

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

(UNAUDITED)

FOR THE FIVE (5) MONTHS ENDED

NOVEMBER 30, 2008

**COLORADO LOTTERY
FINANCIAL STATEMENTS
(UNAUDITED)**

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STATE OF COLORADO

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Bill Ritter, Jr.
Governor

Roxy Huber
Executive Director

Jack Boehm
Lottery Director

December 31, 2008

Members of the Lottery Commission and
Mr. Jack Boehm, 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, 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 FIVE (5) MONTHS ENDED NOVEMBER 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 five months ended November 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 five months ended November 30,			
	2009		2008	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$200.84		\$205.44	
Nonoperating revenue	0.87		0.94	
TOTAL INCOME	201.71		206.38	
LESS:				
PRIZES	\$120.54	60.0% (1)	\$125.88	61.3% (1)
RETAILER COMMISSIONS AND BONUSES	\$15.05	7.5% (1)	\$15.58	7.6% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	4.05		3.85	
Other Operating Expenses	9.78		9.48	
TOTAL ADMINISTRATIVE COSTS (Note 3)	13.83	6.9% (2)	13.33	6.5% (2)
	52.29		51.59	
NET CHANGE IN NET ASSETS	-0.09		-0.29	
PROCEEDS DISTRIBUTION	\$52.38	26.0% (2)	\$51.88	25.1% (2)

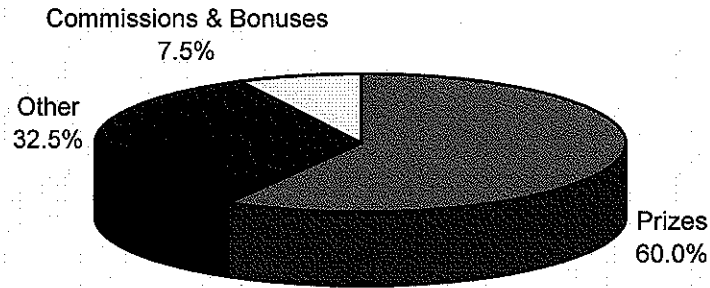
Note 1: Percent of gross ticket sales.

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.

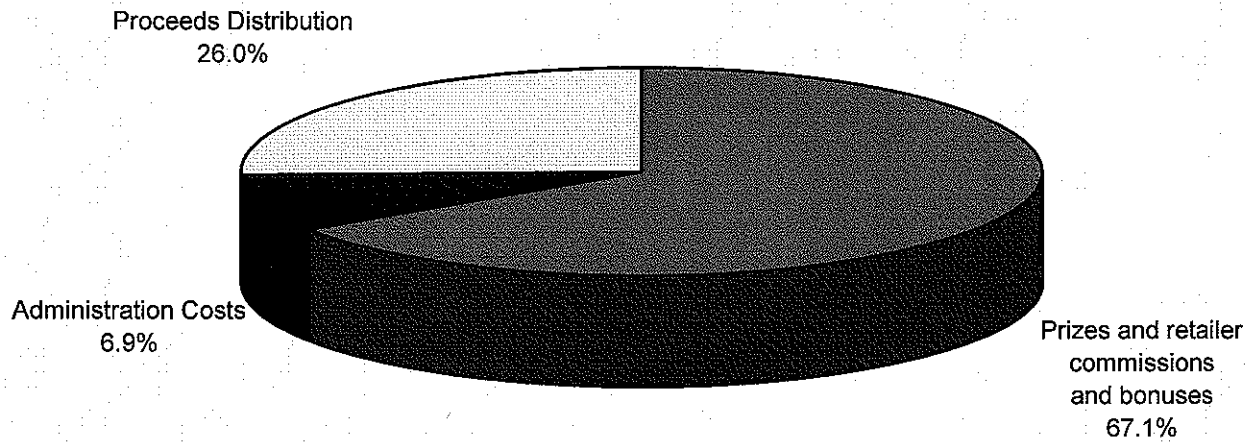
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE FIVE MONTHS
ENDED NOVEMBER 30, 2008

