

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

(UNAUDITED)

FOR THE TEN MONTHS ENDED

APRIL 30, 2008

**COLORADO LOTTERY
FINANCIAL STATEMENTS
(UNAUDITED)**

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STATE OF COLORADO

COLORADO LOTTERY DIVISION

Department of Revenue

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Bill Ritter, Jr.
Governor

Roxy Huber
Executive Director

Margaret Gordon
Lottery Director

June 4, 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 ten months ended April 30, 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)**

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COLORADO LOTTERY
FINANCIAL HIGHLIGHTS
\$ IN MILLIONS
FOR THE TEN (10) MONTHS ENDED APRIL 30, 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 ten months ended April 30, 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 ten months ended April 30,			
	2008		2007	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$426.40		\$379.62	
Nonoperating revenue	1.97		2.11	
TOTAL INCOME	428.37		381.73	
LESS:				
PRIZES	\$264.88	62.1% (1)	\$230.37	60.7% (1)
RETAILER COMMISSIONS AND BONUSES	\$32.30	7.6% (1)	\$28.19	7.4% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	8.30		6.68	
Other Operating Expenses	18.98		17.37	
TOTAL ADMINISTRATIVE COSTS (Note 3)	27.28	6.4% (2)	24.05	6.3% (2)
	103.91		99.12	
NET CHANGE IN NET ASSETS	-0.35		-0.17	
PROCEEDS DISTRIBUTION	\$104.26	24.3% (2)	\$99.29	26.0% (2)

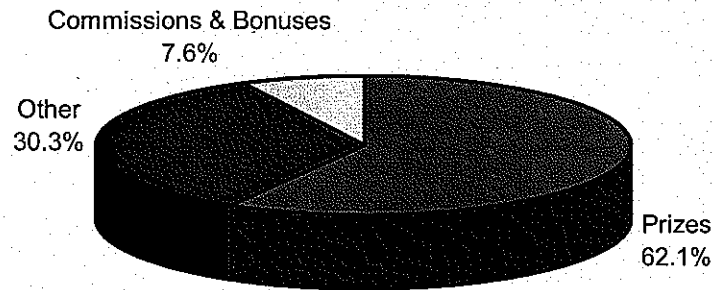
Note 1: Percent of gross ticket sales.

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.

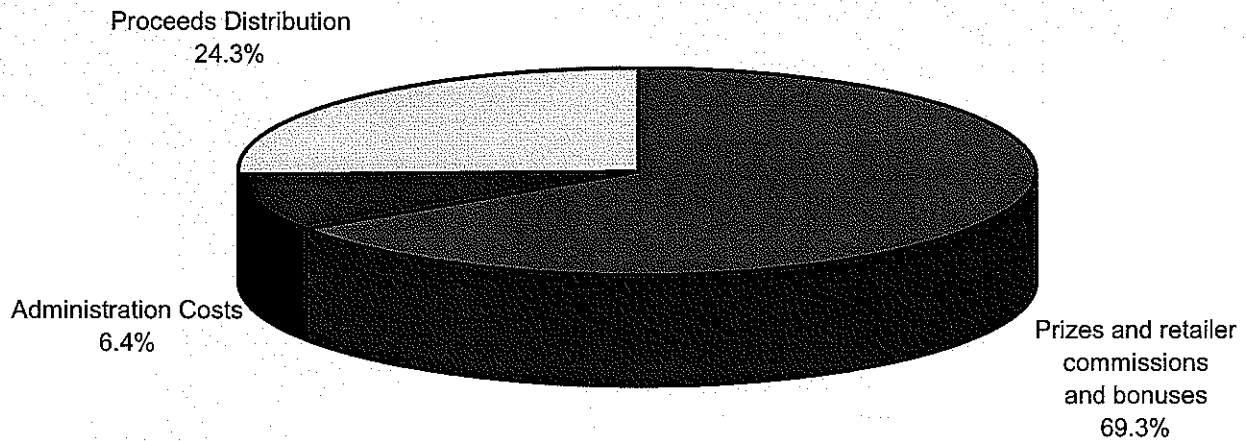
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE TEN MONTHS
ENDED APRIL 30, 2008

