COLORADO LOTTERY FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

INCLUDING STATEMENT OF LOTTERY REVENUES, PRIZE DISBURSEMENTS AND OTHER EXPENSES

(UNAUDITED)

FOR THE TWO (2) MONTHS ENDED
AUGUST 31, 2014

COLORADO LOTTERY FINANCIAL STATEMENTS (UNAUDITED)

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STATE OF COLORADO

COLORADO LOTTERY DIVISION

Department of Revenue

Headquarters 225 N. Main Street Pueblo, CO 81003 (719) 546-2400 (719) 546-5208 Fax



John Hickenlooper Governor Barbara Brohl Executive Director Laura Solano Lottery Director

November 19, 2014

Members of the Lottery Commission and Ms. Laura Solano, 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 two months ended August 31, 2014 have been prepared in accordance with generally accepted accounting principles, using established accounting and internal control procedures. These procedures 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, errors or omissions, but should reduce the risk to a relatively low tolerable level.

Respectfully submitted,

John Caligaris

Controller, Colorado Lottery

Colorado Department of Revenue

COLORADO LOTTERY FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

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COLORADO LOTTERY FINANCIAL HIGHLIGHTS \$ IN MILLIONS

FOR THE TWO (2) MONTHS ENDED AUGUST 31, 2014 AND 2013

The table included below and the graphs included on page 2 present certain summarized operating results of the Colorado Lottery for the two months ended August 31, 2014 and 2013 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 Two Months Ended August 31,							
	FY 26	015		FY 20)14			
	Total	Actual Percent		Total	Actual Percent	-		
INCOME						-		
Gross Ticket Sales Nonoperating revenue	\$82.15 0.06			\$92.74 0.10				
TOTAL INCOME	82.21			92.84				
LESS:								
PRIZES	\$49.45	60.2%	(1)	\$57.47	62.0%	(1)		
RETAILER COMMISSIONS AND BONUSES	\$6.14	7.5%	(2)	\$6.86	7.4%	(2)		
ADMINISTRATIVE COSTS								
Ticket Costs and Vendor Fees Other Operating Expenses	1.62 4.59		(4) _	1.86 4.09				
TOTAL ADMINISTRATIVE COSTS (Note 3)	6.21	7.6%	(3)	5.95	6.4%	(3)		
	20.41			22.56				
NET CHANGE IN NET ASSETS	(0.09)		_	(0.17)				
PROCEEDS DISTRIBUTION	\$20.50	24.9%	(3) =	\$22.73	24.5%	(3)		

Note 1: Percent of gross ticket sales - per C.R.S. 24-35-210 (9) total disbursements for lottery prizes shall be no less than fifty percent of the total revenue accruing from the sale of lottery tickets or shares.

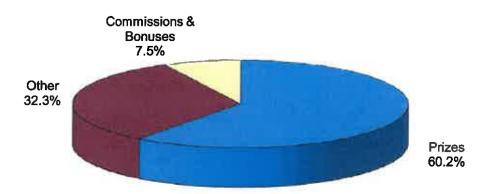
Note 2: Percent of gross ticket sales.

Note 3: Percent of total income.

Note 4: Total operating expenses per the statement of revenues, expenses and changes in fund net position 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.

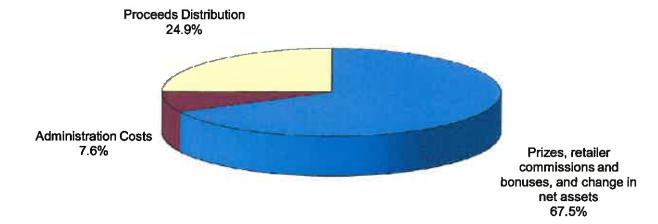
COLORADO LOTTERY SUPPLEMENT OF FINANCIAL HIGHLIGHTS FOR THE TWO MONTHS ENDED AUGUST 31, 2014

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 POSITION AUGUST 31, 2014 AND 2013 (UNAUDITED)

