

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

(UNAUDITED)

FOR THE FOUR MONTHS ENDED

OCTOBER 31, 2009

**COLORADO LOTTERY
FINANCIAL STATEMENTS
(UNAUDITED)**

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STATE OF COLORADO

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Department of Revenue

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Bill Ritter, Jr.
Governor

Roxy Huber
Executive Director

Jack Boehm
Lottery Director

December 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 four months ended October 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
FINANCIAL HIGHLIGHTS
\$ IN MILLIONS
FOR THE FOUR (4) MONTHS ENDED OCTOBER 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 four months ended October 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 four months ended October 31,			
	2010		2009	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$163.91		\$163.48	
Nonoperating revenue	0.35		0.64	
TOTAL INCOME	164.26		164.12	
LESS:				
PRIZES	\$100.57	61.4% (1)	\$97.39	59.6% (1)
RETAILER COMMISSIONS AND BONUSES	\$12.41	7.6% (1)	\$12.20	7.5% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	3.62		3.29	
Other Operating Expenses	9.68		7.58	
TOTAL ADMINISTRATIVE COSTS (Note 3)	13.30	8.1% (2)	10.87	6.6% (2)
	37.98		43.66	
NET CHANGE IN NET ASSETS	0.50		-0.24	
PROCEEDS DISTRIBUTION	\$37.48	22.8% (2)	\$43.90	26.7% (2)

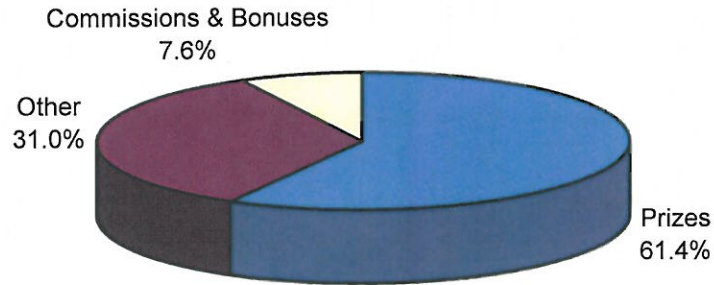
Note 1: Percent of gross ticket sales.

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.

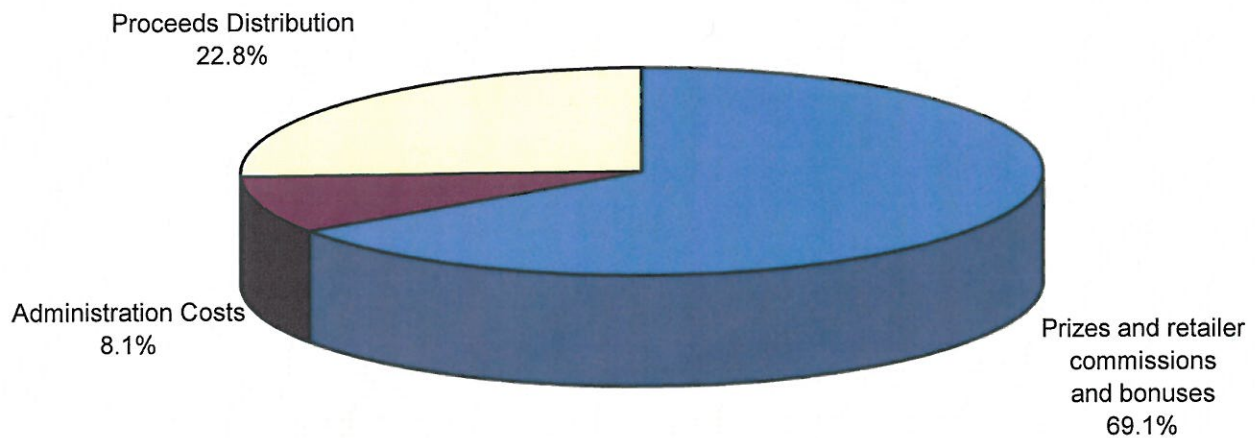
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE FOUR MONTHS
ENDED OCTOBER 31, 2009

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
OCTOBER 31, 2009 AND 2008
(UNAUDITED)

