



Audit Summary

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Rhode Island Lottery

Fiscal Year Ended June 30, 2014

We completed an audit of the financial statements of the Rhode Island Lottery (Lottery) for the fiscal year ended June 30, 2014. The Lottery paid \$376.3 million to the State's General Fund for the fiscal year ended June 30, 2014. 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 decreased \$2.9 million over the previous fiscal year ended June 30, 2013. The Lottery's gross profit from gaming operations before operating expenses totaled \$386.3 million for the fiscal year ended June 30, 2014. Video lottery accounted for \$306.5 million or 79.3% of total gross profit.

Net video lottery revenue decreased by approximately 2.6% compared to the prior year. On-line and instant ticket revenue decreased 5.7% and 1.2%, respectively, over prior year amounts. The Lottery's operating expenses totaled approximately \$10.5 million for the year ended June 30, 2014.

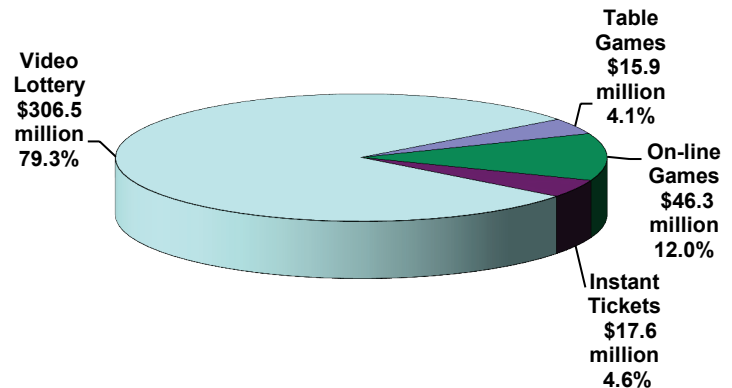
Net revenue from Twin River table games totaled \$88.1 million for the year ended June 30, 2014 - the first full year of table game operations. After commissions paid to Twin River, the State's share of net revenue from table games amounted to \$15.9 million.

The Lottery disclosed contingencies relating to anticipated competition from casinos authorized in nearby Massachusetts in which two resort-style casino licenses and one slots only license have been awarded.

We concluded that the Lottery's financial statements for the year ended June 30, 2014 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*

Lottery Gross Profit from Gaming Operations
By Game Type – Fiscal 2014



Performed in Accordance with Government Auditing Standards. Our audit found no matters required to be reported under Government Auditing Standards.

Our report contains two management comments relating to information technology resources at one of the licensed gaming facilities and a third comment relating to streamlining the financial reporting process of the Lottery by consolidating accounting systems.

Audit Highlights

- The Lottery paid \$376.3 million to the State's General Fund for the year ended June 30, 2014 – a decrease of \$2.9 million compared to the prior fiscal year.
- Video lottery accounted for \$306.5 million or 79.3% of the Lottery's gross profit from gaming operations in fiscal 2014.
- In the first full year of operations (fiscal 2014), table games at Twin River accounted for \$15.9 million of gross profit for the Lottery.
- We expressed an unqualified opinion on the Lottery's financial statements.
- The Lottery disclosed contingencies related to anticipated competition from the expansion of gaming in Massachusetts.