



OHIO AUDITOR OF STATE
KEITH FABER



**OHIO LOTTERY COMMISSION
CUYAHOGA COUNTY
JUNE 30, 2020**

TABLE OF CONTENTS

TITLE	PAGE
--------------	-------------

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1
--	---

Attachment: Comprehensive Annual Financial Report (CAFR)

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of each major fund of the Ohio Lottery Commission, Cuyahoga County, (the Commission) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 1, 2020, wherein we noted the summarized comparative information had been derived from the Ohio Lottery Commission's financial statements as of and for the year ended June 30, 2019 and, in our report dated October 1, 2019, we expressed unmodified opinions on the respective financial position of each major fund.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Commission's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Commission's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 1, 2020

The Ohio Lottery Commission



An Enterprise Fund of the State of Ohio

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020

The Ohio Lottery Commission

An Enterprise Fund of the State of Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

Prepared by the
Ohio Lottery Office of Finance

Mike DeWine, Governor
Pat McDonald, Executive Director
Matthew Blair, Commission Chairperson
Gregory A. Bowers, Finance Director



TABLE OF CONTENTS

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

Profile of the Ohio Lottery	6
Economic Outlook	6
Lottery Products	7
Major Initiatives	9
Accounting Systems and Policies	10
Budgetary Control	10
Internal Control Environment	10
Financial Information	11
GFOA Certificate of Achievement	11
Independent Audit	11
Acknowledgments	11
Certificate of Achievement	13
Ohio Lottery Commission - Structure of Organization	14
Principal Officials	15

FINANCIAL SECTION

INDEPENDENT AUDIT

Independent Auditor's Report	18
------------------------------------	----

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights	21
Overview of the Financial Statements	21
Lottery Operating Fund	21
Annuity Prize Fund	21
Financial Analysis	22
Operating Analysis	25
Capital Assets and Debt Administration	27
Contacting the Ohio Lottery's Financial Management	27

FINANCIAL STATEMENTS

Statement of Net Position - Major Funds	28
Statement of Revenues, Expenses, and Changes in Fund Net Position - Major Funds	30
Statement of Cash Flows - Major Funds	31

NOTES TO THE BASIC FINANCIAL STATEMENTS

Summary of Significant Accounting Policies	32
Cash Deposits and Investments	35
Capital Assets	38
Prize Awards Payable	39
Other Liabilities	39
Current and Noncurrent Liabilities	40
Pension-Ohio Public Employees Retirement System (Opers)/Net Pension Liability/Asset	40
Other Post Employment Benefits	44
Net OPEB Liability	44
Interfund Transactions and Balances	48
Litigation	48

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Proportionate Share of the Net Pension Liability	49
Schedule of Ohio Lottery Contributions	49
Schedule of Proportionate Share of the Net OPEB Liability	50
Schedule of Ohio Lottery Contributions	50

STATISTICAL SECTION

Introduction	54
Ohio Lottery Statistics	55
Transfers to Education	60
Video Lottery Terminal (VLT) Statistics	61
Demographic and Economic Information	62

This page intentionally left blank.

• INTRODUCTORY SECTION •



Adapt and overcome

The Ohio Lottery's successes during the COVID-19 Pandemic

It only took a few short days in March of 2020 to turn our world upside down. It was the resilience of our leadership and the competency of our employees - our social cohesion, our trusting relationships between colleagues, retailers and our individual purpose - that helped us meet these challenges and overcome them.

Within a few shorts days, Lottery employees were working safely from home thanks to our Office of Information Technology. By the end of March, our

Office of Marketing retooled the entire agency's advertising strategy and commercials to be more in line with the State of Ohio's health orders. We developed and released a mobile cashing application where our customers can securely cash their winning lottery tickets from the safety of their homes.

These are just a few examples of how we work together. We're a pretty special bunch. These are our stories.

Before COVID-19

The Ohio Lottery was nearly two-thirds of its way through its Fiscal Year when the pandemic hit.

On December 17 2019, one month before the first documented case of COVID-19 in the United States, the Ohio Lottery celebrated its 20th Mega Millions jackpot winner since it went on sale in 2002.

The \$372 million jackpot was sold at Giant Eagle grocery in Mentor. The jackpot was claimed by The Great Hope Trust. Giant Eagle received a \$100,000 bonus for selling the winning ticket.





Our retailer partners

Our retailer partners are a critical part of our business and their operation is vital to generating essential funds for education in Ohio.

During the COVID-19 pandemic, we have worked tirelessly with our retailers to ensure that they can adapt, with a focus on balancing their business needs with the safety and health of their customers.

We've found that some retailers are using this time to remodel, move equipment and conduct some needed training.





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

OCTOBER 01, 2020

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 Comprehensive Annual Financial Report (CAFR) of the Ohio Lottery Commission (The Ohio Lottery) for the fiscal year ended June 30, 2020. The Office of Finance of the Ohio Lottery has prepared this report in accordance with Generally Accepted Accounting Principles (GAAP). 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 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 18-20 of this report. The Ohio Lottery, an agency of the State of Ohio (the State), was launched in 1974 and is operated as a business enterprise within the framework of the State's laws and regulations. The Ohio Lottery's mission is supporting education by offering entertaining gaming experiences.

The Ohio Lottery is an enterprise of the State and is included in the State's CAFR. 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.

PROFILE OF THE OHIO LOTTERY

The Ohio Lottery Commission 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 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, and the Lottery later added a \$30 price point in 2014. Encouraged by the ongoing success of its in-state lotto games, the Ohio Lottery formally joined the Mega Millions consortium in fiscal year 2002 and entered an agreement to sell Powerball beginning in fiscal year 2010. The Lottery continues to aggressively modernize its game portfolio to better match player demand, launching EZPlay and Keno in 2008, in addition to new fast play draw game options launched in the last several years. Recently, it joined a multi-state consortium to offer a "life" prize, Lucky for Life. Today, the Ohio Lottery Commission offers customers a wide variety of draw-based and scratch off games, with new convenient payment options, at nearly 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. Altogether, the Lottery has provided \$26.7 billion to public education. Video Lottery gaming was introduced in Ohio in 2012 when the Governor 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 Lottery's role is to regulate the program with the goal of generating revenue for the State of Ohio while maintaining integrity and transparency.

As of June 30, 2020, 44 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 0.6 percent in the first quarter of federal fiscal year 2020. The report indicates that personal income grew in 48 states and the District of Columbia. BEA targeted a number of factors behind the increase in personal income, which include increases in earnings, and transfer receipts. Of the industries tracked by the BEA, the largest percentage of earnings increases were in construction, finance and insurance, and state and local government. All told, fifteen of the twenty-four industries tracked saw earnings growth.

The US unemployment rate for June 2020 was 11.1 percent, which is 7.4 percent more than the previous year. This may be attributed to the closure of non-essential businesses during the State's stay-at home orders. Unemployment among all groups of workers increased sharply in the COVID-19 recession. In comparison to June 2019, the three main industries where employment growth increased were retailer trade, leisure and hospitality, and education and health services.

Ohio began the first quarter of fiscal year 2020 with a 0.5 percent increase in personal income over the previous quarter. Ohio ranked 42nd among states for change of income between the quarters. Throughout fiscal year 2020, the unemployment figures in Ohio have decreased, from 4.1 percent in June of 2019 to 10.9 percent as of June 2020. Ohio's unemployment rate currently sits at 0.2 percent lower than 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 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.

Fiscal year 2020 was the fifth consecutive year of profits exceeding \$1 billion dollars. Recent revenue increases are primarily the result of the ongoing success of KENO, strong growth in the daily numbers category, the continuing strong performances from the seven VLT facilities during the first half of the fiscal year, and the ability to reach record breaking sales for scratch off games to close the fiscal year.

LOTTERY PRODUCTS

The Ohio Lottery provides the opportunity for the public to participate in different games with two styles of play, draw-based games and scratch-off games. 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 2020 were \$400.6 million, or 11.5 percent of total 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 2020 were \$240.5 million, or 6.9 percent of total 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 2020 were \$51.2 million, or 1.5 percent of total 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 2020 were \$51.7 million, or 1.5 percent of total 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 2020 were \$25.0 million, or 0.7 percent of total Ohio Lottery sales.

KICKER is an add-on game, with a top prize of \$100,000, which may only be purchased along with Classic Lotto. KICKER was reinstated in April 2012. Sales for fiscal year 2020 were \$3.8 million, or 0.1 percent of total Ohio Lottery sales.



EZPLAY® is a hybrid instant/draw game. EZPLAY combines the instant win experience 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 modify easily to keep the product line fresh. In fiscal year 2013, a progressive jackpot component was added to the game portfolio, which now comprises roughly 83 percent of EZPLAY sales. Sales for fiscal year 2020 were \$88.4 million, or 2.5 percent of total 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 into 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 2020 were \$38.9 million, or 1.1 percent of total 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 QuicKeno 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 2020 were \$31.4 million, which came to 0.9 percent of total 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 the year, 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 2020 were \$439.4 million, or 12.7 percent of total 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 2020 were \$20.1 million, or 0.6 percent of total Ohio Lottery sales.



MEGA MILLIONS is a multi-state lotto game. To become more competitive, 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 roles 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. Mega Millions/Megaplier sales for fiscal year 2020 were \$102.0 million, or 2.9 percent of total 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. Drawings are held on 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 2020 were \$85.2 million or 2.5 percent of total Ohio Lottery sales.



LUCKY FOR LIFE is a small-scale multi-state game that was introduced in Ohio in November 2015. Wagers cost \$2 and drawings are held on Mondays and Thursdays. 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 2020 were \$19.5 million, or 0.6 percent of total Ohio Lottery sales.



SCRATCH-OFF games are played by scratching the latex covering off a play area to reveal pre-printed 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 2020, scratch off game sales were \$1.87 billion or 54.0 percent of total traditional ticket sales. The Ohio Lottery has successfully sold scratch off games at the \$1, \$2, \$3, \$5, \$10, \$20 and \$30 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.

To keep things interesting, the Ohio Lottery introduced several varieties of scratch-off games this year including the first ever \$10 game, \$50, \$100 or \$500, with only three prize levels and the top prize set at \$500. The game went on sale in January and by the end of the fiscal year it was the best-selling game. This is one of the \$10 games that helped the Lottery achieve record breaking sales and double-digit growth in the \$10 price point category. The Lottery also released the Monopoly Multiplier family of games at \$1, \$2, \$5, and \$10 price points. The Lottery also released a limited edition \$1 Cash Explosion game. This game along with the \$2 Cash Explosion game sales helped the \$1 and \$2 price points achieve sales levels higher than the previous fiscal year. In addition, as part of the agency’s new contract for the distribution of tickets to retailers, data analytics was leveraged to develop customized product orders for retailers to maximize sales potential by minimizing excess inventory. This new predictive ordering function, along with sales growth at the \$20 and \$30 price points, contributed to the scratch-off category realizing record breaking sales for the fiscal year.

VIDEO LOTTERY was introduced to 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; as of June 30, 2020 there were 11,318 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 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 2020 was \$820.9 million, with the Ohio Lottery receiving \$275.0 million as commissions earned.

MAJOR INITIATIVES

During fiscal year 2020, the Ohio Lottery generated \$1,127.1 million for the Lottery Profits Education Fund (LPEF). This was a decrease of \$26.8 million compared to fiscal year 2019. The closings of the Racino’s due to the State’s COVID-19 stay-at home order for 2.5 months had a direct impact on VLT profits generated for the year. Through fiscal year 2020, the Ohio Lottery has provided over \$26.7 billion in profits to the State of Ohio.

Of the profits earned, gross gaming revenue generated from VLTs were \$820.9 million during fiscal year 2020. This was \$237.7 million less than the prior fiscal year. Of this amount, the video lottery operators received \$543.2 million as commissions earned, while the Lottery’s share of revenue equaled \$275.0 million. Funds dedicated towards Problem Gambling programs were \$2.7 million. VLT operations were closed from March 14th through June 18th.

Additionally, the Ohio Lottery made several noteworthy achievements during fiscal year 2020.

- On December 17, 2019 Ohio made history by selling the winning jackpot ticket in that night’s \$372 million Mega Millions drawing. This was Ohio’s biggest prize ever and its 20th Mega Millions jackpot win. Retailers earned more than \$1.4 million in bonuses and commissions during the jackpot run.
- On May 2020, the Ohio Lottery started streaming the popular show Cash Explosion at its regular time of 7:30 pm through the Ohio Lottery’s mobile app and the Cash Explosion website. This was in response to having national TV commitments, like college football, push the show back to air at 11:30 pm or later in some markets.
- 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 Lottery continued using a cashless solution accepting Visa, Mastercard, Discover and eWallet transactions. Customers are limited to spending \$100 per week per card. In fiscal year 2020, \$170 million in sales were generated utilizing the various forms of “cashless” transactions.
- During fiscal year 2020, the Ohio Lottery continued to process winning claims between \$600 and \$5,000 by issuing pre-paid debit cards at our nine regional offices. In addition, players had the option to cash their mid-tier tickets at each of the seven racino’s regulated by the Lottery. However, as a result of COVID-19 and the State’s stay-at home orders, both the regional offices and the racino’s closed in March. During the pandemic players seemed hesitant mailing in their mid and high-tier winning claims. Thus, the Lottery introduced new ways to process these winning tickets. Players now have the option of turning in their high-tier claim form at one of the seven Racinos, or could make an appointment at the Regional offices. In addition to continuing its partnership with the seven Racino’s to cash mid-tier tickets, the Lottery is also finalizing deals with grocery chains and smaller independent stores to act as cashing agents for mid-tier prizes of \$600-\$5,000.
- In April 2020, the Lottery expanded its digital offerings by introducing Mobile Cashing. This easy and convenient way allows players to cash winning tickets from \$50 to \$5,000 via the Lottery’s mobile application. Payments are sent directly to the winner’s bank account on file, and options to add credit and debit cards will be introduced later in fiscal year 2021. This cashing option proved critical during the COVID-19 pandemic when the Lottery’s cashing locations were temporarily closed and the only option available to customers was to mail prize claims into Lottery headquarters. By the end of June, nearly 32,000 tickets were cashed for over \$19 million. The winnings can be sent directly to the winner’s bank account on file. Options to add credit and debit cards will be introduced in fiscal year 2021

- The Lottery encourages players to enjoy Ohio Lottery games responsibly. The 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 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. In fiscal year 2020, Ohio for Responsible Gambling continued with their successful prevention campaign “Get Set Before You Bet”, which also targeted select groups, such as seniors, athletes, teenagers, minority groups, and Spanish-speaking adults. The Lottery debuted 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. In fiscal year 2020, the Ohio Lottery contributed \$3.4 million from VLT sales for Problem Gambling in Ohio.
- Additionally, the 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 2021, the Ohio Lottery will continue to develop new ways to enhance its current product offerings and maximize operational efficiency and effectiveness. The Lottery benchmarks Ohio’s sales results against peer lottery states and review best practices to improve Ohio’s 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, 2020 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 with the exception of 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 Racino’s, 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 CAFR for the fiscal year ended June 30, 2019. This was the twenty-third 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 CAFR. 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 CAFR 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 2020 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 and Anna Callas 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 Comprehensive Annual 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,



Gregory A. Bowers

Finance Director



Patrick McDonald

Executive Director





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

The Ohio Lottery Commission

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

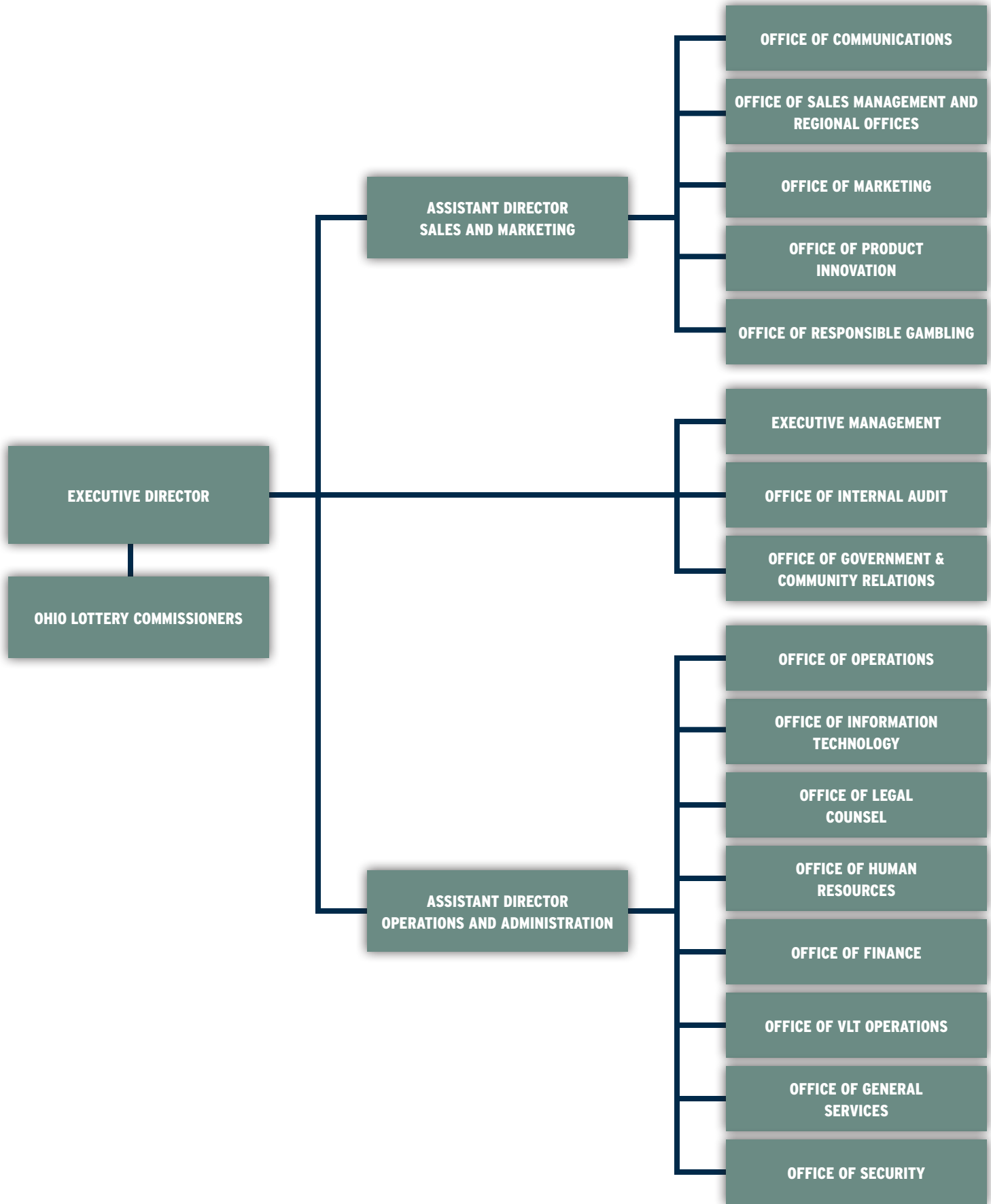
June 30, 2019

Christopher P. Morill

Executive Director/CEO

OHIO LOTTERY COMMISSION

STRUCTURE OF ORGANIZATION



PRINCIPAL OFFICIALS

AS OF JUNE 30, 2020

Mike DeWine

Governor of Ohio

Pat McDonald

Executive Director

Matthew Blair

Commission Chairperson

Term ends 08/01/2021

James Brady

Commissioner

Term Ends 08/01/2020

Nita Gupta

Commissioner

Term ends 08/01/2022

Jonathan Hughes

Commissioner

Term ends 08/01/2022

Angela Mingo

Commissioner

Term Ends 08/01/2020

Mark Rickel

Commissioner

Term ends 08/01/2022

Martin J Sweeney

Commissioner

Term ends 08/01/2021

Sean Whalen

Commission Vice Chairman

Term Ends 08/01/2020

● FINANCIAL SECTION ●



The Show Must Go On

Cash Explosion's innovative solution with the Play @ Home Game

The Cash Explosion TV Game Show faced a dilemma. Once the State of Ohio's stay at home orders were enacted in March of 2020, the Ohio Lottery immediately suspended future studio recordings of the show.