ASSETS	FY 2015	FY 2014
Current Assets: Cash and Investments	\$ 22,196,160	\$ 24,991,857
Accounts Receivable, net of the allowance for doubtful accounts of \$186,489 in 2014 and \$147,187 in 2013	20 817 820	10 152 296
Consignment Inventory, at Cost	20,817,830 97,612	19,153,286 103,883
Warehouse Inventory, at Cost	1,441,464	1,050,198
Prepaid Expenses	125,930	193,029
Total Current Assets	44,678,996	45,492,253
December 1 December 1 Access		
Reserve and Restricted Assets: Cash and Investments-Operating Reserve	1,400,000	1,300,000
Cash and Investments-Licensed Agent Recovery Reserve Receipts	361,082	200 007
Prepaid Prize Expense with MUSL	4,952,819	380,807 4,979,667
Total Reserve and Restricted Assets	6,713,901	6,660,474
Capital Assets:	5.049.505	4.044.00=
Equipment Leasehold Improvements	5,948,793	5,946,887
Less Accumulated Depreciation and Amortization	64,711 (5,121,461)	64,711 (4,272,034)
Total Capital Assets	892,043	1,739,564
		-,,,,,,,,
TOTAL ASSETS	\$ 52,284,940	\$ 53,892,291
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 1,351,714	\$ 3,181,697
Prize Liability	26,559,158	23,148,889
Payable to MUSL	14,422	15,433
Wages and Benefits Accrued Annual and Sick Leave	39,208	40,184
Retailer Bonus Liability	0 359,172	445,934
Funds Available for Distribution	20,501,057	22,726,993
Total Current Liabilities	48,824,731	49,559,130
Long-Term Liabilities:		
Accrued Annual and Sick Leave	746,359	852,065
Expired Warrants Liability	60,725	60,725
Total Long-Term Liabilities	807,084	912,790
TOTAL LIABILITIES	49,631,815	50,471,920
NET POSITION		
To sale at 12 Cl 2014	800.043	1 500 544
Investment in Capital Assets Restricted-Licensed Agent Recovery Reserve	892,043	1,739,564
Restricted-Operating Reserve	361,082	380,807
Unrestricted-Other	1,400,000	1,300,000
OHEST ICICA-OTHER	*	
TOTAL NET POSITION	2,653,125	3,420,371
TOTAL LIABILITIES AND NET POSITION	\$ 52,284,940	\$ 53,892,291

COLORADO LOTTERY STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION FOR THE TWO (2) MONTHS ENDED AUGUST 31, 2014 AND 2013 (UNAUDITED)

