



January 22, 2015

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 September 30, 2014. I have also enclosed the Personnel Status Report for September, 2014 and December, 2014.

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

Sincerely,

Anne M. Noble
President & CEO

Attachments: (2)

CONNECTICUT LOTTERY CORPORATION
STATEMENTS OF NET POSITION

	September 30	
ASSETS	2014	2013
CURRENT ASSETS		
Cash and cash equivalents	\$8,422,615	\$7,204,280
Accounts receivable, net of allowance for doubtful accounts	32,689,600	36,322,787
Prepaid annuities for prizes	11,410,082	16,481,901
Accrued interest receivable	1,938,879	2,423,107
Ticket inventory, net of allowance	2,567,657	2,057,936
Prepaid expenses	371,098	226,726
Total current assets	57,399,931	64,716,737
NONCURRENT ASSETS		
Investments for prize payments at present value	122,812,441	124,679,624
Prize reserves held by Multi-State Lottery Association	5,329,210	5,085,083
Property, plant and equipment, net of accumulated depreciation	1,387,368	1,586,331
Advances to High Tier Claim Centers	250,000	200,000
Total noncurrent assets	129,779,019	131,551,038
Total assets	\$187,178,950	\$196,267,775
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Annuities payable	\$12,172,710	\$17,511,745
Prizes payable	24,111,564	29,445,546
Accrued interest payable	1,938,879	2,423,107
Accounts payable and accrued expenses	11,756,922	19,232,432
Due to Regional LFL States	687,381	446,652
Due to the Multi-State Lottery Association	812,740	758,158
Deferred revenue	773,486	898,528
Total current liabilities	52,253,682	70,716,168
LONG-TERM LIABILITIES		
Long-term annuities payable, at present value	122,812,441	124,679,624
Deferred Rent	572,912	611,960
Long-term salaries & benefits payable	0	0
Total long-term liabilities	123,385,353	125,291,584
Total liabilities	175,639,035	196,007,752
NET POSITION		
Invested in capital assets	1,387,368	1,586,331
Restricted	11,539,915	260,023
Unrestricted	(1,387,368)	(1,586,331)
Total net position	11,539,915	260,023
Total liabilities and net position	\$187,178,950	\$196,267,775

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

	<u>2014</u>	<u>2013</u>
SALES	\$ 272,504,207	\$ 281,298,866
Less sales returns, cancellations and promotions	<u>(665,757)</u>	<u>(782,193)</u>
Total sales	<u>271,838,450</u>	<u>280,516,673</u>
COST OF SALES		
Prize expense	165,320,501	174,149,627
Retailer commissions	15,137,738	15,668,529
On-line systems	2,479,707	2,649,467
Marketing, advertising, and promotions	2,835,764	2,784,073
Production expenses	<u>2,919,561</u>	<u>2,714,755</u>
Total cost of sales	<u>188,693,271</u>	<u>197,966,451</u>
OPERATING EXPENSES		
Salaries and benefits	4,371,132	4,159,490
Other operating expenses	931,915	985,525
Depreciation and amortization	91,697	98,381
Bad debt expense	<u>(26,215)</u>	<u>499</u>
Total operating expenses	<u>5,368,529</u>	<u>5,243,895</u>
OTHER OPERATING INCOME	<u>5,664</u>	<u>8,131</u>
OPERATING INCOME	<u>77,782,314</u>	<u>77,314,458</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income from investments on annuities	1,923,215	2,053,962
Interest income	25,081	11,484
Interest expense on annuity payments	(1,923,215)	(2,053,962)
Annuity assignment	<u>500</u>	<u>1,500</u>
Total nonoperating revenues	<u>25,581</u>	<u>12,984</u>
CHANGE IN NET ASSETS AVAILABLE BEFORE PAYMENTS TO STATE FUNDS	77,807,895	77,327,442
NONOPERATING PAYMENTS TO STATE OF CONNECTICUT FUNDS		
TO: Chronic Gamblers' Fund	575,000	575,000
Department of Consumer Protection	605,360	655,130
General Fund	<u>76,562,159</u>	<u>79,592,991</u>
	<u>77,742,519</u>	<u>80,823,121</u>
CHANGE IN NET ASSETS	<u>\$ 65,376</u>	<u>\$ (3,495,679)</u>
TOTAL NET ASSETS, Beginning	<u>11,474,539</u>	<u>3,755,702</u>
TOTAL NET ASSETS, Ending	<u>\$ 11,539,915</u>	<u>\$ 260,023</u>

Preliminary

Quarterly Personnel Status Report

Quarter 1 Ending
September 30, 2014

Total number of positions:	135
Total number of employees at end of quarter 4:	126
Total number of vacant positions at end of quarter 4:	9
Total number of positions filled within quarter 1:	6
Total number of positions vacated within quarter 1:	3
Total number of employees at end of quarter 1:	129
Total number of vacant positions at end of quarter 1:	6

Quarterly Personnel Status Report
Quarter 2 Ending
December 31, 2014

Total number of positions:	135
Total number of employees at end of quarter 1:	129
Total number of vacant positions at end of quarter 1:	6
Total number of positions filled within quarter 2:	6
Total number of positions vacated within quarter 2:	6
Total number of employees at end of quarter 2:	129
Total number of vacant positions at end of quarter 2:	6