

***COLORADO LOTTERY  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION***

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

**(UNAUDITED)**

**FOR THE SEVEN (7) MONTHS ENDED**

**JANUARY 31, 2015**

**COLORADO LOTTERY  
FINANCIAL STATEMENTS  
(UNAUDITED)**

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# STATE OF COLORADO

**COLORADO LOTTERY DIVISION**  
Department of Revenue

**Headquarters**  
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John Hickenlooper  
Governor

Barbara Brohl  
Executive Director

Laura Solano  
Lottery Director

April 8, 2015

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 seven months ended January 31, 2015 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,

A handwritten signature in cursive script that reads "John Caligaris".

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 SEVEN (7) MONTHS ENDED JANUARY 31, 2015 AND 2014

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, 2015 and 2014 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,			
	FY 2015		FY 2014	
	Total	Actual Percent	Total	Actual Percent
<b>INCOME</b>				
Gross Ticket Sales	\$300.50		\$318.97	
Nonoperating revenue	0.38		0.46	
<b>TOTAL INCOME</b>	<b>300.88</b>		<b>319.43</b>	
<b>LESS:</b>				
<b>PRIZES</b>	<b>\$184.70</b>	<b>61.5% (1)</b>	<b>\$195.60</b>	<b>61.3% (1)</b>
<b>RETAILER COMMISSIONS AND BONUSES</b>	<b>\$22.33</b>	<b>7.4% (2)</b>	<b>\$23.58</b>	<b>7.4% (2)</b>
<b>ADMINISTRATIVE COSTS</b>				
Ticket Costs and Vendor Fees	5.92		6.36	
Other Operating Expenses	16.92	(4)	15.99	
<b>TOTAL ADMINISTRATIVE COSTS (Note 3)</b>	<b>22.84</b>	<b>7.6% (3)</b>	<b>22.35</b>	<b>7.0% (3)</b>
	71.01		77.90	
<b>NET CHANGE IN NET ASSETS</b>	<b>(0.23)</b>		<b>(0.44)</b>	
<b>PROCEEDS DISTRIBUTION</b>	<b>\$71.24</b>	<b>23.7% (3)</b>	<b>\$78.34</b>	<b>24.5% (3)</b>

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.

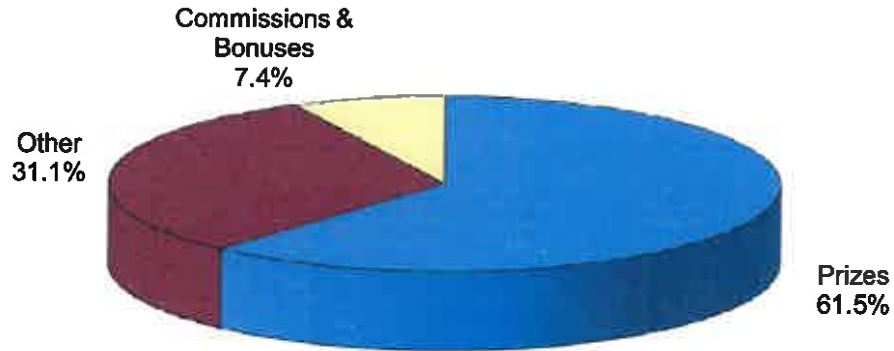
Note 2: Percent of gross ticket sales.

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.

