

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

**(UNAUDITED)**

**FOR THE SEVEN (7) MONTHS ENDED**

**JANUARY 31, 2009**

# STATE OF COLORADO

**COLORADO LOTTERY DIVISION**  
Department of Revenue

**Headquarters**  
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Bill Ritter, Jr.  
Governor

Roxy Huber  
Executive Director

Jack Boehm  
Lottery Director

March 10, 2009

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 seven months ended January 31, 2009, 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 Revenues, Expenses, and Changes in Fund Net Assets .....	4
Statements of Net Assets-Powerball Annuity Winners Trust Fund .....	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, 2009 AND 2008

The table included below and the graphs included on page 2 present certain summarized operating results of the Colorado Lottery for the seven months ended January 31, 2009 and 2008, 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,			
	2009		2008	
	Total	Actual Percent	Total	Actual Percent
<b>INCOME</b>				
Gross Ticket Sales	\$286.76		\$290.35	
Nonoperating revenue	1.08		1.31	
<b>TOTAL INCOME</b>	<b>287.84</b>		<b>291.66</b>	
<b>LESS:</b>				
<b>PRIZES</b>	<b>\$174.05</b>	<b>60.7% (1)</b>	<b>\$181.10</b>	<b>62.4% (1)</b>
<b>RETAILER COMMISSIONS AND BONUSES</b>	<b>\$21.60</b>	<b>7.5% (1)</b>	<b>\$21.89</b>	<b>7.5% (1)</b>
<b>ADMINISTRATIVE COSTS</b>				
Ticket Costs and Vendor Fees	5.80		5.60	
Other Operating Expenses	13.81		13.84	
<b>TOTAL ADMINISTRATIVE COSTS (Note 3)</b>	<b>19.61</b>	<b>6.8% (2)</b>	<b>19.44</b>	<b>6.7% (2)</b>
	72.58		69.23	
<b>NET CHANGE IN NET ASSETS</b>	<b>0.55</b>		<b>-0.33</b>	
<b>PROCEEDS DISTRIBUTION</b>	<b>\$72.03</b>	<b>25.0% (2)</b>	<b>\$69.56</b>	<b>23.8% (2)</b>

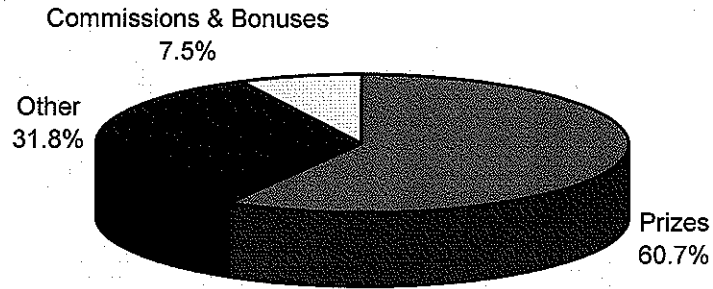
Note 1: Percent of gross ticket sales.

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.

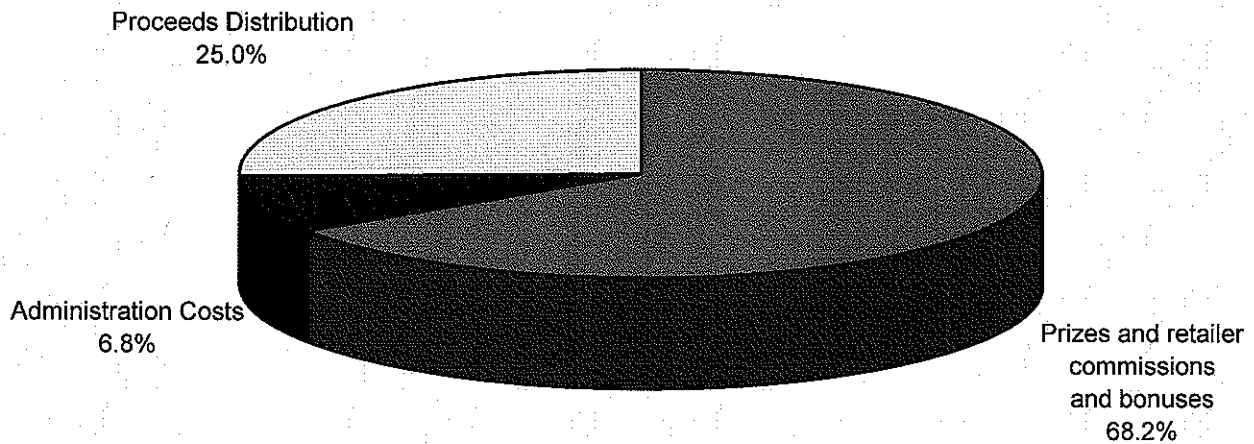
COLORADO LOTTERY  
SUPPLEMENT OF FINANCIAL HIGHLIGHTS  
FOR THE SEVEN MONTHS  
ENDED JANUARY 31, 2009

