



2024

ANNUAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2024

CONTRIBUTION TO
THE GENERAL FUND:
\$387 MILLION!

SALES REVENUE FROM
LOTTERY GAMES OVER
\$1.7 BILLION!

PLAYERS WON MORE THAN
\$1.1 BILLION!
IN PRIZE MONEY

RETAILERS EARNED
\$85 MILLION
IN COMMISSIONS

OVER
\$11 BILLION
IN CONTRIBUTIONS TO
THE GENERAL FUND
SINCE 1971

2024 ANNUAL REPORT

Fiscal Year Ended June 30, 2024



CONNECTICUT LOTTERY CORPORATION

(A Component Unit of the State of Connecticut)

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MISSION STATEMENT

The mission of the Connecticut Lottery Corporation is to raise revenue in an entrepreneurial manner for the State of Connecticut, consistent with the highest standards of good public policy and social responsibility, by offering products to our players that are fun and entertaining and by ensuring the public's trust through integrity and honesty.

VISION STATEMENT

The Connecticut Lottery Corporation will be recognized as a leader in the lottery industry, committed to helping the State of Connecticut achieve its revenue raising objectives. Furthermore, it is the Connecticut Lottery Corporation's charge to address problem and underage gambling by taking proactive measures to implement and support responsible gaming initiatives.



INTRODUCTORY SECTION



April 1, 2025

The Honorable Edward M. Lamont, Governor of Connecticut
The Connecticut Lottery Corporation Board of Directors
The Citizens of Connecticut

We are pleased to transmit to you the Annual Report of the Connecticut Lottery Corporation (“CLC” or “Lottery”) for the fiscal year ended June 30, 2024.

The passage of Public Act 96-212 marked the first time a lottery operated by a state agency had been transferred to a quasi-public corporation to be operated as an enterprise fund. At full complement, a thirteen-member board of directors governs CLC, eleven of whom are appointed by the Governor and legislative leadership. Two members serve in an ex-officio capacity for the State Treasurer and the Secretary of the Office of Policy and Management.

CLC is a component unit of the State of Connecticut for financial reporting purposes. With more than 52 years in operation, CLC is one of the oldest lotteries in the United States. From its inception to June 30, 2024, the Lottery generated total sales of approximately \$38 billion and contributed approximately \$11.9 billion to the state’s General Fund. The General Fund is used to fund a wide variety of state services that benefit Connecticut residents, including health and hospitals, education, and public safety.

Six categories comprise this report: introduction, financial, compliance, required supplemental information, supplemental schedules, and statistics. The introductory section includes this transmittal letter, a list of officials, an organizational chart, current lottery games and significant events of the past fiscal year. The financial section begins with the report of independent auditors, followed by management’s discussion and analysis of fiscal 2024, the comparative financial statements of CLC, the related notes to the financial statements, compliance section, required supplemental information and supplemental schedules. The statistical section, which is unaudited, provides additional information regarding Lottery revenue and expenses.

Management of CLC is responsible for the accuracy, completeness and fairness of this presentation, including all disclosures. To the best of our knowledge and belief, the data in this report is accurate in all material respects and is designed to fairly present the corporation’s financial position, results of operations, and cash flows. We have included all disclosures necessary to enable the reader to gain an understanding of CLC’s financial activities.

Accounting principles generally accepted in the United States (“GAAP”) for governmental enterprise funds require that we provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). CLC’s MD&A can be found immediately following the report of the independent auditors in the financial section.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

In fiscal 2024, CLC generated \$1.680 billion in sales revenue and delivered \$387.0 million to the General Fund.

Sales revenue decreased \$22.1 million, or 1.3%, from the prior fiscal year. The decrease in sales revenue is primarily attributed to decreases in our instant scratch tickets, down \$11.0 million, and key draw games like KENO and daily numbers games, which were down a combined \$21.6 million in sales.

CLC completed its transition to Fanatics Betting and Gaming for both online and retail sports betting in fiscal 2024. This contributed to strong results for sports betting with handle up \$14.5 million, or 5.8% from fiscal 2023.

Total cost of sales, including prizes and commissions, was \$1.257 billion in fiscal 2024 compared to \$1.259 billion in fiscal 2023. Cost of sales vary proportionally with the change in total sales, with the prize expense being the largest contributor.

Prize expense related to all lottery games amounted to \$1.136 billion compared to \$1.131 billion in the prior year. The prize expense increased as a percentage of sales from 66.4% to 67.6%, largely due to the higher payout ratio in sports wagering, paired with a historic payout of over \$6 million in November 2023 for a single Play4 Drawing.

Operating expenses totaled \$23.5 million for the year, compared to \$19.2 million for fiscal 2023. The increase is due to a large reduction in the pension and OPEB expenses experienced during the fiscal year 2023. Operating expenses are mainly comprised of salaries and benefits and other overhead expenses. Transfers to the State's General Fund totaled \$387.0 million, down \$17 million or 4%. CLC also transfers statutorily required payments to the Chronic Gamblers' Fund of \$3.3 million annually. CLC reimburses the State of Connecticut Office of Policy and Management to compensate the State of Connecticut Department of Consumer Protection for the costs for regulatory oversight. Regulatory costs totaled \$3.9 million for the year ended June 30, 2024 (\$2.6 million for lottery plus \$1.3 million for sports wagering).

For a more complete overview of the financial highlights of fiscal 2024, including comparisons with the results of the prior fiscal year, please read Management's Discussion and Analysis included in the financial section of this report.

FINANCIAL OPERATIONS

ENTREPRENEURIAL CORPORATION: CLC operates as a business. The sale of lottery tickets and sports wagers to the general public sustains the prize, retailer commission, and vendor compensation structure and all lottery and sports wagering support operations. After prizes and expenses, the net income is contributed to the Connecticut General Fund, or paid as taxes per statute. CLC utilizes the accrual basis of accounting, in accordance with generally accepted accounting principles, recognizing revenue when earned and expenses when incurred. No general government functions or fiduciary operations are managed by CLC.

INTERNAL CONTROL & SECURITY ENVIRONMENT: Management of CLC is responsible for establishing and maintaining an internal control structure designed to assure that assets are protected from loss, theft, or misuse, and to ensure that the accounting system allows for compilation of accurate and timely information. The structure is designed to provide reasonable assurance that these objectives are met.

To enhance controls over accounting procedures, CLC has segregated the following functions: personnel and payroll, purchasing and accounts payable, and general ledger and accounts receivable accounting. Data input and processing are

separate from system programming, and management provides approval and oversight.

CLC ensures that its operations remain secure with a commitment to the following protocol:

- Regulated by the Department of Consumer Protection, which performs background checks and issues licenses for retailers, CLC employees, and in-house contractors;
- Lottery tickets printed with special inks, dyes, and security codes;
- Detailed written procedures for all game drawings;
- Limited access to its data and information systems;
- Limited access to facilities.

DEBT ADMINISTRATION: CLC’s long-term liabilities are essentially limited to payments owed to prize winners in the form of weekly, monthly and annual payments. The payments are fully funded by annuities purchased from life insurance companies with at least \$50 million in policyholder surplus. These insurance companies must be licensed to do business in Connecticut and must also have credit ratings at the date of award equal to, or better, than the following levels from at least one of the three credit rating services listed below:

<u>Credit Rating Service</u>	<u>Minimum Acceptable</u>
Moody’s Service Credit Opinion	Aa
Standard and Poor's Insurance Rating Service Digest	AA
A. M. Best	A-

CLC collects net earnings from sales of lottery games from approximately 2,800 retailers on a weekly basis. Funds are electronically swept from the retailers’ designated bank accounts, and weekly transfers of estimated net income (sales revenue less prizes, commissions and other operating expenses) are made to the Connecticut General Fund.

CLC invests its excess cash with the Treasurer of the State of Connecticut. The Treasurer manages an investment pool of high-quality, short-term money market instruments for state and local governments.

RISK MANAGEMENT: CLC is exposed to various risks of loss related to thefts, damage or destruction of assets, injuries and natural disasters, for which it carries appropriate insurance through individual policies.

INDEPENDENT AUDIT: Connecticut statutes require an annual financial audit of CLC by independent auditors.

The audits of CLC’s financial statements for fiscal years 2024 and 2023 have been completed in conformity with generally accepted auditing standards. The unmodified opinion of the independent auditors on CLC financial statements is included in the financial section of this report.

The Auditors of Public Accounts for the State of Connecticut also audit CLC biannually. CLC received the final audit report in 2024 for fiscal years 2022 and 2023 as a clean audit resulting in no findings.

We look forward to the coming year and to continuing to find ways to be as innovative and efficient as possible to maximize transfers to the General Fund.

Respectfully Submitted,



Frank Suarez
President & CEO

HISTORICAL HIGHLIGHTS

June 1971: As a means to generate revenue for the state, Governor Thomas J. Meskill signed Public Act No. 865, creating the Connecticut State Lottery.

February 1972: The Connecticut State Lottery became the fourth lottery in the nation. Sales commenced at approximately 3,000 retailer locations statewide, with one game simply called, “The Lottery.” Tickets cost 50¢ each with a weekly drawing held to select a winner at random. Top Prize: \$5,000.

September 1975: “Instant Match,” Connecticut’s first scratch game went on sale. Top Prize: \$10,000.

March 1977: “The Daily Numbers” game began. Match three digits, or variations on the combination. Top Prize: \$2,500.

October 1980: “Play 4” begins: match four digits, or variations on the combination. Top Prize: \$25,000.

November 1983: “Lotto!” draw game introduced. For \$1, players chose six numbers for a chance to win a minimum jackpot of \$1,000,000.

Fiscal Year 1987: Connecticut Lottery delivers its first \$1 Billion to the state’s General Fund.

April 1992: “Cash Lotto” is launched. Players select five numbers from 1 to 35. Top Prize: \$100,000.

November 1995: Connecticut joined the multi-state draw game, “Powerball®,” which featured a double matrix and a minimum jackpot prize of \$5,000,000.

July 1996: The Connecticut State Lottery became a quasi-public agency named the Connecticut Lottery Corporation, reflecting its “business” orientation.

Fiscal Year 1996: The Lottery delivers its 3-billionth dollar to the state’s General Fund.

February 1998: “Mid-Day3” and “Mid-Day4” daily drawings began.

March 2009: “Lucky-4-Life®” draw game began. The game included a double matrix and initially offered a top prize of \$2,000 a week for life.

January 2010: Connecticut joined the multi-state draw game, “Mega Millions®,” a double matrix game with a minimum jackpot prize of \$12,000,000.

October 2010: “Super Draw” raffle-style draw game is launched. The game featured guaranteed prize winners from a limited pool of tickets sold.

February 2011: The Connecticut Lottery Corporation became a member of the World Lottery Association and met the criteria for achieving Level 1 Responsible Gaming Framework Accreditation.

November 2011: A Powerball® jackpot ticket worth \$254.2 million, the largest prize in the CT Lottery’s history, was won and claimed by the Putnam Avenue Family Trust.

January 2012: Powerball® changed its matrix, increased the minimum jackpot prize value to \$40,000,000 and became the first multi-state draw game with a \$2 ticket cost.

March 2012: Lucky-4-Life® ended and the six New England states joined together to launch a multi-state version of the Connecticut draw game called “Lucky for Life®.” Top Prize: \$1,000 a day for life.

July 2012: The Connecticut Lottery Corporation achieved Level 2 Responsible Gaming Framework Accreditation from the World Lottery Association.

September 2013: “Lucky for Life®” added a second “for life” prize, worth \$25,000 a year for life, to the game.

January 2015: “Lucky for Life®,” the Game of a Lifetime®, became a national game, offered in 16 lotteries across the country.

May 2015: “Lucky Links with 2XPower Day” and “Lucky Links with 2XPower Night” launch. In this brand new way to play, players compare the numbers drawn to the nine spots on their play grid. Top Prize: \$50,000.

January 2016: Powerball® reached a record \$1,586,400,000 jackpot; there were three winning tickets sold in Florida, Tennessee and California.

April 2016: “KENO” launched. Every four minutes, players select the number of spots (1-10), the amount of the wager (up to \$20), the number of games, and indicate whether they want the bonus multiplier option for a chance to win up to \$1,000,000.

2017: The CT Lottery continues to be a leader in responsible gambling. In 2017, we received numerous awards such as the “Corporate Newsletter Award” and the “Corporate Public Awareness Award” from the National Council on Problem Gambling; and the “Industry Award” from the CT Council on Problem Gambling.

October 2018: Mega Millions® reached a record \$1,573,000 jackpot; there was one winning ticket sold in South Carolina. Total CT Lottery four-day sales for that drawing exceeded \$10 Million!

July 2019: The CT Lottery sets a new record of \$370 million for a one-year contribution to the state’s General Fund, more than \$1 million per day!

October 2019: The CT Lottery crossed the \$10 billion threshold for profits returned to the Connecticut General Fund since the CT Lottery’s inception in 1972. These profits continue to provide a significant impact for Connecticut and its residents, benefitting a variety of state services, including Human Services, Education Services, Medicaid and more.

November 2019: The 3rd largest Lotto! Jackpot worth \$25.8 million was won in Danbury, CT.

2020: KENO surpasses \$400 Million in sales and \$250 Million in prizes awarded to players! Strong sales growth has continued each of the first four years.

July 2021: Lucky for Life® expands drawings from two to seven days per week.

August 2021: CLC announces partnership with Rush Street Interactive to operate CLC’s online and retail sportsbook.

August 2021: Powerball® moves to three nights per week (Mon, Wed, Sat).

October 2021: CLC debuts its retail PlaySugarHouse sportsbook, in partnership with Sportech, at Sports Haven, in New Haven, CT. Two other locations – Bobby V’s in Stamford and Windsor Locks – opened the following week.

November 2021: The Connecticut Lottery Corporation hosted its 8th Annual “Give a Child a Toy, Not a Ticket” toy drive and public service campaign to benefit Connecticut Children’s. The campaign serves to remind adults that lottery tickets are not suitable gifts for children. The 2021 toy drive was CLC’s most successful, with more than 15,000 toys donated to the patients of Connecticut Children’s.

February 2022: Connecticut had its first Powerball® jackpot winner since 2012, with a \$185.3 million winner, sold in Cheshire, CT.

February 15, 2022: The Connecticut Lottery Corporation celebrated “50 Years of Winning” on its Golden Anniversary. Governor Ned Lamont proclaimed the day, “Connecticut Lottery Day,” in the state.

November 2022: Powerball® reached a record \$2.04 Billion jackpot; there was one winning ticket sold in California. This was one of three national jackpots that exceeded \$1 billion in fiscal year 2023. Total CT Lottery Powerball sales for the prior seven days exceeded \$22 million.

May 2023: The CT Lottery launched its new Retail Lottery Gaming System at over 2,800 lottery retailers across the state. The new Aurora system, powered by Rhode Island based IGT, replaced CLC’s prior system which had been in use since 2008.

September 2023: The Connecticut Lottery Corporation opened its new headquarters and claims center at 15 Sterling Drive in Wallingford.

December 2023: The CT Lottery partners with FBG Enterprises Connecticut, LLC (Fanatics online sportsbook).

March 4, 2024: The Connecticut Lottery Corporation launched the Second Chance Platform that included an App and Portal.

June 10 2024: The CT Lottery launched iLottery that is available on the App and Portal. This platform offers players in Connecticut the opportunity to play CT Lottery Draw Games online.



STATE OF CONNECTICUT

LIST OF PRINCIPAL STATE OFFICERS, AS OF JUNE 30, 2024

NED LAMONT, Governor

SUSAN BYSIEWICZ, Lieutenant Governor

Stephanie Thomas
Erick Russell
Sean Scanlon
William Tong

Secretary of the State
State Treasurer
State Comptroller
Attorney General



CONNECTICUT LOTTERY CORPORATION

BOARD OF DIRECTORS, AS OF JUNE 30, 2024

Robert T. Simmelkjaer, II
Wilfred J. Blanchette, Jr.
Douglas Dalena

Matthew Daskal

Michael Cicchetti
Steven L. Ezzes
Ajay Gupta
James Heckman
Manny Langella
Andrew Meehan
Margaret Morton

Chairperson of the Board (Appointee of Governor)
Vice Chairperson of the Board (Appointee of Governor)
Office of the State Treasurer (Designee of ex-officio member,
Erick Russell, State Treasurer)
Office of Policy and Management (Designee of ex-officio member,
Jeffrey R. Beckham, Secretary, OPM)
(Appointee of Senate Minority Leader)
(Appointee of Governor)
(Appointee of Governor)
(Appointee of House Minority Leader)
(Appointee of Senate Majority Leader)
(Appointee of Speaker of the House)
(Appointee of Governor)



CONNECTICUT LOTTERY CORPORATION

ORGANIZATIONAL CHART, AS OF JUNE 30, 2024

ADMINISTRATION

Greg Smith
Annmarie Daigle
Lauren Perrotti
Catherine Martorella
Melissa Durso
Jodi Ganzer
Brett Steen
Mark Walerysiak

President & CEO
Executive Secretary
Vice President, Senior Director of Operations
Chief Financial Officer
General Counsel
Director of Human Resources
Senior Director of Marketing
Director of Security



CONNECTICUT LOTTERY CORPORATION

ORGANIZATIONAL CHART, AS OF JUNE 30, 2024

MANAGEMENT BY DEPARTMENT

SALES

Diane Geary
Sharon Drummey

Director of Sales
Sales Manager

MARKETING

Linda Tarnowski
Carlos Rodriguez
Jared Kotler
Nicole Nearing-Connery
Rebecca Lambert

Director of Advertising
Director of Lottery Games
Digital Marketing Manager
Product Manager, Lottery Games
Assistant Product Manager, Lottery Games

INFORMATION TECHNOLOGY

Steven Wagner
Aubrey Braithwaite
John J. Gasparini

Director of Information Technology
IT Manager
IS Manager of Application & Internet Development

FINANCE & COLLECTIONS

Margaret Annino
David Perlot

Lottery Financial Manager
Lottery Financial Manager

HUMAN RESOURCES & TRANSPORTATION

Irena Baj-Wright
Tammy Morganti
Elyse Riekert

Human Resources Manager
Human Resources Manager
Human Resources Assistant

SECURITY

Christina Cassone
Kathy Shumaker

Lottery Drawing Manager
Security and Compliance Manager

OPERATIONS

Nelson Bakken
Steven J. Fox
Bryan Figueroa

Warehouse Manager
Director, Lottery Gaming Systems
Manager of Vendor Compliance

SPORTS BETTING

Andrew Walter
Cara Watts
Michael Schatz
Peter Vella

Director of Sports Betting
Compliance Manager
Assistant Compliance Manager
Retail Manager

LEGAL

Angelica Mack
Jeff Yue

Counsel
Managing Counsel

GOVERNMENT RELATIONS

Arthur Mongillo

Government Relations and Responsible Gaming Manager

SCRATCH GAMES

FISCAL YEAR 2024 STATISTICS:



Total FY '24 Sales: **\$743,951,685**

% of Total FY '24 Lottery Sales: **44%**

Scratch games are easy to play and provide players with instant entertainment. By removing the scratch-off coating on the ticket face, players quickly discover if they've won and the amount of their prize. With the December 11, 2023, launch of Connecticut's first ever \$50 scratch ticket, "\$4,000,000 FORTUNE!" scratch games now range in price from \$1 up to \$50.

Scratch games provide a variety of play styles that appeal to many different groups, from Bingo to the crossword action of "Ca\$hword" to the excitement of multiplying a prize by revealing an "X" in our "10X Cash," "20X Cash," and "30X Cash" scratch games. Depending on the game, players may need to match numbers, symbols or dollar amounts, spell words, beat the dealer's card, or reveal a Bonus Prize.

With such a wide variety of price points, games and play styles, it's easy to see why scratch games sold so well this year, contributing over \$144 Million to the General Fund.