But how do you continue to produce a game show with no audience and no contestants? Cash Explosion shows are taped in advanced in monthly batches. Four shows are taped over a series of two days, so the production staff had about a month to figure it out. The shows are taped at Mills James studios, in Columbus, Ohio.

"We did about 6 weeks of shows that we called the COVID shows," recalled JC Carothers, Cash Explosion Production Manager. "We recapped memorable episodes, interviewed players that were previously on the show. Everyone got interviewed," he said.

Eventually Barry Riley, along with the production crew of Mills James, developed the Play @ Home format. But how to execute it? Although these are unprecedented times, there are still protocols to follow and budgets to abide by. The solution was to buy every contestant a tablet which costs roughly the same amount as their hotel room if the show was still being produced at the studio.

The contestants also get to keep the tablets, which is a welcome addition to some of these families.

Many are working from home and have school-age children who are attending school remotely.

"About a week or so before our first taping, we did a series of tests with the tablets," said JC. "Some of us were at the studio, some off site." The Samsung Tab A series tablets had to have mobile internet with a temporary data plan included, in case the contestant had no wi-fi or internet. The contestant uses Zoom, already installed on the tablet, to connect to the production studio and play in the game show.



The first show was taped on Monday, May 11, 2020 and aired on Saturday, May 16, with a special introductory message by Ohio Governor Mike DeWine. It was an unmitigated success.



Early on, the production process was very fluid. For the first few months, the production crew was taping one early in the week and airing it on Saturday during Cash Explosion’s regularly scheduled program time. As they refined their process, the Cash Explosion production staff was able to start batch taping the show once again, where the crew could prerecord four of these play-at-home shows over the course of two days and have a month’s worth of shows.

One unanticipated benefit is that some contestants have embraced this new format and have taken to adding decorations to their backgrounds to get into the spirit of the show.

“Some of these contestants are really taking the time to figure out how they want to be seen on TV in this new format,” said JC. “They make props for the show, from adding balloons and homemade signs to family members chanting off screen and throwing confetti – even throwing money in the air when the contestant wins big.

The most notably unanticipated benefit of the play-at-home format is the increased comfort level of the contestants. Before, a contestant would be standing on a stage, bright lights and cameras bearing down on them. Now, they are sitting comfortably in their homes, with their family and friends close by to support them.

“Before, when I would brief the contestants before the show, I’d always ask ‘who’s nervous?’ and a few of them would raise their hands,” said JC. “I’d always tell them to just pretend they’re at home with their friends and family, shooting the breeze like they normally do. And that’s kind of what they’re doing now.”

“It’s not as nerve wracking when you got your grandchild on your lap or your dog on the couch next to you,” said JC. “We have a lot of dogs on the show now.”

Industry award winner



The North American Association of State and Provincial Lotteries (NASPL) awarded Barry Riley, Ohio Lottery Video Production Manager, their much-coveted Powers Award for his efforts during the COVID-19 pandemic.



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

To the Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Ohio Lottery Commission, Cuyahoga County, Ohio (the Commission), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the 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, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Data

We have previously audited the Commission's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 1, 2019. In our opinion, the summarized comparative data presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Commission's basic financial statements taken as a whole.

The introductory section and the statistical section information present additional analysis and is not a required part of the basic financial statements.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will also issue our report dated October 1, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

October 1, 2020

This page intentionally left blank.

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, 2020. 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 6-11 of this report, and the financial statements which begin on page 28.

FINANCIAL HIGHLIGHTS

- Total traditional lottery sales increased \$110.8 million, or 3.3 percent from fiscal year 2019, resulting in overall sales of \$3.5 billion.
- After a slow-start at the beginning of the fiscal year, the Lottery rebounded and was on track to generate record sales and profits before the Covid-19 pandemic hit in mid-March. Eventually, the Lottery found its footing again and witnessed the resiliency of its scratch-off product line during the pandemic, which lifted sales during the period and resulted in profits exceeding expectations.
- During the last few months of the fiscal year, significant growth in scratch-off sales has been an industry trend, no doubt helped by the fact that nationwide closures of bars, restaurants, and other traditional entertainment venues have limited consumer options, making lottery the "only game in town" in some respects. However, our scratch-off sales growth in May and June were double industry growth trends, with sales hovering around 50% ahead of last May and June. Scratch-off ticket sales increased \$210.8 million, or 12.7 percent from fiscal year 2019.
- Draw-based game sales decreased \$100.0 million, or 5.9 percent from last year. This may have been attributed to lower multi-state jackpots combined with decreased sales in certain game categories. During the pandemic, a limited number of retailers were operating due to the closures of non-essential businesses such as bars/restaurants during the State's stay-at home orders. Monitor games including Keno were impacted by the closures and witnessed a decrease of 2.4 percent. The largest jackpots for fiscal year 2020 were \$414.0 million for Mega Millions and Powerball also had a jackpot of \$396.9 million.
- Total prize expense for fiscal year 2020 represented 65.0 percent of total ticket sales compared to 63.2 percent in fiscal year 2019. Though the percentage of prize expense increased slightly, actual prize expense increased \$119.4 million in fiscal year 2020 as a result of increased sales volume.
- Operating expenses decreased by \$9.7 million compared to fiscal year 2019 due to the cost savings measures enacted by the Governor which resulted in decreases in travel, utilities, maintenance & service type contracts and general decreases in gaming related costs and other expenses due to COVID-19.
- Gross gaming revenue from Video Lottery Terminals (VLT's) totaled \$820.9 million, a decrease of \$237.7 million over fiscal year 2019. The Ohio Lottery's net VLT revenue decreased from \$354.6 million to \$275.0 million or 22.5 percent in fiscal year 2020. This is directly attributed to the closures of non-essential businesses during the State's stay-at home orders. The racino's closed on March 14th and re-opened at 50% capacity on June 19th.
- As a result of traditional lottery sales and VLT revenue, the Ohio Lottery transferred \$1.13 billion to the Lottery Profits Education Fund (LPEF) in 2020, \$26.8 million less than the 2019 transfer amount.
- As discussed, the Ohio Lottery's financial results were greatly impacted by the Covid-19 pandemic and the State's stay-at home orders in the Spring of 2020.
- The Ohio Lottery's total net position slightly decreased \$0.8 million, or 0.3 percent, due a decrease 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 of 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, 2020 compared to June 30, 2019.

NET POSITION

(rounded in thousands)

	JUNE 30, 2020	JUNE 30, 2019
Current Assets: Unrestricted	\$ 306,033	\$ 369,679
Current Assets: Restricted	141,614	104,807
Noncurrent Assets: Restricted	366,818	364,005
Net Capital Assets	16,294	21,920
Net Pension Asset	355	142
Total Assets	831,114	860,553
Deferred Outflows of Resources		
Pension: OPERS	3,361	11,807
OPEB: OPERS	3,664	1,642
Total Outflows	7,025	13,449
Current Liabilities: Unrestricted	69,207	116,067
Current Liabilities: Restricted	142,401	106,123
Noncurrent Liabilities: Restricted and Unrestricted	314,973	337,937
Net Pension Liability	32,291	44,761
Net OPEB Liability	22,441	20,947
Total Liabilities	581,313	625,835
Deferred Inflows of Resources		
Pension: OPERS	7,004	700
OPEB: OPERS	3,223	112
Total Inflows	10,227	812
Net Position:		
Net Investment in Capital Assets	13,383	17,266
Restricted for Net Unrealized Gains on Restricted Investments	99,467	57,181
Unrestricted	133,749	172,908
Total Net Position	\$ 246,599	\$ 247,355

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, 2020 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/Asset and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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. 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 in order 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 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 decreased \$63.6 million compared to fiscal year 2019. 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 \$137.9 million, while Cash and Cash Equivalents increased \$121.1 million. The decrease in Cash Equity with Treasurer of State was offset by an increase in balances held in Cash and Cash Equivalents 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 \$15 million due to the timing of the transfers. In fiscal year 2019, the final transfer to the Treasurer of State was made before the end of the fiscal year, compared to the final transfer made after the end of fiscal year 2020.

Net Receivables from Agents increased by \$7.4 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, 2020, ten days of net sales activity was waiting to be collected compared to eight days on June 30, 2019. Other Assets increased by \$1.1 million over last fiscal year.

CURRENT ASSETS - RESTRICTED

The Lottery's Current Assets - Restricted increased from \$104.8 million in fiscal year 2019 to \$141.6 million in 2020, or \$36.8 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 decreased \$2.3 million, 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 increased due to an increase 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, increased from \$364.0 million in fiscal year 2019 to \$366.8 million in fiscal year 2020, or \$2.8 million. This increase is primarily the result of slightly more grand prize winners selecting the annuity option over time as opposed to the cash option.

CURRENT LIABILITIES - UNRESTRICTED

Current Liabilities - Unrestricted decreased by \$46.9 million, primarily due to the accounting for GASB 28 and the Securities Lending Program. The amount reported as obligations under security lending decreased from \$64.1 million in 2019 to \$8.6 million in 2020, or \$55.5 million. In addition, Capital Leases Payable: Current decreased \$0.5 million.

CURRENT LIABILITIES - RESTRICTED

Current Liabilities - Restricted increased \$36.3 million. This is attributed to obligations under securities lending increased \$39.2 million as the value and size of the investment portfolio has increased over time.

NONCURRENT LIABILITIES

Noncurrent Liabilities decreased \$33.9 million. This decrease is primarily attributed to the prize awards payable from restricted assets which decreased by \$22.1 million. The primary reason for this decrease is the ratio of winners that select the one-time cash option as opposed to receiving annual installments. There was also a decrease of \$12.5 million from an adjustment to Net Pension Liability (GASB 68). An adjustment to other post-employment benefit liabilities (OPEB) led to an increase of \$1.5 million (GASB 75).

The overall effect on liabilities is a decrease of \$44.5 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 decreased by \$0.8 million, or 0.3% in fiscal year 2020 compared to fiscal year 2019. In addition, the decrease is primarily attributed to the slight decrease in fair 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 2020 compared to fiscal year 2019, including revenue and expense comparisons.

CHANGES IN NET POSITION

(rounded in thousands)

	JUNE 30, 2020	JUNE 30, 2019
Ticket Sales	\$ 3,471,537	\$ 3,360,764
VLT and License Revenues	821,140	1,058,819
Other Operating Revenues	1,543	4,085
Non-Operating Revenues	<u>43,568</u>	<u>35,666</u>
Total Revenues	4,337,788	4,459,334
Prize Awards	2,259,251	2,139,841
Bonuses and Commissions	233,584	223,364
Commissions - VLT	545,914	703,995
Cost of Tickets Sold	32,636	21,960
Vendor Fees	28,729	31,362
Operating Expenses	96,200	105,919
Non-Operating Expenses	15,102	17,800
Payments to the Lottery Profits Education Fund	<u>1,127,128</u>	<u>1,153,932</u>
Total Expenses	4,338,544	4,398,173
Change in Net Position	(756)	61,161
Total Net Position - Beginning	247,355	186,194
Total Net Position - Ending	<u>\$ 246,599</u>	<u>\$ 247,355</u>

TICKET SALES BY GAME AND VLT REVENUE: FISCAL YEARS 2020 AND 2019

(rounded in thousands)

Game	JUNE 30, 2020	JUNE 30, 2019
Pick 3	\$ 400,568	\$ 354,024
Pick 4	240,542	216,872
Pick 5	51,234	44,496
Rolling Cash 5	51,732	52,046
Classic Lotto/Kicker	28,835	31,468
Lucky For Life	19,534	20,437
Mega Millions/Megaplier	101,953	192,730
Powerball/Power Play	85,148	143,291
Keno/Booster	439,421	453,858
The Lucky One	20,090	16,948
EZPLAY	88,387	100,338
EZPLAY TAP	38,896	40,834
EZPLAY TOUCH & WIN	31,388	30,391
Total Online Sales	<u>1,597,728</u>	<u>1,697,733</u>
Instants	<u>1,873,809</u>	<u>1,663,031</u>
Total Sales	<u>3,471,537</u>	<u>3,360,764</u>
VLT Revenue	820,923	1,058,639
VLT License Revenue	<u>217</u>	<u>180</u>
Total VLT Revenue	821,140	1,058,819
Total Ticket Sales and VLT Revenue	<u>\$ 4,292,677</u>	<u>\$ 4,419,583</u>

OPERATING ANALYSIS

Sales from traditional lottery games in fiscal year 2020 were \$3,471.5 million. This represents an increase of \$110.8 million or 3.3 percent compared to sales from fiscal year 2019. The following section summarizes traditional lottery sales in fiscal year 2020 by game category.

DAILY NUMBERS GAMES

Sales for Daily Draw-based games, which consist of Pick 3, Pick 4, and Pick 5, totaled \$692.3 million in fiscal year 2020. This was \$77.0 million, or 12.5 percent higher than sales posted in fiscal year 2019. Sales for both Pick 3 and Pick 4 increased \$46.5 million and \$23.7 million, respectively, while Pick 5 finished the year up by \$6.7 million. The increase in sales for both Pick 3 & Pick 4 can be attributed to an increase in prizes won, as players may have reinvested those winnings back into the game. Additionally, growth accelerated to double digits during the pandemic as players had more discretionary income to spend due to less entertainment options available.

IN-STATE LOTTO GAMES

Sales for in-state Lotto style games, which consist of Rolling Cash 5, Classic Lotto and KICKER, totaled \$80.6 million for fiscal year 2020. This is \$2.9 million, or 3.5 percent less than sales posted in fiscal year 2019. Fiscal year 2020 sales for Rolling Cash were \$315,000 less than sales posted in fiscal year 2019. Classic Lotto was down \$2.5 million. This decrease can be attributed to lower than average jackpots throughout FY 2020. Sales for KICKER, an add-on game of Classic Lotto, were \$140,000 less than sales posted in fiscal year 2019.

MULTI-STATE JACKPOT GAMES

Sales for Multi-state jackpot games, which consist of Mega Millions, Megaplier, Powerball, Power Play, and Lucky for Life, totaled \$206.6 million for fiscal year 2020. This is \$150 million, or 42.0 percent less than sales posted in fiscal year 2019.

Sales for Mega Millions in fiscal year 2020 were \$85.1 million less than sales posted the prior year, while Megaplier, the Mega Millions add-on game, decreased by \$5.5 million. This decrease can be directly correlated to lower jackpots offered during the year. In fiscal year 2020, the jackpot for Mega Millions exceeded \$400 million once, with a high of \$414 million, while it exceeded that milestone in the previous year four times with a high jackpot of over \$1.5 billion.

Powerball sales in fiscal year 2020 were \$54.0 million less than sales generated the prior year, while Power Play, the Powerball add-on game, decreased by \$4.1 million. No jackpots exceeded \$400 million during the year, with a high of \$396 million, however, it exceeded \$400 million two times in fiscal '19 with a high of \$768 million. Therefore, lack of high jackpots contributed to this industry-wide sales slump.

Sales for Lucky for Life, a multi-state game offering life prizes, decreased slightly by \$903,000.

KENO AND THE LUCKY ONE (MONITOR GAMES)

Sales for Monitor games totaled \$459.5 million for the 2020 fiscal year. This is \$11.3 million, or 2.4 percent less than sales posted in fiscal year 2019. Sales for KENO in fiscal year 2020 were \$12.7 million less than sales posted in fiscal year 2019, while Booster decreased \$1.7 million to the variance in this category. Lucky One contributed \$20.1 million to the sales total. Sales for Booster in fiscal year 2020 were 26.6 percent of KENO sales. Sales for KENO/Booster declined during the pandemic due to limits placed on the bar/restaurant trade channel as a result of the closure of non-essential businesses in mid-March through May. Typically, over 75 percent of sales for monitor games occur at these trade channels.

EZPLAY

Sales for EZPLAY games, which include, EZPLAY, EZPLAY TAP, and EZPLAY TOUCH & WIN, totaled \$158.7 million for the 2020 fiscal year. This is \$12.9 million, or 7.5 percent less than sales posted in fiscal year 2019. Fiscal year 2020 sales for EZPLAY were \$12.0 million less than sales recorded in fiscal year 2019. Fiscal year 2020 sales for EZPLAY TAP were \$1.9 million less than sales posted in fiscal year 2019. Sales decreases for EZPLAY were mitigated by Touch & Win and other interactive touch-screen style games. Decreases in some EZPLAY categories were the result of timing of new game releases, specifically new progressive EZPLAY game launches, and limited retail outlets available due to COVID-19. 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 which was impacted by the pandemic. This product line was launched in June of fiscal year 2016 and generated \$31.4 million in sales in the EZPLAY category.