**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, 2009 AND 2008  
(UNAUDITED)

ASSETS	2009	2008
Current Assets:		
Cash and Investments	\$ 42,694,619	\$ 41,649,367
Accounts Receivable, net of the allowance for doubtful accounts of \$140,475 in 2009 and \$271,895 in 2008	19,861,618	17,956,314
Consignment Inventory, at Cost	106,144	125,062
Warehouse Inventory, at Cost	1,107,699	595,772
Prepaid Expenses	291,524	252,580
Total Current Assets	64,061,604	60,579,095
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,100,000	1,300,000
Cash and Investments-Licensed Agent Recovery Reserve Receipts	412,415	436,536
Prepaid Prize Expense with MUSL	3,934,573	4,132,289
Total Reserve and Restricted Assets	5,446,988	5,868,825
Capital Assets:		
Equipment	3,996,497	3,162,610
Leasehold Improvements	11,978	11,978
Less Accumulated Depreciation and Amortization	(2,734,410)	(2,619,024)
Total Capital Assets	1,274,065	555,564
TOTAL ASSETS	\$ 70,782,657	\$ 67,003,484
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,256,284	1,579,842
Prize Liability	24,673,192	23,888,312
Payable to MUSL	0	0
Wages and Benefits	195,224	179,017
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	952,574	874,134
Funds Available for Distribution	38,665,098	36,996,247
Deferred Revenue	241,851	243,306
Total Current Liabilities	66,984,223	63,760,858
Long-Term Liabilities:		
Accrued Annual and Sick Leave	917,641	849,945
Expired Warrants Liability	94,313	100,581
Total Long-Term Liabilities	1,011,954	950,526
TOTAL LIABILITIES	67,996,177	64,711,384
NET ASSETS		
Investment in Capital Assets	1,274,065	555,564
Restricted-Licensed Agent Recovery Reserve	412,415	436,536
Unrestricted-Operating Reserve	1,100,000	1,300,000
Unrestricted-Other	0	0
TOTAL NET ASSETS	2,786,480	2,292,100
TOTAL LIABILITIES AND NET ASSETS	\$ 70,782,658	\$ 67,003,484

COLORADO LOTTERY  
STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2009 AND 2008  
(UNAUDITED)

