

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

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

**(UNAUDITED)**

**FOR THE ELEVEN MONTHS (11) MONTHS ENDED**

**MAY 31, 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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John Hickenlooper  
Governor

Barbara Brohl  
Executive Director

Laura Solano  
Lottery Director

August 12, 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 eleven months ended May 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 ELEVEN (11) MONTHS ENDED MAY 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 eleven months ended May 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 Eleven Months Ended May 31,			
	FY 2015		FY 2014	
	Total	Actual Percent	Total	Actual Percent
<b>INCOME</b>				
Gross Ticket Sales	\$496.89		\$502.84	
Nonoperating revenue	0.61		0.70	
<b>TOTAL INCOME</b>	<b>497.50</b>		<b>503.54</b>	
<b>LESS:</b>				
<b>PRIZES</b>	<b>\$305.73</b>	<b>61.5% (1)</b>	<b>\$310.38</b>	<b>61.7% (1)</b>
<b>RETAILER COMMISSIONS AND BONUSES</b>	<b>\$36.89</b>	<b>7.4% (2)</b>	<b>\$37.20</b>	<b>7.4% (2)</b>
<b>ADMINISTRATIVE COSTS</b>				
Ticket Costs and Vendor Fees	10.00		9.98	
Other Operating Expenses	26.53	(4)	25.86	
<b>TOTAL ADMINISTRATIVE COSTS (Note 3)</b>	<b>36.53</b>	<b>7.3% (3)</b>	<b>35.84</b>	<b>7.1% (3)</b>
	118.35		120.12	
<b>NET CHANGE IN NET ASSETS</b>	<b>(0.30)</b>		<b>(0.73)</b>	
<b>PROCEEDS DISTRIBUTION</b>	<b>\$118.65</b>	<b>23.8% (3)</b>	<b>\$120.85</b>	<b>24.0% (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.

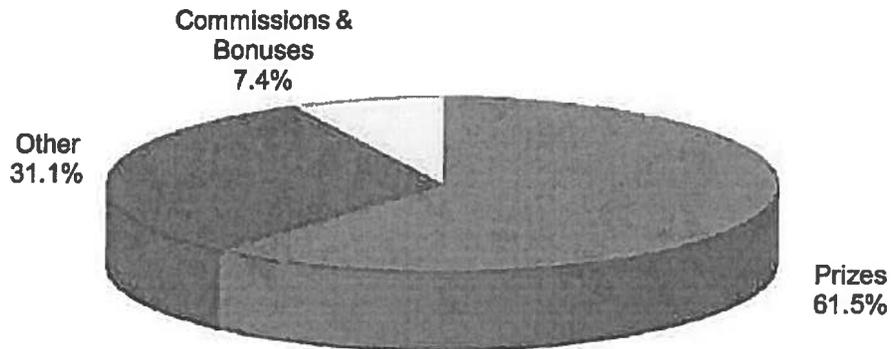
Note 2: Percent of gross ticket sales.

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.

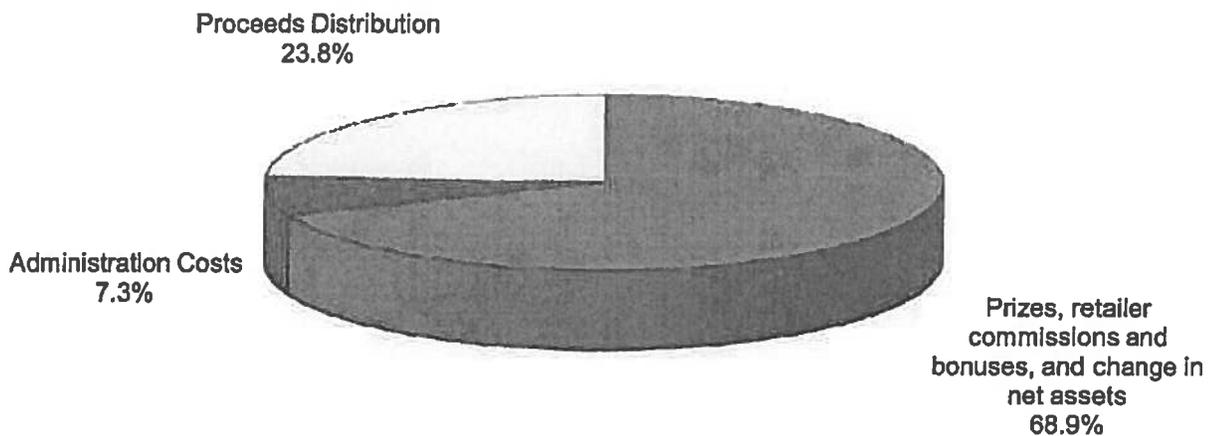
COLORADO LOTTERY  
SUPPLEMENT OF FINANCIAL HIGHLIGHTS  
FOR THE ELEVEN MONTHS ENDED MAY 31, 2015

