

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

**(UNAUDITED)**

**FOR THE TEN (10) MONTHS ENDED**

**APRIL 30, 2007**

**COLORADO LOTTERY  
FINANCIAL STATEMENTS  
(UNAUDITED)**

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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  
(719) 546-2400  
(719) 546-5208 Fax



Bill Ritter, Jr.  
Governor

Roxy Huber  
Executive Director

Margaret Gordon  
Lottery Director

May 29, 2007

Members of the Lottery Commission and  
Ms. Peggy Gordon, Lottery Director

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 statements).

The attached financial statements have not been audited.

The financial statements presented for the ten months ended April 30, 2007, 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 the 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 Department of Revenue

**COLORADO LOTTERY  
STATEMENT OF LOTTERY REVENUES  
PRIZE DISBURSEMENTS AND OTHER EXPENSES  
(UNAUDITED)**

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COLORADO LOTTERY  
FINANCIAL HIGHLIGHTS  
\$ IN MILLIONS  
FOR THE TEN MONTHS ENDED APRIL 30, 2007 AND 2006

The table included below and the graphs included on page 2 present certain summarized operating results of the Colorado Lottery for the ten months ended April 30, 2007 and 2006, 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 ten months ended April 30,			
	2007		2006	
	Total	Actual Percent	Total	Actual Percent
<b>INCOME</b>				
Gross Ticket Sales	\$379.62		\$393.96	
Nonoperating revenue	2.11		2.27	
<b>TOTAL INCOME</b>	<b>381.73</b>		<b>396.23</b>	
<b>LESS:</b>				
PRIZES	\$230.37	60.7% (1)	\$235.16	59.7% (1)
RETAILER COMMISSIONS AND BONUSES	\$28.19	7.4% (1)	\$29.60	7.5% (1)
<b>ADMINISTRATIVE COSTS</b>				
Ticket Costs and Vendor Fees	6.68		8.25	
Other Operating Expenses	17.37		16.67	
<b>TOTAL ADMINISTRATIVE COSTS (Note 3)</b>	<b>24.05</b>	<b>6.3% (2)</b>	<b>24.92</b>	<b>6.3% (2)</b>
	99.12		106.55	
<b>NET CHANGE IN NET ASSETS</b>	<b>-0.17</b>		<b>-0.33</b>	
<b>PROCEEDS DISTRIBUTION</b>	<b>\$99.29</b>	<b>26.0% (2)</b>	<b>\$106.88</b>	<b>27.0% (2)</b>

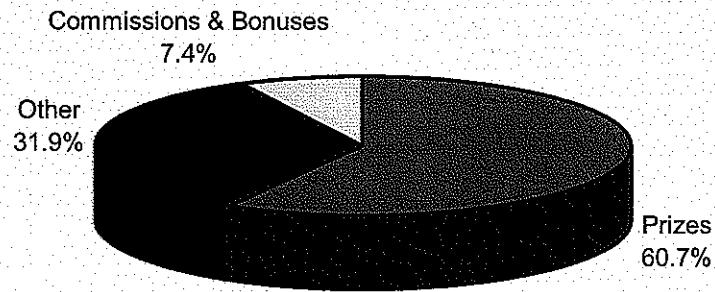
Note 1: Percent of gross ticket sales.

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.