	2009	2008
<b>OPERATING REVENUES</b>		
Gross Ticket Sales	\$ 286,760,263	\$ 290,347,898
<b>DIRECT OPERATING EXPENSES</b>		
Prize Expense	174,957,528	181,285,980
Powerball Prize Variance	(903,281)	(186,124)
Retailer Commissions and Bonuses	21,598,544	21,888,330
Cost of Tickets and Vendor Fees	5,800,117	5,598,111
<b>GROSS PROFIT ON SALE OF TICKETS</b>	<b>85,307,355</b>	<b>81,761,601</b>
<b>OTHER OPERATING EXPENSES</b>		
Marketing and Communications	6,173,178	5,245,330
Administration Fees Paid to MUSL	68,414	60,187
Wages and Benefits	5,326,647	5,099,877
Professional Services	145,860	164,128
State Agencies Services	69,724	70,412
Department of Revenue Services	324,725	267,681
Travel	69,608	53,820
Equipment	12,445	1,221,255
Depreciation	60,988	92,290
Accrued Annual and Sick Leave	91,521	33,416
Space Rental	404,227	403,399
Rents for Equipment	15,663	14,564
Motorpool Leasing	255,797	201,498
Materials and Supplies	40,441	46,176
Telephone	60,620	60,563
On-Line Telecommunications	191,691	320,867
Data Processing Supplies and Services	12,012	12,637
Equipment Maintenance	188,438	185,922
Postage	40,482	33,729
Printing	12,510	9,804
Other	244,706	246,680
Total Other Operating Expenses	13,809,697	13,844,235
<b>OPERATING INCOME</b>	<b>71,497,658</b>	<b>67,917,366</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Other Revenue	156,001	61,838
Investment Income	927,909	1,247,925
Funds Distributed for Current Year	(33,371,285)	(32,561,756)
Funds Available for Distribution for Current Year	(38,665,098)	(36,996,247)
Total Nonoperating Revenues (Expenses)	(70,952,473)	(68,248,240)
<b>NET INCOME(LOSS)</b>	<b>\$ 545,185</b>	<b>\$ (330,874)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,241,295</b>	<b>2,622,974</b>
Net Change in Net Assets	545,185	(330,874)
<b>NET ASSETS, END OF PERIOD</b>	<b>\$ 2,786,480</b>	<b>\$ 2,292,100</b>

COLORADO LOTTERY  
 POWERBALL ANNUITY WINNERS TRUST FUND  
 STATEMENTS OF NET ASSETS  
 JANUARY 31, 2009 AND 2008

(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	11,447,403	9,150,033
TOTAL ASSETS	\$ 11,833,403	\$ 9,521,033
NET ASSETS		
NET ASSETS, BEGINNING OF YEAR	9,804,295	0
Net Change in Net Assets	2,029,108	9,521,033
NET ASSETS, END OF PERIOD	\$ 11,833,403	\$ 9,521,033



COLORADO LOTTERY  
 POWERBALL ANNUITY WINNERS TRUST FUND  
 STATEMENTS OF CHANGES IN NET ASSETS  
 FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2009 AND 2008

(UNAUDITED)

	2009	2008
REVENUES		
Interest Income	\$ 2,400,108	\$ 131,396
Trust Fund Additions	0	9,389,637
TOTAL REVENUES	2,400,108	9,521,033
EXPENSES		
Trust Fund Deductions	371,000	0
NET CHANGE IN NET ASSETS	\$ 2,029,108	\$ 9,521,033

COLORADO LOTTERY  
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES  
FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2009

	Games in Progress				FY 09	FY 08
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$189,136,135	\$27,190,686	\$58,382,695	\$12,050,747	\$286,760,263	\$290,347,898
PRIZE EXPENSE	(127,186,898)	(13,185,888)	(28,301,398)	(6,283,344)	(174,957,528)	(181,285,980)
POWERBALL PRIZE VARIANCE	N/A	N/A	903,281	N/A	903,281	186,124
NET REVENUE AFTER PRIZES	<u>61,949,237</u>	<u>14,004,798</u>	<u>30,984,578</u>	<u>5,767,403</u>	<u>112,706,016</u>	<u>109,248,042</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(13,214,328)	(1,630,814)	(3,500,662)	(722,408)	(19,068,212)	(19,329,825)
Retailer Bonus	(1,857,137)	(179,592)	(381,209)	(112,394)	(2,530,332)	(2,558,505)
Cost of Tickets Sold	(1,304,849)	N/A	N/A	N/A	(1,304,849)	(1,608,224)
Telecomm Reimbursements	284,704	40,930	87,882	18,140	431,656	417,113
On-Line Vendor Fees	(3,250,763)	(466,956)	(1,002,356)	(206,849)	(4,926,924)	(4,407,000)
TOTAL	<u>(19,342,373)</u>	<u>(2,236,432)</u>	<u>(4,796,345)</u>	<u>(1,023,511)</u>	<u>(27,398,661)</u>	<u>(27,486,441)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$42,606,864</u>	<u>\$11,768,366</u>	<u>\$26,188,233</u>	<u>\$4,743,892</u>	<u>\$85,307,355</u>	<u>\$81,761,601</u>
AVERAGE DAILY TICKET SALES	<u>\$879,703</u>	<u>\$126,468</u>	<u>\$271,547</u>	<u>\$56,050</u>	<u>\$1,333,769</u>	<u>\$1,350,455</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, 2009

