



EXPECT THE UNEXPECTED™



EXPECT THE UNEXPECTED™



A LOOK INTO THE COLORADO LOTTERY

COVER PHOTO: Traveling atop
Indian Trail Ridge on the Colorado
Trail near Durango, Colorado.
Photo Credit: Bernie Krausse

MORE THAN \$2.9 BILLION IN PROCEEDS TO COLORADO SINCE 1983

ABOUT: THE LOTTERY



Over 33 years nearly \$2.9 billion Lottery dollars have had an impressive impact on Colorado; parks, recreation, open space, wildlife projects, and public school construction.

In Fiscal Year (FY) 2016, the Lottery generated \$594.4 million in sales and over \$143.5 million for Lottery beneficiary partners. This was accomplished because of the hard work of committed Lottery retail partners, dedicated employees, the support of valued players, and an unprecedented Powerball jackpot that totaled \$1.5 billion.

As we forge through FY2017, the Lottery will continue on its mission to create and sell 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.

OVER THE PAST 33 YEARS, OVER
\$2.9 BILLION
HAS BEEN RETURNED TO
COLORADO



LAURA SOLANO LOTTERY DIRECTOR

On behalf of the Colorado Lottery, I am pleased to present, "A Look Into the Colorado Lottery". The Lottery is an agency operated within the Colorado Department of Revenue. The closure of fiscal year 2016 marked 33 years since the first Colorado Lottery Scratch ticket was sold. The Lottery is proud that since its inception more than \$2.9 billion dollars has been returned to Colorado for the improvement, preservation, creation, or enhancement of parks, recreation, wildlife projects, open space, and public school construction.

The Lottery is an industry leader, built on strong relationships with players, retailers, and proceeds partners. The statutory requirement of returning annually increasing proceeds drives Lottery goals and objectives. The Lottery introduced exciting new games and ways to play as evidenced by the record breaking sales and proceeds generated in 2016

The 120 Lottery staff work collaboratively with more than 3,000 retailers to achieve its statutory responsibilities. We will continue to demonstrate a

commitment to excellent customer service, delivery of superior products, operate with innovation, integrity, and efficiency to accomplish the mission of generating resources that directly improve the quality of life through the enhancement of Colorado's great outdoors.

DENNIS MAES LOTTERY CHAIRMAN

Retired District Judge Dennis Maes was appointed to the Colorado Lottery Commission on July 19, 2013. He retired from the Pueblo District Court bench in May, 2012 after serving 24 years, the last 17 as Chief District Judge. Maes graduated from the University of Colorado School of Law in 1972 and spent his entire legal career in Pueblo. He has been involved in many bar association and community activities. He is passionate about working with children and addressing mental health needs. He has received numerous honors and awards for his service.

Concerning his service on the Lottery Commission, he is extremely proud of its commitment to the integrity of the process and especially proud of its outreach to the less fortunate communities that deserve to share equally in the many benefits provided by the Lottery. These accomplishments are possible because of the dedicated, fun and hardworking state employees that work for the Colorado Lottery.



PROCEEDS BREAKDOWN: THE REVENUE CHALLENGE AND OPPORTUNITY

LOTTERIES TODAY ARE CHALLENGED TO FIND NEW WAYS TO INCREASE REVENUES AND FULFILL THEIR MISSIONS.

The Colorado Lottery faces this revenue challenge and continues to identify innovative proposals that will allow the organization to generate the needed revenue to meet the Lottery's increasing statutory funding requirements for its proceeds beneficiaries. Technology is advancing and the Lottery needs to stay relevant with players of all ages and demographics. In order to engage and entertain players into the future, the Lottery must bring distinctiveness to its product mix, distribution channels and sales strategies.

The Lottery does not face this challenge alone. In order to move forward the Lottery enlists the support of the Lottery Commission, legislators, proceeds beneficiaries, retailer partners, trade associations and players. These constituents help the organization raise awareness of the revenue challenge and garner the support that is needed to successfully deploy various innovative solutions.



The Lottery is committed to meet its mission of maximizing proceeds for the great state of Colorado. The Colorado Lottery provides 50 percent of net proceeds to Great Outdoors Colorado (GOCO), up to a \$35 million cap in 1992 dollars that adjusts annually with inflation. The Colorado Lottery is the only funding source for GOCO and in FY2017 the GOCO cap has grown to \$64,463,929.

AS THE GOCO CAP CONTINUES TO INCREASE BY AN ESTIMATED \$1 MILLION ANNUALLY, THE LOTTERY MUST GENERATE AN ADDITIONAL \$10-13 MILLION IN REVENUE EACH YEAR IN ORDER TO MEET THE STATUTORY PROCEEDS GOAL, (C.R.S. 33-60-104 (2)).

Today Jackpot game sales are experiencing fatigue, the population is aging and technology evolving. The Colorado Lottery must innovate business strategies and diversify with new Lottery products in order to rise to the revenue challenge. The Colorado Lottery is a mature business established in 1983 with committed core customers. Like any business the Lottery must grow and change with consumers.

