

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

(UNAUDITED)

FOR THE ONE (1) MONTH ENDED

JULY 31, 2009

**COLORADO LOTTERY
FINANCIAL STATEMENTS
(UNAUDITED)**

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STATE OF COLORADO

COLORADO LOTTERY DIVISION
Department of Revenue

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Bill Ritter, Jr.
Governor

Roxy Huber
Executive Director

Jack Boehm
Lottery Director

September 9, 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 one month ended July 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

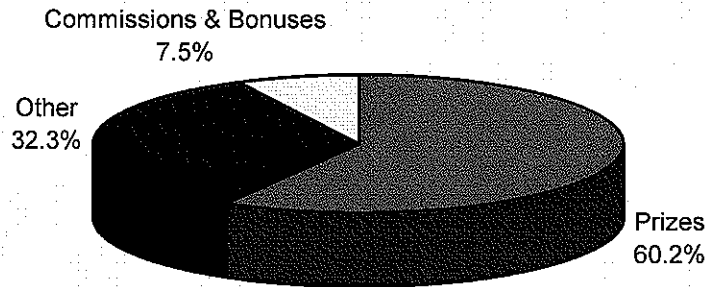
**COLORADO LOTTERY
STATEMENT OF LOTTERY REVENUES
PRIZE DISBURSEMENTS AND OTHER EXPENSES
(UNAUDITED)**

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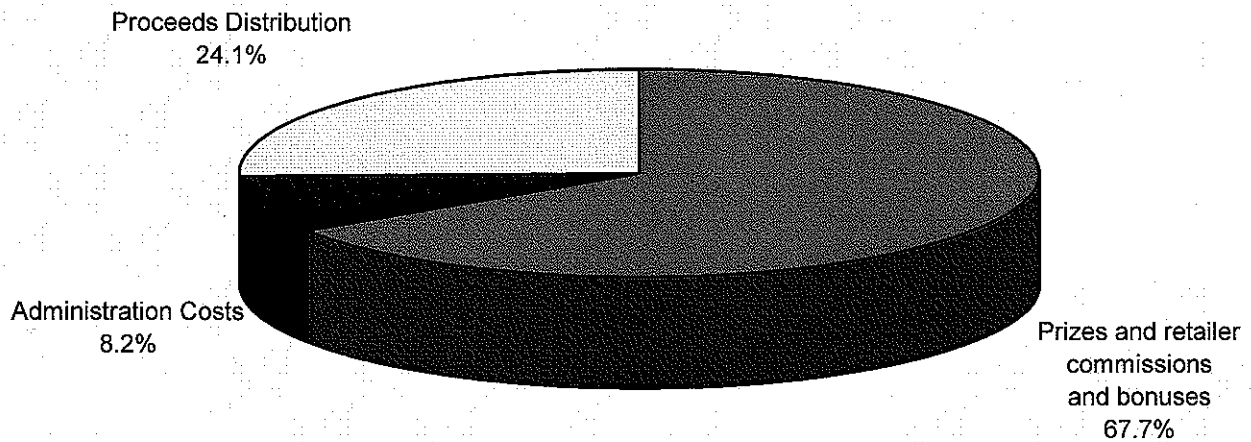
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE ONE MONTH
ENDED JULY 31, 2009

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
FINANCIAL HIGHLIGHTS
\$ IN MILLIONS
FOR THE ONE (1) MONTH ENDED JULY 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 one (1) month ended July 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 one (1) month ended July 31,			
	2010		2009	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$37.84		\$39.95	
Nonoperating revenue	0.08		0.13	
TOTAL INCOME	37.92		40.08	
LESS:				
PRIZES	\$22.79	60.2% (1)	\$24.38	61.0% (1)
RETAILER COMMISSIONS AND BONUSES	\$2.82	7.5% (1)	\$3.05	7.6% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	0.79		0.82	
Other Operating Expenses	2.31		1.76	
TOTAL ADMINISTRATIVE COSTS (Note 3)	3.10	8.2% (2)	2.58	6.4% (2)
	9.21		10.07	
NET CHANGE IN NET ASSETS	0.07		0.00	
PROCEEDS DISTRIBUTION	\$9.14	24.1% (2)	\$10.07	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
STATEMENTS OF NET ASSETS
JULY 31, 2009 AND 2008
(UNAUDITED)

