

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

(UNAUDITED)

FOR THE FIVE MONTHS ENDED

NOVEMBER 30, 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

Tom Kitts
Acting Lottery Director

January 14, 2010

Members of the Lottery Commission and
Mr. Tom Kitts, Acting 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 five months ended November 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 FIVE (5) MONTHS ENDED NOVEMBER 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 five months ended November 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 five months ended November 30,			
	2010		2009	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$202.69		\$200.84	
Nonoperating revenue	0.46		0.87	
TOTAL INCOME	203.15		201.71	
LESS:				
PRIZES	\$125.12	61.7% (1)	\$120.54	60.0% (1)
RETAILER COMMISSIONS AND BONUSES	\$15.39	7.6% (1)	\$15.05	7.5% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	4.57		4.05	
Other Operating Expenses	11.76		9.78	
TOTAL ADMINISTRATIVE COSTS (Note 3)	16.33	8.0% (2)	13.83	6.9% (2)
	46.31		52.29	
NET CHANGE IN NET ASSETS	0.57		-0.09	
PROCEEDS DISTRIBUTION	\$45.74	22.5% (2)	\$52.38	26.0% (2)

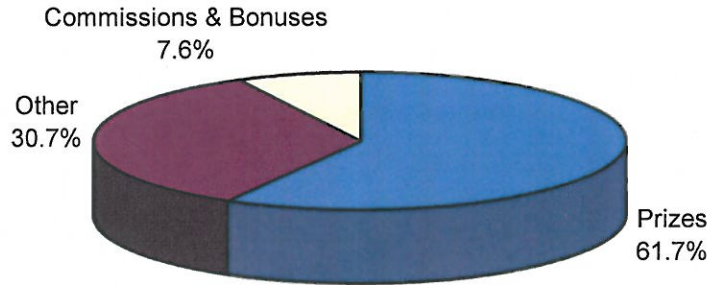
Note 1: Percent of gross ticket sales.

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.

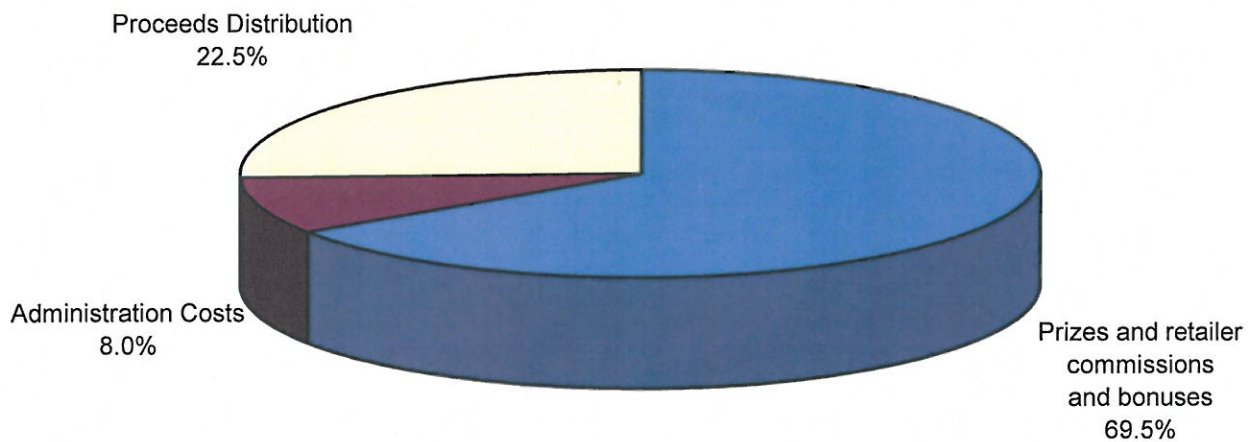
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE FIVE MONTHS
ENDED NOVEMBER 30, 2009

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
NOVEMBER 30, 2009 AND 2008
(UNAUDITED)

ASSETS	2010	2009
Current Assets:		
Cash and Investments	\$ 49,730,199	\$ 22,400,649
Accounts Receivable, net of the allowance for doubtful accounts of \$217,432 in 2010 and \$233,438 in 2009	23,533,602	18,859,031
Consignment Inventory, at Cost	142,184	102,755
Warehouse Inventory, at Cost	1,079,411	1,090,169
Prepaid Expenses	139,809	359,037
Total Current Assets	74,625,205	42,811,641
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,200,000	1,100,000
Cash and Investments-Licensed Agent Recovery		
Reserve Receipts	350,479	435,080
Prepaid Prize Expense with MUSL	3,944,710	3,944,710
Total Reserve and Restricted Assets	5,495,189	5,479,790
Capital Assets:		
Equipment	6,123,648	3,320,475
Leasehold Improvements	0	11,978
Less Accumulated Depreciation and Amortization	(2,862,233)	(2,717,145)
Total Capital Assets	3,261,415	615,308
TOTAL ASSETS	\$ 83,381,810	\$ 48,906,740
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,846,791	2,956,294
Prize Liability	28,283,315	22,951,656
Payable to MUSL	0	0
Wages and Benefits	79,477	124,784
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	634,450	553,228
Funds Available for Distribution	45,736,068	18,996,229
Deferred Revenue	0	227,341
Total Current Liabilities	77,580,101	45,809,532
Long-Term Liabilities:		
Accrued Annual and Sick Leave	906,683	852,507
Expired Warrants Liability	83,132	94,313
Total Long-Term Liabilities	989,815	946,820
TOTAL LIABILITIES	78,569,916	46,756,352
NET ASSETS		
Investment in Capital Assets	3,261,415	615,308
Restricted-Licensed Agent Recovery Reserve	350,479	435,080
Restricted-Operating Reserve	1,200,000	1,100,000
Unrestricted-Other	0	0
TOTAL NET ASSETS	4,811,894	2,150,388
TOTAL LIABILITIES AND NET ASSETS	\$ 83,381,810	\$ 48,906,740

