



FISCAL YEAR 2014 | ANNUAL REVIEW



---

## HOW THE LOTTERY OPERATES

The Colorado Lottery is a division of the Department of Revenue (DOR) and is an enterprise fund that receives no money from the State General Fund. Tax money does not support our operation in any way. In fact, we fund our entire operation—salaries, infrastructure, retailer commissions and prizes—through the sale of our games. Thanks to our loyal players and retail partners, we are able to give back to the state of Colorado through all of our ticket sales for Scratch, Powerball, Mega Millions, Lotto, Cash 5 and Pick 3. Lottery proceeds are directed to Great Outdoors Colorado (GOCO), the Conservation Trust Fund, Colorado Parks and Wildlife, and the Building Excellent Schools Today (BEST) program.

---

## MISSION

The Colorado Lottery creates and sells Lottery games of chance that are held to the highest standards of integrity, entertainment and efficiency, in order to maximize proceeds for the people of Colorado.

---

## VISION

The Colorado Lottery will be an industry leader, built on strong relationships with our customers, partners and co-workers. We will deliver superior products, operate with innovative and efficient processes and demonstrate a commitment to excellent customer service.



## TABLE OF CONTENTS

Letter from the Lottery Commission Chair and Lottery Director	6-7
FY14 Game Sales	8
Facts and Figures	9
Partners	10
Fiscal Year Proceeds	11
FY14 Financial Statements	12-13

## LETTER FROM LOTTERY COMMISSION CHAIR AND LOTTERY DIRECTOR

---

On behalf of the Colorado Lottery Commission and the Colorado Lottery, we are pleased to present the fiscal year 2014 Annual Review. Over the past 31 years, the Colorado Lottery has proudly contributed more than \$2.7 billion to our state, funding outdoor projects through our proceeds partners including Great Outdoors Colorado (GOCO), the Conservation Trust Fund, Colorado Parks & Wildlife, and the Public School Capital Construction – Building Excellent Schools Today (BEST) Program. We are proud to have generated sales of \$545 million in fiscal year 2014.

In our commitment to creating and selling Lottery games with high standards of integrity, entertainment, and efficiency, the Lottery Commission and Colorado Lottery continue to focus on maximizing proceeds. In fiscal year 2014, the Colorado Lottery generated more than \$130 million for our beneficiary partners. Colorado is unique in that we are the only state where nearly all of state Lottery proceeds support outdoor enhancement and preservation.

Looking ahead toward the next fiscal year, the Colorado Lottery will embark on a year-long jackpot system conversion project with an upgrade to the newest, state-of-the-art technology in lottery equipment. Effective November 9, 2014, players will be able to play both Scratch and Jackpot games in the same self-service machine. We are delighted to offer this new technology to our Colorado players. These improvements will not only benefit our players, they will also benefit our beautiful state. The Lottery will also launch new Scratch and Jackpot mobile apps. The apps will be swift and convenient, offering players the ability to scan and check tickets for winners, get in-depth information on active and new Scratch games, manage their MyLottery Players Club profile and easily enter Second-Chance Drawings. The Jackpot app will allow players to view Jackpot amounts, store their lucky numbers and check winning numbers for all of our Jackpot games: Powerball, Mega Millions, Lotto, Cash 5 and Pick 3.



---

Since 1983, Colorado Lottery proceeds have helped fund and support parks, open space conservation, wildlife habitats, and the BEST program. In working toward our goals and objectives, the Colorado Lottery is an industry leader, built on strong relationships with our players, retailers and proceeds partners. We will continue to deliver superior products, operate with innovative and efficient processes and demonstrate a commitment to excellent customer service to accomplish the mission of improving the quality of life in Colorado and enhancing Colorado's great outdoors.

