

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

**(UNAUDITED)**

**FOR THE ONE (1) MONTH ENDED**

**JULY 31, 2007**

**COLORADO LOTTERY  
FINANCIAL STATEMENTS  
(UNAUDITED)**

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## COLORADO LOTTERY DIVISION

Department of Revenue

### Headquarters

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Bill Ritter, Jr.  
Governor

Roxy Huber  
Executive Director

Margaret Gordon  
Lottery Director

September 17, 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 one month ended July 31, 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 ONE (1) MONTH ENDED JULY 31, 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 one month ended July 31, 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 one month ended July 31,			
	2008		2007	
	Total	Actual Percent	Total	Actual Percent
<b>INCOME</b>				
Gross Ticket Sales	\$36.02		\$38.14	
Nonoperating revenue	0.19		0.09	
<b>TOTAL INCOME</b>	<b>36.21</b>		<b>38.23</b>	
<b>LESS:</b>				
PRIZES	\$22.00	61.1% (1)	\$22.80	59.8% (1)
RETAILER COMMISSIONS AND BONUSES	\$2.74	7.6% (1)	\$2.89	7.6% (1)
<b>ADMINISTRATIVE COSTS</b>				
Ticket Costs and Vendor Fees	0.62		0.66	
Other Operating Expenses	1.70		1.54	
<b>TOTAL ADMINISTRATIVE COSTS (Note 3)</b>	<b>2.32</b>	<b>6.4% (2)</b>	<b>2.20</b>	<b>5.8% (2)</b>
	9.15		10.34	
<b>NET CHANGE IN NET ASSETS</b>	<b>-0.01</b>		<b>-0.01</b>	
<b>PROCEEDS DISTRIBUTION</b>	<b>\$9.16</b>	<b>25.3% (2)</b>	<b>\$10.35</b>	<b>27.1% (2)</b>

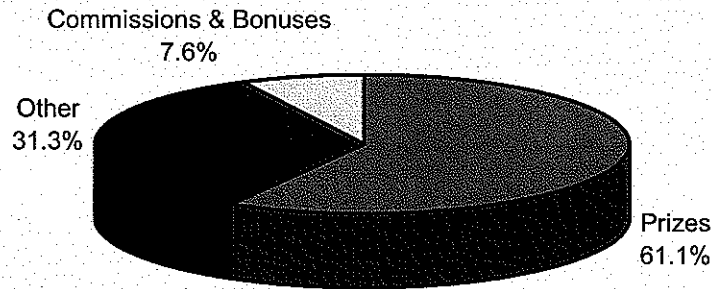
Note 1: Percent of gross ticket sales.

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.

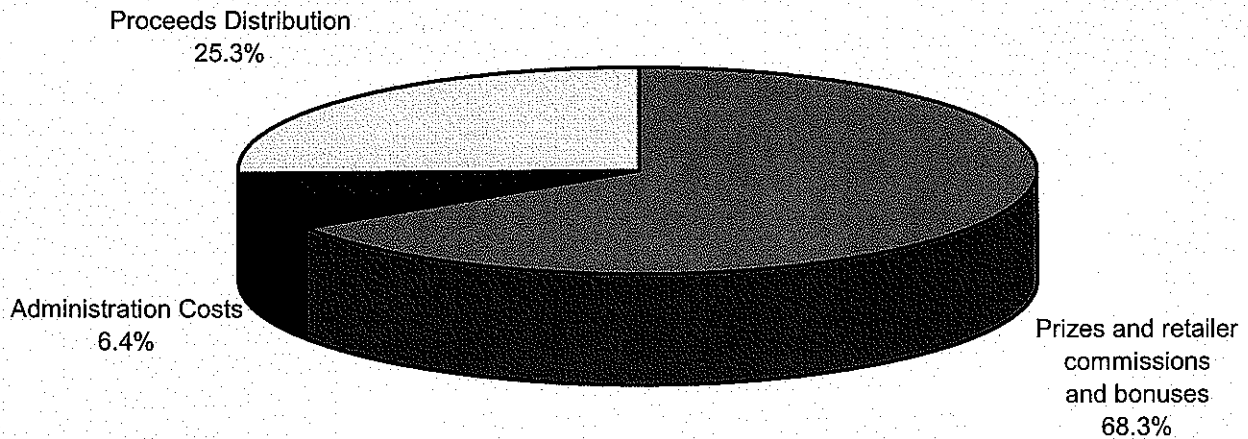
COLORADO LOTTERY  
SUPPLEMENT OF FINANCIAL HIGHLIGHTS  
FOR THE ONE MONTH  
ENDED JULY 31, 2007

