



May 11, 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 March 31, 2015. I have also enclosed the March 31, 2015 Personnel Status Report.

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: (2)

CONNECTICUT LOTTERY CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Nine Months Ended March 31, 2015 and 2014

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| SALES | \$ 849,195,179 | \$ 832,270,975 |
| Less sales returns, cancellations and promotions | <u>(2,070,553)</u> | <u>(2,297,859)</u> |
| Total sales | <u>847,124,626</u> | <u>829,973,116</u> |
| COST OF SALES | | |
| Prize expense | 525,610,133 | 494,627,295 |
| Retailer commissions | 47,467,524 | 46,184,912 |
| On-line systems | 7,799,516 | 7,761,341 |
| Marketing, advertising, and promotions | 8,729,109 | 8,764,832 |
| Production expenses | <u>5,716,361</u> | <u>5,709,413</u> |
| Total cost of sales | <u>595,322,643</u> | <u>563,047,793</u> |
| OPERATING EXPENSES | | |
| Salaries and benefits | 13,012,726 | 12,577,956 |
| Other operating expenses | 2,341,321 | 2,434,751 |
| Depreciation and amortization | 281,802 | 285,204 |
| Bad debt expense | <u>81,382</u> | <u>71,146</u> |
| Total operating expenses | <u>15,717,231</u> | <u>15,369,057</u> |
| OTHER OPERATING INCOME | <u>18,553</u> | <u>35,833</u> |
| OPERATING INCOME | <u>236,103,305</u> | <u>251,592,099</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest income from investments on annuities | 5,459,212 | 5,891,731 |
| Interest income | 27,276 | 14,548 |
| Interest expense on annuity payments | (5,459,212) | (5,891,731) |
| Annuity assignment | <u>4,500</u> | <u>5,500</u> |
| Total nonoperating revenues | <u>31,776</u> | <u>20,048</u> |
| CHANGE IN NET ASSETS AVAILABLE BEFORE PAYMENTS TO STATE FUNDS | 236,135,081 | 251,612,147 |
| NONOPERATING PAYMENTS TO STATE OF CONNECTICUT FUNDS | | |
| TO: Chronic Gamblers' Fund | 1,725,000 | 1,725,000 |
| Department of Consumer Protection | 1,816,080 | 1,965,386 |
| General Fund | <u>233,031,973</u> | <u>237,857,274</u> |
| | <u>236,573,053</u> | <u>241,547,660</u> |
| CHANGE IN NET ASSETS | <u>\$ (437,972)</u> | <u>\$ 10,064,487</u> |
| TOTAL NET ASSETS, Beginning | <u>11,474,539</u> | <u>3,755,702</u> |
| TOTAL NET ASSETS, Ending | <u>\$ 11,036,567</u> | <u>\$ 13,820,189</u> |

CONNECTICUT LOTTERY CORPORATION
STATEMENTS OF NET POSITION

| | March 31 | |
|--|---------------|---------------|
| ASSETS | 2015 | 2014 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$10,758,745 | \$9,496,180 |
| Accounts receivable, net of allowance for doubtful accounts | 32,905,226 | 28,912,904 |
| Prepaid annuities for prizes | 10,906,370 | 13,936,263 |
| Accrued interest receivable | 1,636,814 | 2,000,789 |
| Ticket inventory, net of allowance | 2,566,257 | 2,049,133 |
| Prepaid expenses | 372,754 | 422,717 |
| Total current assets | 59,146,166 | 56,817,986 |
| NONCURRENT ASSETS | | |
| Investments for prize payments at present value | 118,649,223 | 122,538,777 |
| Prize reserves held by Multi-State Lottery Association | 4,806,785 | 5,452,543 |
| Property, plant and equipment, net of accumulated depreciation | 1,243,685 | 1,461,504 |
| Advances to High Tier Claim Centers | 250,000 | 250,000 |
| Total noncurrent assets | 124,949,693 | 129,702,824 |
| Total assets | \$184,095,859 | \$186,520,810 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Annuities payable | \$11,046,272 | \$14,242,317 |
| Prizes payable | 28,200,453 | 22,571,116 |
| Accrued interest payable | 1,636,814 | 2,000,789 |
| Accounts payable and accrued expenses | 10,990,392 | 9,073,587 |
| Due to Regional LFL States | 646,970 | 304,072 |
| Due to the Multi-State Lottery Association | 542,864 | 590,451 |
| Deferred revenue | 792,915 | 787,076 |
| Total current liabilities | 53,856,680 | 49,569,408 |
| LONG-TERM LIABILITIES | | |
| Long-term annuities payable, at present value | 118,649,223 | 122,538,777 |
| Deferred Rent | 553,389 | 592,436 |
| Total long-term liabilities | 119,202,612 | 123,131,213 |
| Total liabilities | 173,059,292 | 172,700,621 |
| NET POSITION | | |
| Invested in capital assets | 1,243,685 | 1,461,504 |
| Restricted | 11,036,567 | 13,820,189 |
| Unrestricted | (1,243,685) | (1,461,504) |
| Total net position | 11,036,567 | 13,820,189 |
| Total liabilities and net position | \$184,095,859 | \$186,520,810 |

Quarterly Personnel Status Report
Quarter 3 Ending
March 31, 2015

| | |
|---|-----|
| Total number of positions: | 135 |
| Total number of employees at end of quarter 2: | 129 |
| Total number of vacant positions at end of quarter 2: | 6 |
| Total number of positions filled within quarter 3: | 2 |
| Total number of positions vacated within quarter 3: | 1 |
| Total number of employees at end of quarter 3: | 130 |
| Total number of vacant positions at end of quarter 3: | 5 |