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
NOVEMBER 30, 2008 AND 2007
(UNAUDITED)

ASSETS	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash and Investments	\$ 22,400,649	\$ 21,131,574
Accounts Receivable, net of the allowance for doubtful accounts of \$233,438 in 2009 and \$236,800 in 2008	18,859,031	18,067,427
Consignment Inventory, at Cost	102,755	169,339
Warehouse Inventory, at Cost	1,090,169	611,521
Prepaid Expenses	359,037	297,823
Total Current Assets	<u>42,811,641</u>	<u>40,277,684</u>
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,100,000	1,300,000
Cash and Investments-Licensed Agent Recovery		
Reserve Receipts	435,080	454,900
Prepaid Prize Expense with MUSL	3,944,710	3,981,000
Total Reserve and Restricted Assets	<u>5,479,790</u>	<u>5,735,900</u>
Capital Assets:		
Equipment	3,320,475	3,162,610
Leasehold Improvements	11,978	11,978
Less Accumulated Depreciation and Amortization	<u>(2,717,145)</u>	<u>(2,579,379)</u>
Total Capital Assets	<u>615,308</u>	<u>595,209</u>
TOTAL ASSETS	<u>\$ 48,906,740</u>	<u>\$ 46,608,793</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,956,294	1,984,251
Prize Liability	22,951,656	20,152,549
Payable to MUSL	0	437,497
Wages and Benefits	124,784	111,340
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	553,228	1,063,128
Funds Available for Distribution	18,996,229	19,316,862
Deferred Revenue	227,341	269,764
Total Current Liabilities	<u>45,809,532</u>	<u>43,335,391</u>
Long-Term Liabilities:		
Accrued Annual and Sick Leave	852,507	822,713
Expired Warrants Liability	94,313	100,581
Total Long-Term Liabilities	<u>946,820</u>	<u>923,294</u>
TOTAL LIABILITIES	<u>46,756,352</u>	<u>44,258,685</u>
NET ASSETS		
Investment in Capital Assets	615,308	582,209
Restricted-Licensed Agent Recovery Reserve	435,080	454,900
Unrestricted-Operating Reserve	1,100,000	1,300,000
Unrestricted-Other	<u>0</u>	<u>0</u>
TOTAL NET ASSETS	<u>2,150,388</u>	<u>2,337,109</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 48,906,740</u>	<u>\$ 46,595,793</u>

COLORADO LOTTERY
 STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE FIVE (5) MONTHS ENDED NOVEMBER 30, 2008 AND 2007
 (UNAUDITED)

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Gross Ticket Sales	\$ 200,837,693	\$ 205,438,268
DIRECT OPERATING EXPENSES		
Prize Expense	119,785,820	125,685,465
Powerball Prize Variance	755,959	193,425
Retailer Commissions and Bonuses	15,053,988	15,581,770
Cost of Tickets and Vendor Fees	<u>4,050,572</u>	<u>3,850,111</u>
GROSS PROFIT ON SALE OF TICKETS	<u>61,191,354</u>	<u>60,127,497</u>
OTHER OPERATING EXPENSES		
Marketing and Communications	4,238,153	3,755,404
Administration Fees Paid to MUSL	54,581	48,705
Wages and Benefits	3,904,812	3,631,982
Professional Services	92,522	135,705
State Agencies Services	60,778	56,030
Department of Revenue Services	231,947	191,200
Travel	53,669	40,654
Equipment	7,666	508,502
Depreciation	43,722	65,645
Accrued Annual and Sick Leave	27,744	4,706
Space Rental	296,856	288,491
Rents for Equipment	11,058	6,704
Motorpool Leasing	200,183	148,702
Materials and Supplies	36,622	39,510
Telephone	42,504	42,970
On-Line Telecommunications	123,207	207,519
Data Processing Supplies and Services	9,711	7,287
Equipment Maintenance	165,505	163,462
Postage	14,127	22,258
Printing	7,381	4,322
Other	158,469	171,296
Total Other Operating Expenses	<u>9,781,217</u>	<u>9,541,054</u>
OPERATING INCOME	<u>51,410,137</u>	<u>50,586,443</u>
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	157,796	63,029
Investment Income	708,674	943,281
Funds Distributed for Current Year	(33,371,285)	(32,561,756)
Funds Available for Distribution for Current Year	(18,996,229)	(19,316,862)
Total Nonoperating Revenues (Expenses)	<u>(51,501,044)</u>	<u>(50,872,308)</u>
NET INCOME(LOSS)	<u>\$ (90,907)</u>	<u>\$ (285,865)</u>
NET ASSETS, BEGINNING OF YEAR	2,241,295	2,622,974
Net Change in Net Assets	<u>(90,907)</u>	<u>(285,865)</u>
NET ASSETS, END OF PERIOD	<u>\$ 2,150,388</u>	<u>\$ 2,337,109</u>