ASSETS	2010	2009
Current Assets:		
Cash and Investments	\$ 42,715,644	\$ 43,053,566
Accounts Receivable, net of the allowance for doubtful accounts of \$207,356 in 2010 and \$219,278 in 2009	19,235,184	16,413,133
Consignment Inventory, at Cost	96,436	101,128
Warehouse Inventory, at Cost	1,204,580	830,696
Prepaid Expenses	209,881	227,907
Total Current Assets	63,461,725	60,626,430
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,100,000	1,300,000
Cash and Investments-Licensed Agent Recovery Reserve Receipts	357,192	448,748
Prepaid Prize Expense with MUSL	3,944,711	3,944,710
Total Reserve and Restricted Assets	5,401,903	5,693,458
Capital Assets:		
Equipment	5,581,871	3,159,600
Leasehold Improvements	0	11,978
Less Accumulated Depreciation and Amortization	(2,731,988)	(2,682,241)
Total Capital Assets	2,849,883	489,337
TOTAL ASSETS	\$ 71,713,511	\$ 66,809,225
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,339,725	1,511,923
Prize Liability	26,078,707	23,390,868
Payable to MUSL	397,430	287,443
Wages and Benefits	16,667	34,353
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	330,221	892,503
Funds Available for Distribution	37,238,361	37,229,485
Deferred Revenue	0	269,108
Total Current Liabilities	66,401,111	63,615,683
Long-Term Liabilities:		
Accrued Annual and Sick Leave	922,192	860,972
Expired Warrants Liability	83,133	94,485
Total Long-Term Liabilities	1,005,325	955,457
TOTAL LIABILITIES	67,406,436	64,571,140
NET ASSETS		
Investment in Capital Assets	2,849,883	489,337
Restricted-Licensed Agent Recovery Reserve	357,192	448,748
Restricted-Operating Reserve	1,100,000	1,300,000
Unrestricted-Other	0	0
TOTAL NET ASSETS	4,307,075	2,238,085
TOTAL LIABILITIES AND NET ASSETS	\$ 71,713,511	\$ 66,809,225

COLORADO LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE ONE (1) MONTH ENDED JULY 31, 2009 AND 2008
(UNAUDITED)

	2010	2009
OPERATING REVENUES		
Gross Ticket Sales	\$ 37,837,734	\$ 39,950,605
DIRECT OPERATING EXPENSES		
Prize Expense	22,493,158	24,016,109
Powerball Prize Variance	300,134	359,292
Retailer Commissions and Bonuses	2,820,675	3,047,139
Cost of Tickets and Vendor Fees	785,367	822,029
GROSS PROFIT ON SALE OF TICKETS	11,438,400	11,706,036
OTHER OPERATING EXPENSES		
Marketing and Communications	1,205,942	673,344
Administration Fees Paid to MUSL	0	5,741
Wages and Benefits	693,338	655,474
Professional Services	11,210	15,927
State Agencies Services	6,360	4,344
Department of Revenue Services	44,427	46,389
Travel	9,345	7,930
Equipment	5,500	737
Depreciation	51,521	8,819
Accrued Annual and Sick Leave	(438)	36,986
Space Rental	69,614	60,641
Rents for Equipment	2,400	2,882
Motorpool Leasing	27,791	41,592
Materials and Supplies	8,399	4,560
Telephone	9,691	8,609
On-Line Telecommunications	43,650	23,095
Data Processing Supplies and Services	3,683	1,846
Equipment Maintenance	80,849	112,246
Postage	2,002	2,681
Printing	4,185	2,506
Other	33,910	47,245
Total Other Operating Expenses	2,313,379	1,763,594
OPERATING INCOME	9,125,021	9,942,442
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	11,063	19,756
Investment Income	70,648	108,656
Funds Distributed for Current Year	0	0
Funds Available for Distribution for Current Year	(9,148,129)	(10,074,064)
Total Nonoperating Revenues (Expenses)	(9,066,418)	(9,945,652)
NET INCOME (LOSS)	\$ 58,603	\$ (3,210)
NET ASSETS, BEGINNING OF YEAR	4,248,472	2,241,295
Net Change in Net Assets	58,603	(3,210)
NET ASSETS, END OF PERIOD	\$ 4,307,075	\$ 2,238,085

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

(UNAUDITED)

	2010	2009
ASSETS		
Current Assets:		
Current Portion Long Term Investments-PB Annuity	386,000	371,000
Long Term Assets:		
Long Term Investments-PB Annuity	9,600,174	9,506,566
TOTAL ASSETS	\$ 9,986,174	\$ 9,877,566
 NET ASSETS		
Held in Trust for Powerball Winner	9,986,174	9,877,566
TOTAL NET ASSETS	\$ 9,986,174	\$ 9,877,566

COLORADO LOTTERY
POWERBALL ANNUITY WINNERS TRUST FUND
STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE (1) MONTH ENDED JULY 31, 2009 AND 2008

(UNAUDITED)

	<u>2010</u>	<u>2009</u>
Additions		
Investment Income	\$ 0	\$ 73,271
Contributions from Multi-State Lottery Association	<u>0</u>	<u>0</u>
Total Additions	<u>0</u>	<u>73,271</u>
Deductions		
Prize Payments	<u>0</u>	<u>0</u>
Change in net assets	0	73,271
Net Assets held in Trust for Powerball Winner		
Beginning of Year	<u>9,986,174</u>	<u>9,804,295</u>
End of Period	\$ <u><u>9,986,174</u></u>	\$ <u><u>9,877,566</u></u>

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE ONE (1) MONTH ENDED JULY 31, 2009
(With Comparative Totals for the One (1) Month Ended July 31, 2008)