FAST PLAY™

FISCAL YEAR 2024 STATISTICS:



Total FY '24 Sales: **\$34,720,987**

% of Total FY '24 Lottery Sales: **2%**

Fast Play games provide players with the immediate thrill of the instant draw game and the convenience of being printed on-demand from any CT Lottery retailer terminal or self-serve CT Lottery vending machine. There are no numbers to pick, no playslip to fill out and no need to wait for a drawing.

There are two types of Fast Play games: (1) progressive, games that contribute to rolling jackpots which reset to base amounts when hit, and (2) stand-alone, games with set top-prizes. Both are available in a variety of playstyles and themes.

FY '24 featured a new CT record Progressive Jackpot of \$428,382. The jackpot was won on a \$10 Stacks of Ca\$h Progressive ticket.

DAILY NUMBERS GAMES

FISCAL YEAR 2024 STATISTICS:



Total FY '24 Sales: **\$127,168,516**

% of Total FY '24 Lottery Sales: **8%**



Total FY '23 Sales: **\$129,766,383**

% of Total FY '23 Lottery Sales: **8%**

Our Daily Numbers games give our players the opportunity to play their favorite 3- and 4-digit numbers, twice per day (Day & Night).

To play, players select three (Play3) or four numbers (Play4) from 0 to 9, choose a wager style, and pick a wager between \$.50 and \$5 per play. Prizes are based on the wager style and wager amount, and range from \$25, up to \$25,000 per play.

In February 2021, the CT Lottery added the "Wild Ball" feature to both games. The Wild Ball is an extra number drawn by the CT Lottery at each drawing that a player can use to replace any one of the initial numbers drawn to create more chances to win. Adding the Wild Ball feature doubles the cost of a Play3/Play4 wager.

CASH5

FISCAL YEAR 2024 STATISTICS:



Total FY '24 Sales: **\$25,752,569**

% of Total FY '24 Lottery Sales: **2%**

"Cash5" is Connecticut's nightly draw game with a \$100,000 top prize.

For \$1 per play, players choose five different numbers from 1 to 35, or they can have the numbers selected for them by choosing the "Quick Pick" option. By activating the "Kicker" for an additional \$.50, players increase their chances to win. The top prize is won by matching all five numbers drawn, plus there are six additional prize levels in the game.

With more than 1,000,000 winning Cash5 tickets sold each year and approximately \$15 Million awarded in prizes on average, Cash5 continues to be a Connecticut favorite.

LOTTO!®

FISCAL YEAR 2024 STATISTICS:



Total FY '24 Sales: **\$19,993,764**

% of Total FY '24 Lottery Sales: **1%**

Since November 1983, “Lotto!” has been a staple of the CT Lottery product mix. Lotto! is another “Connecticut only” game in our portfolio and is still the game that’s most associated with the CT Lottery. Drawings are held on Tuesday and Friday nights.

For \$1 per play, players choose six different numbers from 1 to 44, or they can have the numbers selected for them by choosing the “Quick Pick” option.

Jackpots start at \$1,000,000 and grow until won. The jackpot is won by matching all six numbers drawn. Besides the jackpot, there are three other prize levels. Jackpot winners may opt to receive their prize money in 21 equal annual installments or in a cash lump sum.

KENO®

FISCAL YEAR 2024 STATISTICS:



Total FY '24 Sales: **\$122,093,257**

% of Total FY '24 Lottery Sales: **7%**

“KENO” launched in April 2016, offering players “On the Spot Fun®” seven days a week, with lots of ways to play and win. KENO is drawn every four minutes, and players can win up to \$1,000,000.

Winning combinations happen by matching some, none or all their numbers (spots). To play, players fill out a playslip by choosing how many spots they would like, and then pick numbers from 1 to 80, or select “Quick Pick.” Players choose how much to wager and how many consecutive games to play.

Adding the BONUS MULTIPLIER provides winners with a chance to multiply their prize by 2, 3, 4, 5, or 10 times! Adding the BONUS MULTIPLIER doubles the cost of a KENO ticket.

POWERBALL®

FISCAL YEAR 2024 STATISTICS:

CONNECTICUT



Total FY '24 Sales: **\$111,978,931**

% of Total FY '24 Lottery Sales: **7%**

The CT Lottery joined the multi-state “Powerball” game in November 1995. Drawings are held on Monday, Wednesday and Saturday nights (Monday night was added in August of 2021). Each play costs \$2. Players can add the Power Play® feature on their ticket for an additional \$1 per play giving them the chance to multiply any non-jackpot prize by 2, 3, 4, 5 times or 10 times the prize amount won. The 10x multiplier is only in play when the advertised jackpot annuity is \$150 million or less.

Powerball uses a double matrix: players pick five different “white” ball numbers from 1 to 69, and one “red” Powerball number from 1 to 26. Players can use a playslip to pick their numbers or select “Quick Pick.”

Jackpots start at \$20 million and grow each drawing until won. The jackpot is won by matching all six numbers drawn (5 + 1). In addition to the jackpot, there are eight other prize levels. Jackpot winners may opt to receive their prize money as a 30-year annuity or as lump sum. Players who correctly match five white ball numbers (5 + 0) with Power Play automatically win \$2,000,000.

In FY24, a record nine Powerball drawings were held with advertised jackpots of \$1 billion or more! That is three times more than the previous year (three in FY23).

MEGA MILLIONS®

FISCAL YEAR 2024 STATISTICS:



Total FY '24 Sales: **\$69,149,756**

% of Total FY '24 Lottery Sales: **4%**

The CT Lottery joined the multi-state “Mega Millions” game in January 2010. Drawings are held on Tuesday and Friday nights. Each play costs \$2. When players activate the Megaplier® feature on their ticket for an additional \$1 per play, players that win can multiply their non-jackpot prizes by 2, 3, 4 or 5 times the prize amount won.

Mega Millions uses a double matrix: players pick five different “white” ball numbers from 1 to 70, and one “yellow” Mega Ball number from 1 to 25. Players can use a playslip to pick their numbers or select “Quick Pick.”

Jackpots start at \$20 million and grow each drawing until won. The jackpot is won by matching all six numbers drawn (5 + 1). In addition to the jackpot, there are eight other prize levels. Jackpot winners may opt to receive their prize money in 30-year annuity or as lump sum.

In FY24, a record four Mega Millions drawings were held with advertised jackpots of \$1 billion or more!

LUCKY FOR LIFE®

FISCAL YEAR 2024 STATISTICS:



Total FY '24 Sales: **\$30,001,070**

% of Total FY '24 Lottery Sales: **2%**

The Lucky for Life game began in 2009 as a Connecticut-only draw game designed to offer a “for-life” prize that was previously only offered in scratch games. The five other New England states joined Connecticut in 2012 to form a multi-state game that offered a top prize of \$1,000 a day for life!

Due to the popularity of the “for life” prize on a draw game, Lucky for Life continued to add states over the years and enhance the prize structure. The Lucky for Life game added a \$25,000 a year for life prize, making it the only draw game with two “for life” prizes.

Lucky for Life currently includes 23 states and is now drawn every night. Lucky for Life uses a double matrix: players pick five different “white” ball numbers from 1 to 48, and one “yellow” Lucky Ball number from 1 to 18. Players can use a playslip to pick their numbers or select “Quick Pick.”

The “\$365,000 a year for life” top prize is won by matching all six numbers drawn (5 +1), and the “\$25,000 a year for life” second prize is won by matching all five “white” ball numbers (5+ 0).

In FY '24 – CT awarded nine (9) 2nd tier “\$25,000 a year for life” prizes.

SPORTS BETTING

FISCAL YEAR 2024 STATISTICS:



Retail: \$104,857,067 39%

Online: \$161,382,440 61%

Total FY '24 Sales: **\$266,239,507** 100%

% of Total FY '24 Lottery Sales: **16%**

The CT Lottery transitioned its sports betting operator in FY24, launching with FBG Enterprises Connecticut, LLC (Fanatics Betting & Gaming) in December 2023. In addition to offering sports betting via its online platform, Fanatics re-branded the existing brick and mortar facilities throughout the state, including the Bobby V’s restaurants in Stamford and Windsor Locks, Sports Haven in New Haven, and several Sportech-operated Winners off-track betting locations. The CT Lottery and Fanatics were pleased to open new retail sportsbooks at XL Center in Hartford, and Total Mortgage Arena in Bridgeport.

There was strong betting interest in all four major sports leagues (NFL; NBA; NHL; MLB), as well as college football and basketball. The NFL playoffs and the Super Bowl, as well as March Madness, provided peak sales periods and were useful events for attracting new players. The changeover to Fanatics resulted in growth in overall sports betting sales.

CONNECTICUT LOTTERY CORPORATION

THE BENEFITS OF WINNING

Winner: Hav-Mor Market customer
Claimed: 2024
Game: Cash Royale
Prize: \$200,000
Retailer: Hav-Mor Market, Windsor Locks

As you can see, Hav-Mor Market has sold quite a few winners! So, when Yogi, the owner, sold a \$200,000 top-prize Cash Royale scratch ticket, he was thrilled for the lucky customer and proud to showcase another huge win.

Overall odds 1 in 3.66. Purchasers must be 18 or older. Help is available for problem gambling. Call (888) 789-7777 or visit ccpg.org.



Winner: Friends from VFW Post No. 594, Norwich
Claimed: May 1, 2024
Game: Stacks of Ca\$h Fast Play Progressive
Prize: \$204,835.00
Retailer: VFW Post No. 594, Norwich

These Stacks of Ca\$h Fast Play Progressive winners arrived at CT Lottery Headquarters in style to collect their jackpot prize! They are friends from VFW Post No. 594 in Norwich who donated a part of their proceeds back to the VFW where they purchased the winning ticket.

Overall odds of \$10 Stacks of Ca\$h Progressive 1 in 3.29. Purchasers must be 18 or older. Help is available for problem gambling. Call (888) 789-7777 or visit ccpg.org.



CONNECTICUT LOTTERY CORPORATION

THE BENEFITS OF WINNING

Winner: Comaro Mini Mart customer
Claimed: 2024
Game: Powerball
Prize: \$1,000,000
Retailer: Comaro Mini Mart, Monroe

Jay, manager of the Comaro Mini Mart in Monroe, was so excited to hear that a \$1,000,000 Powerball prize had been won in Connecticut. Once word spread that Comaro Mini Mart had sold the winning ticket, all of Jay's customers flooded into the store to congratulate him. Since then, they've celebrated as if each won the big prize, proud that their local store had sold the winning ticket!

Overall odds 1 in 24.9. Jackpot odds are 1 in 292,201,338. Purchasers must be 18 or older. Help is available for problem gambling. Call 888.789.7777 or visit ccpg.org.



Winner: Jeffrey Pomeroy, New Milford
Claimed: June 23, 2024
Game: Lucky for Life
Prize: \$25,000 a Year for Life
Retailer: Big Y World Class Market Store #56, New Milford

In June of 2024, Jeffrey Pomeroy won the "\$25,000 A YEAR FOR LIFE" second prize Lucky for Life jackpot. The lucky winner has been playing Lucky for Life since the game debuted and purchased the winning ticket at Big Y World Class Market on Kent Road in New Milford.

Overall odds 1 in 7.8. Purchasers must be 18 or older. Help is available for problem gambling. Call (888) 789-7777 or visit ccpg.org.



CONNECTICUT LOTTERY CORPORATION

THE BENEFITS OF WINNING

Winner: Bobby Marren, Milford
Claimed: December 9, 2023
Game: Cash5
Prize: \$100,000
Retailer: Colony News & Lotto, Milford

Bobby Marren thought his Cash5 ticket was a \$100 winner, so he was a bit confused when the lottery clerk told him she couldn't cash it. When he asked why, he was shocked by her answer. "Because it's \$100,000!" When Bobby shared the news with his wife, Mary, she started crying instantly. "Thanks to this (prize), we'll be able to wipe out all our debt and pay for our son's last two years of college."

Overall odds 1 in 72.1. Overall odds with Kicker 1 in 12.1. Purchasers must be 18 or older. Help is available for problem gambling. Call (888) 789-7777 or visit ccpg.org.



CORPORATE RESPONSIBILITY

CLC's commitment to corporate responsibility is firmly rooted in five primary areas: Responsible Gambling (RG); Pro-Business Initiatives and Supplier Diversity; Inclusion; Green Initiatives; and Employee Engagement/Community Involvement. Employees throughout the organization support these efforts in various ways.

Responsible Gambling (RG)

- **Helpline:** CLC widely promotes the [Connecticut Problem Gambling Helpline](#) and live chat features through its advertising efforts, which include television and radio, billboards, digital and social media, retail point of sale materials, and all lottery tickets. The Helpline provides support, resources, and referrals to treatment and self-help options for those struggling with gambling related problems and others impacted or concerned with another person's gambling behavior.
- **Statewide Responsible Gambling Campaign:** CLC partnered with the Connecticut Council on Problem Gambling (CCPG), Foxwoods, Mohegan Sun, Sportech, and the Connecticut Department of Mental Health and Addiction Services (DMHAS) Problem Gambling Services Division to launch a statewide responsible gambling campaign, [Responsible Play – The CT Way](#). The campaign is a unified approach by Connecticut's key stakeholders in the gaming and problem gambling communities to increase awareness of responsible gambling initiatives and provide resources to those in need. The logo and messaging are featured across all gaming operators in Connecticut to provide a common, identifiable resource for responsible gambling information and problem gambling resources. For more information about this campaign and for helpful responsible gambling tips and resources, please visit <https://responsibleplayct.org/>
- **Holiday Responsible Gambling Campaign:** Since 2008, CLC has partnered with McGill University and the [National Council on Problem Gambling \(NCPG\)](#) during the holidays to educate the public that lottery tickets are not suitable gifts for children. Currently in its 10th year, CLC hosted a corresponding toy drive to collect toys and donations for children who receive medical care and to promote the responsible gambling message, "Give a Child a Toy, Not a Ticket." All toys collected, along with monetary donations were donated to [Connecticut Children's Medical Center](#), which provides age-appropriate toys to patients who visit their facility throughout the year.
- **Problem Gambling Awareness Month (PGAM):** PGAM, observed every March, is a grassroots campaign designed to help raise awareness of the prevention, treatment and recovery services available for those adversely affected by gambling. This past year's efforts included employee training in conjunction with CCPG and DMHAS Problem Gambling Services, as well as a [proclamation from Governor Lamont](#), messaging on billboards and at retail locations, Public Service Announcements and marketing materials, social media messaging, and retailer training.
- **CT Partnership for Responsible Gambling:** "The Partnership" is a more than twenty-year collaboration between CLC, DMHAS's Problem Gambling Services Division, and CCPG. CLC actively participates in quarterly meetings where information is exchanged, and joint initiatives are proposed.
- **Wise Winnings:** Without proper guidance, some winners struggle to manage their new financial circumstances, which can lead to poor investment decisions, exploitation, and even bankruptcy. To promote long-term financial stability and well-being, CLC offers free access to licensed not-for-profit financial advisors through the Wise Winnings program. These services are completely voluntary and confidential. By providing these services, CLC demonstrates its commitment to responsible gaming practices and consumer protection.
- **National Council on Problem Gambling (NCPG) and CT Council on Problem Gambling (CCPG):** CLC annually sponsors the CCPG statewide conference and participates in the NCPG National Conference on Gambling Addiction & Responsible Gambling. Both conferences bring together top-notch national and international experts to share emerging trends pertaining to problem gambling and responsible gambling. These conferences are a unique resource, providing detailed, in-depth knowledge and cross-training opportunities.

CORPORATE RESPONSIBILITY

Pro Business Initiatives and Supplier Diversity

- CLC has strategically embedded supplier diversity into its core business approach, recognizing its critical role in fostering inclusive growth and expanding the corporation's business network. CLC pursues this commitment through a wide range of initiatives, including employee training, participation in trade events, and hosting virtual meet-and-greets to engage and connect with diverse suppliers.

In Fiscal Year 2024, CLC participated in several key industry events, fostering collaboration and driving growth. From the MCC Construction Expo & Matchmaker, the CT Supplier Connection Growth Summit & Matchmaker and the 2024 GNEMSDC Virtual Matchmaker events, to the Society of Human Engagement Business Alignment (SHEBA) Fall 2023, Winter 2024 and Spring 2024 Accelerator Incubator Cohort Programs, CLC strengthened its network and established valuable connections and strategic partnerships that allow CLC to expand its presence and capabilities within the State of Connecticut.

Key Partnerships and Memberships

- **Greater New England Minority Supplier Development Council (GNEMSDC):** Since 2011, CLC has been a proud sponsor and active participant in the Greater New England Minority Supplier Development Council (GNEMSDC). GNEMSDC, founded in 1975, connects Minority Business Enterprises (MBEs) across New England with over one hundred corporate members, including CLC, to foster strategic partnerships that drive innovation and growth. CLC's procurement team works closely with the council to identify and build relationships with minority-owned businesses, creating opportunities for collaboration and strengthening our supply chain.
- **Greater Hartford Minority Construction Council (MCC) and The Society of Human Engagement and Business Alignment (SHEBA):** In 2022, CLC took significant steps to broaden its engagement by joining the Minority Construction Council (MCC) and the Society of Human Engagement & Business Alignment (SHEBA). These collaborations enhance our outreach and create new opportunities for procurement within diverse communities, further strengthening our commitment to supplier diversity.
- **Connecticut Gay & Lesbian Chamber (CTGLC):** CLC is proud to further its commitment to a diverse procurement portfolio through its partnership with the CTGLC. CTGLC supports LGBTQ+ and allied businesses across Connecticut, offering business development, financial access, and educational resources. Through its partnership with CTGLC, CLC continues to foster inclusive supplier diversity and build strategic, mutually beneficial relationships that drive innovation and growth within our supply chain.
- **Affirmative Action:** CLC is proud to be an Affirmative Action/Equal Opportunity Employer. Our commitment to diversity extends to all recruitment and communication efforts. We have enhanced our recruitment strategies with a robust applicant outreach and tracking system, ensuring that job opportunities are accessible to a wide range of qualified candidates. By championing these initiatives, CLC continues to promote business diversity and inclusion, creating a dynamic ecosystem where innovation and opportunity thrive for all.

Green Initiatives

- **Recycling:** CLC is committed to environmental sustainability, continuously striving to reduce its ecological footprint. Our efforts include the use of 100% recyclable paper envelopes for all scratch ticket shipments, along with printing the majority of our scratch tickets on 100% recyclable paper. To further minimize waste, we actively refurbish and reuse scratch ticket dispensers, saving hundreds of thousands of dollars over time. In addition to these measures, CLC partners with a specialized electronic recycling vendor to responsibly dispose of outdated

CORPORATE RESPONSIBILITY

electronics, including computers, monitors, printers, signs, and other equipment. We also prioritize the recycling of pallet crates, paper, aluminum cans, and batteries, reinforcing our dedication to resource conservation and waste reduction across all operations.

Employee Engagement

- **Supporting Good Causes of Connecticut:** At CLC, we are deeply committed to fostering a culture where employees are not only empowered to grow within the organization but are also encouraged to make a meaningful impact in their communities. As such, we actively support our team members in pursuing causes they are passionate about outside of work.

We recognize the diverse talents and skills our employees bring to the table and believe that their contributions extend far beyond the workplace. Whether it's serving on nonprofit boards, mentoring as Big Brothers or Big Sisters, coaching youth sports, or leading local extracurricular activities, our employees are dedicated to creating positive change in Connecticut.

This commitment to community service is not just a program; it's a cornerstone of our culture at CLC, reflecting our values of social responsibility and personal growth. By supporting our employees' involvement in these meaningful endeavors, we foster a workplace where giving back is as important as business success. Through these efforts, we amplify the collective impact of our team, helping to build stronger, more vibrant communities across the state.