THE PLAYER FROM 1983 IS VERY DIFFERENT FROM THE PLAYER IN 2017. Coloradans have many options when it comes to spending entertainment dollars. Other entertainment options are direct competition for the Lottery. The world has changed and it is time for the Lottery to change in order to compete with player's options.

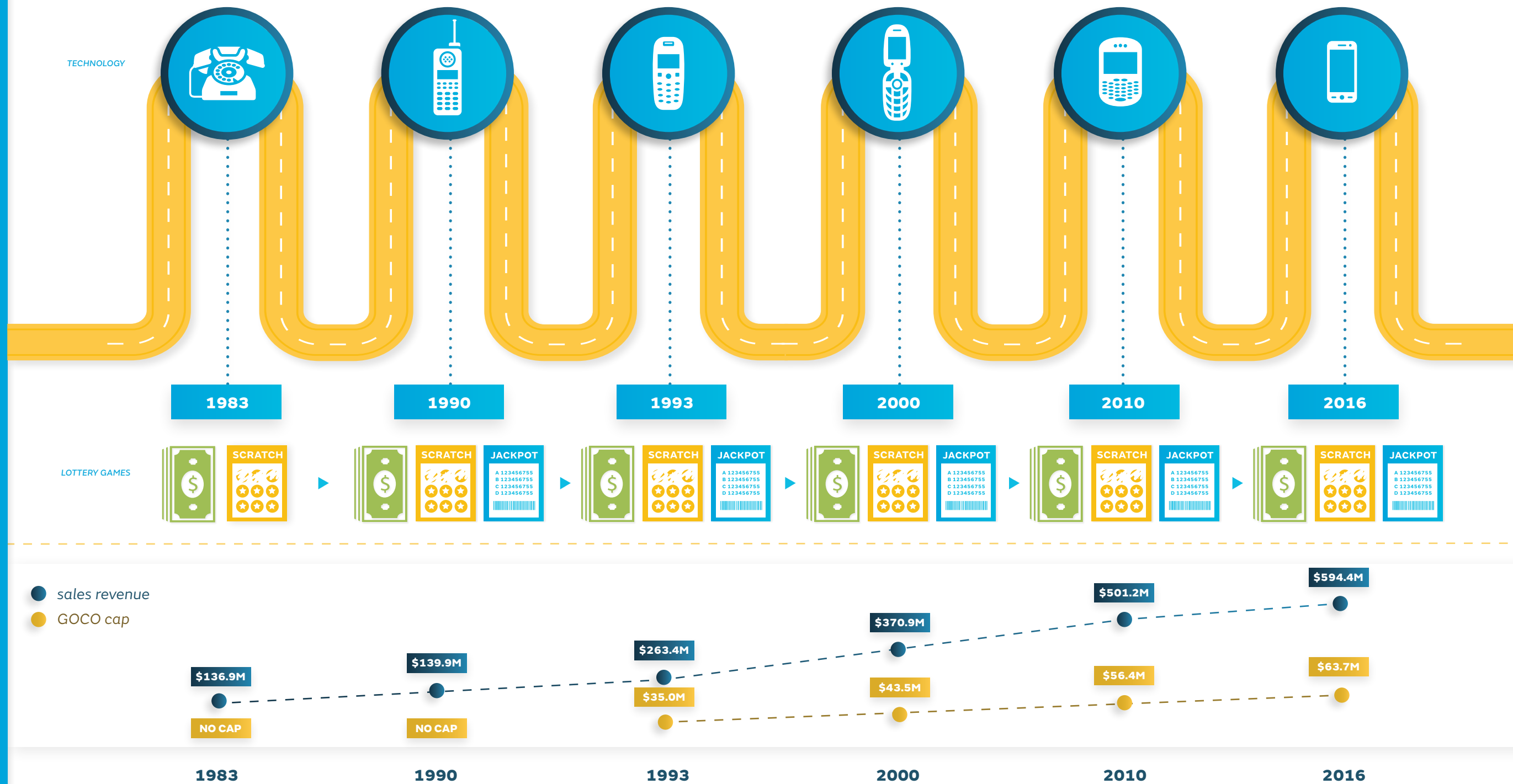
LOTTERY PLAYERS COUNT ON LUCK, BUT THE LOTTERY CANNOT COUNT ON LUCK FOR A SUCCESSFUL BUSINESS STRATEGY. The Lottery was lucky in FY2016 and so were Lottery beneficiaries. The historical \$1.5 billion Powerball jackpot spiked sales for all Lottery products. Colorado sales of Powerball tickets for the week ending January 9, 2016 shattered the previous weekly sales record set in December 2012 by nearly \$9.5 million. Part of the revenue challenge is that luck sometimes helps the Lottery. Sales for FY2016 met and surpassed all goals because of the Powerball surge. To sustain funding for Lottery beneficiaries, the Lottery must adapt its business model to meet the changing demographics and technology use of today's player.



