

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

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

**(UNAUDITED)**

**FOR THE TEN MONTHS (10) MONTHS ENDED**

**APRIL 30, 2015**

**COLORADO LOTTERY  
FINANCIAL STATEMENTS  
(UNAUDITED)**

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# STATE OF COLORADO

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**COLORADO LOTTERY DIVISION**

Department of Revenue

**Headquarters**

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Pueblo, CO 81003  
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John Hickenlooper  
Governor

Barbara Brohl  
Executive Director

Laura Solano  
Lottery Director

July 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 ten months ended April 30, 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 TEN (10) MONTHS ENDED APRIL 30, 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 ten months ended April 30, 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 Ten Months Ended April 30,			
	FY 2015		FY 2014	
	Total	Actual Percent	Total	Actual Percent
<b>INCOME</b>				
Gross Ticket Sales	\$447.99		\$457.03	
Nonoperating revenue	0.54		0.59	
<b>TOTAL INCOME</b>	<b>448.53</b>		<b>457.62</b>	
<b>LESS:</b>				
<b>PRIZES</b>	<b>\$276.21</b>	<b>61.7% (1)</b>	<b>\$281.70</b>	<b>61.6% (1)</b>
<b>RETAILER COMMISSIONS AND BONUSES</b>	<b>\$33.26</b>	<b>7.4% (2)</b>	<b>\$33.80</b>	<b>7.4% (2)</b>
<b>ADMINISTRATIVE COSTS</b>				
Ticket Costs and Vendor Fees	9.00		9.10	
Other Operating Expenses	24.12	(4)	23.60	
<b>TOTAL ADMINISTRATIVE COSTS (Note 3)</b>	<b>33.12</b>	<b>7.4% (3)</b>	<b>32.70</b>	<b>7.1% (3)</b>
	<b>105.94</b>		<b>109.42</b>	
<b>NET CHANGE IN NET ASSETS</b>	<b>(0.34)</b>		<b>(0.66)</b>	
<b>PROCEEDS DISTRIBUTION</b>	<b>\$106.28</b>	<b>23.7% (3)</b>	<b>\$110.08</b>	<b>24.1% (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.

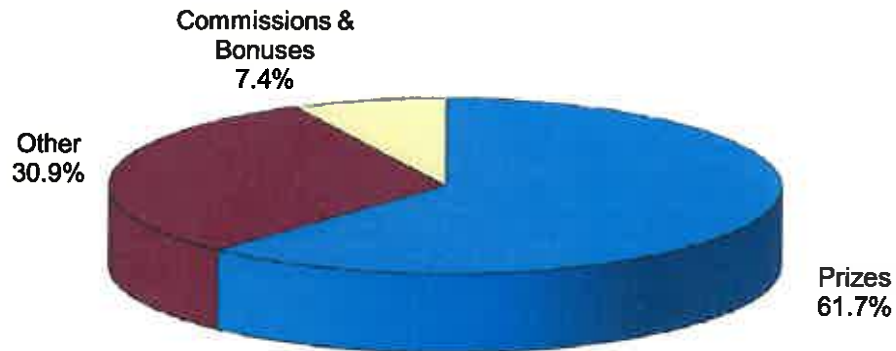
Note 2: Percent of gross ticket sales.

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.

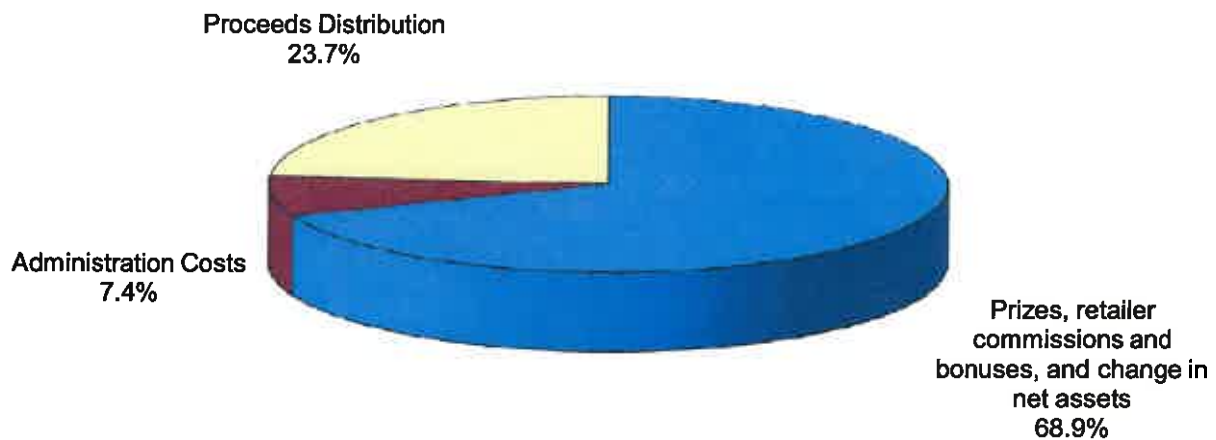
COLORADO LOTTERY  
SUPPLEMENT OF FINANCIAL HIGHLIGHTS  
FOR THE TEN MONTHS ENDED APRIL 30, 2015

