

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

(UNAUDITED)

FOR THE ONE (1) MONTH ENDED

JULY 31, 2010

**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. Brandon Shaffer	President of the Senate
Sen. Mike Kopp	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. Abel Tapia	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	

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

Abel Tapia
Lottery Director

August 26, 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 one month ended July 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)**

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 ONE (1) MONTH ENDED JULY 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 one month ended July 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 One Month Ended July 31,			
	2011		2010	
	Total	Actual Percent	Total	Actual Percent
INCOME				
Gross Ticket Sales	\$41.23		\$37.84	
Nonoperating revenue	0.10		0.08	
TOTAL INCOME	41.33		37.92	
LESS:				
PRIZES	\$25.97	63.0% (1)	\$22.79	60.2% (1)
RETAILER COMMISSIONS AND BONUSES	\$3.12	7.6% (1)	\$2.82	7.5% (1)
ADMINISTRATIVE COSTS				
Ticket Costs and Vendor Fees	0.84		0.79	
Other Operating Expenses	1.83		2.31	
TOTAL ADMINISTRATIVE COSTS (Note 3)	2.67	6.5% (2)	3.10	8.2% (2)
	9.57		9.21	
NET CHANGE IN NET ASSETS	-0.01		0.07	
PROCEEDS DISTRIBUTION	\$9.58	23.2% (2)	\$9.14	24.1% (2)

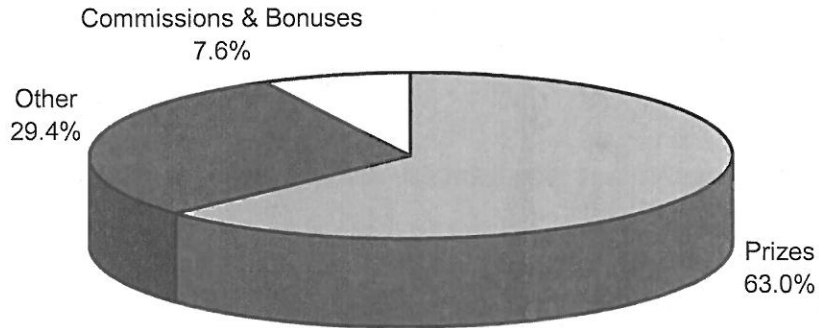
Note 1: Percent of gross ticket sales.

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.

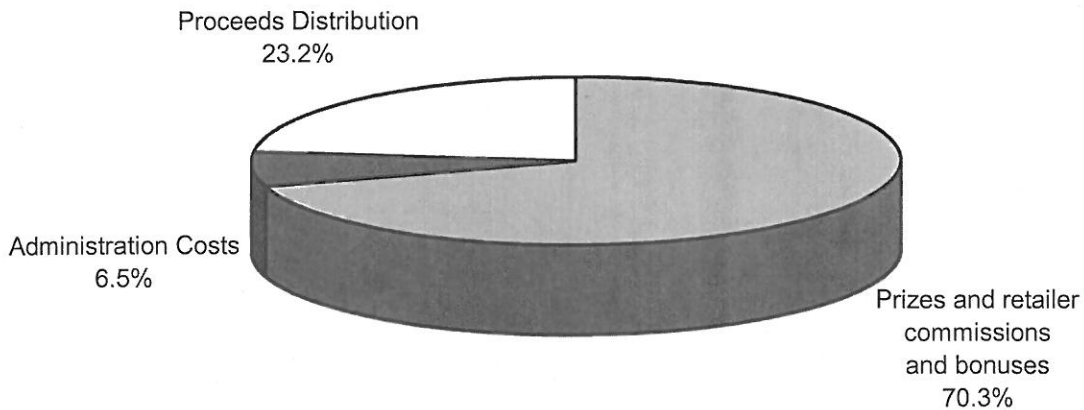
COLORADO LOTTERY
SUPPLEMENT OF FINANCIAL HIGHLIGHTS
FOR THE ONE MONTH
ENDED JULY 31, 2010

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
JULY 31, 2010 AND 2009
(UNAUDITED)