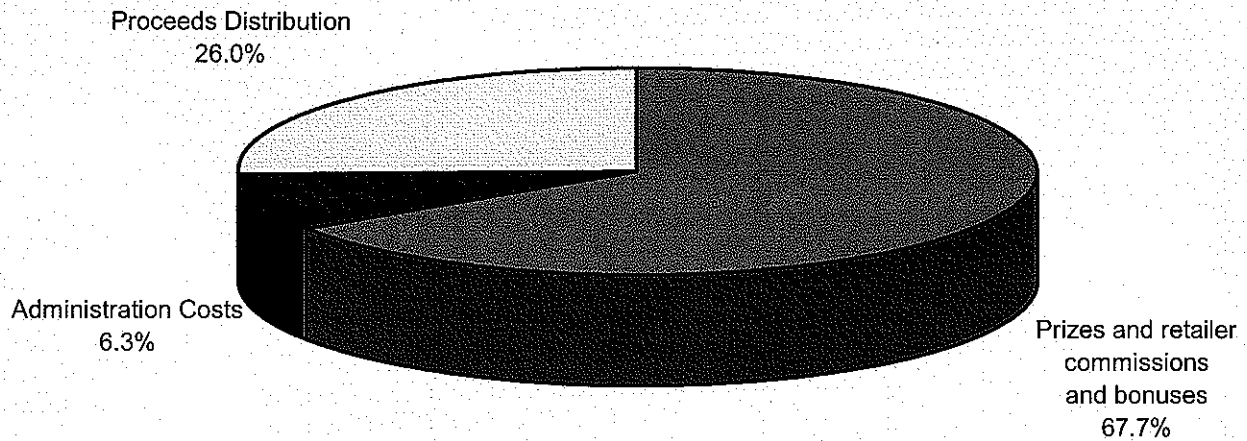
COLORADO LOTTERY  
SUPPLEMENT OF FINANCIAL HIGHLIGHTS  
FOR THE TEN MONTHS  
ENDED APRIL 30, 2007

**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  
STATEMENT OF NET ASSETS  
APRIL 30, 2007 AND 2006  
(UNAUDITED)

ASSETS	2007	2006
<b>Current Assets:</b>		
Cash and Investments	\$ 43,184,748	\$ 45,795,505
Accounts Receivable, net of the allowance for doubtful accounts of \$236,954 2007 and \$223,363 in 2006	18,291,327	16,770,671
Consignment Inventory, at Cost	88,181	125,713
Warehouse Inventory, at Cost	946,341	866,747
Prepaid Expenses	96,584	128,694
Total Current Assets	62,607,181	63,687,330
<b>Reserve and Restricted Assets:</b>		
Cash and Investments-Operating Reserve	1,500,000	1,600,000
Cash and Investments-Licensed Agent Recovery		
Reserve Receipts	422,976	387,758
Prepaid Prize Expense with MUSL	3,719,729	3,708,780
Total Reserve and Restricted Assets	5,642,705	5,696,538
<b>Capital Assets:</b>		
Equipment	3,759,933	3,846,525
Leasehold Improvements	14,053	14,053
Less Accumulated Depreciation and Amortization	(3,113,147)	(3,133,439)
Total Capital Assets	660,839	727,139
<b>TOTAL ASSETS</b>	<b>\$ 68,910,725</b>	<b>\$ 70,111,007</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	2,256,300	2,829,677
Prize Liability	19,552,703	17,108,987
Payable to MUSL	0	23
Wages and Benefits	214,321	115,017
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	901,938	927,661
Funds Available for Distribution	42,182,170	45,155,506
Deferred Revenue	256,970	209,760
Total Current Liabilities	65,364,402	66,346,631
<b>Long-Term Liabilities:</b>		
Accrued Annual and Sick Leave	854,605	920,278
Expired Warrants Liability	107,903	129,202
Total Long-Term Liabilities	962,508	1,049,480
<b>TOTAL LIABILITIES</b>	<b>66,326,910</b>	<b>67,396,111</b>
<b>NET ASSETS</b>		
Investment in Capital Assets	660,839	727,139
Restricted-Licensed Agent Recovery Reserve	422,976	387,758
Unrestricted-Operating Reserve	1,500,000	1,600,000
Unrestricted-Other	0	0
<b>TOTAL NET ASSETS</b>	<b>2,583,815</b>	<b>2,714,897</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 68,910,725</b>	<b>\$ 70,111,007</b>

COLORADO LOTTERY  
 STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 FOR THE TEN MONTHS ENDED APRIL 30, 2007 AND 2006  
 (UNAUDITED)