**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  
MAY 31, 2015 AND 2014  
(UNAUDITED)

ASSETS	FY 2015	FY 2014
<b>Current Assets:</b>		
Cash and Investments	\$ 60,995,625	\$ 32,114,513
Accounts Receivable, net of the allowance for doubtful accounts of \$194,537 in 2015 and \$119,739 in 2014	21,083,585	19,339,877
Consignment Inventory, at Cost	105,452	102,031
Warehouse Inventory, at Cost	1,217,214	1,318,955
Prepaid Expenses	99,636	88,823
Total Current Assets	83,501,512	52,964,199
<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	371,333	415,921
Prepaid Prize Expense with MUSL	4,581,628	4,952,785
Total Reserve and Restricted Assets	6,452,961	6,768,706
<b>Capital Assets:</b>		
Equipment	6,043,707	5,965,066
Leasehold Improvements	64,711	64,711
Less Accumulated Depreciation and Amortization	(5,538,391)	(4,991,246)
Total Capital Assets	570,027	1,038,531
<b>TOTAL ASSETS</b>	<b>\$ 90,524,500</b>	<b>\$ 60,771,436</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 1,859,079	\$ 1,556,677
Prize Liability	24,510,264	31,385,312
Payable to MUSL	873,381	1,403,923
Wages and Benefits	-	976
Accrued Annual and Sick Leave	-	-
Retailer Bonus Liability	1,384,657	1,549,562
Funds Available for Distribution	58,569,972	21,245,274
Total Current Liabilities	87,197,353	57,141,724
<b>Long-Term Liabilities:</b>		
Accrued Annual and Sick Leave	825,062	714,535
Expired Warrants Liability	60,725	60,725
Total Long-Term Liabilities	885,787	775,260
<b>TOTAL LIABILITIES</b>	<b>88,083,140</b>	<b>57,916,984</b>
<b>NET POSITION</b>		
Investment in Capital Assets	570,027	1,038,531
Restricted-Licensed Agent Recovery Reserve	371,333	415,921
Restricted-Operating Reserve	1,500,000	1,400,000
Unrestricted-Other	-	-
Total Net Position	2,441,360	2,854,452
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 90,524,500</b>	<b>\$ 60,771,436</b>

COLORADO LOTTERY  
 STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE ELEVEN (11) MONTHS ENDED MAY 31, 2015 AND 2014  
 (UNAUDITED)

	<u>FY 2015</u>	<u>FY 2014</u>
<b>OPERATING REVENUES</b>		
Gross Ticket Sales	\$ 496,893,995	\$ 502,841,718
<b>DIRECT OPERATING EXPENSES</b>		
Prize Expense	305,727,743	310,380,492
Retailer Commissions and Bonuses	36,889,843	37,201,902
Cost of Tickets and Vendor Fees	9,997,432	9,986,768
Total Direct Operating Expenses	<u>352,615,018</u>	<u>357,569,162</u>
<b>GROSS PROFIT ON SALE OF TICKETS</b>	<u>144,278,977</u>	<u>145,272,556</u>
<b>OTHER OPERATING EXPENSES</b>		
Marketing and Communications	12,599,497	11,709,806
Administration Fees Paid to MUSL	128,589	88,840
Wages and Benefits	8,759,964	8,598,594
Professional Services	283,923	162,546
State Agencies Services	638,005	225,820
Department of Revenue Services	537,879	458,572
Travel	92,790	43,251
Equipment	99,884	494,651
Depreciation	508,953	879,970
Accrued Annual and Sick Leave	125,519	(143,362)
Space Rental	703,465	689,843
Rents for Equipment	25,859	22,553
Motorpool Leasing	290,437	339,032
Materials and Supplies	110,327	95,429
Telephone	287,916	212,104
On-Line Telecommunications	56,898	394,911
Data Processing Supplies and Services	35,657	302,809
Equipment Maintenance	190,325	251,109
Printing	19,569	26,802
Delivery Expense	889,536	879,036
Other	151,997	127,774
Total Other Operating Expenses	<u>26,536,989</u>	<u>25,860,090</u>
<b>OTHER OPERATING REVENUE (EXPENSE)</b>	159,763	297,664
<b>TOTAL OPERATING INCOME</b>	<u>117,901,751</u>	<u>119,710,130</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	450,088	405,405
Funds Distributed for Current Year	(60,081,608)	(99,605,001)
Funds Available for Distribution for Current Year	(58,569,972)	(21,245,274)
Total Nonoperating Revenues (Expenses)	<u>(118,201,492)</u>	<u>(120,444,870)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (299,741)</u>	<u>\$ (734,740)</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	2,741,101	3,589,192
Net Change in Net Position	<u>(299,741)</u>	<u>(734,740)</u>
<b>NET POSITION, END OF PERIOD</b>	<u>\$ 2,441,360</u>	<u>\$ 2,854,452</u>