On behalf of the Colorado Lottery Commission and the Colorado Lottery,



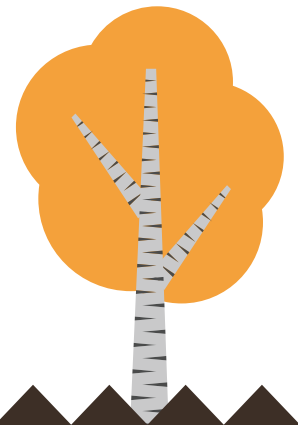
*Margie Martinez Perusek*

Margie Martinez Perusek, Chair  
Lottery Commission



*Laura Solano*

Laura Solano, Director  
Colorado Lottery



FY14 GAME SALES



**SCRATCH SALES**  
\$362.0M



**POWERBALL SALES**  
\$84.5M



**MEGA MILLIONS SALES**  
\$36.8M



**LOTTO SALES**  
\$33.8M



**CASH 5 SALES**  
\$19.2M



**PICK 3 SALES**  
\$8.7M

FY14 FACTS AND FIGURES BY THE NUMBERS



**TOTAL SALES**  
\$545.0 MILLION



**TOTAL PROCEEDS**

\$130.1 MILLION



**TOTAL PRIZES PAID**

\$336.6 MILLION

**SALES HISTORY**

2014	\$545.0M
2013	\$566.3M
2012	\$545.3M
2011	\$518.9M
2010	\$501.2M
2009	\$493.4M
2008	\$505.8M
2007	\$455.9M
2006	\$468.8M
2005	\$417.0M
2004	\$401.3M

**TOTAL RETAILER COMPENSATION**

2014	\$40.2M
2013	\$37.6M
2012	\$36.3M
2011	\$34.5M
2010	\$33.3M
2009	\$32.8M
2008	\$33.7M
2007	\$30.3M
2006	\$31.0M
2005	\$27.8M
2004	\$26.6M

# PARTNERS

Sales from the Lottery's more than 3,000 retailers raised \$130.1 million for the Lottery's proceeds partners.



**GREAT OUTDOORS COLORADO (GOCO)**  
goco.org

Great Outdoors Colorado gives money to projects that impact communities across the state. The Colorado Lottery is GOCO's only funding source and gives GOCO 50 percent of our proceeds, up to a \$35 million cap in 1992 dollars, adjusted for inflation. If this amount exceeds the adjusted cap, the remainder goes to under-funded public school districts to address facility safety issues. In FY14, the distribution to GOCO was \$60.3 million.



**COLORADO PARKS AND WILDLIFE**  
parks.state.co.us

Colorado Parks and Wildlife receives 10 percent of our proceeds. Colorado's 42 state parks use Lottery money for trail construction and maintenance, land acquisition, equipment and facility purchases and maintenance of state parks facilities. The Lottery improves the state park experience for more than 12 million annual visitors. In FY14, \$13.0 million was distributed directly to state parks.



**COLORADO**  
Department of Local Affairs

**DEPARTMENT OF LOCAL AFFAIRS (DOLA)- CONSERVATION TRUST FUND (CTF)**  
dola.state.co.us

The Conservation Trust Fund receives 40 percent of our proceeds. Local parks and recreation providers receive money from this fund in proportion to their population so that every town, city, county and some special districts in Colorado benefit from Lottery funds. We distributed nearly \$52.1 million through the fund in FY14 for open space and land acquisition, equipment purchases, facility development, park maintenance and renovation or restoration of local facilities.



**COLORADO DEPARTMENT OF EDUCATION, CAPITAL CONSTRUCTION - BUILDING EXCELLENT SCHOOLS TODAY (BEST)**  
cde.state.co.us/cdefinance/capconstbest

Any proceeds money beyond the GOCO cap is directed to the Colorado Department of Education's Public School Capital Construction Assistance Fund and is used to address health and safety issues in public schools. In FY14, over \$4.7 million was distributed to improve conditions at some of Colorado's under-funded schools.



