

***COLORADO LOTTERY***  
**STATEMENT OF LOTTERY REVENUES,  
PRIZE DISBURSEMENTS AND OTHER EXPENSES**

**(UNAUDITED)**

**FOR THE THIRD QUARTER ENDED**

**MARCH 31, 2009**

**COLORADO LOTTERY  
FINANCIAL STATEMENTS  
(UNAUDITED)**

DISTRIBUTION

|   |   |
|---|---|
| Honorable Bill Ritter, Jr.                                      | Governor                                  |
| Ms. Cary Kennedy  | State Treasurer                           |
| Rep. Terrance Carroll   | Speaker of the House of Representatives   |
| Sen. Peter Groff  | President of the Senate                   |
| Sen. Josh Penry   | Senate Minority Leader                    |
| Rep. Mike May   | House Minority Leader                     |
| Mr. Dick Reeve  | Chairman, Lottery Commissioner            |
| Ms. Betty Martinez  | Vice-Chairman, Lottery Commissioner       |
| Ms. Robin Wise  | Lottery Commissioner                      |
| Ms. Tracie L. Keesee  | Lottery Commissioner                      |
| Mr. Dana Franzen, CPA   | Lottery Commissioner                      |
| Ms. Roxy Huber  | Executive Director, Department of Revenue |
| Mr. Jack Boehm  | Director, Colorado Lottery                |
| Mr. Tom Kitts   | Deputy Director, Colorado Lottery         |
| Mr. David McDermott   | State Controller                          |
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# STATE OF COLORADO

**COLORADO LOTTERY DIVISION**  
Department of Revenue

**Headquarters**  
212 W. 3<sup>rd</sup> Street, Suite 210  
Pueblo, CO 81003  
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Bill Ritter, Jr.  
Governor

Roxy Huber  
Executive Director

Jack Boehm  
Lottery Director

April 17, 2009

State Treasurer and Members of the Colorado Lottery Commission:

Pursuant to CRS 24-35-204, the Colorado Lottery is required to furnish monthly, "a complete statement of lottery revenues, prize disbursements and other expenses."

The financial performance for the third quarter ended March 31, 2009 depicts total revenues of \$372.6 million, gross ticket sales of \$371.3 million, net income before proceeds distributions of \$92.7 million, and a net increase in net assets of \$1.2 million. Accordingly, a total of \$91.5 million in distributions will have been made by June 1, 2009 in the following manner; \$45.8 million to the Great Outdoors Colorado Fund, \$9.1 million to the Division of Parks and Outdoor Recreation, \$36.6 million to the Conservation Trust Fund, for distribution to cities and other local government agencies.

The attached financial statements for the third quarter ended March 31, 2009 have not been audited. They have been prepared in accordance with generally accepted accounting principles, using established accounting and internal control procedures. These procedures include, but are not limited to, documentation and accounting estimates, which support the production of reliable financial statements. As with any system of accounting and internal control procedures, there are inherent limitations, and the procedures cannot be relied upon to completely eliminate the occurrence of discrepancies, error or omissions, but should reduce that risk to a relatively low tolerable level.

Respectfully submitted,

A handwritten signature in cursive script that reads "Barb Aggson".

Barb Aggson  
Controller  
Colorado Lottery

**COLORADO LOTTERY  
FINANCIAL STATEMENTS  
(UNAUDITED)**

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COLORADO LOTTERY  
 FINANCIAL HIGHLIGHTS  
 \$ IN MILLIONS  
 FOR THE THIRD QUARTERS ENDED MARCH 31, 2009 AND 2008

The table included below and the graphs included on page 2 present certain summarized operating results of the Colorado Lottery for the third quarters ended March 31, 2009, and 2008 and should be read in conjunction with the financial statements presented herein. The graphs included on page 2 are presented for the purpose of demonstrating the Colorado Lottery's compliance with certain statutes that pertain to its operations.