OPERATING REVENUES \$ 82,147,438 \$ 92,738,878 DIRECT OPERATING EXPENSES Prize Expense 49,450,448 57,469,089 Retailer Commissions and Bonuses 6,138,850 6,856,620 Cost of Tickets and Vendor Fees 1,618,941 1,865,875 Total Direct Operating Expenses 57,208,239 66,191,585 GROSS PROFIT ON SALE OF TICKETS 24,939,199 26,547,293 OTHER OPERATING EXPENSES 1,988,340 1,489,045 Marketing and Communications 1,988,340 1,489,045 Administration Fees Paid to MUSL 14,422 15,433 Wages and Benefits 1,663,816 1,625,707 Professional Services 22,503 20,548 State Agencies Services 111,079 30,069 Department of Revenue Services 97,296 83,218 Travel 16,025 8,748 Equipment 9,689 2,204 Depreciation 92,024 160,0758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154		FY 2015	FY 2014
DIRECT OPERATING EXPENSES	OPERATING REVENUES		
Prize Expense 49,450,448 57,469,089 Retailer Commissions and Bonuses 6,138,850 6,856,620 Cost of Tickets and Vendor Fees 1,618,941 1,865,876 Total Direct Operating Expenses 57,208,239 66,191,585 GROSS PROFIT ON SALE OF TICKETS 24,939,199 26,547,293 OTHER OPERATING EXPENSES Marketing and Communications 1,988,340 1,489,045 Administration Fees Paid to MUSL 14,422 15,433 Wages and Benefits 1,663,816 1,625,79 Professional Services 25,503 20,548 State Agencies Services 111,079 30,699 Department of Revenue Services 97,296 83,218 Travel 16,025 8,748 Equipment 9,689 2,004 Depreciation 92,024 160,075 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471		\$ 82,147,438	\$ 92,738,878
Prize Expense 49,450,448 57,469,089 Retailer Commissions and Bonuses 6,138,850 6,856,620 Cost of Tickets and Vendor Fees 1,618,941 1,865,876 Total Direct Operating Expenses 57,208,239 66,191,585 GROSS PROFIT ON SALE OF TICKETS 24,939,199 26,547,293 OTHER OPERATING EXPENSES Marketing and Communications 1,988,340 1,489,045 Administration Fees Paid to MUSL 14,422 15,433 Wages and Benefits 1,663,816 1,625,79 Professional Services 25,503 20,548 State Agencies Services 111,079 30,699 Department of Revenue Services 97,296 83,218 Travel 16,025 8,748 Equipment 9,689 2,004 Depreciation 92,024 160,075 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471	DIRECT OPER ATING EXPENSES		
Retailer Commissions and Bonuses		49 450 448	57 469 089
Cost of Tickets and Vendor Fees		, ,	
Total Direct Operating Expenses \$7,208,239 \$66,191,585			
GROSS PROFIT ON SALE OF TICKETS 24,939,199 26,547,293 OTHER OPERATING EXPENSES Warketing and Communications 1,988,340 1,489,045 Administration Fees Paid to MUSL 14,422 15,433 Wages and Benefits 1,663,816 1,625,707 Professional Services 25,503 20,548 State Agencies Services 1111,079 30,069 Department of Revenue Services 97,296 83,218 Travel 16,025 8,748 Equipment 9,689 2,204 Depreciation 92,024 160,758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 5,942 Equipment Maintenance 54,375			
OTHER OPERATING EXPENSES Marketing and Communications 1,988,340 1,489,045 Administration Fees Paid to MUSL 14,422 15,433 Wages and Benefits 1,663,816 1,625,707 Professional Services 25,503 20,548 State Agencies Services 1111,079 30,069 Department of Revenue Services 97,296 83,218 Travel 16,025 8,748 Equipment 9,689 2,204 Depreciation 92,024 160,758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853			
Marketing and Communications 1,988,340 1,489,045 Administration Fees Paid to MUSL 14,422 15,433 Wages and Benefits 1,663,816 1,625,707 Professional Services 25,503 20,548 State Agencies Services 111,079 30,069 Department of Revenue Services 97,296 83,218 Travel 16,025 8,748 Equipment 9,689 2,204 Depreciation 92,024 160,758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Ontal Processing Supplies and Services 5,942 52,696 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense </td <td>GROSS PROFIT ON SALE OF TICKETS</td> <td>24,939,199</td> <td>26,547,293</td>	GROSS PROFIT ON SALE OF TICKETS	24,939,199	26,547,293
Administration Fees Paid to MUSL 14,422 15,433 Wages and Benefits 1,663,816 1,625,707 Professional Services 25,503 20,548 State Agencies Services 111,079 30,069 Department of Revenue Services 97,296 83,218 Travel 16,025 8,748 Equipment 9,689 2,204 Depreciation 92,024 160,758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689	OTHER OPERATING EXPENSES		