SCRATCH-OFF TICKETS

Sales for Scratch-off ticket games totaled \$1.9 billion, which is \$210.8 million, or 12.7 percent more than sales posted in fiscal year 2019. Scratch-off ticket sales were bolstered by several strategic initiatives during the year, such as the introduction of the first ever \$10 game, \$50, \$100, or \$500, with only three prize levels in the game with a top prize set at \$500. The game went on sale in January and by the end of the fiscal year was the best-selling scratch-off ticket. This is one of the \$10 games that propelled the achievement of record-breaking sales, and double-digit growth in this category as well as the product line. The Lottery also released the Monopoly Multiplier family of games at \$1, \$2, \$5, and \$10 price points. After several weeks on sale the success of the games prompted the Lottery to replenish an order. The Lottery also released a limited edition \$1 Cash Explosion game. This game, along with the \$2 Cash Explosion game, helped the \$1, and \$2 price points achieve higher sales levels than last fiscal year.

As was the case industry-wide, sales for scratch-off game products were in high demand in the latter part of the fiscal year, when entertainment options were limited for consumers due to the pandemic. Additional measures taken were 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 2020 AND 2019

(rounded in thousands)

	JUNE 30, 2020	JUNE 30, 2019
Prize Awards	\$ 2,259,251	\$ 2,139,841
Bonuses/Commissions - Traditional Retailers	233,584	223,364
Commissions - VLT	545,914	703,995
Cost of Tickets Sold	32,636	21,960
Vendor Fees	28,729	31,362
Operating Expense	96,200	105,919
Payments to Education	1,127,128	1,153,932
Total	<u>\$ 4,323,442</u>	<u>\$ 4,380,373</u>

PRIZE AWARDS

Prize expense for fiscal year 2020, which totaled \$2,259.3 million, was \$119.4 million, or 5.6 percent higher than fiscal year 2019. Prize expense has a direct correlation to sales. Therefore, since sales volume increased, the amount of prizes awarded also increased. Additionally, the combinations of several large payouts from the daily numbers games, combined with growth in higher price point scratch-off tickets and sales, led to larger prizes awarded during the fiscal year. Finally, prizes for Pick 3 and Pick 4 were higher than the games designed payout matrix, which is a function of the "luck of the draw."

BONUSES/COMMISSIONS

Bonuses/Commissions increased due to higher sales volume and the less restrictive criteria for retailers to remain eligible for the quarterly bonus incentive. During the pandemic, the Lottery decided to eliminate some of the criteria to remain eligible, such as the activation mandate of certain scratch-off tickets.

This program provides an increase in commissions for retailers when they meet certain sales goals and other mandatory requirements and optional qualifying criteria. Additional bonuses earned by retailers from this incentive program amounted to \$16.5 million for the year, which consisted of four quarterly payments. Commissions earned in Q4 of fiscal year 2020 was paid in Q1 of fiscal year 2021. Commissions- VLT decreased \$158.1 million due to the closure of racinos during the COVID-19 pandemic; which resulted in a decrease of VLT sales for fiscal year 2020.

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 in this category generally increase with sales volume, and sales increased in fiscal year 2020 compared to fiscal year 2019.

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 instant "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 decreased slightly due to the limited number of retailers open during the COVID-19 pandemic, even though sales volume increased during fiscal year 2020.

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 and maintenance decreased due to COVID-19 pandemic and teleworking. During the pandemic, state agencies were required to reduce certain related operating costs to comply with budget directives by the Office of Budget and Management. Total operating expenses decreased \$9.7 million and for fiscal year 2020 represented 2.8 percent of total traditional lottery sales.

PAYMENTS TO EDUCATION

Payments to education decreased \$26.8 million because of a decrease in VLT revenue. Profits from traditional lottery products increased due to a combination of increased draw-based game sales and scratch-off sales. Profits derived from VLT operations were down \$63.0 million from fiscal year 2019. This can be directly correlated to the closing of all seven racinos for over three months during the COVID-19 pandemic. During that time, no revenue was derived from those facilities, which normally would generate roughly \$90 to \$105 million in profit.

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 2020 totaled \$820.9 million, a decrease of \$237.7 million or 22.5 percent over fiscal year 2019. This decrease is due to the closing of Ohio racinos for several months due to the COVID-19 pandemic. The following table shows VLT statistics for fiscal years 2020 and 2019.

VIDEO LOTTERY TERMINAL - NET WIN

(rounded in thousands)

RACINO	DATE OPENED	2020 NET WIN	2019 NET WIN
Scioto Downs	June 1, 2012	\$ 139,770	\$ 178,262
Jack Thistle Down	April 9, 2013	108,778	133,636
MGM Northfield Park*	December 09, 2013	189,875	255,968
Miami Valley	December 06, 2013	134,864	171,566
Belterra Park	May 1, 2014	63,159	84,693
Hollywood Gaming Mahoning Valley	September 11, 2014	95,584	123,817
Hollywood Gaming Dayton Raceway	August 22, 2014	88,893	110,697
		<u>\$ 820,923</u>	<u>\$ 1,058,639</u>

* Formerly known as Hard Rock Rocksino, property was re-branded as MGM Northfield Park on 4/1/19

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

The table below summarizes the Ohio Lottery's capital assets at the end of fiscal years 2020 and 2019.

CAPITAL ASSETS (NET OF DEPRECIATION)

(rounded in thousands)

	JUNE 30, 2020	JUNE 30, 2019
Equipment	\$ 14,881	\$ 20,083
Vehicles	<u>1,413</u>	<u>1,837</u>
Total Net Capital Assets	<u>\$ 16,294</u>	<u>\$ 21,920</u>

As of June 30, 2020, the Ohio Lottery had \$16.3 million, net of accumulated depreciation, in Capital Assets. The decrease in Net Capital Assets is a result of accumulated depreciation in 2020. In July 2009, the Ohio Lottery entered into a contractual agreement with Intralot for gaming services, including leased equipment. The original contract was for two years, with five optional two-year renewals. An additional three optional two-year renewals were added in 2017. The lease meets the requirements of a capital lease and, as a result, the equipment was recorded at present value and is being depreciated over its useful life of five years.

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 \$22.1 million as prior long-term annuities are paid off at a faster rate than new annuities are selected by prize winners.

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, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)
(rounded in thousands)

	<u>TOTALS</u>			
	<u>OPERATING</u>	<u>ANNUITY FUND</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>
ASSETS				
Current Assets - Unrestricted				
Cash and Cash Equivalents	\$ 160,447	\$ -	\$ 160,447	\$ 39,307
Cash Equity with Treasurer of State	59,892	-	59,892	197,744
Cash and Cash Equivalents - Video Lottery	63	-	63	48
Collateral on Lent Securities	8,609	-	8,609	64,085
Receivables from Agents, Net	71,733	-	71,733	64,316
Due From Other State Agencies	-	-	-	-
Other Assets	5,289	-	5,289	4,179
Total Current Assets - Unrestricted	<u>306,033</u>	<u>-</u>	<u>306,033</u>	<u>369,679</u>
Current Assets - Restricted				
Cash Equity with Treasurer of State	-	14	14	96
Dedicated Investments	-	44,072	44,072	46,405
Collateral on Lent Securities	-	97,528	97,528	58,288
Interest Receivable	-	0	0	18
Total Current Assets - Restricted	<u>-</u>	<u>141,614</u>	<u>141,614</u>	<u>104,807</u>
Total Current Assets	<u>306,033</u>	<u>141,614</u>	<u>447,647</u>	<u>474,486</u>
Noncurrent Assets				
Dedicated Investments, Restricted	-	366,818	366,818	364,005
Capital Assets				
Equipment	168,815	-	168,815	166,408
Vehicles	3,700	-	3,700	3,700
Accumulated Depreciation	(156,221)	-	(156,221)	(148,188)
Net Capital Assets	<u>16,294</u>	<u>-</u>	<u>16,294</u>	<u>21,920</u>
Net Pension Asset	355	-	355	142
Total Noncurrent Assets	<u>16,649</u>	<u>366,818</u>	<u>383,467</u>	<u>386,067</u>
TOTAL ASSETS	<u>322,682</u>	<u>508,432</u>	<u>831,114</u>	<u>860,553</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension: OPERS	3,361	-	3,361	11,807
OPEB: OPERS	3,664	-	3,664	1,642
Total Deferred Outflows of Resources	<u>\$ 7,025</u>	<u>\$ -</u>	<u>\$ 7,025</u>	<u>\$ 13,449</u>

OHIO LOTTERY COMMISSION
STATEMENT OF NET POSITION - MAJOR FUNDS, CONTINUED
JUNE 30, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)
(rounded in thousands)

LIABILITIES	OPERATING	ANNUITY FUND	TOTALS	
			JUNE 30, 2020	JUNE 30, 2019
Current Liabilities - Unrestricted				
Accounts Payable	\$ 13,132	-	13,132	\$ 11,905
Prize Awards Payable	39,521	-	39,521	31,830
Obligations under Securities Lending	8,609	-	8,609	64,085
Capital Lease Payable - Current	1,247	-	1,247	1,742
Unearned Revenue	1,558	-	1,558	1,353
Other Liabilities	3,187	-	3,187	2,849
Due to Other Lotteries	1,953	-	1,953	2,303
Total Current Liabilities - Unrestricted	69,207	-	69,207	116,067
Current Liabilities - Restricted				
Due to other State Agencies	-	-	-	-
Due for Problem Gambling VLT Expenses	788	-	788	1,316
Obligations under Securities Lending	-	97,528	97,528	58,288
Prize Awards Payable - Net of Discount	-	44,085	44,085	46,519
Total Current Liabilities - Restricted	788	141,613	142,401	106,123
Total Current Liabilities	69,995	141,613	211,608	222,190
Noncurrent Liabilities:				
Prize Awards Payable from Restricted Assets - Net of Discount	-	308,642	308,642	330,724
Capital Lease Payable - Long-Term	1,664	-	1,664	2,912
Workers' Compensation	849	-	849	948
Compensated Absences	3,818	-	3,818	3,353
Net Pension Liability	32,291	-	32,291	44,761
Net OPEB Liability	22,441	-	22,441	20,947
Total Noncurrent Liabilities	61,063	308,642	369,705	403,645
TOTAL LIABILITIES	131,058	450,255	581,313	625,835
DEFERRED INFLOWS OF RESOURCES				
Pension: OPERS	7,004	-	7,004	700
OPEB: OPERS	3,223	-	3,223	112
Total Deferred Inflows of Resources	10,227	-	10,227	812
NET POSITION				
Net Investment in Capital Assets	13,383	-	13,383	17,266
Restricted for Net Unrealized Gains on Restricted Investments	-	99,467	99,467	57,181
Unrestricted	175,039	(41,290)	133,749	172,908
TOTAL NET POSITION	\$ 188,422	\$ 58,177	\$ 246,599	\$ 247,355

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, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)
(rounded in thousands)

	OPERATING	ANNUITY FUND	TOTALS	
			JUNE 30, 2020	JUNE 30, 2019
REVENUES				
Ticket Sales	\$ 3,471,537	\$ -	\$ 3,471,537	\$ 3,360,764
VLT Revenue, Net	820,923	-	820,923	1,058,639
VLT License Revenue	217	-	217	180
Other Revenues	1,318	225	1,543	4,085
Total Operating Revenues	4,293,995	225	4,294,220	4,423,668
EXPENSES				
Direct Game Costs				
Prize Awards	2,239,645	19,606	2,259,251	2,139,841
Bonuses and Commissions	233,584	-	233,584	223,364
VLT Commissions	545,914	-	545,914	703,995
Cost of Tickets Sold	32,636	-	32,636	21,960
Vendor Fees	28,729	-	28,729	31,362
Total Direct Game Costs	3,080,508	19,606	3,100,114	3,120,522
Operating Expenses				
Personal Services	3,673	-	3,673	5,283
Repairs and Maintenance	11,755	-	11,755	16,159
Salaries Wages and Benefits	36,890	-	36,890	35,528
Advertising	25,178	-	25,178	25,791
Travel	163	-	163	210
Utilities and Rent	966	-	966	1,046
Depreciation	8,460	-	8,460	10,934
Other Expenses	9,115	-	9,115	10,968
Total Operating Expenses	96,200	-	96,200	105,919
OPERATING INCOME (LOSS)	1,117,287	(19,381)	1,097,906	1,197,227
Non-Operating Revenues (Expenses):				
Interest Income	3,588	39,980	43,568	35,666
Amortization of Prize Liabilities	-	(13,877)	(13,877)	(16,133)
Gain (Loss) on Equipment Disposal	(187)	-	(187)	(121)
Interest Expense - Borrower Rebates	-	(996)	(996)	(1,513)
Securities Lending Agent Fees	-	(42)	(42)	(33)
Payments to the Lottery Profits Education Fund	(1,127,128)	-	(1,127,128)	(1,153,932)
Total Non-Operating Revenues (Expenses), Net	(1,123,727)	25,065	(1,098,662)	(1,136,066)
INCOME (LOSS) BEFORE TRANSFERS	(6,440)	5,684	(756)	61,161
TRANSFERS:				
Transfers to Annuity Prize Trust Fund	(19,212)	19,212	-	-
Total Transfers	(19,212)	19,212	-	-
Change in Net Position	(25,652)	24,896	(756)	61,161
Total Net Position - Beginning	214,074	33,281	247,355	186,194
TOTAL NET POSITION - ENDING	\$ 188,422	\$ 58,177	\$ 246,599	\$ 247,355

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

OHIO LOTTERY COMMISSION
STATEMENT OF CASH FLOWS - MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

(rounded in thousands)

	OPERATING	ANNUITY FUND	TOTALS	
			JUNE 30, 2020	JUNE 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Sales	\$ 4,285,248	\$ -	\$ 4,285,248	\$ 4,416,232
Cash Received from Multi-State Lottery for Grand Prize Winners	255,582	-	255,582	1,858
Cash Payments for Prize Awards	(2,489,633)	(57,998)	(2,547,631)	(2,193,463)
Cash Payments for Bonuses and Commissions	(779,498)	-	(779,498)	(927,359)
Cash Payments for Goods and Services	(100,942)	-	(100,942)	(98,144)
Cash Payments to Employees	(37,012)	-	(37,012)	(35,062)
Other Operating Revenues	1,535	225	1,760	4,265
Other Operating Expenses	(4,462)	-	(4,462)	(2,205)
Net Cash Provided (Used) by Operating Activities	1,130,818	(57,773)	1,073,045	1,166,122
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to Other State Agencies	-	-	-	-
Payments to the Lottery Profits Education Fund	(1,127,128)	-	(1,127,128)	(1,153,932)
Transfers In	-	19,212	19,212	16,067
Transfers Out	(19,212)	-	(19,212)	(16,067)
Net Cash Provided (Used) by NonCapital Financing Activities	(1,146,340)	19,212	(1,127,128)	(1,153,932)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Property and Equipment	(3,021)	-	(3,021)	(749)
Proceeds from Sale of Property and Equipment	-	-	0	(1,953)
Repayment of Equipment Obligation	(1,742)	-	(1,742)	-
Net Cash Used by Capital and Related Financing Activities	(4,763)	-	(4,763)	(2,702)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income Received	3,588	1,374	4,962	5,876
Interest Expense and Agent Fees	-	(1,038)	(1,038)	(1,546)
Proceeds from the Sale and Maturity of Investments	-	83,505	83,505	118,963
Purchase of Investments	-	(45,362)	(45,362)	(71,015)
Securities Lending Proceeds	64,085	97,528	161,613	122,373
Securities Lending Payments	(64,085)	(97,528)	(161,613)	(122,373)
Net Cash Provided (Used) by Investing Activities	3,588	38,479	42,067	52,278
Net Increase (Decrease) in Cash & Cash Equivalents	(16,697)	(82)	(16,779)	61,766
Cash and Cash Equivalents - Beginning	237,099	96	237,195	175,429
CASH AND CASH EQUIVALENTS - ENDING	\$ 220,402	\$ 14	\$ 220,416	\$ 237,195
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 1,117,287	\$ (19,381)	\$ 1,097,906	\$ 1,197,227
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	8,460	-	8,460	10,934
Amortization of Discount of Prize Liabilities	-	13,877	13,877	16,134
Net Changes in Assets and Liabilities				
Receivables from Agents - Net	(7,417)	-	(7,417)	(3,376)
Other Assets	(1,113)	-	(1,113)	(823)
Prize Awards Payable	7,691	-	7,691	(2,393)
Accounts Payable	1,226	-	1,226	2,393
Other Liabilities	(540)	-	(540)	1,683
Unearned Revenue	206	-	206	205
Prize Awards Payable from Restricted Assets - Net of Discount	-	(52,269)	(52,269)	(64,690)
Accrued Workers' Compensation	(99)	-	(99)	-
Compensated Absences	464	-	464	65
Pension Expense	2,069	-	2,069	6,854
OPEB Expense	2,584	-	2,584	1,909
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,130,818	\$ (57,773)	\$ 1,073,045	\$ 1,166,122

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

Non-Cash items included in investment income were \$42.3 million and \$29.0 million of unrestricted net gains/losses for the years ended June 30, 2020 and June 30, 2019, respectively. During fiscal year 2020 the Ohio Lottery acquired no new gaming equipment.

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

This page intentionally left blank.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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.

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. Starting in June 2012, revenues from VLTs 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, 2020 and 2019 of \$613,000 and \$597,000, 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. In fiscal year 2006, the Ohio Lottery adopted a new method of providing investment capital for future annuity prize payments by purchasing individual securities to fund a specific prize obligation. The restricted net position of the Annuity Fund represents amounts that have been externally imposed by Ohio Lottery winners and are restricted to be used for future prize payments when winners select the annuity option.

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 is determined by depreciating 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.

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 Race Course opened in September 2014. As of June 30 2020, the Video Lottery Sales Agents (VLSA) had 11,318 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, 2020, VLT revenue was \$820.9

million with \$543.2 million paid to VLSA as VLT commission, \$275.0 million representing the Lottery's share and 2.7 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 \$1,127.1 million. Of this amount, \$846.3 million represented profits generated from traditional lottery games, while \$280.8 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, 2020, 2019, and 2018. No significant payments were made or liabilities recorded during the years ended June 30, 2020, 2019, and 2018 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 \$250,000 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 \$53.34 for single, \$146.08 for family Minus Spouse and \$151.85 for Family Plus Spouse per pay period, while the Ohio Lottery contributed \$301.17 for single and \$826.69 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 \$5,516,000, \$5,102,000, \$4,796,000, \$4,280,000, \$3,746,000, \$3,577,000, \$3,198,000, \$2,682,000, \$1,267,000, and \$1,371,000.

