

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

(UNAUDITED)

FOR THE ONE (1) MONTH ENDED

JULY 31, 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

Jack Boehm
Lottery Director

September 24, 2008

Members of the Lottery Commission and
Mr. Jack Boehme, 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, 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

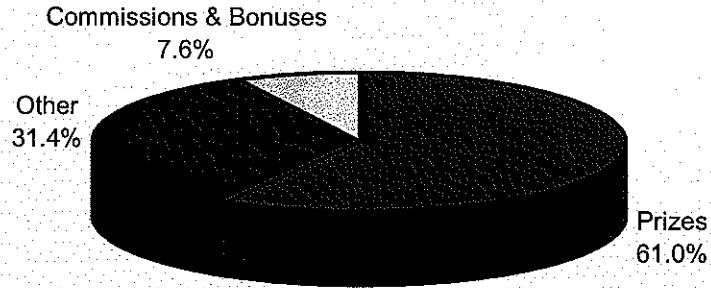
**COLORADO LOTTERY
STATEMENT OF LOTTERY REVENUES
PRIZE DISBURSEMENTS AND OTHER EXPENSES
(UNAUDITED)**

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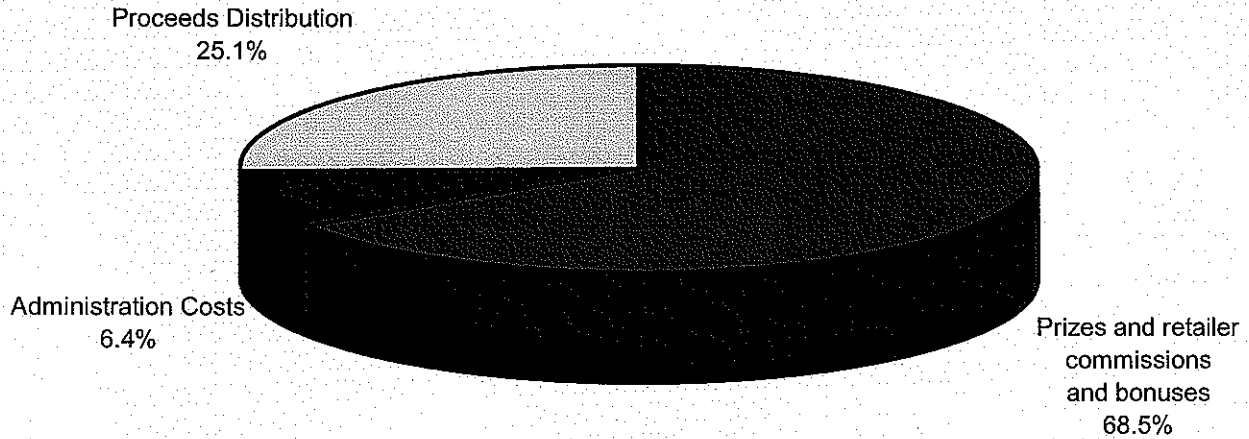
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE ONE MONTH
ENDED JULY 31, 2008

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
FINANCIAL HIGHLIGHTS
\$ IN MILLIONS
FOR THE ONE (1) MONTH ENDED JULY 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 one (1) month ended July 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 one month ended July 31,			
	2009		2008	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$39.95		\$36.02	
Nonoperating revenue	0.13		0.19	
TOTAL INCOME	40.08		36.21	
LESS:				
PRIZES	\$24.38	61.0% (1)	\$22.00	61.1% (1)
RETAILER COMMISSIONS AND BONUSES	\$3.05	7.6% (1)	\$2.74	7.6% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	0.82		0.62	
Other Operating Expenses	1.76		1.70	
TOTAL ADMINISTRATIVE COSTS (Note 3)	2.58	6.4% (2)	2.32	6.4% (2)
	10.07		9.15	
NET CHANGE IN NET ASSETS	0.00		-0.01	
PROCEEDS DISTRIBUTION	\$10.07	25.1% (2)	\$9.16	25.3% (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
STATEMENTS OF NET ASSETS
JULY 31, 2008 AND 2007
(UNAUDITED)