	Games in Progress				FY 10	FY 09
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$25,188,049	\$3,129,233	\$7,758,000	\$1,762,452	\$37,837,734	\$39,950,605
PRIZE EXPENSE	(16,512,730)	(1,884,554)	(3,246,963)	(848,911)	(22,493,158)	(24,016,109)
POWERBALL PRIZE VARIANCE	N/A	N/A	(300,134)	N/A	(300,134)	(359,292)
NET REVENUE AFTER PRIZES	8,675,319	1,244,679	4,210,903	913,541	15,044,442	15,575,204
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(1,760,800)	(182,338)	(455,097)	(104,155)	(2,502,390)	(2,664,075)
Retailer Bonus	(231,812)	(20,417)	(49,438)	(16,618)	(318,285)	(383,064)
Cost of Tickets Sold	(230,440)	N/A	N/A	N/A	(230,440)	(197,964)
Telecomm Reimbursements	36,605	4,548	11,274	2,561	54,988	61,820
On-Line Vendor Fees	(418,502)	(45,484)	(118,188)	(27,741)	(609,915)	(685,885)
TOTAL	(2,604,949)	(243,691)	(611,449)	(145,953)	(3,606,042)	(3,869,168)
GROSS PROFIT ON SALE OF TICKETS	\$6,070,370	\$1,000,988	\$3,599,454	\$767,588	\$11,438,400	\$11,706,036
AVERAGE DAILY TICKET SALES	\$812,518	\$100,943	\$250,258	\$56,853	\$1,220,572	\$1,288,729

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 ONE (1) MONTH ENDED JULY 31, 2009

	Games in Progress				Powerball	FY 10
	Scratch	Lotto	Powerball	Cash 5	Prize Variance	Total
Prize Expense	\$16,512,730	\$1,884,554	\$3,246,963	\$848,911	\$300,134	\$22,793,292
(/)/Ticket Sales	25,188,049	3,129,233	7,758,000	1,762,452	N/A	37,837,734
Prize %	65.56%	60.22%	41.85%	48.17%		60.24%

COLORADO LOTTERY
BUDGET STATUS
FOR THE ONE (1) MONTH ENDED JULY 31, 2009

	FY10 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,932,034	\$676,034	\$8,256,000	7.6%
Amortization Equal	143,166	10,093	133,073	7.0%
Suppl Amortization Equalization	85,327	5,621	79,706	6.6%
Workmen's Compensation	51,142	4,262	46,880	8.3%
Health and Life	770,105	56,969	713,136	7.4%
Short Term Disability	10,517	890	9,627	8.5%
Operating	1,203,156	142,852	1,060,304	11.9%
DOR Postage Allocation	0	0	0	#DIV/0!
Capital Outlay	0	0	0	#DIV/0!
Variable Vehicle	140,162	0	140,162	0.0%
Leased Space	600,351	69,017	531,334	11.5%
Leased Space-Grand Junction	7,164	597	6,567	8.3%
Risk Management	23,724	1,977	21,747	8.3%
Vehicle Lease Payments	141,968	7,712	134,256	5.4%
Travel	113,498	9,370	104,128	8.3%
Purch. Of Services-Computer Center	3,128	533	2,595	17.0%
Marketing, Communications & Sales	14,700,000	1,148,740	13,551,260	7.8%
Communications Services	2,060	172	1,888	8.3%
Payments to MNT	374,676	31,223	343,453	8.3%
Payments to Other Agencies	239,410	3,553	235,857	1.5%
Legal Services	32,473	2,807	29,666	8.6%
Indirect Costs	533,305	44,427	488,878	8.3%
Ticket Costs-Scratch	6,070,880	232,399	5,838,481	3.8%
Research	250,000	57,202	192,798	22.9%
Vendor Fees	12,677,849	621,916	12,055,933	4.9%
Prize Payments	392,580,940	22,493,158	370,087,782	5.7%
Retailer Compensation	48,894,160	2,820,675	46,073,485	5.8%
Multi-State Lottery Funds	177,433	901	176,532	0.5%
Lottery System Migration	3,281,051	115,087	3,165,964	3.5%
Powerball Prize Variance	12,708,000	666,653	12,041,347	5.2%
Rollforwards	13,920	0	13,920	0.0%
TOTAL	<u>\$504,761,599</u>	<u>\$29,224,840</u>	<u>\$463,481,492</u>	<u>5.79%</u>

FY10 Staffing (FTE) 126.0 (Appropriated) 120.000 (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	22,493,158
Powerball Prize Variance	300,134
Commissions and Bonuses	2,820,675
Cost of Tickets & Vendor Fees	785,367
Operating Expenses	2,313,379

Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings 28,712,713

Plus: Powerball Variance classified as revenue	366,519
Telecommunications offset classified as revenue	54,988

Less: Non-appropriated expenses and other adjustments	
Depreciation	(51,521)
Accrued Annual and Sick Leave	438
Loss on Disposal of Equipment classified as revenue	0

Sub-Total 29,083,137

Plus: Capitalized Fixed Assets	141,703
	<u>29,224,840</u>

Note 1 - FY10 budget includes Lottery Long Bill and transfers from the Department of Revenue and anticipated supplemental funding.

Note 2 - Percent of fiscal year elapsed through July 31, 2009 is 8 1/3%.

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