	Games in Progress				Powerball	FY 09
	Scratch	Lotto	Powerball	Cash 5	Prize Variance	Total
Prize Expense	\$127,186,898	\$13,185,888	\$28,301,398	\$6,283,344	-\$903,281	\$174,054,247
(/)/Ticket Sales	<u>189,136,135</u>	<u>27,190,686</u>	<u>58,382,695</u>	<u>12,050,747</u>	<u>N/A</u>	<u>286,760,263</u>
Prize %	<u>67.25%</u>	<u>48.49%</u>	<u>48.48%</u>	<u>52.14%</u>		<u>60.70%</u>

COLORADO LOTTERY  
BUDGET STATUS  
FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2009

	FY09 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,909,115	\$5,024,324	\$3,884,791	56.4%
Amortization Equal	121,243	59,008	62,235	48.7%
Suppl Amortization Equalization	56,835	23,107	33,728	40.7%
Workmen's Compensation	63,645	37,126	26,519	58.3%
Health and Life	635,126	367,539	267,587	57.9%
Short Term Disability	9,851	5,343	4,508	54.2%
Operating	1,203,156	666,278	536,878	55.4%
DOR Postage Allocation	3,898	0	3,898	0.0%
Variable Vehicle	124,200	124,200	0	100.0%
Leased Space	711,981	401,757	310,224	56.4%
Leased Space-Grand Junction	6,902	2,471	4,431	35.8%
Risk Management	30,453	17,764	12,689	58.3%
Vehicle Lease Payments	146,003	78,978	67,025	54.1%
Travel	113,498	69,608	43,890	61.3%
Purch. Of Services-Computer Center	3,128	1,904	1,224	60.9%
Marketing, Communications & Sales	11,671,710	6,093,130	5,578,580	52.2%
Communications Services	2,034	1,187	847	58.4%
Payments to MNT	374,676	152,701	221,975	40.8%
Payments to Other Agencies	239,410	58,265	181,145	24.3%
Legal Services	35,364	11,460	23,904	32.4%
Indirect Costs	556,672	324,725	231,947	58.3%
Ticket Costs-Scratch	4,670,880	1,308,600	3,362,280	28.0%
Research	250,000	80,048	169,952	32.0%
Vendor Fees	12,467,489	4,965,424	7,502,065	39.8%
Prize Payments	392,580,940	174,957,528	217,623,412	44.6%
Retailer Compensation	48,090,160	21,598,544	26,491,616	44.9%
Multi-State Lottery Funds	177,433	68,414	109,019	38.6%
Back Office System	2,415,000	782,497	1,632,503	32.4%
Powerball Prize Variance	12,708,000	4,311,909	8,396,091	33.9%
<b>TOTAL</b>	<u>\$498,378,802</u>	<u>\$221,593,839</u>	<u>\$268,388,872</u>	<u>44.46%</u>

FY09 Staffing (FTE) 126.0 (Appropriated) 116.800 (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	174,957,528
Powerball Prize Variance	(903,281)
Commissions and Bonuses	21,598,544
Cost of Tickets & Vendor Fees	5,800,117
Operating Expenses	13,809,697

Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings 215,262,605

Plus: Powerball Variance classified as revenue	5,215,190
Telecommunications offset classified as revenue	431,656

Less: Non-appropriated expenses and other adjustments	
Depreciation	(60,988)
Accrued Annual and Sick Leave	(91,521)
Loss on Disposal of Equipment classified as revenue	0

Sub-Total 220,756,942

Plus: Capitalized Fixed Assets	836,897
	<u>221,593,839</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 January 31, 2009 is 58 1/3%.

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