**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  
APRIL 30, 2015 AND 2014  
(UNAUDITED)

ASSETS	<u>FY 2015</u>	<u>FY 2014</u>
<b>Current Assets:</b>		
Cash and Investments	\$ 50,764,959	\$ 47,599,428
Accounts Receivable, net of the allowance for doubtful accounts of \$199,706 in 2015 and \$120,489 in 2014	18,544,910	22,192,890
Consignment Inventory, at Cost	101,379	97,506
Warehouse Inventory, at Cost	1,103,364	1,205,041
Prepaid Expenses	114,607	113,998
Total Current Assets	<u>70,629,219</u>	<u>71,208,863</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	361,403	410,366
Prepaid Prize Expense with MUSL	4,581,628	4,952,785
Total Reserve and Restricted Assets	<u>6,443,031</u>	<u>6,763,151</u>
<b>Capital Assets:</b>		
Equipment	5,971,272	5,965,066
Leasehold Improvements	64,711	64,711
Less Accumulated Depreciation and Amortization	<u>(5,495,412)</u>	<u>(4,911,106)</u>
Total Capital Assets	<u>540,571</u>	<u>1,118,671</u>
<b>TOTAL ASSETS</b>	<u>\$ 77,612,821</u>	<u>\$ 79,090,685</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 993,121	\$ 1,597,780
Prize Liability	25,619,753	30,219,491
Payable to MUSL	233,878	408,372
Wages and Benefits	-	976
Accrued Annual and Sick Leave	-	-
Retailer Bonus Liability	1,279,425	1,433,169
Funds Available for Distribution	46,198,421	41,718,436
Total Current Liabilities	<u>74,324,598</u>	<u>75,378,224</u>
<b>Long-Term Liabilities:</b>		
Accrued Annual and Sick Leave	825,524	722,699
Expired Warrants Liability	60,725	60,725
Total Long-Term Liabilities	<u>886,249</u>	<u>783,424</u>
<b>TOTAL LIABILITIES</b>	<u>75,210,847</u>	<u>76,161,648</u>
<b>NET POSITION</b>		
Investment in Capital Assets	540,571	1,118,671
Restricted-Licensed Agent Recovery Reserve	361,403	410,366
Restricted-Operating Reserve	1,500,000	1,400,000
Unrestricted-Other	-	-
<b>TOTAL NET POSITION</b>	<u>2,401,974</u>	<u>2,929,037</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 77,612,821</u>	<u>\$ 79,090,685</u>

COLORADO LOTTERY  
 STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE TEN (10) MONTHS ENDED APRIL 30, 2015 AND 2014  
 (UNAUDITED)

	<u>FY 2015</u>	<u>FY 2014</u>
<b>OPERATING REVENUES</b>		
Gross Ticket Sales	\$ 447,990,256	\$ 457,033,514
<b>DIRECT OPERATING EXPENSES</b>		
Prize Expense	276,205,198	281,701,042
Retailer Commissions and Bonuses	33,264,584	33,802,435
Cost of Tickets and Vendor Fees	8,999,189	9,101,198
Total Direct Operating Expenses	<u>318,468,971</u>	<u>324,604,675</u>
<b>GROSS PROFIT ON SALE OF TICKETS</b>	<u>129,521,285</u>	<u>132,428,839</u>
<b>OTHER OPERATING EXPENSES</b>		
Marketing and Communications	11,453,486	10,748,249
Administration Fees Paid to MUSL	121,378	80,764
Wages and Benefits	7,951,962	7,838,345
Professional Services	241,939	114,490
State Agencies Services	583,332	214,733
Department of Revenue Services	488,980	416,883
Travel	85,575	39,931
Equipment	52,230	484,650
Depreciation	465,975	799,831
Accrued Annual and Sick Leave	125,686	(134,940)
Space Rental	639,207	626,976
Rents for Equipment	23,406	20,752
Motorpool Leasing	268,012	307,631
Materials and Supplies	110,058	88,007
Telephone	262,020	192,024
On-Line Telecommunications	61,126	358,498
Data Processing Supplies and Services	35,657	276,013
Equipment Maintenance	176,674	204,348
Printing	12,712	22,199
Delivery Expense	823,929	782,580
Other	139,919	121,211
Total Other Operating Expenses	<u>24,123,263</u>	<u>23,603,175</u>
<b>OTHER OPERATING REVENUE (EXPENSE)</b>	142,654	224,484
<b>TOTAL OPERATING INCOME</b>	<u>105,540,676</u>	<u>109,050,148</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	400,226	361,767
Funds Distributed for Current Year	(60,081,608)	(68,353,634)
Funds Available for Distribution for Current Year	(46,198,421)	(41,718,436)
Total Nonoperating Revenues (Expenses)	<u>(105,879,803)</u>	<u>(109,710,303)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (339,127)</u>	<u>\$ (660,155)</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	2,741,101	3,589,192
Net Change in Net Position	<u>(339,127)</u>	<u>(660,155)</u>
<b>NET POSITION, END OF PERIOD</b>	<u>\$ 2,401,974</u>	<u>\$ 2,929,037</u>



