



# Audit Summary

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## Rhode Island Lottery

Fiscal Year Ended June 30, 2022

We completed an audit of the financial statements of the Rhode Island Lottery (Lottery) for the fiscal year ended June 30, 2022. The Lottery paid \$388.6 million to the State's General Fund for the fiscal year ended June 30, 2022. The amounts paid to the General Fund represent the Lottery's net income after payment of prize awards, commissions, and operating expenses.

Overall Lottery revenue, including gaming activity at the Lottery's two casinos, experienced a significant recovery during fiscal 2022 compared to 2021. The fiscal 2022 transfer to the State increased \$86.8 million over the previous fiscal year. While increased, the fiscal 2022 transfer was less than amounts transferred in fiscal 2019 prior to the pandemic.

The Lottery's gross profit from gaming operations before operating expenses totaled \$401.7 million for the fiscal year ended June 30, 2022. Video lottery accounted for \$288.8 million or 71.9% of total gross profit.

Net video lottery revenue increased by approximately 39.4% compared to the prior year. On-line revenue increased by 7.0% and instant ticket revenue decreased 3.0% over prior year amounts. The Lottery's operating expenses totaled approximately \$13.2 million for the year ended June 30, 2022.

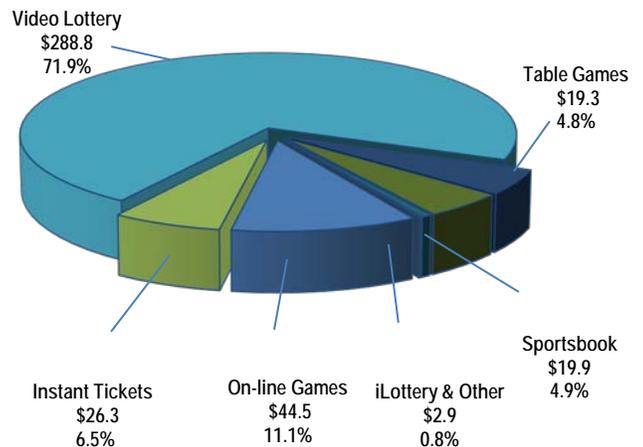
Net revenue from table games totaled \$125.0 million for the year ended June 30, 2022. After commissions paid to the facilities and the towns, and related operating expenses, the State's share of net revenue from table games amounted to \$19.3 million.

Sportsbook gross profit totaled \$19.9 million, after commissions, payouts, and marketing expenses. Sportsbook revenue increased 46.5% in fiscal 2022 with the continued resumption of sporting events and more patrons using the mobile Sportsbook application.

We concluded that the Lottery's financial statements for the year ended June 30, 2022 were fairly presented in accordance with accounting principles generally accepted in the United States of America.

The Lottery's financial statement disclosures included the recent amendments to the Master Contracts with IGT Global Solutions and the Rhode Island Affiliates of Bally's Corporation as well as the increasing competition from gaming activities in neighboring states.

Lottery Gross Profit from Gaming Operations by Game Type Fiscal 2022 (in \$ millions)



## Audit Highlights

- The Lottery paid \$388.6 million to the State's General Fund for the year ended June 30, 2022 – an increase of \$86.8 million compared to the prior fiscal year.
- Video lottery accounted for \$288.8 million or 71.9% of the Lottery's gross profit from gaming operations in fiscal 2022.
- Table games accounted for \$19.3 million of gross profit for fiscal 2022.
- Sportsbook revenue increased 46.5% and gross profit totaled \$19.9 million due to the resumption of sporting events and expanded use of the mobile Sportsbook application.
- We expressed an unmodified opinion on the Lottery's financial statements for the year ended June 30, 2022.
- We reported an internal control deficiency related to the sportsbook contractor's need to review and improve documentation of the bookmaker's access to the sportsbook system and obtain coverage of complementary subservice organization controls of the bookmaker.