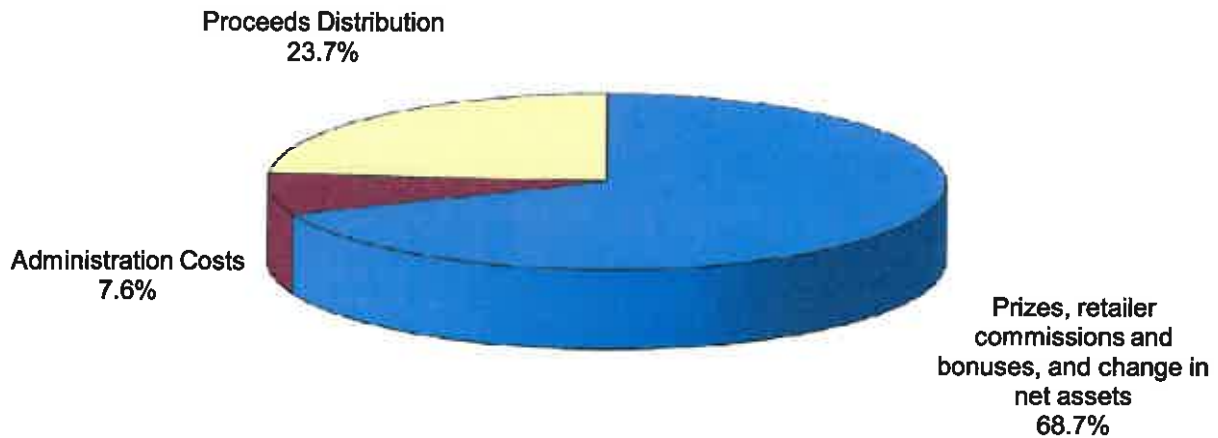
COLORADO LOTTERY  
SUPPLEMENT OF FINANCIAL HIGHLIGHTS  
FOR THE SEVEN MONTHS ENDED JANUARY 31, 2015

**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  
JANUARY 31, 2015 AND 2014  
(UNAUDITED)

ASSETS	<u>FY 2015</u>	<u>FY 2014</u>
<b>Current Assets:</b>		
Cash and Investments	\$ 40,531,283	\$ 47,326,213
Accounts Receivable, net of the allowance for doubtful accounts of \$196,749 in 2014 and \$144,093 in 2013	23,313,375	19,661,323
Consignment Inventory, at Cost	99,183	122,443
Warehouse Inventory, at Cost	1,383,531	1,183,096
Prepaid Expenses	187,363	189,522
<b>Total Current Assets</b>	<u><b>65,514,735</b></u>	<u><b>68,482,597</b></u>
<b>Reserve and Restricted Assets:</b>		
Cash and Investments-Operating Reserve	1,500,000	1,400,000
Cash and Investments-Licensed Agent Recovery		
Reserve Receipts	351,505	403,776
Prepaid Prize Expense with MUSL	4,606,804	5,097,986
<b>Total Reserve and Restricted Assets</b>	<u><b>6,458,309</b></u>	<u><b>6,901,762</b></u>
<b>Capital Assets:</b>		
Equipment	5,948,793	5,946,887
Leasehold Improvements	64,711	64,711
Less Accumulated Depreciation and Amortization	<u>(5,354,499)</u>	<u>(4,671,949)</u>
<b>Total Capital Assets</b>	<u><b>659,005</b></u>	<u><b>1,339,649</b></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 72,632,049</b></u>	<u><b>\$ 76,724,008</b></u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 748,270	\$ 1,125,315
Prize Liability	24,890,599	24,677,143
Payable to MUSL	1,119,770	1,190,586
Wages and Benefits	-	138,205
Accrued Annual and Sick Leave	-	-
Retailer Bonus Liability	920,621	1,071,988
Funds Available for Distribution	41,577,144	44,640,511
<b>Total Current Liabilities</b>	<u><b>69,256,404</b></u>	<u><b>72,843,748</b></u>
<b>Long-Term Liabilities:</b>		
Accrued Annual and Sick Leave	804,410	676,110
Expired Warrants Liability	60,725	60,725
<b>Total Long-Term Liabilities</b>	<u><b>865,135</b></u>	<u><b>736,835</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>70,121,539</b></u>	<u><b>73,580,583</b></u>
<b>NET POSITION</b>		
Investment in Capital Assets	659,005	1,339,649
Restricted-Licensed Agent Recovery Reserve	351,505	403,776
Restricted-Operating Reserve	1,500,000	1,400,000
Unrestricted-Other	-	-
<b>TOTAL NET POSITION</b>	<u><b>2,510,510</b></u>	<u><b>3,143,425</b></u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><b>\$ 72,632,049</b></u>	<u><b>\$ 76,724,008</b></u>