**COLORADO LOTTERY**  
**POWERBALL ANNUITY WINNERS TRUST FUND**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**APRIL 30, 2015 AND 2014**

(UNAUDITED)

	FY 2015	FY 2014
<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	10,096,931	10,073,551
<b>TOTAL ASSETS</b>	\$ 10,584,931	\$ 10,542,551
 <b>NET POSITION</b>		
Held in Trust for Powerball Winner	10,584,931	10,542,551
<b>TOTAL NET POSITION</b>	\$ 10,584,931	\$ 10,542,551

**COLORADO LOTTERY**  
**POWERBALL ANNUITY WINNERS TRUST FUND**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE TEN MONTHS ENDED APRIL 30, 2015 AND 2014**

(UNAUDITED)

	FY 2015	FY 2014
<b>Additions</b>		
Investment Income	\$ <u>423,870</u>	\$ <u>439,542</u>
<b>Total Additions</b>	<u>423,870</u>	<u>439,542</u>
 <b>Deductions</b>		
Prize Payments	<u>469,000</u>	<u>451,000</u>
<b>Change in net position</b>	<b>(45,130)</b>	<b>(11,458)</b>
 <b>Net Position held in Trust for Powerball Winner</b>		
<b>Beginning of Year</b>	<u>10,630,061</u>	<u>10,554,009</u>
<b>End of Period</b>	\$ <u><u>10,584,931</u></u>	\$ <u><u>10,542,551</u></u>

**COLORADO LOTTERY**  
**SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND JACKPOT GAMES**  
**FOR THE TEN MONTHS ENDED APRIL 30, 2015**  
(With Comparative Totals for the Ten Months Ended April 30, 2014)

	Jackpot Games						FY 15	FY 14
	Scratch	Lotto	Powerball	Cash 5	Mega Millions	Pick 3	Total	Scratch and Jackpot Games
TICKET SALES	\$311,684,916	\$25,224,320	\$62,429,370	\$16,041,382	\$25,348,156	\$7,262,112	\$447,990,256	\$457,033,514
PRIZE EXPENSE	(207,343,458)	(14,411,579)	(30,081,112)	(8,657,316)	(12,142,993)	(3,568,740)	(276,205,198)	(281,701,042)
NET REVENUE AFTER PRIZES	<u>104,341,458</u>	<u>10,812,741</u>	<u>32,348,258</u>	<u>7,384,066</u>	<u>13,205,163</u>	<u>3,693,372</u>	<u>171,785,058</u>	<u>175,332,472</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)								
Retailer Commission	(21,765,988)	(1,510,051)	(3,736,724)	(959,778)	(1,516,650)	(434,210)	(29,923,401)	(30,373,629)
Retailer Bonus	(2,643,959)	(139,756)	(284,267)	(126,219)	(97,244)	(49,738)	(3,341,183)	(3,428,806)
Cost of Tickets Sold	(2,083,408)	N/A	N/A	N/A	N/A	N/A	(2,083,408)	(2,213,879)
Telecomm Reimbursements	447,469	36,213	89,626	23,030	36,391	10,426	643,155	658,665
Jackpot Vendor Fees	(5,255,299)	(426,818)	(1,053,862)	(271,606)	(428,388)	(122,963)	(7,558,936)	(7,545,984)
TOTAL	<u>(31,301,185)</u>	<u>(2,040,412)</u>	<u>(4,985,227)</u>	<u>(1,334,573)</u>	<u>(2,005,891)</u>	<u>(596,485)</u>	<u>(42,263,773)</u>	<u>(42,903,633)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$73,040,273</u>	<u>\$8,772,329</u>	<u>\$27,363,031</u>	<u>\$6,049,493</u>	<u>\$11,199,272</u>	<u>\$3,096,887</u>	<u>\$129,521,285</u>	<u>\$132,428,839</u>
AVERAGE DAILY TICKET SALES	<u>\$1,025,279</u>	<u>\$82,975</u>	<u>\$205,360</u>	<u>\$52,768</u>	<u>\$83,382</u>	<u>\$23,889</u>	<u>\$1,473,652</u>	<u>\$1,503,400</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 TEN MONTHS ENDED APRIL 30, 2015**

