Rhode Island Lottery
Fiscal Year Ended June 30, 2019

We completed an audit of the financial statements of the Rhode Island Lottery (Lottery) for the fiscal year ended June 30, 2019. The Lottery paid $397.3 million to the State’s General Fund for the fiscal year ended June 30, 2019. The amounts paid to the General Fund represent the Lottery’s net income after payment of prize awards, commissions, and operating expenses.

The total amount transferred to the State increased $32.3 million over the previous fiscal year ended June 30, 2018. The Lottery’s gross profit from gaming operations before operating expenses totaled $408.4 million for the fiscal year ended June 30, 2019. Video lottery accounted for $314.5 million or 77.0% of total gross profit.

Net video lottery revenue increased by approximately 8.6% compared to the prior year largely due to the opening of Twin River - Tiverton. On-line revenue increased 0.4% and instant ticket revenue increased 4.3% over prior year amounts. The Lottery’s operating expenses totaled approximately $11.7 million for the year ended June 30, 2019.

Net revenue from table games totaled $163.4 million for the year ended June 30, 2019. After commissions paid to Twin River and the Towns of Lincoln and Tiverton, and related operating expenses, the State’s share of net table game revenue was $21.9 million. Net table game revenue increased 12.1% in 2019 due to table games newly offered at Twin River – Tiverton and the implementation of hybrid stadium electronic table gaming.

Sports Book gaming began during fiscal year 2019 at both Twin River casinos. Gross profit totaled $3.0 million, after commissions, payouts and marketing expenses.

The Lottery separately disclosed contingencies related to increasing competition from casinos in nearby states and, as a subsequent event, the launch of mobile sports betting in September 2019.

We concluded that the Lottery’s financial statements for the year ended June 30, 2019 were fairly presented in accordance with accounting principles generally accepted in the United States of America.

We also issued our Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. Our audit found no matters required to be reported under Government Auditing Standards.

We reported four management comments highlighting opportunities to strengthen current information systems security and monitoring, assessing required modifications to the disaster recovery plan for the Lottery’s data center, and enhancing monitoring of sports betting activity.

Audit Highlights

- The Lottery paid $397.3 million to the State’s General Fund for the year ended June 30, 2019 – an increase of $32.3 million compared to the prior fiscal year.
- Video lottery accounted for $314.5 million or 77.0% of the Lottery’s gross profit from gaming operations in fiscal 2019.
- The State’s share of net table game revenue was $21.9 million after commissions and related operating expenses.
- We expressed an unmodified opinion on the Lottery’s financial statements.
- The Lottery separately disclosed contingencies related to increasing competition from casinos in nearby states and, as a subsequent event, the launch of mobile sports betting in September 2019.

The full audit report is available on our website www.oag.ri.gov.