

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

(UNAUDITED)

FOR THE EIGHT (8) MONTHS ENDED

FEBRUARY 28, 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 20, 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 eight months ended February 28, 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)**

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COLORADO LOTTERY
 FINANCIAL HIGHLIGHTS
 \$ IN MILLIONS
 FOR THE EIGHT (8) MONTHS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

The table included below and the graphs included on page 2 present certain summarized operating results of the Colorado Lottery for the eight months ended February 28, 2009, and February 29, 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 eight months ended February 28 and 29,			
	2009		2008	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$329.69		\$333.30	
Nonoperating revenue	1.20		1.47	
TOTAL INCOME	330.89		334.77	
LESS:				
PRIZES	\$200.52	60.8% (1)	\$206.38	61.9% (1)
RETAILER COMMISSIONS AND BONUSES	\$24.47	7.4% (1)	\$25.26	7.6% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	6.80		6.46	
Other Operating Expenses	15.81		15.45	
TOTAL ADMINISTRATIVE COSTS (Note 3)	22.61	6.8% (2)	21.91	6.5% (2)
	83.29		81.22	
NET CHANGE IN NET ASSETS	0.79		-0.34	
PROCEEDS DISTRIBUTION	\$82.50	24.9% (2)	\$81.56	24.4% (2)

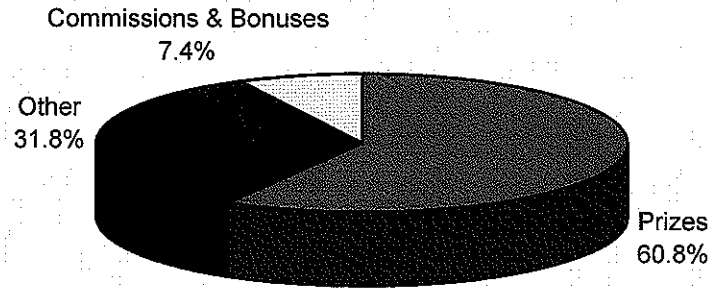
Note 1: Percent of gross ticket sales.

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.

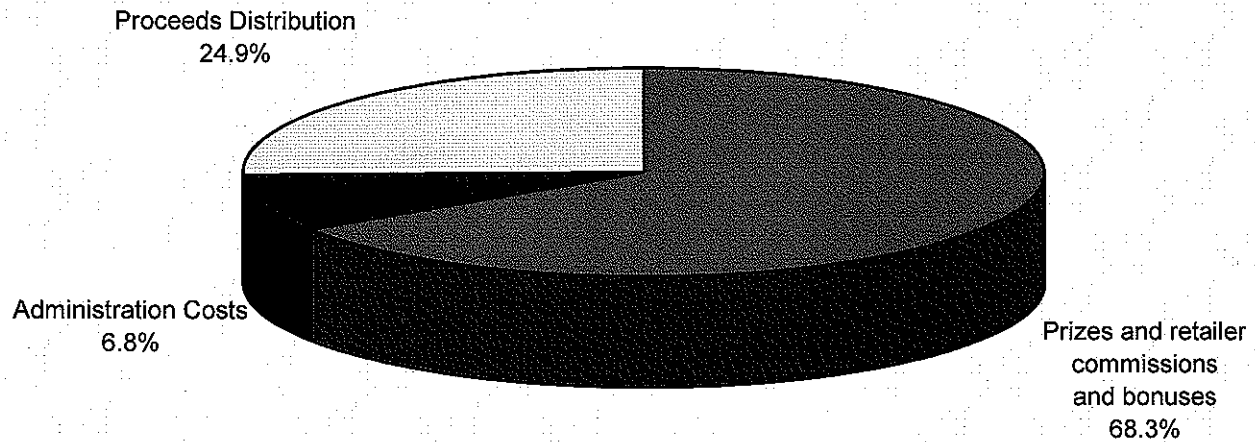
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE EIGHT MONTHS
ENDED FEBRUARY 28, 2009

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
FEBRUARY 28, 2009 AND FEBRUARY 29, 2008
(UNAUDITED)