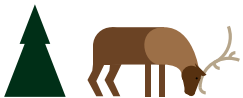
## FY14 FINANCIAL STATEMENTS

### COLORADO LOTTERY STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (FOR THE YEARS ENDED JUNE 30, 2014 AND 2013)

	2014	2013
<b>OPERATING REVENUES</b>		
GROSS TICKET SALES	\$ 545,030,260	\$ 566,286,598
<b>DIRECT OPERATING EXPENSES</b>		
Prize Expense	336,511,493	350,260,455
Retailer Commissions and Bonuses	40,212,982	42,213,870
Cost of Tickets and Vendor Fees	10,805,730	11,181,932
<b>Total direct operating expenses</b>	<b>\$387,530,205</b>	<b>\$403,656,257</b>
<b>GROSS PROFIT ON SALE OF TICKETS</b>	<b>\$157,500,055</b>	<b>\$162,630,341</b>
<b>OTHER OPERATING EXPENSES</b>		
Marketing and Communications	13,629,282	13,627,884
Administration Fees Paid to MUSL	85,228	148,940
Wages and Benefits	9,256,494	9,187,414
Professional Services	178,471	139,806
State Agencies Services	267,553	158,648
Department of Revenue Services	486,936	586,212
Travel	51,803	70,001
Equipment (including loss on disposition of equipment of \$826 and \$3,411, respectively)	521,428	59,522
Depreciation	960,109	977,298
Space Rental	754,269	728,305
Rents for Equipment	25,557	31,788
Motor Pool Leasing	368,640	364,798
Materials and Supplies	100,755	92,032
Telephone	233,137	185,898
On-Line Telecommunications	431,334	415,230
Data Processing Supplies and Services	329,666	53,805
Equipment Maintenance	272,636	286,600
Printing	21,526	23,927
Delivery Expense	961,938	927,943
Other	131,927	584,416
<b>Total Other Operating Expenses</b>	<b>\$29,068,689</b>	<b>\$28,650,467</b>
<b>OTHER OPERATING REVENUE</b>	<b>\$382,539</b>	<b>\$289,398</b>

### COLORADO LOTTERY STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (FOR THE YEARS ENDED JUNE 30, 2014 AND 2013)

	2014	2013
<b>TOTAL OPERATING INCOME</b>	<b>\$128,813,905</b>	<b>\$134,269,272</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment Income	554,251	77,300
Funds Distributed for Current Year	(99,605,001)	(98,333,399)
Funds Available for Distribution for Current Year	(30,508,507)	(37,298,362)
<b>Total Non-operating Revenues (Expenses)</b>	<b>(\$129,559,257)</b>	<b>(\$135,554,461)</b>
<b>NET INCOME (LOSS)</b>	<b>(\$745,352)</b>	<b>(\$1,285,189)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>\$3,662,685</b>	<b>\$4,947,874</b>
Net Change in Net Position	(\$745,352)	(\$1,285,189)
<b>NET POSITION, END OF PERIOD</b>	<b>\$ 2,917,333</b>	<b>\$ 3,662,685</b>



**THANKS TO OUR PLAYERS, RETAILERS AND PROCEEDS PARTNERS  
FOR A GREAT FISCAL YEAR 2014. AS ALWAYS, OUR JOURNEY  
CONTINUES INTO THE NEW FISCAL YEAR. HERE'S TO A PRODUCTIVE,  
SUCCESSFUL AND MOST IMPORTANTLY, FUN YEAR TO COME.**







## DEPARTMENT OF REVENUE

---

Barbara Brohl — Executive Director

---

## COLORADO LOTTERY

---

Laura Solano — Director

Jane Biglin — Deputy Director

---

## COLORADO LOTTERY COMMISSIONERS FY14

---

Margie Martinez Perusek — Chair, Law Enforcement

Frances Koncilja — Vice-Chair, Public

Dennis Maes — Commissioner, Attorney

---

Michael Weatherwax — Commissioner, CPA

Jim Bensberg — Commissioner, Public

---

### Colorado Lottery

Headquarters

225 N. Main Street

Pueblo, CO

81003-3032

719.546.2400

### Denver Office

720 S. Colorado Blvd.

Suite 110A

Denver, CO

80246-1904

303.759.3552

### Fort Collins Office

3030 South College Ave.

Suite 100

Fort Collins, CO

80525-2557

970.416.5993

### Grand Junction Office

State Office Building

222 S. 6th St. Room 112

Grand Junction, CO

81501

970.248.7053