



September 26, 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 Financial Statements for the quarter ended June 30, 2014. For your convenience, I have also enclosed the Personnel Status Report previously sent July, 2014.

If you have any questions concerning the attachments, please do not hesitate to contact me at (860) 713-2815.

Sincerely,

A handwritten signature in black ink, appearing to be "Anne M. Noble". The signature is fluid and extends to the right.

Anne M. Noble
President & CEO

Attachments: (2)

Connecticut Lottery Corporation

Statements of Net Position

	June 30	
	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,703,433	\$ 11,163,687
Accounts receivable, net of allowance for doubtful accounts of \$430,000 and \$480,000, respectively	30,736,003	34,497,710
Prepaid annuities for prizes	13,863,543	18,448,868
Accrued interest receivable	2,208,845	2,808,573
Ticket inventory, net of allowance	2,562,102	2,082,854
Prepaid expenses	505,592	200,377
Total current assets	57,579,518	69,202,069
Noncurrent assets:		
Investments for prize payments at present value	125,384,680	128,583,612
Prize reserves held by Multi-State Lottery Association	5,379,412	5,063,840
Capital assets, net	1,388,147	1,684,712
Advances to high-tier claim centers	250,000	200,000
Total noncurrent assets	132,402,239	135,532,164
Total assets	189,981,757	204,734,233
Liabilities and net position		
Current liabilities:		
Annuities payable	14,134,357	19,140,744
Prizes payable	23,334,788	33,373,826
Accrued interest payable	2,208,845	2,808,573
Accounts payable and accrued expenses	10,581,723	14,227,034
Due to Regional Games	911,913	-
Due to the Multi-State Lottery Association	512,868	1,416,788
Unearned revenue	855,370	721,539
Total current liabilities	52,539,864	71,688,504
Long-term liabilities:		
Long-term annuities payable, at present value	125,384,680	128,583,612
Deferred rent	582,674	621,721
Long-term salaries and benefits payable	-	84,695
Total long-term liabilities	125,967,354	129,290,028
Total liabilities	178,507,218	200,978,532
Net position:		
Net investment in capital assets	1,388,147	1,684,712
Restricted	10,086,392	2,070,989
Total net position	11,474,539	3,755,701
Total liabilities and net position	\$ 189,981,757	\$ 204,734,233

See accompanying notes.

CONNECTICUT LOTTERY CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Three Months Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
SALES	\$ 283,275,586	\$ 299,894,438
Less sales returns, cancellations and promotions	<u>(844,168)</u>	<u>(793,932)</u>
Total sales	<u>282,431,418</u>	<u>299,100,506</u>
COST OF SALES		
Prize expense	174,164,564	192,355,960
Retailer commissions	15,892,183	16,697,895
On-line systems	2,583,283	2,659,629
Marketing, advertising, and promotions	2,690,270	2,405,533
Production expenses	<u>1,186,029</u>	<u>1,231,936</u>
Total cost of sales	<u>196,516,329</u>	<u>215,350,953</u>
OPERATING EXPENSES		
Salaries and benefits	4,561,848	4,189,793
Other operating expenses	781,634	863,380
Depreciation and amortization	91,745	102,852
Bad debt expense	<u>(29,239)</u>	<u>(30,658)</u>
Total operating expenses	<u>5,405,988</u>	<u>5,125,367</u>
OTHER OPERATING INCOME	<u>15,292</u>	<u>15,006</u>
OPERATING INCOME	<u>80,524,393</u>	<u>78,639,192</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income from investments on annuities	1,775,560	2,006,208
Interest income	1,311	3,456
Interest expense on annuity payments	(1,775,560)	(2,006,208)
Annuity assignment	<u>1,500</u>	<u>2,000</u>
Total nonoperating revenues	<u>2,811</u>	<u>5,456</u>
CHANGE IN NET ASSETS AVAILABLE BEFORE PAYMENTS TO STATE FUNDS	80,527,204	78,644,648
NONOPERATING PAYMENTS TO STATE OF CONNECTICUT FUNDS		
TO: Chronic Gamblers' Fund	575,000	475,000
Department of Consumer Protection	655,128	735,512
General Fund	<u>81,642,726</u>	<u>82,646,069</u>
	<u>82,872,854</u>	<u>83,856,581</u>
CHANGE IN NET ASSETS	<u>\$ (2,345,650)</u>	<u>\$ (5,211,933)</u>

Preliminary