Exhibit D

STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

One-month and eleven-month periods
May 31, 2018

STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

State of New Jersey
Pension Fund L
Division of State Lottery

Report on the Financial Statements

We have audited the accompanying statement of revenues, expenses and changes in net position of the State of New Jersey, Pension Fund L, Division of State Lottery (the "Division of State Lottery"), for the one-month and eleven-month periods ended May 31, 2018, and the related notes to statement of revenues, expenses and changes in net position, which collectively comprise the Division of State Lottery's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the changes in financial position of the Division of State Lottery for the one-month and eleven-month periods ended May 31, 2018, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Division of State Lottery's basic financial statements. The accompanying schedules of instant game revenues and administrative expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of instant game revenues and administrative expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of instant game revenues and administrative expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated August 17, 2018, on our consideration of the Division of State Lottery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Division of State Lottery's internal control over financial reporting and compliance.

Mercadien, P.C.
Certified Public Accountants

August 17, 2018

BASIC FINANCIAL STATEMENTS

STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
One-month and eleven-month periods ended May 31, 2018

	May 31, 2018			
	One-month period ended		Eleven-month period ended	
Operating Revenues:				
Ticket Sales				
Pick 3 Fireball	$ 36,071,210	12.77%	$ 386,493,959	12.77%
Pick 4 Fireball	22,528,463	7.98%	245,517,501	8.11%
Jersey Cash 5 Xtra	12,087,176	4.28%	142,709,032	4.71%
Pick 6 Xtra	5,165,959	1.83%	58,101,799	1.92%
Cash 4 Life Doubler	3,776,021	1.34%	38,496,158	1.27%
Mega Millions	11,112,714	3.93%	165,909,672	5.48%
Powerball	16,078,212	5.69%	220,884,301	7.30%
Quick Draw	7,400,227	2.62%	45,908,730	1.52%
Fast Play	3,072,199	1.09%	26,778,844	0.88%
5 Card Cash All In	430,426	0.15%	5,123,073	0.17%
Instant	170,969,994	60.53%	1,745,005,976	57.64%
Gross Sales	288,692,601	102.21%	3,080,929,045	101.77%
Less Sales Discounts/Tickets Provided as Prizes	(6,242,040)	(2.21%)	(53,735,073)	(1.77%)
Net Sales	282,450,561	100.00%	3,027,193,972	100.00%
Other Revenue:				
Miscellaneous	4,150	0.00%	147,087	0.00%
Total Operating Revenues	282,454,711	100.00%	3,027,341,059	100.00%
Operating Expenses:				
Prize Expense	173,955,479	61.59%	1,822,042,599	60.19%
Administrative Expenses	822,312	0.29%	8,857,687	0.29%
Retailer Commissions	16,274,920	5.76%	172,723,159	5.71%
Northstar NJ Gaming System Vendor Fees	3,031,272	1.07%	32,356,862	1.07%
Northstar NJ Management Fee	430,294	0.15%	4,733,234	0.16%
Northstar NJ Manager Expenses	(878,583)	(0.31%)	17,335,583	0.57%
Northstar NJ Instant Vendor Printing Fees	2,126,747	0.75%	21,576,995	0.71%
Northstar NJ Advertising & Marketing Expenses	2,273,333	0.80%	25,006,667	0.83%
Multi-State Game Expenses	-	0.00%	39,588	0.00%
Drawing Broadcast Fees	-	0.00%	412,088	0.01%
Total Operating Expenses	198,035,774	70.11%	2,105,084,462	69.54%
Operating Income	84,418,937	29.89%	922,256,597	30.46%
Non-Operating Revenue				
Interest	367,553	0.13%	2,823,023	0.09%
Income Before Transfers	84,786,489	30.02%	925,079,620	30.56%
Transfers out- contributions for state aid to education and state institutions	80,000,000	28.32%	893,000,000	29.50%
Changes in Net Position	4,786,489	1.69%	32,079,620	1.06%
Net Position - Beginning of Period	27,293,131		-	
Net Position - End of Period	$ 32,079,620		$ 32,079,620	