	2007	2006
<b>OPERATING REVENUES</b>		
Gross Ticket Sales	\$ 379,615,213	\$ 393,958,138
<b>DIRECT OPERATING EXPENSES</b>		
Prize Expense	232,717,212	233,496,884
Powerball Prize Variance	(2,351,885)	1,659,021
Retailer Commissions and Bonuses	28,192,583	29,596,060
Cost of Tickets and Vendor Fees	6,687,556	8,248,831
<b>GROSS PROFIT ON SALE OF TICKETS</b>	<b>114,369,747</b>	<b>120,957,342</b>
<b>OTHER OPERATING EXPENSES</b>		
Marketing and Communications	7,306,659	6,974,228
Administration Fees Paid to MUSL	77,410	95,759
Wages and Benefits	7,306,148	6,828,243
Professional Services	129,680	158,015
State Agencies Services	99,532	141,812
Department of Revenue Services	298,644	260,048
Travel	59,817	53,449
Equipment	95,658	111,179
Depreciation	130,635	152,778
Accrued Annual and Sick Leave	16,701	85,924
Space Rental	490,741	593,019
Rents for Equipment	28,151	22,453
Motorpool Leasing	270,400	275,318
Materials and Supplies	74,683	67,841
Telephone	83,850	101,088
On-Line Telecommunications	257,458	200,626
Data Processing Supplies and Services	39,229	21,550
Equipment Maintenance	185,990	184,029
Postage	36,277	46,138
Printing	24,284	20,960
Other	354,033	278,909
Total Other Operating Expenses	17,365,980	16,673,366
<b>OPERATING INCOME</b>	<b>97,003,767</b>	<b>104,283,976</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Other Revenue	624,836	1,093,893
Investment Income	1,488,456	1,173,664
Funds Distributed for Current Year	(57,103,189)	(61,721,434)
Funds Available for Distribution for Current Year	(42,182,170)	(45,155,506)
Total Nonoperating Revenues (Expenses)	(97,172,067)	(104,609,383)
<b>NET INCOME(LOSS)</b>	<b>\$ (168,300)</b>	<b>\$ (325,407)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,752,115</b>	<b>3,040,304</b>
Net Change in Net Assets	(168,300)	(325,407)
<b>NET ASSETS, END OF PERIOD</b>	<b>\$ 2,583,815</b>	<b>\$ 2,714,897</b>



**COLORADO LOTTERY**  
**SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES**  
**FOR THE TEN (10) MONTHS ENDED APRIL 30, 2007**

	Games in Progress				FY 07	FY 06
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$245,868,884	\$31,971,865	\$87,347,673	\$14,426,891	379,615,313	\$468,761,808
PRIZE EXPENSE	(164,903,332)	(17,141,311)	(43,087,406)	(7,585,163)	(232,717,212)	(279,953,707)
POWERBALL PRIZE VARIANCE	N/A	N/A	2,351,885	N/A	2,351,885	(1,640,538)
<b>NET REVENUE AFTER PRIZES</b>	<b>80,965,552</b>	<b>14,830,554</b>	<b>46,612,152</b>	<b>6,841,728</b>	<b>149,249,986</b>	<b>187,167,563</b>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(17,185,029)	(1,918,053)	(5,241,880)	(866,348)	(25,211,310)	(31,038,482)
Retailer Bonus	(2,067,143)	(209,608)	(568,729)	(135,793)	(2,981,273)	(3,632,434)
Cost of Tickets Sold	(1,725,973)	N/A	N/A	N/A	(1,725,973)	(2,907,934)
Telecomm Reimbursements	372,266	48,408	132,251	21,844	574,769	738,310
On-Line Vendor Fees	(3,585,852)	(466,087)	(1,273,777)	(210,636)	(5,536,352)	(7,558,106)
<b>TOTAL</b>	<b>(24,191,731)</b>	<b>(2,545,340)</b>	<b>(6,952,135)</b>	<b>(1,190,933)</b>	<b>(34,880,139)</b>	<b>(44,398,646)</b>
<b>GROSS PROFIT ON SALE OF TICKETS</b>	<b>\$56,773,821</b>	<b>\$12,285,214</b>	<b>\$39,660,017</b>	<b>\$5,650,795</b>	<b>\$114,369,847</b>	<b>\$142,768,917</b>
<b>AVERAGE DAILY TICKET SALES</b>	<b>\$808,779</b>	<b>\$105,171</b>	<b>\$287,328</b>	<b>\$47,457</b>	<b>\$1,248,735</b>	<b>\$1,284,279</b>