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
APRIL 30, 2008 AND 2007
(UNAUDITED)

ASSETS	2008	2007
Current Assets:		
Cash and Investments	\$ 43,725,404	\$ 43,184,748
Accounts Receivable, net of the allowance for doubtful accounts of \$194,367 in 2008 and \$236,954 in 2007	22,149,817	18,291,327
Consignment Inventory, at Cost	100,001	88,181
Warehouse Inventory, at Cost	565,882	946,341
Prepaid Expenses	93,206	96,584
Total Current Assets	66,634,310	62,607,181
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,300,000	1,500,000
Cash and Investments-Licensed Agent Recovery Reserve Receipts	456,973	422,976
Prepaid Prize Expense with MUSL	3,777,063	3,719,729
Total Reserve and Restricted Assets	5,534,036	5,642,705
Capital Assets:		
Equipment	3,159,600	3,759,933
Leasehold Improvements	11,978	14,053
Less Accumulated Depreciation and Amortization	(2,651,162)	(3,113,147)
Total Capital Assets	520,416	660,839
TOTAL ASSETS	\$ 72,688,762	\$ 68,910,725
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,683,024	2,256,300
Prize Liability	23,053,940	19,552,703
Payable to MUSL	485,764	0
Wages and Benefits	180,311	214,321
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	985,049	901,938
Funds Available for Distribution	42,799,912	42,182,170
Deferred Revenue	261,391	256,970
Total Current Liabilities	69,449,391	65,364,402
Long-Term Liabilities:		
Accrued Annual and Sick Leave	861,402	854,605
Expired Warrants Liability	100,580	107,903
Total Long-Term Liabilities	961,982	962,508
TOTAL LIABILITIES	70,411,373	66,326,910
NET ASSETS		
Investment in Capital Assets	520,416	660,839
Restricted-Licensed Agent Recovery Reserve	456,973	422,976
Unrestricted-Operating Reserve	1,300,000	1,500,000
Unrestricted-Other	0	0
TOTAL NET ASSETS	2,277,388	2,583,815
TOTAL LIABILITIES AND NET ASSETS	\$ 72,688,762	\$ 68,910,725

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF NET ASSETS
 APRIL 30, 2008 AND 2007
 (UNAUDITED)

	2008	2007
ASSETS		
Current Assets:		
Interest Receivable	\$ 238,983	\$ 0
Long Term Assets:		
Long Term Investments-PB Annuity	9,746,633	0
TOTAL ASSETS	\$ 9,985,616	\$ 0
 NET ASSETS		
NET ASSETS, BEGINNING OF YEAR	0	0
Net Change in Net Assets	9,985,616	0
NET ASSETS, END OF PERIOD	\$ 9,985,616	\$ 0

COLORADO LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE TEN (10) MONTHS ENDED APRIL 30, 2008 AND 2007
(UNAUDITED)