**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  
JULY 31, 2007 AND 2006  
(UNAUDITED)

ASSETS	2008	2007
Current Assets:		
Cash and Investments	\$ 37,331,457	\$ 38,892,856
Accounts Receivable, net of the allowance for doubtful accounts of \$248,571 2008 and \$215,477 in 2007	20,564,244	18,496,352
Consignment Inventory, at Cost	89,729	125,783
Warehouse Inventory, at Cost	651,101	775,967
Prepaid Expenses	218,295	252,253
Total Current Assets	58,854,826	58,543,211
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,500,000	1,600,000
Cash and Investments-Licensed Agent Recovery		
Reserve Receipts	432,710	404,644
Prepaid Prize Expense with MUSL	3,905,919	3,708,780
Total Reserve and Restricted Assets	5,838,629	5,713,424
Capital Assets:		
Equipment	3,772,195	3,902,715
Leasehold Improvements	14,053	14,053
Less Accumulated Depreciation and Amortization	(3,103,466)	(3,175,441)
Total Capital Assets	682,782	741,327
<b>TOTAL ASSETS</b>	<b>\$ 65,376,237</b>	<b>\$ 64,997,962</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	1,927,588	2,719,623
Prize Liability	20,408,204	18,573,529
Payable to MUSL	557,315	0
Wages and Benefits	112,155	27,790
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	652,656	595,598
Funds Available for Distribution	37,871,446	39,140,338
Deferred Revenue	292,612	242,664
Total Current Liabilities	61,821,975	61,299,542
Long-Term Liabilities:		
Accrued Annual and Sick Leave	838,252	844,546
Expired Warrants Liability	100,518	107,903
Total Long-Term Liabilities	938,770	952,449
<b>TOTAL LIABILITIES</b>	<b>62,760,745</b>	<b>62,251,991</b>
<b>NET ASSETS</b>		
Investment in Capital Assets	682,782	741,327
Restricted-Licensed Agent Recovery Reserve	432,710	404,644
Unrestricted-Operating Reserve	1,500,000	1,600,000
Unrestricted-Other	0	0
<b>TOTAL NET ASSETS</b>	<b>2,615,492</b>	<b>2,745,971</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 65,376,237</b>	<b>\$ 64,997,962</b>

COLORADO LOTTERY  
 STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 FOR THE ONE (1) MONTH ENDED JULY 31, 2007 AND 2006  
 (UNAUDITED)

	2008	2007
OPERATING REVENUES		
Gross Ticket Sales	\$ 36,017,327	\$ 38,136,139
DIRECT OPERATING EXPENSES		
Prize Expense	23,655,397	22,104,850
Powerball Prize Variance	(1,660,151)	703,027
Retailer Commissions and Bonuses	2,740,640	2,885,968
Cost of Tickets and Vendor Fees	617,174	655,203
GROSS PROFIT ON SALE OF TICKETS	10,664,267	11,787,091
OTHER OPERATING EXPENSES		
Marketing and Communications	547,476	417,058
Administration Fees Paid to MUSL	25,741	25,741
Wages and Benefits	733,391	729,127
Professional Services	11,555	24,452
State Agencies Services	25,691	10,660
Department of Revenue Services	38,238	26,004
Travel	10,090	4,085
Equipment	5,489	4,630
Depreciation	14,134	12,724
Accrued Annual and Sick Leave	23,136	5,237
Space Rental	57,343	45,850
Rents for Equipment	2,888	3,435
Motorpool Leasing	29,249	26,877
Materials and Supplies	2,021	9,102
Telephone	7,618	8,335
On-Line Telecommunications	26,591	36,388
Data Processing Supplies and Services	3,723	27,369
Equipment Maintenance	89,037	53,604
Postage	9,348	16,509
Printing	1,869	4,867
Other	35,654	50,104
Total Other Operating Expenses	1,700,282	1,542,158
OPERATING INCOME	8,963,985	10,244,933
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	14,569	48,282
Investment Income	179,292	44,675
Funds Distributed for Current Year	0	0
Funds Available for Distribution for Current Year	(9,165,328)	(10,344,034)
Total Nonoperating Revenues (Expenses)	(8,971,467)	(10,251,077)
NET INCOME(LOSS)	\$ (7,482)	\$ (6,144)
NET ASSETS, BEGINNING OF YEAR	2,622,974	2,752,115
Net Change in Net Assets	(7,482)	(6,144)
NET ASSETS, END OF PERIOD	\$ 2,615,492	\$ 2,745,971