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 TEN (10) MONTHS ENDED APRIL 30, 2007**

	Games in Progress				Powerball Prize Variance	FY 07 Total
	Scratch	Lotto	Powerball	Cash 5		
Prize Expense	\$164,903,332	\$17,141,311	\$43,087,406	\$7,585,163	-\$2,351,885	\$230,365,327
(/)/Ticket Sales	245,868,884	31,971,865	87,347,673	14,426,891	N/A	379,615,313
<b>Prize %</b>	<b>67.07%</b>	<b>53.61%</b>	<b>49.33%</b>	<b>52.58%</b>		<b>60.68%</b>

COLORADO LOTTERY  
BUDGET STATUS  
FOR THE TEN (10) MONTHS ENDED APRIL 30, 2007

	FY07 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,491,301	\$6,895,055	\$1,596,246	81.2%
Amortization Equal	48,931	39,568	\$9,363	80.9%
Operating	1,359,597	1,054,856	\$304,741	77.6%
Vehicle Lease Payments	110,768	80,921	\$29,847	73.1%
Purch. Of Services-Computer Center	1,787	1,787	\$0	100.0%
Communications Services	2,315	1,970	\$345	85.1%
Research	250,000	94,172	\$155,828	37.7%
Payments to MNT	278,414	253,187	\$25,227	90.9%
Payments to Other Agencies	239,410	79,393	\$160,017	33.2%
Transfer to DOR	24,123	20,102	\$4,021	83.3%
Health and Life	420,725	389,805	\$30,920	92.7%
Short Term Disability	10,094	6,406	\$3,688	63.5%
Risk Management	33,884	25,438	\$8,446	75.1%
Workmen's Compensation	57,408	55,115	\$2,293	96.0%
Unemployment Benefits	1,958	0	\$1,958	0.0%
Travel	113,498	59,816	\$53,682	52.7%
Leased Space	797,239	486,459	\$310,780	61.0%
Leased Space-Grand Junction	6,945	4,282	\$2,663	61.7%
Indirect Costs	358,373	298,644	\$59,729	83.3%
Marketing, Communications & Sales	8,643,420	7,212,487	\$1,430,933	83.4%
CMAC Project	88,947	78,251	\$10,696	88.0%
Administrative Law Judge	824	687	\$137	83.4%
Multi-State Lottery Funds	177,433	112,733	\$64,700	63.5%
Ticket Costs-Scratch	3,490,740	1,725,973	\$1,764,767	49.4%
Retailer Compensation	41,865,380	28,192,583	\$13,672,797	67.3%
Prize Payments	327,844,375	232,717,212	\$95,127,163	71.0%
Powerball Prize Variance	8,142,000	6,149,897	\$1,992,103	75.5%
Vendor Fees	10,666,027	5,541,132	\$5,124,895	52.0%
Rollforwards	19,776	19,776	\$0	100.0%
<b>TOTAL</b>	<b><u>413,545,692</u></b>	<b><u>291,597,707</u></b>	<b><u>121,947,985</u></b>	<b><u>70.51%</u></b>

FY07 Staffing (FTE) 126.0 (Appropriated) 124.7 (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	232,717,212
Powerball Prize Variance	(2,351,885)
Commissions and Bonuses	28,192,583
Cost of Tickets & Vendor Fees	6,687,556
Operating Expenses	17,365,980

**Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings** **282,611,446**

Plus: Powerball Variance classified as revenue	8,501,782
Telecommunications offset classified as revenue	574,769

Less: Non-appropriated expenses and other adjustments	
Depreciation	(130,635)
Accrued Annual and Sick Leave	<u>(16,701)</u>

**Sub-Total** **291,540,661**

Plus: Capitalized Fixed Assets	57,046
	<u><u>291,597,707</u></u>

Note 1 - FY06 budget includes Lottery Long Bill and transfers from the Department of Revenue and anticipated supplemental funding.

Note 2 - Percent of fiscal year elapsed through April 30, 2007 is 83 1/3%.

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