

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

(UNAUDITED)

FOR THE SEVEN (7) MONTHS ENDED

JANUARY 31, 2010

**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

March 10, 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 seven months ended January 31, 2010, 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 SEVEN (7) MONTHS ENDED JANUARY 31, 2010 AND 2009

The table included below and the graphs included on page 2 present certain summarized operating results of the Colorado Lottery for the seven months ended January 31, 2010, and 2009 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 Seven Months Ended January 31,			
	2010		2009	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$284.68		\$242.79	
Nonoperating revenue	0.60		0.97	
TOTAL INCOME	285.28		243.76	
LESS:				
PRIZES	\$176.80	62.1% (1)	\$146.80	60.5% (1)
RETAILER COMMISSIONS AND BONUSES	\$21.70	7.6% (1)	\$18.26	7.5% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	6.27		4.90	
Other Operating Expenses	15.58		11.75	
TOTAL ADMINISTRATIVE COSTS (Note 3)	21.85	7.7% (2)	16.65	6.8% (2)
	64.93		62.05	
NET CHANGE IN NET ASSETS	0.70		0.11	
PROCEEDS DISTRIBUTION	\$64.23	22.5% (2)	\$61.94	25.4% (2)

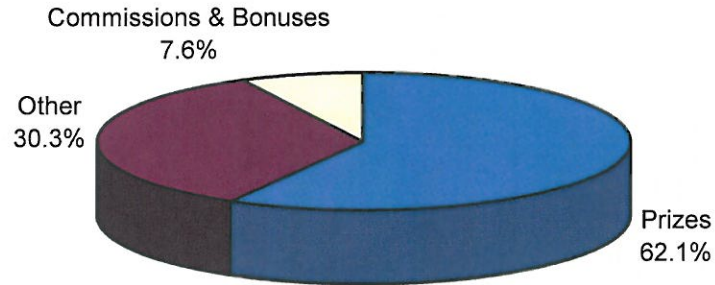
Note 1: Percent of gross ticket sales.

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.

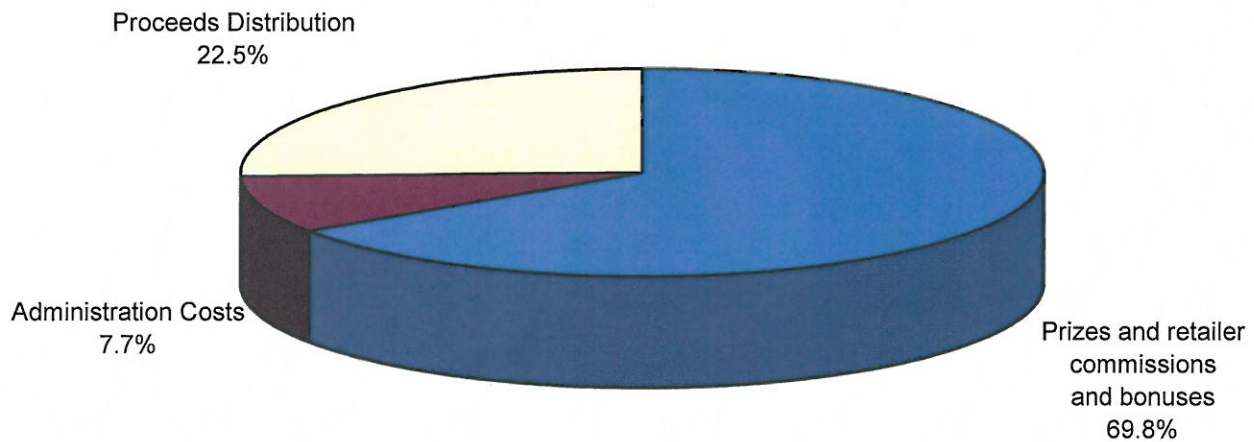
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE SEVEN (7) MONTHS
ENDED JANUARY 31, 2010

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
JANUARY 31, 2010 AND 2009
(UNAUDITED)

ASSETS	2010	2009
Current Assets:		
Cash and Investments	\$ 40,359,747	\$ 42,694,619
Accounts Receivable, net of the allowance for doubtful accounts of \$245,763 in 2010 and \$140,475 in 2009	21,636,859	19,861,618
Consignment Inventory, at Cost	137,097	106,144
Warehouse Inventory, at Cost	968,909	1,107,699
Prepaid Expenses	115,595	291,524
Total Current Assets	63,218,207	64,061,604
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,200,000	1,100,000
Cash and Investments-Licensed Agent Recovery Reserve Receipts	342,199	412,415
Prepaid Prize Expense with MUSL	3,944,710	3,934,573
Total Reserve and Restricted Assets	5,486,909	5,446,988
Capital Assets:		
Equipment	6,064,653	3,996,497
Leasehold Improvements	0	11,978
Less Accumulated Depreciation and Amortization	(2,667,536)	(2,734,410)
Total Capital Assets	3,397,117	1,274,065
TOTAL ASSETS	\$ 72,102,234	\$ 70,782,657
LIABILITIES		
Current Liabilities:		
Accounts Payable	2,810,561	2,256,284
Prize Liability	28,148,072	24,673,192
Payable to MUSL	0	0
Wages and Benefits	83,520	195,224
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	430,880	952,574
Funds Available for Distribution	34,665,322	38,665,098
Deferred Revenue	0	241,851
Total Current Liabilities	66,138,355	66,984,223
Long-Term Liabilities:		
Accrued Annual and Sick Leave	941,431	917,641
Expired Warrants Liability	83,132	94,313
Total Long-Term Liabilities	1,024,563	1,011,954
TOTAL LIABILITIES	67,162,918	67,996,177
NET ASSETS		
Investment in Capital Assets	3,397,117	1,274,065
Restricted-Licensed Agent Recovery Reserve	342,199	412,415
Restricted-Operating Reserve	1,200,000	1,100,000
Unrestricted-Other	0	0
TOTAL NET ASSETS	4,939,316	2,786,480
TOTAL LIABILITIES AND NET ASSETS	\$ 72,102,234	\$ 70,782,657

