

**BRIEFING SHEET**

Report 19-10

June 2019

State Auditor

[Joe Chrisman](#)**Wisconsin Lottery**

Fiscal Year 2017-18

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) 2017-18 and FY 2016-17. 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 \$4.4 billion in property tax relief, including \$170.3 million distributed in FY 2017-18.

We also found:

- Wisconsin Lottery ticket sales increased from \$602.8 million in FY 2016-17 to \$667.4 million in FY 2017-18, or by 10.7 percent.
- Operating expenses increased from \$440.3 million in FY 2016-17 to \$487.2 million in FY 2017-18, or by 10.7 percent.
- 2017 Wisconsin Act 59, the 2017-19 Biennial Budget Act, provided the Wisconsin Lottery with general purpose revenue of \$8.0 million in FY 2017-18 and \$40.0 million in FY 2018-19 to fund retailer compensation.
- In September 2018, the Department of Administration and the Legislature's Joint Committee on Finance authorized the use of \$236.5 million in Wisconsin Lottery net proceeds for property tax relief in FY 2018-19.

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