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The State of New Jersey, Division of State Lottery (the “Division of State Lottery”) and the State Lottery Commission (the “Commission”) were concurrently established in 1970, pursuant to the “State Lottery Law” (N.J.S.A. 5:9-1 et seq.). The “Lottery Enterprise Contribution Act” (“LECA”) approved in 2017, directs the Lottery Enterprise for the benefit of the Teachers’ Pension and Annuity Fund (“TPAF”), the Public Employees’ Retirement System (“PERS”), and the Police and Firemens’ Retirement System (“PFRS”). Under the LECA the entirety of the Lottery Enterprise will be contributed to Pension Fund L, a common trust fund created and formed for the benefit of TPAF, PERS and PFRS for a period of 30 years. With the exception of a few retained assets and liabilities, all of the assets and liabilities of the Division of State Lottery were transferred to Pension Fund L on July 1, 2017. Under the LECA there is no material change in the Division of State Lottery’s operation and management and will continue in its existing form as a division within the Department of the Treasury. The Commission consists of the state treasurer, the director of the Division of (State) Investment and five public members, and is authorized and empowered to promulgate rules and regulations regarding the conduct of lottery games, including the price or prices of tickets, the number and size of prizes on winning tickets, the licensing of retailers, and the apportionment of ticket revenues. The Division of State Lottery’s financial statements are presented as those of a proprietary fund and include the operations for which the Division of State Lottery is financially accountable and exercises oversight responsibility.

Effective July 1, 2017, with the passage of Chapter 98 of the Public Law of 2017, the Lottery Transfer Act and the subsequent Memorandum of Lottery Contribution (“MOLC”) entered into between the State Treasurer and the Division of Investment, the operations of the Division of State Lottery and its resulting net revenues will be transferred to Pension Fund L for a period of thirty years. Both the legislation and the MOLC require that retained assets and liabilities of the Division of State Lottery existing prior to the transfer date (July 1, 2017), not be transferred to Pension Fund L. This requirement compelled the Division of State Lottery, specifically its Finance Department, to maintain two general ledgers. The pre-existing (or residual) Division of State Lottery fund ledger will now only account for all activity associated with those pre-existing assets and liabilities and a new general ledger will account for all the obligations and assets resulting from lottery sales and games emanating on and after the July 1, 2017, transfer date.

The MOLC outlined a six-month transition period for the Division of State Lottery to re-organize its accounting operation in a manner consistent with the spirit and intent of Chapter 98 of the Public Law of 2017. This was necessary to ensure that all the financial reporting, accounting operations, collections activity and accounts receivable functions of the Division of State Lottery are being properly recorded and posted.

Basis of Accounting

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

In its accounting and financial reporting, the Division of State Lottery follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles. GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Per the Statement, the sources of authoritative generally accepted accounting principles (“GAAP”) are categorized in descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants (“AICPA”) cleared by the GASB. Authoritative GAAP is incorporated periodically into the *Codification of Governmental Accounting and Financial Reporting Standards* (Codification), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described above and then may consider nonauthoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board (“FASB”), Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks and articles.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Position

Net position represents resources available for current operating expenses in compliance with legal and budgetary restrictions as well as amounts restricted for prize awards or contributions for aid to education and state institutions in conformance with the LECA. Specifically, net position consists of prizes that are not claimed within one year from the date of the drawing for machine games and within one year from the date of game's closing for instant games.

Revenue Recognition

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

- “Pick-3 Fireball”, “Pick-4 Fireball”, “Jersey Cash 5 Xtra”, “Pick-6 Xtra”, “Mega Millions”, “Megaplier”, “Powerball”, “Power Play”, “CASH4LIFE Doubler”, “Quick Draw” and “5 Card Cash All In” games on the drawing date.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

- Instant games are recognized daily, based upon the settlement of instant game inventory packs by selling retailers. Sales adjustments are recorded based upon final reconciliations prepared after the termination of a lottery instant game.
- Fast play games upon the sale of each ticket.
- Sales discounts are recorded for the sales value of tickets provided to retailers, at no cost, to be used for promotional purposes. Tickets provided as prizes are recorded as sales at the face value of each ticket, then backed out as discounts and not included in prize expense.