COLORADO LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FIVE (5) MONTHS ENDED NOVEMBER 30, 2009 AND 2008
(UNAUDITED)

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Gross Ticket Sales	\$ 202,688,624	\$ 200,837,693
DIRECT OPERATING EXPENSES		
Prize Expense	126,879,928	119,785,820
Powerball Prize Variance	(1,757,708)	755,959
Retailer Commissions and Bonuses	15,392,958	15,053,988
Cost of Tickets and Vendor Fees	<u>4,566,778</u>	<u>4,050,572</u>
GROSS PROFIT ON SALE OF TICKETS	<u>57,606,668</u>	<u>61,191,354</u>
OTHER OPERATING EXPENSES		
Marketing and Communications	6,452,650	4,238,153
Administration Fees Paid to MUSL	66,527	54,581
Wages and Benefits	3,344,039	3,904,812
Professional Services	58,240	92,522
State Agencies Services	84,606	60,778
Department of Revenue Services	222,136	231,947
Travel	44,619	53,669
Equipment	38,187	7,666
Depreciation	257,224	43,722
Accrued Annual and Sick Leave	(14,321)	27,744
Space Rental	289,194	296,856
Rents for Equipment	13,009	11,058
Motorpool Leasing	144,192	200,183
Materials and Supplies	76,174	36,622
Telephone	41,232	42,504
On-Line Telecommunications	196,841	123,207
Data Processing Supplies and Services	13,662	9,711
Equipment Maintenance	248,493	165,505
Postage	22,554	14,127
Printing	5,428	7,381
Delivery Expense	94,333	85,473
Other	65,922	72,996
Total Other Operating Expenses	<u>11,764,941</u>	<u>9,781,217</u>
OPERATING INCOME	<u>45,841,727</u>	<u>51,410,137</u>
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	57,746	157,796
Investment Income	400,017	708,674
Funds Distributed for Current Year	0	(33,371,285)
Funds Available for Distribution for Current Year	(45,736,068)	(18,996,229)
Total Nonoperating Revenues (Expenses)	<u>(45,278,305)</u>	<u>(51,501,044)</u>
NET INCOME(LOSS)	<u>\$ 563,422</u>	<u>\$ (90,907)</u>
NET ASSETS, BEGINNING OF YEAR	4,248,472	2,241,295
Net Change in Net Assets	<u>563,422</u>	<u>(90,907)</u>
NET ASSETS, END OF PERIOD	<u>\$ 4,811,894</u>	<u>\$ 2,150,388</u>

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF FIDUCIARY NET ASSETS
 NOVEMBER 30, 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	9,378,405
TOTAL ASSETS	\$ 9,657,776	\$ 9,764,405
 NET ASSETS		
Held in Trust for Powerball Winner	9,657,776	9,764,405
TOTAL NET ASSETS	\$ 9,657,776	\$ 9,764,405

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE FIVE MONTHS ENDED NOVEMBER 30, 2009 AND 2008

(UNAUDITED)

	2010	2009
Additions		
Investment Income	\$ 57,602	\$ 331,110
Contributions from Multi-State Lottery Association	0	0
Total Additions	57,602	331,110
 Deductions		
Prize Payments	386,000	371,000
Change in net assets	(328,398)	-39,890
 Net Assets held in Trust for Powerball Winner		
Beginning of Year	9,986,174	9,804,295
End of Period	\$ 9,657,776	\$ 9,764,405

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE FIVE MONTHS ENDED NOVEMBER 30, 2009
(With Comparative Totals for the Five Months Ended November 30, 2008)

