



Wisconsin Lottery Fiscal Year 2015-16

Background

The Wisconsin Lottery, which began operations in September 1988, is administered by the Department of Revenue. The Wisconsin Lottery sells instant tickets and lotto tickets, and participates in the national Powerball and Mega Millions lotto games. The Wisconsin Constitution and state statutes impose [certain limitations on lottery expenses](#). The Wisconsin Constitution also requires that net proceeds from the Wisconsin Lottery be [used exclusively for property tax relief](#) for Wisconsin residents.

To fulfill our statutory requirement, we conducted a financial audit of the Wisconsin Lottery by auditing its financial statements in accordance with applicable government auditing standards, providing an auditor's opinion, reviewing internal controls, and assessing compliance with certain statutory spending limitations.

Audit Results and Key Findings

We provided an [unmodified opinion](#) on the Wisconsin Lottery's financial statements for fiscal year (FY) 2015-16 and FY 2014-15. We provide an unmodified opinion when audit evidence supports the conclusion that the financial statements provide a fair view of an entity's financial activity in accordance with generally accepted accounting principles. Our audit report also includes the [Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters](#).

Net proceeds from the Wisconsin Lottery are largely distributed to owners of primary residences in Wisconsin through the Lottery and Gaming Tax Credit. Since its inception, the Wisconsin Lottery has provided \$4.0 billion in property tax relief, including [\\$158.1 million distributed in FY 2015-16](#).

We also found:

- the [sales of instant and lotto tickets increased](#) from \$574.6 million in FY 2014-15 to \$627.1 million in FY 2015-16, or by 9.1 percent;
- [operating expenses increased](#) from \$415.4 million in FY 2014-15 to \$451.9 million in FY 2015-16, or by 8.8 percent; and
- in September 2016, the Department of Administration and the Legislature's Joint Committee on Finance authorized the use of \$185.3 million in Wisconsin Lottery net proceeds for [property tax relief in FY 2016-17](#).

In the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, we include a [significant deficiency in the Department of Administration's centralized cash reconciliations](#), which are relied upon by the Department of Revenue for the Wisconsin Lottery.