Forfeited Prizes

The State Lottery Law requires that prizes not claimed within one year from the date of the drawing for machine games and within one year from the date of the game's closing for instant games be forfeited. Effective November 21, 1991, the Commission authorized that 70% of forfeited prizes are to be maintained in a reserve for prize awards and are available to augment future prize awards or, at the discretion of the executive director, to augment the Division of State Lottery's contribution for state aid for education and state institutions in conformance with the LECA.

The remaining 30% goes directly to contributions to aid education and institutions in conformance with the LECA. This is consistent with the 30% minimum contribution requirement of the State Lottery Law. Forfeited prizes are recognized as "Other Revenues" during the period forfeited. For the one-month and eleven-month periods ended May 31, 2018, forfeited prizes were $0.

Installment Prize Awards and Prize Expenses

Installment prize awards are recorded based upon the present value of an annuity at terms to yield a series of future payments needed to meet the obligations of the Division of State Lottery for prize disbursements. For each lottery winner that chooses to receive their prize in installments, the Division of State Lottery purchases annuity contracts from insurance companies or U.S. government securities to fund its liability for installment prize awards. An annuity contract represents an obligation by an insurance company to provide a fixed series of payments over a specified period. Annuity contracts are subject to credit risk. The Division of State Lottery seeks to control its exposure to such credit risk by purchasing annuity contracts only from insurance companies that meet certain minimum standards. Such standards include the following:

1. Combined capital and surplus of at least $1 billion dollars.
2. Admitted assets of at least $10 billion dollars.
3. Risk based capital ratio of at least 300%.
4. Must have ratings equal to or better than those listed below from at least two of the three private rating agencies:
    - Standard & Poor's long term insurer financial strength rating of "AA-" or higher.
    - AM Best financial strength rating of "A" or higher.
    - Moody's long term insurance financial strength rating of "Aa3" or higher.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Installment Prize Awards and Prize Expenses (Continued)

According to the Division of State Lottery's calculation, only one company does not meet the ratings criteria, that of Delaware Life, formerly Sun Life Assurance. Due to the long-term nature of these contracts, the credit quality of the issuer is subject to change. Amounts recorded as prize expense reflect the cost of annuity contracts and U.S. government securities necessary to satisfy stated prize awards plus any single payment awards.

Contributions and Prize Awards

The State Lottery Law in conformance with the LECA, requires no less than 30% of total revenues accruing from ticket sales to be paid for state aid for education and state institutions on an annual basis. Contributions for the one-month and eleven-month periods ended May 31, 2018, were $80,000,000 and $893,000,000, respectively.

For machine games, the Division of State Lottery has designated that a minimum of 45% of gross revenues be allocated for prize awards, including retailer bonuses. Prize expense is recorded when the winning ticket number is selected for the respective lottery game based on eligible winning tickets sold. For instant games, the percentage of gross revenues to be allocated for prize awards varies by game.

Commissions and Fees

Retailers (agents) receive a commission of 5% based on the total tickets sold and a commission of 1.25% of terminal validations. The online game contractor receives a fee equal to a contractual percentage of the revenue generated through the respective network maintained by the contractor. All other gaming contractors are paid fees based on the units of service provided.

Northstar New Jersey Lottery Group, LLC (“Northstar NJ or NSNJ”) thus far has had numerous retailer incentive programs for the purpose of boosting sales; these include temporary commission increases and bonuses, both of these incentives are recorded as prize expense.

Administrative Expenses

The Division of State Lottery follows the state’s threshold for capitalizing equipment, which is as follows: machinery and equipment over $20,000 and motor vehicles over $30,000. Purchases that do not meet the threshold for capitalization are recognized as expenses in the statement of revenues, expenses and changes in net position during the period in which they are acquired and are included in administrative expenses.

The Division of State Lottery records vacation and sick time incurred during the period as “Administrative Expenses” in the accompanying statement of revenues, expenses and changes in net position. Payments for accumulated sick leave balances are made to retiring employees upon regular retirement, from the State of New Jersey’s General Fund. Such payment is based on 50% of the employee’s sick leave accumulation at the pay rate in effect at the time of retirement, up to a maximum of $15,000. Employees separating from service prior to retirement are not entitled to payments for accumulated sick leave.