COLORADO LOTTERY  
STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2015 AND 2014  
(UNAUDITED)

	<u>FY 2015</u>	<u>FY 2014</u>
<b>OPERATING REVENUES</b>		
Gross Ticket Sales	\$ 300,500,307	\$ 318,973,998
<b>DIRECT OPERATING EXPENSES</b>		
Prize Expense	184,700,637	195,604,453
Retailer Commissions and Bonuses	22,326,825	23,577,259
Cost of Tickets and Vendor Fees	5,925,501	6,360,975
Total Direct Operating Expenses	<u>212,952,963</u>	<u>225,542,687</u>
<b>GROSS PROFIT ON SALE OF TICKETS</b>	<u>87,547,344</u>	<u>93,431,311</u>
<b>OTHER OPERATING EXPENSES</b>		
Marketing and Communications	8,011,175	6,776,103
Administration Fees Paid to MUSL	50,470	56,535
Wages and Benefits	5,580,902	5,614,531
Professional Services	195,089	78,559
State Agencies Services	415,412	175,459
Department of Revenue Services	342,286	291,818
Travel	67,365	27,857
Equipment	58,049	468,922
Depreciation	325,062	560,673
Accrued Annual and Sick Leave	102,838	(182,025)
Space Rental	450,518	438,321
Rents for Equipment	15,213	13,853
Motorpool Leasing	201,984	210,536
Materials and Supplies	88,190	66,212
Telephone	166,461	132,633
On-Line Telecommunications	59,717	248,649
Data Processing Supplies and Services	20,797	194,775
Equipment Maintenance	102,848	155,944
Printing	13,427	14,285
Delivery Expense	559,571	554,835
Other	94,627	96,474
Total Other Operating Expenses	<u>16,922,001</u>	<u>15,994,949</u>
<b>OTHER OPERATING REVENUE (EXPENSE)</b>	107,694	203,629
<b>TOTAL OPERATING INCOME</b>	<u>70,733,037</u>	<u>77,639,991</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	272,288	255,985
Funds Distributed for Current Year	(29,658,772)	(33,701,232)
Funds Available for Distribution for Current Year	(41,577,144)	(44,640,511)
Total Nonoperating Revenues (Expenses)	<u>(70,963,628)</u>	<u>(78,085,758)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (230,591)</u>	<u>\$ (445,767)</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	2,741,101	3,589,192
Net Change in Net Position	<u>(230,591)</u>	<u>(445,767)</u>
<b>NET POSITION, END OF PERIOD</b>	<u>\$ 2,510,510</u>	<u>\$ 3,143,425</u>



**COLORADO LOTTERY**  
**POWERBALL ANNUITY WINNERS TRUST FUND**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**JANUARY 31, 2015 AND 2014**

(UNAUDITED)

	<u>FY 2015</u>	<u>FY 2014</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Current Portion Long Term Investments-PB Annuity	488,000	469,000
<b>Long Term Assets:</b>		
Long Term Investments-PB Annuity	<u>9,973,460</u>	<u>9,945,873</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>10,461,460</u></b>	<b>\$ <u>10,414,873</u></b>
 <b>NET POSITION</b>		
Held in Trust for Powerball Winner	<u>10,461,460</u>	<u>10,414,873</u>
<b>TOTAL NET POSITION</b>	<b>\$ <u>10,461,460</u></b>	<b>\$ <u>10,414,873</u></b>

**COLORADO LOTTERY**  
**POWERBALL ANNUITY WINNERS TRUST FUND**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2015 AND 2014**

(UNAUDITED)