Wages and Benefits 1,663,816 1,625,707 Professional Services 25,503 20,548 State A sencies Services 111,079 30,069 Department of Revenue Services 97,296 83,218 Travel 16,025 8,748 Equipment 9,689 2,204 Depreciation 92,024 160,758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689	Marketing and Communications	1,988,340	1,489,045
Professional Services 25,503 20,548 State Agencies Services 111,079 30,069 Department of Revenue Services 97,296 83,218 Travel 16,025 8,748 Equipment 9,689 2,204 Depreciation 92,024 160,758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING REVENUE (EXPENSE) <td< td=""><td>Administration Fees Paid to MUSL</td><td>14,422</td><td>15,433</td></td<>	Administration Fees Paid to MUSL	14,422	15,433
State Agencies Services 111,079 30,069 Department of Revenue Services 97,296 83,218 Travel 16,025 8,748 Equipment 9,689 2,204 Depreciation 92,024 160,758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,569 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING REVENUE (EXPENSE) 10 9 Investment Income 73,008	Wages and Benefits	1,663,816	1,625,707
Department of Revenue Services 97,296 83,218 Travel 16,025 8,748 Equipment 9,689 2,204 Depreciation 92,024 160,758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING INCOME 20,340,073 22,473,044 NONOPERATING REVENUES (EXPENSES)	Professional Services	25,503	20,548
Travel 16,025 8,748 Equipment 9,689 2,204 Depreciation 92,024 160,758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING REVENUE (EXPENSE) (10,098) 12,093 TOTAL OPERATING REVENUES (EXPENSES) 1 20,340,073 22,473,044 NONOPERATING REVENUES (EXPENSES) 73,008 85,128	State Agencies Services	111,079	30,069
Equipment 9,689 2,204 Depreciation 92,024 160,758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING INCOME 20,340,073 22,473,044 NONOPERATING REVENUES (EXPENSES) Investment Income 73,008 85,128 Funds Distributed for Current Year 0 0 0 Funds Distributed for Current Year 0 0 <td>Department of Revenue Services</td> <td>97,296</td> <td>83,218</td>	Department of Revenue Services	97,296	83,218
Depreciation 92,024 160,758 Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 113,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,2700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING REVENUE (EXPENSE) (10,098) 12,093 TOTAL OPERATING REVENUES (EXPENSES) 1 20,340,073 22,473,044 NONOPERATING REVENUES (EXPENSES) 73,008 85,128 Funds Distributed for Current Year 0 0 Funds Distributed for Current Year (20,501,057) <td>Travel</td> <td>16,025</td> <td>8,748</td>	Travel	16,025	8,748
Accrued Annual and Sick Leave 31,987 (6,091) Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING REVENUE (EXPENSE) (10,098) 12,093 TOTAL OPERATING REVENUES (EXPENSES) Investment Income 73,008 85,128 Funds Distributed for Current Year 0 0 Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865)	Equipment	9,689	2,204
Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING REVENUE (EXPENSE) (10,098) 12,093 TOTAL OPERATING REVENUES (EXPENSES) Investment Income 73,008 85,128 Punds Distributed for Current Year 0 0 0 Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865) NET INCOME (LOSS) \$ (87,976) \$ (168,821)	Depreciation	92,024	160,758
Space Rental 132,845 122,154 Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING REVENUE (EXPENSE) (10,098) 12,093 TOTAL OPERATING REVENUES (EXPENSES) Investment Income 73,008 85,128 Funds Distributed for Current Year 0 0 0 Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) \$ (87,976) \$ (168,821) NET INCOME (LOSS) \$ (87,976) \$ (168,821)	Accrued Annual and Sick Leave	31,987	(6,091)
Rents for Equipment 3,769 3,803 Motorpool Leasing 58,192 62,471 Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING REVENUE (EXPENSE) (10,098) 12,093 TOTAL OPERATING INCOME 20,340,073 22,473,044 NONOPERATING REVENUES (EXPENSES) 1 0 0 Investment Income 73,008 85,128 Funds Distributed for Current Year 0 0 0 Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865) NE	Space Rental		