ASSETS	2011	2010
Current Assets:		
Cash and Investments	\$ 48,571,729	\$ 42,715,644
Accounts Receivable, net of the allowance for doubtful accounts of \$223,666 in 2011 and \$207,356 in 2010	15,213,205	19,235,184
Consignment Inventory, at Cost	117,395	96,436
Warehouse Inventory, at Cost	1,074,224	1,204,580
Prepaid Expenses	93,964	209,881
Total Current Assets	65,070,517	63,461,725
Reserve and Restricted Assets:		
Cash and Investments-Operating Reserve	1,200,000	1,100,000
Cash and Investments-Licensed Agent Recovery		
Reserve Receipts	368,990	357,192
Prepaid Prize Expense with MUSL	3,902,233	3,944,711
Total Reserve and Restricted Assets	5,471,223	5,401,903
Capital Assets:		
Equipment	6,426,226	5,581,871
Leasehold Improvements	0	0
Less Accumulated Depreciation and Amortization	(2,610,924)	(2,731,988)
Total Capital Assets	3,815,302	2,849,883
TOTAL ASSETS	\$ 74,357,042	\$ 71,713,511
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 2,345,251	\$ 2,339,725
Prize Liability	25,412,508	26,078,707
Payable to MUSL	0	397,430
Wages and Benefits	41,656	16,667
Accrued Annual and Sick Leave	0	0
Retailer Bonus Liability	361,898	330,221
Funds Available for Distribution	39,835,649	37,238,361
Total Current Liabilities	67,996,962	66,401,111
Long-Term Liabilities:		
Accrued Annual and Sick Leave	901,333	922,192
Expired Warrants Liability	74,455	83,133
Total Long-Term Liabilities	975,788	1,005,325
TOTAL LIABILITIES	68,972,750	67,406,436
NET ASSETS		
Investment in Capital Assets	3,815,302	2,849,883
Restricted-Licensed Agent Recovery Reserve	368,990	357,192
Restricted-Operating Reserve	1,200,000	1,100,000
Unrestricted-Other	0	0
TOTAL NET ASSETS	5,384,292	4,307,075
TOTAL LIABILITIES AND NET ASSETS	\$ 74,357,042	\$ 71,713,511

COLORADO LOTTERY
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE ONE (1) MONTH ENDED JULY 31, 2010 AND 2009
(UNAUDITED)

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Gross Ticket Sales	\$ 41,229,386	\$ 37,837,734
DIRECT OPERATING EXPENSES		
Prize Expense	25,643,809	22,493,158
Powerball Prize Variance	166,228	300,134
Mega Millions Prize Variance	155,445	0
Retailer Commissions and Bonuses	3,122,123	2,820,675
Cost of Tickets and Vendor Fees	<u>846,587</u>	<u>785,367</u>
GROSS PROFIT ON SALE OF TICKETS	<u>11,295,194</u>	<u>11,438,400</u>
OTHER OPERATING EXPENSES		
Marketing and Communications	730,273	1,205,942
Administration Fees Paid to MUSL	70,197	0
Wages and Benefits	669,034	693,338
Professional Services	(36,370)	11,210
State Agencies Services	7,177	6,360
Department of Revenue Services	44,812	44,427
Travel	15,133	9,345
Equipment	38,862	5,500
Depreciation	49,768	51,521
Accrued Annual and Sick Leave	(50,288)	(438)
Space Rental	59,196	69,614
Rents for Equipment	9,197	2,400
Motorpool Leasing	36,231	27,791
Materials and Supplies	15,643	8,399
Telephone	12,414	9,691
On-Line Telecommunications	19,676	43,650
Data Processing Supplies and Services	14,789	3,683
Equipment Maintenance	45,125	80,849
Postage	9,885	2,002
Printing	1,449	4,185
Delivery Expense	57,725	11,762
Other	7,629	22,148
Total Other Operating Expenses	<u>1,827,557</u>	<u>2,313,379</u>
OPERATING INCOME	<u>9,467,637</u>	<u>9,125,021</u>
NONOPERATING REVENUES (EXPENSES)		
Other Revenue	4,247	11,063
Investment Income	92,750	70,648
Funds Distributed for Current Year	0	0
Funds Available for Distribution for Current Year	<u>(9,581,364)</u>	<u>(9,148,129)</u>
Total Nonoperating Revenues (Expenses)	<u>(9,484,367)</u>	<u>(9,066,418)</u>
NET INCOME (LOSS)	<u>\$ (16,730)</u>	<u>\$ 58,603</u>
NET ASSETS, BEGINNING OF YEAR	5,401,022	4,248,472
Net Change in Net Assets	<u>(16,730)</u>	<u>58,603</u>
NET ASSETS, END OF PERIOD	<u>\$ 5,384,292</u>	<u>\$ 4,307,075</u>