ASSETS	2010	2009
Current Assets:		
Cash and Investments	\$ 41,555,149	\$ 45,736,034
Accounts Receivable, net of the allowance for doubtful accounts of \$204,997 in 2010 and \$242,350 in 2009	21,752,208	17,595,986
Consignment Inventory, at Cost	105,677	96,139
Warehouse Inventory, at Cost	1,275,975	811,538
Prepaid Expenses	151,916	248,794
Total Current Assets	64,840,925	64,488,490
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,200,000	1,100,000
Cash and Investments-Licensed Agent Recovery		
Reserve Receipts	366,484	434,194
Prepaid Prize Expense with MUSL	3,944,710	3,944,709
Total Reserve and Restricted Assets	5,511,194	5,478,903
Capital Assets:		
Equipment	6,063,225	3,159,600
Leasehold Improvements	0	11,978
Less Accumulated Depreciation and Amortization	(2,886,297)	(2,708,512)
Total Capital Assets	3,176,928	463,066
TOTAL ASSETS	\$ 73,529,048	\$ 70,430,459
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,299,877	1,550,622
Prize Liability	27,012,845	20,760,510
Payable to MUSL	0	116,761
Wages and Benefits	66,667	140,880
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	942,776	728,763
Funds Available for Distribution	37,483,155	43,892,209
Deferred Revenue	0	283,206
Total Current Liabilities	67,805,320	67,472,952
Long-Term Liabilities:		
Accrued Annual and Sick Leave	897,183	865,762
Expired Warrants Liability	83,133	94,485
Total Long-Term Liabilities	980,316	960,247
TOTAL LIABILITIES	68,785,636	68,433,199
NET ASSETS		
Investment in Capital Assets	3,176,928	463,066
Restricted-Licensed Agent Recovery Reserve	366,484	434,194
Restricted-Operating Reserve	1,200,000	1,100,000
Unrestricted-Other	0	0
TOTAL NET ASSETS	4,743,412	1,997,260
TOTAL LIABILITIES AND NET ASSETS	\$ 73,529,048	\$ 70,430,459

COLORADO LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FOUR (4) MONTHS ENDED OCTOBER 31, 2009 AND 2008
(UNAUDITED)

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Gross Ticket Sales	\$ 163,909,010	\$ 163,482,020
DIRECT OPERATING EXPENSES		
Prize Expense	102,562,051	97,362,562
Powerball Prize Variance	(1,992,333)	37,975
Retailer Commissions and Bonuses	12,407,343	12,200,876
Cost of Tickets and Vendor Fees	<u>3,623,487</u>	<u>3,290,710</u>
GROSS PROFIT ON SALE OF TICKETS	<u>47,308,462</u>	<u>50,589,897</u>
OTHER OPERATING EXPENSES		
Marketing and Communications	5,377,898	3,085,044
Administration Fees Paid to MUSL	57,222	47,665
Wages and Benefits	2,687,644	3,127,754
Professional Services	49,051	61,692
State Agencies Services	80,467	55,220
Department of Revenue Services	177,709	185,557
Travel	39,733	47,948
Equipment	34,773	7,500
Depreciation	205,830	35,090
Accrued Annual and Sick Leave	(23,899)	41,997
Space Rental	233,365	237,922
Rents for Equipment	10,319	9,061
Motorpool Leasing	115,013	169,556
Materials and Supplies	53,201	36,042
Telephone	29,738	33,708
On-Line Telecommunications	174,600	88,966
Data Processing Supplies and Services	12,163	7,994
Equipment Maintenance	216,417	156,606
Postage	21,634	13,392
Printing	2,959	2,962
Delivery Expense	68,700	69,176
Other	57,071	61,901
Total Other Operating Expenses	<u>9,681,608</u>	<u>7,582,753</u>
OPERATING INCOME	<u>37,626,854</u>	<u>43,007,144</u>
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	43,190	98,606
Investment Income	308,051	542,424
Funds Distributed for Current Year	0	0
Funds Available for Distribution for Current Year	(37,483,155)	(43,892,209)
Total Nonoperating Revenues (Expenses)	<u>(37,131,914)</u>	<u>(43,251,179)</u>
NET INCOME(LOSS)	<u>\$ 494,940</u>	<u>\$ (244,035)</u>
NET ASSETS, BEGINNING OF YEAR	4,248,472	2,241,295
Net Change in Net Assets	<u>494,940</u>	<u>(244,035)</u>
NET ASSETS, END OF PERIOD	<u>\$ 4,743,412</u>	<u>\$ 1,997,260</u>

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

(UNAUDITED)

	2010	2009
ASSETS		
Current Assets:		
Current Portion Long Term Investments-PB Annuity	401,000	386,000
Long Term Assets:		
Long Term Investments-PB Annuity	9,256,776	9,342,145
TOTAL ASSETS	\$ 9,657,776	\$ 9,728,145
 NET ASSETS		
Held in Trust for Powerball Winner	9,657,776	9,728,145
TOTAL NET ASSETS	\$ 9,657,776	\$ 9,728,145

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE FOUR MONTHS ENDED OCTOBER 31, 2009 AND 2008

(UNAUDITED)

	<u>2010</u>	<u>2009</u>
Additions		
Investment Income	\$ 57,602	\$ 294,850
Contributions from Multi-State Lottery Association	<u>0</u>	<u>0</u>
Total Additions	<u>57,602</u>	<u>294,850</u>
 Deductions		
Prize Payments	<u>386,000</u>	<u>371,000</u>
Change in net assets	(328,398)	-76,150
 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>9,657,776</u></u>	\$ <u><u>9,728,145</u></u>

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE FOUR MONTHS ENDED OCTOBER 31, 2009
(With Comparative Totals for the Four Months Ended October 31, 2008)