COLORADO LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2010 AND 2009
(UNAUDITED)

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Gross Ticket Sales	\$ 284,678,170	\$ 286,760,263
DIRECT OPERATING EXPENSES		
Prize Expense	179,469,485	174,957,528
Powerball Prize Variance	(2,674,804)	(903,281)
Retailer Commissions and Bonuses	21,696,484	21,598,544
Cost of Tickets and Vendor Fees	<u>6,274,245</u>	<u>5,800,117</u>
GROSS PROFIT ON SALE OF TICKETS	<u>79,912,760</u>	<u>85,307,355</u>
OTHER OPERATING EXPENSES		
Marketing and Communications	8,078,728	6,173,178
Administration Fees Paid to MUSL	85,138	68,414
Wages and Benefits	4,727,233	5,326,647
Professional Services	105,654	145,860
State Agencies Services	90,104	69,724
Department of Revenue Services	310,991	324,725
Travel	62,862	69,608
Equipment	75,142	12,445
Depreciation	360,012	60,988
Accrued Annual and Sick Leave	20,325	91,521
Space Rental	402,478	404,227
Rents for Equipment	16,914	15,663
Motorpool Leasing	184,386	255,797
Materials and Supplies	88,567	40,441
Telephone	55,838	60,620
On-Line Telecommunications	290,371	191,691
Data Processing Supplies and Services	18,752	12,012
Equipment Maintenance	305,873	188,438
Postage	32,656	40,482
Printing	11,291	12,510
Delivery Expense	162,307	147,110
Other	92,051	97,596
Total Other Operating Expenses	<u>15,577,673</u>	<u>13,809,697</u>
OPERATING INCOME	<u>64,335,087</u>	<u>71,497,658</u>
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	68,100	156,001
Investment Income	530,378	927,909
Funds Distributed for Current Year	(29,577,399)	(33,371,285)
Funds Available for Distribution for Current Year	<u>(34,665,322)</u>	<u>(38,665,098)</u>
Total Nonoperating Revenues (Expenses)	<u>(63,644,243)</u>	<u>(70,952,473)</u>
NET INCOME(LOSS)	<u>\$ 690,844</u>	<u>\$ 545,185</u>
NET ASSETS, BEGINNING OF YEAR	4,248,472	2,241,295
Net Change in Net Assets	<u>690,844</u>	<u>545,185</u>
NET ASSETS, END OF PERIOD	<u>\$ 4,939,316</u>	<u>\$ 2,786,480</u>

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF FIDUCIARY NET ASSETS
 JANUARY 31, 2010 AND 2009

(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	9,456,773	11,447,403
TOTAL ASSETS	\$ 9,857,773	\$ 11,833,403
 NET ASSETS		
Held in Trust for Powerball Winner	9,857,773	11,833,403
TOTAL NET ASSETS	\$ 9,857,773	\$ 11,833,403

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2010 AND 2009

(UNAUDITED)

	<u>2010</u>	<u>2009</u>
Additions		
Investment Income	\$ 257,599	\$ 2,400,108
Contributions from Multi-State Lottery Association	<u>0</u>	<u>0</u>
Total Additions	<u>257,599</u>	<u>2,400,108</u>
 Deductions		
Prize Payments	<u>386,000</u>	<u>371,000</u>
Change in net assets	(128,401)	2,029,108
 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>9,857,773</u></u>	\$ <u><u>11,833,403</u></u>

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2010
(With Comparative Totals for the Seven (7) Months Ended January 31, 2009)