ASSETS	2009	2008
Current Assets:		
Cash and Investments	\$ 25,701,523	\$ 22,538,555
Accounts Receivable, net of the allowance for doubtful accounts of \$169,140 in 2009 and \$262,813 in 2008	22,016,515	19,623,426
Consignment Inventory, at Cost	106,134	106,500
Warehouse Inventory, at Cost	1,269,985	551,958
Prepaid Expenses	257,767	149,895
Total Current Assets	49,351,924	42,970,334
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,100,000	1,300,000
Cash and Investments-Licensed Agent Recovery Reserve Receipts	390,830	442,402
Prepaid Prize Expense with MUSL	3,944,710	4,170,000
Total Reserve and Restricted Assets	5,435,540	5,912,402
Capital Assets:		
Equipment	4,260,226	3,162,610
Leasehold Improvements	0	11,978
Less Accumulated Depreciation and Amortization	(2,722,797)	(2,630,640)
Total Capital Assets	1,537,429	543,948
TOTAL ASSETS	\$ 56,324,893	\$ 49,426,684
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,722,149	1,044,020
Prize Liability	26,852,193	23,133,359
Payable to MUSL	0	340,562
Wages and Benefits	230,444	112,633
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	616,087	1,148,166
Funds Available for Distribution	20,578,667	20,115,228
Deferred Revenue	261,343	288,254
Total Current Liabilities	52,260,883	46,182,222
Long-Term Liabilities:		
Accrued Annual and Sick Leave	941,437	857,531
Expired Warrants Liability	94,314	100,580
Total Long-Term Liabilities	1,035,751	958,111
TOTAL LIABILITIES	53,296,634	47,140,333
NET ASSETS		
Investment in Capital Assets	1,537,429	543,948
Restricted-Licensed Agent Recovery Reserve	390,830	442,402
Unrestricted-Operating Reserve	1,100,000	1,300,000
Unrestricted-Other	0	0
Total Net Assets	3,028,259	2,286,350
TOTAL LIABILITIES AND NET ASSETS	\$ 56,324,893	\$ 49,426,684

COLORADO LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE EIGHT (8) MONTHS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008
(UNAUDITED)

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Gross Ticket Sales	\$ 329,689,925	\$ 333,303,545
DIRECT OPERATING EXPENSES		
Prize Expense	201,070,013	206,345,916
Powerball Prize Variance	(547,068)	32,812
Retailer Commissions and Bonuses	24,473,982	25,258,455
Cost of Tickets and Vendor Fees	<u>6,795,188</u>	<u>6,459,528</u>
GROSS PROFIT ON SALE OF TICKETS	<u>97,897,810</u>	<u>95,206,834</u>
OTHER OPERATING EXPENSES		
Marketing and Communications	7,158,464	5,823,898
Administration Fees Paid to MUSL	75,330	65,928
Wages and Benefits	6,030,325	5,847,841
Professional Services	178,162	166,585
State Agencies Services	87,521	77,287
Department of Revenue Services	371,115	305,921
Travel	76,112	61,249
Equipment	14,695	1,223,502
Depreciation	76,232	103,906
Accrued Annual and Sick Leave	115,094	39,838
Space Rental	443,440	461,118
Rents for Equipment	18,008	18,521
Motorpool Leasing	284,837	231,489
Materials and Supplies	42,628	65,158
Telephone	70,197	69,713
On-Line Telecommunications	225,932	348,312
Data Processing Supplies and Services	13,180	13,929
Equipment Maintenance	199,325	196,868
Postage	42,452	42,759
Printing	14,235	10,570
Other	269,172	272,683
Total Other Operating Expenses	<u>15,806,456</u>	<u>15,447,075</u>
OPERATING INCOME	<u>82,091,354</u>	<u>79,759,759</u>
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	141,659	72,685
Investment Income	1,057,903	1,397,744
Funds Distributed for Current Year	(61,925,285)	(61,451,584)
Funds Available for Distribution for Current Year	<u>(20,578,667)</u>	<u>(20,115,228)</u>
Total Nonoperating Revenues (Expenses)	<u>(81,304,390)</u>	<u>(80,096,383)</u>
NET INCOME(LOSS)	<u>\$ 786,964</u>	<u>\$ (336,624)</u>
NET ASSETS, BEGINNING OF YEAR	2,241,295	2,622,974
Net Change in Net Assets	<u>786,964</u>	<u>(336,624)</u>
NET ASSETS, END OF PERIOD	<u>\$ 3,028,259</u>	<u>\$ 2,286,350</u>

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF NET ASSETS
 FEBRUARY 28, 2009 AND FEBRUARY 29, 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	11,483,759	9,185,895
TOTAL ASSETS	\$ 11,869,759	\$ 9,556,895
 NET ASSETS		
NET ASSETS, BEGINNING OF YEAR	9,804,295	0
 Net Change in Net Assets	2,065,464	9,556,895
NET ASSETS, END OF PERIOD	\$ 11,869,759	\$ 9,556,895

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE EIGHT (8) MONTHS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

(UNAUDITED)

	<u>2009</u>	<u>2008</u>
REVENUES		
Interest Income	\$ 2,436,464	\$ 167,258
Trust Fund Additions	<u>0</u>	<u>9,389,637</u>
TOTAL REVENUES	<u>2,436,464</u>	<u>9,556,895</u>
EXPENSES		
Trust Fund Deductions	<u>371,000</u>	<u>0</u>
NET CHANGE IN NET ASSETS	\$ <u><u>2,065,464</u></u>	\$ <u><u>9,556,895</u></u>

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE EIGHT (8) MONTHS ENDED FEBRUARY 28, 2009

