

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

(UNAUDITED)

FOR THE FIVE (5) MONTHS ENDED

NOVEMBER 30, 2007

**COLORADO LOTTERY
FINANCIAL STATEMENTS
(UNAUDITED)**

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STATE OF COLORADO

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Bill Ritter, Jr.
Governor

Roxy Huber
Executive Director

Margaret Gordon
Lottery Director

December 31, 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 five months ended November 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 FIVE (5) MONTHS ENDED NOVEMBER 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 five months ended November 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 five months ended November 30,			
	2008		2007	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$205.44		\$182.07	
Nonoperating revenue	0.94		1.11	
TOTAL INCOME	206.38		183.18	
LESS:				
PRIZES	\$125.88	61.3% (1)	\$109.94	60.4% (1)
RETAILER COMMISSIONS AND BONUSES	\$15.58	7.6% (1)	\$13.55	7.4% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	3.85		3.27	
Other Operating Expenses	9.48		7.78	
TOTAL ADMINISTRATIVE COSTS (Note 3)	13.33	6.5% (2)	11.05	6.0% (2)
	51.59		48.64	
NET CHANGE IN NET ASSETS	-0.29		-0.10	
PROCEEDS DISTRIBUTION	\$51.88	25.1% (2)	\$48.74	26.6% (2)

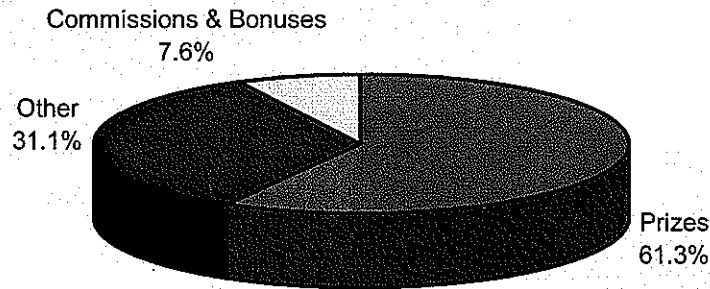
Note 1: Percent of gross ticket sales.

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.

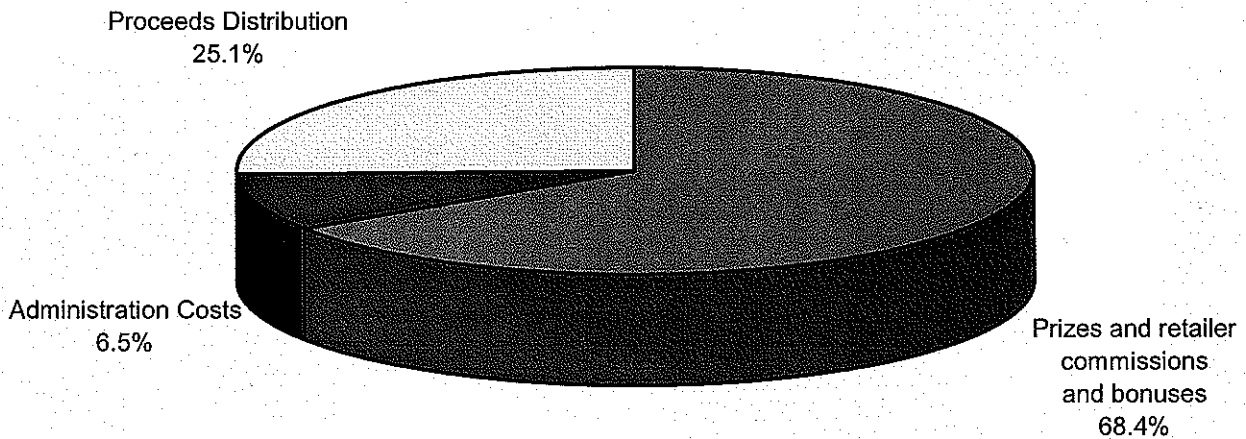
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE FIVE MONTHS
ENDED NOVEMBER 30, 2007

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
STATEMENTS OF NET ASSETS
NOVEMBER 30, 2007 AND 2006
(UNAUDITED)