EVOLUTION OF TECHNOLOGY VS LOTTERY GAMES

In 33 years, technology has dramatically changed, but how players purchase and play our games has not technologically evolved.

The player from 1983 is very different from the player in 2017.





GREAT OUTDOORS COLORADO (GOCO)

Great Outdoors Colorado invests in parks, trails, rivers, wildlife and open spaces via competitive grants to land trusts and local governments and through support of Colorado Parks and Wildlife. The Colorado Lottery is the sole funding source for GOCO, which receives up to 50 percent of proceeds based on an inflation indexed formula.



COLORADO PARKS AND WILDLIFE (CPW)

Colorado's state parks receive 10 percent of the Lottery's proceeds. These proceeds support a variety of projects throughout the 43 parks, including wildlife habitat protection, maintenance and enhancement of park facilities, trail construction and visitor education.

PROCEEDS BENEFICIARY OVERVIEW

TOTAL LOTTERY PROCEEDS CONTRIBUTION IN FY2016 WAS
\$143.5 MILLION



COLORADO
Department of Local Affairs

DEPARTMENT OF LOCAL AFFAIRS (DOLA) CONSERVATION TRUST FUND (CTF)

Forty percent of Lottery proceeds are provided to counties, cities, towns and Title 32 special districts that provide park and recreation services in their service plans. Proceeds support local parks and recreation projects, including the creation of parks, facility enhancement and development, playground upgrades and trail maintenance.



COLORADO DEPARTMENT OF EDUCATION, CAPITAL CONSTRUCTION (BEST)

The BEST program (Building Excellent Schools Today) receives Lottery spillover funds assisting Colorado schools in meeting students' fundamental education needs. To date, BEST has received more than \$79 million from the Lottery to enhance schools across the state.

PROCEEDS HIGHLIGHT:
**GREAT
 OUTDOORS
 COLORADO
 (GOCO)**

GREAT OUTDOORS COLORADO
**PROCEEDS CAP OF
 \$63.7 IN FY2016
 WAS MET THANKS TO
 RECORD REVENUE BY THE
 COLORADO LOTTERY**

The San Luis Valley is part of GOCO's Inspire Initiative, that addresses the growing disconnect between youth and the outdoors. Local community coalitions develop places, programs, and pathways that inspire children and their families to explore and care for Colorado's great outdoors.

The 1/3 mile Rio Grande Farm Park provides a unique learning experience for Alamosa residents. In coordination with the farm the San Luis valley Local Foods Coalition supports new farmers with up to an acre of land while teaching sustainable farming practices. The Rio Grande Farm Park community provides workshops on soil health, organic farming and perma-culture techniques. The farm, offers trails to stunning views of the Sangre de Cristo Mountain Range.

The farmable land was purchased in early 2016 with support from a \$254,000 Lottery-funded open space grant from GOCO.



Our kids like to get outside with us and enjoy the outdoors and learn about farming. The food we grow is organic and cheaper than anything we could buy at the store. The farm brings us all together outside. It is good for our family and good for the community.

FRANCISCO LUCAS
 RIO GRANDE FARM PARK COMMUNITY
 MEMBER FROM ALAMOSA, COLORADO



IN FY2016, GOCO DISTRIBUTED \$33.6 MILLION
 IN LOTTERY DOLLARS ACROSS 107 PROJECTS IN 37 COUNTIES
THAT HELPED CREATE 15 COMMUNITY PARKS,
 5 WATER RECREATION PROJECTS, 5 NEW TRAILS AND PROTECT OVER 38,000 ACRES.

PROCEEDS HIGHLIGHT:
**DEPARTMENT
OF LOCAL
AFFAIRS (DOLA)
CONSERVATION
TRUST FUND
(CTF)**

Sam Suplizio Stadium and Lincoln Park located in Grand Junction showcase the important use of the Conservation Trust Fund (CTF) and the impact these dollars have on a Colorado community. Originally constructed in 1949, Sam Suplizio Stadium is now owned by the City of Grand Junction. The field and stadium were renovated in 2012 with the help of the CTF. The 10,000 seat venue hosts the University of Colorado Mesa Baseball team, the minor league Grand Junction Rockies, and many high school tournaments.

Suplizio Field sits within Lincoln Park, which is located in the center of Grand Junction's parks and recreation system. Residents spend their summer at the Lincoln Park-Moyer Swimming Pool conquering the 50-meter pool, diving well, and twisting waterslide. At the Lincoln Park Golf Course, players enjoy the beautiful surroundings of the mesa while navigating sand traps and hazards over 18 challenging holes. Since 2010, the Lottery through the CTF, has invested over \$2.6 million in this community fixture.



With a growing need, and proven benefits of getting back to nature and participating in physical activity, the Conservation Trust Fund has been, and will continue to be, the life-blood for Colorado cities and towns to help citizens utilize all that living in our state has to offer.

