



**Special Meeting
of the Finance Committee**

Held on
Tuesday, May 22, 2018 at 9:30 a.m.
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

Committee Members: Patrick Birney, Chairperson of the Finance Committee; and Robert Morgan.

Staff Members: Chelsea Turner, Interim President & CEO; Paul Granato; Matthew Stone; Kendra Eckhart; Nicole Nearing; Carlos Rodriguez; Thomas Trella; Annmarie Daigle; and Bryan Figueroa.

Call to Order: Mr. Birney called the meeting to order at 9:32 a.m.

I. Approval of February 9, 2018 Minutes:

On a motion made by Mr. Morgan and seconded by Mr. Birney, the minutes of the February 9, 2018 Special Meeting of the Finance Committee were unanimously approved.

II. Review of Financial Statements for the period ended March 31, 2018:

Mr. Birney requested that Mr. Granato give an overview of the third quarter financial statements. Mr. Granato reported on the unaudited results for the quarter ended March 31, 2018. Mr. Granato reported on individual game performance including sales, cost of sales, operating expenses and contributions to the General Fund. The Committee had a general discussion on sales performance, marketing support of lottery games, and gaming system costs.

Three-month highlights ended March 31, 2018:

- Total sales for the quarter were \$317.1 million compared to \$303.8 million for the prior year, an increase of \$13.3 million or 4.4%. Mr. Granato highlighted the continued growth of Keno which added \$22.2 million of revenue for the quarter compared to \$18.7 million in the prior year, up \$3.5 million or 18.7%.
- Transfers to the General Fund totaled \$85.6 million for the quarter ending March 31, 2018 compared to \$76.2 million from prior year, an increase of \$9.4 million, or 12.4%.

Nine-month highlights ended March 31, 2018:

- Total sales for the first nine months ended March 31, 2018 were \$945.2 million compared to \$901.6 million for the prior year, an increase of \$43.6 million or 4.8%.
- Total sales exceeded budget by \$12.8 million or 1.4%. Sales revenue for the multistate games of Powerball and Mega Millions exceeded budget by \$12.5 million and \$3.2 million

respectively, slightly offset by declines in the instant ticket portfolio of \$2.1 million, daily games of \$.7 million and Keno of \$3 million.

- Transfers to the General Fund totaled \$261.1 million through March 31, 2018, exceeded budget by \$10.1 million or 4% through March 31, 2018.

III. Review of Draft FY19 Budget

The Finance Committee discussed Draft FY19 Budget in public session.

- Draft budget was sent to the Finance Committee on May 1, 2018, which included FY19 budget as well as FY18 projections.
- Sales are projected at \$1.273 billion and approximately \$351 million for general fund transfers for FY18.
- Sales are budgeted at \$1.291 billion and a range of approximately \$345-350 million for general fund transfers for FY19.

IV. State Budget Update:

Ms. Turner provided the Committee with a brief update of the State Budget, most notably the \$1 million expense reduction to the CLC's budget for FY18 and FY19. Ms. Turner is confident that the CLC will be able to achieve the \$1 million increase to the General Fund transfers year-over-year which was the intent of the four legislative caucuses.

V. Adjournment:

On motion made by Mr. Birney and seconded by Mr. Morgan, and unanimously approved, the meeting was adjourned at 10:59 a.m.

Respectfully Submitted,

Paul A. Granato
Chief Financial Officer
Connecticut Lottery Corporation