

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

(UNAUDITED)

FOR THE ELEVEN (11) MONTHS ENDED

MAY 31, 2009

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

June 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 eleven months ended May 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
FINANCIAL STATEMENTS
(UNAUDITED)**

DISTRIBUTION

Honorable Bill Ritter, Jr.	Governor
Ms. Cary Kennedy	State Treasurer
Rep. Terrance Carroll	Speaker of the House of Representatives
Sen. Peter Groff	President of the Senate
Sen. Josh Penry	Senate Minority Leader
Rep. Mike May	House Minority Leader
Mr. Dick Reeve	Chairman, Lottery Commissioner
Ms. Robin Wise	Vice-Chairman, Lottery Commissioner
Ms. Betty Martinez	Lottery Commissioner
Ms. Tracie L. Keesee	Lottery Commissioner
Mr. Dana Franzen, CPA	Lottery Commissioner
Ms. Roxy Huber	Executive Director, Department of Revenue
Mr. Jack Boehm	Director, Colorado Lottery
Mr. Tom Kitts	Deputy Director, Colorado Lottery
Mr. David McDermott	State Controller
Ms. Sally Symanski	State Auditor
Colorado State Publications Depository & Distribution Center	
Joint Legislative Library	

**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 ELEVEN (11) MONTHS ENDED MAY 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 eleven months ended May 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 eleven months ended May 31,			
	2009		2008	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$455.33		\$468.12	
Nonoperating revenue	1.58		2.15	
TOTAL INCOME	456.91		470.27	
LESS:				
PRIZES	\$278.13	61.1% (1)	\$291.28	62.2% (1)
RETAILER COMMISSIONS AND BONUSES	\$34.06	7.5% (1)	\$35.51	7.6% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	9.58		9.17	
Other Operating Expenses	21.93		21.03	
TOTAL ADMINISTRATIVE COSTS (Note 3)	31.51	6.9% (2)	30.20	6.4% (2)
	113.21		113.28	
NET CHANGE IN NET ASSETS	1.59		-0.35	
PROCEEDS DISTRIBUTION	\$111.62	24.4% (2)	\$113.63	24.2% (2)

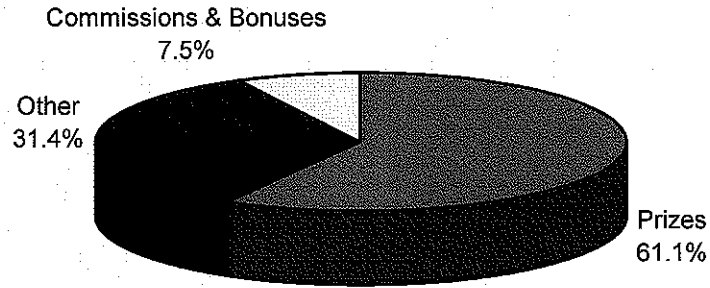
Note 1: Percent of gross ticket sales.

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.

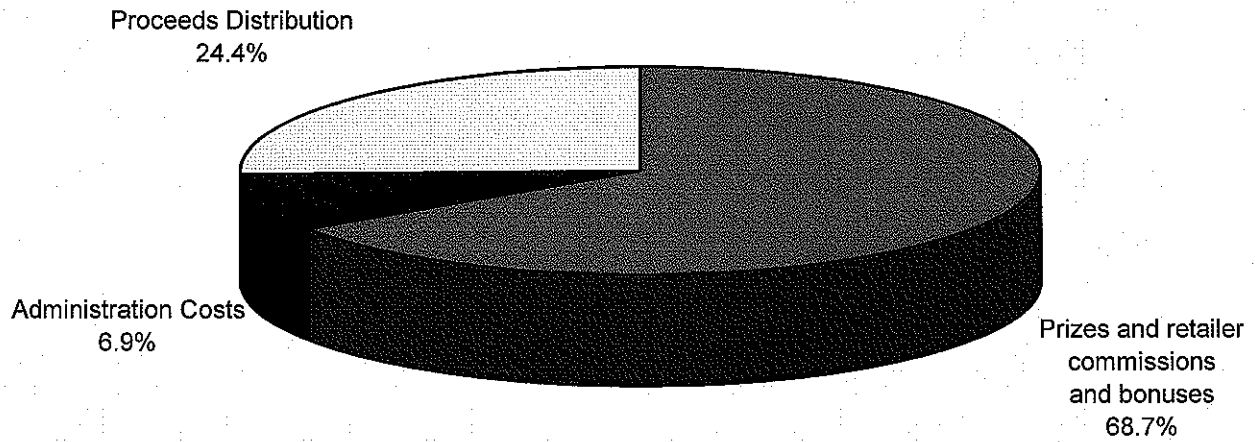
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE ELEVEN (11) MONTHS
ENDED MAY 31, 2009

