

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

(UNAUDITED)

FOR THE SEVEN (7) MONTHS ENDED

JANUARY 31, 2008

**COLORADO LOTTERY
FINANCIAL STATEMENTS
(UNAUDITED)**

DISTRIBUTION

Honorable Bill Ritter, Jr.	Governor
Ms. Cary Kennedy	State Treasurer
Rep. Andrew Romanoff	Speaker of the House of Representatives
Sen. Peter Groff	President of the Senate
Sen. Andrew McElhany	Senate Minority Leader
Rep. Mike May	House Minority Leader
Mr. Dick Reeve	Chairman, Lottery Commissioner
Ms. Robin Wise	Vice-Chairman, Lottery Commissioner
Ms. Betty Martinez	Lottery Commissioner
Ms. Tracie L. Keesee	Lottery Commissioner
Vacant	Lottery Commissioner
Ms. Roxy Huber	Executive Director, Department of Revenue
Ms. Peggy Gordon	Director, Colorado Lottery
Mr. Tom Kitts	Deputy Director, Colorado Lottery
Mr. David McDermott	State Controller
Ms. Sally Symanski	State Auditor
Colorado State Publications Depository & Distribution Center	
Joint Legislative Library	

STATE OF COLORADO

COLORADO LOTTERY DIVISION
Department of Revenue

Headquarters
212 W. 3rd 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

February 29, 2008

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 seven months ended January 31, 2008, 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)**

TABLE OF CONTENTS

Financial Highlights.....	1
Supplement to Financial Highlights.....	2
Statements of Net Assets.....	3
Statements of Net Assets-Powerball Annuity Winners Trust Fund.....	4
Statements of Revenues, Expenses, and Changes in Fund Net Assets.....	5
Statements of Changes in Fund Net Assets-Powerball Annuity Winners Trust Fund.....	6
Schedule of Revenue and Costs for Completed and In-Progress Games.....	7
Schedule of Percent of Prize Expense to Gross Ticket Sales.....	7
Budget Status.....	8

COLORADO LOTTERY
FINANCIAL HIGHLIGHTS
\$ IN MILLIONS
FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2008 AND 2007

The table included below and the graphs included on page 2 present certain summarized operating results of the Colorado Lottery for the seven (7) months ended January 31, 2008 and 2007, 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 seven months ended January 31,			
	2008		2007	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$290.35		\$260.13	
Nonoperating revenue	1.31		1.51	
TOTAL INCOME	291.66		261.64	
LESS:				
PRIZES	\$181.10	62.4% (1)	\$156.51	60.2% (1)
RETAILER COMMISSIONS AND BONUSES	\$21.89	7.5% (1)	\$19.45	7.5% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	5.60		4.60	
Other Operating Expenses	13.84		11.79	
TOTAL ADMINISTRATIVE COSTS (Note 3)	19.44	6.7% (2)	16.39	6.3% (2)
	69.23		69.29	
NET CHANGE IN NET ASSETS	-0.33		-0.13	
PROCEEDS DISTRIBUTION	\$69.56	23.8% (2)	\$69.42	26.5% (2)

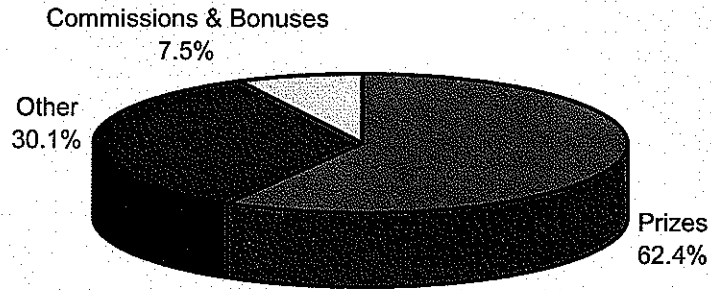
Note 1: Percent of gross ticket sales.

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.

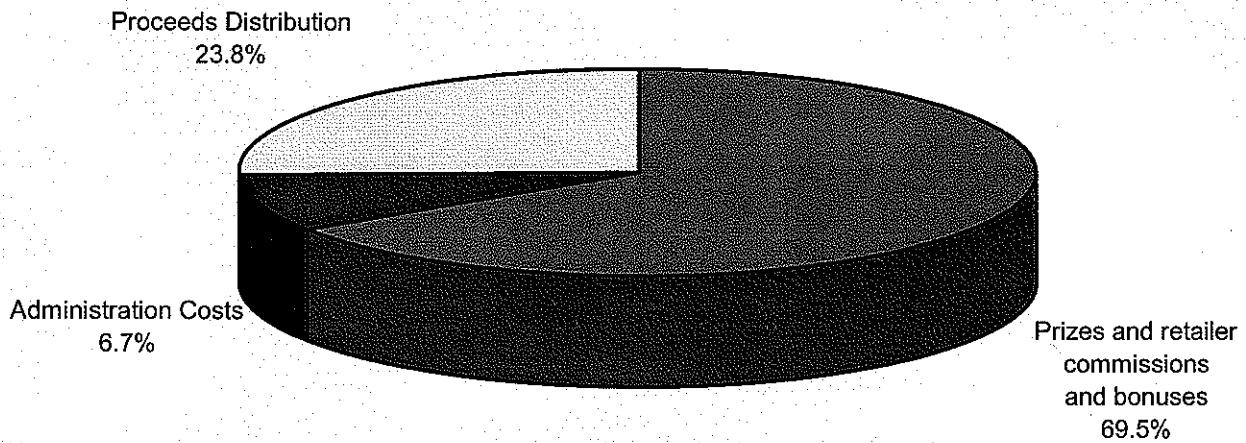
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE SEVEN (7) MONTHS
ENDED JANUARY 31, 2008

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
JANUARY 31, 2008 AND 2007
(UNAUDITED)

ASSETS	2008	2007
Current Assets:		
Cash and Investments	\$ 41,649,367	\$ 33,572,449
Accounts Receivable, net of the allowance for doubtful accounts of \$271,895 2008 and \$217,557 in 2007	17,956,314	23,921,607
Consignment Inventory, at Cost	125,062	98,433
Warehouse Inventory, at Cost	595,772	772,961
Prepaid Expenses	252,580	173,069
Total Current Assets	60,579,095	58,538,519
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,300,000	1,500,000
Cash and Investments-Licensed Agent Recovery Reserve Receipts	436,536	422,615
Prepaid Prize Expense with MUSL	4,132,289	3,771,099
Total Reserve and Restricted Assets	5,868,825	5,693,714
Capital Assets:		
Equipment	3,162,610	3,759,933
Leasehold Improvements	11,978	14,053
Less Accumulated Depreciation and Amortization	(2,619,024)	(3,073,641)
Total Capital Assets	555,564	700,345
TOTAL ASSETS	\$ 67,003,484	\$ 64,932,578
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,579,842	3,154,228
Prize Liability	23,888,312	18,150,523
Payable to MUSL	0	0
Wages and Benefits	179,017	131,597
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	874,134	822,036
Funds Available for Distribution	36,996,247	38,897,889
Deferred Revenue	243,306	222,198
Total Current Liabilities	63,760,858	61,378,471
Long-Term Liabilities:		
Accrued Annual and Sick Leave	849,945	823,245
Expired Warrants Liability	100,581	107,902
Total Long-Term Liabilities	950,526	931,147
TOTAL LIABILITIES	64,711,384	62,309,618
NET ASSETS		
Investment in Capital Assets	555,564	700,345
Restricted-Licensed Agent Recovery Reserve	436,536	422,615
Unrestricted-Operating Reserve	1,300,000	1,500,000
Unrestricted-Other	0	0
TOTAL NET ASSETS	2,292,099	2,622,960
TOTAL LIABILITIES AND NET ASSETS	\$ 67,003,484	\$ 64,932,578

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF NET ASSETS
 JANUARY 31, 2008 AND 2007
 (UNAUDITED)

	2008	2007
ASSETS		
Current Assets:		
Interest Receivable	\$ 131,396	\$ 0
Long Term Assets:		
Long Term Investments-PB Annuity	9,746,633	0
TOTAL ASSETS	\$ 9,878,029	\$ 0
NET ASSETS		
NET ASSETS, BEGINNING OF YEAR	0	0
Net Change in Net Assets	9,878,029	0
NET ASSETS, END OF PERIOD	\$ 9,878,029	\$ 0

COLORADO LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2008 AND 2007
(UNAUDITED)

	2008	2007
OPERATING REVENUES		
Gross Ticket Sales	\$ 290,347,898	\$ 260,133,415
DIRECT OPERATING EXPENSES		
Prize Expense	181,285,980	157,345,645
Powerball Prize Variance	(186,124)	(843,920)
Retailer Commissions and Bonuses	21,888,330	19,448,716
Cost of Tickets and Vendor Fees	5,598,111	4,609,304
GROSS PROFIT ON SALE OF TICKETS	81,761,601	79,573,670
OTHER OPERATING EXPENSES		
Marketing and Communications	5,245,330	4,674,688
Administration Fees Paid to MUSL	60,187	60,187
Wages and Benefits	5,099,877	5,156,675
Professional Services	164,128	92,184
State Agencies Services	70,412	77,486
Department of Revenue Services	267,681	209,051
Travel	53,820	38,728
Equipment	1,221,255	87,677
Depreciation	92,290	91,129
Accrued Annual and Sick Leave	33,416	(15,885)
Space Rental	403,399	359,292
Rents for Equipment	14,564	20,173
Motorpool Leasing	201,498	188,806
Materials and Supplies	46,176	51,247
Telephone	60,563	59,828
On-Line Telecommunications	320,867	202,454
Data Processing Supplies and Services	12,637	38,830
Equipment Maintenance	185,922	143,437
Postage	33,729	26,580
Printing	9,804	21,143
Other	246,680	209,070
Total Other Operating Expenses	13,844,235	11,792,780
OPERATING INCOME	67,917,366	67,780,890
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	61,838	471,963
Investment Income	1,247,925	1,038,297
Funds Distributed for Current Year	(32,561,756)	(30,522,416)
Funds Available for Distribution for Current Year	(36,996,247)	(38,897,889)
Total Nonoperating Revenues (Expenses)	(68,248,240)	(67,910,045)
NET INCOME (LOSS)	\$ (330,874)	\$ (129,155)
NET ASSETS, BEGINNING OF YEAR	2,622,974	2,752,115
Net Change in Net Assets	(330,874)	(129,155)
NET ASSETS, END OF PERIOD	\$ 2,292,100	\$ 2,622,960

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2008 AND 2007
 (UNAUDITED)

	2008	2007
REVENUES		
Interest Income	\$ 131,396	\$
Trust Fund Additions	9,746,633	
TOTAL REVENUES	9,878,029	0
EXPENSES		
Trust Fund Deductions	0	0
NET CHANGE IN NET ASSETS	\$ 9,878,029	\$ 0

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2008

	Games in Progress				FY 08	FY 07
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$193,429,045	\$25,501,792	\$60,571,341	\$10,845,720	290,347,898	\$260,133,415
PRIZE EXPENSE	(133,615,096)	(13,223,460)	(28,544,633)	(5,902,791)	(181,285,980)	(157,345,645)
POWERBALL PRIZE VARIANCE	N/A	N/A	186,124	N/A	186,124	843,920
NET REVENUE AFTER PRIZES	<u>59,813,949</u>	<u>12,278,332</u>	<u>32,212,832</u>	<u>4,942,929</u>	<u>109,248,042</u>	<u>103,631,690</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(13,513,784)	(1,530,423)	(3,634,732)	(650,886)	(19,329,825)	(17,248,156)
Retailer Bonus	(1,896,010)	(166,840)	(394,163)	(101,492)	(2,558,505)	(2,200,560)
Cost of Tickets Sold	(1,608,224)	N/A	N/A	N/A	(1,608,224)	(1,220,950)
Telecomm Reimbursements	277,880	36,636	87,017	15,580	417,113	404,968
On-Line Vendor Fees	(2,945,391)	(385,236)	(911,649)	(164,724)	(4,407,000)	(3,793,322)
TOTAL	<u>(19,685,529)</u>	<u>(2,045,863)</u>	<u>(4,853,527)</u>	<u>(901,522)</u>	<u>(27,486,441)</u>	<u>(24,058,020)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$40,128,420</u>	<u>\$10,232,469</u>	<u>\$27,359,305</u>	<u>\$4,041,407</u>	<u>\$81,761,601</u>	<u>\$79,573,670</u>
AVERAGE DAILY TICKET SALES	<u>\$899,670</u>	<u>\$118,613</u>	<u>\$281,727</u>	<u>\$50,445</u>	<u>\$1,350,455</u>	<u>\$1,209,923</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 SEVEN (7) MONTHS ENDED JANUARY 31, 2008

	Games in Progress				Powerball	FY 08
	Scratch	Lotto	Powerball	Cash 5	Prize Variance	Total
Prize Expense	\$133,615,096	\$13,223,460	\$28,544,633	\$5,902,791	-\$186,124	\$181,099,856
(/)/Ticket Sales	<u>193,429,045</u>	<u>25,501,792</u>	<u>60,571,341</u>	<u>10,845,720</u>	<u>N/A</u>	<u>290,347,898</u>
Prize %	<u>69.08%</u>	<u>51.85%</u>	<u>47.13%</u>	<u>54.43%</u>		<u>62.37%</u>

COLORADO LOTTERY
BUDGET STATUS
FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2008

	FY08 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,823,421	\$4,822,357	\$4,001,064	54.7%
Amortization Equal	86,110	40,975	45,135	47.6%
Suppl Amortization Equalization	17,940	0	17,940	0.0%
Workmen's Compensation	69,045	40,276	28,769	58.3%
Unemployment Benefits	976	0	976	0.0%
Health and Life	531,569	304,776	226,793	57.3%
Short Term Disability	8,811	5,094	3,717	57.8%
Operating	1,203,156	786,736	416,420	65.4%
DOR Postage Allocation	1,990	1,195	795	60.1%
Leased Space	725,755	399,952	325,803	55.1%
Leased Space-Grand Junction	7,981	3,446	4,535	43.2%
Risk Management	29,763	17,362	12,401	58.3%
Vehicle Lease Payments	145,297	73,682	71,615	50.7%
Variable Vehicle	155,734	0	155,734	0.0%
Travel	113,498	53,820	59,678	47.4%
Purch. Of Services-Computer Center	2,698	1,524	1,174	56.5%
Marketing, Communications & Sales	8,643,420	5,152,029	3,491,391	59.6%
Communications Services	2,183	1,274	909	58.4%
Payments to MNT	313,985	183,148	130,837	58.3%
Payments to Other Agencies	239,410	62,329	177,081	26.0%
Legal Services	36,136	8,083	28,053	22.4%
Indirect Costs	458,880	267,681	191,199	58.3%
Ticket Costs-Scratch	3,529,350	1,608,224	1,921,126	45.6%
Research	250,000	93,300	156,700	37.3%
Vendor Fees	10,875,511	5,659,544	5,215,967	52.0%
Prize Payments	336,721,380	181,285,980	155,435,400	53.8%
Retailer Compensation	41,773,750	21,888,331	19,885,419	52.4%
Multi-State Lottery Funds	177,433	60,187	117,246	33.9%
CMAC Project	10,697	0	10,697	0.0%
Powerball Prize Variance	9,752,000	4,350,445	5,401,555	44.6%
Rollforwards	37,695	37,695	0	100.0%
TOTAL	<u>\$424,745,574</u>	<u>\$227,209,445</u>	<u>\$197,536,129</u>	<u>53.49%</u>

FY08 Staffing (FTE) 126.0 (Appropriated) 121.1 (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	181,285,980
Powerball Prize Variance	(186,124)
Commissions and Bonuses	21,888,330
Cost of Tickets & Vendor Fees	5,598,111
Operating Expenses	13,844,235

Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings 222,430,532

Plus: Powerball Variance classified as revenue	4,536,569
Telecommunications offset classified as revenue	417,113
Loss on Disposal of Equipment classified as revenue	(65,593)

Less: Non-appropriated expenses and other adjustments	
Depreciation	(92,290)
Accrued Annual and Sick Leave	(33,416)

Sub-Total 227,192,915

Plus: Capitalized Fixed Assets	16,530
	<u>227,209,445</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 January 31, 2008 is 58 1/3 %.

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