

LBA Financial Audit Report Summary:

Sweepstakes Commission Comprehensive Annual Financial Report For the Fiscal Years Ended June 30, 1999 and 1998

The New Hampshire Sweepstakes Commission (the Commission) was established in 1964 in accordance with the provisions of Chapter 284:21-a of the New Hampshire Revised Statutes Annotated (RSA). The Commission has three members appointed by the Governor and an executive director who is appointed by the Commission. The Commission is authorized to operate both instant and on-line games for the sole purpose of funding state aid to education pursuant to RSA 198:27-37. The Commission also licenses and taxes 1) charitable organizations who hold Bingo games and 2) the manufacture, distribution and retail sale of Lucky 7 tickets pursuant to the provisions of RSA 287-E. In 1990, the New Hampshire Constitution was amended by Part 2, Article 6-b, which restricted all lottery revenue and interest, after the deduction of necessary administration costs, exclusively for the benefit of public education.

We audited the general purpose financial statements of the Commission as of and for the years ended June 30, 1999 and 1998 and issued our unqualified report thereon dated November 24, 1999. A copy of the Commission's comprehensive annual financial report may be obtained by writing to the New Hampshire Sweepstakes Commission, P.O. Box 1208, Concord, New Hampshire, 03301-1208

A management letter describing certain matters regarding internal controls, lack of compliance with certain state statutes, and other management issues was issued under a separate cover.

During fiscal year 1999, the Commission had total sales of \$198.9 million, a 8% increase over 1998. The majority of tickets sales continues to be from Instant "scratch" tickets, accounting for 60% and 63% of total sales for fiscal years 1999 and 1998, respectively. Net profit contributed toward public education totaled \$64.6 million and \$57.5 million for fiscal years 1999 and 1998, respectively, exceeding the Commission's estimated share of state aid to education by \$8.6 million for fiscal year 1999 and by \$2.5 million for fiscal year 1998.