**COLORADO LOTTERY**  
**POWERBALL ANNUITY WINNERS TRUST FUND**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**MAY 31, 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	10,139,938	10,118,023
<b>TOTAL ASSETS</b>	\$ 10,627,938	\$ 10,587,023
 <b>NET POSITION</b>		
Held in Trust for Powerball Winner	10,627,938	10,587,023
<b>TOTAL NET POSITION</b>	\$ 10,627,938	\$ 10,587,023

**COLORADO LOTTERY**  
**POWERBALL ANNUITY WINNERS TRUST FUND**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE ELEVEN MONTHS ENDED MAY 31, 2015 AND 2014**

(UNAUDITED)

	<u>FY 2015</u>	<u>FY 2014</u>
<b>Additions</b>		
Investment Income	\$ <u>466,877</u>	\$ <u>484,014</u>
<b>Total Additions</b>	<u>466,877</u>	<u>484,014</u>
<b>Deductions</b>		
Prize Payments	<u>469,000</u>	<u>451,000</u>
<b>Change in net position</b>	(2,123)	33,014
<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>10,627,938</u></u>	\$ <u><u>10,587,023</u></u>

**COLORADO LOTTERY**  
**SCHEDULE OF REVENUE AND COSTS FOR SCRATCH AND JACKPOT GAMES**  
**FOR THE ELEVEN MONTHS ENDED MAY 31, 2015**  
(With Comparative Totals for the Eleven Months Ended May 31, 2014)

	Jackpot Games						FY 15	FY 14
	Scratch	Lotto	Powerball	Cash 5	Mega Millions	Pick 3	Total	Scratch and Jackpot Games
TICKET SALES	\$347,017,180	\$27,462,696	\$67,850,205	\$17,687,264	\$28,868,409	\$8,008,242	\$496,893,995	\$502,841,718
PRIZE EXPENSE	(230,279,248)	(15,354,779)	(32,704,182)	(9,579,700)	(13,839,262)	(3,970,572)	(305,727,743)	(310,380,492)
NET REVENUE AFTER PRIZES	<u>116,737,932</u>	<u>12,107,916</u>	<u>35,146,023</u>	<u>8,107,564</u>	<u>15,029,147</u>	<u>4,037,670</u>	<u>191,166,252</u>	<u>192,461,226</u>
COMMISSIONS, BONUSES, TICKET COSTS & VENDOR FEES (Note 1)								
Retailer Commission	(24,232,069)	(1,644,126)	(4,061,333)	(1,058,270)	(1,727,372)	(478,790)	(33,201,960)	(33,432,171)
Retailer Bonus	(2,933,698)	(148,138)	(301,448)	(139,083)	(110,679)	(54,937)	(3,687,883)	(3,769,731)
Cost of Tickets Sold	(2,283,305)	N/A	N/A	N/A	N/A	N/A	(2,283,305)	(2,403,733)
Telecomm Reimbursements	490,802	38,842	95,964	25,016	40,830	11,326	702,780	718,790
Jackpot Vendor Fees	(5,875,171)	(466,355)	(1,149,498)	(300,556)	(489,241)	(136,086)	(8,416,907)	(8,301,825)
TOTAL	<u>(34,833,341)</u>	<u>(2,219,777)</u>	<u>(5,416,315)</u>	<u>(1,472,893)</u>	<u>(2,286,462)</u>	<u>(658,487)</u>	<u>(46,887,275)</u>	<u>(47,188,670)</u>
GROSS PROFIT ON SALE OF TICKETS	<u>\$81,904,591</u>	<u>\$9,888,139</u>	<u>\$29,729,708</u>	<u>\$6,634,671</u>	<u>\$12,742,685</u>	<u>\$3,379,183</u>	<u>\$144,278,977</u>	<u>\$145,272,556</u>
AVERAGE DAILY TICKET SALES	<u>\$1,035,872</u>	<u>\$81,978</u>	<u>\$202,538</u>	<u>\$52,798</u>	<u>\$86,174</u>	<u>\$23,905</u>	<u>\$1,483,266</u>	<u>\$1,501,020</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 ELEVEN MONTHS ENDED MAY 31, 2015**

	Scratch	Lotto	Powerball	Cash 5	Mega Millions	Pick 3	FY 15 Total	FY 14 Total
Prize Expense	\$230,279,248	\$15,354,779	\$32,704,182	\$9,579,700	\$13,839,262	\$3,970,572	\$305,727,743	\$310,380,492
Gross Ticket Sales	347,017,180	27,462,696	67,850,205	17,687,264	28,868,409	8,008,242	\$496,893,995	502,841,718
Prize %	<u>66.36%</u>	<u>55.91%</u>	<u>48.20%</u>	<u>54.16%</u>	<u>47.94%</u>	<u>49.58%</u>	<u>61.53%</u>	<u>61.73%</u>