Rounding

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

B. LITIGATION

The Division of State Lottery is a party to a number of lawsuits arising out of the conduct of its business. While the ultimate results of the lawsuits or other proceedings against the Division of State Lottery cannot be predicted with certainty, management of the Division of State Lottery does not expect that these matters will have a material adverse effect on net position.

C. COMMITMENTS

The Division of State Lottery maintains a gaming network of over 7,600 online locations where all games are sold. IGT Corporation is responsible for operating the network games and providing courier services under a contract that was assigned to NSNJ on October 1, 2013, and expires concurrent with NSNJ's contract.

On June 20, 2013, a competitively bid 15-year contract was awarded to NSNJ to provide sales and marketing services to the Division of State Lottery. NSNJ is owned directly by two members: (1) Scientific Games New Jersey, LLC, and (2) Northstar New Jersey Holding Company, LLC, and indirectly by three companies: (1) IGT Corporation, and (2) OSI LTT NJ Holdings Inc., which are the Members of Northstar New Jersey Holding Company, LLC, and (3) Scientific Games International, Inc., which is the owner of Scientific Games New Jersey, LLC. The base services commenced on October 1, 2013. The contract required NSNJ to bid net income targets for each fiscal year of the 15-year contract. An amendment signed on December 31, 2015, revised the income level and targets downward for contract years 3 through 15. If NSNJ meets or exceeds the net income target for a given fiscal year, they can earn an incentive pay or alternatively, if they don't meet the net income target, they are assessed a penalty. The NSNJ contract provided for an allowance of $20 million to offset any potential contribution shortfall payments over the life of the contract. The next net income incentive or penalty calculation will be performed at June 30, 2018, and recorded in the Pension Fund L financial statements.

Prior to the beginning of each fiscal year the Division of State Lottery and NSNJ agree to an annual business plan that includes the projected operating expenses, which includes management fee, manager, advertising and marketing expenses of NSNJ for the fiscal year. Each month NSNJ may invoice the Division of State Lottery one twelfth (1/12) of the total operating expenses for the fiscal year. Each monthly invoice is accompanied by detailed backup data and information supporting expenses incurred. At the end of the fiscal year NSNJ operating expenses are aggregated and reconciled with any excess returned to the Division of State Lottery. The NSNJ expenses for services to the Division of State Lottery amounted to $1,825,044 and $47,075,484, for the one-month and eleven-month periods ended May 31, 2018, respectively.

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

C. COMMITMENTS (CONTINUED)

Rent expense for office facilities and equipment is included in administrative expenses and amounted to $73,700 and $810,700 for the one-month and eleven-month periods ended May 31, 2018, respectively.