ASSETS	2008	2007
Current Assets:		
Cash and Investments	\$ 21,131,574	\$ 49,828,201
Accounts Receivable, net of the allowance for doubtful accounts of \$236,800 2008 and \$216,201 in 2007	18,067,427	16,669,257
Consignment Inventory, at Cost	169,339	110,489
Warehouse Inventory, at Cost	611,521	600,327
Prepaid Expenses	297,823	213,675
Total Current Assets	40,277,684	67,421,949
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,300,000	1,500,000
Cash and Investments-Licensed Agent Recovery Reserve Receipts	454,900	422,132
Prepaid Prize Expense with MUSL	3,981,000	3,666,769
Total Reserve and Restricted Assets	5,735,900	5,588,901
Capital Assets:		
Equipment	3,162,610	3,759,933
Leasehold Improvements	11,978	14,053
Less Accumulated Depreciation and Amortization	(2,592,379)	(3,047,159)
Total Capital Assets	582,209	726,827
TOTAL ASSETS	\$ 46,595,793	\$ 73,737,677
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,984,251	1,555,649
Prize Liability	20,152,549	18,817,381
Payable to MUSL	437,497	0
Wages and Benefits	111,340	78,552
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	1,063,128	743,908
Funds Available for Distribution	19,316,862	48,731,885
Deferred Revenue	269,764	217,189
Total Current Liabilities	43,335,391	70,144,564
Long-Term Liabilities:		
Accrued Annual and Sick Leave	822,713	836,251
Expired Warrants Liability	100,581	107,902
Total Long-Term Liabilities	923,294	944,153
TOTAL LIABILITIES	44,258,685	71,088,717
NET ASSETS		
Investment in Capital Assets	582,209	726,827
Restricted-Licensed Agent Recovery Reserve	454,900	422,132
Unrestricted-Operating Reserve	1,300,000	1,500,000
Unrestricted-Other	0	0
Total Net Assets	2,337,109	2,648,959
TOTAL LIABILITIES AND NET ASSETS	\$ 46,595,793	\$ 73,737,677

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF NET ASSETS
 NOVEMBER 30, 2007 AND 2006
 (UNAUDITED)

	2008	2007
ASSETS		
Current Assets:		
Interest Receivable	\$ 59,671	\$ 0
Long Term Assets:		
Long Term Investments-PB Annuity	9,746,633	0
TOTAL ASSETS	\$ 9,806,304	\$ 0
NET ASSETS		
NET ASSETS, BEGINNING OF YEAR	0	0
Net Change in Net Assets	9,806,304	0
NET ASSETS, END OF PERIOD	\$ 9,806,304	\$ 0

COLORADO LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FIVE (5) MONTHS ENDED NOVEMBER 30, 2007 AND 2006
(UNAUDITED)

	2008	2007
OPERATING REVENUES		
Gross Ticket Sales	\$ 205,438,268	\$ 182,067,213
DIRECT OPERATING EXPENSES		
Prize Expense	125,685,465	110,002,961
Powerball Prize Variance	193,425	(63,696)
Retailer Commissions and Bonuses	15,581,770	13,547,771
Cost of Tickets and Vendor Fees	3,850,111	3,279,719
GROSS PROFIT ON SALE OF TICKETS	60,127,497	55,300,458
OTHER OPERATING EXPENSES		
Marketing and Communications	3,755,404	2,639,156
Administration Fees Paid to MUSL	48,705	48,705
Wages and Benefits	3,631,982	3,683,783
Professional Services	135,705	77,142
State Agencies Services	56,030	57,796
Department of Revenue Services	191,200	149,322
Travel	40,654	28,833
Equipment	442,909	74,142
Depreciation	65,645	64,648
Accrued Annual and Sick Leave	4,706	(4,666)
Space Rental	288,491	249,062
Rents for Equipment	6,704	10,132
Motorpool Leasing	148,702	138,472
Materials and Supplies	39,510	38,077
Telephone	42,970	44,532
On-Line Telecommunications	207,519	144,610
Data Processing Supplies and Services	7,287	35,101
Equipment Maintenance	163,462	124,472
Postage	22,258	16,702
Printing	4,322	15,335
Other	171,296	143,105
Total Other Operating Expenses	9,475,461	7,778,461
OPERATING INCOME	50,652,036	47,521,997
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	(2,564)	325,562
Investment Income	943,281	781,170
Funds Distributed for Current Year	(32,561,756)	0
Funds Available for Distribution for Current Year	(19,316,862)	(48,731,885)
Total Nonoperating Revenues (Expenses)	(50,937,901)	(47,625,153)
NET INCOME (LOSS)	\$ (285,865)	\$ (103,156)
NET ASSETS, BEGINNING OF YEAR	2,622,974	2,752,115
Net Change in Net Assets	(285,865)	(103,156)
NET ASSETS, END OF PERIOD	\$ 2,337,109	\$ 2,648,959

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE FIVE (5) MONTHS ENDED NOVEMBER 30, 2007 AND 2006
 (UNAUDITED)

	2008	2007
REVENUES		
Interest Income	\$ 59,671	\$
Trust Fund Additions	9,746,633	
TOTAL REVENUES	9,806,304	0
EXPENSES		
Trust Fund Deductions	0	0
NET CHANGE IN NET ASSETS	\$ 9,806,304	\$ 0

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE FIVE MONTHS ENDED NOVEMBER 30, 2007

