



DRAFT

**Finance Committee
Special Meeting**

November 19, 2021 at 10:00 a.m.
via teleconference

Committee Members: Steven Ezzes, Chair of the Finance Committee; Michael Cicchetti; and Manny Langella (all via teleconference).

Staff Members: Gregory Smith, President & CEO; Paul Granato; and Annmarie Daigle.

Guests: Jessica Aniskoff; Angelo Lombardo; and Vanessa Rossitto of Clifton Larson Allen.

I. Welcome:

Mr. Ezzes called the meeting to order at 10:03 a.m.

II. Approval of the July 8, 2021 Finance Committee Meeting Minutes:

On a motion by Mr. Langella and seconded by Mr. Ezzes, the minutes of the July 8, 2021 Finance Committee were approved with Mr. Ezzes and Mr. Cicchetti abstaining.

III. Review of Audited Financial Statements for the period ended June 30, 2021:

Mr. Granato introduced the audit team from the legacy BlumShapiro group, which merged with and into Clifton Larsen Allen (CLA) on January 1, 2021. He noted the significant new accounting pronouncement that takes effect for next year's financial statements -- the implementation of GASB 87 Leases which requires organizations to reflect the underlying asset of the lease as an asset and liability. In addition, with the commencement of Sports Betting – the Lottery will have additional Financial Statement requirements for next year.

Vanessa Rossitto, audit partner, proceeded to go through a presentation of the financial highlights, noting that there were no audit findings, and no significant deficiencies or material weaknesses were reported in internal controls or financial reporting.

The audit confirmed total sales of \$1.498 billion and confirmed total transfers of \$418 million to the General Fund to support our mission of raising revenue for the State.

IV. Review of Audit Communication Letter:

Ms. Rossitto noted that the audit communication letter was received by the Committee in advance of today's meeting. She noted that there were no new standards for the CLC in the past year.

V. Quarterly Insurance Company Rating Report:

Mr. Granato discussed the quarterly summary of the insurance companies and their most recent credit ratings, noting that the insurance companies remained stable during this period. The one exception is Monarch Life Insurance, who remains under regulatory supervision as they have been for 30 years. They continue to make all payments as agreed and have not missed any payments. The Lottery has only six remaining contracts with them.

VI. Sales and General Fund Update:

Mr. Granato reported that Sales through October are strong with total sales revenue of \$496.7 million, which is \$30.3 million ahead of budget and \$22.7 million ahead of the prior year. General Fund Transfers were \$137.8 million, which is \$14.2 million ahead of budget.

VII. Adjournment:

On a motion by Mr. Langella and seconded by Mr. Cicchetti, the meeting adjourned at 10:39 a.m.

Respectfully submitted,

Matthew Stone
Corporate Secretary
Connecticut Lottery Corporation