

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

(UNAUDITED)

FOR THE TEN (10) MONTHS ENDED

APRIL 30, 2009

**COLORADO LOTTERY
FINANCIAL STATEMENTS
(UNAUDITED)**

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STATE OF COLORADO

COLORADO LOTTERY DIVISION
Department of Revenue

Headquarters
212 W. 3rd Street, Suite 210
Pueblo, CO 81003
(719) 546-2400
(719) 546-5208 Fax



Bill Ritter, Jr.
Governor

Roxy Huber
Executive Director

Jack Boehm
Lottery Director

May 29, 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 ten months ended April 30, 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 TEN (10) MONTHS ENDED APRIL 30, 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 ten months ended April 30, 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 ten months ended April 30,			
	2009		2008	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$411.84		\$426.40	
Nonoperating revenue	1.43		1.97	
TOTAL INCOME	413.27		428.37	
LESS:				
PRIZES	\$251.11	61.0% (1)	\$264.88	62.1% (1)
RETAILER COMMISSIONS AND BONUSES	\$30.77	7.5% (1)	\$32.30	7.6% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	8.59		8.30	
Other Operating Expenses	20.00		18.98	
TOTAL ADMINISTRATIVE COSTS (Note 3)	28.59	6.9% (2)	27.28	6.4% (2)
	102.80		103.91	
NET CHANGE IN NET ASSETS	1.43		-0.35	
PROCEEDS DISTRIBUTION	\$101.37	24.5% (2)	\$104.26	24.3% (2)

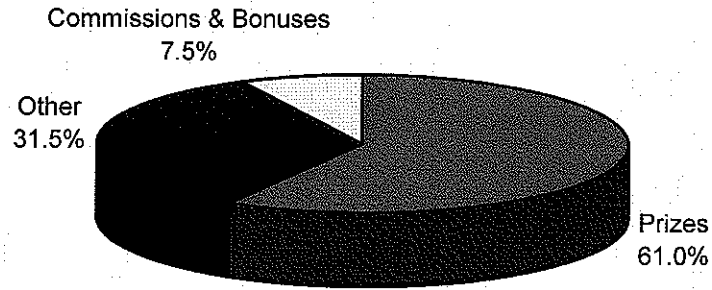
Note 1: Percent of gross ticket sales.

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.

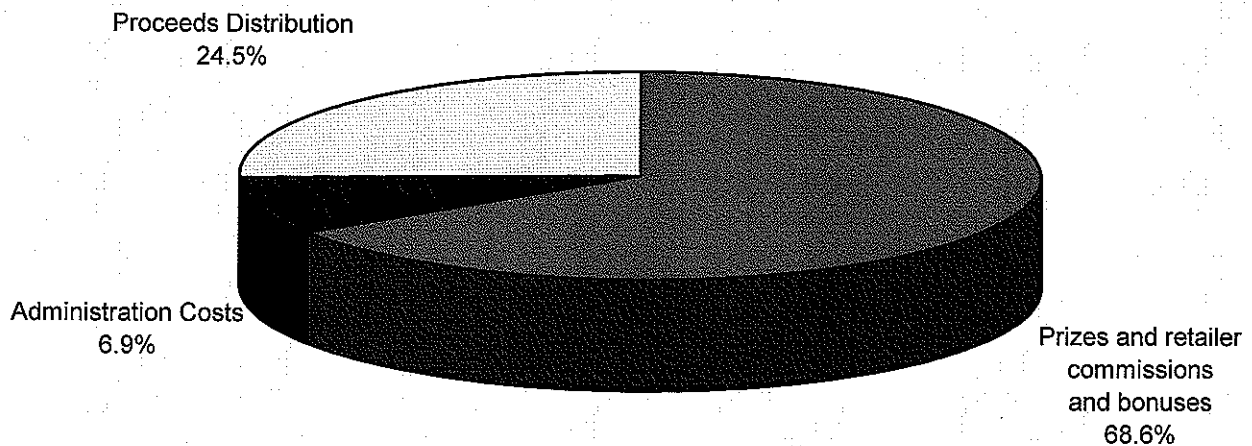
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE TEN (10) MONTHS
ENDED APRIL 30, 2009