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, 2020.

NEW ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) has not issued any new GASB's, *to be implemented for the fiscal year ending June 30, 2020.*

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, 2019, 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, 2020, 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 \$160,534,000 and bank balances of the Ohio Lottery's deposits with the financial institutions were \$160,550,000.

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, 2020 consist of the following:

INVESTMENT TYPE (ROUNDED THOUSANDS)	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3	Credit Quality Rating	INVESTMENT MATURITIES (IN YEARS)				
		Quoted Prices In Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs		LESS THAN 1	1-5	6-10	>10	
Commercial Paper	\$ -		\$ -		A/A-1	\$ -	\$ -	\$ -	\$ -	
U.S. Agency Obligations	5,651	-	5,651	-	Unrated	-	5,651	-	-	
U.S. Agency Obligation Strips	102,327	-	102,327	-	AA/Aa	34,494	58,605	9,228	-	
U.S. Government Obligation - strips	301,484	-	301,484	-	AAA	22,984	91,370	101,652	85,478	
Total Investments	409,462	-	409,462	-		57,478	155,626	110,880	85,478	
Investments not required to be categorized										
Investments in State Treasury Asset Reserve of Ohio (STAR Ohio)	1,428				AAA/Aaa	1,428	-	-	-	
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	8,609					8,609	-	-	-	
Total Lottery Commission - Structured Investments, as of June 30, 2019	\$ 419,499					\$ 67,515	\$ 155,626	\$ 110,880	\$ 85,478	
Total Lottery Commission - Investments made with Cash Collateral	97,528									
Total - Statement of Net Position	\$ 517,027									

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, 2020. Investments held by broker-dealers under securities loans are also not categorized pursuant to the provisions of GASB 28.

As of June 30, 2020, the total carrying amount of deposits and investments categorized and disclosed in this note is \$737,443. This amount can be reconciled to the statement of net position as follows:

<i>rounded thousands</i>	DEPOSITS	INVESTMENTS	TOTAL
Unrestricted Assets:			
Cash and Cash Equivalents	\$ 160,447	\$ -	\$ 160,447
Cash Equity with Treasurer of State	59,892	-	59,892
Cash and Cash Equivalents - Video Lottery	63	-	63
Collateral on Lent Securities	-	8,609	8,609
Restricted Assets:			
Cash Equity with Treasurer of State	14	-	14
Dedicated Investments	-	410,890	410,890
Collateral on Lent Securities	-	97,528	97,528
Total - per Statement of Net Position	\$ 220,416	\$ 517,027	\$ 737,443

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 market 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, 2020 • OHIO LOTTERY SECURITIES LENDING

<i>(rounded thousands)</i>			
BORROWER OWES TO LENDER		LENDER OWES TO BORROWER	
MV of Loaned Securities	\$ 95,519	Cash Collateral	\$ 97,528
Unpaid Distributions	-	Unpaid Distributions	-
Accrued Premiums	-	Accrued Rebates	1
Total	\$ 95,519	Total	\$ 97,529

Since the Lender owes the Borrowers \$2,010,000 more than the Borrowers owe the Lender, there is no credit risk to the Lender as of June 30, 2020.

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 market 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, 2020 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 2020, 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 2020 due to prior-period losses.

INVESTMENT TYPE (rounded in thousands)	FAIR VALUE	CREDIT QUALITY RATING	INVESTMENT MATURITIES (IN YEARS)			
			LESS THAN 1	1-5	6-10	>10
Repurchase Agreements	\$ 68,076	A/A-1, BBB/Baa	\$ 68,076	\$ -	\$ -	\$ -
U.S. Government Obligation Strips	-		-	-	-	-
U.S. Agency Obligations-strips	-		-	-	-	-
U.S. Agency Obligations	2,000	AA/Aa	2,000	-	-	-
Corporate Bonds and Notes	1,000	A/A-1	1,000	-	-	-
Certificates of Deposits (Negotiable)	-		-	-	-	-
Commercial Paper	5,419	A/A-1	5,419	-	-	-
Other Investments:						
Master Note	-		-	-	-	-
Variable Rate Note	21,031	AA/Aa, A/A-1	21,031	-	-	-
Star Ohio	-	AAA/Aaa	-	-	-	-
Investments Not Required to be Categorized:						
Money Market Funds	-		-	-	-	-
Allocated Cash Collateral ⁽¹⁾	2		2	-	-	-
Total - Investments made with Cash Collateral, as of June 30, 2020	\$ 97,528		\$ 97,528	\$ -	\$ -	\$ -

(1) The Ohio Lottery has been allocated \$2,000 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, 2020 and 2019 was as follows:

(rounded in thousands)	2019	INCREASES	DECREASES	2020
Equipment	\$ 166,408	\$ 3,021	\$ 614	\$ 168,815
Vehicles	3,700	-	-	3,700
Total Capital Assets	170,108	3,021	614	172,515
Less Accumulated Depreciation:				
Equipment	(146,325)	(8,036)	427	(153,934)
Vehicles	(1,863)	(424)	-	(2,287)
Total Accumulated Depreciation	(148,188)	(8,460)	427	(156,221)
Net Capital Assets	\$ 21,920	\$ (5,439)	\$ 187	\$ 16,294

(rounded in thousands)	2018	INCREASES	DECREASES	2019
Equipment	\$ 164,045	\$ 3,652	\$ 1,289	\$ 166,408
Vehicles	3,686	542	528	3,700
Total Capital Assets	167,731	4,194	1,817	170,108
Less Accumulated Depreciation:				
Equipment	(137,080)	(10,526)	1,281	(146,325)
Vehicles	(1,870)	(408)	415	(1,863)
Total Accumulated Depreciation	(138,950)	(10,934)	1,696	(148,188)
Net Capital Assets	\$ 28,781	\$ (6,740)	\$ 121	\$ 21,920

The Ohio Lottery has entered into a capital lease for gaming services and leased equipment with Intralot. During fiscal year 2020, no additional equipment was acquired. The length of the contract is two years, with five optional two-year renewals; the Lottery has exercised the fourth renewal option.

In addition, the lease requires repayment over 60 months. The assets and liabilities under the lease are recorded at the present value of the minimum lease payments. The carrying value of the capital lease assets are amortized over their estimated useful lives. The original amounts capitalized for the capital leases and their book values as of June 30, 2020 are as follows:

CAPITAL LEASES GROSS ASSETS AND ACCUMULATED AMORTIZATION

(rounded in thousands)

	JUNE 30, 2020	JUNE 30, 2019
ASSET		
Computer Equipment and Systems	\$ 112,258	\$ 112,258
Accumulated Depreciation	(109,346)	(107,604)
TOTAL	\$ 2,912	\$ 4,654

4. PRIZE AWARDS PAYABLE

Prize awards payable from restricted assets as of June 30, 2020 and 2019 consist of the following:

<i>(rounded in thousands)</i>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>
Current portion - face amount	\$ 55,101	\$ 59,197
Less: Unamortized discount	<u>(11,016)</u>	<u>(12,678)</u>
Current portion - present value	44,085	46,519
Noncurrent portion - face amount	374,214	404,772
Less: Unamortized discount	<u>(65,572)</u>	<u>(74,048)</u>
Noncurrent portion - present value	<u>308,642</u>	<u>330,724</u>
Total Prize Awards Payable - Net of Discount	<u>\$ 352,727</u>	<u>\$ 377,243</u>

Interest rates used to determine the present values ranged from 2.0 percent to 8.0 percent. The present value of future payments from restricted assets for deferred prize awards as of June 30, 2020 is summarized as follows:

<u>FISCAL YEAR ENDING JUNE 30</u> <i>(rounded in thousands)</i>	<u>AMOUNT</u>
2021	\$ 55,101
2022	46,607
2023	39,313
2024	35,294
2025	30,763
2026 through 2030	120,454
2031 through 2035	73,270
2036 through 2040	22,414
2041 through 2045	6,100
Subtotal	429,316
Unamortized Discount	<u>(76,589)</u>
Net Prize Liability	<u>\$ 352,727</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 \$524.0 million and \$460.0 million for the years ended June 30, 2020 and 2019, respectively.

5. OTHER LIABILITIES

The composition of other liabilities balances as of June 30, 2020 and 2019 is as follows:

<i>(rounded in thousands)</i>	<u>2020</u>	<u>2019</u>
Accrued Liabilities	\$ 2,447	\$ 2,171
Worker's Compensation - Current Portion	112	113
Compensated Absences - Current Portion	<u>628</u>	<u>565</u>
Total	<u>\$ 3,187</u>	<u>\$ 2,849</u>

6. CURRENT AND NONCURRENT LIABILITIES

Current and Noncurrent liabilities activity for the years ended June 30, 2020 and 2019 was as follows:

(rounded in thousands)	NON-CURRENT				CURRENT			
	NON-CURRENT LIABILITIES 2019	ADDITIONS	REDUCTIONS	NON-CURRENT LIABILITIES 2020	CURRENT LIABILITIES 2019	ADDITIONS	REDUCTIONS	CURRENT LIABILITIES 2020
Prize Awards Payable from Restricted Assets-								
Net of Discount	\$ 330,724	\$ 34,436	\$ (56,518)	\$ 308,642	\$ 46,519	\$ -	\$ (2,434)	\$ 44,085
Capital Lease Payable	2,912	0	(1,248)	1,664	1,742	0	(495)	1,247
Accrued Workers' Compensation	948	-	(99)	849	113	0	(1)	112
Compensated Absences	3,353	3,183	(2,718)	3,818	565	63	-	628
Net Pension Liability	44,761	0	(12,470)	32,291	-	-	-	-
Net OPEB Liability	20,947	1,494	-	22,441	-	-	-	-
Total Current and Noncurrent Liabilities	\$ 403,645	\$ 39,113	\$ (73,053)	\$ 369,705	\$ 48,939	\$ 63	\$ (2,930)	\$ 46,072
	NON-CURRENT LIABILITIES 2018 (RESTATE)	ADDITIONS	REDUCTIONS	NON-CURRENT LIABILITIES 2019	CURRENT LIABILITIES 2018	ADDITIONS	REDUCTIONS	CURRENT LIABILITIES 2019
Prize Awards Payable from Restricted Assets-								
Net of Discount	\$ 356,678	\$ 38,700	\$ (64,654)	\$ 330,724	\$ 52,900	\$ -	\$ (6,381)	\$ 46,519
Capital Lease Payable	1,612	1,300	-	2,912	1,552	190	-	1,742
Accrued Workers' Compensation	1,036	-	(88)	948	99	14	-	113
Compensated Absences	3,288	3,060	(2,995)	3,353	529	36	-	565
Net Pension Liability	25,796	18,965	-	44,761	-	-	-	-
Net OPEB Liability	17,491	3,456	-	20,947	-	-	-	-
Total Current and Noncurrent Liabilities	\$ 405,901	\$ 65,481	\$ (67,737)	\$ 403,645	\$ 55,080	\$ 240	\$ (6,381)	\$ 48,939

The amounts due within one year for accrued worker's compensation and compensated absences are reported as current liabilities. Current liabilities for prize awards payable from restricted assets were \$44.1 million and \$46.5 million for the years ended June 30, 2020 and June 30, 2019 respectively.

7. PENSION-OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)/NET PENSION LIABILITY/ASSET

NET PENSION LIABILITY/ASSET

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions--between an employer and its employees--of salaries and benefits for employee services. Pensions are provided to an employee--on a deferred-payment basis--as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the Ohio Lottery's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Ohio Lottery's obligation for this liability to annually required payments. The Ohio Lottery cannot control benefit terms or the manner in which pensions are financed; however, the Ohio Lottery does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in other liabilities on the accrual basis of accounting.

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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution

features. While members (e.g. Ohio Lottery employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. 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 <https://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 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 Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

GROUP A	GROUP B	GROUP C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
STATE AND LOCAL	STATE AND LOCAL	STATE AND LOCAL
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit 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 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	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit 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 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	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit 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 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

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.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. 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. 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% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

2020 STATUTORY MAXIMUM CONTRIBUTIONS RATE		STATE AND LOCAL
Employer		14.0 %
Employee***		10.0 %
2020 ACTUAL CONTRIBUTIONS RATE		STATE AND LOCAL
Employer:		
Pension		14.0 %
Post-Employment Health Care Benefits****		0.0 %
Total Employer		14.0 %
Employee		10.0 %

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

**** The 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 \$3,466,000 for fiscal year 2020.

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 the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2019, 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	0.163433%	0.127235%	
Proportionate of the Net Pension Liability/Asset Current Measurement Date	0.163371%	0.170169%	
Change in Proportionate Share	-0.000062%	0.042934%	
Proportionate Share of the Net Pension Liability (Asset)	\$ 32,291,000	\$ (355,000)	\$ 31,936,000
Proportionate Share of the Net Pension Expense	\$ 3,624,000	\$ 41,000	\$ 3,665,000

At June 30, 2020, 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			
Changes of Assumptions	\$ 1,725,000	\$ 36,000	\$ 1,761,000
Changes in employer's proportionate percentage/difference between employer contributions	4,000	-	4,000
OLC contributions subsequent to the measurement date	\$ 1,596,000	\$ -	\$ 1,596,000
Total Deferred Outflows of Resources	3,325,000	36,000	3,361,000
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 408,000	83,000	491,000
Net difference between projected and actual earnings on pension plan investments	6,441,000	46,000	6,487,000
Changes in employer's proportionate percentage/difference between employer contributions	26,000	-	26,000
Total Deferred Inflows of Resources	\$ 6,875,000	\$ 129,000	7,004,000

\$1,596,000 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 the net pension liability/asset in the year ending June 30, 2021.

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
2021	\$ (777,000)	\$ (23,000)	\$ (800,000)
2022	(2,079,000)	(22,000)	(2,101,000)
2023	267,000	(9,000)	258,000
2024	(2,557,000)	(26,000)	(2,583,000)
2025	\$ -	\$ (5,000)	\$ (5,000)
Thereafter	-	(8,000)	(8,000)
Total	<u>(5,146,000)</u>	<u>(93,000)</u>	<u>(5,239,000)</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, 2019, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

KEY METHODS AND ASSUMPTIONS USED IN VALUATION OF TOTAL PENSION LIABILITY		
Actuarial Information	Traditional Pension Plan	Combined Plan
Measurement and Valuation Date	December 31, 2019	December 31, 2019
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
ACTUARIAL ASSUMPTIONS		
Investment Rate of Return		
Current Measurement Date	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25%-10.75% (includes wage inflation at 3.25%)	3.25%-8.25% (includes wage inflation at 3.25%)
Cost-of-living Adjustments	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2020, then 2.15% Simple	Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2020, then 2.15% Simple

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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.

During 2019, 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 for 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 17.20% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS 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 table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

ASSET CLASS	TARGET ALLOCATION FOR 2019	WEIGHTED AVERAGE LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)
Fixed Income	25.00%	1.83%
Domestic Equities	19.00%	5.75%
Real Estate	10.00%	5.20%
Private Equity	12.00%	10.70%
International Equities	21.00%	7.66%
Other Investments	13.00%	4.98%
TOTAL	100.00%	5.61%

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The 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 Ohio Lottery's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the Ohio Lottery's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) 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, 2019	1% DECREASE 6.2%	CURRENT DISCOUNT RATE 7.2%	1% INCREASE 8.2%
Traditional Pension Plan	\$53,259,000	\$32,291,000	\$13,442,000
Combined Plan	(\$214,000)	(\$355,000)	(\$456,000)

Changes Between Measurement Date and Report Date - Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

8. DEFINED BENEFIT OPEB PLANS

NET OPEB LIABILITY

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Ohio Lottery's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Ohio Lottery's obligation for this liability to annually required payments. The Ohio Lottery cannot control benefit terms or the manner in which OPEB are financed; however, the Ohio Lottery does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in other liabilities on the accrual basis of accounting.

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 to qualifying benefit recipients of both the traditional pension and the combined plans. This 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 refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. 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' CAFR 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 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 requiring 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. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, 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. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. 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 2020 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, 2018, rolled forward to the measurement date of December 31, 2019, 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:

PERS	OPEB
Proportionate of the Net OPEB Liability Prior Measurement Date	0.160666 %
Proportionate of the Net OPEB Liability Current Measurement Date	0.162469 %
Change in Proportionate Share	0.001803 %
Proportionate Share of the Net OPEB Liability	\$ 22,441,000
Proportionate Share of the Net OPEB Expense	\$ 2,584,000

At June 30, 2020, the Ohio Lottery reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

PERS	OPEB
Deferred Outflows of Resources	
Differences between expected and actual experience	\$ 1,000
Changes of Assumptions	3,551,000
Changes in employer's proportionate percentage/difference between employer contributions	112,000
Total Deferred Outflows of Resources	\$ 3,664,000
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 2,052,000
Net difference between projected and actual earnings on pension plan investments	1,143,000
Changes in employer's proportionate percentage/difference between employer contributions	28,000
Total Deferred Inflows of Resources	\$ 3,223,000

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
2021	\$ 615,000
2022	314,000
2023	1,000
2024	(489,000)
Total	\$ 441,000

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 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, 2018, rolled forward to the measurement date of December 31, 2019. 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, 2018
Roll-Forward Measurement Date	December 31, 2019
Experience Study	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age normal
Actuarial Assumptions:	
Single Discount Rate	
Current Measurement Date	3.16%
Prior Measurement Date	3.96%
Investment Rate of Return	
Current Measurement Date	6.00%
Municipal Bond Rate	
Current Measurement Date	2.75%
Prior Measurement Date	3.71%
Wage Inflation	3.25%
Projected Salary Increases	3.25%-10.75%
	(includes wage inflation at 3.25%)
Health Care Cost Trend Rate	
Current Measurement Date	10.50% initial, 3.50% ultimate in 2030
Prior Measurement Date	10.00% initial, 3.25% ultimate in 2029

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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.

During 2019, 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 19.70% for 2019.