|  | For the third quarters ended March 31, |                   |                |                   |
|--|--|-------------------|----------------|-------------------|
|  | 2009                                   |                   | 2008           |                   |
|  | Total                                  | Actual<br>Percent | Total          | Actual<br>Percent |
| <b>INCOME</b>                              |  |                   |                |                   |
| Gross Ticket Sales                         | \$371.29                               |                   | \$383.25       |                   |
| Nonoperating revenue                       | 1.30                                   |                   | 1.74           |                   |
| <b>TOTAL INCOME</b>                        | <b>372.59</b>                          |                   | <b>384.99</b>  |                   |
| <b>LESS:</b>                               |  |                   |                |                   |
| <b>PRIZES</b>                              | \$226.67                               | 61.0% (1)         | \$236.60       | 61.7% (1)         |
| <b>RETAILER COMMISSIONS AND BONUSES</b>    | \$27.68                                | 7.5% (1)          | \$29.02        | 7.6% (1)          |
| <b>ADMINISTRATIVE COSTS</b>                |  |                   |                |                   |
| Ticket Costs and Vendor Fees               | 7.77                                   |                   | 7.45           |                   |
| Other Operating Expenses                   | 17.79                                  |                   | 17.10          |                   |
| <b>TOTAL ADMINISTRATIVE COSTS (Note 3)</b> | <b>25.56</b>                           | <b>6.9% (2)</b>   | <b>24.55</b>   | <b>6.4% (2)</b>   |
|  | 92.68                                  |                   | 94.82          |                   |
| <b>NET CHANGE IN NET ASSETS</b>            | <b>1.16</b>                            |                   | <b>-0.33</b>   |                   |
| <b>PROCEEDS DISTRIBUTION</b>               | <b>\$91.52</b>                         | <b>24.6% (2)</b>  | <b>\$95.15</b> | <b>24.7% (2)</b>  |

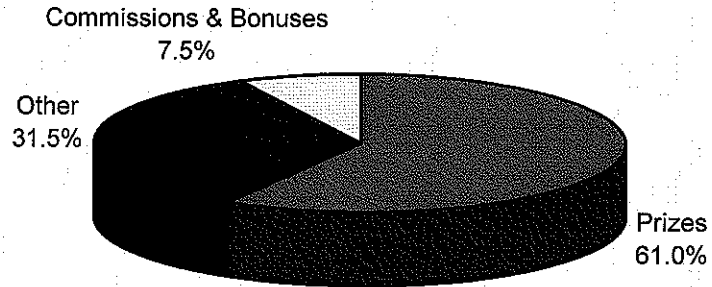
Note 1: Percent of gross ticket sales.

Note 2: Percent of total income.

Note 3: Total operating expenses per the statement of revenues, expenses and changes in fund net assets includes unappropriated expenses such as depreciation and accrued annual and sick leave. The actual administrative costs percentage would be slightly lower if they were removed from the calculation.

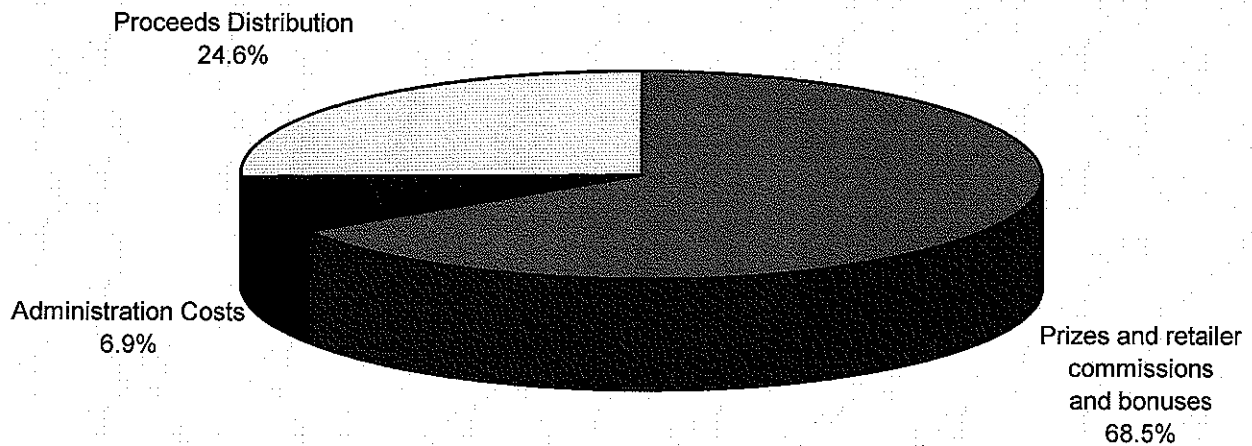
COLORADO LOTTERY  
SUPPLEMENT OF FINANCIAL HIGHLIGHTS  
FOR THE THIRD QUARTER  
ENDED MARCH 31, 2009

**PERCENT OF GROSS TICKET SALES**



To depict compliance with the 50% prize payment statute and the commission/bonus rules.

