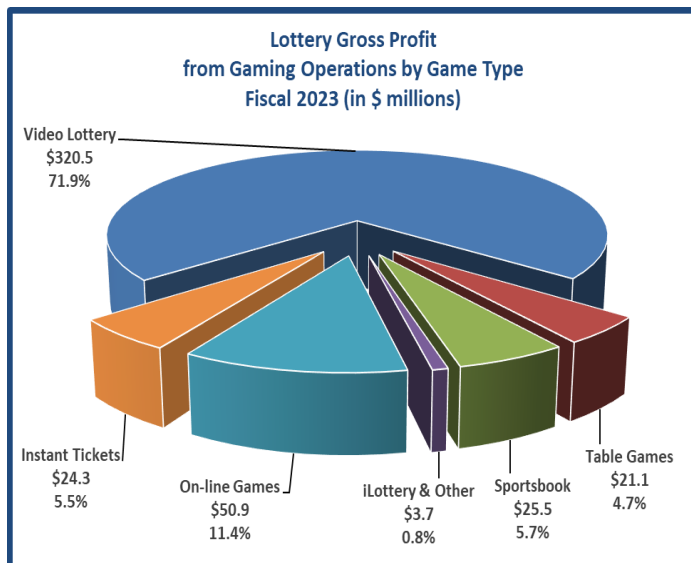
Fiscal Year Ended June 30, 2023

We completed an audit of the financial statements of the Rhode Island Lottery (Lottery) for the fiscal year ended June 30, 2023. The Lottery paid \$434.7 million to the State's General Fund for the fiscal year ended June 30, 2023. The amounts paid to the General Fund represent the Lottery's net income after payment of prize awards, commissions, other costs of gaming operations, and operating expenses.

Overall Lottery revenue, including gaming activity at the Lottery's two casinos, continued to experience significant recovery during fiscal 2023 compared to 2022. The fiscal 2023 transfer to the State increased \$46.0 million over the previous fiscal year.

The Lottery's gross profit from gaming operations before operating expenses totaled \$446.1 million for the fiscal year ended June 30, 2023. Video lottery accounted for \$320.5 million or 71.9% of total gross profit. Net video lottery revenue increased by approximately 10.6% compared to the prior year.

On-line games gross profit totaled \$50.9 million or an increase of 14.4% mostly due to increased wagering on larger jackpot prize drawings for PowerBall® and Mega Millions®, three of which were more than \$1 billion. Instant ticket games revenue decreased slightly resulting in \$24.3 million in gross profit in fiscal 2023. The Lottery's operating expenses totaled approximately \$14.0 million for the year ended June 30, 2023, an increase of 6.2% over the prior year.



Net revenue from table games totaled \$136.6 million for the year ended June 30, 2023. After commissions paid to the facilities and the towns, and related operating expenses, the State's share of net revenue from table games amounted to \$21.1 million.

Sportsbook gross profit totaled \$25.5 million, after commissions, payouts, and marketing expenses, an increase of \$5.7 million over the previous fiscal year. While Sportsbook wagering decreased slightly from fiscal 2022, net Sportsbook revenue (after prizes paid) increased \$11.1 million as increases in mobile sports betting offset some of the reduction in on-premises wagering at Bally's Twin River Lincoln Casino. Sportsbook wagering began in Massachusetts in the latter part of fiscal 2023 increasing overall regional competition for Sportsbook revenue.

We concluded that the Lottery's financial statements for the year ended June 30, 2023 were fairly presented in accordance with accounting principles generally accepted in the United States of America. We did not identify any deficiencies in internal control required to be reported under *Government Auditing Standards*.

Audit Highlights

- The Lottery paid \$434.7 million to the State's General Fund for the year ended June 30, 2023 – an increase of \$46.0 million compared to the prior fiscal year.
- Video lottery accounted for \$320.5 million or 71.9% of the Lottery's gross profit from gaming operations in fiscal 2023.
- Table games accounted for \$21.1 million of gross profit for fiscal 2023.
- On-line games gross profit totaled \$50.9 million for an increase of 14.4% mostly due to increased play for larger jackpot prizes, three of which were more than \$1 billion.
- Sportsbook gross profit increased by \$5.7 million or 28.5% over fiscal 2022. Sportsbook wagering began in Massachusetts in the latter part of fiscal 2023 increasing overall competition for Sportsbook revenue.
- We expressed an unmodified opinion on the Lottery's financial statements for the year ended June 30, 2023.