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

(UNAUDITED)

	2011	2010
ASSETS		
Current Assets:		
Current Portion Long Term Investments-PB Annuity	401,000	386,000
Long Term Assets:		
Long Term Investments-PB Annuity	9,726,312	9,600,174
TOTAL ASSETS	\$ 10,127,312	\$ 9,986,174
 NET ASSETS		
Held in Trust for Powerball Winner	10,127,312	9,986,174
TOTAL NET ASSETS	\$ 10,127,312	\$ 9,986,174

COLORADO LOTTERY
 POWERBALL ANNUITY WINNERS TRUST FUND
 STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
 FOR THE ONE (1) MONTH ENDED JULY 31, 2010 AND 2009

(UNAUDITED)

	2011	2010
Additions		
Investment Income	\$ <u>49,700</u>	\$ <u>0</u>
Total Additions	<u>49,700</u>	<u>0</u>
 Deductions		
Prize Payments	<u>0</u>	<u>0</u>
Change in net assets	49,700	0
 Net Assets held in Trust for Powerball Winner		
Beginning of Year	<u>10,077,612</u>	<u>9,986,174</u>
End of Period	\$ <u><u>10,127,312</u></u>	\$ <u><u>9,986,174</u></u>

COLORADO LOTTERY
SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND ON-LINE GAMES
FOR THE ONE (1) MONTH ENDED JULY 31, 2010
(With Comparative Totals for the One (1) Month Ended July 31, 2009)

	Games in Progress						FY 11	FY 10
	Scratch	Lotto	Powerball	Cash 5	Matchplay	Mega Millions	Total	Scratch and On-Line
TICKET SALES	\$26,683,032	\$4,255,108	\$6,262,660	\$1,589,665	\$1,130,172	\$1,308,749	\$41,229,386	\$37,837,734
PRIZE EXPENSE	(18,017,620)	(2,371,714)	(2,812,142)	(877,806)	(1,030,243)	(534,284)	(25,643,809)	(22,493,158)
MULTI-STATE PRIZE VARIANCES	N/A	N/A	(166,228)	N/A	N/A	(155,445)	(321,673)	(300,134)
NET REVENUE AFTER PRIZES	<u>8,665,412</u>	<u>1,883,394</u>	<u>3,284,290</u>	<u>711,859</u>	<u>99,929</u>	<u>619,020</u>	<u>15,263,904</u>	<u>15,044,442</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)								
Retailer Commission	(1,865,479)	(255,063)	(375,344)	(95,247)	(67,755)	(78,330)	(2,737,218)	(2,502,390)
Retailer Bonus	(282,625)	(28,050)	(40,296)	(14,929)	(10,612)	(8,393)	(384,905)	(318,285)
Cost of Tickets Sold	(201,245)	N/A	N/A	N/A	N/A	N/A	(201,245)	(230,440)
Telecomm Reimbursements	37,595	5,995	8,824	2,240	1,594	1,842	58,090	54,988
On-Line Vendor Fees	(451,615)	(73,614)	(108,421)	(27,524)	(19,596)	(22,662)	(703,432)	(609,915)
TOTAL	<u>(2,763,369)</u>	<u>(350,732)</u>	<u>(515,237)</u>	<u>(135,460)</u>	<u>(96,369)</u>	<u>(107,543)</u>	<u>(3,968,710)</u>	<u>(3,606,042)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$5,902,043</u>	<u>\$1,532,662</u>	<u>\$2,769,053</u>	<u>\$576,399</u>	<u>\$3,560</u>	<u>\$511,477</u>	<u>\$11,295,194</u>	<u>\$11,438,400</u>
AVERAGE DAILY TICKET SALES	<u>\$860,743</u>	<u>\$137,262</u>	<u>\$202,021</u>	<u>\$51,280</u>	<u>\$36,457</u>	<u>\$42,218</u>	<u>\$1,329,980</u>	<u>\$1,220,572</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 ONE (1) MONTH ENDED JULY 31, 2010