**PERCENT OF TOTAL INCOME**



To depict status of administrative expenditures to date.

COLORADO LOTTERY  
STATEMENTS OF NET ASSETS  
MARCH 31, 2009 AND 2008  
(UNAUDITED)

| ASSETS   | 2009          | 2008          |
|--|---------------|---------------|
| Current Assets:  |               |               |
| Cash and Investments   | \$ 34,265,454 | \$ 35,037,869 |
| Accounts Receivable, net of the allowance for doubtful accounts of \$182,804 in 2009 and \$200,537 in 2008 | 21,804,084    | 19,924,460    |
| Consignment Inventory, at Cost   | 107,166       | 105,538       |
| Warehouse Inventory, at Cost   | 1,095,793     | 726,424       |
| Prepaid Expenses   | 257,767       | 110,231       |
| Total Current Assets   | 57,530,264    | 55,904,522    |
| Reserve and Restricted Assets:   |               |               |
| Cash and Investments-Operating Reserve   | 1,100,000     | 1,300,000     |
| Cash and Investments-Licensed Agent Recovery Reserve Receipts  | 380,423       | 458,236       |
| Prepaid Prize Expense with MUSL  | 3,944,710     | 4,170,000     |
| Total Reserve and Restricted Assets  | 5,425,133     | 5,928,236     |
| Capital Assets:  |               |               |
| Equipment  | 4,660,618     | 3,159,600     |
| Leasehold Improvements   | 0             | 11,978        |
| Less Accumulated Depreciation and Amortization   | (2,738,041)   | (2,639,546)   |
| Total Capital Assets   | 1,922,577     | 532,032       |
| TOTAL ASSETS   | \$ 64,877,974 | \$ 62,364,790 |
| LIABILITIES  |               |               |
| Current Liabilities:   |               |               |
| Accounts Payable   | 3,553,024     | 2,383,843     |
| Prize Liability  | 26,144,527    | 21,807,951    |
| Payable to MUSL  | 0             | 0             |
| Wages and Benefits   | 15,600        | 146,472       |
| Accrued Annual and Sick Leave  | 0             | 0             |
| Retailer Bonus Liability   | 802,370       | 787,196       |
| Funds Available for Distribution   | 29,588,338    | 33,693,127    |
| Deferred Revenue   | 322,134       | 293,845       |
| Total Current Liabilities  | 60,425,993    | 59,112,434    |
| Long-Term Liabilities:   |               |               |
| Accrued Annual and Sick Leave  | 954,668       | 861,508       |
| Expired Warrants Liability   | 94,314        | 100,580       |
| Total Long-Term Liabilities  | 1,048,982     | 962,088       |
| TOTAL LIABILITIES  | 61,474,975    | 60,074,522    |
| NET ASSETS   |               |               |
| Investment in Capital Assets   | 1,922,577     | 532,032       |
| Restricted-Licensed Agent Recovery Reserve   | 380,423       | 458,236       |
| Unrestricted-Operating Reserve   | 1,100,000     | 1,300,000     |
| Unrestricted-Other   | 0             | 0             |
| TOTAL NET ASSETS   | 3,403,000     | 2,290,268     |
| TOTAL LIABILITIES AND NET ASSETS   | \$ 64,877,975 | \$ 62,364,790 |