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
APRIL 30, 2009 AND 2008
(UNAUDITED)

ASSETS	2009	2008
Current Assets:		
Cash and Investments	\$ 47,503,532	\$ 43,725,404
Accounts Receivable, net of the allowance for doubtful accounts of \$182,804 in 2009 and \$194,367 in 2008	17,862,172	22,149,817
Consignment Inventory, at Cost	120,761	100,001
Warehouse Inventory, at Cost	1,048,311	565,882
Prepaid Expenses	181,028	93,206
Total Current Assets	66,715,804	66,634,310
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,100,000	1,300,000
Cash and Investments-Licensed Agent Recovery Reserve Receipts	385,116	456,973
Prepaid Prize Expense with MUSL	3,944,710	3,777,063
Total Reserve and Restricted Assets	5,429,826	5,534,036
Capital Assets:		
Equipment	4,942,216	3,159,600
Leasehold Improvements	0	11,978
Less Accumulated Depreciation and Amortization	(2,753,182)	(2,651,162)
Total Capital Assets	2,189,034	520,416
TOTAL ASSETS	\$ 74,334,664	\$ 72,688,762
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,503,395	1,683,024
Prize Liability	26,126,508	23,053,940
Payable to MUSL	219,133	485,764
Wages and Benefits	31,200	180,311
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	993,367	985,049
Funds Available for Distribution	39,450,764	42,799,912
Deferred Revenue	288,533	261,391
Total Current Liabilities	69,612,900	69,449,391
Long-Term Liabilities:		
Accrued Annual and Sick Leave	953,302	861,402
Expired Warrants Liability	94,313	100,580
Total Long-Term Liabilities	1,047,615	961,982
TOTAL LIABILITIES	70,660,515	70,411,373
NET ASSETS		
Investment in Capital Assets	2,189,034	520,416
Restricted-Licensed Agent Recovery Reserve	385,116	456,973
Unrestricted-Operating Reserve	1,100,000	1,300,000
Unrestricted-Other	0	0
Total Net Assets	3,674,150	2,277,389
TOTAL LIABILITIES AND NET ASSETS	\$ 74,334,664	\$ 72,688,762

COLORADO LOTTERY
 STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE TEN (10) MONTHS ENDED APRIL 30, 2009 AND 2008
 (UNAUDITED)

	2009	2008
OPERATING REVENUES		
Gross Ticket Sales	\$ 411,839,828	\$ 426,400,136
DIRECT OPERATING EXPENSES		
Prize Expense	250,652,558	264,300,154
Powerball Prize Variance	456,821	583,428
Retailer Commissions and Bonuses	30,766,721	32,297,500
Cost of Tickets and Vendor Fees	8,586,082	8,297,703
	<u>121,377,646</u>	<u>120,921,351</u>
GROSS PROFIT ON SALE OF TICKETS		
	<u>121,377,646</u>	<u>120,921,351</u>
OTHER OPERATING EXPENSES		
Marketing and Communications	9,517,109	7,240,884
Administration Fees Paid to MUSL	89,162	77,410
Wages and Benefits	7,195,454	7,341,040
Professional Services	235,602	316,258
State Agencies Services	97,316	91,502
Department of Revenue Services	463,893	382,401
Travel	99,702	88,380
Equipment	22,244	1,223,803
Depreciation	106,616	127,136
Accrued Annual and Sick Leave	130,056	45,624
Space Rental	565,119	576,662
Rents for Equipment	24,055	22,544
Motorpool Leasing	340,321	287,621
Materials and Supplies	72,051	73,643
Telephone	86,646	91,348
On-Line Telecommunications	294,415	371,351
Data Processing Supplies and Services	16,311	14,847
Equipment Maintenance	236,081	225,375
Postage	64,646	54,671
Printing	9,986	8,366
Other	328,729	321,560
Total Other Operating Expenses	<u>19,995,514</u>	<u>18,982,426</u>
	<u>101,382,132</u>	<u>101,938,925</u>
OPERATING INCOME		
	<u>101,382,132</u>	<u>101,938,925</u>
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	154,056	250,903
Investment Income	1,272,716	1,716,083
Funds Distributed for Current Year	(61,925,285)	(61,451,584)
Funds Available for Distribution for Current Year	(39,450,764)	(42,799,912)
Total Nonoperating Revenues (Expenses)	<u>(99,949,277)</u>	<u>(102,284,510)</u>
	<u>1,432,855</u>	<u>(345,585)</u>
NET INCOME(LOSS)		
	<u>\$ 1,432,855</u>	<u>\$ (345,585)</u>
NET ASSETS, BEGINNING OF YEAR		
	2,241,295	2,622,974
Net Change in Net Assets	<u>1,432,855</u>	<u>(345,585)</u>
NET ASSETS, END OF PERIOD		
	<u>\$ 3,674,150</u>	<u>\$ 2,277,389</u>