The allocation of investment assets with 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 table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

ASSET CLASS	TARGET ALLOCATION FOR 2019	WEIGHTED AVERAGE LONG-TERM EXPECTED REAL RATE OF RETURN (ARITHMETIC)
Fixed Income	36.00%	1.53%
Domestic Equities	21.00%	5.75%
REITs	6.00%	5.69%
International Equities	23.00%	7.66%
Other Investments	14.00%	4.90%
TOTAL	100.00%	4.55%

Discount Rate - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. 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) 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 an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, 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 Ohio Lottery's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the Ohio Lottery's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

SENSITIVITY OF NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE			
EMPLOYERS' NET OPEB LIABILITY AS OF DECEMBER 31, 2019	1% DECREASE 2.16%	CURRENT DISCOUNT RATE 3.16%	1% INCREASE 4.16%
OPEB	\$29,368,000	\$22,441,000	\$16,895,000

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 that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. 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 that in the not-too-distant future, the health plan 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 LIABILITY TO CHANGES IN THE TREND RATE			
EMPLOYERS' NET OPEB LIABILITY AS OF DECEMBER 31, 2019	1% DECREASE	CURRENT TREND RATE	1% INCREASE
OPEB	\$21,779,000	\$22,441,000	\$23,095,000

Changes Between Measurement Date and Report Date - Subsequent to December 31, 2019, the global economy was impacted by the COVID-19 pandemic and market volatility increased significantly. It is likely that 2020 investment market conditions and other economic factors will be negatively impacted; however, the overall impact on the OPERS investment portfolio and funding position is unknown at this time.

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-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 pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

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, 2020 transfers consist of the following:

TRANSFER OUT	TRANSFER IN
Operating Fund	Annuity Fund
	<u>\$19,212</u>

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.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

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

PERS	2020	2019	2018	2017	2016	2015	2014
OLC's Proportion (Percentage) of the Collective Net Pension Liability							
Traditional	0.163371%	0.163433%	0.164436%	0.160915%	0.159630%	0.155623%	0.155623%
Combined	0.170169%	0.127235%	0.125481%	0.130520%	0.107980%	0.094337%	0.094337%
OLC's Proportionate share (amount) of the Collection Net Pension Liability							
Traditional	\$ 31,936,000	\$ 44,619,000	\$ 25,626,000	\$ 36,468,000	\$ 27,607,000	\$ 18,734,000	\$ 18,336,000
Combined	\$ 32,291,000	\$ 44,761,000	\$ 25,797,000	\$ 36,541,000	\$ 27,660,000	\$ 18,770,000	\$ 18,346,000
Combined	(355,000)	(142,000)	(171,000)	(73,000)	(53,000)	(36,000)	(10,000)
OLC's Covered Payroll	\$ 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 Collection Net Pension Liability as a Percentage of the OLC's Covered Payroll	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	82.2%	74.7%	84.7%	77.3%	81.1%	86.4%	86.4%
Combined	145.3%	126.6%	137.3%	116.6%	116.9%	114.8%	104.6%
Member-Direct	118.8%	113.4%	124.5%	103.4%	103.9%	107.1%	102.9%

⁽¹⁾ Information prior to 2014 is not available

SCHEDULE OF OHIO LOTTERY CONTRIBUTIONS LAST TEN FISCAL YEARS

PERS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ 3,466,000	\$ 3,351,000	\$ 3,094,000	\$ 2,785,000	\$ 2,557,000	\$ 2,435,000	\$ 2,293,000	\$ 2,042,000	\$ 1,732,000	\$ 1,786,000
Traditional	3,320,000	3,210,000	2,964,000	2,668,000	2,450,000	2,333,000	2,197,000	1,956,000	1,659,000	1,711,000
Combined	56,000	54,000	50,000	45,000	41,000	39,000	37,000	33,000	28,000	29,000
Member-Direct	89,000	86,000	80,000	72,000	66,000	63,000	59,000	53,000	45,000	46,000
Contributions in Relation to the Contractually Required Contributions	(3,466,000)	(3,351,000)	(3,094,000)	(2,785,000)	(2,557,000)	(2,435,000)	(2,293,000)	(2,042,000)	(1,732,000)	(1,786,000)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OLC's Covered Payroll	\$ 21,067,000	\$ 19,829,000	\$ 18,977,000	\$ 18,635,000	\$ 17,844,000	\$ 16,929,000	\$ 16,239,000	\$ 14,805,000	\$ 14,363,000	\$ 14,617,000
Contributions as a Percentage of Covered Payroll	16.5 %	16.9%	16.3%	14.9 %	14.3 %	14.4 %	14.1 %	13.8 %	12.1 %	12.2 %

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 2014-2020.

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.

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

PERS	2020	2019	2018	2017
OLC's Proportion (Percentage) of the Collective Net OPEB Liability	0.162469 %	0.160666 %	0.161070 %	0.161070 %
OLC's Proportionate share (amount) of the Collection Net OPEB Liability	\$ 22,441,000	\$ 20,947,000	\$ 17,491,000	\$ 16,269,000
OLC's Covered Payroll	\$ 19,829,000	\$ 18,977,000	\$ 18,635,000	\$ 17,844,000
OLC's Proportionate share (amount) of the Collection Net Pension Liability as a Percentage of the OLC's Covered Payroll	113.2 %	110.4 %	93.9 %	91.2 %
The Pension Plan's Fiduciary Net Position as a Percentage of the Total OPEB Liability	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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ -	\$ -	\$ 124,000	\$ 343,000	\$ 426,000	\$ 406,000	\$ 277,000	\$ 442,000	\$ 693,000	\$ 856,000
Contributions in Relation to the Contractually Required Contributions	-	-	(124,000)	(343,000)	(426,000)	(406,000)	(277,000)	(442,000)	(693,000)	(856,000)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OLC's Covered Payroll	\$ 21,067,000	\$ 19,829,000	\$ 18,977,000	\$ 18,635,000	\$ 17,844,000	\$ 16,929,000	\$ 16,239,000	\$ 14,805,000	\$ 14,363,000	\$ 14,617,000
Contributions as a Percentage of Covered Payroll	0.0 %	0.0 %	0.7 %	1.8 %	2.4 %	2.4 %	1.7 %	3.0 %	4.8 %	5.9 %

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.

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.



• STATISTICAL SECTION •

An attitude of Gratitude

This year, our Ohio Lottery employees managed to raise tens of thousands of dollars during the pandemic while working from home.

It's difficult to think about giving when so much has been taken away. Yet amongst Ohio Lottery employees, there is no shortage of goodness and kindness as the world struggles. From employees sewing masks and donating them to nursing homes and care facilities to running errands on behalf of their at-risk neighbors, there's plenty of bright spots across Ohio as Lottery employees have stepped up in this time of adversity.

Combined Charitable Campaign

The Ohio Lottery has been a proud supporter of the State of Ohio's Combined Charitable Campaign and this year was no different. This year, the Ohio Lottery was one of the only state agencies to host a virtual kick off, of which nearly the entire staff attended safely from home.



Ohio Lottery Executive Director Pat McDonald addressed the staff. Nick Ciofani, this year's Ohio Lottery Combined Charitable Campaign Chairperson and Danielle Frizzi-Babb, Communications Director, also spoke to the staff about the upcoming campaign.

In all, Ohio Lottery employees once again came together and donated more than \$46,000 in charitable contributions, helping Ohioans in need.

Thanksgiving Telethon

During the COVID-19 pandemic, Ohio Governor Mike DeWine raised awareness of food shortages amongst the most needy in our state and called for Ohioans to come together to help their neighbors. The Ohio Lottery answered that call.

Cash Explosion is the only weekly lottery game show currently running on television. Aside's from the team's dedication to high production values and amazing prizes, for nearly a decade the Cash Explosion staff has dedicated itself to fighting hunger in Ohio by conducting food drives at every event and donating to Ohio food banks. The Cash Explosion Facing Hunger campaign is currently in its 9th year. Thanks to their efforts, more than 30 tons of food have been donated to food banks across Ohio.

"Obviously, this year we couldn't have people going around gathering donations," said JC Carothers, Cash Explosion Associate Producer and Contestant Coordinator. The staff had to figure out another way to accomplish their goal.

The inspiration to do a telethon came from Ohio Lottery Executive Director Pat McDonald. Originally, the Ohio Lottery was planning on running a virtual event to conclude its 2020 Combined Charitable Campaign. Heeding the governor's call to action, the wrap-up event was scrapped and efforts to created an agency-wide telethon took shape.

"Initially, we were going to do public service announcements during our show, but we switched gears when Director McDonald came up with the idea to do a telethon," said JC. "Governor DeWine's message about food shortages coincided with the beginning of our annual campaign."

In that moment, the idea to air an Ohio Lottery thanksgiving telethon sprung to life. The Cash Explosion staff had very little time to set this up, so they set out immediately to work.

The first step was to reach out to various food banks to work out a plan. With help from Karen Russo, Deputy Director of Problem Gambling, the Cash Explosion staff connected with Lisa Hamler-Fugitt, Executive Director of the Ohio Association of Food Banks. Lisa brought in Joree Novotny, Director of External Affairs, and a donation web site was quickly put together.

"We went back and forth on what the goal should be," said JC. The team set a goal for \$2,500. "I was confident we were going to exceed that, but we wanted to make sure that whatever goal we set, we wanted to hit it during the telethon," he said. Seeing that the telethon was only a half-hour long and this was the Lottery's first attempt at conducting one, nobody knew what to expect.

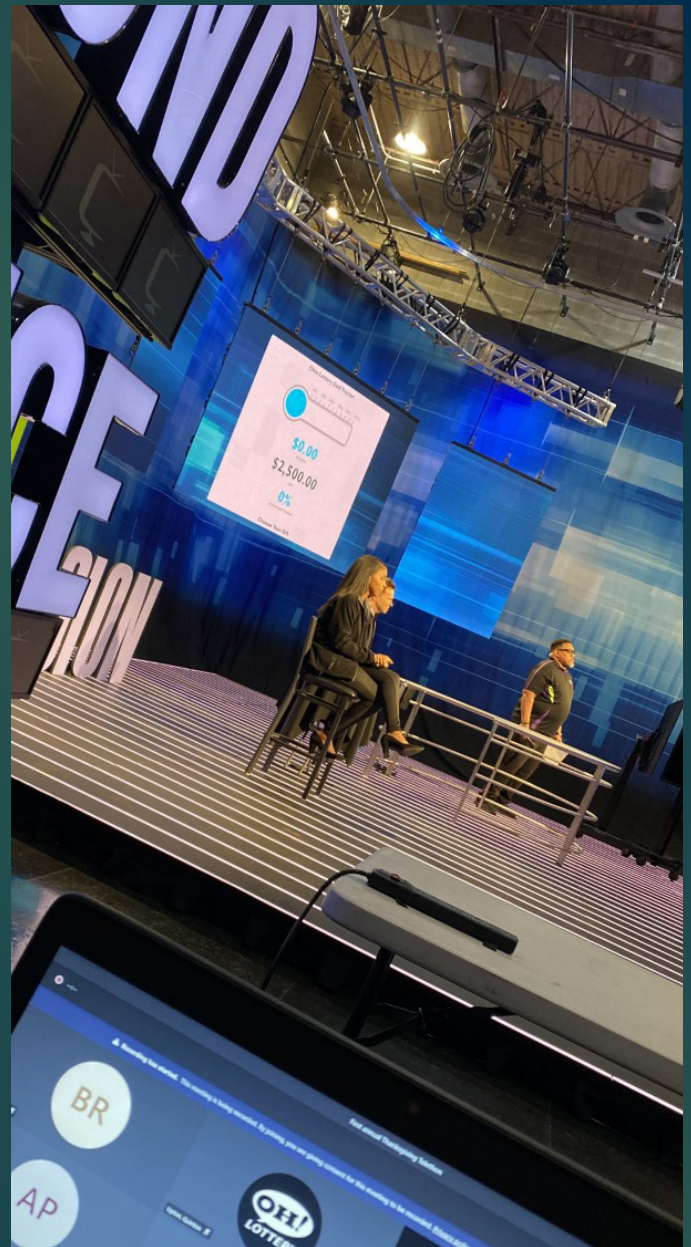
Cash Explosion Hosts David McCreary and Alissa Henry were on stage to hype the employees, but JC was running the show. The entire telethon was run on Microsoft Teams.

"We were going to have an interactive element to it," said JC. Due to the nature of his job, JC has developed relationships with Lottery staffers all throughout Ohio and was able to provide that much needed connection amongst the staff. Barry Riley, Video Production Manager, was coordinating between Mills James, who was producing the telethon and Anitra Curry and Abbie Frank, who were monitoring the Teams call. It has to be mentioned that, in the middle of all this, there was still a game show being produced. Thanks to Gabriel Ball, who crisscrossed Ohio during the telethon, future contestants for the show had everything they needed for the upcoming production.

Executive Director Pat McDonald addressed the employees, live from Mills James studios in Cleveland. As the donations started to roll in, employees were thrilled when McCreary and Henry started dropping their names and thanking them for their donations during the telethon.

Ohio Lottery employees raised more than \$5,000 less than halfway through the telethon.

"I was surprised that it happened that fast and was moved by the generosity," said JC. "People at the Lottery come from all walks of life and there are some amazing people I work with," he said.



Seeing how quickly the donations were coming in, co-host David McCreary and JC were thinking the same thing.

"David and I looked at each other and we were thinking the same thing," said JC. "You know what? Let's go for ten thousand in a half hour."

By the time the donation web site closed, Ohio Lottery employees, along with their vendor partners, raised \$10,555 in donations to provide food for Ohioans in need.

"I'm amazed at what we were able to do in such a short amount of time," said JC. "It's a testament to Ohio Lottery employees of who we are and our belief that we need to take care of each other."

OHIO LOTTERY COMMISSION

STATISTICAL SECTION

This section of the Ohio Lottery's comprehensive annual 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 comprehensive annual financial reports or the audited financial statements for the relevant year.

OHIO LOTTERY - CHANGE IN NET POSITION

LAST TEN FISCAL YEARS • IN MILLIONS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Plus: total Operating Revenues	\$ 2,608.3	\$ 2,781.7	\$ 2,939.8	\$ 3,288.0	\$ 3,776.4	\$ 3,987.2	\$ 3,933.3	\$ 4,153.3	\$ 4,423.6	\$ 4,294.2
Less: Prizes & Commissions	1,764.4	1,860.2	1,945.1	2,158.9	2,568.5	2,699.0	2,711.9	2,861.3	3,067.2	3,038.7
Less: Cost of Tickets Sold/ Vendor Fees	-	-	-	-	55.0	55.4	60.1	49.7	53.3	61.4
Less: Operating Expenses	109.3	107.8	121.4	121.0	75.9	89.5	90.9	92.2	105.9	96.2
Operating Income (Loss)	\$ 734.6	\$ 813.7	\$ 873.3	\$ 1,008.2	\$ 1,077.0	\$ 1,143.3	\$ 1,070.4	\$ 1,150.1	\$ 1,197.2	\$ 1,097.9
Plus: Non-Operating Income	24.1	79.1	-	16.9	19.1	35.1	(7.4)	2.4	35.7	43.5
Less: Non-Operating Expense	37.8	34.0	137.6	30.7	30.3	24.4	21.3	20.9	17.8	15.1
Less: Transfers	738.8	771.0	803.1	1,004.3	1,090.0	1,116.1	1,040.6	1,087.7	1,153.9	1,127.1
Change In Net Position	\$ (17.9)	\$ 87.8	\$ (67.4)	\$ (9.9)	\$ (24.2)	\$ 37.9	\$ 1.1	\$ 43.9	\$ 61.2	\$ (0.8)
Change In Net Position	(17.9)	87.8	(67.4)	(9.9)	(41.6)	37.9	0.9	43.9	61.2	(0.8)
Total Net Position - Beginning	168.6	150.7	238.5	171.1	161.2	119.6	157.5	142.3	186.2	247.4
Total Net Position - Ending(2)	\$ 150.7	\$ 238.5	\$ 171.1	\$ 161.2	\$ 119.6	\$ 157.5	\$ 158.4	\$ 186.2	\$ 247.4	\$ 246.6

OHIO LOTTERY - NET POSITION

LAST TEN FISCAL YEARS • IN MILLIONS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Investment In Capital Assets	\$ 4.0	\$ 2.8	\$ 1.7	\$ 2.1	\$ 15.7	\$ 26.8	\$ 20.9	\$ 25.6	\$ 17.3	\$ 13.4
Restricted For Net Unrealized Gains On Restricted Investments	77.1	123.7	85.1	73.8	66.3	77.4	47.0	28.0	57.2	99.5
Unrestricted	69.6	112.0	84.3	85.3	37.6	53.3	90.5	132.6	172.9	133.7
Total Net Position	\$ 150.7	\$ 238.5	\$ 171.1	\$ 161.2	\$ 119.6	\$ 157.5	\$ 158.4	\$ 186.2	\$ 247.4	\$ 246.6

OHIO LOTTERY - CAPITAL ASSETS

LAST TEN FISCAL YEARS • IN MILLIONS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Capital Assets										
Lottery Equipment	\$ 2.3	\$ 0.5	\$ (0.3)	\$ -	\$ 13.8	\$ 24.4	\$ 18.4	\$ 23.2	\$ 14.9	\$ 10.4
Vehicles	1.1	1.3	1.1	1.4	1.3	1.6	1.9	1.8	1.8	1.4
Data / Office Equipment	0.6	1.0	0.8	0.7	0.6	0.8	0.6	0.6	0.6	1.6
Net Investments In Capital Assets	\$ 4.0	\$ 2.8	\$ 1.6	\$ 2.1	\$ 15.7	\$ 26.8	\$ 20.9	\$ 25.6	\$ 17.3	\$ 13.4

RATIO OF OUTSTANDING DEBT SCHEDULE • CAPITAL LEASE

LAST TEN FISCAL YEARS • IN MILLIONS

FISCAL YEAR	CAPITAL LEASE ⁽¹⁾	PERCENTAGE OF ANNUAL LOTTERY SALES
2011	\$ 58.0	2.2 %
2012	45.3	1.7 %
2013	33.0	1.2 %
2014	15.4	0.6 %
2015	13.1	0.5 %
2016	10.1	0.3 %
2017	6.3	0.2 %
2018	3.2	0.1 %
2019	4.7	0.1 %
2020	2.9	0.1 %

(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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Draw Sales										
Pick 3	\$ 364.4	\$ 357.4	\$ 345.2	\$ 339.0	\$ 338.0	\$ 343.0	\$ 340.0	\$ 340.1	\$ 354.0	\$ 400.6
Pick 4	209.0	207.9	189.8	185.8	192.8	200.3	201.0	205.1	216.9	240.5
Pick 5	-	-	28.0	27.9	33.3	36.4	38.1	40.8	44.5	51.2
Ten-OH ⁽¹⁾	9.2	8.3	0.8	-	-	-	-	-	-	-
Rolling Cash 5	62.4	63.8	61.5	63.4	62.6	60.3	55.5	53.0	52.1	51.7
Kicker ⁽²⁾	10.3	-	-	-	-	-	-	-	-	-
Classic Lotto/Kicker ⁽²⁾	42.7	43.2	46.6	60.1	35.7	35.8	30.9	34.4	31.4	28.8
Raffle/Multi-State Raffle	10.0	10.0	9.1	1.0	7.0	-	3.6	-	-	-
EZPLAY	30.9	46.5	68.0	84.8	99.8	115.2	120.2	113.2	100.4	88.4
EZPLAY Tap	-	-	-	-	24.0	31.5	30.0	31.8	40.8	38.9
Touch & Win ⁽³⁾	-	-	-	-	-	0.7	16.0	19.5	30.4	31.4
Keno / Booster	157.9	209.8	251.5	298.1	329.5	365.9	396.3	421.1	453.9	439.4
The Lucky One ⁽⁴⁾	-	-	-	-	-	-	-	11.6	16.9	20.1
Mega Millions/Megaplier ⁽²⁾	165.0	179.3	102.8	133.4	113.3	102.2	93.3	120.1	192.7	102.0
Powerball/Power Play	76.4	105.3	166.6	122.8	105.0	193.5	129.8	148.1	143.3	85.2
Lucky For Life	-	-	-	-	-	14.1	19.9	20.7	20.4	19.5
Total Draw-Based Sales	1,138.2	1,231.5	1,269.9	1,316.3	1,341.0	1,498.9	1,474.6	1,559.5	1,697.7	1,597.7
Scratch Off Sales	1,462.8	1,507.5	1,428.0	1,426.8	1,551.0	1,560.7	1,527.1	1,600.6	1,663.0	1,873.8
Total Ticket Sales	2,601.0	2,739.0	2,697.9	2,743.1	2,892.0	3,059.6	3,001.7	3,160.1	3,360.7	3,471.5
VLT Revenue	-	11.1	165.5	437.6	773.0	868.9	926.6	987.3	1058.6	820.9
VLT License Revenue	-	25.0	70.0	100.1	105.2	50.1	0.1	0.1	0.2	0.2
Other Revenues	31.4	6.6	6.3	7.2	6.2	8.6	4.9	5.8	4.1	1.6
Total Revenues	\$ 2,632.4	\$ 2,781.7	\$ 2,939.8	\$ 3,288.0	\$ 3,776.4	\$ 3,987.2	\$ 3,933.3	\$ 4,153.3	\$ 4,423.6	\$ 4,294.2

(1) In August 2012, the Ten-OH game was replaced by Pick 5.