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Connecticut Lottery Corporation
(A Component Unit of the State of Connecticut)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Connecticut Lottery Corporation (the “Lottery”), a component unit of the State of Connecticut, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Connecticut Lottery Corporation’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lottery, as of June 30, 2024, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Lottery and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of the Lottery as of June 30, 2023 were audited by other auditors whose report dated November 29, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lottery's ability to continue as a going concern for twelve months beyond the financial statement date, including any current known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lottery's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lottery's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and OPEB schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied



certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Lottery's basic financial statements as a whole. The schedule of profit margins by type, the combining statements of net position and the combining statements of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of profit margins by type, the combining statements of net position, and the combining statements of revenues, expenses, and changes in net position are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of the Lottery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lottery's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lottery's internal control over financial reporting and compliance.

Hartford, Connecticut
November 27, 2024

CONNECTICUT LOTTERY CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

The following Management's Discussion and Analysis ("MD&A") provides an overview of the Connecticut Lottery Corporation's (the "Lottery") financial performance for the years ended June 30, 2024 and 2023. The information contained in this MD&A should be considered in conjunction with the information contained in the financial statements and notes to financial statements.

FINANCIAL STATEMENTS PRESENTED IN THIS REPORT

Connecticut Lottery Corporation is a quasi-public corporation of the State of Connecticut (the "State") created to generate revenues for the State's General Fund through the operation of a lottery, and subsequently in 2021, the operation of sports wagering. The Lottery's activities are accounted for as an enterprise fund using the accrual basis of accounting, similar to a private business entity.

The financial statements are comprised of three components:

- **Statements of Net Position (Deficit)** reflect the Lottery's financial position as of June 30, 2024 and 2023.
- **Statements of Revenues, Expenses, and Changes in Net Position (Deficit)** report the revenues and expenses for the years ended June 30, 2024 and 2023.
- **Statements of Cash Flows** reconcile the changes in cash and cash equivalents with the activities of the Lottery for the years presented. The activities are classified as operating, investing, capital financing and noncapital financing.

Notes to the financial statements provide additional detailed information to supplement the basis for reporting and nature of key assets and liabilities.

FINANCIAL HIGHLIGHTS OF FISCAL 2024

- Sales revenue, which includes lottery and sports wagering, totaled \$1.68 billion, declined \$22 million or 1.3% compared to the prior year.
- Cost of sales (including prizes and commissions) totaled \$1.257 billion, down \$1.25 million or 0.1% compared to the prior year.
- Operating expenses of \$23.5 million, increased \$4.3 million or 22% compared to the same period a year earlier.
- Transfers to the State's General Fund totaled \$387.0 million, down \$17 million or 4%.

FINANCIAL HIGHLIGHTS OF FISCAL 2023

- Sales revenue, which includes lottery and sports wagering, totaled \$1.703 billion, up \$100 million or 6.2% compared to the prior year.
- Cost of sales (including prizes and commissions) totaled \$1.259 billion, up \$93 million or 8% compared to the prior year. Operating expenses of \$19.3 million, down \$8.8 million or 31.4% compared to the same period a year earlier.
- Transfers to the State's General Fund totaled \$404.1 million, up \$1.9 million or 0.5%.
- The General Fund transfer was the second highest ever in the history of the Lottery.

CONNECTICUT LOTTERY CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

CONDENSED FINANCIAL INFORMATION

Net Position (Deficit) and Changes in Net Position (Deficit)

Net position (deficit) represents the assets of the Lottery plus the deferred outflows of resources less the liabilities owed to third parties and the deferred inflows of resources.

The table below lists the key components of net position (deficit), in thousands. The net position is negative due to the recognition of the Lottery's share of the net pension liability and other post-employment benefits ("OPEB") liability included in long term liabilities. The change in net position does not reflect the results of operating activities.

	2024	Increase (Decrease)	2023	Increase (Decrease)	2022
	<i>(in thousands)</i>				
Current assets	\$ 61,682	\$ 1,051	\$ 60,631	\$ 112	\$ 60,519
Investments and other noncurrent assets	117,366	(3,550)	120,916	(3,263)	124,179
Capital assets (net of accumulated depreciation)	23,302	16,280	7,022	6,560	462
Total Assets	\$ 202,350	\$ 13,781	\$ 188,569	\$ 3,409	\$ 185,160
Deferred outflow of resources	\$ 23,352	\$ (6,760)	\$ 30,112	\$ 667	\$ 29,445
Current liabilities	\$ 48,204	\$ 1,706	\$ 46,498	\$ 3,390	\$ 43,108
Long-term liabilities	207,300	3,125	204,175	(21,038)	225,213
Total Liabilities	\$ 255,504	\$ 4,831	\$ 250,673	\$ (17,648)	\$ 268,321
Deferred inflow of resources	\$ 34,251	\$ (4,384)	\$ 38,635	\$ 8,713	\$ 29,922
Investment in capital assets	\$ 9,758	\$ 2,736	\$ 7,022	\$ 6,561	\$ 461
Unrestricted Net Position	(73,811)	3,838	(77,649)	6,450	(84,099)
Total Net Position (Deficit)	\$ (64,053)		\$ (70,627)		\$ (83,638)

CONNECTICUT LOTTERY CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

CONDENSED FINANCIAL INFORMATION (CONTINUED)

Listed below is a summary of the key components of revenues, expenses and changes in net position.

	2024	Increase (Decrease)	2023	Increase (Decrease)	2022
	<i>(in thousands)</i>				
Revenues					
Total operating revenues, net	\$ 1,680,816	\$ (22,111)	\$ 1,702,927	\$ 99,696	\$ 1,603,231
Other operating income	79	(201)	280	(545)	825
Nonoperating revenues					
Interest income	6,394	530	5,864	417	5,447
Other	42	39	3	(3)	6
Total Revenues	\$ 1,687,331	\$ (21,743)	\$ 1,709,074	\$ 99,565	\$ 1,609,509
Costs and Expenses					
Total cost of sales	\$ 1,257,487	\$ (1,254)	\$ 1,258,741	\$ 93,419	\$ 1,165,322
Total operating expenses	23,502	4,253	19,249	(8,794)	28,043
Nonoperating expense					
Interest expense	5,526	306	5,220	(179)	5,399
Total Costs and Expenses	\$ 1,286,515	\$ 3,305	\$ 1,283,210	\$ 84,446	\$ 1,198,764
Changes in Net Position					
Change in Net Position before contributions to State Funds	\$ 400,816	\$ (25,048)	\$ 425,864	\$ 15,119	\$ 410,745
Payment to General Fund	386,960	(17,171)	404,131	1,887	402,244
Payment to Chronic Gamblers' Fund	3,337	37	3,300	250	3,050
Payment to Office of Policy and Management	3,945	(1,477)	5,422	637	4,785
Total Change in Net Position	\$ 6,574		\$ 13,011		\$ 666
Total Net Position (Deficit),					
beginning balance	\$ (70,627)		\$ (83,638)		\$ (84,304)
Total Net Position (Deficit),					
ending balance	\$ (64,053)		\$ (70,627)		\$ (83,638)

CONNECTICUT LOTTERY CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

OVERVIEW OF FINANCIAL POSITION

Total assets were \$202.3 million as of June 30, 2024, an increase of \$13.1 million compared to the prior fiscal year. Current assets totaled \$61.7 million comprised primarily of cash and cash equivalents of \$21 million, accounts receivable of \$34.5 million, and investments for prize payments of \$3.9 million. Noncurrent assets totaled \$140.7 million, consisting primarily of investments for prize payments (at present value) and prize reserves. Investments for prize payments consist of annuity contracts from qualified life insurance companies in equal amounts and with the same maturities as the prizes payable to the lottery winners. The annuity contracts provide payments required to meet the obligations of lottery prize disbursements.

Total liabilities were \$255.5 million as of June 30, 2024, an increase of \$4.8 million from the prior fiscal year. Current liabilities due within one year totaled \$48.2 million primarily related to prizes, annuity prize payments, and accounts payable and accrued expenses. Long-term liabilities totaled \$207.3 million and included long-term annuities payable to lottery winners with prizes payable over several years. Other long-term liabilities include the net pension liability and OPEB liability which is the Lottery's proportionate share of the State's net pension liability and net OPEB liability and deferred rent.

Deferred outflows of resources totaled \$23.4 million and deferred inflows of resources totaled \$34.3 million as of June 30, 2024. Deferred outflows of resources reflect the net impact of the Lottery's contributions made to the State Employees' Retirement System ("SERS") pension and OPEB plans subsequent to the measurement date, the net impact of the difference between expected and actual experience, the net difference between projected and actual earnings on pension plan investments, and changes in actuarial assumptions. Deferred inflows are recognized for changes in the Lottery's proportionate share of the State's pension and OPEB liabilities.

Total assets were \$188.6 million as of June 30, 2023, an increase of \$3.4 million compared to the prior fiscal year. Current assets totaled \$60.6 million comprised primarily of cash and cash equivalents of \$39.0 million, accounts receivable of \$15.4 million, and investments for prize payments of \$3.4 million. Noncurrent assets totaled \$127.9 million, consisting primarily of investments for prize payments (at present value) and prize reserves. Investments for prize payments consist of annuity contracts from qualified life insurance companies in equal amounts and with the same maturities as the prizes payable to the lottery winners. The annuity contracts provide payments required to meet the obligations of lottery prize disbursements.

Total liabilities were \$250.7 million as of June 30, 2023, a decrease of \$17.6 million from the prior fiscal year. Current liabilities due within one year totaled \$46.5 million primarily related to prizes, annuity prize payments, and accounts payable and accrued expenses. Long-term liabilities totaled \$204.2 million and included long-term annuities payable to lottery winners with prizes payable over several years. Other long-term liabilities include the net pension liability and net OPEB liability which is the Lottery's proportionate share of the State's net pension liability and net OPEB liability and deferred rent.

Deferred outflows of resources totaled \$30.1 million and deferred inflows of resources totaled \$38.6 million as of June 30, 2023. Deferred outflows of resources reflect the net impact of the Lottery's contributions made to the SERS pension and OPEB plans subsequent to the measurement date, the net impact of the difference between expected and actual experience, the net difference between projected and actual earnings on pension plan investments, and changes in actuarial assumptions. Deferred inflows are recognized for changes in the Lottery's proportionate share of the State's pension and OPEB liabilities.

CONNECTICUT LOTTERY CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Sales revenue and the related expenses are detailed in the table below:

	2024	\$	%	2023	\$	%	2022
	(in thousands)						
		Increase (Decrease)			Increase (Decrease)		
SALES							
Instant games	\$ 743,952	\$ (10,986)	(1.5)%	\$ 754,938	\$ (46,352)	(5.8)%	\$ 801,290
Daily number games	256,935	(7,792)	(2.9)	264,727	(9,653)	(3.5)	274,380
Multi-State games*	211,128	887	0.4	210,241	60,105	40.0	150,136
KENO	122,093	(13,822)	(10.2)	135,915	(6,015)	(4.2)	141,930
Lotto!	19,994	2,463	14.0	17,531	959	5.8	16,572
Cash5	25,753	(1,408)	(5.2)	27,161	(1,894)	(6.5)	29,055
Fast Play	34,721	(5,987)	(14.7)	40,708	2,024	5.2	38,684
Sports Betting	226,240	14,534	5.8	251,706	100,522	66.5	151,184
Total Sales	\$1,680,816	\$ (22,111)	(1.3)	\$ 1,702,927	\$ 99,696	6.2%	\$ 1,603,231
RELATED EXPENSES							
Prize expense	\$1,136,463	\$ 5,157	0.5%	\$ 1,131,306	\$ 90,150	8.7%	\$ 1,041,156
Retailer commissions	85,288	(3,045)	(3.4)	88,333	3,949	4.7	84,384
Gaming systems	10,382	(4,689)	(31.1)	15,071	(255)	(1.7)	15,326
Marketing and advertising	10,067	(1,663)	(14.2)	11,730	(2,873)	(19.7)	14,603
Production expenses	15,286	2,985	24.3	12,301	2,448	24.8	9,853
Total Related Expenses	\$1,257,486	\$ (1,255)	(0.1)	\$ 1,258,741	\$ 93,419	8.0%	\$ 1,165,322

*Includes sales from Powerball®, Mega Millions® and Lucky for Life® games.

Total sales revenue for the year ended June 30, 2024, which includes lottery and sports wagering, amounted to \$1.680 billion, down \$22.1 million, or 1.3%, from the prior year. Sales revenue for the portfolio of instant games totaled \$744.0 million, down \$11.0 million, or 1.5%, from the prior year. The daily number games contributed \$256.9 million of sales revenue, down \$7.8 million or 2.9% from the prior year. The sales revenue for multi-state games equaled \$211.1 million, an increase of \$889 thousand or 0.4% from the prior year. KENO revenue provided \$122.1 million, a decrease of \$13.8 million or 10.2%. Lotto! revenue totaled \$20.0 million, an increase of \$2.5 million or 14.0% from the prior year. The revenue for Cash5 amounted to \$25.8 million, down \$1.4 million or 5.2% from the prior year. Fast Play contributed \$34.7 million of sales revenue, a decrease of \$6.0 million or 14.7% from the prior year. Sports Betting revenue totaled \$266.2 million, up \$14.5 million, increasing 5.8% from last year's results.

iLottery, or online sales of Lottery draw games, was introduced in a "soft launch" period on June 10, 2024. Through June 30, iLottery sales revenue totaled \$226 thousand.

Most costs and expenses that comprise total cost of sales vary proportionally with the change in total sales. Prize expense, retailer commissions, gaming systems and production expenses are included in this classification.

CONNECTICUT LOTTERY CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

OVERVIEW OF FINANCIAL POSITION (CONTINUED)

Prize expense for the instant ticket portfolio is predetermined since the instant ticket prize structure is developed using certain parameters, including the number and value of winning tickets. Prize expense for each online draw game is designed with a specific prize structure, however, prize expense fluctuates due to variable payouts on the selection of winning numbers from random drawings.

Prize expense for sports wagering is much higher than lottery as an industry norm, generally totaling 90-95% of sales. The amount of wagers on an event and the resulting score can create large swings in prize payout. The same holds true for parlay wagers (wagers placed on multiple outcomes).

Total prize expense for the year ended June 30, 2024, amounted to \$1.136 million compared to \$1.131 million in the prior year. The prize expense increased as a percentage of sales from 66.4% to 67.6%, largely due to the higher payout ratio in sports wagering, paired with a historic payout of over \$6 million in November 2023 for a single Play4 drawing.

Retailer commissions totaled \$85.3 million during the year ended June 30, 2024 compared to \$88.3 million in the prior year. Retailers earn lottery selling and cashing commissions and are eligible for various incentive compensation throughout the year to promote selected games and activities. Sports wagering retailers normally earn a revenue share based on either gross sales or gross gaming revenue (sales less prizes).

Gaming system and network administration expenses totaled \$10.4 million for the year ended June 30, 2024 compared to \$15.1 million in the prior year. Marketing and advertising expenses totaled \$10.1 million for the year ended June 30, 2024 compared to \$11.7 million in the prior year. Marketing and advertising expenses are incurred to support the mission of maximizing returns to the General Fund. Marketing and advertising encompass all major media including television, radio and digital as well as lottery designed point of sale advertisements. Production expenses were \$15.3 million compared to \$12.3 million in the prior year. Production expenses are chiefly related to the design, delivery, and distribution of instant tickets.

Operating expenses totaled \$23.5 million for the year ended June 30, 2024, compared to \$19.2 million for the year ended June 30, 2023. The increase is due to a large reduction in the pension and OPEB expenses experienced during the fiscal year 2023. Operating expenses are mainly comprised of salaries and benefits and other overhead expenses.

Non-operating revenues and expenses are primarily comprised of interest income and interest expense related to the annuity contracts. Annuity contracts provide payments required to meet the obligations of lottery prize disbursements.

The total payments to the State's General Fund totaled \$387.0 million compared to \$404.1 million in the prior year. Payments to the State's General Fund reflect the net earnings of the Lottery that are available for transfer. The Lottery also transfers statutorily required payments to the Chronic Gamblers' Fund of \$3.3 million annually. The Lottery reimburses the State of Connecticut Office of Policy and Management to compensate the State of Connecticut Department of Consumer Protection for the costs for regulatory oversight. Regulatory costs totaled \$3.9 million for the year ended June 30, 2024 (\$2.6 million for lottery plus \$1.3 million for sports wagering), and \$5.4 million for the prior year.

CONNECTICUT LOTTERY CORPORATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

BUDGETARY COMPARISONS

The Lottery's management prepares an annual budget that is reviewed and approved by its Board of Directors. The budget reflects management's expectation for results of operations based upon market trends and business strategies employed by the Lottery to maximize the payments to the State's General Fund. As a quasi-public corporation, the annual budget does not require legislative approval and is not part of the State's legislatively enacted budget. Therefore, no budgetary statement is included in the audited financial statements.

CAPITAL ASSETS AND LONG-TERM DEBT

The Lottery leases an office and warehouse facility under long-term operating leases. Capital assets consist of computer equipment and office furniture and equipment. Capital assets are not a significant portion of total assets.