	Games in Progress				FY 10	FY 09
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$134,306,425	\$16,213,170	\$43,387,029	\$8,782,000	\$202,688,624	\$200,837,693
PRIZE EXPENSE	(90,631,993)	(9,173,062)	(22,369,634)	(4,705,239)	(126,879,928)	(119,785,820)
POWERBALL PRIZE VARIANCE	N/A	N/A	1,757,708	N/A	1,757,708	(755,959)
NET REVENUE AFTER PRIZES	<u>43,674,432</u>	<u>7,040,108</u>	<u>22,775,103</u>	<u>4,076,761</u>	<u>77,566,404</u>	<u>80,295,914</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(9,386,864)	(966,614)	(2,590,776)	(524,554)	(13,468,808)	(13,348,061)
Retailer Bonus	(1,452,716)	(106,406)	(282,123)	(82,905)	(1,924,150)	(1,705,927)
Cost of Tickets Sold	(1,483,791)	N/A	N/A	N/A	(1,483,791)	(907,329)
Telecomm Reimbursements	208,291	25,144	67,288	13,620	314,343	306,877
On-Line Vendor Fees	(1,798,151)	(214,493)	(600,073)	(116,538)	(2,729,255)	(3,450,120)
TOTAL	<u>(13,913,231)</u>	<u>(1,262,369)</u>	<u>(3,405,684)</u>	<u>(710,377)</u>	<u>(19,291,661)</u>	<u>(19,104,560)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$29,761,201</u>	<u>\$5,777,739</u>	<u>\$19,369,419</u>	<u>\$3,366,384</u>	<u>\$58,274,743</u>	<u>\$61,191,354</u>
AVERAGE DAILY TICKET SALES	<u>\$877,820</u>	<u>\$105,968</u>	<u>\$283,575</u>	<u>\$57,399</u>	<u>\$1,324,762</u>	<u>\$1,312,665</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 FIVE MONTHS ENDED NOVEMBER 30, 2009

	Games in Progress				Powerball	FY 10
	Scratch	Lotto	Powerball	Cash 5	Prize Variance	Total
Prize Expense	\$90,631,993	\$9,173,062	\$22,369,634	\$4,705,239	-\$1,757,708	\$125,122,220
(/)/Ticket Sales	<u>134,306,425</u>	<u>16,213,170</u>	<u>43,387,029</u>	<u>8,782,000</u>	<u>N/A</u>	<u>202,688,624</u>
Prize %	<u>67.48%</u>	<u>56.58%</u>	<u>51.56%</u>	<u>53.58%</u>		<u>61.73%</u>

COLORADO LOTTERY
BUDGET STATUS
FOR THE FIVE MONTHS ENDED NOVEMBER 30, 2009

	FY10 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,902,298	\$3,251,890	\$5,650,408	36.5%
Amortization Equal	143,166	48,763	94,403	34.1%
Suppl Amortization Equalization	85,327	27,132	58,195	31.8%
Workmen's Compensation	47,158	21,309	25,849	45.2%
Health and Life	770,105	275,159	494,946	35.7%
Short Term Disability	10,517	4,252	6,265	40.4%
Operating	1,203,156	580,967	622,189	48.3%
Variable Vehicle	140,162	0	140,162	0.0%
Leased Space	600,351	286,630	313,721	47.7%
Leased Space-Grand Junction	7,019	2,564	4,455	36.5%
Risk Management	22,390	9,885	12,505	44.1%
Vehicle Lease Payments	139,226	44,757	94,469	32.1%
Travel	113,498	44,617	68,881	39.3%
Purch. Of Services-Computer Center	3,052	1,360	1,692	44.6%
Marketing, Communications & Sales	14,700,000	6,314,426	8,385,574	43.0%
Communications Services	2,060	848	1,212	41.2%
Payments to MNT	374,676	146,707	227,969	39.2%
Payments to Other Agencies	239,410	76,592	162,818	32.0%
Legal Services	32,473	8,014	24,459	24.7%
Indirect Costs	533,305	222,136	311,169	41.7%
Ticket Costs-Scratch	6,284,000	1,485,747	4,798,253	23.6%
Research	250,000	138,224	111,776	55.3%
Vendor Fees	12,376,154	3,447,329	8,928,825	27.9%
Prize Payments	400,264,560	126,879,927	273,384,633	31.7%
Retailer Compensation	49,290,600	15,392,958	33,897,642	31.2%
Multi-State Lottery Funds	177,433	66,528	110,905	37.5%
Lottery System Migration	3,281,051	642,342	2,638,709	19.6%
Powerball Prize Variance	12,960,000	2,991,964	9,968,036	23.1%
Rollforwards	13,920	13,920	0	100.0%
TOTAL	<u>\$512,967,067</u>	<u>\$162,426,947</u>	<u>\$340,572,084</u>	<u>31.66%</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	126,879,928
Powerball Prize Variance	(1,757,708)
Commissions and Bonuses	15,392,958
Cost of Tickets & Vendor Fees	4,566,778
Operating Expenses	11,764,941
Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings	<u>156,846,897</u>
Plus: Powerball Variance classified as revenue	4,749,672
Telecommunications offset classified as revenue	314,343
Less: Non-appropriated expenses and other adjustments	
Depreciation	(257,224)
Accrued Annual and Sick Leave	14,321
Loss on Disposal of Equipment classified as revenue	(3,314)
Sub-Total	<u>161,664,695</u>
Plus: Capitalized Fixed Assets	762,252
	<u>162,426,947</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 November 30, 2009 is 41 2/3%.

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