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF NET ASSETS
 NOVEMBER 30, 2008 AND 2007

(UNAUDITED)

	2009	2008
ASSETS		
Current Assets:		
Current Portion Long Term Investments-PB Annuity	386,000	371,000
Long Term Assets:		
Long Term Investments-PB Annuity	9,378,405	9,078,308
TOTAL ASSETS	\$ 9,764,405	\$ 9,449,308
NET ASSETS		
NET ASSETS, BEGINNING OF YEAR	9,804,295	0
Net Change in Net Assets	(39,890)	9,449,308
NET ASSETS, END OF PERIOD	\$ 9,764,405	\$ 9,449,308

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE FIVE (5) MONTHS ENDED NOVEMBER 30, 2008 AND 2007

(UNAUDITED)

	<u>2009</u>	<u>2008</u>
REVENUES		
Interest Income	\$ 331,110	\$ 59,671
Trust Fund Additions	<u>0</u>	<u>9,389,637</u>
TOTAL REVENUES	<u>331,110</u>	<u>9,449,308</u>
EXPENSES		
Trust Fund Deductions	<u>371,000</u>	<u>0</u>
NET CHANGE IN NET ASSETS	<u>\$ (39,890)</u>	<u>\$ 9,449,308</u>

COLORADO LOTTERY
 SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
 FOR THE FIVE (5) MONTHS ENDED NOVEMBER 30, 2008

	Games in Progress				FY 09	FY 08
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$131,977,524	\$20,088,683	\$40,338,157	\$8,433,329	\$200,837,693	\$205,438,268
PRIZE EXPENSE	(87,723,534)	(9,513,489)	(18,169,838)	(4,378,959)	(119,785,820)	(125,685,465)
POWERBALL PRIZE VARIANCE	N/A	N/A	(755,959)	N/A	(755,959)	(193,425)
NET REVENUE AFTER PRIZES	<u>44,253,990</u>	<u>10,575,194</u>	<u>21,412,360</u>	<u>4,054,370</u>	<u>80,295,914</u>	<u>79,559,378</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(9,220,887)	(1,204,787)	(2,416,806)	(505,581) #	(13,348,061)	(13,629,672)
Retailer Bonus	(1,234,593)	(132,912)	(259,568)	(78,854)	(1,705,927)	(1,952,098)
Cost of Tickets Sold	(907,329)	N/A	N/A	N/A	(907,329)	(1,141,501)
Telecomm Reimbursements	201,660	30,695	61,636	12,886	306,877	295,406
On-Line Vendor Fees	(2,268,372)	(344,971)	(692,012)	(144,765)	(3,450,120)	(3,004,016)
TOTAL	<u>(13,429,521)</u>	<u>(1,651,975)</u>	<u>(3,306,750)</u>	<u>(716,314)</u>	<u>(19,104,560)</u>	<u>(19,431,881)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$30,824,469</u>	<u>\$8,923,219</u>	<u>\$18,105,610</u>	<u>\$3,338,056</u>	<u>\$61,191,354</u>	<u>\$60,127,497</u>
AVERAGE DAILY TICKET SALES	<u>\$862,598</u>	<u>\$131,299</u>	<u>\$263,648</u>	<u>\$55,120</u>	<u>\$1,312,665</u>	<u>\$1,342,734</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 FIVE (5) MONTHS ENDED NOVEMBER 30, 2008