The Lottery has acquired capital assets with proceeds from operations and has not used financing from long-term debt. The Lottery has no long-term liabilities other than the long-term annuities payable to lottery winners, net pension liability, net OPEB liability, and lease liability. For more detailed information on capital asset activity and long-term liabilities, please review the disclosures included in the notes to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Lottery's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

CT Lottery Corporation
c/o Finance Department
15 Sterling Drive
Wallingford, Connecticut 06492

CONNECTICUT LOTTERY CORPORATION

COMBINED SCHEDULES OF NET POSITION

	Lottery	Sports Betting	Eliminations	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and cash equivalents	\$ 19,783,664	\$ 1,154,488	\$ —	\$ 20,938,152
Accounts receivable, net of allowance for doubtful accounts of \$344,148	34,550,990	—	—	34,550,990
Investments for prize payments, current portion	3,851,391	—	—	3,851,391
Accrued interest receivable	867,542	—	—	867,542
Ticket inventory, net	745,076	—	—	745,076
Due from regional game states	115,564	—	—	115,564
Prepaid expenses	529,789	83,076	—	612,865
Total Current Assets	\$ 60,444,016	\$ 1,237,564	\$ —	\$ 61,681,580
NONCURRENT ASSETS				
Investments for prize payments, net	\$ 112,301,238	\$ —	\$ —	\$ 112,301,238
Prize reserves held by Multi-State Lottery Association	5,064,816	—	—	5,064,816
Capital assets, net	22,782,882	519,242	—	23,302,124
Total Noncurrent Assets	\$ 140,149,026	\$ 519,242	\$ —	\$ 140,668,268
Total Assets	\$ 200,593,042	\$ 1,756,806	\$ —	\$ 202,349,848
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount for pension	\$ 11,188,375	\$ (199,762)	\$ —	\$ 10,988,613
Deferred amount for OPEB	12,658,339	(294,778)	—	12,363,561
Total Deferred Outflows of Resources	\$ 23,846,714	\$ (494,540)	\$ —	\$ 23,352,174

	Lottery	Sports Betting	Eliminations	Combined
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Current portion of annuities payable	\$ 4,447,380	\$ —	\$ —	\$ 4,447,380
Prizes payable	30,665,841	698,842	—	31,364,683
Accrued interest payable	966,229	—	—	966,229
Accounts payable and accrued expenses	8,056,801	1,226,590	—	9,283,391
Due to Multi-State Lottery Association	1,212,616	—	—	1,212,616
Current portion of lease liability	—	—	—	—
Unearned revenue	754,002	175,960	—	929,962
Total Current Liabilities	\$ 46,102,869	\$ 2,101,392	\$ —	\$ 48,204,261
LONG-TERM LIABILITIES				
Annuities payable, net	\$ 112,301,328	\$ —	\$ —	\$ 112,301,328
Lease liability, net	13,544,120	—	—	13,544,120
Pension liability, net	35,469,474	(978,795)	—	34,490,679
OPEB liability, net	47,499,841	(536,426)	—	46,963,415
Total Long-Term Liabilities	\$ 208,814,763	\$ (1,515,221)	\$ —	\$ 207,299,542
Total Liabilities	\$ 254,917,632	\$ 586,171	\$ —	\$ 255,503,803
DEFERRED INFLOWS OF RESOURCES				
Deferred amount on pension	\$ 12,884,352	\$ 299,069	\$ —	\$ 13,183,421
Deferred amount for OPEB	20,971,148	96,053	—	21,067,201
Total Deferred Inflows of Resources	\$ 38,855,500	\$ 395,122	\$ —	\$ 34,250,622
NET POSITION				
Investment in capital assets	\$ 9,238,762	\$ 519,2442	\$ —	\$ 9,758,004
Unrestricted	(73,572,138)	(238,269)	—	(73,810,407)
Total Net Position (Deficit)	\$ (64,333,376)	\$ (280,973)	\$ —	\$ (64,052,403)

CONNECTICUT LOTTERY CORPORATION

COMBINED SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Lottery	Sports Betting	Eliminations	Combined
OPERATING REVENUES – GAME SALES				
Instant	\$ 755,067,095	\$ –	\$ –	\$ 755,067,095
Online	461,664,068	–	–	461,664,068
Sports Betting	–	266,992,576	–	266,992,576
Multi-State	211,147,052	–	–	211,147,052
	\$ 1,427,878,215	\$ 266,992,576	\$ –	\$ 1,694,870,791
Less sales returns, cancellations and promotions	(13,301,296)	(753,069)	–	(14,054,365)
Total Operating Revenues	\$ 1,414,576,919	\$ 266,239,507	\$ –	\$ 1,680,816,426
COST OF SALES				
Prize expense	\$ 893,027,871	\$ 243,435,500	\$ –	\$ 1,136,463,371
Retailer commissions	80,403,751	4,884,620	–	85,288,371
Gaming systems	10,381,919	–	–	10,381,919
Marketing and advertising	9,807,744	258,772	–	10,066,516
Production expenses	6,071,990	9,214,350	–	15,286,340
Total Cost of Sales	\$ 999,693,275	\$ 257,793,242	\$ –	\$ 1,257,486,517
OPERATING EXPENSES				
Salaries and benefits	\$ 17,579,448	\$ 1,003,441	\$ –	\$ 18,582,889
Other operating expenses	3,285,725	923,538	–	4,209,263
Depreciation and amortization	683,710	18,042	–	701,752
Bad debt recovery	8,053	–	–	8,053
Total Operating Expenses	\$ 21,556,936	\$ 1,945,021	\$ –	\$ 23,501,957
OTHER OPERATING INCOME				
	\$ 78,590	\$ –	\$ –	\$ 78,590
Operating Income	\$ 393,405,298	\$ 6,501,244	\$ –	\$ 399,906,542

	Lottery	Sports Betting	Eliminations	Combined
NON-OPERATING REVENUES (EXPENSES)				
Interest income from investments on annuities	\$ 5,074,537	\$ —	\$ —	\$ 5,074,537
Other interest income	1,319,344	—	—	1,319,344
Interest expense on annuity payments	(5,074,537)	—	—	(5,074,537)
Other interest expense	(451,609)			(451,609)
Other income	42,349	—	—	42,349
Total Nonoperating Revenues (expenses)	\$ 910,084	\$ —	\$ —	\$ 910,084
CHANGE IN NET POSITION AVAILABLE BEFORE PAYMENTS TO STATE FUNDS				
	\$ 394,315,382	\$ 6,501,244	\$ —	\$ 400,816,626
PAYMENTS TO STATE FUNDS				
State of Connecticut Funds				
General	\$ 384,186,668	\$ 2,773,570	\$ —	\$ 386,960,238
Office of Policy and Management	2,651,028	1,293,840	—	3,944,868
Chronic Gamblers' Fund	2,300,000	1,037,065	—	3,337,065
Total Payments to State Funds	\$ 389,137,696	\$ 5,104,475	\$ —	\$ 394,242,171
CHANGE IN NET POSITION	\$ 5,177,686	\$ 1,396,769	\$ —	\$ 6,574,455
NET DEFICIT, BEGINNING OF YEAR	\$ (69,511,062)	\$ (1,115,796)	\$ —	\$ (70,626,858)
NET DEFICIT, END OF YEAR	\$ (64,333,376)	\$ 208,973	\$ —	\$ (64,052,403)

CONNECTICUT LOTTERY CORPORATION

STATEMENTS OF NET POSITION

	June 30	
	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 20,938,152	\$ 39,028,097
Accounts receivable, net of allowance for doubtful accounts of \$344,148 in 2024 and \$336,094 in 2023	34,550,990	15,365,508
Investments for prize payments, at net present value	3,851,391	3,381,046
Accrued interest receivable	867,542	894,261
Ticket inventory, net of allowance of \$105,689 in 2024 and \$103,990 in 2023	745,076	592,187
Due from regional game states	115,564	—
Prepaid expenses	612,865	1,370,082
Total Current Assets	\$ 61,681,580	\$ 60,631,181
NONCURRENT ASSETS		
Investments for prize payments, net	\$ 112,301,328	\$ 115,710,210
Prize reserves held by Multi-State Lottery Association	5,604,816	5,206,026
Capital assets, net	23,302,124	7,021,756
Total Noncurrent Assets	\$ 140,668,268	\$ 127,937,026
Total Assets	\$ 202,349,848	\$ 188,569,173
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount for pension	\$ 10,988,613	\$ 15,091,376
Deferred amount for OPEB	12,363,561	15,020,430
Total Deferred Outflows of Resources	\$ 23,352,174	\$ 30,111,806

	June 30	
	2024	2023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Current portion of annuities payable	\$ 4,447,380	\$ 4,356,139
Prizes payable	31,364,683	26,448,771
Accrued interest payable	966,229	894,261
Accounts payable and accrued expenses	9,283,391	11,928,978
Due to regional game states	-	231,869
Due to Multi-State Lottery Association	1,212,616	1,484,357
Unearned revenue	929,962	1,153,700
Total Current Liabilities	\$ 48,204,261	\$ 46,498,075
LONG-TERM LIABILITIES		
Annuities payable, net	\$ 112,301,328	\$ 115,710,210
Lease liability, net	13,544,120	-
Net pension liability	34,490,679	43,725,177
Net OPEB liability	46,963,415	44,739,236
Total Long-Term Liabilities	\$ 207,299,542	\$ 204,174,623
Total Liabilities	\$ 255,503,803	\$ 250,672,698
DEFERRED INFLOWS OF RESOURCES		
Deferred amount on pension	\$ 13,183,421	\$ 11,788,532
Deferred amount for OPEB	21,067,201	26,846,607
Total Deferred Inflows of Resources	\$ 34,250,622	\$ 38,635,139
NET POSITION		
Investment in capital assets	\$ 9,758,004	\$ 7,021,756
Unrestricted	(73,810,407)	(77,648,614)
Total Net Position (Deficit)	\$ (64,052,403)	\$ (70,626,858)

CONNECTICUT LOTTERY CORPORATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICIT)

	June 30	
	2024	2023
OPERATING REVENUES – GAME SALES		
Instant	\$ 755,067,095	\$ 756,636,188
Online	461,664,068	489,053,257
Sports Betting	266,992,576	252,533,420
Multi-State	211,147,052	210,294,284
Total	\$ 1,694,870,791	\$ 1,708,517,149
Less sales returns, cancellations and promotions	(14,054,365)	(5,590,305)
Total Operating Revenues	\$ 1,680,816,426	\$ 1,702,926,844
COST OF SALES		
Prize expense	\$ 1,136,463,371	\$ 1,131,306,357
Retailer commissions	85,288,371	88,333,034
Gaming systems	10,381,919	15,070,583
Marketing and advertising	10,066,516	11,729,972
Production expenses	15,286,340	12,300,893
Total Cost of Sales	\$ 1,257,486,517	\$ 1,258,740,839
OPERATING EXPENSES		
Salaries and benefits	\$ 18,582,889	\$ 14,483,040
Other operating expenses	4,209,263	4,477,391
Depreciation and amortization	701,752	294,369
Bad debt expense (recovery)	8,053	(5,542)
Total Operating Expenses	\$ 23,501,957	\$ 19,249,258
OTHER OPERATING INCOME	\$ 78,590	\$ 279,854
Operating Income	\$ 399,906,542	\$ 425,216,601

	June 30	
	2024	2023
NON-OPERATING		
REVENUES (EXPENSES)		
Interest income from investments on annuities	\$ 5,074,537	\$ 5,219,793
Other interest income	1,319,344	643,999
Interest expense on annuity payments	(5,074,537)	(5,219,793)
Other interest expense	(451,609)	-
Other income	42,349	3,000
<i>Total Nonoperating Revenues (Expenses)</i>	\$ 910,084	\$ 646,999
CHANGE IN NET POSITION AVAILABLE BEFORE PAYMENTS TO STATE FUNDS	\$ 400,816,626	\$ 425,863,600
PAYMENTS TO THE STATE OF CONNECTICUT FUNDS		
General Fund	\$ 386,960,238	\$ 404,130,401
Office of Policy and Management	3,944,868	5,421,612
Chronic Gamblers' Fund	3,337,065	3,300,000
<i>Total Payments to State Funds</i>	\$ 394,242,171	\$ 412,852,013
CHANGE IN NET POSITION (DEFICIT)	\$ 6,574,455	\$ 13,011,587
NET DEFICIT, BEGINNING OF YEAR	\$ (70,626,858)	\$ (83,638,445)
NET POSITION, END OF YEAR	\$ (64,052,403)	\$ (70,626,858)

CONNECTICUT LOTTERY CORPORATION

STATEMENTS OF CASH FLOWS

	June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from sale of game tickets	\$ 1,661,399,153	\$ 1,715,351,010
Receipts from other operating income	78,590	279,854
Payments for prizes	(1,132,025,423)	(1,129,131,029)
Payments to retailers	(85,288,371)	(88,333,034)
Payments to suppliers	(37,776,034)	(35,784,260)
Payments to employees	(23,218,093)	(24,067,726)
Payments for other expenses	(4,209,263)	(4,562,688)
<i>Net Change in Cash and Cash Equivalents from Operating Activities</i>	\$ 378,960,559	\$ 433,752,127
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of principal from annuities	\$ 4,086,603	\$ 5,287,359
Receipts of interest from annuities	5,101,256	5,271,418
Receipt of interest from cash equivalents	1,319,344	643,999
Purchase of insurance annuities	(1,148,066)	(1,187,757)
<i>Net Change in Cash and Cash Equivalents from Investing Activities</i>	\$ 9,359,137	\$ 10,015,019
CASH FLOWS FROM CAPITAL FINANCING AND RELATED ACTIVITIES		
Purchases of Capital Assets	\$ (3,507,655)	\$ (6,855,004)
Payment of interest on lease liabilities	(352,922)	-
Reduction of lease liability	(88,231)	-
Disposal of capital assets	157,886	-
<i>Net Cash Provided (Used) by Capital Financing Activities</i>	\$ (3,790,922)	\$ (6,855,004)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payment of principal on long-term annuities	\$ (4,465,707)	\$ (5,066,877)
Payment of interest on long-term annuities payable	(5,101,256)	5,271,418
Annuity assignment	-	3,000
Payments to the State of Connecticut	(386,960,238)	(404,130,401)
Payments to Office of Policy and Management	(3,944,868)	(5,421,612)
Payments to the Chronic Gamblers' Fund	(3,337,065)	(3,300,000)
Receipts from annuities	1,148,066	1,187,757
Miscellaneous revenue	42,349	-
<i>Net Change in Cash and Cash Equivalents from Noncapital Financing Activities</i>	\$ (402,618,719)	\$ (421,999,551)

The accompanying notes are an integral part of the financial statements.

		June 30	
		2024	2023
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$	(18,089,945)	\$ 14,912,951
CASH AND CASH EQUIVALENTS – Beginning of year		39,028,097	24,115,506
CASH AND CASH EQUIVALENTS – End of year	\$	20,938,152	\$ 39,028,097
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Operating income	\$	399,906,542	\$ 425,216,601
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization		701,752	294,369
Bad debt expense		8,053	(5,542)
Deferrals of pension and OPEB expense		(4,635,204)	(9,584,686)
Changes in operating assets and liabilities:			
Accounts receivable		(19,193,535)	12,351,025
Ticket inventory		(152,889)	175,487
Prepaid expenses		757,217	1,450,039
Prize reserves		141,210	(59,138)
Prizes payable		4,915,912	2,459,916
Accounts payable and accrued expenses		(2,645,587)	1,691,662
Due to regional game states		(347,433)	(376,891)
Due to Multi-State Lottery Association		(271,741)	151,441
Unearned revenue		(223,738)	73,141
Deferred rent liability		-	(85,297)
Net Change in Cash from Operating Activities	\$	378,960,559	\$ 433,752,127

The accompanying notes are an integral part of the financial statements.

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE I - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Connecticut Lottery Corporation (the “Lottery”), a body politic and corporate, constituting a public instrumentality and political subdivision of the State of Connecticut (the “State”), was created by Public Act 96-212 on July 1, 1996, for the purpose of generating revenues for the State’s General Fund through the operation of a lottery. The Lottery is governed by a 13-member board with 11 directors appointed by the Governor and Legislature plus 2 ex-officio members, the State Treasurer and the Secretary of the Office of Policy and Management. The Lottery is administered by a president appointed by the board of directors.

For financial reporting purposes, the Lottery is considered a component unit of the State of Connecticut. Additional disclosures related to Connecticut’s self-insurance funds, unemployment insurance compensation, State pension plans, post-employment benefits and workers’ compensation benefits are included in the State of Connecticut’s Annual Comprehensive Financial Report.

These financial statements include all Lottery activity and do not include any activity related to any other state agency or fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting methods and procedures adopted by the Lottery conform to accounting principles generally accepted in the United States of America (“GAAP”) for governmental enterprise funds. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed primarily through user charges (sales).

The Lottery’s activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. In its accounting and financial reporting, the Lottery follows the pronouncements of the Governmental Accounting Standards Board (“GASB”). All assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position, revenues and expenses are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded when the related liability is incurred.

SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents — The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities. Short-term investments of surplus cash are recorded at cost plus accrued interest, which approximate fair value. For purposes of reporting cash flows, cash and cash equivalents include all cash accounts, deposits with the State Treasurer’s Short-Term Investment Fund (“STIF”), and investments with an original maturity of three months or less when purchased.

NOTE I - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments for Prize Payments — Investments for prize payments are recorded based on the present value of an annuity contract at terms to yield a series of future payments required to meet the obligations of the Lottery for prize disbursements. The Lottery purchases annuity contracts from insurance companies to fund its liability for installment prize awards. An annuity contract represents an obligation by an insurance company to provide a series of payments over future periods. Annuity contracts are subject to credit risk. The Lottery seeks to control its exposure to such credit risk by purchasing annuity contracts only from insurance companies that meet certain minimum standards. Such standards include a minimum required credit rating from one of three rating agencies. Due to the long-term nature of these contracts, the credit quality of the issuer is subject to change. Amounts recorded as prize expense reflect the cost of the annuity contracts necessary to satisfy both installment prize awards and single payment awards.

Accounts Receivable — Accounts receivable are reported at their gross amount, reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts is based on an analysis of delinquent accounts which considers both qualitative and quantitative factors affecting the collectability of past due balances.

Ticket Inventory — Instant game tickets are purchased from printing vendors. Unsold tickets are held in inventory and valued at the lower of cost or net realizable value using the specific identification method. Inventories are reported at their gross amount, reduced by the estimated portion that is provided for scrapped instant inventory tickets. The cost of tickets is recorded as cost of sales. The cost of unissued tickets and returned tickets are written off at year end as an adjustment to inventory.

Capital Assets — The capitalization threshold for the purchase of equipment is \$5,000. Capital assets are reported at cost and are depreciated using the straight-line method over the following estimated useful lives:

Computer equipment	5 years
Furniture and equipment	10 years

Prizes Payable — Prizes payable represents the difference between the prize liability and the actual prizes redeemed. The Lottery honors winning lottery tickets for up to 180 days after the drawing in which the prizes are won for draw game prizes or the official end of game for instant game prizes. After 180 days, the liability is extinguished, and the related income is categorized as an unclaimed prize (see Unclaimed Prizes).

Pension — The Lottery’s proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and expense associated with the Lottery’s requirement to contribute to the Connecticut State Employees Retirement System (“SERS”) have been determined on the same basis as they are reported by SERS. Contributions made to SERS after the measurement date and prior to the Lottery’s fiscal year end are reported as deferred outflows of resources.

NOTE I – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefit — The Lottery’s proportionate share of the net Other Postemployment Benefits (“OPEB”) liability, deferred outflows of resources, deferred inflows of resources, and expense associated with the Lottery’s requirement to contribute to the State of Connecticut OPEB Program has been determined on the same basis as they are reported by the State of Connecticut OPEB Program. Contributions made to the State of Connecticut OPEB Program after the measurement date and prior to the Lottery’s fiscal year end are reported as deferred outflows of resources.

Deferred Outflows/Inflows of Resources — In addition to assets, the Lottery presents a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expense) until then. The Lottery reports deferred outflows related to pension and OPEB in the statement of net position, which result from differences between expected and actual experience, changes in assumptions or other inputs and contributions after the measurement date. These amounts are deferred and included in pension expense and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits.

In addition to liabilities, the Lottery presents a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Lottery reports deferred inflows of resources related to pension and OPEB in the statement of net position, which result from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits.

Compensated Absences — Under the terms of its various union contracts, Lottery employees are granted vacation in varying amounts based on length of service. Certain employees may carry over a limited number of unused vacation days to subsequent years and, in the event of termination or resignation, these employees are compensated for accumulated vacation.

Under the terms of its various union contracts, Lottery employees are granted sick leave in varying amounts. Laid-off employees may retain accrued sick leave provided they return to service on a permanent basis. An employee who has resigned from service in good standing and is re-employed within one year from resignation shall also retain sick leave accrued to their credit as of the effective date of their resignation.

Compensated absences are included in the accounts payable and accrued expenses line item on the balance sheet.

Revenue Recognition

- ***Instant game tickets*** – Packs of instant games are consigned to retail sales agents, and revenue is recognized when the pack is sold. For any partial packs at year end, the Lottery estimates 50% of the tickets within these packs have been sold and recognizes that proportionate share of the tickets as revenue.
- ***Draw game tickets*** – Tickets for draw games are sold through electronic terminals at retail sales locations, and revenue is recognized on the date of the drawing.
- ***Sports Betting*** – Revenue from sports betting is generated by online sales placed through an internet software application or in person via kiosks and by teller at retail locations. Revenue is recognized by events when completed. (For example: When a wager is placed in October for an NFL team to win the Super Bowl in February, it is unearned revenue until the event is completed).

NOTE I - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Nonoperating Revenues and Expenses — Operating revenues are primarily derived from sales of Lottery tickets. Operating expenses include the costs and expenses incurred in the sale of the Lottery's game offerings. Nonoperating revenues are generally derived from interest earned on annuity contracts and accumulated cash balances. Nonoperating expenses are primarily derived from interest expense from long-term annuity payments.

Leasehold Improvements — Amortization of leasehold improvements and leased right of use assets is provided by the straight-line method over the life of the lease.

The Lottery recognizes a lease liability and asset at the commencement of the lease term. The lease liability is initially measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset is initially measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset. Additionally, lease extension or termination options should be factored into the lease term, if it is reasonably certain that a lease extension or termination clause will be used. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Lottery leases do not have any variable components.

Certain leases are excluded from the provisions of GASB 87. Payments associated with short-term leases are recognized on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less.