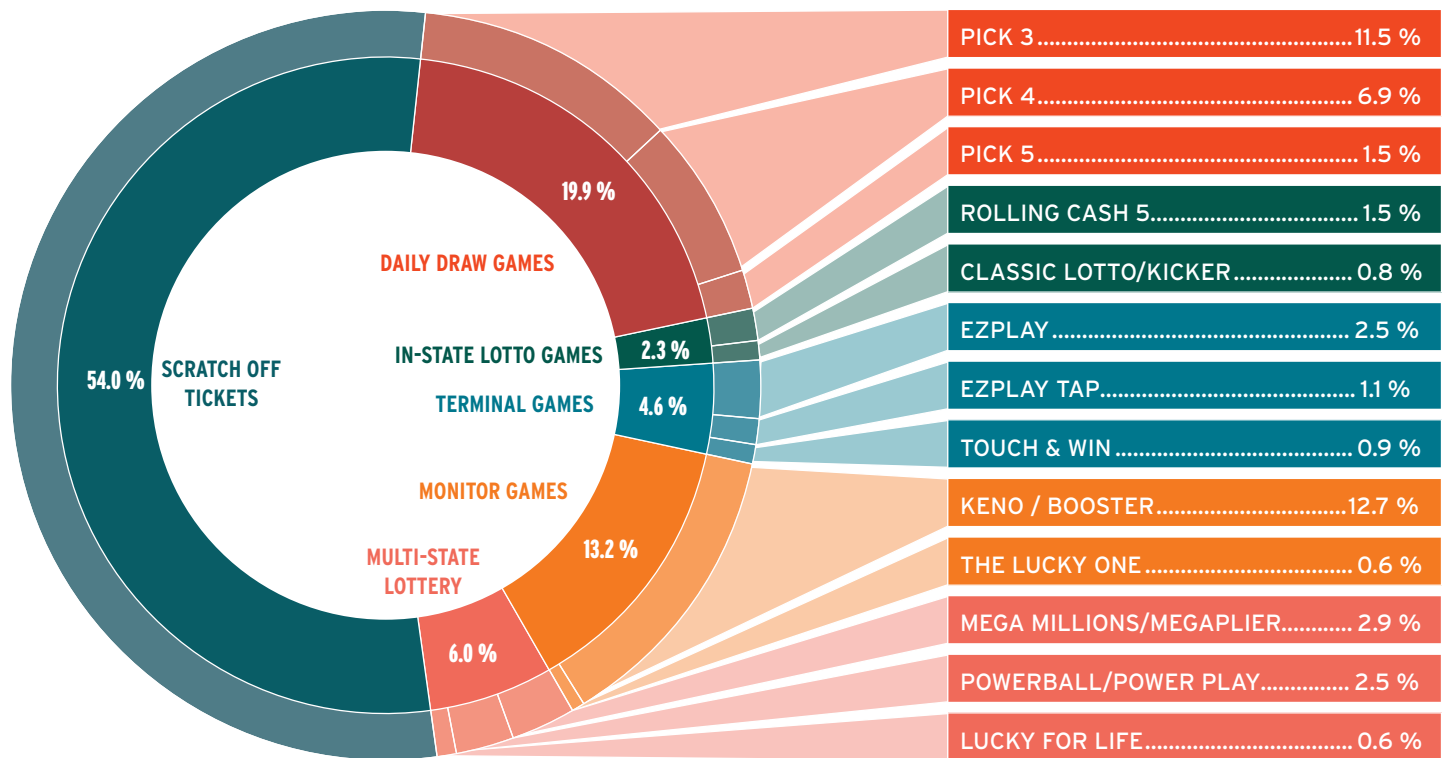
(2) The Kicker was retired from Mega Millions in 2011 and was replaced by Megaplier; Kicker was reintroduced in 2012 as a add-on feature to Classic Lotto.

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

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

SALES BY GAME

FISCAL YEAR 2020



PRIZE PAYOUT AS A PERCENTAGE OF TRADITIONAL LOTTERY SALES

LAST TEN FISCAL YEARS • IN MILLIONS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
SALES										
Draw-Based	\$ 1,138.2	\$ 1,231.5	\$ 1,269.9	\$ 1,316.3	\$ 1,341.0	\$ 1,498.9	\$ 1,474.6	\$ 1,559.5	\$ 1,697.7	\$ 1,597.7
Scratch Offs	1,462.8	1,507.5	1,428.0	1,426.8	1,551.0	1,560.7	1,527.1	1,600.6	1,663.0	1,873.8
Total Ticket Sales	\$ 2,601.0	\$ 2,739.0	\$ 2,697.9	\$ 2,743.1	\$ 2,892.0	\$ 3,059.6	\$ 3,001.7	\$ 3,160.1	\$ 3,360.7	\$ 3,471.5
PRIZE EXPENSE										
Draw-Based	\$ 593.1	\$ 648.0	\$ 683.0	\$ 705.7	\$ 758.5	\$ 838.2	\$ 834.2	\$ 879.9	\$ 981.9	\$ 927.0
Scratch Offs	1,010.0	1,032.9	985.1	992.3	1,116.8	1,094.4	1,075.8	1,118.8	1,157.9	1,332.3
Total Prize Expense	\$ 1,603.1	\$ 1,680.8	\$ 1,668.1	\$ 1,698.0	\$ 1,875.3	\$ 1,932.6	\$ 1,910.0	\$ 1,998.7	\$ 2,139.8	\$ 2,259.3
PRIZE PAYOUT PERCENTAGE										
Draw-Based	52.1%	52.6%	53.8%	53.6%	56.6%	55.9%	56.6%	56.2%	57.8%	58.0%
Scratch Offs	69.0%	68.5%	69.0%	69.5%	72.0%	70.1%	70.4%	69.9%	69.6%	71.1%

TRADITIONAL LOTTERY EXPENSES

LAST TEN FISCAL YEARS • IN MILLIONS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Prizes	\$ 1,603.1	\$ 1,680.8	\$ 1,668.1	\$ 1,698.0	\$ 1,875.3	\$ 1,932.6	\$ 1,910.0	\$ 1,998.7	\$ 2,139.8	\$ 2,259.3
Bonuses/Commissions	161.3	172.0	166.9	169.9	179.2	188.6	185.7	206.1	223.4	233.6
Cost of Tickets Sold and Vendor Fees	-	-	-	-	55.4	55.0	60.1	49.7	53.3	61.4
Operating Expenses	109.3	107.8	116.5	113.8	75.9	89.5	90.9	92.2	105.9	86.5
Payments to Education	738.8	771.0	752.5	764.9	739.9	784.1	739.4	794.7	810.1	846.3
Total Sales	\$ 2,601.0	\$ 2,739.0	\$ 2,697.9	\$ 2,743.1	\$ 2,892.0	\$ 3,059.6	\$ 3,001.7	\$ 3,160.1	\$ 3,360.7	\$ 3,471.5

VIDEO LOTTERY TERMINALS (VLT)

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

LAST TEN FISCAL YEARS - IN MILLIONS

	2011	2012 ⁽¹⁾	2013	2014	2015	2016	2017	2018	2019	2020
Commissions to VLSA's ⁽²⁾	-	\$ 7.4	\$ 110.1	\$ 291.0	\$ 514.0	\$ 577.8	\$ 616.2	\$ 656.6	\$ 704.0	\$ 545.9
Lottery Net Revenue	-	3.7	55.5	146.6	259.0	291.1	310.4	330.7	354.6	275.0
Operating Expenses	-	-	4.9	7.2	8.8	9.1	9.2	9.2	10.8	9.7
Accrued - Profits to Education - Paid in July	-	-	-	-	-	-	-	28.5	29.5	14.3
Payments to Education	-	-	50.6	139.4	250.1	282.0	301.2	293.0	343.8	264.5
Gross Gaming Revenue	-	\$ 11.1	\$ 165.6	\$ 437.6	\$ 773.0	\$ 868.9	\$ 926.6	\$ 987.3	\$ 1,058.6	\$ 820.9

(1) Operating Costs (including Start-up) and resulting profits were included in regular Lottery Operating Expenses & Transfers to Education. In Fiscal Year 2012, there was only one (1) month of VLT operations.

(2) Includes collected from the VLSA's for Problem Gambling programs.

TOTAL EXPENSES, INCLUDING VLT ACTIVITY

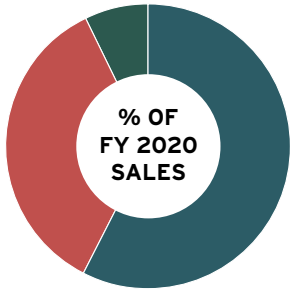
LAST TEN FISCAL YEARS • IN MILLIONS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Sales (including GGR)	\$ 2,601.0	\$ 2,750.1	\$ 2,863.5	\$ 3,180.7	\$ 3,665.0	\$ 3,928.5	\$ 3,928.3	\$ 4,147.4	\$ 4,419.3	\$ 4,292.4
Direct Game Costs:										
Prizes	1,603.1	1,680.8	1,668.1	1,698.0	1,875.3	1,932.6	1,910.0	1,998.7	2,139.8	2,259.3
Bonuses and Commission	161.3	179.4	277.0	460.9	693.2	766.4	801.9	862.7	927.4	779.5
Cost of Tickets Sold and Vendor Fees	-	-	-	-	55.4	55.0	60.1	49.7	53.3	61.4
Operating Expenses	109.3	107.8	121.4	121.0	84.7	98.6	100.1	101.4	116.7	96.2
Accrued - Profits to Education - Paid in July	-	-	-	-	-	-	-	28.5	29.5	14.3
Payments to Education	\$ 738.8	\$ 771.0	\$ 803.1	\$ 904.3	\$ 990.0	\$ 1,066.1	\$ 1,040.6	\$ 1,087.7	\$ 1,153.9	\$ 1,127.1

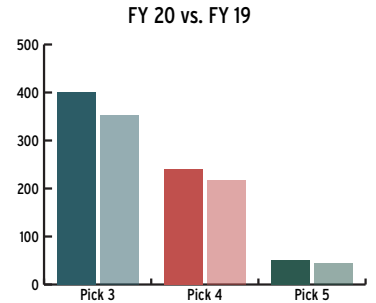
OHIO LOTTERY • REVENUES

LAST 10 FISCAL YEARS • IN MILLIONS

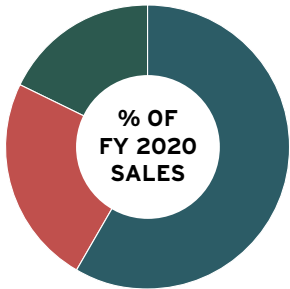
DAILY DRAW	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PICK 3	\$ 364.4	\$ 357.4	\$ 345.2	\$ 339.0	\$ 338.0	\$ 343.0	\$ 340.0	\$ 340.1	\$ 354.0	\$ 400.6
PICK 4	209.0	207.9	189.8	185.8	192.8	200.3	201.0	205.1	216.9	240.5
PICK 5 ⁽¹⁾	-	-	28.0	27.9	33.3	36.4	38.1	40.8	44.5	51.2
TOTAL DAILY DRAW SALES	\$ 573.4	\$ 565.3	\$ 563.0	\$ 552.7	\$ 564.1	\$ 579.7	\$ 579.1	\$ 586.0	\$ 615.4	\$ 692.3



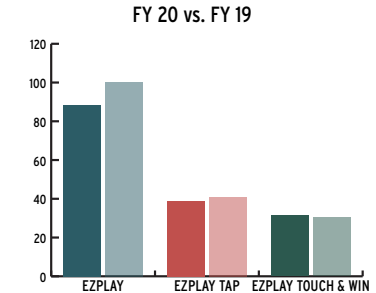
SALES	% OF FY20 SALES	FY20	FY19	DIFF
PICK 3	57.9%	\$ 400.6	\$ 354.0	\$ 46.6
PICK 4	34.7%	240.5	216.9	23.6
PICK 5	7.4%	51.2	44.5	6.7
	100.0%	\$ 692.3	\$ 615.4	\$ 76.9



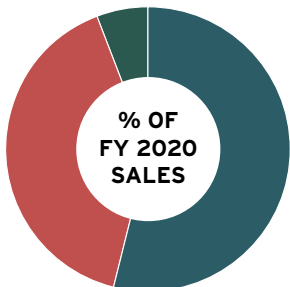
EZPLAY GAMES	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EZPLAY	\$ 30.9	\$ 46.5	\$ 68.0	\$ 84.8	\$ 99.8	\$ 115.2	\$ 120.2	\$ 113.2	\$ 100.4	\$ 88.4
EZPLAY TAP	-	-	-	-	24.0	31.5	30.0	31.8	40.8	38.9
EZPLAY Touch & Win	-	-	-	-	-	0.7	16.0	19.5	30.4	31.4
TOTAL EZPLAY SALES	\$ 30.9	\$ 46.5	\$ 68.0	\$ 84.8	\$ 123.8	\$ 147.4	\$ 166.2	\$ 164.5	\$ 171.6	\$ 158.7



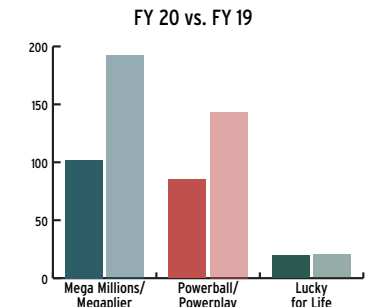
SALES	% OF FY20 SALES	FY20	FY19	DIFF
EZPLAY	55.7%	\$ 88.4	\$ 100.4	\$ (12.0)
EZPLAY TAP	24.5%	38.9	40.8	(1.9)
EZPLAY TOUCH & WIN	19.8%	31.4	30.4	1.0
	100.0%	\$ 158.7	\$ 171.6	\$ (12.9)



MULTI-STATE GAMES	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
MEGA MILLIONS/MEGAPLIER ⁽²⁾	\$ 165.0	\$ 179.3	\$ 102.8	\$ 133.4	\$ 113.3	\$ 102.2	\$ 93.3	\$ 120.1	\$ 192.7	\$ 102.0
POWERBALL/POWER PLAY ⁽³⁾	76.4	105.3	166.6	122.8	105.0	193.5	129.8	148.1	143.3	85.2
LUCKY FOR LIFE	-	-	-	-	-	14.1	19.9	20.7	20.4	19.5
TOTAL MULTI-STATE SALES	\$ 241.4	\$ 284.6	\$ 269.4	\$ 256.2	\$ 218.3	\$ 309.8	\$ 243.0	\$ 288.9	\$ 356.4	\$ 206.7



SALES	% OF FY20 SALES	FY20	FY19	DIFF
MEGA MILLIONS/MEGAPLIER	49.3%	\$ 102.0	\$ 192.7	\$ (90.7)
POWERBALL/POWER PLAY	41.2%	85.2	143.3	(58.1)
LUCKY FOR LIFE	9.5%	19.5	20.4	(0.9)
	100.0%	\$ 206.7	\$ 356.4	\$ (149.7)