COLORADO LOTTERY  
STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE THIRD QUARTERS ENDED MARCH 31, 2009 AND 2008  
(UNAUDITED)

|   | 2009           | 2008           |
|---|----------------|----------------|
| OPERATING REVENUES                                |                |                |
| Gross Ticket Sales                                | \$ 371,285,507 | \$ 383,246,895 |
| DIRECT OPERATING EXPENSES                         |                |                |
| Prize Expense                                     | 226,851,643    | 235,571,398    |
| Powerball Prize Variance                          | (180,794)      | 1,034,635      |
| Retailer Commissions and Bonuses                  | 27,675,535     | 29,018,652     |
| Cost of Tickets and Vendor Fees                   | 7,770,056      | 7,450,232      |
| GROSS PROFIT ON SALE OF TICKETS                   | 109,169,067    | 110,171,978    |
| OTHER OPERATING EXPENSES                          |                |                |
| Marketing and Communications                      | 8,406,052      | 6,440,558      |
| Administration Fees Paid to MUSL                  | 82,246         | 71,669         |
| Wages and Benefits                                | 6,483,161      | 6,595,270      |
| Professional Services                             | 209,105        | 284,647        |
| State Agencies Services                           | 91,374         | 85,211         |
| Department of Revenue Services                    | 417,504        | 344,161        |
| Travel  | 85,747         | 69,346         |
| Equipment   | 20,944         | 1,223,803      |
| Depreciation                                      | 91,476         | 115,521        |
| Accrued Annual and Sick Leave                     | 130,053        | 44,902         |
| Space Rental                                      | 511,543        | 519,383        |
| Rents for Equipment                               | 20,793         | 21,248         |
| Motorpool Leasing                                 | 312,547        | 258,979        |
| Materials and Supplies                            | 51,858         | 67,658         |
| Telephone   | 78,628         | 81,003         |
| On-Line Telecommunications                        | 248,174        | 358,978        |
| Data Processing Supplies and Services             | 15,870         | 13,525         |
| Equipment Maintenance                             | 201,389        | 212,073        |
| Postage   | 43,317         | 51,314         |
| Printing  | 6,251          | 12,332         |
| Other   | 286,373        | 298,177        |
| Total Other Operating Expenses                    | 17,794,405     | 17,169,758     |
| OPERATING INCOME                                  | 91,374,662     | 93,002,220     |
| NONOPERATING REVENUES (EXPENSES)                  |                |                |
| Other Revenue                                     | 143,465        | 243,619        |
| Investment Income                                 | 1,157,201      | 1,566,166      |
| Funds Distributed for Current Year                | (61,925,285)   | (61,451,584)   |
| Funds Available for Distribution for Current Year | (29,588,338)   | (33,693,127)   |
| Total Nonoperating Revenues (Expenses)            | (90,212,957)   | (93,334,926)   |
| NET INCOME (LOSS)                                 | \$ 1,161,705   | \$ (332,706)   |
| NET ASSETS, BEGINNING OF YEAR                     | 2,241,295      | 2,622,974      |
| Net Change in Net Assets                          | 1,161,705      | (332,706)      |
| NET ASSETS, END OF PERIOD                         | \$ 3,403,000   | \$ 2,290,268   |



COLORADO LOTTERY  
STATEMENTS OF CASH FLOWS  
FOR THE THIRD QUARTERS ENDED MARCH 31, 2009 & 2008  
(UNAUDITED)