	<u>FY 2015</u>	<u>FY 2014</u>
<b>Additions</b>		
Investment Income	\$ <u>300,399</u>	\$ <u>311,864</u>
<b>Total Additions</b>	<u>300,399</u>	<u>311,864</u>
 <b>Deductions</b>		
Prize Payments	<u>469,000</u>	<u>451,000</u>
<b>Change in net position</b>	(168,601)	(139,136)
 <b>Net Position held in Trust for Powerball Winner</b>		
Beginning of Year	<u>10,630,061</u>	<u>10,554,009</u>
End of Period	\$ <u><u>10,461,460</u></u>	\$ <u><u>10,414,873</u></u>

**COLORADO LOTTERY**  
**SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND JACKPOT GAMES**  
**FOR THE SEVEN (7) MONTHS ENDED JANUARY 31, 2015**  
(With Comparative Totals for the Seven (7) Ended January 31, 2014)

	Scratch	Jackpot Games					FY 15	FY 14
		Lotto	Powerball	Cash 5	Mega Millions	Pick 3	Total	Scratch and Jackpot Games
TICKET SALES	\$208,657,887	\$17,060,822	\$39,105,475	\$11,206,332	\$19,397,293	\$5,072,498	<b>\$300,500,307</b>	\$318,973,998
PRIZE EXPENSE	(137,955,054)	(10,109,256)	(18,686,354)	(6,110,383)	(9,332,168)	(2,507,422)	<b>(184,700,637)</b>	(195,604,453)
NET REVENUE AFTER PRIZES	<u>70,702,833</u>	<u>6,951,566</u>	<u>20,419,121</u>	<u>5,095,949</u>	<u>10,065,125</u>	<u>2,565,076</u>	<u>115,799,670</u>	<u>123,369,545</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)								
Retailer Commission	(14,565,298)	(1,021,087)	(2,339,284)	(670,562)	(1,160,330)	(303,359)	(20,059,920)	(21,171,150)
Retailer Bonus	(1,769,412)	(97,235)	(201,297)	(88,707)	(75,122)	(35,132)	(2,266,905)	(2,406,109)
Cost of Tickets Sold	(1,368,138)	N/A	N/A	N/A	N/A	N/A	(1,368,138)	(1,558,420)
Telecomm Reimbursements	311,994	25,509	58,472	16,756	29,004	7,585	449,320	463,485
Jackpot Vendor Fees	(3,468,591)	(285,461)	(655,100)	(187,712)	(324,850)	(84,969)	(5,006,683)	(5,266,040)
TOTAL	<u>(20,859,445)</u>	<u>(1,378,274)</u>	<u>(3,137,209)</u>	<u>(930,225)</u>	<u>(1,531,298)</u>	<u>(415,875)</u>	<u>(28,252,326)</u>	<u>(29,938,234)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$49,843,388</u>	<u>\$5,573,292</u>	<u>\$17,281,912</u>	<u>\$4,165,724</u>	<u>\$8,533,827</u>	<u>\$2,149,201</u>	<u>\$87,547,344</u>	<u>\$93,431,311</u>
AVERAGE DAILY TICKET SALES	<u>\$970,502</u>	<u>\$79,353</u>	<u>\$181,886</u>	<u>\$52,122</u>	<u>\$90,220</u>	<u>\$23,593</u>	<u>\$1,397,676</u>	<u>\$1,483,600</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, 2015**

	Scratch	Lotto	Powerball	Cash 5	Mega Millions	Pick 3	FY 15 Total	FY 14 Total
Prize Expense	\$137,955,054	\$10,109,256	\$18,686,354	\$6,110,383	\$9,332,168	\$2,507,422	\$184,700,637	\$195,604,453
(/)/Ticket Sales	208,657,887	17,060,822	39,105,475	11,206,332	19,397,293	5,072,498	\$300,500,307	318,973,998
Prize %	<u>66.12%</u>	<u>59.25%</u>	<u>47.78%</u>	<u>54.53%</u>	<u>48.11%</u>	<u>49.43%</u>	<u>61.46%</u>	<u>61.32%</u>