Motorpool Leasing Materials and Supplies 58,192 (52,471) Materials and Supplies 13,736 (24,748) Telephone 48,764 (38,045) On-Line Telecommunications 22,700 (80,264) Data Processing Supplies and Services 5,942 (52,969) Equipment Maintenance 54,375 (62,870) Printing (7,853) (10,699) 10,699 Delivery Expense (164,982) (168,332) 168,332 Other (25,689) (30,348) 30,348 Total Other Operating Expenses 4,589,028 (4,986,342) OTHER OPERATING REVENUE (EXPENSE) (10,098) (12,093) TOTAL OPERATING INCOME 20,340,073 (22,473,044) NONOPERATING REVENUES (EXPENSES) (10,098) (12,057) (22,726,993) Investment Income 73,008 (20,428,049) (22,726,993) Total Nonoperating Revenues (Expenses) (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865) NET INCOME (LOSS) \$ (87,976) (168,821) NET POSITION, BEGINNING OF YEAR 2,741,101 (3,589,192) Net Change in Net Position (87,976) (168,821)	•		,
Materials and Supplies 13,736 24,748 Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING REVENUE (EXPENSE) (10,098) 12,093 TOTAL OPERATING INCOME 20,340,073 22,473,044 NONOPERATING REVENUES (EXPENSES) Investment Income 73,008 85,128 Funds Available for Distribution for Current Year 0 0 0 Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865) NET INCOME (LOSS) \$ (87,976) \$ (168,821) NET POSITION, BEGINNING OF YEAR 2,741,101 3,589,192 Net Change in Net Position			
Telephone 48,764 38,045 On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING REVENUE (EXPENSE) (10,098) 12,093 TOTAL OPERATING INCOME 20,340,073 22,473,044 NONOPERATING REVENUES (EXPENSES) Investment Income 73,008 85,128 Funds Distributed for Current Year 0 0 0 Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,726,993) NET INCOME (LOSS) \$ (87,976) \$ (168,821) NET POSITION, BEGINNING OF YEAR 2,741,101 3,589,192 Net Change in Net Position (87,976) (168,821)			
On-Line Telecommunications 22,700 80,264 Data Processing Supplies and Services 5,942 52,969 Equipment Maintenance 54,375 62,870 Printing 7,853 10,699 Delivery Expense 164,982 168,332 Other 25,689 30,348 Total Other Operating Expenses 4,589,028 4,086,342 OTHER OPERATING REVENUE (EXPENSE) (10,098) 12,093 TOTAL OPERATING INCOME 20,340,073 22,473,044 NONOPERATING REVENUES (EXPENSES) Investment Income 73,008 85,128 Funds Distributed for Current Year 0 0 0 Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865) NET INCOME (LOSS) \$ (87,976) \$ (168,821) Net Change in Net Position (87,976) (168,821)			· ·
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NONOPERATING REVENUES (EXPENSES) Investment Income 73,008 85,128 Funds Distributed for Current Year 0 0 Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865) NET INCOME (LOSS) \$ (87,976) \$ (168,821) NET POSITION, BEGINNING OF YEAR 2,741,101 3,589,192 Net Change in Net Position (87,976) (168,821)	OTHER OPERATING REVENUE (EXPENSE)	(10,098)	12,093
Investment Income 73,008 85,128 Funds Distributed for Current Year 0 0 Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865) NET INCOME (LOSS) \$ (87,976) \$ (168,821) NET POSITION, BEGINNING OF YEAR 2,741,101 3,589,192 Net Change in Net Position (87,976) (168,821)	TOTAL OPERATING INCOME	20,340,073	22,473,044
Investment Income 73,008 85,128 Funds Distributed for Current Year 0 0 Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865) NET INCOME (LOSS) \$ (87,976) \$ (168,821) NET POSITION, BEGINNING OF YEAR 2,741,101 3,589,192 Net Change in Net Position (87,976) (168,821)	NONOPERATING REVENUES (EXPENSES)		
Funds Distributed for Current Year 0 0 Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865) NET INCOME (LOSS) \$ (87,976) \$ (168,821) NET POSITION, BEGINNING OF YEAR 2,741,101 3,589,192 Net Change in Net Position (87,976) (168,821)		73.008	85,128
Funds Available for Distribution for Current Year (20,501,057) (22,726,993) Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865) NET INCOME (LOSS) \$ (87,976) \$ (168,821) NET POSITION, BEGINNING OF YEAR 2,741,101 3,589,192 Net Change in Net Position (87,976) (168,821)	Funds Distributed for Current Year	•	
Total Nonoperating Revenues (Expenses) (20,428,049) (22,641,865) NET INCOME (LOSS) \$ (87,976) \$ (168,821) NET POSITION, BEGINNING OF YEAR 2,741,101 3,589,192 Net Change in Net Position (87,976) (168,821)	Funds Available for Distribution for Current Year		(22,726,993)
NET POSITION, BEGINNING OF YEAR 2,741,101 3,589,192 Net Change in Net Position (87,976) (168,821)			(22,641,865)
Net Change in Net Position (87,976) (168,821)	NET INCOME (LOSS)	\$ (87,976)	\$ (168,821)
	NET POSITION, BEGINNING OF YEAR	2,741,101	3,589,192
NET POSITION, END OF PERIOD <u>\$ 2,653,125</u> <u>\$ 3,420,371</u>	Net Change in Net Position	(87,976)	(168,821)
	NET POSITION, END OF PERIOD	\$ 2,653,125	\$ 3,420,371