ASSETS	2009	2008
Current Assets:		
Cash and Investments	\$ 43,053,566	\$ 37,331,457
Accounts Receivable, net of the allowance for doubtful accounts of \$219,278 in 2009 and \$248,571 in 2008	16,413,133	20,564,244
Consignment Inventory, at Cost	101,128	89,729
Warehouse Inventory, at Cost	830,696	651,101
Prepaid Expenses	227,907	218,295
Total Current Assets	60,626,430	58,854,826
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,300,000	1,500,000
Cash and Investments-Licensed Agent Recovery		
Reserve Receipts	448,748	432,710
Prepaid Prize Expense with MUSL	3,944,710	3,905,919
Total Reserve and Restricted Assets	5,693,458	5,838,629
Capital Assets:		
Equipment	3,159,600	3,772,195
Leasehold Improvements	11,978	14,053
Less Accumulated Depreciation and Amortization	(2,682,241)	(3,103,466)
Total Capital Assets	489,337	682,782
TOTAL ASSETS	\$ 66,809,225	\$ 65,376,237
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,511,923	1,927,588
Prize Liability	23,390,868	20,408,204
Payable to MUSL	287,443	557,315
Wages and Benefits	34,353	112,155
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	892,503	652,656
Funds Available for Distribution	37,229,485	37,871,446
Deferred Revenue	269,108	292,612
Total Current Liabilities	63,615,683	61,821,975
Long-Term Liabilities:		
Accrued Annual and Sick Leave	860,972	838,252
Expired Warrants Liability	94,485	100,518
Total Long-Term Liabilities	955,457	938,770
TOTAL LIABILITIES	64,571,140	62,760,745
NET ASSETS		
Investment in Capital Assets	489,337	682,782
Restricted-Licensed Agent Recovery Reserve	448,748	432,710
Unrestricted-Operating Reserve	1,300,000	1,500,000
Unrestricted-Other	0	0
TOTAL NET ASSETS	2,238,085	2,615,492
TOTAL LIABILITIES AND NET ASSETS	\$ 66,809,225	\$ 65,376,237

COLORADO LOTTERY
 STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE ONE (1) MONTH ENDED JULY 31, 2008 AND 2007
 (UNAUDITED)

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Gross Ticket Sales	\$ 39,950,605	\$ 36,017,327
DIRECT OPERATING EXPENSES		
Prize Expense	24,016,109	23,655,397
Powerball Prize Variance	359,292	(1,660,151)
Retailer Commissions and Bonuses	3,047,139	2,740,640
Cost of Tickets and Vendor Fees	822,029	617,174
GROSS PROFIT ON SALE OF TICKETS	<u>11,706,036</u>	<u>10,664,267</u>
OTHER OPERATING EXPENSES		
Marketing and Communications	673,344	547,476
Administration Fees Paid to MUSL	5,741	25,741
Wages and Benefits	655,474	733,391
Professional Services	15,927	11,555
State Agencies Services	4,344	25,691
Department of Revenue Services	46,389	38,238
Travel	7,930	10,090
Equipment	737	5,489
Depreciation	8,819	14,134
Accrued Annual and Sick Leave	36,986	23,136
Space Rental	60,641	57,343
Rents for Equipment	2,882	2,888
Motorpool Leasing	41,592	29,249
Materials and Supplies	4,560	2,021
Telephone	8,609	7,618
On-Line Telecommunications	23,095	26,591
Data Processing Supplies and Services	1,846	3,723
Equipment Maintenance	112,246	89,037
Postage	2,681	9,348
Printing	2,506	1,869
Other	47,245	35,654
Total Other Operating Expenses	<u>1,763,594</u>	<u>1,700,282</u>
OPERATING INCOME	<u>9,942,442</u>	<u>8,963,985</u>
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	19,756	14,569
Investment Income	108,656	179,292
Funds Distributed for Current Year	0	0
Funds Available for Distribution for Current Year	(10,074,064)	(9,165,328)
Total Nonoperating Revenues (Expenses)	<u>(9,945,652)</u>	<u>(8,971,467)</u>
NET INCOME(LOSS)	<u>\$ (3,210)</u>	<u>\$ (7,482)</u>
NET ASSETS, BEGINNING OF YEAR	2,241,295	2,622,974
Net Change in Net Assets	<u>(3,210)</u>	<u>(7,482)</u>
NET ASSETS, END OF YEAR	<u>\$ 2,238,085</u>	<u>\$ 2,615,492</u>

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

	2009	2008
ASSETS		
Current Assets:		
Current Portion Long Term Investments-PB Annuity	371,000	0
Long Term Assets:		
Long Term Investments-PB Annuity	9,469,930	0
TOTAL ASSETS	\$ 9,840,930	\$ 0
 NET ASSETS		
NET ASSETS, BEGINNING OF YEAR	9,804,295	0
Net Change in Net Assets	36,635	0
NET ASSETS, END OF PERIOD	\$ 9,840,930	\$ 0

COLORADO LOTTERY
POWERBALL ANNUITY WINNERS TRUST FUND
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE ONE (1) MONTH ENDED JULY 31, 2008 AND 2007
(UNAUDITED)

	<u>2009</u>	<u>2008</u>
REVENUES		
Interest Income	\$ 36,635	\$
Trust Fund Additions	<u>0</u>	<u></u>
TOTAL REVENUES	<u>36,635</u>	<u>0</u>
 EXPENSES		
Trust Fund Deductions	<u>0</u>	<u>0</u>
NET CHANGE IN NET ASSETS	\$ <u><u>36,635</u></u>	\$ <u><u>0</u></u>

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE ONE (1) MONTH ENDED JULY 31, 2008

