

LBA Financial Audit Report Summary:

Sweepstakes Commission Comprehensive Annual Financial Report For the Fiscal Years Ended June 30, 1998 and 1997

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 that 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, Article 6-b was added to Part 2 of the New Hampshire Constitution mandating all lottery revenue and interest, after deducting necessary costs of administration, be used exclusively for the purpose of state aid to education.

We audited the general purpose financial statements of the Commission as of and for the years ended June 30, 1998 and 1997 and issued our report thereon dated December 11, 1998. We found insufficient audit evidence to support the Commission's disclosures with respect to the Year 2000 issue. Except for effects of any adjustments that might have been necessary had we been able to examine evidence regarding year 2000 disclosures, we found the general purpose financial statements present fairly, in all material respects, the financial position and activity of the Commission. 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 by this Office under separate cover.

During fiscal year 1998, the Commission had total sales of \$183.8 million, a 4% increase over 1997. The majority of tickets sales continues to be from Instant "scratch" tickets, accounting for 63% of total sales for both fiscal years 1998 and 1997. Net profit contributed toward public education totaled \$57.5 million and \$54.2 million for fiscal years 1998 and 1997, respectively, exceeding the Commission's estimated share of state aid to education by \$2.5 million for fiscal year 1998 and by \$5.9 million for fiscal year 1997.