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
MAY 31, 2009 AND 2008
(UNAUDITED)

ASSETS	2009	2008
Current Assets:		
Cash and Investments	\$ 54,222,764	\$ 22,490,250
Accounts Receivable, net of the allowance for doubtful accounts of \$183,956 in 2009 and \$194,367 in 2008	20,747,343	17,929,936
Consignment Inventory, at Cost	109,537	95,221
Warehouse Inventory, at Cost	1,331,061	716,302
Prepaid Expenses	149,404	73,180
Total Current Assets	76,560,109	41,304,889
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,100,000	1,300,000
Cash and Investments-Licensed Agent Recovery Reserve Receipts	388,734	461,846
Prepaid Prize Expense with MUSL	3,935,206	3,888,104
Total Reserve and Restricted Assets	5,423,940	5,649,950
Capital Assets:		
Equipment	5,012,844	3,159,600
Leasehold Improvements	0	11,978
Less Accumulated Depreciation and Amortization	(2,664,719)	(2,662,776)
Total Capital Assets	2,348,125	508,802
TOTAL ASSETS	\$ 84,332,174	\$ 47,463,641
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,564,789	2,858,646
Prize Liability	24,677,518	21,948,684
Payable to MUSL	0	0
Wages and Benefits	46,800	116,289
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	1,183,102	569,339
Funds Available for Distribution	49,691,324	18,487,384
Deferred Revenue	290,179	246,276
Total Current Liabilities	79,453,712	44,226,618
Long-Term Liabilities:		
Accrued Annual and Sick Leave	947,289	865,795
Expired Warrants Liability	94,313	100,580
Total Long-Term Liabilities	1,041,602	966,375
TOTAL LIABILITIES	80,495,314	45,192,993
NET ASSETS		
Investment in Capital Assets	2,348,125	508,802
Restricted-Licensed Agent Recovery Reserve	388,734	461,846
Unrestricted-Operating Reserve	1,100,000	1,300,000
Unrestricted-Other	0	0
TOTAL NET ASSETS	3,836,859	2,270,648
TOTAL LIABILITIES AND NET ASSETS	\$ 84,332,174	\$ 47,463,641

COLORADO LOTTERY
 STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 FOR THE ELEVEN (11) MONTHS ENDED MAY 31, 2009 AND 2008
 (UNAUDITED)

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
Gross Ticket Sales	\$ 455,325,727	\$ 468,115,694
DIRECT OPERATING EXPENSES		
Prize Expense	278,065,415	290,377,004
Powerball Prize Variance	56,419	900,200
Retailer Commissions and Bonuses	34,061,324	35,506,475
Cost of Tickets and Vendor Fees	<u>9,575,622</u>	<u>9,170,194</u>
GROSS PROFIT ON SALE OF TICKETS	<u>133,566,947</u>	<u>132,161,821</u>
OTHER OPERATING EXPENSES		
Marketing and Communications	10,476,975	8,250,509
Administration Fees Paid to MUSL	96,079	83,151
Wages and Benefits	7,872,778	8,090,005
Professional Services	240,832	322,735
State Agencies Services	102,596	98,284
Department of Revenue Services	510,283	420,864
Travel	104,016	97,171
Equipment	38,698	1,242,852
Depreciation	120,943	138,751
Accrued Annual and Sick Leave	122,674	49,995
Space Rental	619,123	635,562
Rents for Equipment	26,979	24,775
Motorpool Leasing	367,624	319,088
Materials and Supplies	77,527	87,066
Telephone	95,170	101,021
On-Line Telecommunications	328,657	382,017
Data Processing Supplies and Services	19,078	16,291
Equipment Maintenance	272,754	239,205
Postage	65,720	62,989
Printing	11,701	9,043
Other	362,734	364,349
Total Other Operating Expenses	<u>21,932,941</u>	<u>21,035,723</u>
OPERATING INCOME	<u>111,634,006</u>	<u>111,126,098</u>
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	167,878	267,444
Investment Income	1,410,289	1,886,227
Funds Distributed for Current Year	(61,925,285)	(95,144,711)
Funds Available for Distribution for Current Year	(49,691,324)	(18,487,384)
Total Nonoperating Revenues (Expenses)	<u>(110,038,442)</u>	<u>(111,478,424)</u>
NET INCOME (LOSS)	<u>\$ 1,595,564</u>	<u>\$ (352,326)</u>
NET ASSETS, BEGINNING OF YEAR	2,241,295	2,622,974
Net Change in Net Assets	<u>1,595,564</u>	<u>(352,326)</u>
NET ASSETS, END OF PERIOD	<u>\$ 3,836,859</u>	<u>\$ 2,270,648</u>