Prize Expense — Prize expense for instant games is recognized at the time of sale based on the predetermined prize structure for each game and is periodically adjusted to actual as known. Prize expense for draw games is recognized at the time of actual drawings. Powerball and MegaMillions prize expense is recognized in accordance with the Multi-State Lottery Association agreement (see Note 6).

Prizes may be claimed up to 180 days after the official end of the game for instant games and up to 180 days after the draw date for draw games. Because winning tickets may be lost, destroyed, or not redeemed for other reasons, there will be differences between amounts accrued and the amounts actually paid for prizes. Those differences are recognized as a reduction of prize expense 181 days after the end of the instant game or drawing date, as appropriate (see Unclaimed Prizes).

Prize expense for sports betting is recognized when a sporting event concludes, and an outcome is determined.

Prizes for retail sports betting may be claimed up to 180 days after the sporting event is officially considered settled. Because winning tickets may be lost, destroyed, or not redeemed for other reasons, there will be differences between amounts accrued and the amounts actually paid for prizes. Those differences are recognized as a reduction of prize expense 181 days after the end of the sporting event, as appropriate (see Unclaimed Prizes).

NOTE I – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unclaimed Prizes — As noted above, prizes must be claimed within 180 days from the date of the official end of the game for instant games, date of the drawing for draw games, and date of the conclusion of the sporting event for retail Sports Betting. Any prizes not claimed within this period are classified as unclaimed. There are no unclaimed prizes for online Sports Betting as winnings are funded to player accounts at the conclusion of the sporting event and outcome determined. In accordance with Connecticut General Statutes Section 12-806, the Lottery may retain unclaimed prize funds as additional revenue for the State, for promotions used to increase sales or to return to the participants in a manner designated to increase sales.

Prize Payments — Connecticut General Statutes Section 12-812 states that the aggregate amount of prizes shall not be less than 45% of sales unless required by the terms of any agreement entered into for multi-state lottery games. For the years ended June 30, 2024 and 2023, the prize expense amounted to 67.6% and 66.4% of Lottery sales, respectively.

Marketing, Advertising and Promotion — The Lottery expenses the costs of marketing, advertising, and promotion as they are incurred.

Payments to the State of Connecticut — The Lottery transfers excess funds from operations to contribute to the general revenues of the State of Connecticut. By statute, the Lottery also reimburses the Office of Policy and Management for the expenses incurred by the Department of Consumer Protection for the costs of regulation and provides funds for the Chronic Gamblers' Treatment Rehabilitation account.

Retailer Commissions — Retailers earn commissions at the rate of 5% of lottery ticket sales and 1% of lottery tickets cashed. Retailers may earn additional compensation through product promotions offered by the Lottery. Sports Betting Retailers are paid a revenue share which may differ by location.

Net Position — Net position is negative as a result of recognition of the prorated share of the State of Connecticut obligation for pensions and other postemployment benefits. Net investment in capital assets represents resources net of accumulated depreciation invested in capital assets less any outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Use of Estimates in Preparation of Financial Statements — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events — The Lottery monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for the year ended June 30, 2024 through November 27, 2024, the date on which the financial statements were available to be issued.

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 2 – CASH, CASH EQUIVALENTS, AND CREDIT RISK

In accordance with Chapter 229a and Sections 3-20 and 3-27a of the Connecticut General Statutes (C.G.S.), excess funds of the Lottery may be deposited with the treasurer in such fund or funds of the State as appropriate or at the direction of the treasurer in a commercial bank or trust company with or without security to the credit of such fund or funds, or may be invested by, or at the discretion of the treasurer in bonds or obligations of, or guaranteed by, the State or the United States, or paper, savings accounts and bank acceptances, in the obligations of any State of the United States or any political subdivision, authority or agency thereof, provided that at the time of investment such obligations are rated within one of the top two rating categories of any nationally recognized rating service or of any rating service recognized by the State Commissioner of Banking, and applicable to such obligations, in the obligations of any regional school district in this State or any metropolitan district in this State, provided that at the time of investment such obligations of such government entity are rated within one of the top three rating categories of any nationally recognized rating service or any rating service recognized by the State Commissioner of Banking, and applicable to such obligations, or in any fund in which a trustee may invest pursuant to C.G.S. Section 36a-353.

At June 30, 2024 and 2023, the carrying amounts of the Lottery's deposits were \$2,290,768 and \$18,405,332, respectively. Bank deposits are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2024 and 2023, the Lottery's bank balance was \$2,420,823 and \$7,857,861, respectively. Of this amount, \$250,000 was covered by the FDIC and \$2,170,823 and \$7,607,861 was collateralized with securities held by the pledging financial institution at the Federal Reserve Bank under the name of the State Commissioner of Banking, respectively.

At June 30, 2024 and 2023, the Lottery also had uninsured and uncollateralized investments of \$18,631,884 and \$20,607,264, respectively, in STIF. Cash invested in STIF is classified as pooled investments and, therefore, not categorized by risk type. STIF is an investment pool of high-quality, short-term money market instruments. Operated in a manner similar to money market mutual funds, STIF is rated AAA by Standard & Poor's and has an average maturity of under 60 days. STIF serves as an investment vehicle for the operating cash of the State Treasury, State agencies and authorities, municipalities, and other political subdivisions of the State.

The Lottery's daily bank investments and short-term STIF investments are invested in highly liquid, short-term assets that create no interest rate risk for the Lottery. The weighted average maturity of the underlying assets within the STIF investments is 33 days as of June 30, 2024, and 28 days as of June 30, 2023. The Lottery's stated policy is to invest in highly liquid, short-term assets.

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 3 - INVESTMENTS AND CREDIT RISK

In accordance with GASB Statement 72, *Fair Value Measurement and Application*, the Lottery categorizes the fair value measurements of its investments within the fair value hierarchy established by GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

Level 1 - Inputs are quoted prices for identical investments in active markets.

Level 2 - Observable inputs other than quoted market prices.

Level 3 - Unobservable inputs.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In certain instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy the level in the fair value hierarchy is based on the lowest level of input that is significant to the fair measurement. There were no changes in methodologies during the years ended June 30, 2024 and 2023.

The Lottery's investments in the annuity contracts and the corresponding annuities payable are reported at their net present value, which is calculated by discounting the future cash inflows (for investments) and outflows (for annuities payable) back to year end and are categorized as Level 2 instruments.

Investments are comprised of the following at June 30:

	Carrying Amount	Fair Value
June 30, 2024		
Annuity contracts (at present value discounted at approximately 4.3%)	\$ 116,152,719	\$ 116,152,719
June 30, 2023		
Annuity contracts (at present value discounted at approximately 4.3%)	\$ 119,091,256	\$ 119,091,256

The Lottery has uncollateralized annuities with the following insurance companies that represent more than 5% of the outstanding total as follows at June 30:

	2024	2023
Insurance Company		
Ohio National Life Insurance	\$ 37,538,142	\$ 39,027,721
Metropolitan Life Insurance	45,675,215	46,140,106
Savings Bank Life Insurance Co. of Massachusetts	24,146,222	24,574,769

As of June 30, 2024 and 2023, the Lottery's investments with the above institutions had ratings by A.M. Best Company ranging between A and A+.

All annuity contracts are purchased through a formal proposal process administered by the Lottery. Insurance company qualifications are reviewed by the Connecticut Insurance Department.

Due to the matching of the terms of the annuity prize liabilities and the related long-term investments, no interest rate risk results from these long-term investments, and therefore, the Lottery maintains no stated policy regarding interest rate risk on long-term investments.

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 4 - CAPITAL ASSETS

The cost and accumulated depreciation for capital assets is as follows for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital Assets:				
Computer equipment	\$ 2,274,832	\$ —	\$ —	\$ 2,274,832
Furniture and equipment	2,800,289	—	—	2,800,289
Building improvements	6,735,557	3,400,796	(180,426)	9,955,927
Right-to-use - lease asset	—	13,632,351	—	13,632,351
Vehicles	—	106,858	—	106,858
Total capital assets	\$ 11,810,678	\$ 17,140,005	\$ (180,426)	\$ 28,770,257
Accumulated Depreciation				
Computer equipment	\$ 2,003,750	\$ 65,143	\$ —	\$ 2,608,893
Furniture and equipment	2,780,674	7,447	—	2,788,121
Building improvements	4,498	386,190	(22,541)	368,147
Right-to-use - lease asset	—	227,206	—	227,206
Vehicles	—	15,766	—	15,766
Total accumulated depreciation	\$ 4,788,922	\$ 701,752	\$ (22,541)	\$ 5,468,133
Capital Assets, Net	\$ 7,021,756	\$ 16,438,253	\$ (157,885)	\$ 23,302,124

The cost and accumulated depreciation capital assets is as follows for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets:				
Computer equipment	\$ 2,514,990	\$ —	\$ (240,158)	\$ 2,274,832
Furniture and equipment	2,800,289	—	—	2,800,289
Building improvements	—	6,735,557	—	6,735,557
Total capital assets	\$ 5,315,279	\$ 6,735,557	\$ (240,158)	\$ 11,810,678
Accumulated Depreciation				
Computer equipment	\$ 2,076,235	\$ 167,673	\$ (240,158)	\$ 2,003,750
Furniture and equipment	2,777,923	2,751	—	2,780,674
Building improvements	—	4,498	—	4,498
Total accumulated depreciation	\$ 4,854,158	\$ 174,922	\$ (240,158)	\$ 4,788,922
Capital Assets, Net	\$ 461,121	\$ 6,560,635	\$ —	\$ 7,021,756

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 5 - LONG-TERM OBLIGATIONS

Leases Payable — The Lottery entered into a long-term noncancelable lease agreement for their office building located in Wallingford, Connecticut. The initial lease term is ten years beginning on July 1, 2024 and ending on January 31, 2034, with three five-year options to extend. The Lottery used the discount rate of 8%, which is the interest rate stated in the lease agreement.

Required payments of principal and interest under the lease agreement are as follows for the years ending June 30:

	Principal	Interest	Total
2025	\$ -	\$ 1,072,997	\$ 1,072,997
2026	2,180	1,104,971	1,107,171
2027	59,779	1,081,525	1,141,304
2028	100,175	1,075,282	1,175,458
2029	143,924	1,065,688	1,209,612
Thereafter	13,238,062	13,231,094	26,469,156
	\$ 13,544,120	\$ 18,631,558	\$ 32,175,678

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Annuities Payable — The changes in the Lottery's annuities payable are as follows for the years ended June 30:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Activity for Fiscal Year 2024	\$ 120,066,349	\$ 1,148,066	\$ (4,465,707)	\$ 116,748,708	\$ 4,447,380
Activity for Fiscal Year 2023	123,945,469	1,187,757	(5,066,877)	120,066,349	4,356,139

Long-term payment requirements for annuities payable are as follows for the years ending June 30:

Year ending June 30	Principal	Interest
2025	\$ 4,447,380	\$ 4,986,396
2026	3,929,684	4,787,887
2027	3,718,077	4,613,256
2028	3,487,804	4,434,196
2029	3,596,245	4,275,755
2030 to 2034	17,673,198	18,930,802
2035 to 2039	14,151,232	15,390,768
2040 to 2044	13,373,861	12,220,139
2045 to 2049	10,961,561	9,481,939
2050 to 2054	10,039,963	7,232,037
2055 to 2056	9,509,662	5,118,338
2060 to 2064	8,340,935	3,251,565
2065 to 2069	6,915,395	1,801,605
2070 to 2074	3,939,1799	746,821
2075 to 2079	1,950,193	264,807
2080 to 2084	714,339	32,660
	\$ 116,748,708	\$ 97,568,971

This debt represents periodic payments owed to lottery prize winners and is fully funded by investments in annuity contracts. Amounts due after 2044 represent estimates of long-term liabilities related to prizes payable over the recipients' natural lives.

As noted in Note 3 regarding investments, the annuity contracts used to fund periodic payments to prize winners match the amounts and terms of the annuity prize liabilities. Therefore, no interest rate risk results from the long-term debt, and the Lottery maintains no stated policy regarding interest rate risk on debt.

CONNECTICUT LOTTERY CORPORATION
NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 6 – PARTICIPATION IN MULTI-STATE LOTTERY ASSOCIATION

The Lottery is a member of the Multi-State Lottery Association (“MUSL”) which operates games on behalf of participating state lotteries. The Lottery participates in the multistate games of Powerball, Mega Millions, and Lucky for Life lottery games.

Each lottery that is a member of MUSL and participates in a multistate game sells game tickets through its retailers. The Lottery transfers amounts equivalent to its share of the estimated grand prize for Powerball and Mega Millions to MUSL, and those funds are held in trust. The Lottery transfers amounts equivalent to its share for lifetime prizes to MUSL for the Lucky for Life game. Lower-tier prizes are paid directly to the winners by each member lottery.

When winning grand prize tickets are drawn in Powerball and Mega Millions, the winner has the option of selecting a discounted lump-sum cash payment or installment payments that increase 5% annually over 30 years. If the winner selects the installment payments, MUSL purchases securities maturing over 30 years to fund the prize for MUSL members or the Mega Millions group purchases securities maturing over 30 years if the prize winner(s) is from a Mega Millions state. The annuity installments are paid to the Lottery, which in turn pays the winners their annual installments. All such prizes are paid annually as the securities are redeemed.

As part of the agreement with MUSL, the Lottery is required to deposit with MUSL additional amounts held as prize reserve funds. Prize reserve funds serve as a contingency reserve to protect MUSL members from unforeseen prize liabilities, and the money in this reserve fund is to be used at the discretion of the MUSL Board of Directors. The prize reserve fund monies are refundable in full to the Lottery if MUSL disbands or if the Lottery leaves MUSL. Members leaving MUSL must wait one year before receiving their remaining share, if any, of the prize reserve funds. These amounts earn investment income at market rates, which is used to offset the Lottery’s share of MUSL operating expenses for the year. The balances in these accounts were as follows as of June 30:

	2024	2023
Prize reserves held by MUSL	\$ 5,064,816	\$ 5,206,026
Prize liability due to MUSL	1,212,616	1,484,357

NOTE 7 – PENSION PLAN

All employees of the Lottery participate in the State Employees Retirement System (“SERS”), which is administered by the State Employees’ Retirement Commission. In addition, an actuarial study was performed, as of June 30, 2023, on the plan as a whole and does not separate information for employees of the Lottery. Therefore, certain pension disclosures otherwise required pursuant to GAAP are omitted. Information on the total plan funding status and progress, contribution required, and trend information can be found in the State of Connecticut’s Annual Comprehensive Financial Report.

Plan Description — SERS is the single-employer defined benefit pension plan of the State of Connecticut’s primary government and its component units, covering substantially all of the full-time employees who are not eligible for another State-sponsored retirement plan. The plan is administered by the State Employees’ Retirement Commission and governed by Sections 5-152 to 5-192 of the Connecticut General Statutes.

NOTE 7 - PENSION PLAN (CONTINUED)

Benefits Provided — The Plan provides retirement, disability, and death benefits. Employees are covered under one of five tiers, depending on when they were hired. Tier I employees who retire at or after age 65 with 10 years of credited service or at or after age 55 with 25 years of service are eligible for an annual retirement benefit payable monthly for life, in an amount of 2% of the annual average earnings (which are based on the three highest years of service), subject to adjustment on receipt of social security benefits. Employees at age 55 with 10 years but less than 25 years of service, or at age 70 with 5 years of service, are entitled to a reduced benefit.

Tier II and Tier IIA employees who retire at or after age 60 with 25 years of service, or at age 65 with 10 years of service, or at age 70 with 5 years of service, are entitled to an annual retirement benefit payable monthly for life, in an amount of 1.33% of the average annual earnings (which are based on the three highest years of service) plus 5% of the average annual earnings in excess of the salary breakpoint in the year of retirement for each year of credited service. In addition, any years of service over 35 would be at 1.625%. Employees at age 55 with 10 years of credited service are entitled to a reduced benefit.

Tier III employees' full retirement benefits are attained at age 63 with 25 years of service, or at age 65 with 10 years of service and are payable monthly for life in an amount equal to 1.33% of the average annual earnings (which are based on the five highest years of service) plus 5% of the average annual earnings in excess of the salary breakpoint in the year of retirement for each year of credited service. In addition, any years of service over 35 would be at 1.625%. Employees at age 58 with 10 years of service are entitled to a reduced benefit.

The SERS Tier IV consists of a defined benefit ("DB") and defined contribution ("DC") plan. Tier IV employees full retirement benefits under the DB plan is attained at age 63 with 25 years of service, or at age 65 with 10 years of service and are payable monthly for life in an amount of 1.30% of the average annual earnings (which are based on the five highest years of service). Employees at age 58 with 10 years of service are entitled to a reduced benefit. Employees pay a mandatory 1.0% into the DC plan and the State contributes 1.0% to the account. Employee contributions are vested immediately; employer contributions are 100% vested after completing three years of service.

All Tier I, Tier II, Tier IIA, and Tier III members are vested after 10 years of service, and each plan provides for death and disability benefits.

The 2011 State Employees Bargaining Agent Coalition ("SEBAC") Agreement changed the benefit multiplier for the portion of the benefit below the breakpoint from 1.33% to 1.40%. This change was made effective for all active members who retire on or after July 1, 2013, in Tier II, IIA and III. Additionally, Tier II and Tier IIA normal retirement eligibility increases to age 63 and 25 years of benefit service or age 65 and 10 years of benefit service, and age 58 and 10 years of benefit service for early retirement effective July 1, 2022. A one-time decision was granted to members not eligible to retire by July 1, 2022, to elect to maintain the same normal retirement eligibility applicable to members who retire before July 1, 2022. To maintain their eligibility, employees who elected by July 1, 2013 are required to make additional employee contributions for the length of their remaining active service with SERS. The additional contribution was up to 0.72% of pensionable earnings.

The 2017 SEBAC Agreement included the addition of the SERS Tier IV for employees hired on or after July 1, 2017. The Tier IV plan includes both DB and DC structure.

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 7 – PENSION PLAN (CONTINUED)

Contributions Made — The Lottery’s contributions to the plan were \$5,423,315 and \$5,649,111 for the years ended June 30, 2024 and 2023, respectively.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources — GASB Statement 68, *Accounting and Financial Reporting for Pensions*, Pensions, requires the Lottery to recognize a net pension liability for the difference between the present value of the projected benefits for past service known as the total pension liability (“TPL”) and the restricted resources held in trust for the payment of pension benefits, known as the fiduciary net position (“FNP”). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the FNP of SERS and additions to/deductions from SERS FNP have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are recorded at fair value.

At June 30, 2024 and 2023, the Lottery reported a liability of \$34,490,679 and \$43,725,177, respectively, for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by actuarial valuation as of the measurement dates based on actuarial experience studies.

The Lottery’s allocation of the net pension liability was based on total covered payroll multiplied by the SERS contribution rate at each measurement date. For the years ended June 30, 2024 and 2023, the SERS contribution rate was 59.57% and 67.06%, respectively. As of June 30, 2024 and 2023, the Lottery’s proportionate share was 0.16626% and 0.19827%, respectively. This represents a decrease in proportion of 0.03201% from June 30, 2024 to June 30, 2023 and a decrease in proportion of 0.05572% from June 30, 2023 to June 30, 2022.

For the years ended June 30, 2024 and 2023, the Lottery recognized pension expense of \$3,736,846 and \$6,912,802, respectively. Pension expense is reported in the Lottery’s financial statements as part of salaries and benefits expense.