COLORADO LOTTERY POWERBALL ANNUITY WINNERS TRUST FUND STATEMENTS OF FIDUCIARY NET POSITION AUGUST 31, 2014 AND 2013

(UNAUDITED)

ASSETS	-	FY 2015	-	FY 2014
Current Assets: Current Portion Long Term Investments-PB Annuity		469,000		451,000
Long Term Assets: Long Term Investments-PB Annuity	_	10,249,203	_	10,194,751
TOTAL ASSETS	\$ _	10,718,203	\$ =	10,645,751
NET POSITION				
Held in Trust for Powerball Winner	_	10,718,203	_	10,645,751
TOTAL NET POSITION	\$_	10,718,203	\$ _	10,645,751

COLORADO LOTTERY

POWERBALL ANNUITY WINNERS TRUST FUND STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE TWO MONTHS ENDED AUGUST 31, 2014 AND 2013

(UNAUDITED)

	FY 2015	FY 2014
Additions		
Investment Income	\$ 88,142	\$ 91,742
Total Additions	88,142	91,742
Deductions		
Prize Payments	0	0
Change in net position	88,142	91,742
Net Position held in Trust for Powerball Winner		
Beginning of Year	10,630,061	10,554,009
End of Period	\$ 10,718,203	\$ 10,645,751

COLORADO LOTTERY SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND JACKPOT GAMES FOR THE TWO MONTHS ENDED AUGUST 31, 2014

(With Comparative Totals for the Two Months Ended August 31, 2013)

							FY 15	FY 14
	Jackpot Games							Scratch and
	Scratch	Lotto	Powerball	Cash 5	Mega Millions	Pick 3	Total	Jackpot Games
TICKET SALES	\$58,486,441	\$4,685,864	\$9,608,830	\$3,228,856	\$4,625,886	\$1,511,561	\$82.147.438	\$92,738,878
	400, 100, 111	\$ 1,000,00 1	40,000,000	\$0,220,000	\$1,020,000	\$1,011,001	ψ0 2 ,111,450	ψυΣ,1 υσ,010
PRIZE EXPENSE	(37,684,201)	(2,533,539)	(4,476,987)	(1,778,978)	(2,220,924)	(755,819)	(49,450,448)	(57,469,089)
NET REVENUE								
AFTER PRIZES	20,802,240	2,152,325	5,131,843	1,449,878	2,404,962	755,742	32,696,990	35,269,789
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)								
Retailer Commission	(4,080,141)	(280,388)	(574,797)	(193,185)	(276,679)	(90,394)	(5,495,584)	(6,144,759)
Retailer Bonus	(482,315)	(23,120)	(85,111)	(25,033)	(17,399)	(10,288)	(643,266)	(711,861)
Cost of Tickets Sold	(383,927)	N/A	N/A	N/A	N/A	N/A	(383,927)	(469,663)
Telecomm Reimbursements	85,741	6,870	14,087	4,734	6,782	2,216	120,430	134,395
Jackpot Vendor Fees	(965,026)	(77,317)	(158,545)	(53,276)	(76,328)	(24,952)	(1,355,444)	(1,530,608)
	(000,000)	(11,011)	(100 010)	(00,210)	(10,020)	(2 1,002)	(11000)-1-1)	(1,000,000)
TOTAL	(5,825,668)	(373,955)	(804,366)	(266,760)	(363,624)	(123,418)	(7,757,791)	(8,722,496)
GROSS PROFIT ON SALE OF TICKETS	<u>\$14.976.572</u>	<u>\$1.778.370</u>	<u>\$4.327.477</u>	\$1.183.118	\$2,041,338	<u>\$632.324</u>	\$24,939 <u>.199</u>	\$26.547.293
AVERAGE DAILY TICKET SALES	<u>\$943.330</u>	<u>\$75.578</u>	<u>\$154.981</u>	\$52.078	<u>\$74.611</u>	<u>\$24.380</u>	<u>\$1.324.959</u>	<u>\$1.495.788</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 TWO MONTHS ENDED AUGUST 31, 2014