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF NET ASSETS
 APRIL 30, 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	10,410,500	9,257,620
TOTAL ASSETS	\$ 10,796,500	*\$ 9,628,620
NET ASSETS		
NET ASSETS, BEGINNING OF YEAR	9,804,295	0
Net Change in Net Assets	992,205	9,628,620
NET ASSETS, END OF PERIOD	\$ 10,796,500	\$ 9,628,620

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE TEN (10) MONTHS ENDED APRIL 30, 2009 AND 2008

(UNAUDITED)

	2009	2008
REVENUES		
Interest Income	\$ 1,363,205	\$ 238,983
Trust Fund Additions	0	9,389,637
TOTAL REVENUES	1,363,205	9,628,620
EXPENSES		
Trust Fund Deductions	371,000	0
NET CHANGE IN NET ASSETS	\$ 992,205	\$ 9,628,620

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE TEN (10) MONTHS ENDED APRIL 30, 2009

	Games in Progress				FY 09	FY 08
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$274,281,106	\$37,213,088	\$82,991,910	\$17,353,724	\$411,839,828	\$426,400,136
PRIZE EXPENSE	(184,621,295)	(18,508,155)	(38,389,609)	(9,133,499)	(250,652,558)	(264,300,154)
POWERBALL PRIZE VARIANCE	N/A	N/A	(456,821)	N/A	(456,821)	(583,428)
NET REVENUE AFTER PRIZES	<u>89,659,811</u>	<u>18,704,933</u>	<u>44,145,480</u>	<u>8,220,225</u>	<u>160,730,449</u>	<u>161,516,554</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(19,165,079)	(2,232,987)	(4,979,101)	(1,040,790)	(27,417,957)	(28,350,738)
Retailer Bonus	(2,400,773)	(244,743)	(541,042)	(162,206)	(3,348,764)	(3,946,762)
Cost of Tickets Sold	(2,096,746)	N/A	N/A	N/A	(2,096,746)	(2,147,956)
Telecomm Reimbursements	407,048	55,226	123,165	25,754	611,193	595,494
On-Line Vendor Fees	(4,729,979)	(641,255)	(1,430,290)	(299,005)	(7,100,529)	(6,745,241)
TOTAL	<u>(27,985,529)</u>	<u>(3,063,759)</u>	<u>(6,827,268)</u>	<u>(1,476,247)</u>	<u>(39,352,803)</u>	<u>(40,595,203)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$61,674,282</u>	<u>\$15,641,174</u>	<u>\$37,318,212</u>	<u>\$6,743,978</u>	<u>\$121,377,646</u>	<u>\$120,921,351</u>
AVERAGE DAILY TICKET SALES	<u>\$902,240</u>	<u>\$122,411</u>	<u>\$273,000</u>	<u>\$57,085</u>	<u>\$1,354,736</u>	<u>\$1,398,033</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 (10) MONTHS ENDED APRIL 30, 2009