The Lottery reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources at June 30, 2024:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 3,605,832	\$ —
Net difference between projected and actual earnings on pension plan investments	655,970	—
Change of assumptions	—	35,062
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,648,239	13,148,359
Lottery contributions subsequent to the measurement date	5,078,572	—
Total	\$ 10,988,613	\$ 13,183,421

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 7 – PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Continued)

The Lottery reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources at June 30, 2023:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 4,659,002	\$ –
Net difference between projected and actual earnings on pension plan investments	1,958,019	–
Change of assumptions	–	59,757
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,051,056	11,728,775
Lottery contributions subsequent to the measurement date	5,423,299	–
Total	\$ 15,091,376	\$ 11,788,532

Amounts reported as deferred outflows of resources related to Lottery contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2025	\$ (1,698,176)
2026	(2,338,305)
2027	(1,703,471)
2028	(1,333,128)
2029	(200,300)
Total	\$ (7,273,380)

NOTE 7 – PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions — The total pension liability for the year ended June 30, 2024, was determined based on the annual actuarial funding valuation report prepared as of June 30, 2023. The following actuarial assumptions are summarized below as of June 30:

	2024	2023
Inflation	2.50%	2.50%
Salary increase, including inflation	3.00% - 11.50%	3.00% - 11.50%
Investment rate of return, net of investment expense, including inflation	6.90%	6.90%

The Pub-2010 Mortality Tables projected generationally with scale MP-2020:

Non-Hazardous

- Service Retirees: General, Above-Median, Healthy Retiree.
- Disabled Retirees: General, Disabled Retiree.
- Beneficiaries: General, Above-Median Contingent Annuitant.
- Active Employees: General, Above-Median, Employee.

Hazardous

- Service Retirees: Public Safety, Above-Median, Healthy Retiree.
- Disabled Retirees: Public Safety, Disabled Retiree.
- Beneficiaries: Public Safety, Above-Median Contingent Annuitant.
- Active Employees: Public Safety, Above-Median, Employee.

Discount Rate — The discount rate used to measure the total pension liability was the long-term expected rate of return, 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that employer contributions will be made equal to the difference between the projected actuarially determined contribution and member contributions. Projected future benefit payments for all current plan members were projected through the year 2124.

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 7 – PENSION PLAN (CONTINUED)

Expected Rate of Return on Investments — The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	37.0%	6.8%
Public credit	2.0	2.9
Core fixed income	13.0	0.4
Liquidity Fund	1.0	(0.4)
Risk mitigation	5.0	0.1
Private equity	15.0	11.2
Private credit	10.0	6.1
Real estate	10.0	6.2
Infrastructure and natural resources	7.0	7.7
Total	100%	

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in Discount Rates — The following presents the Lottery's proportionate share of the net pension liability calculated using the current discount rate for the years ended June 30, as well as what the proportionate share of the liability would be if it were calculated using a discount rate that is 1% lower or 1% higher:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Net Pension Liability			
June 30, 2024	\$ 42,809,743	\$ 34,490,679	\$ 27,555,917
June 30, 2023	\$ 53,356,140	\$ 43,725,177	\$ 35,698,277

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 8 - POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the State provides postemployment health care and life insurance benefits in accordance with State Statutes, Sections 5-257(d) and 5-259(a), to all eligible employees who retire from the State, including employees of the Lottery.

Plan Description — Currently, 40 retirees meet those eligibility requirements. When employees retire, the State pays up to 100% of their health care insurance premium cost (including dependent's coverage) depending upon the plan. The State currently pays up to 20% of the cost for retiree dental insurance (including dependent's coverage) depending upon the plan. In addition, the State pays 100% of the premium cost for a portion of the employees' life insurance continued after retirement. The amount of life insurance, continued at no cost to the retiree, is determined based on the number of years of service that the retiree had with the State at time of retirement as follows: (a) if the retiree had 25 years or more of service, the amount of insurance will be one-half of the amount of insurance for which the retiree was insured immediately prior to retirement, but the reduced amount cannot be less than \$10,000; or (b) if the retiree had less than 25 years of service, the amount of insurance will be the proportionate amount that such years of service is to 25, rounded to the nearest \$100. The State finances the cost of postemployment health care and life insurance benefits on a pay-as-you-go basis through an appropriation in the General Fund.

In accordance with the Revised SEBAC 2011 Agreement between the State of Connecticut and SEBAC, all employees shall pay the three percent (3%) retiree health care insurance contribution for a period of ten (10) years or retirement, whichever is sooner. In addition, participants of Tier III shall be required to have fifteen (15) years of actual State service to be eligible for retirement health insurance. Deferred vested retirees who are eligible for retiree health insurance shall be required to meet the rule of seventy-five (75), which is the combination of age and actual State service equaling seventy-five (75) in order to begin receiving retiree health insurance based on applicable SEBAC agreement.

Contributions Made — The Lottery's contributions to the plan were \$2,260,223 and \$2,872,339 for the fiscal years ended June 30, 2024 and 2023, respectively.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources — GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires the Lottery to recognize a net OPEB liability for the difference between the present value of the projected benefits for the past service known as the total OPEB liability (TOL) and the restricted resources held in trust for the payment of OPEB benefits, known as the fiduciary net position (FNP). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the FNP and additions to/deductions from FNP have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit term. Investments are recorded at fair value.

At June 30, 2024 and 2023, the Lottery reported a liability of \$46,463,415 and \$44,739,236, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability as of June 30, 2024, was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by the actuarial valuation as of that date based on actuarial experience studies. The Lottery's allocation of the net OPEB liability was based on covered payroll multiplied by the OPEB contribution rate at each measurement date. For the years ended June 30, 2024 and 2023, the rate was 28.46% and 31.66%, respectively. As of June 30, 2024 and 2023, the Lottery's proportion was 0.30107% and 0.28867%, respectively. This represents an increase in proportion of 0.01240022% from June 30, 2024 to June 30, 2023 and an increase in proportion of 0.02193578% from June 30, 2023 to June 30, 2022.

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 8 - POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

For the years ended June 30, 2024 and 2023, the Lottery recognized OPEB expense of \$898,358 and \$2,671,880, respectively. OPEB expense is reported in the Lottery's financial statements as part of salaries and benefits expense.

The Lottery reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2024:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 490,603	\$ 3,209,605
Net difference between projected and actual earnings on OPEB plan investments	294,526	—
Change of assumptions	4,015,496	14,449,253
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,302,713	3,408,343
Lottery contributions subsequent to the measurement date	2,260,223	—
	<u>\$ 12,363,561</u>	<u>\$ 21,067,201</u>

The Lottery reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30, 2023:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ 688,172	\$ 1,376,946
Net difference between projected and actual earnings on OPEB plan investments	416,798	—
Change of assumptions	5,038,341	19,274,232
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,004,780	6,195,429
Lottery contributions subsequent to the measurement date	2,872,339	—
	<u>\$ 15,020,430</u>	<u>\$ 26,846,607</u>

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 8 - POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources related to Lottery contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	\$ (4,360,703)
2026	(4,911,903)
2027	(1,832,442)
2028	78,215
2029	62,970
Total	\$ (10,963,863)

Actuarial Methods and Assumptions — The total OPEB liability in the June 30, 2023, actuarial valuation was determined using data as of June 30, 2022. The key actuarial assumptions are summarized below:

Salary increase	3.00% to 11.50% varying by years of service and retirement system, including inflation
Discount rate	6.90% for contributory members and 3.65% for non-contributory members
Investment rate of return	6.90%

Health Care Trend Rates —

Non-Medicare

- Medical: -0.35%, then 5.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year
- Prescription Drug: 2.35%, then 6.5% decreasing by 0.25% each year to an ultimate level of 4.50% per year

Medicare

- Medical and Prescription Drug: 32.51%, 59.22%, 28.24% then 5.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year
- Dental: 2.60%, 4.45%, then an ultimate level of 3.00% per year
- Part B: 4.50% per year
- Administrative Expense: 1.85%, 3.30% then 3.00% per year

NOTE 8 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Mortality Rates —

Non-Hazardous

- Preretirement: Pub-2010 General, Above-Median, Employee Headcount-weighted
Mortality Table projected generationally using Scale MP-2020
- Healthy: Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted
Mortality Table projected generationally using Scale MP-2020
- Disabled: Pub-2010 General, Disabled Retiree Headcount-weighted
Mortality Table projected generationally using Scale MP-2020
- Contingent: Pub-2010 General, Above-Median, Contingent Annuitant Headcount-weighted
Mortality Table projected generationally using Scale MP-2020

Hazardous

- Preretirement: Pub-2010 Public Safety, Above-Median, Employee Headcount-weighted
Mortality Table projected generationally using Scale MP-2020
- Healthy: Pub-2010 Public Safety, Above-Median, Healthy Retiree Headcount-weighted
Mortality Table projected generationally using Scale MP-2020
- Disabled: Pub-2010 Public Safety, Disabled Retiree Headcount-weighted
Mortality Table projected generationally using Scale MP-2020
- Contingent: Pub-2010 Public Safety, Above-Median, Contingent Annuitant Headcount-weighted
Mortality Table projected generationally using Scale MP-2020

Discount Rate — The discount rate used to measure the total OPEB liability at June 30, 2023, was 6.90%, an increase from 3.90% for the year ended June 30, 2022. The discount rate is a blend of the long-term expected rate of return on OPEB Trust assets and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher (3.65% as of June 30, 2023, and 3.54% as of June 30, 2022). The blending is based on the sufficiency of projected assets to make projected benefit payments.

NOTE 8 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Expected Rate of Return on Investments — The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rate of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	37.0%	6.8%
Public credit	2.0	2.9
Core fixed income	13.0	0.4
Liquidity fund	1.0	(0.4)
Risk mitigation	5.0	0.1
Private equity	15.0	11.2
Private credit	10.0	6.1
Real estate	10.0	6.2
Infrastructure and natural resources	7.0	7.7
	<u>100%</u>	

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 8 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rates — The following presents the Lottery’s proportionate share of the net OPEB liability for the years ended June 30, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

		1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Net OPEB Liability				
June 30, 2024	\$	54,602,008	\$ 46,963,415	\$ 40,708,883
		1% Decrease (2.90%)	Discount Rate (3.90%)	1% Increase (4.90%)
Net OPEB Liability				
June 30, 2023	\$	52,308,670	\$ 44,739,236	\$ 38,616,677

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates — The following presents the Lottery’s proportionate share of the net OPEB liability, as well as what the proportionate share of the Lottery’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

		1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability				
June 30, 2024	\$	40,651,499	\$ 46,963,415	\$ 54,710,398
June 30, 2023	\$	37,766,608	\$ 44,739,236	\$ 53,590,409

CONNECTICUT LOTTERY CORPORATION

NOTES TO FINANCIAL STATEMENTS, JUNE 30, 2024 AND 2023

NOTE 9 - RISK MANAGEMENT

The Lottery is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption due to disruption of data processing; unfaithful performance; errors and omissions; injuries to employees; and natural disasters. The Lottery purchases commercial insurance for property losses in excess of \$100,000; losses due to employee dishonesty in excess of \$1,000; errors and omissions, torts, injuries to employees and business interruption due to disruptions of data processing.

Lottery employees participate in three State of Connecticut health plans. For one of these plans, the State is self-insured. This plan is administered by an outside vendor which is responsible for the processing and payment of claims. No separate measurement is made of claims incurred and paid for the Lottery employees. Information regarding the excess of claims incurred over the claims paid for the State as a whole may be found in the comprehensive annual financial report of the State of Connecticut.

Claims expenses and liabilities above amounts covered by insurance are reported when it is probable that a liability has been incurred at the date of the financial statements and the amount of that loss can be reasonably estimated, including an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

During each of the years ended June 30, 2024, 2023, and 2022, there were no claims or settlements that have exceeded insurance coverage.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Lottery is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the Lottery.



REQUIRED SUPPLEMENTARY INFORMATION

CONNECTICUT LOTTERY CORPORATION

SCHEDULE OF THE LOTTERY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*	2023	2022	2021	2020	2019
Lottery's portion of the net pension liability	0.16626 %	0.19827 %	0.25399 %	0.24212 %	0.26113 %
Lottery's proportionate share of the net pension liability	\$ 34,490,679	\$ 43,725,177	\$ 54,008,574	\$ 57,434,854	\$ 59,569,843
Lottery's covered payroll	\$ 12,198,906	\$ 12,222,917	\$ 10,810,715	\$ 10,671,908	\$ 10,468,988
Lottery's proportionate share of the net pension liability as a percentage of its covered payroll	282.74 %	357.73 %	499.58 %	538.19 %	569.01 %
Plan fiduciary net position as a percentage of the total pension liability	50.59 %	45.76 %	44.55 %	35.84 %	36.78 %

Last Ten Fiscal Years (continued)*	2018	2017	2016	2015	2014
Lottery's portion of the net pension liability	0.23339 %	0.25560 %	0.24243 %	0.24525 %	0.27865 %
Lottery's proportionate share of the net pension liability	\$ 50,615,060	\$ 53,857,469	\$ 55,669,017	\$ 40,525,323	\$ 44,624,031
Lottery's covered payroll	\$ 9,946,740	\$ 10,200,510	\$ 10,490,319	\$ 10,032,666	\$ 9,348,981
Lottery's proportionate share of the net pension liability as a percentage of its covered payroll	508.86 %	527.99 %	530.67 %	403.93 %	477.31 %
Plan fiduciary net position as a percentage of the total pension liability	36.62 %	36.25 %	31.69 %	39.23 %	39.54 %

Notes to Schedule

Change of benefit items: None

Assumption changes since prior valuation: None

CONNECTICUT LOTTERY CORPORATION

SCHEDULE OF THE LOTTERY'S CONTRIBUTIONS TO THE STATE EMPLOYEE'S RETIREMENT SYSTEM (SERS)

Last 10 Fiscal Years	2024	2023	2022	2021	2020
Contractually Required Contribution	\$ 5,423,315	\$ 5,649,111	\$ 4,538,600	\$ 3,913,419	\$ 3,913,670
Contributions in relation to contractually required contribution	\$ 5,423,315	\$ 5,649,111	\$ 4,538,600	\$ 3,913,419	\$ 3,913,670
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Lottery's covered payroll	\$12,305,073	\$ 12,198,906	\$ 12,222,917	\$ 10,810,715	\$ 10,671,908
Contributions as a percentage of covered payroll	44.07%	46.31%	37.13%	36.20%	36.67%

Last 10 Fiscal Years (continued)	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 4,121,233	\$ 3,368,200	\$ 4,456,603	\$ 4,233,893	\$ 3,803,384
Contributions in relation to contractually required contribution	\$ 4,121,233	\$ 3,368,200	\$ 4,456,603	\$ 4,233,893	\$ 3,803,384
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Lottery's covered payroll	\$10,468,988	\$ 9,946,740	\$10,200,510	\$10,490,319	\$10,032,666
Contributions as a percentage of covered payroll	39.37%	33.86%	43.69%	40.36%	37.91%

Notes to Schedule

Valuation date: June 30, 2023

Measurement date: June 30, 2023

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, closed 5-year phase into level dollar
Single equivalent amortization period	24.8 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increase	3.00-11.50%, including inflation
Investment rate of return	6.90%, net of investment-related expense
Mortality	Pub-2010 Above Median Mortality Tables projected generationally with MP-2020 improvement scale

CONNECTICUT LOTTERY CORPORATION

SCHEDULE OF LOTTERY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Last Seven Fiscal Years*	2023	2022	2021	2020
Lottery's portion of the net OPEB liability	0.30107%	0.28867%	0.26674%	0.28514%
Lottery's proportionate share of the net OPEB liability	\$ 46,963,415	\$ 44,739,236	\$ 52,087,067	\$ 67,125,223
Lottery's covered-employee payroll	\$ 12,198,906	\$ 12,222,917	\$ 10,810,715	\$ 10,671,908
Lottery's proportionate share of the net OPEB liability as a percentage of its covered payroll	384.98%	366.03%	481.81%	628.99%
Plan fiduciary net position as a percentage of the total OPEB liability	14.60%	12.63%	10.12%	6.13%
Last Seven Fiscal Years (continued)*	2019	2018	2017	
Lottery's portion of the net OPEB liability	0.32590%	0.27267%	0.31321%	
Lottery's proportionate share of the net OPEB liability	\$ 67,403,249	\$ 47,074,834	\$ 54,381,510	
Lottery's covered-employee payroll	\$ 10,468,988	\$ 9,946,740	\$ 10,200,510	
Lottery's proportionate share of the net OPEB liability as a percentage of its covered payroll	643.84%	473.27%	533.13%	
Plan fiduciary net position as a percentage of the total OPEB liability	5.47%	4.69%	3.03%	

Notes to Schedule

Assumption changes since prior valuation:

- The discount rate was updated to 6.90% for contributory members and 3.65% for non-contributory members.
- The per capita health costs, administrative expenses and retiree contributions were updated for recent experience.
- The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated.
- The healthcare cost trend rates and the retiree contribution increase rates were revised to reflect current experience and future expectations.
- The Medicare prescription drug trend rates were updated to reflect an estimate for the impact of the Inflation Reduction Act.

**This schedule is presented as required by accounting principles generally accepted in the United States of America; however, until a full 10-year trend is compiled, information is presented for those years available.*

CONNECTICUT LOTTERY CORPORATION

SCHEDULE OF LOTTERY'S CONTRIBUTIONS TO THE STATE'S OTHER POSTEMPLOYMENT BENEFIT PROGRAM

Last Eight Fiscal Years*	2024	2023	2022	2021
Contractually required contribution	\$ 2,260,223	\$ 2,872,339	\$ 2,733,688	\$ 2,872,339
Contributions in relation to the contractually required contribution	2,260,223	2,872,339	2,733,688	2,872,339
Contribution deficiency (excess)	\$ –	\$ –	\$ –	\$ –
Lottery's covered-employee payroll	\$ 12,305,073	\$ 12,198,906	\$ 12,222,917	\$ 10,810,715
Contributions as a percentage of covered-employee payroll	18.37%	23.55%	22.37%	26.57%

Last Eight Fiscal Years (continued)*	2020	2019	2018	2017
Contractually required contribution	\$ 2,778,486	\$ 2,756,875	\$ 2,474,845	\$ 2,090,376
Contributions in relation to the contractually required contribution	2,778,486	2,756,875	2,474,845	2,090,376
Contribution deficiency (excess)	\$ –	\$ –	\$ –	\$ –
Lottery's covered-employee payroll	\$ 10,671,908	\$ 10,468,988	\$ 9,946,740	\$ 10,200,510
Contributions as a percentage of covered-employee payroll	26.04%	26.33%	24.88%	20.49%

Notes to Schedule

Valuation date: Actuarially determined contribution for fiscal year ending June 30, 2024 was determined with the June 30, 2023 actuarial valuation.