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Gross Ticket Sales	\$ 426,400,136	\$ 379,615,213
DIRECT OPERATING EXPENSES		
Prize Expense	264,300,154	232,717,212
Powerball Prize Variance	583,428	(2,351,885)
Retailer Commissions and Bonuses	32,297,500	28,192,583
Cost of Tickets and Vendor Fees	<u>8,297,703</u>	<u>6,687,556</u>
GROSS PROFIT ON SALE OF TICKETS	<u>120,921,351</u>	<u>114,369,747</u>
OTHER OPERATING EXPENSES		
Marketing and Communications	7,240,884	7,306,659
Administration Fees Paid to MUSL	77,410	77,410
Wages and Benefits	7,341,040	7,306,148
Professional Services	316,258	129,680
State Agencies Services	91,502	99,532
Department of Revenue Services	382,401	298,644
Travel	88,380	59,817
Equipment	1,223,803	95,658
Depreciation	127,136	130,635
Accrued Annual and Sick Leave	45,624	16,701
Space Rental	576,662	490,741
Rents for Equipment	22,544	28,151
Motorpool Leasing	287,621	270,400
Materials and Supplies	73,643	74,683
Telephone	91,348	83,850
On-Line Telecommunications	371,351	257,458
Data Processing Supplies and Services	14,847	39,229
Equipment Maintenance	225,375	185,990
Postage	54,671	36,277
Printing	8,366	24,284
Other	321,560	354,033
Total Other Operating Expenses	<u>18,982,426</u>	<u>17,365,980</u>
OPERATING INCOME	<u>101,938,925</u>	<u>97,003,767</u>
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	250,903	624,836
Investment Income	1,716,083	1,488,456
Funds Distributed for Current Year	(61,451,584)	(57,103,189)
Funds Available for Distribution for Current Year	<u>(42,799,912)</u>	<u>(42,182,170)</u>
Total Nonoperating Revenues (Expenses)	<u>(102,284,510)</u>	<u>(97,172,067)</u>
NET INCOME(LOSS)	<u>\$ (345,585)</u>	<u>\$ (168,300)</u>
NET ASSETS, BEGINNING OF YEAR	2,622,974	2,752,115
Net Change in Net Assets	<u>(345,585)</u>	<u>(168,300)</u>
NET ASSETS, END OF PERIOD	<u>\$ 2,277,389</u>	<u>\$ 2,583,815</u>

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE TEN MONTHS ENDED APRIL 30, 2008 AND 2007
 (UNAUDITED)

	2008	2007
REVENUES		
Interest Income	\$ 238,983	\$
Trust Fund Additions	9,746,633	
TOTAL REVENUES	9,985,616	0
EXPENSES		
Trust Fund Deductions	0	0
NET CHANGE IN NET ASSETS	\$ 9,985,616	\$ 0

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE TEN MONTHS ENDED APRIL 30, 2008

	Games in Progress				FY 08	FY 07
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$280,357,351	\$35,256,930	\$94,880,089	\$15,905,766	\$426,400,136	\$379,615,313
PRIZE EXPENSE	(192,413,843)	(18,974,414)	(44,225,294)	(8,686,603)	(264,300,154)	(232,717,212)
POWERBALL PRIZE VARIANCE	N/A	N/A	(583,428)	N/A	(583,428)	2,351,885
NET REVENUE AFTER PRIZES	<u>87,943,508</u>	<u>16,282,516</u>	<u>50,071,367</u>	<u>7,219,163</u>	<u>161,516,554</u>	<u>149,249,986</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(19,585,791)	(2,115,763)	(5,694,459)	(954,725)	(28,350,738)	(25,211,310)
Retailer Bonus	(2,942,227)	(230,404)	(625,140)	(148,991)	(3,946,762)	(2,981,273)
Cost of Tickets Sold	(2,147,956)	N/A	N/A	N/A	(2,147,956)	(1,725,973)
Telecomm Reimbursements	391,536	49,243	132,501	22,214	595,494	574,769
On-Line Vendor Fees	(4,439,261)	(552,839)	(1,501,418)	(251,723)	(6,745,241)	(5,536,352)
TOTAL	<u>(28,723,699)</u>	<u>(2,849,763)</u>	<u>(7,688,516)</u>	<u>(1,333,225)</u>	<u>(40,595,203)</u>	<u>(34,880,139)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$59,219,809</u>	<u>\$13,432,753</u>	<u>\$42,382,851</u>	<u>\$5,885,938</u>	<u>\$120,921,351</u>	<u>\$114,369,847</u>
AVERAGE DAILY TICKET SALES	<u>\$919,204</u>	<u>\$115,596</u>	<u>\$311,082</u>	<u>\$52,150</u>	<u>\$1,398,033</u>	<u>\$1,248,735</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 TEN MONTHS ENDED APRIL 30, 2008