CHRIS DROPINSKI
SENIOR PRINCIPAL FOR GREENPLAY LLC (A RECREATION MANAGEMENT CONSULTING FIRM), LOUISVILLE, CO
FORMER-DIRECTOR FOR THE CITY OF BOULDER PARKS, RECREATION, AND MOUNTAIN PARKS DEPARTMENT, 1990 – 2001

THE CONSERVATION TRUST
FUND DISTRIBUTED
\$56.9 MILLION
TO COLORADO GOVERNMENT IN FY2016



PROCEEDS HIGHLIGHT: COLORADO PARKS AND WILDLIFE (CPW)



Lottery funds have helped change Black Friday into #FreshAirFriday.

Traditionally the day after Thanksgiving is known as one of the biggest shopping days of the year, not in Colorado anymore. Lottery funds helped cover the cost for admission to all 42 state parks on the day after Thanksgiving. Fresh Air Friday provides access to amazing recreation opportunities including miles of trails, scenic views, wildlife viewing and angling among others.

The annual event was again a great success and exceeded all expectations. Coloradans are taking advantage of this great opportunity to enjoy Colorado State Parks, Almost every Colorado state park hit record highs for visitors for #FreshAirFriday 2017.



IN FY2016 THE COLORADO LOTTERY
CONTRIBUTED
\$14.3MILLION
TO COLORADO PARKS AND WILDLIFE

FY2016 LOTTERY FUNDS
CONTRIBUTED TO THE PLACES
COLORADANS PLAY:
RUBY MOUNTAIN CAMPGROUND
AT THE ARKANSAS HEADWATERS,
B-LOOP CAMPGROUND UPGRADES
AT CHATFIELD STATE PARK, NEW BOAT RAMP
AT YAMPA STATE PARK, ARKANSAS
RIVER RANCH TRAIL, SAND ROCKS
TRAIL, AND WILLOW CREEK FALLS TRAIL.

An important part of being a Coloradan is our commitment to the outdoors and a healthy lifestyle. That's why I give my time and effort to help maintain different outlets for fellow Coloradans to stay healthy while giving back to the great outdoors that Colorado has to offer. This could not be done without the contributions of the Colorado Lottery dollars. Colorado Lottery dollars make the outdoors accessible to everyone and make a positive impact on our lives.

PICTURED ABOVE **JOSEPH VILLAROSA**, VOLUNTEERS FOR OUTDOOR COLORADO (WWW.VOC.ORG) VOLUNTEER CREW LEADER AND HIS SISTER **AMANDA VILLAROSA**.

PROCEEDS HIGHLIGHT:
**COLORADO
DEPARTMENT OF
EDUCATION,
CAPITAL
CONSTRUCTION
BUILDING
EXCELLENT
SCHOOLS TODAY
(BEST)**



Alta Vista Charter School serves approximately 130 Kindergarten through 6th grade students in Lamar. The original school was built in 1917. The building is now listed on the Colorado State Historical register. BEST utilized Lottery dollars to renovate the historic school house and added approximately 16,000 square feet for new classrooms, library, offices, and gymnasium. The school uses super-insulated walls, daylight harvesting, occupancy sensors, and a geo-exchange heat pump system for heating and cooling to increase energy efficiency. This project has revitalized a historic and important building on the eastern plains into a modern learning environment.



IN FY2016 THE LOTTERY
CONTRIBUTED OVER
\$8 MILLION TO BEST

BEST HAS FUNDED
292
**CAPITAL CONSTRUCTION
SCHOOL PROJECTS**
IN 128 SCHOOL DISTRICTS
**AND HAS RECEIVED OVER
\$79 MILLION
IN LOTTERY FUNDS
SINCE 2008**