Measurement date: June 30, 2023

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of growing payroll, closed, 30 years
Remaining amortization period	16 years as of June 30, 2023
Asset valuation method	Market value
Payroll growth rate	3.00%
Investment rate of return	6.90%

**This schedule is presented as required by accounting principles generally accepted in the United States of America; however, until a full 10-year trend is compiled, information is presented for those years available.*



COMPLIANCE SECTION



**Independent Auditors' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Directors
The Connecticut Lottery Corporation
(A Component Unit of the State of Connecticut)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Connecticut Lottery Corporation, which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Connecticut Lottery Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Connecticut Lottery Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Connecticut Lottery Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Connecticut Lottery Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Connecticut Lottery Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Connecticut Lottery Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hartford, Connecticut
November 27, 2024



SUPPLEMENTAL SCHEDULES

CONNECTICUT LOTTERY CORPORATION

SCHEDULE OF PROFIT MARGINS BY GAME TYPE, YEAR ENDED JUNE 30, 2024

PROFIT CONTRIBUTIONS (\$ in 000s)

	Instant	Play3	Play4	Lotto!	Cash5	Powerball®
NET SALES	\$ 743,952	\$ 127,169	\$ 129,766	\$ 19,994	\$ 25,753	\$ 111,979
DIRECT COSTS						
Gross prize expense	\$ 530,084	\$ 66,459	\$ 71,126	\$ 10,581	\$ 14,069	\$ 56,040
Unclaimed prize credit	(6,286)	(1,136)	(1,710)	(227)	(310)	(1,673)
Use of unclaimed prize reserve	1	—	—	654	—	—
Net prize expense	\$ 523,799	\$ 65,323	\$ 69,416	\$ 11,008	\$ 13,759	\$ 54,367
Retailer commissions	\$ 43,218	\$ 7,078	\$ 7,243	\$ 1,164	\$ 1,490	\$ 5,922
Online systems	5,489	930	970	141	191	892
Marketing, advertising and promotions	5,155	879	899	138	178	800
Production expenses	5,224	164	163	25	67	260
Total direct costs	\$ 582,885	\$ 74,374	\$ 78,691	\$ 12,476	\$ 15,685	\$ 62,241
GROSS PROFIT	\$ 161,067	\$ 52,795	\$ 51,075	\$ 7,518	\$ 10,068	\$ 49,738

PROFIT MARGIN (% OF NET SALES)

Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
DIRECT COSTS						
Gross prize expense	71.3%	52.3%	54.8%	52.9%	54.6%	50.0%
Unclaimed prize credit	(0.8%)	(0.9%)	(1.3%)	(1.1%)	(1.2%)	(1.5%)
Use of unclaimed prize reserve	—	—	—	3.3%	—	—
Net prize expense	70.4%	51.4%	53.5%	55.1%	53.4%	48.6%
Retailer commissions	5.8%	5.6%	5.6%	5.8%	5.8%	5.3%
Online systems	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%
Marketing, advertising and promotions	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Production expenses	0.7%	0.1%	0.1%	0.1%	0.3%	0.2%
Total direct costs	78.3%	58.5%	60.6%	62.4%	60.9%	55.6%
GROSS PROFIT	21.7%	41.5%	39.4%	37.6%	39.1%	44.4%

PROFIT CONTRIBUTIONS (\$ in 000s)

	Mega Millions®	Lucky for Life®	KENO	Fast Play	Sports Betting	Total
NET SALES	\$ 69,149	\$ 30,000	\$ 122,093	\$ 34,721	\$ 266,240	\$ 1,680,816
DIRECT COSTS						
Gross prize expense	\$ 34,584	\$ 18,308	\$ 79,662	\$ 25,683	\$ 243,946	\$ 1,150,542
Unclaimed prize credit	(1,336)	(560)	(686)	(300)	(510)	(14,734)
Use of unclaimed prize reserve	—	—	—	—	—	655
Net prize expense	\$ 33,248	\$ 17,748	\$ 78,976	\$ 25,383	\$ 243,436	\$ 1,136,463
Retailer commissions	\$ 3,592	\$ 1,677	\$ 6,976	\$ 2,043	\$ 4,885	\$ 85,288
Online systems	358	235	921	255	—	10,382
Marketing, advertising and promotions	456	208	854	241	259	10,067
Production expenses	17	96	45	11	9,214	15,286
Total direct costs	\$ 37,671	\$ 19,964	\$ 87,772	\$ 27,933	\$ 257,794	\$ 1,257,486
GROSS PROFIT	\$ 31,478	\$ 10,036	\$ 34,321	\$ 6,788	\$ 8,446	\$ 423,330

PROFIT MARGIN (% OF NET SALES)

Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
DIRECT COSTS						
Gross prize expense	50.0%	61.0%	65.2%	74.0%	91.6%	68.5%
Unclaimed prize credit	(1.9%)	(1.9%)	(0.6%)	(0.9%)	(0.2%)	(0.9%)
Use of unclaimed prize reserve	—	—	—	—	—	—
Net prize expense	48.1%	59.2%	64.7%	73.1%	91.4%	67.6%
Retailer commissions	5.2%	5.6%	5.7%	5.9%	1.8%	5.1%
Online systems	0.5%	0.8%	0.8%	0.7%	—	0.6%
Marketing, advertising and promotions	0.7%	0.7%	0.7%	0.7%	0.1%	0.6%
Production expenses	—	0.3%	—	—	3.5%	0.9%
Total direct costs	54.5%	66.5%	71.9%	80.4%	96.8%	74.8%
GROSS PROFIT	44.5%	33.5%	28.1%	19.6%	3.2%	25.2%

CONNECTICUT LOTTERY CORPORATION

SCHEDULE OF PROFIT MARGINS BY GAME TYPE, YEAR ENDED JUNE 30, 2023

PROFIT CONTRIBUTIONS (\$ in 000s)

	Instant	Play3	Play4	Lotto!	Cash5	Powerball®
NET SALES	\$ 754,938	\$ 133,808	\$ 130,919	\$ 17,531	\$ 27,161	\$ 100,842
DIRECT COSTS						
Gross prize expense	\$ 531,112	\$ 62,399	\$ 67,936	\$ 9,304	\$ 14,641	\$ 50,339
Unclaimed prize credit	(4,295)	(1,120)	(1,628)	(169)	(303)	(1,646)
Use of unclaimed prize reserve	3	—	—	536	—	—
Net prize expense	\$ 526,820	\$ 61,279	\$ 66,308	\$ 9,671	\$ 14,338	\$ 48,693
Retailer commissions	\$ 43,044	\$ 7,307	\$ 7,058	\$ 919	\$ 1,496	\$ 5,211
Online systems	7,085	1,255	1,228	164	254	943
Marketing, advertising and promotions	5,690	1,008	987	131	204	782
Production expenses	5,631	124	153	22	68	278
Total direct costs	\$ 588,270	\$ 70,973	\$ 75,734	\$ 10,907	\$ 16,360	\$ 55,907
GROSS PROFIT	\$ 166,668	\$ 62,835	\$ 55,185	\$ 6,624	\$ 10,801	\$ 44,935

PROFIT MARGIN (% OF NET SALES)

Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
DIRECT COSTS						
Gross prize expense	70.4%	46.6%	51.9%	53.1%	53.9%	49.9%
Unclaimed prize credit	(0.6%)	(0.8%)	(1.2%)	(1.0%)	(1.1%)	(1.6%)
Use of unclaimed prize reserve	—	—	—	3.1%	—	—
Net prize expense	69.8%	45.8%	50.6%	55.2%	52.8%	48.3%
Retailer commissions	5.7%	5.5%	5.4%	5.2%	5.5%	5.2%
Online systems	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Marketing, advertising and promotions	0.8%	0.8%	0.8%	0.7%	0.8%	0.8%
Production expenses	0.7%	0.1%	0.1%	0.1%	0.3%	0.3%
Total direct costs	77.9%	53.0%	57.8%	62.2%	60.2%	55.4%
GROSS PROFIT	22.1%	47.0%	42.2%	37.8%	39.8%	44.6%

PROFIT CONTRIBUTIONS (\$ in 000s)

	Mega Millions®	Lucky for Life®	KENO	Fast Play	Sports Betting	Total
NET SALES	\$ 79,196	\$ 30,203	\$ 135,915	\$ 40,708	\$ 251,706	\$ 1,702,927
DIRECT COSTS						
Gross prize expense	\$ 39,754	\$ 20,053	\$ 88,369	\$ 29,541	\$ 229,044	\$ 1,142,035
Unclaimed prize credit	(855)	(463)	(642)	(147)	(367)	(11,268)
Use of unclaimed prize reserve	—	—	—	—	—	539
Net prize expense	\$ 38,899	\$ 19,590	\$ 87,727	\$ 29,304	\$ 228,677	\$ 1,131,306
Retailer commissions	\$ 4,045	\$ 1,676	\$ 7,658	\$ 2,339	\$ 7,580	\$ 88,333
Online systems	737	270	2,749	386	—	15,071
Marketing, advertising and promotions	572	227	1,023	303	803	11,730
Production expenses	32	96	25	10	5,862	12,301
Total direct costs	\$ 44,285	\$ 21,859	\$ 99,182	\$ 32,342	\$ 242,922	\$ 1,258,741
GROSS PROFIT	\$ 34,911	\$ 8,344	\$ 36,733	\$ 8,366	\$ 8,784	\$ 444,186

PROFIT MARGIN (% OF NET SALES)

Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
DIRECT COSTS						
Gross prize expense	50.2%	66.4%	65.0%	72.3%	90.9%	67.1%
Unclaimed prize credit	(1.1%)	(1.5%)	(0.5%)	(0.4%)	—	(0.7%)
Use of unclaimed prize reserve	—	—	—	—	—	—
Net prize expense	49.1%	64.9%	64.5%	72.0%	90.9%	66.4%
Retailer commissions	5.1%	5.5%	5.6%	5.7%	3.0%	5.2%
Online systems	0.9%	0.9%	2.0%	0.9%	—	0.9%
Marketing, advertising and promotions	0.7%	0.8%	0.8%	0.7%	0.3%	0.7%
Production expenses	—	0.3%	—	—	2.3%	0.7%
Total direct costs	55.9%	72.4%	73.0%	79.4%	96.5%	73.9%
GROSS PROFIT	44.1%	27.6%	27.0%	20.6%	3.5%	26.1%



STATISTICAL SECTION

CONNECTICUT LOTTERY CORPORATION

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION ACTUAL VS. BUDGET (\$000s), YEAR ENDED JUNE 30, 2024

	Actual	Budget*	Over/(Under) Budget	% Change	Sports Betting FY24 Actual	Combined FY24 Actual
SALES						
OPERATING REVENUE	\$1,427,878	\$1,424,000	\$ 3,878	0.3%	\$ 266,993	\$ 1,694,871
Less sales returns, cancellations and promotions	(13,301)	0	(13,301)	0.0%	(753)	(14,054)
Total operating revenue	\$1,414,577	\$1,424,000	\$ (9,423)	(0.7%)	\$ 266,240	\$ 1,680,817
COST OF SALES AND OPERATING EXPENSES						
COST OF SALES						
Prize expense	\$ 893,028	\$ 897,310	\$ (4,282)	(0.5%)	\$ 243,436	\$ 1,136,463
Retailer commissions	80,404	79,620	784	(1.0%)	4,885	85,288
Online systems	10,382	13,523	(3,141)	(23.2%)	0	10,382
Marketing, advertising, and promotions	9,808	11,580	(1,772)	(15.3%)	259	10,067
Production expenses	6,072	6,579	(507)	(7.7%)	9,214	15,286
Total cost of sales	\$ 999,694	\$1,008,612	\$ (8,918)	(0.9%)	\$ 257,794	\$ 1,257,486
OPERATING EXPENSES						
Salaries and benefits	\$ 17,579	\$ 24,554	\$ (6,975)	(28.4%)	\$ 1,003	\$ 18,583
Other operating expenses	3,286	4,317	(1,031)	(23.9%)	766	4,051
Depreciation and amortization	684	325	359	110.5%	18	702
Bad debt expense	8	50	(42)	(84.0%)	0	8
Total operating expenses	\$ 21,557	\$ 29,246	\$ (7,689)	(26.3%)	\$ 1,787	\$ 23,344
OTHER OPERATING REVENUE	\$ 79	\$ 28	\$ 51	182.1%	\$ (158)	\$ (79)
Operating income	\$ 393,405	\$ 386,170	\$ 7,235	1.9%	\$ 6,501	\$ 399,908
NONOPERATING REVENUES (EXPENSES)						
Interest income from investments on annuities	\$ 5,075	\$ 5,350	\$ (275)	(5.1%)	\$ 0	\$ 5,075
Miscellaneous Revenue - Nonoperating	40	0	40	0.0%	0	40
Interest income	1,319	40	1,279	3197.5%	0	1,319
Interest expense on annuity payments	(5,075)	(5,350)	275	5.1%	0	(5,075)
Interest expense on leasing	(452)	0	(452)	0.0%	0	(452)
Annuity assignment	3	4	(1)	(25.0%)	0	3
Total nonoperating revenues	\$ 910	\$ 44	\$ 866	1968.2%	\$ 0	\$ 910
CHANGE IN NET POSITION BEFORE PAYMENTS TO STATE FUND						
	\$ 394,315	\$ 386,214	\$ 8,101	2.1%	\$ 6,501	\$ 400,818
Payments to Chronic Gamblers' Fund	2,300	2,300	0	0.0%	1,037	3,337
Payments to Department of Consumer Protection	2,651	2,651	0	0.0%	1,294	3,945
Payments to State's General Fund	384,187	378,263	5,924	1.6%	2,774	386,960
Change in net position	\$ 5,177	\$ -	\$ 5,177	N/A	\$ 1,396	\$ 6,576

*Due to a mid-year change in operators, a FY24 budget was not prepared for online and retail sports wagering.

CONNECTICUT LOTTERY CORPORATION

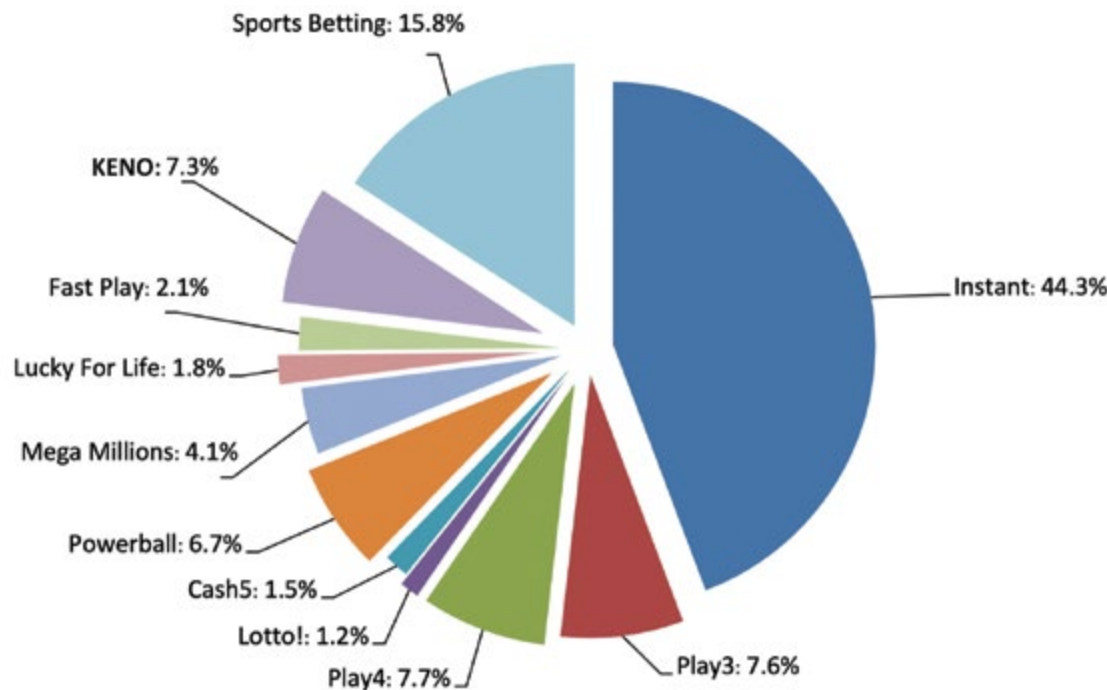
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY GAME TYPE (\$000s), YEAR ENDED JUNE 30, 2024

	Instant	Play3	Play4	Lotto!	Cash5
SALES					
OPERATING REVENUE	\$ 755,067	\$ 128,171	\$ 130,927	\$ 19,994	\$ 25,753
Less sales returns, cancellations and promotions	(11,115)	(1,002)	(1,161)	0	0
Total operating revenue	\$ 743,952	\$ 127,169	\$ 129,766	\$ 19,994	\$ 25,753
COST OF SALES AND OPERATING EXPENSES					
COST OF SALES					
Prize expense	\$ 523,799	\$ 65,323	\$ 69,416	\$ 11,009	\$ 3,759
Retailer commissions	43,218	7,078	7,243	1,164	1,490
Online systems	5,489	930	970	140	191
Marketing, advertising, and promotions	5,155	879	899	138	178
Production expenses	5,224	164	163	25	67
Total cost of sales	\$ 582,885	\$ 74,374	\$ 78,691	\$ 12,476	\$ 15,685
OPERATING EXPENSES					
Salaries and benefits	\$ 10,750	\$ 997	\$ 1,344	\$ 520	\$ 520
Other operating expenses	2,036	189	255	98	98
Depreciation and amortization	424	39	53	21	21
Bad debt expense	6	1	1	0	0
Total operating expenses	\$ 13,216	\$ 1,226	\$ 1,653	\$ 639	\$ 639
OTHER OPERATING INCOME	\$ 41	\$ 7	\$ 7	\$ 1	\$ 1
Operating income	\$ 147,892	\$ 51,576	\$ 49,429	\$ 6,880	\$ 9,430
NON-OPERATING REVENUES (EXPENSES)					
Interest income from investments on annuities	\$ 3,797	\$ 0	\$ 0	\$ 639	\$ 0
Miscellaneous Revenue - Nonoperating	19	3	3	0	1
Interest income	555	95	97	15	19
Interest expense on annuity payments	(3,797)	0	0	(347)	0
Interest expense on leases	(280)	(26)	(35)	(14)	(14)
Annuity assignment	3	0	0	0	0
Total non-operating revenues	\$ 297	\$ 72	\$ 65	\$ 293	\$ 6
CHANGE IN NET POSITION BEFORE					
PAYMENTS TO STATE FUNDS	\$ 148,189	\$ 51,648	\$ 49,494	\$ 7,173	\$ 9,436
Payments to Chronic Gamblers' Fund	1,196	202	207	29	41
Payments to Department of Consumer Protection	1,396	239	244	38	48
Payments to State's General Fund	144,366	50,479	47,107	7,019	9,243
Change in net position	\$ 1,231	\$ 725	\$ 1,930	\$ 88	\$ 104

Powerball®	Mega Millions®	Lucky for Life®	KENO	Fast Play	Sports Betting	Total
\$ 111,986 (8)	\$ 69,149 0	\$ 30,010 (9)	\$ 122,098 (4)	\$ 34,721 0	\$ 266,993 (753)	\$ 1,694,869 (14,051)
\$ 111,978	\$ 69,149	\$ 30,001	\$ 122,094	\$ 34,721	\$ 266,240	\$ 1,680,818
\$ 54,367 5,922 892 800 259	\$ 33,249 3,592 358 456 18	\$ 17,748 1,677 235 208 96	\$ 78,976 6,976 921 853 45	\$ 25,383 2,043 255 241 11	\$ 243,436 4,885 0 259 9,214	\$ 1,136,465 85,288 10,381 10,066 15,286
\$ 62,240	\$ 37,673	\$ 19,964	\$ 87,771	\$ 27,933	\$ 257,794	\$ 1,257,486
\$ 607 116 24 (1)	\$ 607 115 24 0	\$ 607 115 24 0	\$ 1,282 197 41 1	\$ 347 66 14 0	\$ 1,003 766 176 0	\$ 18,586 4,051 861 8
\$ 746	\$ 746	\$ 746	\$ 1,521	\$ 427	\$ 1,945	\$ 23,504
\$ 8	\$ 4	\$ 2	\$ 7	\$ 2	\$ 0	\$ 80
\$ 49,000	\$ 30,734	\$ 9,293	\$ 32,809	\$ 6,363	\$ 6,501	\$ 399,905
\$ 0 6 225 0 (16) 0	\$ 0 1 173 0 (16) 0	\$ 639 1 22 (930) (16) 0	\$ 0 3 91 0 (27) 0	\$ 0 1 26 0 (9) 0	\$ 0 0 0 0 0 0	\$ 5,074 37 1,319 (5,073) (452) 3
\$ 215	\$ 158	\$ (284)	\$ 67	\$ 18	\$ 0	\$ 908
\$ 49,215 179 207 48,815	\$ 30,892 145 128 29,992	\$ 9,009 48 56 8,676	\$ 32,876 192 229 32,183	\$ 6,381 61 65 6,306	\$ 6,501 1,037 1,294 2,774	\$ 400,813 3,336 3,942 386,960
\$ 13	\$ 629	\$ 629	\$ 271	\$ (51)	\$ 1,397	\$ 6,574

