

OREGON STATE LOTTERY
 Operating Statement Summary
 For the Month Ending December 31, 2008
 In Thousands

	Traditional Lottery				Video Lottery				Total			
	Current period actual	Current period budget*	Last Year's period actual	Variance Actual vs. budget	Current period actual	Current period budget*	Last Year's period actual	Variance Actual vs. budget	Current period actual	Current period budget*	Last Year's period actual	Variance Actual vs. budget
Revenue	\$ 25,834	\$ 28,680	\$ 29,926	\$ (2,846)	\$ 878,507	\$ 1,024,251	\$ 1,033,518	\$ (145,744)	\$ 904,341	\$ 1,052,931	\$ 1,063,444	\$ (148,590)
Prizes	17,266	18,921	19,868	1,655	813,420	948,354	957,653	134,934	830,687	967,275	977,522	136,588
Net revenue	\$ 8,567	\$ 9,759	\$ 10,057	\$ (1,192)	\$ 65,087	\$ 75,897	\$ 75,865	\$ (10,810)	\$ 73,654	\$ 85,656	\$ 85,922	\$ (12,002)
Direct expenses	4,143	5,127	4,214	984	18,667	21,946	20,311	3,279	22,811	27,073	24,525	4,263
Indirect revenue/expenses	340	309	250	(31)	3,568	3,608	2,374	40	3,908	3,917	2,624	9
Net profit	\$ 4,084	\$ 4,322	\$ 5,594	\$ (238)	\$ 42,852	\$ 50,344	\$ 53,179	\$ (7,491)	\$ 46,936	\$ 54,666	\$ 58,773	\$ (7,730)

Percentages of Distributable Revenue For Current Month:

Prizes	66.7%	65.8%	66.4%		92.5%	92.5%	92.7%		91.8%	91.8%	91.9%	
Administrative Expenses	17.5%	19.2%	14.9%		2.6%	2.6%	2.2%		3.0%	3.1%	2.6%	

*FY 2009 is based upon the December 2008 forecast

OREGON STATE LOTTERY

Operating Statement
For the Month Ending December 31, 2008
Net Revenue Basis

	Traditional Lottery	% of Net Revenue	Video Lottery	% of Net Revenue	Total Lottery	% of Net Revenue
Revenue						
Scratch-Its SM	10,642,007				\$ 10,642,007	
Megabucks SM	2,538,179				2,538,179	
Powerball [®]	3,601,951				3,601,951	
Keno	8,203,739				8,203,739	
Pick 4 SM	109,314				109,314	
Win For Life SM	543,796				543,796	
Lucky Lines SM	194,698				194,698	
Video Lottery SM (Gross Receipts)	-		878,507,252		878,507,252	
TOTAL	25,833,684		878,507,252		\$ 904,340,936	
Prize Expense	17,266,473		813,420,034		830,686,507	
Net Revenue	8,567,211	100	65,087,218	100	\$ 73,654,429	100
Direct Expenses:						
Commissions	2,245,774	26	15,608,909	24	\$ 17,854,683	24
Game Vendor Charges	471,192	5	157,603	0	628,795	1
Tickets	285,832	3	-	0	285,832	0
Advertising	980,695	11	2,798	0	983,493	1
Sales Support	124,323	1	-	0	124,323	0
Game Equipment, Parts & Maintenance	1,183	0	49,293	0	50,475	0
Research	31,559	0	7,890	0	39,449	0
Research & Development	2,600	0	-	0	2,600	0
Capital Lease Interest	-	0	-	0	-	0
Depreciation	338	0	2,840,553	4	2,840,891	4
TOTAL	4,143,496	48	18,667,045	29	\$ 22,810,542	31
Gross Profit	4,423,715	52	46,420,172	71	\$ 50,843,887	69
Contribution Margin	8.70%		91.30%		100.00%	
Indirect Revenue						
Legal Settlements	-	0	-	0	\$ -	0
Gain on Sale of Investments	-	0	-	0	-	0
Other Income	143	0	1,498	0	1,641	0
TOTAL	46,910	1	492,249	1	\$ 537,518	1
Indirect Expenses						
Public Information	25,847	0	271,227	0	\$ 297,075	0
Personal Services	284,930	3	2,989,908	5	3,274,838	4
Services & Supplies	55,783	1	585,358	1	641,141	1
Depreciation	20,346	0	213,495	0	233,841	0
TOTAL	386,906	5	4,059,988	6	\$ 4,446,894	6
Net Profit	4,083,719	48	42,852,433	66	\$ 46,936,152	64