	Games in Progress				FY 09	FY 08
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$27,387,473	\$3,458,812	\$7,434,876	\$1,669,444	\$39,950,605	\$36,017,327
PRIZE EXPENSE	(18,437,784)	(1,512,625)	(3,207,869)	(857,831)	(24,016,109)	(23,655,297)
POWERBALL PRIZE VARIANCE	N/A	N/A	(359,292)	N/A	(359,292)	1,660,151
NET REVENUE AFTER PRIZES	<u>8,949,689</u>	<u>1,946,187</u>	<u>3,867,715</u>	<u>811,613</u>	<u>15,575,204</u>	<u>14,022,181</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(1,912,411)	(207,308)	(444,745)	(99,611)	(2,664,075)	(2,391,479)
Retailer Bonus	(295,159)	(22,928)	(49,452)	(15,525)	(383,064)	(349,161)
Cost of Tickets Sold	(197,964)	N/A	N/A	N/A	(197,964)	(150,757)
Telecomm Reimbursements	42,380	5,352	11,505	2,583	61,820	59,719
On-Line Vendor Fees	(470,659)	(59,359)	(127,345)	(28,522)	(685,885)	(526,136)
TOTAL	<u>(2,833,813)</u>	<u>(284,243)</u>	<u>(610,037)</u>	<u>(141,075)</u>	<u>(3,869,168)</u>	<u>(3,357,814)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$6,115,876</u>	<u>\$1,661,944</u>	<u>\$3,257,678</u>	<u>\$670,538</u>	<u>\$11,706,036</u>	<u>\$10,664,367</u>
AVERAGE DAILY TICKET SALES	<u>\$883,467</u>	<u>\$111,575</u>	<u>\$239,835</u>	<u>\$53,853</u>	<u>\$1,288,729</u>	<u>\$1,161,849</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, 2008

	Games in Progress				Powerball Prize Variance	FY 09 Total
	Scratch	Lotto	Powerball	Cash 5		
Prize Expense	\$18,437,784	\$1,512,625	\$3,207,869	\$857,831	\$359,292	\$24,375,401
(/)/Ticket Sales	27,387,473	3,458,812	7,434,876	1,669,444	N/A	39,950,605
Prize %	<u>67.32%</u>	<u>43.73%</u>	<u>43.15%</u>	<u>51.38%</u>		<u>61.01%</u>

COLORADO LOTTERY
BUDGET STATUS
FOR THE ONE (1) MONTH ENDED JULY 31, 2008

	FY09 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$9,129,437	\$601,402	\$8,528,035	6.6%
Amortization Equal	121,243	8,533	112,710	7.0%
Suppl Amortization Equalization	56,835	3,048	53,787	5.4%
Workmen's Compensation	63,645	5,304	58,341	8.3%
Health and Life	635,126	52,535	582,591	8.3%
Short Term Disability	9,851	0	9,851	0.0%
Operating	1,203,156	212,617	990,539	17.7%
DOR Postage Allocation	9,248	0	9,248	0.0%
Variable Vehicle	244,200	0	244,200	0.0%
Leased Space	715,271	60,065	655,206	8.4%
Leased Space-Grand Junction	6,902	575	6,327	8.3%
Risk Management	30,453	2,538	27,915	8.3%
Vehicle Lease Payments	146,003	11,336	134,667	7.8%
Travel	113,498	7,929	105,569	7.0%
Purch. Of Services-Computer Center	3,128	272	2,856	8.7%
Marketing, Communications & Sales	11,671,710	639,384	11,032,326	5.5%
Communications Services	2,034	0	2,034	0.0%
Payments to MNT	374,676	21,814	352,862	5.8%
Payments to Other Agencies	239,410	3,472	235,938	1.5%
Legal Services	35,364	872	34,492	2.5%
Indirect Costs	556,672	46,389	510,283	8.3%
Ticket Costs-Scratch	4,670,880	197,965	4,472,915	4.2%
Research	250,000	33,961	216,039	13.6%
Vendor Fees	12,467,489	685,886	11,781,603	5.5%
Prize Payments	392,580,940	24,016,109	368,564,831	6.1%
Retailer Compensation	48,090,160	3,047,139	45,043,021	6.3%
Multi-State Lottery Funds	177,433	5,741	171,692	3.2%
CMAC Project	2,300,000	0	2,300,000	0.0%
Powerball Prize Variance	12,708,000	539,187	12,168,813	4.2%
TOTAL	\$498,612,764	\$30,204,073	\$456,239,878	6.06%

FY09 Staffing (FTE) 126.0 (Appropriated) 122.300 (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	24,016,109
Powerball Prize Variance	359,292
Commissions and Bonuses	3,047,139
Cost of Tickets & Vendor Fees	822,029
Operating Expenses	1,763,594

Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings 30,008,163

Plus: Powerball Variance classified as revenue	179,895
Telecommunications offset classified as revenue	61,820

Less: Non-appropriated expenses and other adjustments	
Depreciation	(8,819)
Accrued Annual and Sick Leave	(36,986)
Loss on Disposal of Equipment classified as revenue	0

Sub-Total 30,204,073

Plus: Capitalized Fixed Assets	0
	<u>30,204,073</u>

Note 1 - FY09 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, 2008 is 8 1/3%.

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