



May 29, 2014

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

Dear Ms. Miller:

Pursuant to Section 1-123 of the Connecticut General Statutes, I attach a copy of the Connecticut Lottery Corporation's Unaudited Financial Statements for the quarter ended March 31, 2014. Additionally, I attach the Personnel Status Report for the same period.

Please call me with any questions you might have concerning the report. I can be reached directly at (860) 713-2815.

Sincerely,



Anne M. Noble  
President & CEO

AMN: jlh

Encls. (2)

**CONNECTICUT LOTTERY CORPORATION**  
**STATEMENTS OF NET POSITION**

	March 31	
ASSETS	2014	2013
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$9,496,180	\$17,781,220
Accounts receivable, net of allowance for doubtful accounts	28,912,904	28,214,227
Prepaid annuities for prizes	13,936,263	18,598,671
Accrued interest receivable	2,000,789	2,505,159
Ticket inventory, net of allowance	2,049,133	1,969,271
Prepaid expenses	422,717	269
Total current assets	56,817,986	69,068,817
<b>NONCURRENT ASSETS</b>		
Investments for prize payments at present value	122,538,777	114,820,285
Prize reserves held by Multi-State Lottery Association	5,452,543	5,440,439
Property, plant and equipment, net of accumulated depreciation	1,461,504	1,787,564
Advances to High Tier Claim Centers	250,000	200,000
Total noncurrent assets	129,702,824	122,248,288
Total assets	\$186,520,810	\$191,317,105
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Annuities payable	\$14,242,317	\$18,968,906
Prizes payable	22,571,116	28,466,542
Accrued interest payable	2,000,789	2,505,159
Due to General Fund	0	0
Accounts payable and accrued expenses	9,073,587	13,287,790
Due to Retailers	0	0
Due to Regional LFL States	304,072	0
Due to the Multi-State Lottery Association	590,451	2,912,811
Deferred revenue	787,076	703,715
Total current liabilities	49,569,408	66,844,923
<b>LONG-TERM LIABILITIES</b>		
Long-term annuities payable, at present value	122,538,777	114,820,285
Deferred Rent	592,436	602,577
Long-term salaries & benefits payable	0	81,685
Total long-term liabilities	123,131,213	115,504,547
Total liabilities	172,700,621	182,349,470
 <b>NET POSITION</b>		
Invested in capital assets	1,461,504	1,787,564
Restricted	13,820,189	8,967,635
Unrestricted	(1,461,504)	(1,787,564)
Total net position	13,820,189	8,967,635
Total liabilities and net position	\$186,520,810	\$191,317,105

**CONNECTICUT LOTTERY CORPORATION**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**For the Nine Months Ended March 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
SALES	\$ 832,270,975	\$ 826,227,757
Less sales returns, cancellations and promotions	(2,297,859)	(2,633,313)
Total sales	<u>829,973,116</u>	<u>823,594,444</u>
COST OF SALES		
Prize expense	494,627,295	506,706,954
Retailer commissions	46,184,912	46,067,326
On-line systems	7,761,341	7,324,014
Marketing, advertising, and promotions	8,764,832	8,214,391
Production expenses	5,709,413	6,157,744
Total cost of sales	<u>563,047,793</u>	<u>574,470,429</u>
OPERATING EXPENSES		
Salaries and benefits	12,577,956	11,559,415
Other operating expenses	2,434,751	2,846,544
Depreciation and amortization	285,204	323,622
Bad debt expense	71,146	8,175
Total operating expenses	<u>15,369,057</u>	<u>14,737,756</u>
OTHER OPERATING INCOME	<u>35,833</u>	<u>59,560</u>
OPERATING INCOME	<u>251,592,099</u>	<u>234,445,819</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income from investments on annuities	5,891,731	6,349,966
Interest income	14,548	41,101
Interest expense on annuity payments	(5,891,731)	(6,349,966)
Annuity assignment	5,500	5,000
Total nonoperating revenues	<u>20,048</u>	<u>46,101</u>
CHANGE IN NET ASSETS AVAILABLE BEFORE PAYMENTS TO STATE FUNDS	251,612,147	234,491,920
NONOPERATING PAYMENTS TO STATE OF CONNECTICUT FUNDS		
TO: Chronic Gamblers' Fund	1,725,000	1,425,000
Department of Consumer Protection	1,965,386	2,206,538
General Fund	237,857,274	229,453,931
	<u>241,547,660</u>	<u>233,085,469</u>
CHANGE IN NET ASSETS	<u>\$ 10,064,487</u>	<u>\$ 1,406,451</u>
TOTAL NET ASSETS, Beginning	<u>3,755,702</u>	<u>7,561,184</u>
TOTAL NET ASSETS, Ending	<u>\$ 13,820,189</u>	<u>\$ 8,967,635</u>

Preliminary

Quarterly Personnel Status Report  
Quarter 3 Ending  
March 31, 2014

Total number of positions:	135
Total number of employees at end of quarter 2:	128
Total number of vacant positions at end of quarter 2:	7
Total number of positions filled within quarter 3:	3
Total number of positions vacated within quarter 3:	3
Total number of employees at end of quarter 3:	128
Total number of vacant positions at end of quarter 3:	7
Positions estimated to be vacant at end of fiscal year:	4
Positions estimated to be filled at end of fiscal year:	3