OREGON STATE LOTTERY
 Supplemental Schedule of
 Services and Supplies Expenses
 For the Month Ending December 31, 2008

	Traditional			Video			Total		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 1,363	\$ 3,801	\$ 2,438	\$ 14,306	\$ 39,884	\$ 25,578	\$ 15,669	\$ 43,685	\$ 28,016
Office Expenses	3,944	5,661	1,717	41,391	59,408	18,017	45,335	65,069	19,734
Telecommunications Network	(3,314)	123	3,438	(34,777)	1,296	36,072	(38,091)	1,419	39,510
Telecommunications	4,520	4,827	307	47,431	50,653	3,222	51,951	55,480	3,529
Intergovernmental Charges	7,743	7,566	(177)	81,253	79,396	(1,857)	88,996	86,962	(2,034)
Technology Expenses	10,711	20,132	9,421	112,396	211,253	98,857	123,108	231,385	108,277
Professional Services	18,723	30,079	11,356	196,473	315,635	119,162	215,196	345,714	130,518
Staff Training	1,497	3,688	2,191	15,712	38,704	22,991	17,210	42,392	25,182
Facilities	3,681	3,641	(40)	38,622	38,204	(417)	42,302	41,845	(457)
Facilities Maintenance	1,282	1,734	452	13,456	18,200	4,743	14,738	19,934	5,196
Other Services & Supplies	2,366	5,098	2,732	24,823	53,493	28,670	27,189	58,591	31,402
Fleet Expenses	3,867	7,140	3,273	40,580	74,922	34,342	44,447	82,062	37,615
Supplier Diversity	-	34	34	-	353	353	-	387	387
TOTAL	\$ 56,384	\$ 93,525	\$ 37,142	\$ 591,667	\$ 981,400	\$ 389,733	\$ 648,052	\$ 1,074,925	\$ 426,874
Less Non Distributable Revenue	(601)	-	601	(6,309)	-	6,309	(6,910)	-	6,910
AMOUNT REPORTED	\$ 55,783	\$ 93,525	\$ 37,743	\$ 585,358	\$ 981,400	\$ 396,042	\$ 641,141	\$ 1,074,925	\$ 433,784

OREGON STATE LOTTERY
 Operating Statement
 Year-to-Date Through December 31, 2008
 Net Revenue Basis

