



February 17, 2011

Ms. Linda Miller
Principal Budget Analyst
Office of Fiscal Analysis
State of Connecticut
Legislative Office Building – Room 5200
Hartford, CT 06106

Dear Ms. Miller:

I enclose a copy of the Connecticut Lottery Corporation's Financial Statements and Personnel Status Report for the quarter ended December 31, 2010 conducted pursuant to Section 1-123 of the Connecticut General Statutes.

If you have any questions on the enclosures, please do not hesitate to contact me at (860) 713-2800.

Sincerely,

Anne M. Noble
President & CEO

Enclosures: (1)

CONNECTICUT LOTTERY CORPORATION
STATEMENTS OF NET ASSETS

ASSETS	December 31	
	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$26,772,847	\$37,430,845
Accounts receivable, net of allowance for doubtful accounts	25,967,705	24,028,152
Prepaid annuities for prizes	23,650,887	27,325,573
Accrued interest receivable	4,726,916	5,748,478
Ticket inventory, net of allowance	2,538,494	2,260,849
Due from the Multi-State Lottery Association	0	0
Prepaid expenses	4,236	0
Total current assets	83,661,085	96,793,897
NONCURRENT ASSETS		
Investments for prize payments at present value	140,315,317	152,525,228
Prize reserves held by Multi-State Lottery Association	4,436,669	4,900,821
Property, plant and equipment, net of accumulated depreciation	2,730,670	2,599,197
Advances to High Tier Claim Centers	200,000	150,000
Total noncurrent assets	147,682,656	160,175,246
Total assets	\$231,343,741	\$256,969,143
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Annuities payable	\$27,944,745	\$31,904,034
Prizes payable	28,325,835	35,877,062
Accrued interest payable	4,726,916	5,748,478
Accounts payable and accrued expenses	12,363,008	17,740,831
Due to the Multi-State Lottery Association	1,375,866	1,157,886
Deferred revenue	4,584,344	918,554
Total current liabilities	79,320,714	93,346,845
LONG-TERM LIABILITIES		
Long-term annuities payable, at present value	140,315,317	152,525,228
Deferred Rent	430,277	353,699
Long-term salaries & benefits payable	239,193	259,765
Total long-term liabilities	140,984,787	153,138,692
Total liabilities	220,305,501	246,485,537
 NET ASSETS		
Invested in capital assets	2,730,670	2,599,197
Restricted	11,038,240	10,483,606
Unrestricted	(2,730,670)	(2,599,197)
Total net assets	11,038,240	10,483,606
Total liabilities and net assets	\$231,343,741	\$256,969,143

CONNECTICUT LOTTERY CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Three Months Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
SALES	\$ 256,270,275	\$ 246,082,340
Less sales returns, cancellations and promotions	(846,554)	(828,812)
Total sales	<u>255,423,721</u>	<u>245,253,528</u>
COST OF SALES		
Prize expense	157,365,319	146,097,508
Retailer commissions	14,604,162	13,668,673
On-line systems	2,413,530	2,141,824
Marketing, advertising, and promotions	2,969,008	2,320,088
Production expenses	1,527,878	1,383,289
Total cost of sales	<u>178,879,897</u>	<u>165,611,382</u>
OPERATING EXPENSES		
Salaries and benefits	3,753,885	3,423,488
Other operating expenses	754,017	659,116
Depreciation and amortization	112,113	108,563
Bad debt expense	30,256	71,169
Division of Special Revenue, regulatory purposes	718,310	736,637
Total operating expenses	<u>5,368,581</u>	<u>4,998,973</u>
OTHER OPERATING INCOME	<u>14,242</u>	<u>29,876</u>
OPERATING INCOME	<u>71,189,485</u>	<u>74,673,049</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income from investments on annuities	2,839,551	3,226,073
Interest income	8,772	34,220
Interest expense on annuity payments	(2,839,551)	(3,226,073)
Annuity assignment	1,500	500
Total nonoperating revenues	<u>10,272</u>	<u>34,720</u>
CHANGE IN NET ASSETS AVAILABLE BEFORE PAYMENTS TO STATE FUNDS	71,199,757	74,707,769
NONOPERATING PAYMENTS TO STATE OF CONNECTICUT FUNDS		
TO: Chronic Gamblers' Fund	475,000	475,000
General Fund	67,683,200	71,697,264
	<u>\$ 68,158,200</u>	<u>\$ 72,172,264</u>
CHANGE IN NET ASSETS	<u>\$ 3,041,557</u>	<u>\$ 2,535,505</u>

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Connecticut Lottery Corporation

Quarterly Personnel Status Report

December 31, 2010

Total Number of employees:	133
Total Number of filled positions:	133
Total Number of vacated positions:	2
Positions estimated to be vacant at end of fiscal year:	0
Positions estimated to be filled at end of fiscal year:	135

(Does not include per diem employees or positions)