	Games in Progress				Powerball	FY 09
	Scratch	Lotto	Powerball	Cash 5	Prize Variance	Total
Prize Expense	\$184,621,295	\$18,508,155	\$38,389,609	\$9,133,499	\$456,821	\$251,109,379
(/) Ticket Sales	274,281,106	37,213,088	82,991,910	17,353,724	N/A	411,839,828
Prize %	<u>67.31%</u>	<u>49.74%</u>	<u>46.26%</u>	<u>52.63%</u>		<u>60.97%</u>

COLORADO LOTTERY
BUDGET STATUS
FOR THE TEN (10) MONTHS ENDED APRIL 30, 2009

	FY09 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,909,115	\$6,869,493	\$2,039,622	77.1%
Amortization Equal	121,243	89,728	31,515	74.0%
Suppl Amortization Equalization	56,835	40,173	16,662	70.7%
Workmen's Compensation	63,645	53,038	10,607	83.3%
Health and Life	635,126	526,270	108,856	82.9%
Short Term Disability	9,851	7,615	2,236	77.3%
Operating	1,203,156	935,428	267,728	77.7%
DOR Postage Allocation	9,885	4,523	5,362	45.8%
Capital Outlay	32,842	0	32,842	0.0%
Variable Vehicle	124,200	124,200	0	100.0%
Leased Space	711,981	560,178	151,803	78.7%
Leased Space-Grand Junction	6,902	4,941	1,961	71.6%
Risk Management	30,453	25,378	5,075	83.3%
Vehicle Lease Payments	146,003	111,767	34,236	76.6%
Travel	113,498	99,701	13,797	87.8%
Purch. Of Services-Computer Center	3,128	2,721	407	87.0%
Marketing, Communications & Sales	11,671,710	9,324,918	2,346,792	79.9%
Communications Services	2,034	1,695	339	83.3%
Payments to MNT	374,676	218,144	156,532	58.2%
Payments to Other Agencies	239,410	80,024	159,386	33.4%
Legal Services	35,364	17,292	18,072	48.9%
Indirect Costs	556,672	463,893	92,779	83.3%
Ticket Costs-Scratch	4,670,880	2,100,497	2,570,383	45.0%
Research	250,000	192,146	57,854	76.9%
Vendor Fees	12,467,489	7,175,030	5,292,459	57.5%
Prize Payments	392,580,940	250,652,558	141,928,382	63.8%
Retailer Compensation	48,090,160	30,766,721	17,323,439	64.0%
Multi-State Lottery Funds	177,433	91,915	85,518	51.8%
Back Office System	2,415,000	1,632,904	782,096	67.6%
Powerball Prize Variance	12,708,000	6,108,873	6,599,127	48.1%
TOTAL	<u>\$498,417,631</u>	<u>\$318,281,764</u>	<u>\$173,536,740</u>	<u>63.86%</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	250,652,558
Powerball Prize Variance	456,821
Commissions and Bonuses	30,766,721
Cost of Tickets & Vendor Fees	8,586,082
Operating Expenses	19,995,514
Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings	<u>310,457,696</u>
Plus: Powerball Variance classified as revenue	5,652,052
Telecommunications offset classified as revenue	611,193
Less: Non-appropriated expenses and other adjustments	
Depreciation	(106,616)
Accrued Annual and Sick Leave	(130,056)
Loss on Disposal of Equipment classified as revenue	(2,984)
Sub-Total	<u>316,481,285</u>
Plus: Capitalized Fixed Assets	1,800,479
	<u>318,281,764</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 April 30, 2009 is 83 1/3%.

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