



**Special Meeting
of the Finance Committee**

Held on
Friday, February 9, 2018 at 8:00 a.m.
at the
Connecticut Lottery Corporation
777 Brook Street
Rocky Hill, Connecticut 06067

Committee Members: Patrick Birney, Chairperson of the Finance Committee; Robert Dakers (attended by teleconference); Robert Morgan (attended by teleconference).

Staff Members: Chelsea Turner, Interim President & CEO; Paul Granato; Matthew Stone; Annmarie Daigle; and Bryan Figueroa.

Call to Order: Mr. Birney called the meeting to order at 8:01 a.m.

I. Approval of November 15, 2017 Minutes:

On a motion made by Mr. Morgan and seconded by Mr. Dakers, the minutes of the November 15, 2017 Special Meeting of the Finance Committee were unanimously approved.

II. Review of Financial Statements for the period ended December 31, 2017:

Mr. Birney requested that Mr. Granato give an overview of the second quarter financial statements. Mr. Granato reported on the unaudited results for the quarter ended December 31, 2017. 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 December 31, 2017:

- Total sales for the quarter were \$312.4 million compared to \$302.2 million for the prior year, an increase of \$10.2 million or 3.4%. Mr. Granato highlighted the continued growth of Keno which added \$20.4 million of revenue for the quarter compared to \$17.1 million in the prior year, up \$3.3 million or 19.5%.
- Transfers to the General Fund totaled \$82.8 million for the quarter ending December 31, 2017 compared to the \$79.1 million from prior year, an increase of \$3.7 million, or 4.7%.

Six-month highlights ended December 31, 2017:

- Total sales for the first six months ended December 31, 2017 were \$628.1 million compared to \$597.8 million for the prior year, an increase of \$30.3 million or 5.1%.
- Total sales exceeded budget by \$7.6 million or 1.2%. Sales revenue for the instant ticket portfolio of games exceeded budget by \$1.9 million and Powerball revenue exceeded

budget by \$9.1 million. Keno sales revenue was under budget by \$3.6 million.

- Transfers to the General Fund totaled \$175.5 million through December 31, 2017, exceeded budget by \$6.9 million or 3.9% through December 31, 2017.

III. 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 in savings for FY18. Management is planning to present a more formal plan outlining these projected savings.

IV. Post System Conversion Update:

Mr. Granato stated his team is still adjusting to the new system. While he expects that the new system will help reduce the time taken to report on quarterly numbers, challenges remain due to staff turnover.

V. Adjournment:

On motion made by Mr. Dakers and seconded by Mr. Morgan, and unanimously approved, the meeting was adjourned at 9:30 a.m.

Respectfully Submitted,

Paul A. Granato
Chief Financial Officer
Connecticut Lottery Corporation