



AUDIT SUMMARY

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INTEGRITY ♦ RELIABILITY ♦ INDEPENDENCE ♦ ACCOUNTABILITY

OCTOBER 2009

RHODE ISLAND LOTTERY

FISCAL YEAR ENDED JUNE 30, 2009

We completed an audit of the financial statements of the Rhode Island Lottery (Lottery) for the fiscal year ended June 30, 2009. The Lottery's financial statements indicate that \$337.5 million was paid to the State's General Fund and \$6.8 million was paid to the State's Permanent School Fund for the fiscal year ended June 30, 2009. These amounts represent the Lottery's income after payment of prize awards, commissions, and operating expenses.

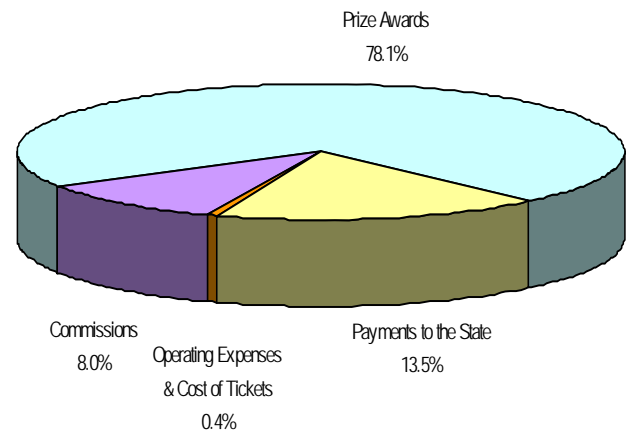
The amount paid to the General Fund decreased \$16.8 million over the fiscal year ended June 30, 2008, while the amount paid to the Permanent School Fund increased \$5.6 million as expanded hours at Twin River were in place for the entire fiscal year. Lottery sales for the fiscal year ended June 30, 2009 were \$2.6 billion with video lottery comprising \$2.3 billion or 91% of total sales. Total prizes paid approximated \$2.0 billion. The Lottery's operating expenses totaled \$8.2 million for the fiscal year ended June 30, 2009.

Total lottery sales increased \$162.5 million or 6.8% for the year ended June 30, 2009 over the year ended June 30, 2008. Most of the increase related to video lottery.

We concluded that the Lottery's financial statements for the year ended June 30, 2009 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 Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* separately. Our audit did not disclose any instances of noncompliance that were required to be reported under *Government Auditing Standards*. However,

Distribution of Lottery Revenue



we reported a matter relating to a potential fraud involving the operation of the bonus play rewards program at one of the video lottery facilities that was required to be reported under *Government Auditing Standards*.

This separately issued report includes two management comments, which are intended to improve internal control and provide other operating efficiencies at the Lottery.

Copies of these reports can be obtained by calling 222-2435 or by visiting our website at www.oag.ri.gov.

Audit Highlights

- The Lottery paid \$337.5 million to the State's General Fund for the year ended June 30, 2009.
- The Lottery paid \$6.8 million to the State's Permanent School Fund
- Total Lottery sales increased approximately \$162.5 million or 6.8% - mostly attributable to video lottery.
- Total prizes paid approximated \$2.0 billion.
- We expressed an unqualified opinion on the Lottery's financial statements.