	Games in Progress				FY 10	FY 09
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$107,074,471	\$13,150,843	\$36,654,982	\$7,028,714	\$163,909,010	\$163,482,020
PRIZE EXPENSE	(71,820,789)	(7,541,685)	(19,484,574)	(3,715,003)	(102,562,051)	(97,362,562)
POWERBALL PRIZE VARIANCE	N/A	N/A	1,992,333	N/A	1,992,333	(37,975)
NET REVENUE AFTER PRIZES	35,253,682	5,609,158	19,162,741	3,313,711	63,339,292	66,081,483
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(7,481,939)	(783,034)	(2,187,236)	(419,604)	(10,871,813)	(10,855,973)
Retailer Bonus	(1,144,195)	(86,135)	(238,897)	(66,303)	(1,535,530)	(1,344,903)
Cost of Tickets Sold	(1,136,285)	N/A	N/A	N/A	(1,136,285)	(732,061)
Telecomm Reimbursements	158,122	19,421	54,130	10,380	242,053	250,549
On-Line Vendor Fees	(1,798,151)	(214,493)	(600,073)	(116,538)	(2,729,255)	(2,809,198)
TOTAL	(11,402,448)	(1,064,241)	(2,972,076)	(592,065)	(16,030,830)	(15,491,586)
GROSS PROFIT ON SALE OF TICKETS	\$23,851,234	\$4,544,917	\$16,190,665	\$2,721,646	\$47,308,462	\$50,589,897
AVERAGE DAILY TICKET SALES	\$870,524	\$106,917	\$298,008	\$57,144	\$1,332,594	\$1,329,122

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 FOUR MONTHS ENDED OCTOBER 31, 2009

	Games in Progress				Powerball Prize Variance	FY 10 Total
	Scratch	Lotto	Powerball	Cash 5		
Prize Expense	\$71,820,789	\$7,541,685	\$19,484,574	\$3,715,003	-\$1,992,333	\$100,569,718
(/)/Ticket Sales	107,074,471	13,150,843	36,654,982	7,028,714	N/A	163,909,010
Prize %	67.08%	57.35%	53.16%	52.85%		61.36%

COLORADO LOTTERY
BUDGET STATUS
FOR THE FOUR MONTHS ENDED OCTOBER 31, 2009

	FY10 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,932,034	\$2,613,877	\$6,318,157	29.3%
Amortization Equal	143,166	39,117	104,049	27.3%
Suppl Amortization Equalization	85,327	21,745	63,582	25.5%
Workmen's Compensation	47,158	17,047	30,111	36.1%
Health and Life	770,105	221,580	548,525	28.8%
Short Term Disability	10,517	3,410	7,107	32.4%
Operating	1,203,156	473,685	729,471	39.4%
Variable Vehicle	140,162	0	140,162	0.0%
Leased Space	600,351	228,926	371,425	38.1%
Leased Space-Grand Junction	7,019	4,439	2,580	63.2%
Risk Management	22,390	7,908	14,482	35.3%
Vehicle Lease Payments	139,226	35,141	104,085	25.2%
Travel	113,498	39,731	73,767	35.0%
Purch. Of Services-Computer Center	3,052	1,088	1,964	35.6%
Marketing, Communications & Sales	14,700,000	5,249,193	9,450,807	35.7%
Communications Services	2,060	678	1,382	32.9%
Payments to MNT	374,676	124,892	249,784	33.3%
Payments to Other Agencies	239,410	73,369	166,041	30.6%
Legal Services	32,473	7,099	25,374	21.9%
Indirect Costs	533,305	177,709	355,596	33.3%
Ticket Costs-Scratch	6,284,000	1,138,243	5,145,757	18.1%
Research	250,000	128,705	121,295	51.5%
Vendor Fees	12,376,154	2,777,254	9,598,900	22.4%
Prize Payments	400,264,560	102,562,051	297,702,509	25.6%
Retailer Compensation	49,290,600	12,407,343	36,883,257	25.2%
Multi-State Lottery Funds	177,433	58,123	119,310	32.8%
Lottery System Migration	3,281,051	531,395	2,749,656	16.2%
Powerball Prize Variance	12,960,000	2,502,009	10,457,991	19.3%
Rollforwards	13,920	13,920	0	100.0%
TOTAL	<u><u>\$512,996,803</u></u>	<u><u>\$131,459,677</u></u>	<u><u>\$371,079,135</u></u>	<u><u>25.63%</u></u>

FY10 Staffing (FTE) 126.0 (Appropriated) 115.700 (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	102,562,051
Powerball Prize Variance	(1,992,333)
Commissions and Bonuses	12,407,343
Cost of Tickets & Vendor Fees	3,623,487
Operating Expenses	9,681,608
Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings	<u>126,282,156</u>
Plus: Powerball Variance classified as revenue	4,494,342
Telecommunications offset classified as revenue	242,053
Less: Non-appropriated expenses and other adjustments	
Depreciation	(205,830)
Accrued Annual and Sick Leave	23,899
Loss on Disposal of Equipment classified as revenue	0
Sub-Total	<u>130,836,620</u>
Plus: Capitalized Fixed Assets	623,057
	<u><u>131,459,677</u></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 October 31, 2009 is 33 1/3%.

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