	Traditional Lottery		Video Lottery		Total Lottery		Variance			
	Revenue	% of Net Revenue	Revenue	% of Net Revenue	Actual	% of Net Revenue	Budget*	% of Net Revenue	Favorable / (Unfavorable)	% Variance
Revenue										
Scratch-Its SM	\$ 57,051,630		-		\$ 57,051,630		\$ 59,004,024		\$ (1,952,394)	(3)
Megabucks SM	19,616,150		-		19,616,150		19,865,013		(249,864)	(1)
Powerball [®]	23,693,841		-		23,693,841		25,039,497		(1,345,656)	(5)
Keno	50,209,942		-		50,209,942		51,218,651		(1,008,709)	(2)
Pick 4 SM	707,982		-		707,982		704,000		3,982	1
Win For Life SM	3,344,689		-		3,344,689		3,351,730		(7,041)	(0)
Lucky Lines SM	1,029,870		-		1,029,870		1,023,796		6,074	1
Video Lottery SM (Gross Receipts)	-		5,742,639,182		5,742,639,182		5,914,535,000		(171,895,818)	(3)
TOTAL	\$ 155,663,104		\$ 5,742,639,182		\$ 5,898,292,285		\$ 6,074,741,711		\$ (176,449,426)	(3)
Prize Expense	101,992,658		5,316,258,710		5,418,251,369		5,580,643,000		162,391,631	3
Net Revenue	\$ 53,660,445	100	\$ 426,380,471	100	\$ 480,040,917	100	\$ 494,098,711	100	\$ (14,057,794)	(3)
Direct Expenses										
Commissions	\$ 13,178,457	25	\$ 106,550,951	25	\$ 119,729,407	25	\$ 125,199,000	25	\$ 5,469,593	4
Game Vendor Charges	2,666,342	5	945,618	0	3,611,960	1	4,311,618	1	699,658	16
Tickets	2,247,376	4	-	0	2,247,376	0	2,393,000	0	145,624	6
Advertising	4,611,016	9	4,528	0	4,615,544	1	5,318,497	1	702,953	13
Sales Support	797,170	1	-	0	797,170	0	1,018,440	0	221,270	22
Game Equipment, Parts & Maintenance	3,177	0	607,732	0	610,909	0	943,488	0	332,580	35
Research	62,112	0	43,330	0	105,443	0	152,058	0	46,615	31
Research & Development	39,050	0	44,318	0	83,368	0	1,285,506	0	1,202,139	94
Depreciation	77,107	0	17,815,780	4	17,892,887	4	20,110,533	4	2,217,646	11
Total Direct Expenses	\$ 23,681,808	44	\$ 126,012,256	30	\$ 149,694,063	31	\$ 160,732,140	33	\$ 11,038,077	7
Gross Profit	\$ 29,978,638	56	\$ 300,368,216	70	\$ 330,346,853	69	\$ 333,366,571	67	\$ (3,019,718)	(1)
Contribution Margin	9.07%		90.93%		100.00%		N/A		N/A	
Indirect Revenue										
Gain (Loss) on Sale Fixed Assets	(122,571)	(0)	(1,228,086)	(0)	(1,350,657)	(0)	-	0	(1,350,657)	n/a
Other Income	327,607	1	3,282,425	1	3,610,031	1	7,192,500	1	(3,582,469)	(50)
Total Indirect Revenue	\$ 205,036	0	\$ 2,054,339	0	\$ 2,259,375	0	\$ 7,192,500	1	\$ (4,933,125)	(69)
Indirect Expenses										
Public Information	\$ 154,343	0	\$ 1,546,430	0	\$ 1,700,774	0	\$ 2,626,113	1	\$ 825,339	33
Personal Services	1,751,651	3	17,550,503	4	19,302,154	4	19,704,524	4	402,370	2
Services & Supplies	420,758	1	4,215,746	1	4,636,504	1	6,496,373	1	1,859,869	29
Depreciation	114,690	0	1,149,124	0	1,263,814	0	1,200,022	0	(63,792)	(5)
Total Indirect Expenses	\$ 2,441,442	5	\$ 24,461,804	6	\$ 26,903,246	6	\$ 29,927,032	6	\$ 3,023,786	10
Net Profit	\$ 27,742,232	52	\$ 277,960,751	65	\$ 305,702,983	64	\$ 310,632,039	63	\$ (4,929,056)	(2)

*FY 2009 is based upon the December 2008 forecast

Unaudited; not presented in accordance with GAAP

OREGON STATE LOTTERY
 Supplemental Schedule of Services and Supplies Expenses
 Year-to-Date Through December 31, 2008

	Traditional			Video			Totals		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 12,909	\$ 23,786	\$ 10,877	\$ 129,345	\$ 238,324	\$ 108,979	\$ 142,255	\$ 262,110	\$ 119,855
Office Expenses	29,122	35,430	6,308	291,781	354,984	63,203	320,903	390,414	69,511
Telecommunications Network	2,456	773	(1,683)	24,606	7,741	(16,865)	27,062	8,514	(18,548)
Telecommunications	27,145	30,209	3,064	271,979	302,671	30,692	299,124	332,880	33,756
Intergovernmental Charges	51,613	51,599	(14)	517,132	516,996	(136)	568,746	568,595	(151)
Technology Expenses	51,043	125,988	74,945	511,420	1,262,322	750,902	562,463	1,388,310	825,847
Professional Services	149,694	188,239	38,545	1,499,846	1,886,045	386,199	1,649,540	2,074,284	424,744
Staff Training	8,636	23,082	14,446	86,531	231,270	144,739	95,167	254,352	159,185
Facilities	20,905	22,784	1,879	209,456	228,286	18,830	230,361	251,070	20,709
Facilities Maintenance	8,145	10,854	2,709	81,611	108,750	27,139	89,756	119,604	29,848
Other Services and Supplies	26,711	31,902	5,191	267,633	319,644	52,011	294,345	351,546	57,201
Fleet Expenses	36,631	44,682	8,051	367,019	447,690	80,671	403,649	492,372	88,723
Supplier Diversity	32	211	179	318	2,111	1,793	350	2,322	1,972
TOTAL	\$ 425,042	\$ 589,539	\$ 164,497	\$ 4,258,677	\$ 5,906,834	\$ 1,648,157	\$ 4,683,719	\$ 6,496,373	\$ 1,812,654
Less Non Distributable Revenue	(4,285)	-	4,285	(42,930)	-	42,930	(47,215)	-	47,215
AMOUNT REPORTED	\$ 420,757	\$ 589,539	\$ 168,782	\$ 4,215,747	\$ 5,906,834	\$ 1,691,087	\$ 4,636,504	\$ 6,496,373	\$ 1,859,869