	Games in Progress						Multistate Games Prize Variances	FY 11 Total
	Scratch	Lotto	Powerball	Cash 5	Matchplay	Mega Millions		
Prize Expense	\$18,017,620	\$2,371,714	\$2,812,142	\$877,806	\$1,030,243	\$534,284	\$321,673	\$25,965,482
(/)/Ticket Sales	26,683,032	4,255,108	6,262,660	1,589,665	1,130,172	1,308,749	N/A	41,229,386
Prize %	<u>67.52%</u>	<u>55.74%</u>	<u>44.90%</u>	<u>55.22%</u>	<u>91.16%</u>	<u>40.82%</u>		<u>62.98%</u>

COLORADO LOTTERY
BUDGET STATUS
FOR THE ONE (1) MONTH ENDED JULY 31, 2010

	FY11 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$8,940,941	\$604,836	\$8,336,105	6.8%
DOR Postage	5,054	0	5,054	0.0%
Amortization Equal	169,100	11,841	157,259	7.0%
Suppl Amortization Equalization	121,266	8,070	113,196	6.7%
Workmen's Compensation	48,548	4,046	44,502	8.3%
Health and Life	665,501	53,933	611,568	8.1%
Short Term Disability	11,283	953	10,330	8.4%
Operating	1,203,156	111,182	1,091,974	9.2%
Variable Vehicle	129,168	0	129,168	0.0%
Leased Space	617,105	58,680	558,425	9.5%
Leased Space-Grand Junction	7,201	516	6,685	7.2%
Risk Management	5,871	489	5,382	8.3%
Vehicle Lease Payments	139,539	11,183	128,356	8.0%
Travel	113,498	15,133	98,365	13.3%
Purch. Of Services-Computer Center	2,133	2,068	65	97.0%
Marketing, Communications & Sales	14,700,000	707,023	13,992,977	4.8%
Communications Services	2,118	177	1,941	8.4%
Payments to MNT	230,994	19,250	211,744	8.3%
Payments to Other Agencies	239,410	3,657	235,753	1.5%
Legal Services	32,473	3,520	28,953	10.8%
Indirect Costs	537,749	44,812	492,937	8.3%
Ticket Costs-Scratch	6,284,000	258,970	6,025,030	4.1%
Research	250,000	23,250	226,750	9.3%
Vendor Fees	12,376,154	713,392	11,662,762	5.8%
Prize Payments	400,264,560	25,799,254	374,465,306	6.4%
Retailer Compensation	49,290,600	3,122,123	46,168,477	6.3%
Multi-State Lottery Funds	177,433	70,197	107,236	39.6%
Lottery System Migration	1,935,949	40,426	1,895,523	2.1%
Powerball Prize Variance	12,960,000	550,155	12,409,845	4.2%
Rollforwards	0	0	0	N/A
TOTAL	<u>\$511,460,804</u>	<u>\$32,239,136</u>	<u>\$466,811,823</u>	<u>6.30%</u>

FY11 Staffing (FTE) 126.0 (Appropriated) 121.000 (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	25,643,809
Powerball Prize Variance	166,228
Megamillions Prize Variance	155,445
Commissions and Bonuses	3,122,123
Cost of Tickets & Vendor Fees	846,587
Operating Expenses	1,827,557

Total Expenses per Statement of Revenues, Expenses and Changes in Retained Earnings 31,761,749

Plus: Powerball Variance classified as revenue	383,927
Megamillions Variance classified as revenue	0
Telecommunications offset classified as revenue	58,090

Less: Non-appropriated expenses and other adjustments	
Depreciation	(49,768)
Accrued Annual and Sick Leave	50,288
Loss on Disposal of Equipment classified as revenue	(37,032)

Sub-Total 32,167,254

Plus: Capitalized Fixed Assets	71,882
	<u>32,239,136</u>

Note 1 - FY11 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, 2010 is 8 1/3%.

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