	Games in Progress				Powerball Prize Variance	FY 09 Total
	Scratch	Lotto	Powerball	Cash 5		
Prize Expense	\$87,723,534	\$9,513,489	\$18,169,838	\$4,378,959	\$755,959	\$120,541,779
(/)Ticket Sales	<u>131,977,524</u>	<u>20,088,683</u>	<u>40,338,157</u>	<u>8,433,329</u>	N/A	<u>200,837,693</u>
Prize %	<u>66.47%</u>	<u>47.36%</u>	<u>45.04%</u>	<u>51.92%</u>		<u>60.02%</u>

COLORADO LOTTERY
BUDGET STATUS
FOR THE FIVE (5) MONTHS ENDED NOVEMBER 30, 2008

	FY09 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,909,115	\$3,619,306	\$5,289,809	40.6%
Amortization Equal	121,243	40,821	80,422	33.7%
Suppl Amortization Equalization	56,835	14,579	42,256	25.7%
Workmen's Compensation	63,645	26,519	37,126	41.7%
Health and Life	635,126	261,839	373,287	41.2%
Short Term Disability	9,851	3,818	6,033	38.8%
Operating	1,203,156	463,373	739,783	38.5%
DOR Postage Allocation	3,898	0	3,898	0.0%
Variable Vehicle	184,200	124,200	60,000	67.4%
Leased Space	714,971	294,385	420,586	41.2%
Leased Space-Grand Junction	6,902	2,471	4,431	35.8%
Risk Management	30,453	12,689	17,764	41.7%
Vehicle Lease Payments	146,003	56,467	89,536	38.7%
Travel	113,498	53,670	59,828	47.3%
Purch. Of Services-Computer Center	3,128	1,360	1,768	43.5%
Marketing, Communications & Sales	11,671,710	4,204,192	7,467,518	36.0%
Communications Services	2,034	848	1,186	41.7%
Payments to MNT	374,676	109,072	265,604	29.1%
Payments to Other Agencies	239,410	51,473	187,937	21.5%
Legal Services	35,364	9,306	26,058	26.3%
Indirect Costs	556,672	231,947	324,725	41.7%
Ticket Costs-Scratch	4,670,880	911,080	3,759,800	19.5%
Research	250,000	33,961	216,039	13.6%
Vendor Fees	12,467,489	3,464,619	9,002,870	27.8%
Prize Payments	392,580,940	119,785,820	272,795,120	30.5%
Retailer Compensation	48,090,160	15,053,988	33,036,172	31.3%
Multi-State Lottery Funds	177,433	54,581	122,852	30.8%
CMAC Project	2,415,000	181,499	2,233,501	7.5%
Powerball Prize Variance	12,708,000	3,222,708	9,485,292	25.4%
TOTAL	<u>\$498,441,792</u>	<u>\$152,290,591</u>	<u>\$336,665,909</u>	<u>30.55%</u>

FY09 Staffing (FTE) 126.0 (Appropriated) 117.100 (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	119,785,820
Powerball Prize Variance	755,959
Commissions and Bonuses	15,053,988
Cost of Tickets & Vendor Fees	4,050,572
Operating Expenses	9,781,217

Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings 149,427,556

Plus: Powerball Variance classified as revenue	2,466,749
Telecommunications offset classified as revenue	306,877

Less: Non-appropriated expenses and other adjustments	
Depreciation	(43,722)
Accrued Annual and Sick Leave	(27,744)
Loss on Disposal of Equipment classified as revenue	0

Sub-Total 152,129,716

Plus: Capitalized Fixed Assets	160,875
	<u>152,290,591</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 November 30, 2008 is 41 2/3%.

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