|  | 2009           | 2008           |
|--|----------------|----------------|
| Cash flows from operating activities:  |                |                |
| Cash received from retailers   | \$ 367,445,104 | \$ 381,359,369 |
| Cash paid in prizes  | (222,222,421)  | (238,730,578)  |
| Cash payments to suppliers   | (16,923,663)   | (16,812,785)   |
| Cash paid in retailer commissions  | (24,716,708)   | (25,490,594)   |
| Cash payments to employees for services  | (7,443,937)    | (7,119,358)    |
| Cash paid in retailer bonus  | (2,845,710)    | (3,232,329)    |
| Cash received (used) - other   | (275,629)      | 66,117         |
| Net cash provided by operating activities  | 93,017,036     | 90,039,842     |
| Cash flows from non-capital financing activities:  |                |                |
| Distribution of net proceeds   | (89,080,706)   | (90,157,702)   |
| Net cash used by noncapital financing activities   | (89,080,706)   | (90,157,702)   |
| Cash flows from capital and related financing activities:  |                |                |
| Acquisition of capital assets  | (1,518,881)    | (16,530)       |
| Cash flows from investing activities:  |                |                |
| Interest received  | 1,157,201      | 1,566,166      |
|  | 1,157,201      | 1,566,166      |
| Net increase (decrease) in cash and investments  | 3,574,650      | 1,431,776      |
| Cash and investments, Beginning of Year (including \$1,743,139, and \$1,926,058, respectively, in restricted accounts) | 32,171,227     | 35,364,329     |
| Cash and investments, End of Period, (including \$1,480,423, and \$1,758,236, respectively, in restricted accounts)    | \$ 35,745,877  | \$ 36,796,105  |
| <i>Reconciliation of operating income to net cash provided by operating activities:</i>                                |                |                |
| Operating income   | \$ 91,374,662  | \$ 93,002,220  |
| Adjustments to reconcile operating income to net cash  |                |                |
| Depreciation   | 91,476         | 115,521        |
| Loss on disposition of equipment   | 2,983          | 65,893         |
| Other revenue  | 143,465        | 243,619        |
| Change in:   |                |                |
| Accounts Receivable  | (2,992,008)    | (1,644,177)    |
| Ticket Inventory   | (306,094)      | (107,768)      |
| Change in Prepaid Prize Expense with MUSL  | 0              | (273,532)      |
| Other Assets   | (175,636)      | (35,766)       |
| Liabilities  | 4,878,188      | (1,326,168)    |
| Net cash provided by operating activities  | \$ 93,017,036  | \$ 90,039,842  |

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

COLORADO LOTTERY  
 POWERBALL ANNUITY WINNERS TRUST FUND  
 STATEMENTS OF NET ASSETS  
 MARCH 31, 2009 AND 2008

(UNAUDITED)

|  | 2009          | 2008         |
|--|---------------|--------------|
| ASSETS   |               |              |
| Current Assets:                                  |               |              |
| Current Portion Long Term Investments-PB Annuity | 386,000       | 371,000      |
| Long Term Assets:                                |               |              |
| Long Term Investments-PB Annuity                 | 10,374,143    | 9,221,758    |
| TOTAL ASSETS                                     | \$ 10,760,143 | \$ 9,592,758 |
| <br>NET ASSETS                                   |               |              |
| NET ASSETS, BEGINNING OF YEAR                    | 9,804,295     | 0            |
| <br>Net Change in Net Assets                     | 955,848       | 9,592,758    |
| NET ASSETS, END OF PERIOD                        | \$ 10,760,143 | \$ 9,592,758 |

COLORADO LOTTERY  
 POWERBALL ANNUITY WINNERS TRUST FUND  
 STATEMENTS OF CHANGES IN NET ASSETS  
 FOR THE THIRD QUARTER ENDED MARCH 31, 2009 AND 2008

(UNAUDITED)

|                          | <u>2009</u>              | <u>2008</u>                |
|--------------------------|--------------------------|----------------------------|
| REVENUES                 |                          |                            |
| Interest Income          | \$ 1,326,848             | \$ 203,121                 |
| Trust Fund Additions     | <u>0</u>                 | <u>9,389,637</u>           |
| TOTAL REVENUES           | <u>1,326,848</u>         | <u>9,592,758</u>           |
| EXPENSES                 |                          |                            |
| Trust Fund Deductions    | <u>371,000</u>           | <u>0</u>                   |
| NET CHANGE IN NET ASSETS | \$ <u><u>955,848</u></u> | \$ <u><u>9,592,758</u></u> |