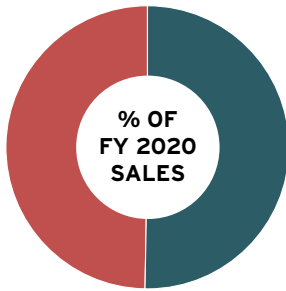
OHIO LOTTERY • REVENUES

LAST 10 FISCAL YEARS • IN MILLIONS

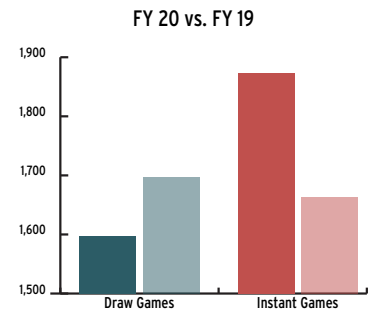
DAILY LOTTO	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
KICKER ⁽²⁾	10.3	-	-	-	-	-	-	-	-	-
CLASSIC LOTTO/KICKER ⁽²⁾	42.7	43.2	46.6	60.1	35.7	35.8	30.9	34.4	31.4	28.8
RAFFLE/MULTI-STATE RAFFLE	10.0	10.0	9.1	1.0	7.0	-	3.6	-	-	-
TEN-OH ⁽¹⁾	9.2	8.3	0.8	-	-	-	-	-	-	-
ROLLING CASH 5	62.4	63.8	61.5	63.4	62.6	60.3	55.5	53.0	52.1	51.7
TOTAL DAILY LOTTO GAME SALES	\$ 134.6	\$ 125.3	\$ 118.0	\$ 124.5	\$ 105.3	\$ 96.1	\$ 90.0	\$ 87.4	\$ 83.5	\$ 80.5

KENO	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
KENO/BOOSTER ⁽³⁾	\$ 157.9	\$ 209.8	\$ 251.5	\$ 298.1	\$ 329.5	\$ 365.9	\$ 396.3	\$ 421.1	\$ 453.9	\$ 439.4
THE LUCKY ONE ⁽⁴⁾	-	-	-	-	-	-	-	11.6	16.9	20.1

TOTAL REVENUE	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
DRAW GAME TICKET SALES	\$ 1,138.2	\$ 1,231.5	\$ 1,269.9	\$ 1,316.3	\$ 1,341.0	\$ 1,498.9	\$ 1,474.6	\$ 1,559.5	\$ 1,697.7	\$ 1,597.7
SCRATCH-OFF GAMES SALES	1,462.8	1,507.5	1,428.0	1,426.8	1,551.0	1,560.7	1,527.1	1,600.6	1,663.0	1,873.8
VLT REVENUE	-	11.1	165.5	437.6	773.0	868.9	926.6	987.3	1,058.6	820.9
VLT LICENSE REVENUE	-	25.0	70.0	100.1	105.2	50.1	0.1	0.1	0.2	0.2
OTHER REVENUES ⁽⁵⁾	31.4	6.6	6.3	7.2	6.2	8.6	4.9	5.8	4.1	1.6
TOTAL REVENUES	\$ 2,632.4	\$ 2,781.7	\$ 2,939.7	\$ 3,288.0	\$ 3,776.4	\$ 3,987.2	\$ 3,933.3	\$ 4,153.3	\$ 4,423.6	\$ 4,294.2



SALES	% OF FY20 SALES	FY20	FY19	DIFF
DRAW GAME TICKET SALES	46.0 %	\$ 1,597.7	\$ 1,697.7	\$ (100.0)
INSTANT TICKET SALES	54.0 %	1,873.8	1,663.0	210.8
	100.0 %	\$ 3,471.5	\$ 3,360.7	\$ 110.8



(1) In August 2012, the Ten-OH game was replaced by Pick 5.

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

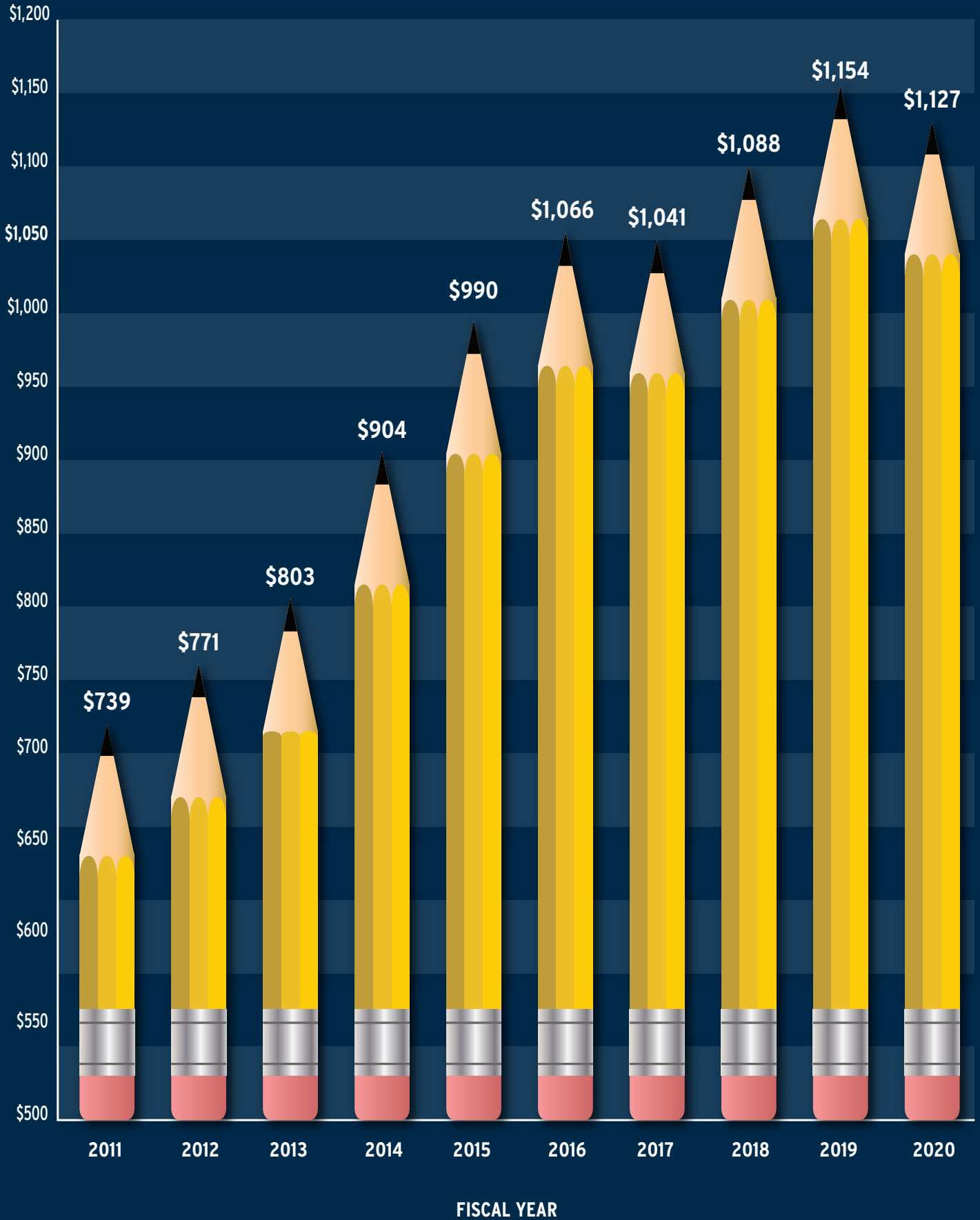
(3) Booster option and Power Ball / Power Play added in Fiscal Year 2010.

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

(5) Other revenues include interest income and an adjustment for unrealized gain/losses as a result of GASB 31 reporting.

OHIO LOTTERY • TRANSFERS TO EDUCATION

LAST 10 FISCAL YEARS • IN MILLIONS



TOTAL VIDEO LOTTERY TERMINAL (VLT) SALES

IN MILLIONS



**Percent Change of
Net Win from FY 2019**

-21.6% -18.6% -25.8% -21.4% -25.4% -19.7% -22.8% -22.5%

	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	2,288	1,474	2,308	1,839	1,374	1,066	1,101	11,450
Net Win FY20	\$ 139.8	\$ 108.8	\$ 189.9	\$ 134.8	\$ 63.1	\$ 88.9	\$ 95.6	\$ 820.9
Racino Commission	92.5	72.0	125.6	89.2	41.8	58.8	63.3	543.2
Ohio Lottery Commission	46.8	36.4	63.6	45.2	21.2	29.8	32.0	275.0
Problem Gambling Services	0.5	0.4	0.6	0.4	0.2	0.3	0.3	2.7

U.S. LOTTERY INDUSTRY STATEMENT OF OPERATIONS RANK BY SALES^(a) FISCAL YEAR 2019^(b) IN MILLIONS

	U. S. LOTTERY	POPULATION	TOTAL TICKET SALES	PRIZES	BONUSES/ COMMISSIONS	OPERATING EXPENSES	PRIZES AS % OF TOTAL SALES	PER CAPITA SALES
1	New York	19.5	\$ 8,208.1	\$ 4,920.6	\$ 491.6	\$ -	59.9 %	\$ 422
2	California	39.5	7,388.1	4,715.6	505.9	356.8	63.8 %	187
3	Florida	21.5	7,151.2	4,638.5	398.2	185.4	64.9 %	333
4	Texas	29.0	6,251.5	4,056.5	335.8	235.1	64.9 %	216
5	Massachusetts	6.9	5,492.3	3,986.8	314.5	102.6	72.6 %	797
6	Pennsylvania	12.8	4,503.3	2,927.1	245.0	201.9	65.0 %	352
7	Georgia	10.6	4,455.0	2,876.4	280.5	181.4	64.6 %	420
8	Michigan	10.0	3,884.2	2,364.7	287.6	178.3	60.9 %	389
9	New Jersey	8.9	3,548.5	2,086.6	198.5	144.1	58.8 %	400
10	OHIO	11.7	3,360.8	2,139.8	223.4	159.2	63.7 %	288
11	Illinois	12.7	2,974.5	1,907.2	165.3	154.4	64.1 %	235
12	North Carolina	10.5	2,859.6	1,845.3	198.9	109.7	64.5 %	273
13	Virginia	8.5	2,293.6	1,401.7	128.7	115.7	61.1 %	269
14	Maryland	6.1	2,196.9	1,357.5	165.5	-	61.8 %	363
15	South Carolina	5.2	1,980.9	1,312.1	139.6	44.5	66.2 %	385

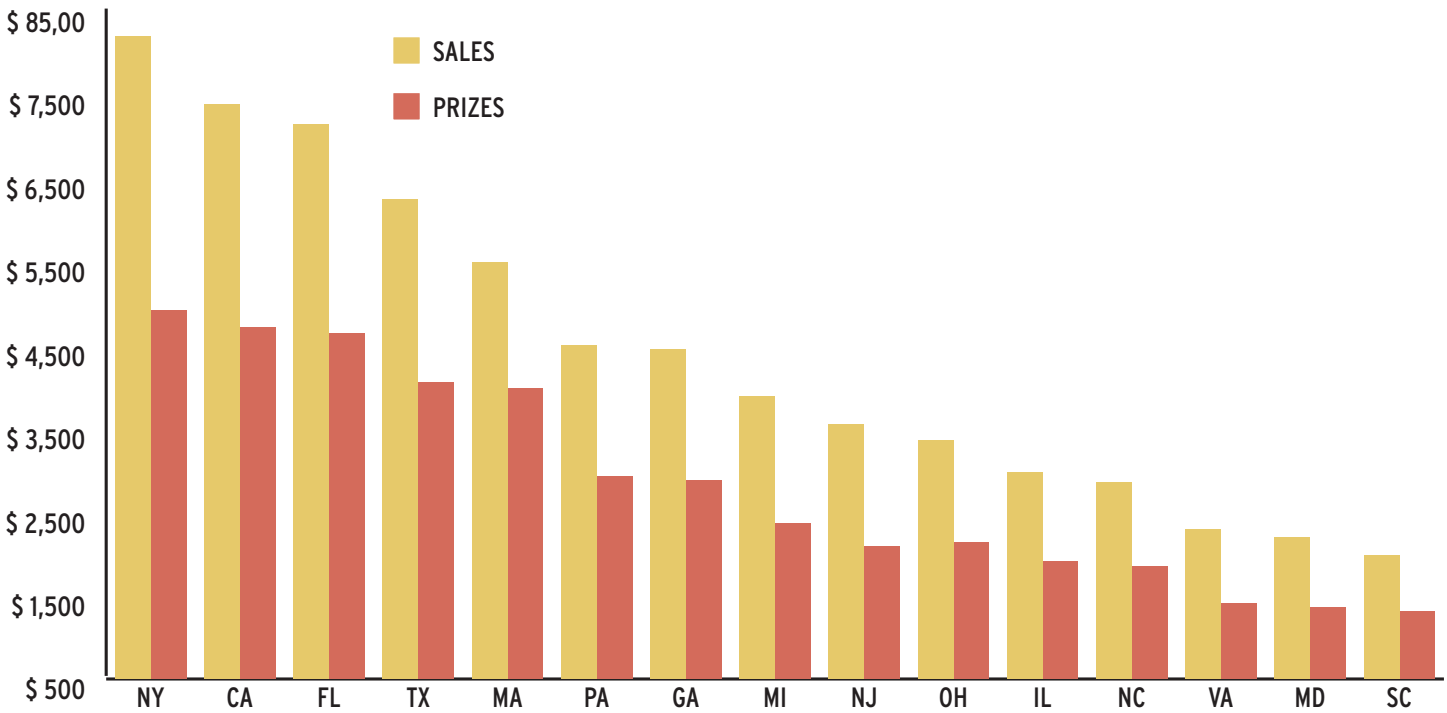
(a) Sales excludes video lottery, (b) Latest information available

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

The population figures used for the U.S. states were published by the Bureau of the Census on July 1, 2019.

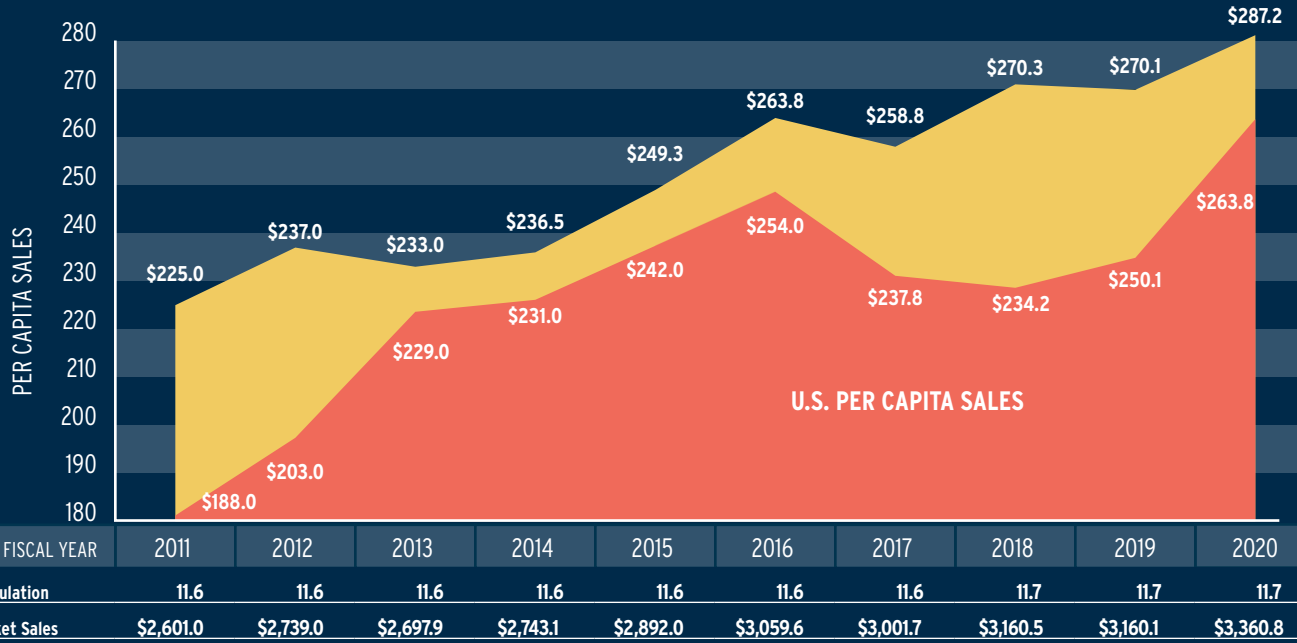
Source: "La Fleur's 2020 World Lottery Almanac"

U.S. LOTTERY INDUSTRY • FISCAL YEAR 2019 IN MILLIONS



Source: "La Fleur's 2019 World Lottery Almanac"

OHIO LOTTERY • PER CAPITA SALES LAST TEN FISCAL YEARS • IN MILLIONS

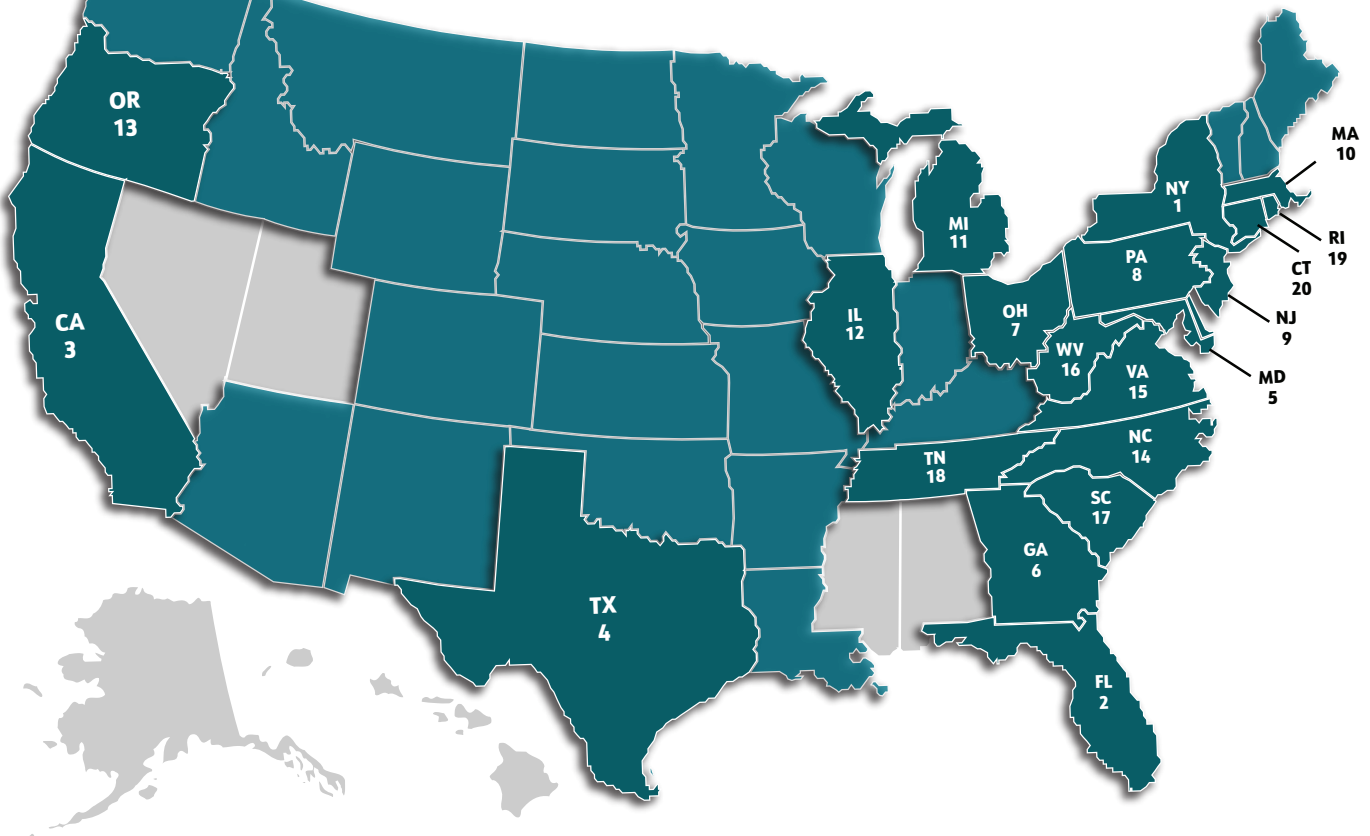


Source: "La Fleur's 2019 World Lottery Almanac" • ¹ 2019 National Per Capita Sales is estimated