	Games in Progress				Powerball	FY 08
	Scratch	Lotto	Powerball	Cash 5	Prize Variance	Total
Prize Expense	\$192,413,843	\$18,974,414	\$44,225,294	\$8,686,603	\$583,428	\$264,883,582
(/)/Ticket Sales	<u>280,357,351</u>	<u>35,256,930</u>	<u>94,880,089</u>	<u>15,905,766</u>	<u>N/A</u>	<u>426,400,136</u>
Prize %	<u>68.63%</u>	<u>53.82%</u>	<u>46.61%</u>	<u>54.61%</u>		<u>62.12%</u>

COLORADO LOTTERY
BUDGET STATUS
FOR THE TEN MONTHS ENDED APRIL 30, 2008

	FY08 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,823,421	\$7,036,909	\$1,786,512	79.8%
Amortization Equal	86,110	64,799	21,311	75.3%
Suppl Amortization Equalization	17,940	11,303	6,637	63.0%
Workmen's Compensation	52,018	49,024	2,994	94.2%
Unemployment Benefits	976	0	976	0.0%
Health and Life	531,569	435,437	96,132	81.9%
Short Term Disability	8,811	7,335	1,476	83.2%
Operating	1,203,156	885,893	317,263	73.6%
DOR Postage Allocation	7,619	3,512	4,107	46.1%
Variable Vehicle	155,734	155,734	0	100.0%
Leased Space	725,755	572,230	153,525	78.8%
Leased Space-Grand Junction	7,981	4,431	3,550	55.5%
Risk Management	24,152	21,997	2,155	91.1%
Vehicle Lease Payments	130,002	104,038	25,964	80.0%
Travel	113,498	88,381	25,117	77.9%
Purch. Of Services-Computer Center	3,252	148	3,104	4.6%
Marketing, Communications & Sales	8,643,420	7,074,684	1,568,736	81.9%
Communications Services	1,851	1,653	198	89.3%
Payments to MNT	362,552	231,497	131,055	63.9%
Payments to Other Agencies	239,410	74,577	164,833	31.2%
Legal Services	34,636	16,926	17,710	48.9%
Indirect Costs	458,880	382,401	76,479	83.3%
Ticket Costs-Scratch	3,529,350	2,147,956	1,381,394	60.9%
Research	250,000	166,200	83,800	66.5%
Vendor Fees	10,875,511	7,997,784	2,877,727	73.5%
Prize Payments	336,721,380	264,300,154	72,421,226	78.5%
Retailer Compensation	41,773,750	32,297,500	9,476,250	77.3%
Multi-State Lottery Funds	177,433	80,955	96,478	45.6%
CMAC Project	10,697	0	10,697	0.0%
Powerball Prize Variance	9,752,000	6,738,583	3,013,417	69.1%
Rollforwards	37,695	37,695	0	100.0%
TOTAL	\$424,760,559	\$330,989,736	\$93,770,823	77.92%

FY08 Staffing (FTE) 126.0 (Appropriated) 120.1 (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	264,300,154
Powerball Prize Variance	583,428
Commissions and Bonuses	32,297,500
Cost of Tickets & Vendor Fees	8,297,703
Operating Expenses	18,982,426

Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings 324,461,211

Plus: Powerball Variance classified as revenue	6,155,155
Telecommunications offset classified as revenue	595,494

Less: Non-appropriated expenses and other adjustments	
Depreciation	(127,136)
Accrued Annual and Sick Leave	(45,624)
Loss on Disposal of Equipment classified as revenue	(65,894)

Sub-Total 330,973,206

Plus: Capitalized Fixed Assets	16,530
	<u>330,989,736</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 April 30, 2008 is 83 1/3%.

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