**COLORADO LOTTERY**  
**SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2009**

|   | Games in Progress   |                     |                     |                    | FY 09                | FY 08                  |
|---|---------------------|---------------------|---------------------|--------------------|----------------------|------------------------|
|   | Scratch             | Lotto               | Powerball           | Cash 5             | Total                | Scratch and<br>On-Line |
| TICKET SALES  | \$246,959,323       | \$33,782,117        | \$74,992,594        | \$15,551,473       | \$371,285,507        | \$383,246,895          |
| PRIZE EXPENSE   | (166,416,877)       | (17,072,590)        | (35,180,815)        | (8,181,361)        | (226,851,643)        | (235,571,398)          |
| POWERBALL PRIZE VARIANCE  | N/A                 | N/A                 | 180,794             | N/A                | 180,794              | (1,034,635)            |
| NET REVENUE<br>AFTER PRIZES                                     | <u>80,542,446</u>   | <u>16,709,527</u>   | <u>39,992,573</u>   | <u>7,370,112</u>   | <u>144,614,658</u>   | <u>146,640,862</u>     |
| COMMISSIONS, BONUSES,<br>TICKET COSTS<br>& VENDOR FEES (Note 1) |                     |                     |                     |                    |                      |                        |
| Retailer Commission   | (17,255,887)        | (2,027,795)         | (4,500,064)         | (932,962)          | (24,716,708)         | (25,490,594)           |
| Retailer Bonus  | (2,102,807)         | (222,343)           | (488,205)           | (145,472)          | (2,958,827)          | (3,528,058)            |
| Cost of Tickets Sold  | (1,923,854)         | N/A                 | N/A                 | N/A                | (1,923,854)          | (1,981,877)            |
| Telecomm Reimbursements   | 366,094             | 50,079              | 111,169             | 23,054             | 550,396              | 535,859                |
| On-Line Vendor Fees   | (4,255,308)         | (581,863)           | (1,291,633)         | (267,794)          | (6,396,598)          | (6,004,214)            |
| TOTAL   | <u>(25,171,762)</u> | <u>(2,781,922)</u>  | <u>(6,168,733)</u>  | <u>(1,323,174)</u> | <u>(35,445,591)</u>  | <u>(36,468,884)</u>    |
| GROSS PROFIT ON SALE<br>OF TICKETS                              | <u>\$55,370,684</u> | <u>\$13,927,605</u> | <u>\$33,823,840</u> | <u>\$6,046,938</u> | <u>\$109,169,067</u> | <u>\$110,171,978</u>   |
| AVERAGE DAILY<br>TICKET SALES                                   | <u>\$901,311</u>    | <u>\$123,292</u>    | <u>\$273,696</u>    | <u>\$56,757</u>    | <u>\$1,355,057</u>   | <u>\$1,393,625</u>     |

Note 1: Administrative costs of Lottery operations, including wages, advertising and other expenses are not shown.

**COLORADO LOTTERY**  
**SCHEDULE OF PERCENT OF PRIZE EXPENSE TO GROSS TICKET SALES**  
**FOR THE THIRD QUARTER ENDED MARCH 31, 2009**

|                                   | Games in Progress            |                            |                            |                           | Powerball<br>Prize Variance | FY 09<br>Total               |
|-----------------------------------|------------------------------|----------------------------|----------------------------|---------------------------|-----------------------------|------------------------------|
|                                   | Scratch                      | Lotto                      | Powerball                  | Cash 5                    |                             |                              |
| Prize Expense<br>(/)/Ticket Sales | \$166,416,877<br>246,959,323 | \$17,072,590<br>33,782,117 | \$35,180,815<br>74,992,594 | \$8,181,361<br>15,551,473 | -\$180,794<br>N/A           | \$226,670,849<br>371,285,507 |
| Prize %                           | <u>67.39%</u>                | <u>50.54%</u>              | <u>46.91%</u>              | <u>52.61%</u>             |                             | <u>61.05%</u>                |