							FY 15	FY 14
	Scratch	Lotto	Powerball	Cash 5	Mega Millions	Pick 3	Total	Total
Prize Expense (/)/Ticket Sales	\$207,343,458 311,684,916	\$14,411,579 25,224,320	\$30,081,112 62,429,370	\$8,657,316 16,041,382	\$12,142,993 25,348,156	\$3,568,740 7,262,112	\$276,205,198 \$447,990,256	\$281,701,042 457,033,514
Prize %	<u>66.52%</u>	<u>57.13%</u>	<u>48.18%</u>	<u>53.97%</u>	<u>47.90%</u>	<u>49.14%</u>	<u>61.65%</u>	<u>61.64%</u>

**COLORADO LOTTERY  
BUDGET STATUS  
FOR THE TEN (10) MONTHS ENDED APRIL 30, 2015**

	FY15 Budget (Note 1)	Amount Expended (Note 3)	Amount Available	Percent Expended (Note 2)
Personal Services	\$9,344,734	6,893,578	\$2,451,156	73.8%
Amortization Equal	294,742	227,536	67,206	77.2%
Suppl Amortization Equalization	276,321	212,566	63,755	76.9%
Worker's Compensation	89,739	74,783	14,956	83.3%
Health and Life	953,274	771,223	182,051	80.9%
Short Term Disability	16,213	13,076	3,137	80.7%
Operating	1,203,156	773,329	429,827	64.3%
Variable Vehicle	206,469	137,767	68,702	66.7%
Leased Space	772,800	632,738	140,062	81.9%
Leased Space-Grand Junction	6,465	4,253	2,212	65.8%
Risk Management	27,222	22,685	4,537	83.3%
Vehicle Lease Payments	161,681	130,405	31,276	80.7%
Travel	113,498	85,575	27,923	75.4%
Marketing, Communications & Sales	14,700,000	11,322,721	3,377,279	77.0%
Payments to Other Agencies	239,410	57,482	181,928	24.0%
Legal Services	116,426	31,367	85,059	26.9%
Indirect Costs	586,778	488,980	97,798	83.3%
Ticket Costs-Scratch	6,578,000	2,949,912	3,628,088	44.8%
Research	250,000	130,765	119,235	52.3%
Vendor Fees	12,571,504	7,610,666	4,960,838	60.5%
Prize Payments	424,104,016	276,205,198	147,898,818	65.1%
Retailer Compensation	52,241,350	33,264,584	18,976,766	63.7%
Multi-State Lottery Funds	177,433	121,378	56,055	68.4%
CORE Conversion	35,657	35,657	0	100.0%
OIT Payments	593,380	494,483	98,897	83.3%
Postage	7,892	-	7,892	0.0%
<b>TOTAL</b>	<b><u>\$525,668,160</u></b>	<b><u>\$342,692,707</u></b>	<b><u>\$182,868,664</u></b>	<b><u>65.19%</u></b>

FY15 Staffing - FTE - (Note 4) 117.00 (Appropriated) 120.00 (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**

Prize Expense	276,205,198
Commissions and Bonuses	33,264,584
Cost of Tickets & Vendor Fees	8,999,189
Operating Expenses	24,123,263

Total Expenses per Statement of Revenues, Expenses and Changes in Net Position 342,592,234

Plus: Telecommunications offset classified as revenue 643,155

Less: Non-appropriated expenses and other adjustments

Depreciation (465,975)

Accrued Annual and Sick Leave (125,686)

Loss on Disposal of Equipment classified as revenue 0

Sub-Total 342,643,728

Plus: Capitalized Fixed Assets 48,979

\$342,692,707

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 April, 2015 is 83.3%.

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