	Games in Progress				FY 10	FY 09
	Scratch	Lotto	Powerball	Cash 5	Total	Scratch and On-Line
TICKET SALES	\$190,286,115	\$22,778,049	\$58,818,838	\$12,795,168	\$284,678,170	\$290,347,898
PRIZE EXPENSE	(129,354,304)	(12,660,785)	(30,667,458)	(6,786,938)	(179,469,485)	(181,285,980)
POWERBALL PRIZE VARIANCE	N/A	N/A	2,674,804	N/A	2,674,804	186,124
NET REVENUE AFTER PRIZES	<u>60,931,811</u>	<u>10,117,264</u>	<u>30,826,184</u>	<u>6,008,230</u>	<u>107,883,489</u>	<u>109,248,042</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)						
Retailer Commission	(13,295,900)	(1,360,147)	(3,515,830)	(764,930)	(18,936,807)	(19,329,825)
Retailer Bonus	(2,106,922)	(149,642)	(382,512)	(120,601)	(2,759,677)	(2,558,505)
Cost of Tickets Sold	(1,908,483)	N/A	N/A	N/A	(1,908,483)	(1,608,224)
Telecomm Reimbursements	287,508	34,416	88,871	19,333	430,128	417,113
On-Line Vendor Fees	<u>(3,222,131)</u>	<u>(379,451)</u>	<u>(978,931)</u>	<u>(215,377)</u>	<u>(4,795,890)</u>	<u>(4,407,000)</u>
TOTAL	<u>(20,245,928)</u>	<u>(1,854,824)</u>	<u>(4,788,402)</u>	<u>(1,081,575)</u>	<u>(27,970,729)</u>	<u>(27,486,441)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$40,685,883</u>	<u>\$8,262,440</u>	<u>\$26,037,782</u>	<u>\$4,926,655</u>	<u>\$79,912,760</u>	<u>\$81,761,601</u>
AVERAGE DAILY TICKET SALES	<u>\$885,052</u>	<u>\$105,944</u>	<u>\$273,576</u>	<u>\$59,512</u>	<u>\$1,324,085</u>	<u>\$1,350,455</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 SEVEN (7) MONTHS ENDED JANUARY 31, 2010

	Games in Progress				Powerball Prize Variance	FY 10 Total
	Scratch	Lotto	Powerball	Cash 5		
Prize Expense	\$129,354,304	\$12,660,785	\$30,667,458	\$6,786,938	-\$2,674,804	\$176,794,681
(/)Ticket Sales	<u>190,286,115</u>	<u>22,778,049</u>	<u>58,818,838</u>	<u>12,795,168</u>	N/A	<u>284,678,170</u>
Prize %	<u>67.98%</u>	<u>55.58%</u>	<u>52.14%</u>	<u>53.04%</u>		<u>62.10%</u>

COLORADO LOTTERY
BUDGET STATUS
FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2010

	FY10 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,902,298	\$4,629,327	\$4,272,971	52.0%
Amortization Equal	143,166	70,379	72,787	49.2%
Suppl Amortization Equalization	85,327	40,606	44,721	47.6%
Workmen's Compensation	47,158	29,833	17,325	63.3%
Health and Life	770,105	383,766	386,339	49.8%
Short Term Disability	10,517	5,118	5,399	48.7%
Operating	1,203,156	705,480	497,676	58.6%
Variable Vehicle	140,162	0	140,162	0.0%
Leased Space	678,351	398,888	279,463	58.8%
Leased Space-Grand Junction	7,019	3,590	3,429	51.1%
Risk Management	22,390	13,839	8,551	61.8%
Vehicle Lease Payments	139,226	63,939	75,287	45.9%
Travel	113,498	62,862	50,636	55.4%
Purch. Of Services-Computer Center	3,052	1,904	1,148	62.4%
Marketing, Communications & Sales	14,700,000	7,921,468	6,778,532	53.9%
Communications Services	2,060	1,186	874	57.6%
Payments to MNT	374,676	218,561	156,115	58.3%
Payments to Other Agencies	239,410	80,900	158,510	33.8%
Legal Services	32,473	9,204	23,269	28.3%
Indirect Costs	533,305	310,991	222,314	58.3%
Ticket Costs-Scratch	6,284,000	1,969,949	4,314,051	31.3%
Research	250,000	157,260	92,740	62.9%
Vendor Fees	12,376,154	4,866,710	7,509,444	39.3%
Prize Payments	400,264,560	179,469,485	220,795,075	44.8%
Retailer Compensation	49,290,600	21,696,484	27,594,116	44.0%
Multi-State Lottery Funds	177,433	85,138	92,295	48.0%
Lottery System Migration	3,281,051	854,319	2,426,732	26.0%
Powerball Prize Variance	12,960,000	4,123,979	8,836,021	31.8%
Rollforwards	13,920	13,920	0	100.0%
TOTAL	<u>\$513,045,067</u>	<u>\$228,189,085</u>	<u>\$276,019,961</u>	<u>44.48%</u>

FY10 Staffing (FTE) 126.0 (Appropriated) 116.168 (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	179,469,485
Powerball Prize Variance	(2,674,804)
Commissions and Bonuses	21,696,484
Cost of Tickets & Vendor Fees	6,274,245
Operating Expenses	15,577,673
Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings	<u>220,343,083</u>
Plus: Powerball Variance classified as revenue	6,798,783
Telecommunications offset classified as revenue	430,128
Less: Non-appropriated expenses and other adjustments	
Depreciation	(360,012)
Accrued Annual and Sick Leave	(20,325)
Loss on Disposal of Equipment classified as revenue	(36,368)
Sub-Total	<u>227,155,289</u>
Plus: Capitalized Fixed Assets	1,033,796
	<u>228,189,085</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 January 31, 2010 is 58 1/3%.

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