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF NET ASSETS
 MAY 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	10,446,856	9,293,482
TOTAL ASSETS	\$ 10,832,856	\$ 9,664,482
NET ASSETS		
NET ASSETS, BEGINNING OF YEAR	9,804,295	0
Net Change in Net Assets	1,028,561	9,664,482
NET ASSETS, END OF PERIOD	\$ 10,832,856	\$ 9,664,482

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF CHANGES IN NET ASSETS
 FOR THE ELEVEN (11) MONTHS ENDED MAY 31, 2009 AND 2008

(UNAUDITED)

	2009	2008
REVENUES		
Interest Income	\$ 1,399,561	\$ 274,845
Trust Fund Additions	0	9,389,637
TOTAL REVENUES	1,399,561	9,664,482
EXPENSES		
Trust Fund Deductions	371,000	0
NET CHANGE IN NET ASSETS	\$ 1,028,561	\$ 9,664,482

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE ELEVEN (11) MONTHS ENDED MAY 31, 2009

	Games in Progress				FY 09	FY 08
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$301,528,134	\$40,492,729	\$94,178,516	\$19,126,348	\$455,325,727	\$468,115,694
PRIZE EXPENSE	(203,227,876)	(20,540,124)	(44,255,411)	(10,042,004)	(278,065,415)	(290,377,004)
POWERBALL PRIZE VARIANCE	N/A	N/A	(56,419)	N/A	(56,419)	(900,200)
NET REVENUE AFTER PRIZES	<u>98,300,258</u>	<u>19,952,605</u>	<u>49,866,686</u>	<u>9,084,344</u>	<u>177,203,893</u>	<u>176,838,490</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(21,068,790)	(2,429,415)	(5,650,401)	(1,147,494)	(30,296,100)	(31,137,996)
Retailer Bonus	(2,705,594)	(266,114)	(614,769)	(178,747)	(3,765,224)	(4,368,479)
Cost of Tickets Sold	(2,394,023)	N/A	N/A	N/A	(2,394,023)	(2,365,551)
Telecomm Reimbursements	446,522	59,964	139,466	28,324	674,276	657,144
On-Line Vendor Fees	(5,203,275)	(698,111)	(1,624,598)	(329,891)	(7,855,875)	(7,461,787)
TOTAL	<u>(30,925,160)</u>	<u>(3,333,676)</u>	<u>(7,750,302)</u>	<u>(1,627,808)</u>	<u>(43,636,946)</u>	<u>(44,676,669)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$67,375,098</u>	<u>\$16,618,929</u>	<u>\$42,116,384</u>	<u>\$7,456,536</u>	<u>\$133,566,947</u>	<u>\$132,161,821</u>
AVERAGE DAILY TICKET SALES	<u>\$900,084</u>	<u>\$120,874</u>	<u>\$281,130</u>	<u>\$57,094</u>	<u>\$1,359,181</u>	<u>\$1,393,201</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 ELEVEN (11) MONTHS ENDED MAY 31, 2009

	Games in Progress				Powerball	FY 09
	Scratch	Lotto	Powerball	Cash 5	Prize Variance	Total
Prize Expense	\$203,227,876	\$20,540,124	\$44,255,411	\$10,042,004	\$56,419	\$278,121,834
(/)/Ticket Sales	301,528,134	40,492,729	94,178,516	19,126,348	N/A	455,325,727
Prize %	<u>67.40%</u>	<u>50.73%</u>	<u>46.99%</u>	<u>52.50%</u>		<u>61.08%</u>