	Games in Progress				FY 08	FY 07
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$131,873,023	\$19,234,470	\$46,699,348	\$7,631,427	205,438,268	\$455,916,812
PRIZE EXPENSE	(89,770,827)	(9,893,237)	(21,883,989)	(4,137,412)	(125,685,465)	(280,000,739)
POWERBALL PRIZE VARIANCE	N/A	N/A	(193,425)	N/A	(193,425)	3,084,334
NET REVENUE AFTER PRIZES	42,102,196	9,341,233	24,621,934	3,494,015	79,559,378	179,000,407
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(9,213,260)	(1,154,719)	(2,803,863)	(457,830)	(13,629,672)	(30,292,703)
Retailer Bonus	(1,449,914)	(126,135)	(304,723)	(71,326)	(1,952,098)	(3,375,679)
Cost of Tickets Sold	(1,141,501)	N/A	N/A	N/A	(1,141,501)	(2,142,602)
Telecomm Reimbursements	189,625	27,658	67,150	10,973	295,406	691,716
On-Line Vendor Fees	(1,928,581)	(281,757)	(682,141)	(111,537)	(3,004,016)	(6,648,858)
TOTAL	(13,543,631)	(1,534,953)	(3,723,577)	(629,720)	(19,431,881)	(41,768,126)
GROSS PROFIT ON SALE OF TICKETS	\$28,558,565	\$7,806,280	\$20,898,357	\$2,864,295	\$60,127,497	\$137,232,281
AVERAGE DAILY TICKET SALES	\$861,915	\$125,715	\$305,224	\$49,879	\$1,342,734	\$1,249,087

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 FIVE MONTHS ENDED NOVEMBER 30, 2007

	Games in Progress				Powerball Prize Variance	FY 08 Total
	Scratch	Lotto	Powerball	Cash 5		
Prize Expense	\$89,770,827	\$9,893,237	\$21,883,989	\$4,137,412	\$193,425	\$125,878,890
(/)/Ticket Sales	131,873,023	19,234,470	46,699,348	7,631,427	N/A	205,438,268
Prize %	68.07%	51.43%	46.86%	54.22%		61.27%

COLORADO LOTTERY
BUDGET STATUS
FOR THE FIVE (5) MONTHS ENDED NOVEMBER 30, 2007

	FY08 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,838,092	\$3,441,027	\$5,397,065	38.9%
Amortization Equal	86,110	27,611	\$58,499	32.1%
Suppl Amortization Equalization	17,940	0	\$17,940	0.0%
Workmen's Compensation	69,045	28,769	\$40,276	41.7%
Unemployment Benefits	976	0	\$976	0.0%
Health and Life	555,542	217,829	\$337,713	39.2%
Short Term Disability	9,329	3,638	\$5,691	39.0%
Operating	1,203,156	574,269	\$628,887	47.7%
DOR Postage Allocation	1,990	259	\$1,731	13.0%
Leased Space	725,755	286,029	\$439,726	39.4%
Leased Space-Grand Junction	7,981	2,462	\$5,519	30.8%
Risk Management	29,763	12,401	\$17,362	41.7%
Vehicle Lease Payments	145,297	53,437	\$91,860	36.8%
Variable Vehicle	155,734	0	\$155,734	0.0%
Travel	113,498	40,653	\$72,845	35.8%
Purch. Of Services-Computer Center	2,698	1,088	\$1,610	40.3%
Marketing, Communications & Sales	8,643,420	3,685,604	\$4,957,816	42.6%
Communications Services	2,183	910	\$1,273	41.7%
Payments to MNT	313,985	130,820	\$183,165	41.7%
Payments to Other Agencies	239,410	50,068	\$189,342	20.9%
Legal Services	36,136	5,961	\$30,175	16.5%
Indirect Costs	458,880	191,200	\$267,680	41.7%
Ticket Costs-Scratch	3,529,350	1,141,501	\$2,387,849	32.3%
Research	250,000	69,800	\$180,200	27.9%
Vendor Fees	10,875,511	3,515,421	\$7,360,090	32.3%
Prize Payments	336,721,380	125,685,465	\$211,035,915	37.3%
Retailer Compensation	41,773,750	15,581,770	\$26,191,980	37.3%
Multi-State Lottery Funds	177,433	48,705	\$128,728	27.4%
CMAC Project	10,697	0	\$10,697	0.0%
Powerball Prize Variance	9,752,000	3,227,117	\$6,524,883	33.1%
Rollforwards	37,695	37,695	\$0	100.0%
TOTAL	<u><u>424,784,736</u></u>	<u><u>158,061,509</u></u>	<u><u>266,723,227</u></u>	<u><u>37.21%</u></u>

FY08 Staffing (FTE) 126.0 (Appropriated) 119.7 (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	125,685,465
Powerball Prize Variance	193,425
Commissions and Bonuses	15,581,770
Cost of Tickets & Vendor Fees	3,850,111
Operating Expenses	9,475,461

Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings 154,786,232

Plus: Powerball Variance classified as revenue 3,033,692
Telecommunications offset classified as revenue 295,406

Less: Non-appropriated expenses and other adjustments
Depreciation (65,645)
Accrued Annual and Sick Leave (4,706)

Sub-Total 158,044,979

Plus: Capitalized Fixed Assets 16,530
158,061,509

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 November 30, 2007 is 41.67 %.

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