COLORADO LOTTERY  
BUDGET STATUS  
FOR THE THIRD QUARTER ENDED MARCH 31, 2009

|                                    | FY09<br>Budget<br>(Note 1) | Amount<br>Expended<br>(Note 3) | Amount<br>Available  | Percent<br>Expended<br>(Note 2) |
|------------------------------------|----------------------------|--------------------------------|----------------------|---------------------------------|
| Personal Services                  | \$8,909,115                | \$6,174,298                    | \$2,734,817          | 69.3%                           |
| Amortization Equal                 | 121,243                    | 79,478                         | 41,765               | 65.6%                           |
| Suppl Amortization Equalization    | 56,835                     | 34,479                         | 22,356               | 60.7%                           |
| Workmen's Compensation             | 63,645                     | 42,430                         | 21,215               | 66.7%                           |
| Health and Life                    | 635,126                    | 473,095                        | 162,031              | 74.5%                           |
| Short Term Disability              | 9,851                      | 6,863                          | 2,988                | 69.7%                           |
| Operating                          | 1,203,156                  | 791,385                        | 411,771              | 65.8%                           |
| DOR Postage Allocation             | 3,898                      | 0                              | 3,898                | 0.0%                            |
| Variable Vehicle                   | 124,200                    | 124,200                        | 0                    | 100.0%                          |
| Leased Space                       | 711,981                    | 507,097                        | 204,884              | 71.2%                           |
| Leased Space-Grand Junction        | 6,902                      | 4,447                          | 2,455                | 64.4%                           |
| Risk Management                    | 30,453                     | 20,302                         | 10,151               | 66.7%                           |
| Vehicle Lease Payments             | 146,003                    | 101,433                        | 44,570               | 69.5%                           |
| Travel                             | 113,498                    | 85,747                         | 27,751               | 75.5%                           |
| Purch. Of Services-Computer Center | 3,128                      | 2,448                          | 680                  | 78.3%                           |
| Marketing, Communications & Sales  | 11,671,710                 | 8,257,616                      | 3,414,094            | 70.7%                           |
| Communications Services            | 2,034                      | 1,525                          | 509                  | 75.0%                           |
| Payments to MNT                    | 374,676                    | 196,330                        | 178,346              | 52.4%                           |
| Payments to Other Agencies         | 239,410                    | 74,786                         | 164,624              | 31.2%                           |
| Legal Services                     | 35,364                     | 16,588                         | 18,776               | 46.9%                           |
| Indirect Costs                     | 556,672                    | 417,504                        | 139,168              | 75.0%                           |
| Ticket Costs-Scratch               | 4,670,880                  | 1,927,608                      | 2,743,272            | 41.3%                           |
| Research                           | 250,000                    | 148,435                        | 101,565              | 59.4%                           |
| Vendor Fees                        | 12,467,489                 | 6,447,098                      | 6,020,391            | 51.7%                           |
| Prize Payments                     | 392,580,940                | 226,851,643                    | 165,729,297          | 57.8%                           |
| Retailer Compensation              | 48,090,160                 | 27,675,535                     | 20,414,625           | 57.5%                           |
| Multi-State Lottery Funds          | 177,433                    | 84,998                         | 92,435               | 47.9%                           |
| Back Office System                 | 2,415,000                  | 1,389,035                      | 1,025,965            | 57.5%                           |
| Powerball Prize Variance           | 12,708,000                 | 5,469,132                      | 7,238,868            | 43.0%                           |
| <b>TOTAL</b>                       | <u>\$498,378,802</u>       | <u>\$287,405,535</u>           | <u>\$203,734,399</u> | <u>57.67%</u>                   |

FY09 Staffing (FTE) 126.0 (Appropriated) 116.800 (Projected)

Reconciliation of Expenses per "Statement of Revenues, Expenses and Changes in Retained Earnings" to Budgeted Expenditures:

Expenses Per Statement of Revenues, Expenses and Changes in Retained Earnings

|                               |             |
|-------------------------------|-------------|
| Prize Expense                 | 226,851,643 |
| Powerball Prize Variance      | (180,794)   |
| Commissions and Bonuses       | 27,675,535  |
| Cost of Tickets & Vendor Fees | 7,770,056   |
| Operating Expenses            | 17,794,405  |

Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings 279,910,845

|   |           |
|---|-----------|
| Plus: Powerball Variance classified as revenue        | 5,649,926 |
| Telecommunications offset classified as revenue       | 550,396   |
| Less: Non-appropriated expenses and other adjustments |           |
| Depreciation  | (91,476)  |
| Accrued Annual and Sick Leave                         | (130,053) |
| Loss on Disposal of Equipment classified as revenue   | (2,984)   |

Sub-Total 285,886,654

Plus: Capitalized Fixed Assets 1,518,881

287,405,535

Note 1 - FY09 budget includes Lottery Long Bill and transfers from the Department of Revenue and anticipated supplemental funding.

Note 2 - Percent of fiscal year elapsed through March 31, 2009 is 75%.

Note 3 - Amount expended includes expenditures for both capitalized and non-capitalized equipment.