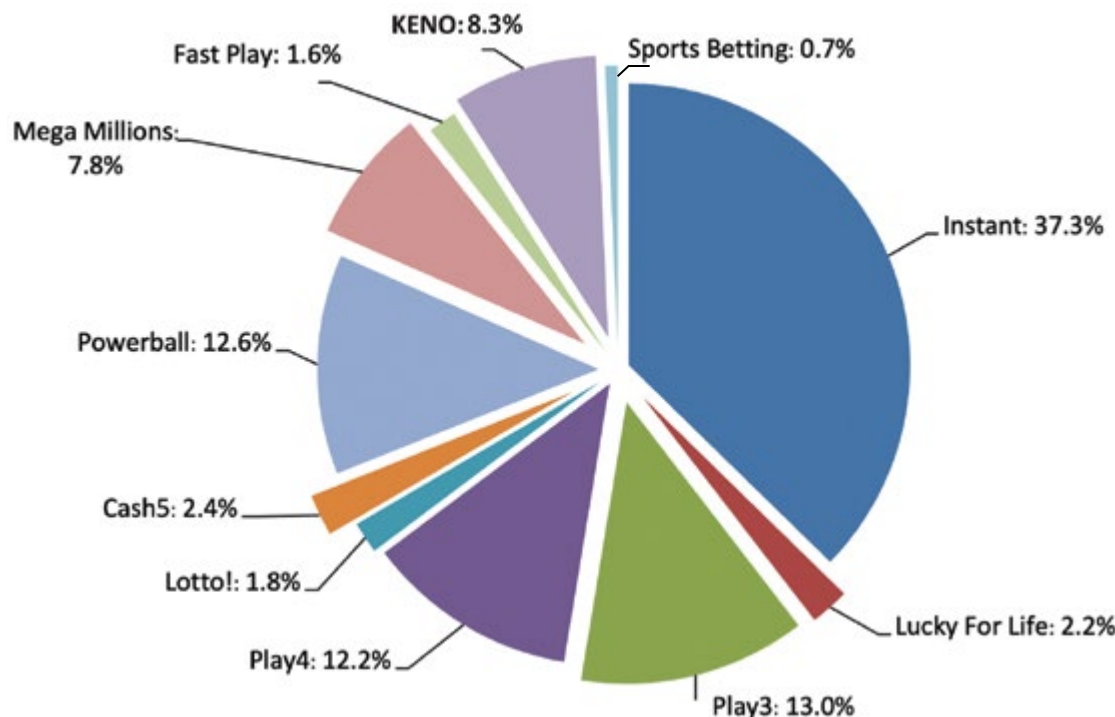
REVENUE BY GAME

FISCAL YEAR 2024 TOTAL SALES: \$1,680,816,425



GENERAL FUND PAYMENTS BY GAME

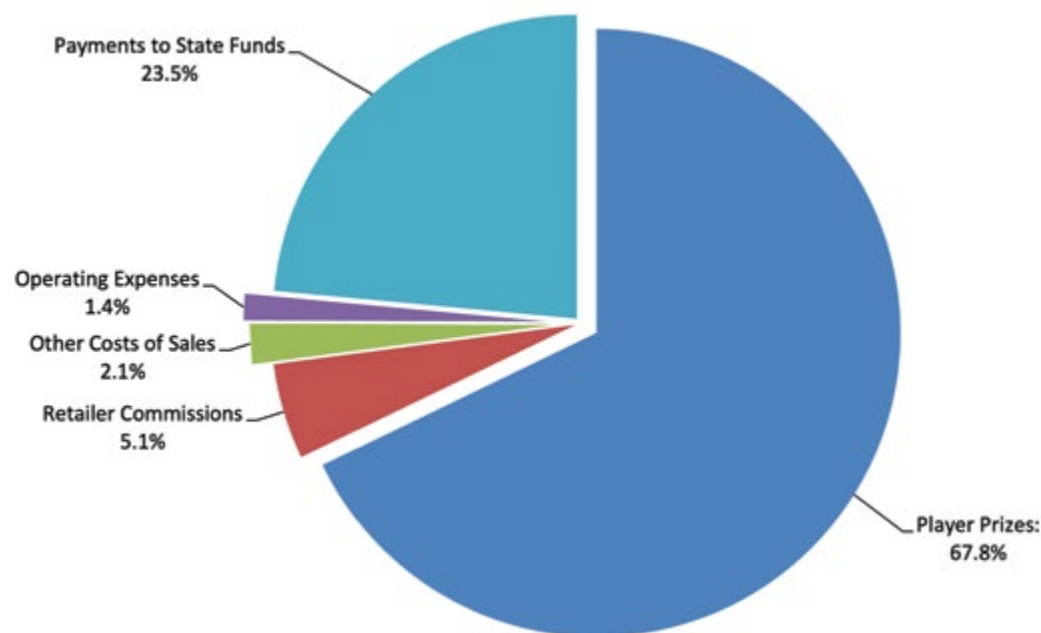
FISCAL YEAR 2024 TOTAL PAYMENTS: \$386,960,238



Note: "Play3" includes Play3 Day and Play3 Night; "Play4" includes Play4 Day and Play4 Night.

DISTRIBUTION OF EXPENSES AND PAYMENTS AS A PERCENTAGE OF TOTAL REVENUE

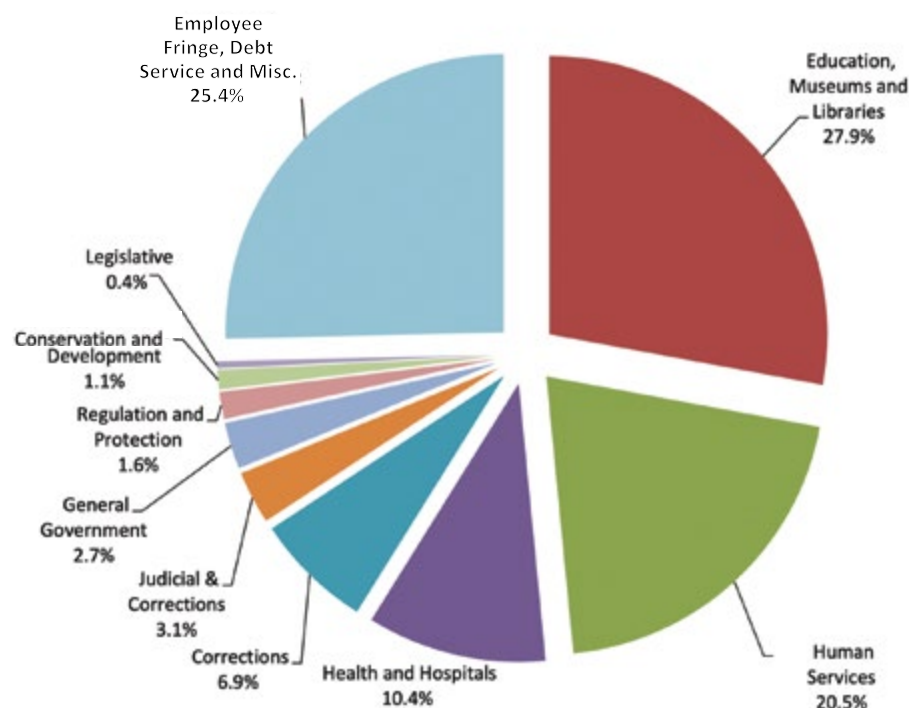
FISCAL YEAR 2024 TOTAL SALES: \$1,681,647,216



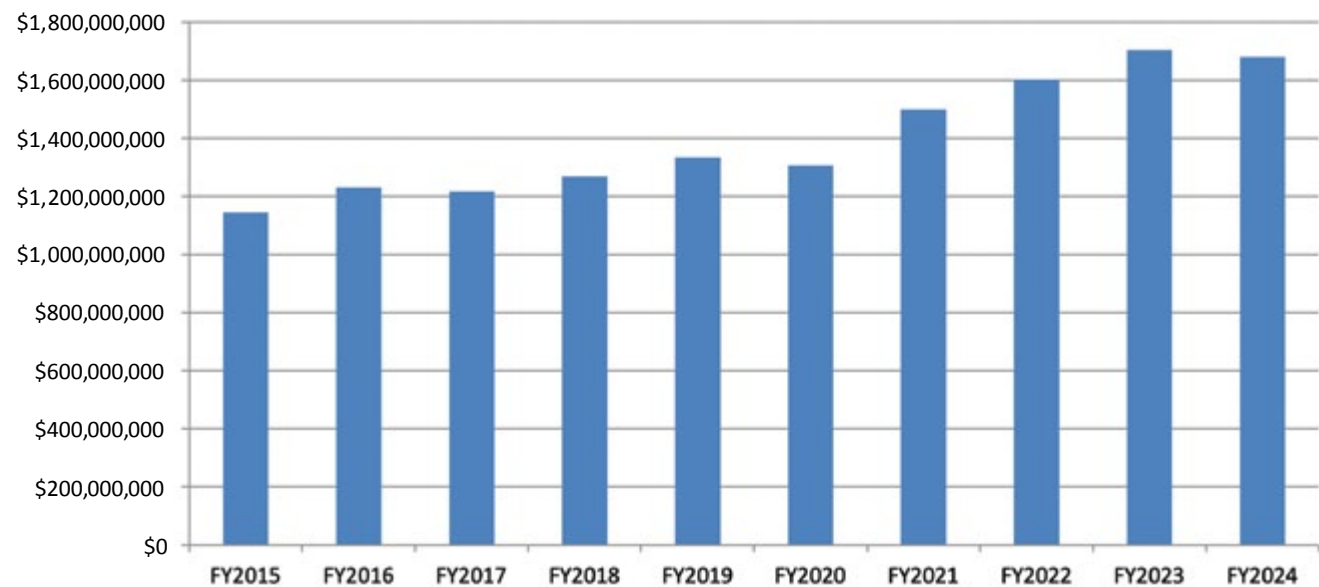
Note: Other Cost of Sales comprised of online systems, marketing, advertising and promotions and production expenses.

STATE SERVICES SUPPORTED BY LOTTERY PAYMENTS TO THE GENERAL FUND

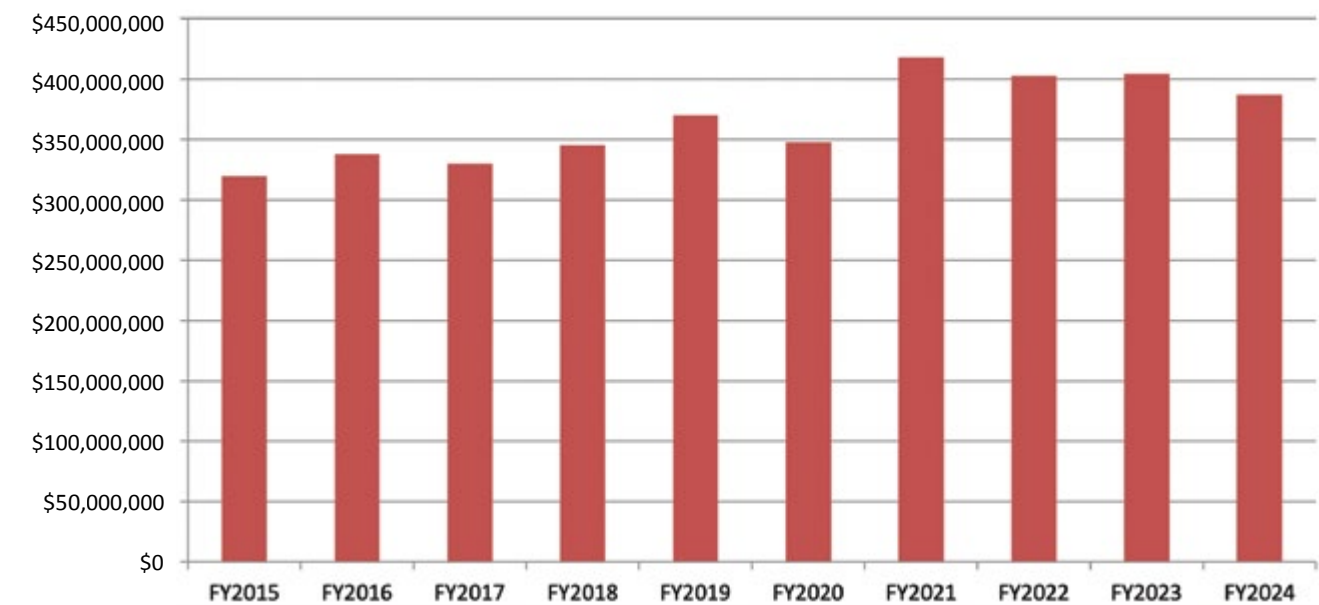
FISCAL YEAR 2024 TOTAL PAYMENTS TO THE GENERAL FUND: \$386,960,238



REVENUES FOR THE LAST 10 FISCAL YEARS



PAYMENTS TO THE GENERAL FUND FOR THE LAST 10 FISCAL YEARS



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CONNECTICUT LOTTERY CORPORATION

SCHEDULE OF REVENUES BY GAME TYPE, RELATED EXPENSES AND PAYMENTS TO THE GENERAL FUND (\$000s) FOR THE LAST 10 FISCAL YEARS

	2015	2016	2017	2018
Operating Revenue				
Instant	\$ 687,967	\$ 742,296	\$ 720,623	\$ 730,692
Daily Games ⁽¹⁾	231,755	245,062	240,083	242,485
Lotto!	20,143	19,429	18,305	18,815
Cash5	31,220	30,994	30,079	31,214
Powerball®	66,502	106,271	78,619	88,135
Mega Millions®	32,369	29,406	29,107	42,158
Lucky for Life ^{®(2)}	21,523	21,709	20,405	19,577
CT Super Draw	2,896	0	0	0
5 Card Cash	46,322	13,107	0	2,146
Lucky Links	3,276	10,053	6,858	5,942
KENO	0	12,444	72,182	86,428
Fast Play	0	0	0	0
Sports Betting	0	0	0	0
Total Operating Revenue	\$ 1,143,973	\$ 1,230,769	\$ 1,216,262	\$ 1,267,591
Prizes	\$ 707,735	\$ 760,269	\$ 756,289	\$ 792,590
Retailer commissions	64,270	68,688	67,984	70,823
Other cost of sales ⁽³⁾	28,232	30,908	31,510	35,135
Total cost of sales	\$ 800,237	\$ 859,865	\$ 855,783	\$ 898,548
PAYMENTS TO STATE'S GENERAL FUND	\$ 319,700	\$ 337,500	\$ 330,000	\$ 345,000

⁽¹⁾ "Daily Games" refers to Play3 Day, Play4 Day, Play3 Night and Play4 Night.

⁽²⁾ "Lucky for Life[®]" revenue includes "Lucky-4-Life[®]" revenue for the years 2009 through 2012.

"Lucky for Life[®]" began in 2012.

⁽³⁾ "Other Cost of Sales" are comprised of online systems, marketing, advertising and promotions and production expenses.

2019	2020	2021	2022	2023	2024
\$ 736,443	\$ 756,968	\$ 837,705	\$ 801,290	\$ 754,938	\$ 743,952
249,696	259,252	294,170	274,380	264,726	256,935
35,032	30,977	20,637	16,572	17,531	19,994
31,169	31,214	33,133	29,055	27,161	25,753
81,446	49,533	64,193	79,969	100,842	111,979
72,633	38,549	57,075	39,652	79,197	69,150
18,872	17,469	17,764	30,515	30,203	30,001
0	0	0	0	0	0
0	0	0	0	0	0
5,696	5,872	0	0	0	0
102,923	115,450	136,004	141,929	135,915	122,093
0	0	37,090	38,684	40,708	34,721
0	0	0	151,184	251,705	266,240
\$ 1,333,910	\$ 1,305,284	\$ 1,497,770	\$ 1,603,231	\$ 1,702,927	\$ 1,680,816
\$ 822,863	\$ 822,243	\$ 929,753	\$ 1,041,156	\$ 1,131,306	\$ 1,136,463
74,295	72,895	83,607	84,384	88,333	85,288
33,474	31,986	32,740	39,782	39,101	35,735
\$ 930,632	\$ 927,124	\$ 1,046,100	\$ 1,165,322	\$ 1,258,741	\$ 1,257,486
\$ 370,000	\$ 347,700	\$ 418,000	\$ 402,244	\$ 404,130	\$ 386,960

CONNECTICUT LOTTERY CORPORATION

COMPARATIVE INDUSTRY STATISTICS

Based upon data published in *La Fleur's 2024 World Lottery Almanac*, the Connecticut Lottery Corporation ranked highly in key statistics for measurement of operational performance. The data for the latest period available, fiscal 2023, included data from lotteries in 45 states plus the District of Columbia (D.C.). Top performing lotteries in key categories are presented below.

A. SALES PER CAPITA - FY 2023:

State/District	Population (Millions)	Ticket Sales (Millions \$)	Sales Per Capita (Dollars)
1 Massachusetts	7.0	\$ 6,126.3	\$ 875.2
2 Virginia	8.7	\$ 4,611.9	\$ 528.9
3 Georgia	11.0	\$ 5,769.0	\$ 523.0
4 Michigan	10.0	\$ 4,939.5	\$ 492.0
5 Connecticut	3.6	\$ 1,702.9	\$ 470.4
6 South Carolina	5.4	\$ 2,402.7	\$ 447.4
7 Florida	22.6	\$ 9,801.8	\$ 433.5
8 New York	19.6	\$ 8,292.3	\$ 423.7
9 New Jersey	9.3	\$ 3,727.0	\$ 401.2
10 Pennsylvania	13.0	\$ 5,136.0	\$ 396.3

B. NET INCOME PER CAPITA - FY 2023:

State/District	Population (Millions)	Net Income (Millions \$)	Net Income Per Capita (Dollars)
1 Massachusetts	7.0	\$ 5,855.6	\$ 838.9
2 Georgia	10.9	\$ 5,421.1	\$ 496.9
3 Michigan	10.0	\$ 4,896.9	\$ 488.2
4 Connecticut	3.6	\$ 1,603.2	\$ 441.7
5 Virginia	8.7	\$ 3,752.4	\$ 432.3
6 South Carolina	5.3	\$ 2,253.6	\$ 426.8
7 Florida	22.3	\$ 9,324.6	\$ 419.1
8 New York	19.7	\$ 8,178.1	\$ 415.6
9 Pennsylvania	13.0	\$ 5,121.3	\$ 394.9
10 New Jersey	9.3	\$ 3,634.2	\$ 392.5

C. OPERATING EXPENSES AS PERCENTAGE OF SALES - FY 2023:

State/District	Ticket Sales (Millions \$)	Operating Expenses (Millions \$)	Expense %
1 Pennsylvania	\$ 5,136.0	\$ 366.6	7.1%
2 Arizona	\$ 1,516.7	\$ 80.9	5.3%
3 California	\$ 9,239.4	\$ 427.0	4.6%
4 Michigan	\$ 4,939.5	\$ 216.0	4.4%
5 Georgia	\$ 5,769.0	\$ 247.9	4.3%
6 Virginia	\$ 4,611.9	\$ 190.7	4.1%
7 North Carolina	\$ 4,342.7	\$ 174.8	4.0%
8 Massachusetts	\$ 6,126.3	\$ 245.3	4.0%
9 Tennessee	\$ 1,958.2	\$ 71.2	3.6%
10 New Jersey	\$ 3,727.0	\$ 130.5	3.5%
11 Connecticut	\$ 1,702.9	\$ 58.4	3.4%
12 Missouri	\$ 1,792.2	\$ 59.1	3.3%
13 Texas	\$ 8,725.7	\$ 254.1	2.9%
14 South Carolina	\$ 2,402.7	\$ 53.8	2.2%
15 Florida	\$ 9,801.8	\$ 209.2	2.1%

CONNECTICUT LOTTERY CORPORATION 2024 ANNUAL REPORT

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