



March 9, 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 December 31, 2014. For your convenience, I have also enclosed the December 31, 2014 Personnel Status Report previously sent.

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

AN/ch

Attachments: (1)

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

	<u>2014</u>	<u>2013</u>
SALES	\$ 561,044,062	\$ 564,008,400
Less sales returns, cancellations and promotions	<u>(1,377,536)</u>	<u>(1,523,255)</u>
Total sales	<u>559,666,526</u>	<u>562,485,145</u>
COST OF SALES		
Prize expense	345,068,073	338,094,817
Retailer commissions	31,260,339	31,214,913
On-line systems	5,141,728	5,278,807
Marketing, advertising, and promotions	5,769,911	6,317,847
Production expenses	<u>4,391,061</u>	<u>4,369,144</u>
Total cost of sales	<u>391,631,112</u>	<u>385,275,528</u>
OPERATING EXPENSES		
Salaries and benefits	8,713,966	8,441,817
Other operating expenses	1,605,390	1,709,549
Depreciation and amortization	186,611	193,110
Bad debt expense	<u>31,622</u>	<u>1,048</u>
Total operating expenses	<u>10,537,589</u>	<u>10,345,524</u>
OTHER OPERATING INCOME	<u>13,351</u>	<u>22,161</u>
OPERATING INCOME	<u>157,511,176</u>	<u>166,886,254</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income from investments on annuities	3,726,870	4,026,685
Interest income	26,344	13,370
Interest expense on annuity payments	(3,726,870)	(4,026,685)
Annuity assignment	<u>3,000</u>	<u>3,500</u>
Total nonoperating revenues	<u>29,344</u>	<u>16,870</u>
CHANGE IN NET ASSETS AVAILABLE BEFORE PAYMENTS TO STATE FUNDS	157,540,520	166,903,124
NONOPERATING PAYMENTS TO STATE OF CONNECTICUT FUNDS		
TO: Chronic Gamblers' Fund	1,150,000	1,150,000
Department of Consumer Protection	1,210,720	1,310,258
General Fund	<u>155,967,008</u>	<u>157,847,814</u>
	<u>158,327,728</u>	<u>160,308,072</u>
CHANGE IN NET ASSETS	<u>\$ (787,208)</u>	<u>\$ 6,595,052</u>
TOTAL NET ASSETS, Beginning	<u>11,474,539</u>	<u>3,755,702</u>
TOTAL NET ASSETS, Ending	<u>\$ 10,687,331</u>	<u>\$ 10,350,754</u>

Preliminary

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

	December 31	
ASSETS	2014	2013
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$14,929,723	\$15,117,725
Accounts receivable, net of allowance for doubtful accounts	34,819,185	31,732,712
Prepaid annuities for prizes	9,895,900	12,950,499
Accrued interest receivable	1,942,297	2,511,279
Ticket inventory, net of allowance	2,562,427	2,052,718
Prepaid expenses	371,098	421,061
Total current assets	64,520,630	64,785,994
<b>NONCURRENT ASSETS</b>		
Investments for prize payments at present value	122,423,165	122,515,313
Prize reserves held by Multi-State Lottery Association	4,806,785	5,219,878
Property, plant and equipment, net of accumulated depreciation	1,321,376	1,517,669
Advances to High Tier Claim Centers	250,000	250,000
Total noncurrent assets	128,801,326	129,502,860
Total assets	\$193,321,956	\$194,288,854
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Annuities payable	\$11,972,568	\$15,846,470
Prizes payable	32,530,731	27,594,862
Accrued interest payable	1,942,297	2,511,279
Accounts payable and accrued expenses	10,784,841	12,597,628
Due to Regional LFL States	556,549	707,424
Due to the Multi-State Lottery Association	1,112,783	707,215
Deferred revenue	748,541	855,712
Total current liabilities	59,648,310	60,820,590
<b>LONG-TERM LIABILITIES</b>		
Long-term annuities payable, at present value	122,423,165	122,515,313
Deferred Rent	563,150	602,197
Long-term salaries & benefits payable	0	0
Total long-term liabilities	122,986,315	123,117,510
Total liabilities	182,634,625	183,938,100
 <b>NET POSITION</b>		
Invested in capital assets	1,321,376	1,517,669
Restricted	10,687,331	10,350,754
Unrestricted	(1,321,376)	(1,517,669)
Total net position	10,687,331	10,350,754
Total liabilities and net position	\$193,321,956	\$194,288,854

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