



Special Meeting of the Finance Committee

Held on
Thursday, October 10, 2019
at 10:30 a.m., Conference Room A
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

- Committee Members: Patti Maroney, Chair of the Finance Committee; Dawna Capps (via teleconference); and Manny Langella (via teleconference).
- Staff Members: Greg Smith, President & CEO; Paul Granato; Matthew Stone; Annmarie Daigle and Kristen Williams.
- Guests: Jessica Aniskoff and Vanessa Rossitto, Blum Shapiro & Company, P.C.
- Call to Order: Ms. Maroney called the meeting to order at 10:31 am.

I. Approval of June 3, 2019 Minutes:

This item was tabled until the next Finance Committee Meeting due to lack of a quorum of members present at the last meeting.

II. New Business:

a. Review of Financial Statements for the period ended June 30, 2019:

Mr. Granato reported on the audited results for the year ended June 30, 2019. The reporting specified the individual game performance including sales, cost of sales, operating expenses and contributions to the General Fund.

Mr. Granato added that the sales revenue totaled \$1.334 billion for the year ended June 30, 2019, compared to \$1.268 billion for the prior year. Total sales increased \$66.3 million or 5.2% year over year. Other extremely positive feedback included:

- Instant ticket portfolio contributed \$736.4 million in revenue compared to \$730.7 in the prior year, up \$5.8 million or 0.8%.
- Keno revenues totaled \$102.9 million for the year, compared to \$86.4 million in the prior year, up \$16.5 million or 19.1%.
- All four of the daily numbers games exceeded prior year revenue. Total sales for daily numbers were \$249.8 million compared to \$242.4 million in the prior year, up \$7.4 million or 3.1%.
- Lotto outperformed the prior year; sales revenue was \$35.0 million, up \$16.2 million or 86.2%.

b. FY19 Financial Audit Review:

Vanessa Rossitto, Audit Partner, and Jessica Aniskoff, Audit Manager, of Blum Shapiro & Company, P.C. presented the CLC Audited Financial Statements for the year ended June 30, 2019. The audit confirmed total sales of \$1.334 billion and confirmed total transfers of \$370 million to the General Fund to support our mission of raising revenue for the State.

During the presentation, Ms. Rossitto notified the Finance Committee of upcoming GASB Standards, which would be implemented in FY20, FY21 and FY22. The only standard that may largely impact the CLC would be regarding leases in FY21. The CLC leases several types of equipment from our primary vendor, Scientific Games. To ensure that the CLC remains compliant, Ms. Rossitto advised that discussions on this matter will begin within the next few months.

c. Quarterly Ratings Report of Insurance Companies:

Mr. Granato presented the Annuity Insurance Companies Quarterly Report to the Finance Committee for review. Currently we are unable to obtain ratings for the following insurance companies, as they are in receivership; however, they do pay the \$1,000.00 a month contracts as agreed: Monarch Life Insurance Company – 6 total contracts; AGL (formerly SunAmerica Annuity & Life Insurance Company – 5 total contracts.

Ms. Maroney inquired who would become responsible for the outstanding contracts if the above insurance companies went out of business. Mr. Granato replied, in that event, that the lottery would assume the responsibility of paying out the contracts.

d. Sales and General Fund Transfer Update through September 30, 2019:

Mr. Granato reported that Powerball and Mega Millions sales have slightly decreased in FY20 versus FY19. It was further explained that larger jackpots draw players to these particular games; and, since July 2019 four Powerball jackpots were won, and two Mega Millions jackpots were won.

Lastly, Mr. Granato reported that as of October 2, 2019, \$10 billion was returned to the Connecticut General Fund since the CT Lottery's inception in 1972!

IV. Adjournment:

On motion made by Ms. Maroney and seconded by Mr. Langella, the meeting adjourned at 11:08 a.m.

Respectfully Submitted,

Paul A. Granato
Chief Financial Officer