SUPPLEMENTARY INFORMATION

STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY

SCHEDULE OF INSTANT GAME REVENUES

	May 31, 2018	
	One-month period ended	Eleven-month period ended
$5,000,000 LUCKY 7s	$ 16,559,250	$ 16,559,250
$200 MILLION CASH BONANZA	10,175,340	134,229,260
CROSSWORD	8,987,154	32,773,617
$5,000,000 FORTUNE	8,815,800	144,229,530
DAZZLING DIAMOND SPECTACULAR	8,329,180	27,079,660
SUPER CROSSWORD	8,175,695	21,291,160
BIG MONEY SPECTACULAR	7,915,748	19,012,540
$1,000,000 SPECTACULAR	7,112,610	44,618,700
$250,000 CROSSWORD	6,859,684	13,778,374
100 X THE BUCKS	6,148,580	89,016,634
HIGH CARD POKER	5,404,055	11,343,255
JERSEY CASH BLOWOUT	5,032,300	10,521,970
LUCKY TIMES 20	4,644,315	15,541,940
RUBY RED RICHES	4,484,665	4,484,665
5X THE BUCKS	4,436,100	47,599,920
INSTANT CASH MILLIONAIRE	4,252,720	41,001,400
$1,000,000 GOLD RUSH	4,063,530	20,237,470
PINK DIAMOND BINGO	3,496,965	14,045,930
$200,000 GOLD RUSH	3,112,245	14,349,315
WIN FOR LIFE	3,029,772	3,029,772
$500 FRENZY	2,730,615	25,207,530
FAST MONEY	2,667,554	5,350,772
PLATINUM DIAMOND SPECTACULAR	2,408,700	49,176,690
INSTANT BINGO	2,345,404	4,999,138
7	2,305,178	21,808,102
MEGA CROSSWORD	2,095,840	41,142,038
MEGA CROSSWORD	1,968,000	1,968,000
CASH BASH	1,964,220	25,591,010
LOTERIA	1,895,886	1,895,886
LOOSE CHANGE	1,878,141	3,179,337
$20,000 GOLD RUSH	1,809,276	8,582,992
$10,000 BONUS	1,663,150	23,314,306
BACKSTAGE PASS TO CASH	1,605,242	4,031,852
DOUBLE WIN	1,500,125	12,407,036
BLACKOUT BINGO	1,376,970	8,510,742
DIAMONDS AND DOLLARS	1,368,920	23,347,832
WIN FOR LIFE	1,082,807	27,571,549
$500,000 RICHES	984,189	26,188,864
SUPER CASINO	694,980	22,486,273
$250,000 CROSSWORD	607,550	17,547,210
BIRTHDAY SURPRISE	602,262	4,139,744
20X THE BUCKS	519,790	29,732,870
LOOSE CHANGE	439,297	4,711,725
MONEY VAULT	423,381	6,720,607
CASH IN A FLASH	404,050	17,733,300
10X THE BUCKS	357,626	14,004,946
BIG MONEY SPECTACULAR	309,410	24,935,138

STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY

SCHEDULE OF INSTANT GAME REVENUES (CONTINUED)

	May 31, 2018	
	One-month period ended	Eleven-month period ended
LOVE TO WIN DOUBLER	288,420	7,438,281
SUPER CROSSWORD	231,175	26,907,905
LOTERIA (D)	200,901	15,217,896
$150,000 POKER	197,515	20,786,567
$250,000 CROSSWORD	159,000	159,000
$1,000,000 MAYHEM	153,870	32,920,755
INSTANT BINGO	127,168	11,107,519
HIT $100!	106,677	9,317,437
HOLIDAY SPARKLE	86,580	6,200,234
POCKET CHANGE	71,807	4,710,139
5X THE BUCKS	70,959	5,428,856
CROSSWORD	64,155	41,751,979
HOLIDAY LUCKY TIMES 10	59,228	13,022,119
HOLIDAY SPECTACULAR	45,695	16,923,850
LOOSE CHANGE	37,800	37,800
HOT SPOT BINGO	36,045	19,426,565
$250,000 CROSSWORD	24,260	17,840,909
SUPER CROSSWORD	5,100	5,100
HIGH CARD POKER	600	1,058,630
PRIOR YEAR GAME	-	306
100X THE CASH	-	(1,200)
DOUBLE DOUBLER	-	18
LUCKY CASH	-	(600)
10X THE CASH	-	(600)
20X THE CASH	-	(600)
50X THE CASH	-	(600)
$5,000,000 CASH EXTRAVAGANZA	-	3,088,440
SUPER CROSSWORD	-	5
$150,000 GOLD RUSH	-	2,014,979
$100,000 WINNING STREAK	-	362,500
POKER SHOWDOWN	-	2,652,115
$20,000 HOLLWOOD CASH FANTASY	-	330,466
BINGO BONUS SQUARE	-	1,110,985
CASH IN A FLASH	-	554,120
CROSSWORD	-	48,720
KISSES & CASH	-	55,649
POCKET CHANGE	-	96,539
LUCKY 7s DOUBLER	-	1,281,791
LOTERIA	-	925,832
$250,000 CROSSWORD	-	45,660
SUPER CROSSWORD	-	13,041,200
$250,000 CROSSWORD	-	697,390
BIG MONEY SPECTACULAR	-	11,778,713
$500 MAYHEM	(35)	4,685,665
EXTRA PLAY	(40)	3,967,164
LUCKY 7s TRIPLER	(60)	5,974,363

STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY

SCHEDULE OF INSTANT GAME REVENUES (CONTINUED)

	May 31, 2018	
	One-month period ended	Eleven-month period ended
LUCKY 7s MULTIPLIER	(100)	13,890,900
BANKROLL BINGO	(102)	1,789,524
BOARDWALK BUCKS	(124)	180,578
$250,000 CROSSWORD	(170)	17,313,538
BIRTHDAY SURPRISE	(216)	1,824,796
HOT STREAK	(300)	2,715,460
ALL CASH CLUB	(300)	95,465
CROSSWORD	(300)	12,324,463
RED WHITE & BLUE DOUBLER	(301)	823,409
BIG MONEY SPECTACULAR	(302)	238,928
POCKET CHANGE	(306)	2,545,391
INSTANT BINGO	(314)	4,161,971
WIN FOR LIFE	(336)	348,181
$500 MONEY MADNESS	(345)	10,237,315
CASH FLURRIES	(388)	655,807
$250,000 CROSSWORD	(390)	8,944,810
LUCKY 7s	(442)	109,069
SUPER CROSSWORD	(460)	27,025,033
CASINO ROYALE	(485)	548,565
$100 MAYHEM	(600)	199,292
BLACK AND GOLD	(665)	8,861,950
MONEY BAGS	(854)	1,184,242
DOUBLE DOLLARS	(896)	52,619
$10K BLOWOUT	(1,000)	7,304,460
BIG MONEY SPECTACULAR	(1,112)	24,615,093
WHEEL OF FORTUNE	(1,220)	648,505
SUPER CROSSWORD	(1,345)	410,770
MULTIPLIER MANIA	(1,400)	14,934,540
MEGA CROSSWORD	(1,420)	4,593,520
LADY LUCK	(1,520)	16,109,126
POWER PLAY CROSSWORD	(1,533)	17,988,531
ALL CASH CLUB	(1,635)	8,754,495
ALL CASH MILLIONS	(1,960)	13,693,860
SPRING $50s	(2,452)	3,014,420
DOUBLE MATCH	(2,538)	9,041,922
LIBERTY BILLS	(3,050)	6,193,167
DOUBLE $$	(3,262)	3,817,348
SIZZLIN HOT 7S	(3,318)	9,354,694
LUCKY CATCH	(3,636)	4,459,807
	$ 170,969,994	$ 1,745,005,976

STATE OF NEW JERSEY
PENSION FUND L
DIVISION OF STATE LOTTERY

SCHEDULE OF ADMINISTRATIVE EXPENSES

	May 31, 2018	
	One-month period ended	Eleven-month period ended
Salaries	$ 525,388	$ 5,523,137
Printing & Office Supplies	8,000	100,128
Vehicular Supplies	111	1,068
Household & Clothing	95	5,670
Travel	3,317	37,691
Telephone	8,000	88,000
Postage	3,667	40,340
Data Processing	67,000	747,400
Household & Security	22,700	236,900
Professional Services	52,800	571,075
Data Processing Services	34,581	330,375
Data Processing-Oit	15,000	183,900
Maintenance-Bldg & Grounds	-	10,842
Maintenance-Office Equipment	-	12,122
Rent-Bldg & Grounds	73,700	810,700
Central Motor Pool	6,600	75,000
Vehicular Equipment	-	66,456
Other Equipment	865	15,758
Info Processing Equipment	489	1,126
Total Administrative Expenses	$ 822,312	$ 8,857,687

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

State of New Jersey
Pension Fund L
Division of State Lottery

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of revenues, expenses and changes in net position of the State of New Jersey, Pension Fund L, Division of State Lottery (the "Division of State Lottery") for the one-month and eleven-month periods ended May 31, 2018, and the related notes to statement of revenues, expenses and changes in net position, which collectively comprise the Division of State Lottery's basic financial statements, and have issued our report thereon dated August 17, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Division of State Lottery's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Division of State Lottery's internal control. Accordingly, we do not express an opinion on the effectiveness of Division of State Lottery's internal control.

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

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

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Division of State Lottery's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mercadien, P.C.
Certified Public Accountants

August 17, 2018