	Games in Progress				FY 09	FY 08
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$217,436,168	\$30,861,563	\$67,645,891	\$13,746,303	\$329,689,925	\$333,303,545
PRIZE EXPENSE	(146,389,639)	(15,210,471)	(32,376,034)	(7,093,869)	(201,070,013)	(206,345,916)
POWERBALL PRIZE VARIANCE	N/A	N/A	903,281	N/A	903,281	32,812
NET REVENUE AFTER PRIZES	<u>71,046,529</u>	<u>15,651,092</u>	<u>36,173,138</u>	<u>6,652,434</u>	<u>129,523,193</u>	<u>126,990,441</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(15,192,528)	(1,851,240)	(4,057,421)	(824,167)	(21,925,356)	(22,195,615)
Retailer Bonus	(1,773,215)	(203,520)	(443,514)	(128,377)	(2,548,626)	(3,062,840)
Cost of Tickets Sold	(1,610,082)	N/A	N/A	N/A	(1,610,082)	(1,787,918)
Telecomm Reimbursements	321,776	45,671	100,107	20,343	487,897	474,361
On-Line Vendor Fees	(3,742,430)	(530,759)	(1,163,510)	(236,304)	(5,673,003)	(5,145,971)
TOTAL	<u>(21,996,479)</u>	<u>(2,539,848)</u>	<u>(5,564,338)</u>	<u>(1,168,505)</u>	<u>(31,269,170)</u>	<u>(31,717,983)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$49,050,050</u>	<u>\$13,111,244</u>	<u>\$30,608,800</u>	<u>\$5,483,929</u>	<u>\$98,254,023</u>	<u>\$95,272,458</u>
AVERAGE DAILY TICKET SALES	<u>\$894,799</u>	<u>\$127,002</u>	<u>\$278,378</u>	<u>\$56,569</u>	<u>\$1,356,749</u>	<u>\$1,365,998</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 EIGHT (8) MONTHS ENDED FEBRUARY 28, 2009

	Games in Progress				Powerball	FY 09
	Scratch	Lotto	Powerball	Cash 5	Prize Variance	Total
Prize Expense	\$146,389,639	\$15,210,471	\$32,376,034	\$7,093,869	-\$903,281	\$200,166,732
(/)/Ticket Sales	217,436,168	30,861,563	67,645,891	13,746,303	N/A	329,689,925
Prize %	<u>67.33%</u>	<u>49.29%</u>	<u>47.86%</u>	<u>51.61%</u>		<u>60.71%</u>

COLORADO LOTTERY
BUDGET STATUS
FOR THE EIGHT (8) MONTHS ENDED FEBRUARY 28, 2009

	FY09 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,909,115	\$5,723,145	\$3,185,970	64.2%
Amortization Equal	121,243	69,207	52,036	57.1%
Suppl Amortization Equalization	56,835	28,773	28,062	50.6%
Workmen's Compensation	63,645	42,430	21,215	66.7%
Health and Life	635,126	419,946	215,180	66.1%
Short Term Disability	9,851	6,098	3,753	61.9%
Operating	1,203,156	738,702	464,454	61.4%
DOR Postage Allocation	3,898	0	3,898	0.0%
Variable Vehicle	124,200	124,200	0	100.0%
Leased Space	711,981	440,475	271,506	61.9%
Leased Space-Grand Junction	6,902	2,965	3,937	43.0%
Risk Management	30,453	20,302	10,151	66.7%
Vehicle Lease Payments	146,003	90,217	55,786	61.8%
Travel	113,498	76,065	37,433	67.0%
Purch. Of Services-Computer Center	3,128	2,176	952	69.6%
Marketing, Communications & Sales	11,671,710	7,044,107	4,627,603	60.4%
Communications Services	2,034	1,356	678	66.7%
Payments to MNT	374,676	174,515	200,161	46.6%
Payments to Other Agencies	239,410	72,368	167,042	30.2%
Legal Services	35,364	15,154	20,210	42.9%
Indirect Costs	556,672	371,115	185,557	66.7%
Ticket Costs-Scratch	4,670,880	1,613,833	3,057,047	34.6%
Research	250,000	114,357	135,643	45.7%
Vendor Fees	12,467,489	5,723,503	6,743,986	45.9%
Prize Payments	392,580,940	201,070,013	191,510,927	51.2%
Retailer Compensation	48,090,160	24,473,981	23,616,179	50.9%
Multi-State Lottery Funds	177,433	75,330	102,103	42.5%
Back Office System	2,415,000	1,026,366	1,388,634	42.5%
Powerball Prize Variance	12,708,000	4,827,479	7,880,521	38.0%
TOTAL	<u><u>\$498,378,802</u></u>	<u><u>\$254,388,178</u></u>	<u><u>\$236,110,103</u></u>	<u><u>51.04%</u></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	201,070,013
Powerball Prize Variance	(547,068)
Commissions and Bonuses	24,473,982
Cost of Tickets & Vendor Fees	6,795,188
Operating Expenses	15,806,456

Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings 247,598,571

Plus: Powerball Variance classified as revenue	5,374,547
Telecommunications offset classified as revenue	487,897

Less: Non-appropriated expenses and other adjustments	
Depreciation	(76,232)
Accrued Annual and Sick Leave	(115,094)
Loss on Disposal of Equipment classified as revenue	0

Sub-Total 253,269,689

Plus: Capitalized Fixed Assets	1,118,489
	<u><u>254,388,178</u></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 February 28, 2009 is 66 2/3%.

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