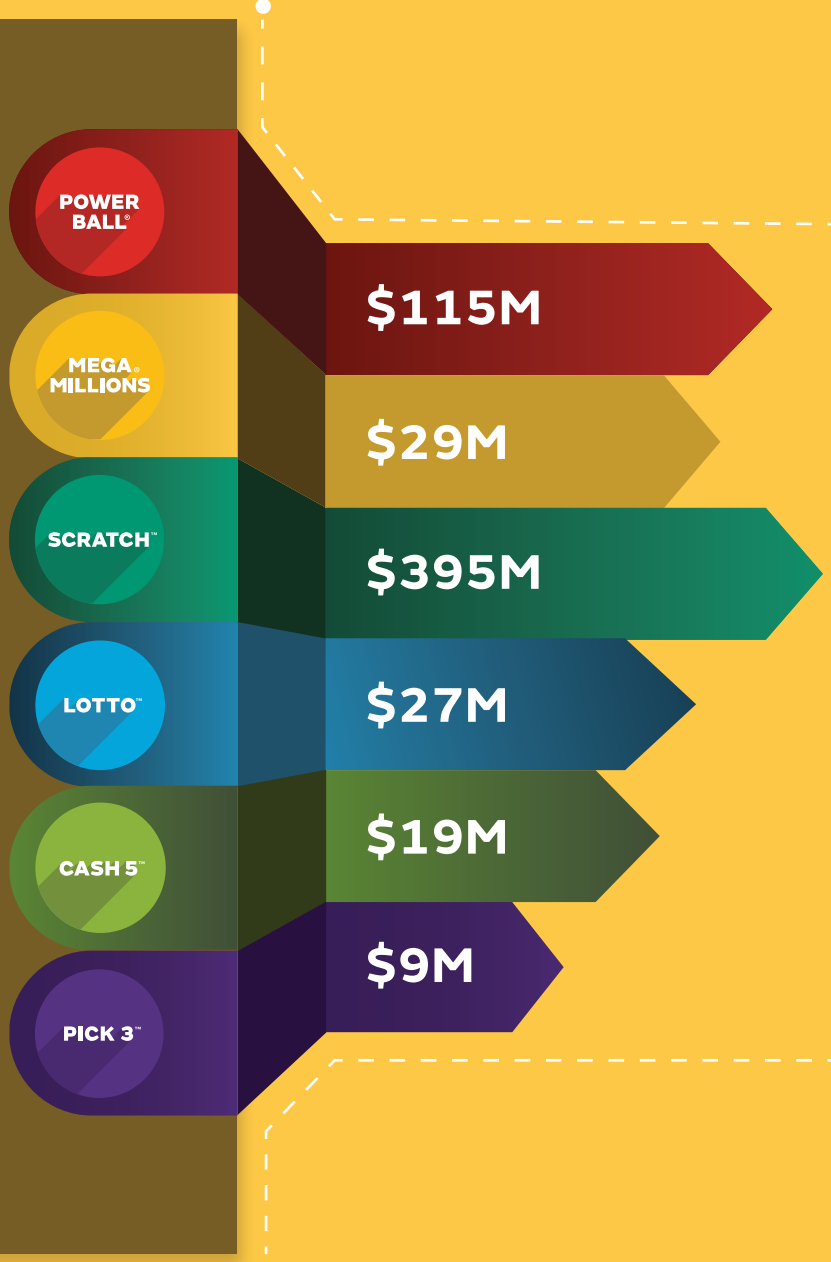
The BEST funding allowed our small rural school to offer a safe and healthy environment to our students that would have never been possible without it. The BEST program is truly doing great things to make schools a better place to learn.

TALARA COEN
ADMINISTRATOR, ALTA VISTA CHARTER
SCHOOL IN LAMAR, CO

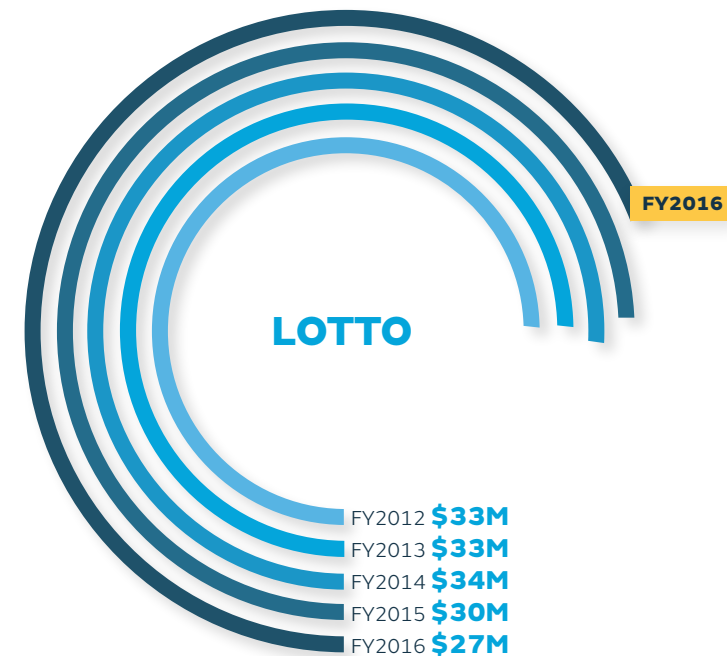
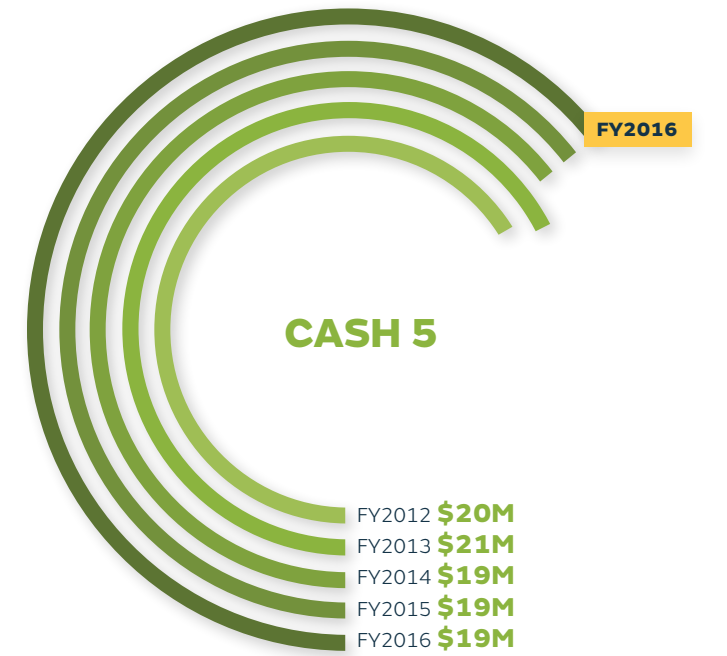
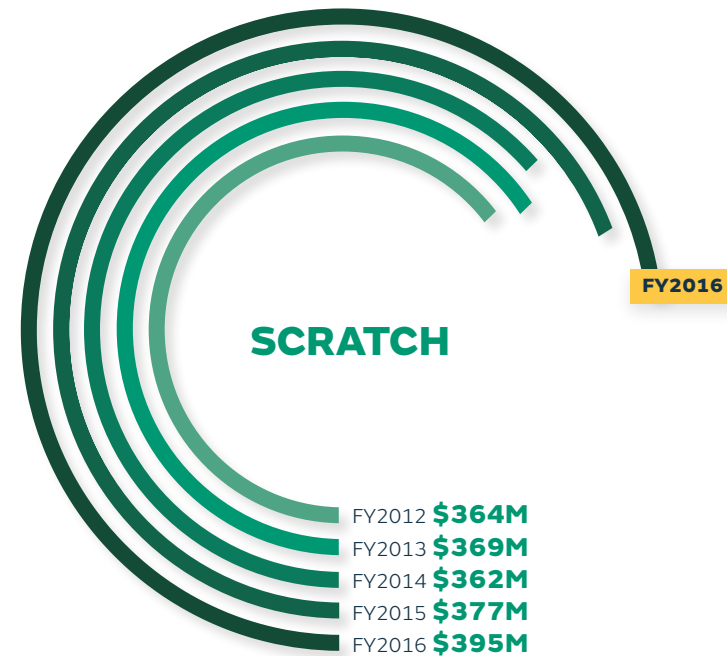
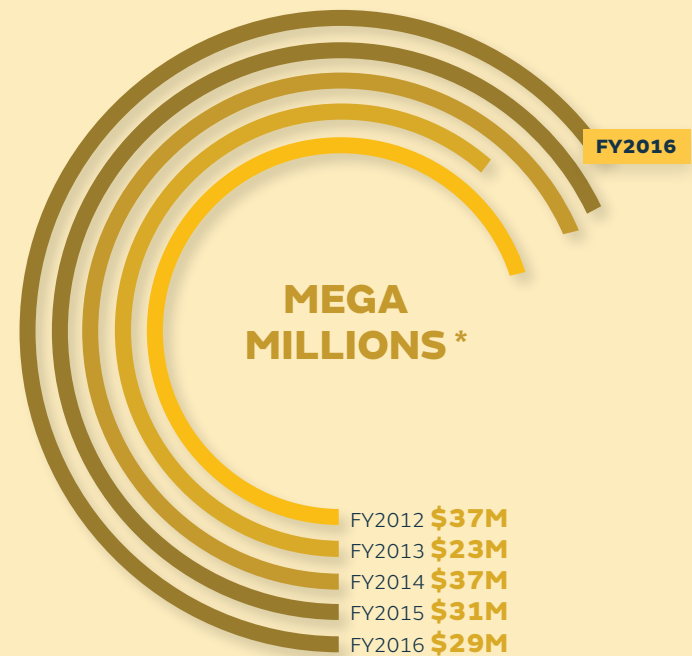
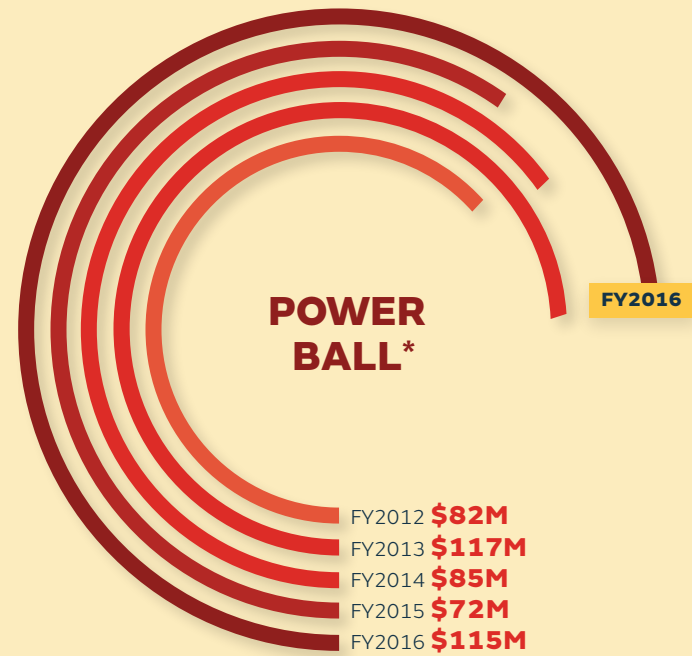
PHOTO
PROVIDED
BY BEST



FY2016: LOTTERY GAME SALES BREAKDOWN



The volatility of national game* sales directly impacts Colorado Lottery game sales, proceeds totals and and the amount of beneficiary distributions.

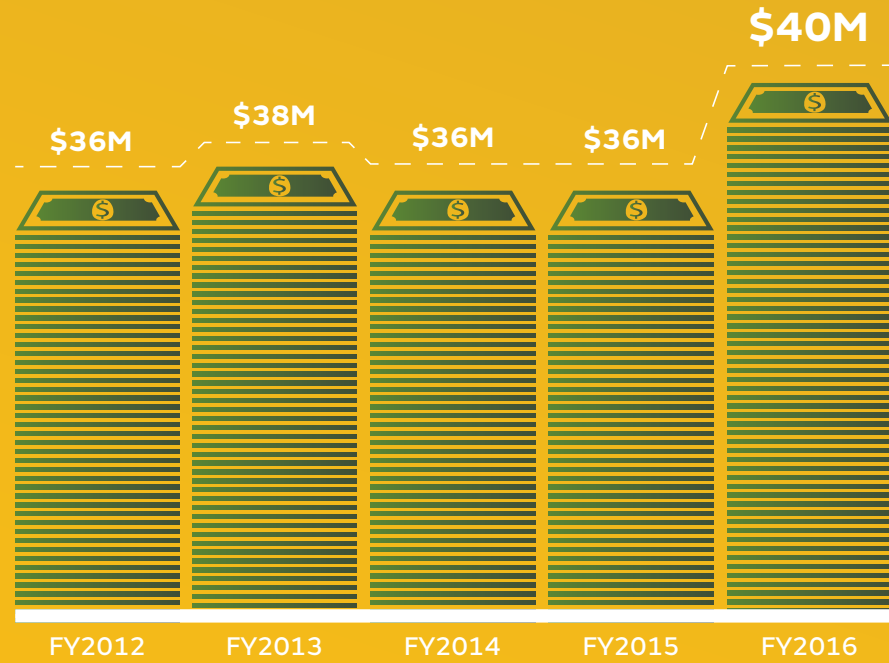


The great partnership with the Colorado Lottery not only extends to the support of noble causes around the state, but their "Customer First" attitude allows us to always have the products and equipment that we need to maximize our sales and profits!











ROB FORBES
MURPHY CONVENIENCE STORES, DENVER



LAST FIVE YEARS: TOTAL RETAILER COMMISSIONS



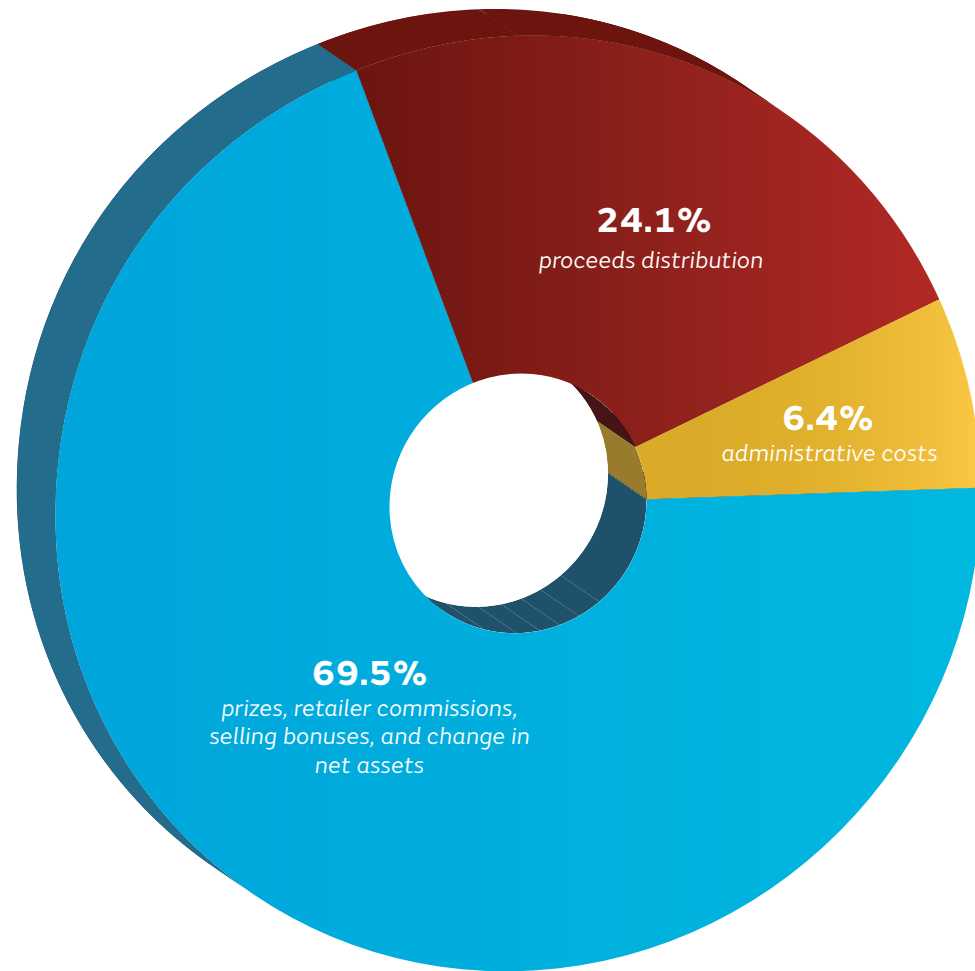
FY2016: TOP 10 CHAIN RETAILERS

- | | |
|--|---|
| 1.  | 2.  |
| 3.  | 4.  |
| 5.  | 6.  |
| 7.  | 8.  |
| 9.  | 10.  |

FY2016: TOP 20 INDEPENDENT RETAILERS

1. FLORIDA MARKET - DENVER
2. THREE SEVEN CORNER MART - AURORA
3. DISCOUNT GAS & CONVENIENCE - LAKEWOOD
4. B. G.'S - GRAND JUNCTION
5. DAYTONA MART - AURORA
6. KWIK WAY #757 - COLORADO SPRINGS
7. R & S FOOD AND GAS - LOVELAND
8. GATEWAY SERVICES - DINOSAUR
9. KWIK WAY #740 - COLORADO SPRINGS
10. A-Z CONVENIENCE - AURORA
11. Z STOP - GOLDEN
12. U PUMP IT EVANS - EVANS
13. SHAMROCK 99 - DENVER
14. SCHRIEVER PIT STOP - COLORADO SPRINGS
15. T & J SERVICE STATION INC - LAKEWOOD
16. IN N OUT CONOCO - CANON CITY
17. ORCHARD MESA MARKET - GRAND JUNCTION
18. USA FOOD & GAS - NORTHGLENN
19. SHAMROCK MISSISSIPPI - DENVER
20. BRIGHTON CORNERSTOP - BRIGHTON

FY2016: FINANCIAL HIGHLIGHTS



- prizes, retailer commissions, selling bonuses, and change in net assets **\$413M**
- proceeds distribution **\$143M**
- administrative costs **\$38M**

**FY2016
TOTAL REVENUE
\$594M**

LAST 10 FISCAL YEARS: SALES REVENUE

- sales revenue
- proceeds distribution



WHEN YOU PLAY, COLORADO PLAYS

Playing Lottery games means someone gets to play at a new local park, trail or wide open space. Small wins. Big wins. Everyone in Colorado wins. Don't forget to play.

Expect the unexpected.

Developed the Galloping Goose 12.6 mile Trail.
Telluride, CO

Developed the 32-acre Historic Arkansas Riverwalk.
Pueblo, CO

Developed the Swan Mountain Bike Path.
Dillon, CO

Developed the La Jara Park N' Play Sports Complex.
La Jara, CO

Developed the 1,621-acre Aiken Canyon Preserve.
Colorado Springs, CO

Developed the Hayden Meadows Recreation Area.
Twin Lakes, CO



COLORADO LOTTERY COMMISSION

The Colorado Lottery Commission has an important role in the oversight and governance of the Colorado Lottery and in fulfilling its fiduciary responsibilities with regards to all Lottery games. Its mission is to ensure that all Colorado Lottery games are held to the highest level of integrity and are representative of the values of the state of Colorado.

The Commission is comprised of five members who are appointed by the Governor with the consent and approval of the Colorado Senate. To serve, one member must have been a Colorado practicing attorney for at least five years, at least one member must have been a certified public accountant who practiced accountancy in Colorado for the last five years, and at least one member of the Commission must have been a law enforcement officer for at least five years.



DEPARTMENT OF REVENUE

Barbara Brohl — Executive Director

COLORADO LOTTERY

Laura Solano — Director

Jane Biglin — Deputy Director

COLORADO LOTTERY COMMISSIONERS FY2016

Honorable Charles Dennis Maes — Chair, Attorney at Law

Michael Weatherwax — Vice Chair, Certified Public Accountant

Jim Davis — Commissioner, Law Enforcement

Jim Bensberg — Commissioner, Member of the Public

Stella Peterson — Commissioner, Member of the 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 Avenue
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 81501-2758
970.248.7053

 facebook.com/ColoradoLottery

 twitter.com/ColoLottery

 pinterest.com/ColoradoLottery

 instagram.com/ColoradoLottery

 youtube.com/ColoradoLottery

COLORADOLOTTERY.COM