TOP 20 U.S. LOTTERY GOVERNMENT TRANSFERS • FY 2019

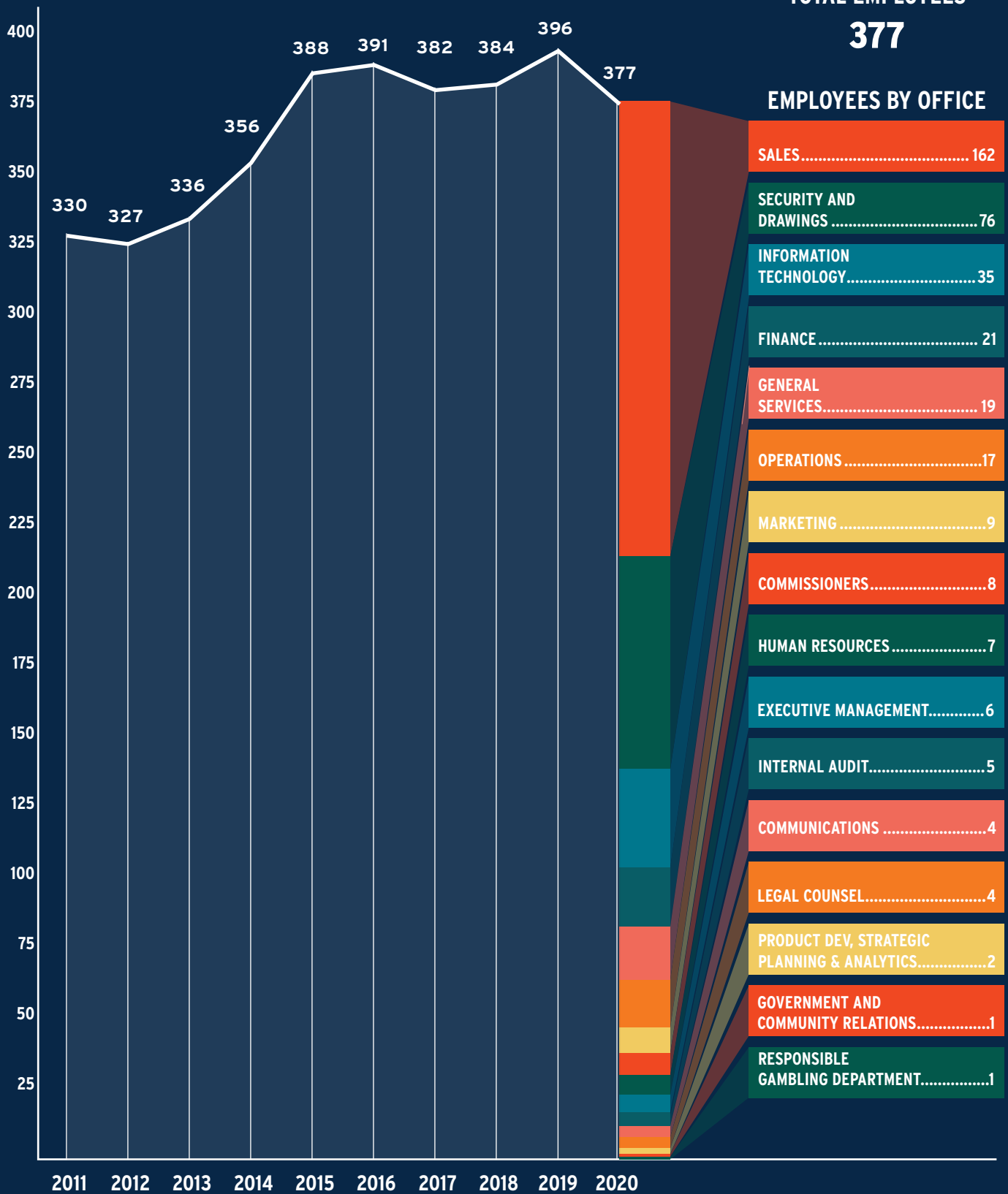
IN MILLIONS

1	NY	\$ 3,474.0	5	MD	\$ 1,314.1	9	NJ	\$ 1,105.0	13	OR	\$ 716.6	17	SC	\$ 488.1
2	FL	\$ 1,927.1	6	GA	\$ 1,207.4	10	MA	\$ 1,104.2	14	NC	\$ 712.3	18	TN	\$ 447.2
3	CA	\$ 1,825.2	7	OH	\$ 1,153.9	11	MI	\$ 1,073.5	15	VA	\$ 649.7	19	RI	\$ 397.3
4	TX	\$ 1,636.6	8	PA	\$ 1,132.9	12	IL	\$ 754.2	16	WV	\$ 515.5	20	CT	\$ 375.3



OHIO LOTTERY • NUMBER OF EMPLOYEES

LAST TEN FISCAL YEARS • AS OF JUNE 30, 2020



OHIO LOTTERY • ACTIVE RETAILERS BY REGION



TOTAL LOTTERY RETAILERS:

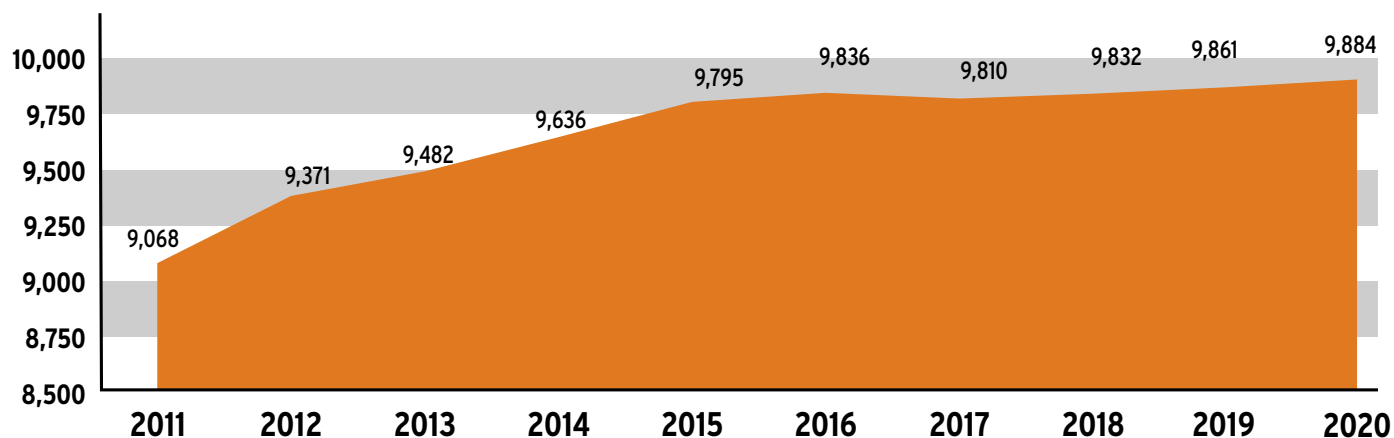
9,884

CHANGE FROM PRIOR FISCAL YEAR:

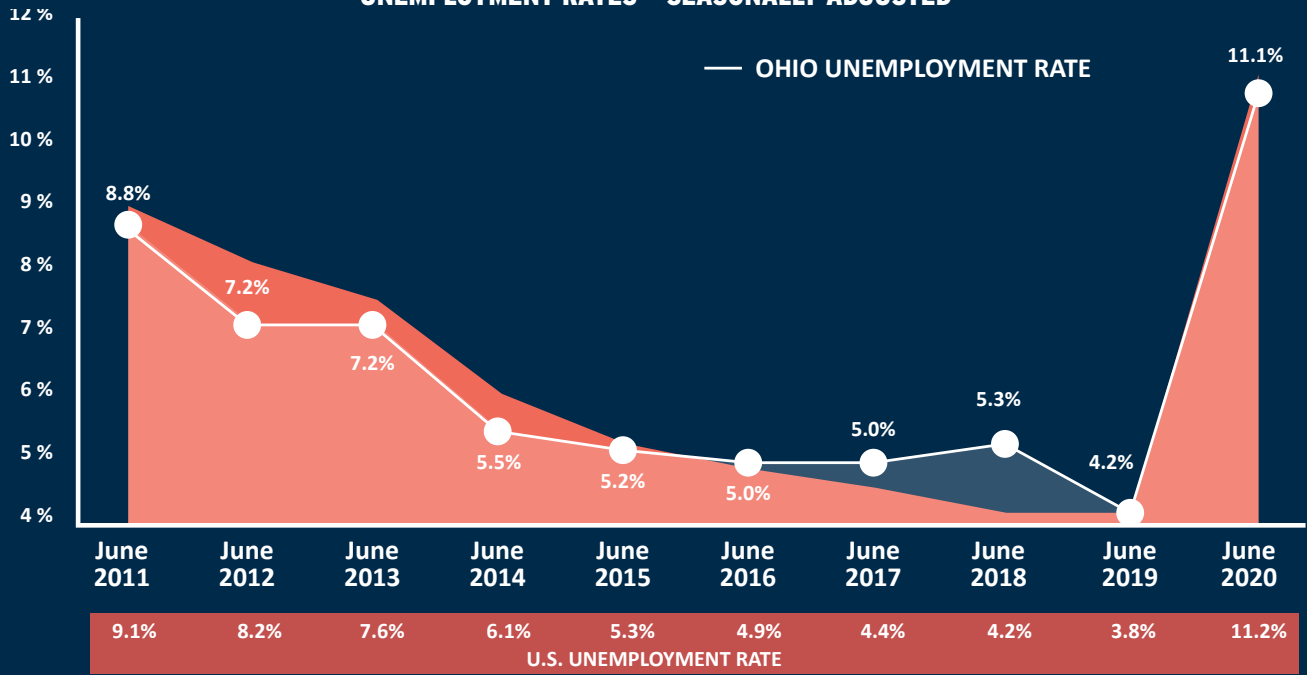
+23

TOTAL RETAILERS	REGION	PERCENT OF TOTAL	NET CHANGE
1,682	5 • COLUMBUS	17.0%	+22
1,277	7 • AKRON-CANTON	12.9%	+2
1,268	4 • CINCINNATI	12.8%	0
1,241	2 • TOLEDO	12.6%	+8
1,199	1 • CLEVELAND	12.1%	-4
1,019	3 • DAYTON	10.3%	+2
906	8 • YOUNGSTOWN	9.2%	-4
779	9 • LORAIN	7.9%	-2
513	6 • ATHENS	5.2%	-1

LOTTERY RETAILERS • LAST TEN FISCAL YEARS



UNEMPLOYMENT RATES • SEASONALLY ADJUSTED

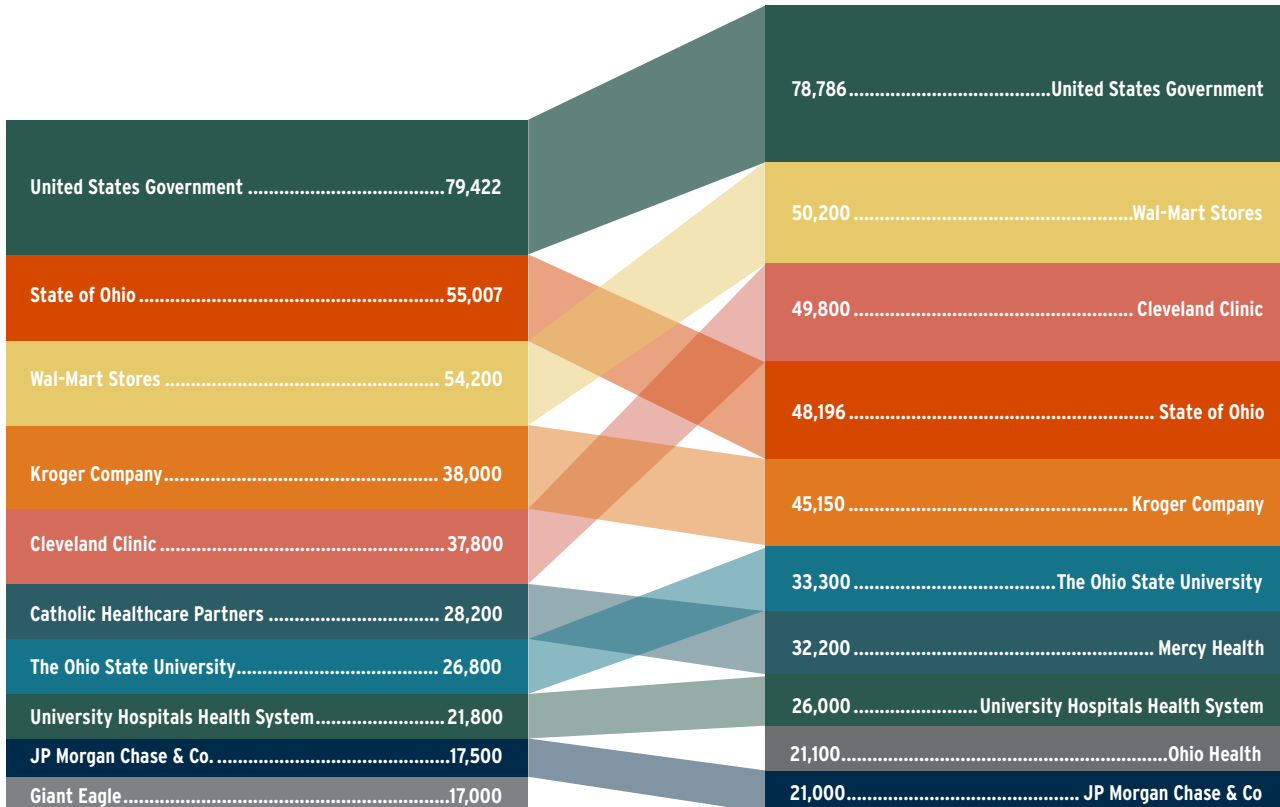


Source: Ohio Department of Job & Family Services

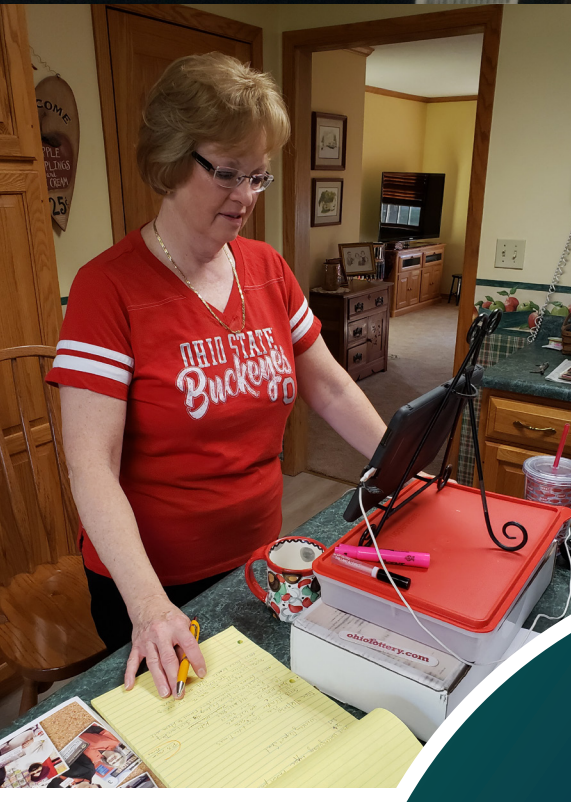
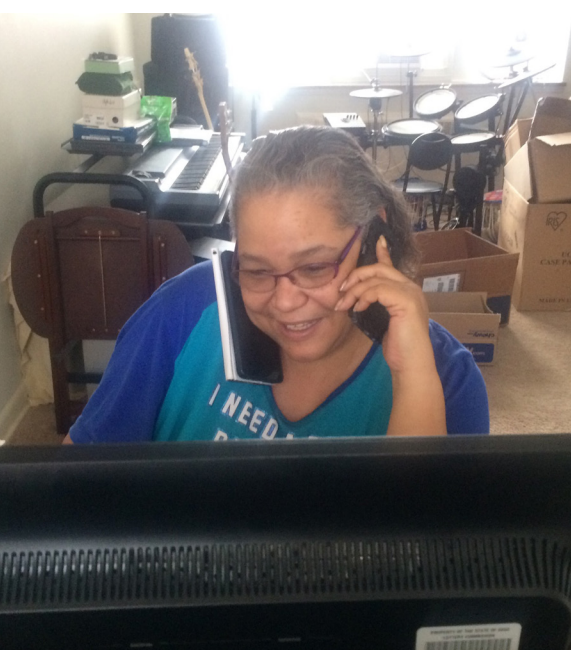
STATE OF OHIO • PRINCIPAL EMPLOYERS FOR CALENDAR YEARS 2009 AND 2018

2009

2018



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 2019



OH!
LOTTERY®

The Ohio Lottery Commission • An Equal Opportunity Employer and Service Provider
615 West Superior Avenue • Cleveland, Ohio 44113-1875
1.800.686.4208 • www.ohiolottery.com

OHIO AUDITOR OF STATE KEITH FABER



OHIO LOTTERY COMMISSION

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 12/29/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov