

FINANCIAL-COMPLIANCE AUDIT

Montana State Lottery

For the Fiscal Year Ended June 30, 2013

JANUARY 2014

13-30A

REPORT SUMMARY

In fiscal year 2013, the Montana State Lottery recorded approximately \$56.80 million in lottery ticket sales revenue, and transferred approximately \$13.08 million to the state's General Fund.

Context

The Montana State Lottery (Lottery) currently offers for sale a variety of lotto games, such as Powerball; scratch ticket games; EZ Play games; and the Montana Millionaire game. State law dictates that a minimum of 45 percent of the money paid to the Lottery for tickets or chances be paid out as prize money. In fiscal years 2013 and 2012, respectively, prize expense was 56.6 and 54.4 percent of ticket sales revenue.

State law also requires the Lottery to transfer the net proceeds of its operations to the state's General Fund. In fiscal year 2013, the Lottery sold approximately \$56.80 million in lottery tickets and transferred \$13.08 million to the state's General Fund. By comparison, in fiscal year 2012, the Lottery sold approximately \$52.60 million in lottery tickets and transferred \$13.06 million to the state's General Fund. As these numbers indicate, the fiscal year 2013 transfer, as a percentage of ticket sales, is less than that for fiscal year 2012. This is due in part to the Lottery receiving back unclaimed jackpot prizes of approximately \$625 thousand in fiscal year 2012. When the unclaimed jackpot prizes were returned in fiscal year 2012, they increased the amount transferred to the general fund. Additionally, the Lottery

incurred approximately \$112 thousand in additional operating expenses in fiscal year 2013.

Results

This audit report includes one recommendation to the Lottery concerning compliance with state policy requirements governing the use of procurement cards. We reviewed 16 monthly procurement card statements from fiscal year 2013, and identified noncompliance in 12 of the 16 statements.

Recommendation Concurrence	
Concur	1
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (13-30A) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>
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