COLORADO LOTTERY  
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES  
FOR THE ONE (1) MONTH ENDED JULY 31, 2007

	Games in Progress				FY 08	FY 07
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$22,951,625	\$3,916,576	\$7,661,276	\$1,487,850	36,017,327	\$455,916,812
PRIZE EXPENSE	(15,554,357)	(2,155,655)	(5,114,407)	(830,878)	(23,655,297)	(280,000,739)
POWERBALL PRIZE VARIANCE	N/A	N/A	1,660,151	N/A	1,660,151	3,084,334
NET REVENUE AFTER PRIZES	<u>7,397,268</u>	<u>1,760,921</u>	<u>4,207,020</u>	<u>656,972</u>	<u>14,022,181</u>	<u>179,000,407</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(1,603,669)	(236,046)	(462,038)	(89,726)	(2,391,479)	(30,292,703)
Retailer Bonus	(258,642)	(25,725)	(50,609)	(14,185)	(349,161)	(3,375,679)
Cost of Tickets Sold	(150,757)	N/A	N/A	N/A	(150,757)	(2,142,602)
Telecomm Reimbursements	38,053	6,497	12,703	2,466	59,719	691,716
On-Line Vendor Fees	(334,699)	(57,359)	(112,275)	(21,803)	(526,136)	(6,648,858)
TOTAL	<u>(2,309,714)</u>	<u>(312,633)</u>	<u>(612,219)</u>	<u>(123,248)</u>	<u>(3,357,814)</u>	<u>(41,768,126)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$5,087,554</u>	<u>\$1,448,288</u>	<u>\$3,594,801</u>	<u>\$533,724</u>	<u>\$10,664,367</u>	<u>\$137,232,281</u>
AVERAGE DAILY TICKET SALES	<u>\$740,375</u>	<u>\$126,341</u>	<u>\$247,138</u>	<u>\$47,995</u>	<u>\$1,161,849</u>	<u>\$1,249,087</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 ONE (1) MONTH ENDED JULY 31, 2007

	Games in Progress				Powerball	FY 08
	Scratch	Lotto	Powerball	Cash 5	Prize Variance	Total
Prize Expense	\$15,554,357	\$2,155,655	\$5,114,407	\$830,878	-\$1,660,151	\$21,995,146
(/ ) Ticket Sales	<u>22,951,625</u>	<u>3,916,576</u>	<u>7,661,276</u>	<u>1,487,850</u>	<u>N/A</u>	<u>36,017,327</u>
Prize %	<u>67.77%</u>	<u>55.04%</u>	<u>66.76%</u>	<u>55.84%</u>		<u>61.07%</u>

COLORADO LOTTERY  
BUDGET STATUS  
FOR THE ONE (1) MONTH ENDED JULY 31, 2007

	FY08 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,838,092	\$688,985	\$8,149,107	7.8%
Amortization Equal	86,110	5,686	\$80,424	6.6%
Suppl Amortization Equalization	17,940	0	\$17,940	0.0%
Workmen's Compensation	69,045	5,754	\$63,291	8.3%
Unemployment Benefits	976	0	\$976	0.0%
Health and Life	555,542	42,988	\$512,554	7.7%
Short Term Disability	9,329	739	\$8,590	7.9%
Operating	1,203,156	174,499	\$1,028,657	14.5%
Leased Space	725,755	56,850	\$668,905	7.8%
Leased Space-Grand Junction	7,981	493	\$7,488	6.2%
Risk Management	29,763	2,480	\$27,283	8.3%
Vehicle Lease Payments	145,297	10,737	\$134,560	7.4%
Variable Vehicle	155,734	0	\$155,734	0.0%
Travel	113,498	10,091	\$103,407	8.9%
Purch. Of Services-Computer Center	2,698	218	\$2,480	8.1%
Marketing, Communications & Sales	8,643,420	547,476	\$8,095,944	6.3%
Communications Services	2,183	182	\$2,001	8.3%
Payments to MNT	313,985	26,164	\$287,821	8.3%
Payments to Other Agencies	239,410	23,146	\$216,264	9.7%
Legal Services	36,136	2,545	\$33,591	7.0%
Indirect Costs	458,880	38,238	\$420,642	8.3%
Ticket Costs-Scratch	3,549,040	150,756	\$3,398,284	4.2%
Research	250,000	0	\$250,000	0.0%
Vendor Fees	9,811,513	526,137	\$9,285,376	5.4%
Prize Payments	306,413,810	23,655,397	\$282,758,413	7.7%
Retailer Compensation	38,609,220	2,740,640	\$35,868,580	7.1%
Multi-State Lottery Funds	177,433	25,741	\$151,692	14.5%
CMAC Project	10,697	0	\$10,697	0.0%
Powerball Prize Variance	4,220,000	306,141	\$3,913,859	7.3%
Rollforwards	37,695	0	\$37,695	0.0%
<b>TOTAL</b>	<u><u>384,734,338</u></u>	<u><u>29,042,083</u></u>	<u><u>355,654,560</u></u>	<u><u>7.55%</u></u>

FY08 Staffing (FTE) 126.0 (Appropriated) 123.2 (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	23,655,397
Powerball Prize Variance	(1,660,151)
Commissions and Bonuses	2,740,640
Cost of Tickets & Vendor Fees	617,174
Operating Expenses	1,700,282
<b>Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings</b>	<u><u>27,053,342</u></u>
Plus: Powerball Variance classified as revenue	1,966,292
Telecommunications offset classified as revenue	59,719
Less: Non-appropriated expenses and other adjustments	
Depreciation	(14,134)
Accrued Annual and Sick Leave	(23,136)
<b>Sub-Total</b>	<u><u>29,042,083</u></u>
Plus: Capitalized Fixed Assets	0
	<u><u>29,042,083</u></u>

Note 1 - FY08 budget includes Lottery Long Bill and transfers from the Department of Revenue and anticipated supplemental funding.

Note 2 - Percent of fiscal year elapsed through July 31, 2007 is 8 1/3%.

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