	Scratch	Lotto	Powerball	Cash 5	Mega Millions	Pick 3	FY 15 Total	FY 14 Total
Prize Expense (/)Ticket Sales	\$37,684,201 58,486,441	\$2,533,539 4,685,864	\$4,476,987 9,608,830	\$1,778,978 3,228,856	\$2,220,924 4,625,886	\$755,819 1,511,561	\$49,450,448 <u>\$82,147,438</u>	\$57,469,089 92,738,878
Prize %	64.43%	54.07%	46.59%	55.10%	48.01%	50.00%	60.20%	61.97%

COLORADO LOTTERY BUDGET STATUS

FOR THE TWO MONTHS ENDED AUGUST 31, 2014

	FY15	Amount		Percent
	Budget	Expended	Amount	Expended
	(Note 1)	(Note 3)	Available	(Note 2)
Personal Services	\$0.244.724	1 460 906	\$7.07£.070	15.70/
	\$9,344,734	1,468,896	\$7,875,838	15.7%
Amortization Equal	294,742	22,551	272,191	7.7%
Suppl Amortization Equalization	276,321	20,771	255,550	7.5%
Workmen's Compensation	89,739	14,956	74,783	16.7%
Health and Life	953,274	155,102	798,172	16.3%
Short Term Disability	16,213	2,643	13,570	16.3%
Operating	1,203,156	208,899	994,257	17.4%
Variable Vehicle	206,469	34,412	172,057	16.7%
Leased Space	772,800	131,405	641,395	17.0%
Leased Space-Grand Junction	6,465	1,078	5,387	16.7%
Risk Management	27,222	4,538	22,684	16.7%
Vehicle Lease Payments	142,681	23,780	118,901	16.7%
Travel	113,498	16,025	97,473	14.1%
Marketing, Communications & Sales	14,700,000	1,966,415	12,733,585	13.4%
Payments to Other Agencies	239,410	6,201	233,209	2.6%
Legal Services	116,426	5,982	110,444	5.1%
Indirect Costs	586,778	97,296	489,482	16.6%
Ticket Costs-Scratch	6,578,000	553,309	6,024,691	8.4%
Research	250,000	21,925	228,075	8.8%
Vendor Fees	12,571,504	1,355,444	11,216,060	10.8%
Prize Payments	424,104,016	49,450,448	374,653,568	11.7%
Retailer Compensation	52,241,350	6,138,850	46,102,500	11.8%
Multi-State Lottery Funds	177,433	14,422	163,011	8.1%
CORE Conversion	35,657	5,942	29,715	16.7%
OIT Payments	593,380	98,896	494,484	16.7%
Postage	7,892	0	7,892	0.0%
TOTAL	\$525,649,160	\$61,820,186	\$463,326,598	11.76%

117.00 (Appropriated)

119.00 (Projected)

Reconciliation of Expenses per "Statement of Revenues, Expenses and Changes in Net Position" to Budgeted Expenditures:

Expenses Per Statement of Revenues, Expenses and Changes in Net Position

FY15 Staffing - FTE - (Note 4)

Prize Expense Commissions and Bonuses Cost of Tickets & Vendor Fees Operating Expenses	49,450,448 6,138,850 1,618,941 4,589,028
Total Expenses per Statement of Revenues, Expenses and Changes in Net Position	61,797,267
Plus: Telecommunications offset classified as revenue	120,430
Less: Non-appropriated expenses and other adjustments Depreciation Accrued Annual and Sick Leave Loss on Disposal of Equipment classified as revenue	(92,024) (31,987) 0
Sub-Total Plus: Capitalized Fixed Assets	61,793,686 26,500 0 \$61,820,186

Note 1 - FY15 budget includes Lottery Long Bill and transfers from the Department of Revenue and anticipated supplemental funding.

Note 2 - Percent of fiscal year elapsed through August, 2014 is 16.7%.

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

Note 4 - The Governor's budget office has informed departments that the appropriated FTE can be exceeded by 10% for FY 2015