KEY FINANCIAL POINTS OF INTEREST - Year-to-Date Activity

	11/30/2008		12/31/2008	
	Traditional	Video	Traditional	Video
Prizes	65.1%	92.5%	65.4%	92.5%
Administration	16.6%	2.6%	16.7%	2.6%

Accounts Receivable Aging:

	11/30/2008	12/31/2008
Current	\$ 20,734,740	\$ 15,789,105
Over 30 Days	343	343
Over 60 Days	137	137
Over 90 Days	366,609	366,609
Total	\$ 21,101,830	\$ 16,156,194

Allowance for Doubtful Accounts \$ 362,352 \$ 362,352

OREGON STATE LOTTERY
Balance Sheet
As of December 31, 2008

ASSETS		LIABILITIES	
Current Assets		Current Liabilities	
Cash	\$ 260,951,178	Accounts Payable	\$ 7,904,800
Cash With Fiscal Agent	2,750,620	Compensated Absences	2,627,022
Investments for Prize Payments at Fair Value	13,311,445	Deposit Liability	260,132
Accounts Receivable-Games -		Prize Liability	20,498,213
Net of Allowance for Doubtful Accounts of	362,352,000	Prize Liability - Investments at Fair Value	13,311,445
Accounts Receivable-Other	611,733	Economic Development Liability	165,565,371
Interest Receivable	-	Capital Lease Liability	-
Ticket Inventory	1,797,303	VLT Purchase Contingent Liability	-
Prepaid Expenses	1,339,885	Deferred Revenue	-
Total Current Assets	\$ 296,918,358	Total Current Liabilities	\$ 210,166,983
Non-Current Assets		Non-Current Liabilities	
Investments for Prize Payments at Fair Value	\$ 104,785,355	Capital Lease Liability	\$ -
Equipment -		Deferred Prize Liability	104,785,355
Net of Accumulated Depreciation of	558,660,982	OPeB Liability	190,657
Vehicles -		Non-Current Economic Development Liability	-
Net of Accumulated Depreciation of	2,004,920	Total Non-Current Liabilities	104,976,012
Building and Improvements-		TOTAL LIABILITIES	\$ 315,142,995
Net of Accumulated Depreciation of	33,773,940		
Leasehold Improvements -			
Net of Accumulated Amortization of	78,330		
Leased Assets -			
Net of Accumulated Depreciation of	593,934		
Computer Software -			
Net of Accumulated Amortization of	5,824,804		
Total Non-Current Assets	3,673,404		
TOTAL ASSETS	209,098,646		
	\$ 506,017,004		
		Total Retained Earnings	\$ 190,874,009
		TOTAL LIABILITIES AND EQUITY	\$ 506,017,004
		Retained Earnings	
		Fixed Asset Book Value	\$ 104,313,291
		Restricted Cash and Inventory	5,887,808
		FY '09 Asset Purchases Committed by Commission	35,672,910
		Operating Working Capital	45,000,000

OREGON LOTTERY
Statement of Cash Flows - Direct Method
For the Month Ending December 31, 2008

Cash Flows from Operating Activities:		
Receipts from Customers		\$ 909,286,571
Payments to Prize Winners		(826,615,921)
Payments to Employees for Services		(3,205,926)
Payments to Suppliers		(21,123,361)
Net Cash Provided (Used) in Operating Activities		<u>58,341,363</u>
Cash Flows from Noncapital Financing Activities:		
Transfers to Other Funds		\$ (10,000,000)
Other Income		57,858
Net Cash Provided (Used) in Noncapital Financing Activities		<u>\$ (9,942,142)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition/Restoration of Capital Assets		\$ (2,448,608)
Proceeds from Disposition/Impairment of Capital Assets		54,000
Net Cash Provided (Used) in Capital and Related Financing Activities		<u>\$ (2,394,608)</u>
Cash Flows from Investing Activities:		
Purchases of Investments		\$ -
Proceeds from Sales and Maturities of Investments		528,570
Interest on Investments and Cash Balances		\$ 528,570
Net Cash Provided (Used) in Investing Activities		<u>\$ 46,533,183</u>
Net Increase (Decrease) in Cash and Cash Equivalents		<u>214,417,995</u>
Cash and Cash Equivalents - Beginning		<u>\$ 260,951,178</u>
Cash and Cash Equivalents - Ending		<u>\$ 46,936,152</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)		\$ 46,936,152
Adjustments to reconcile operating income to cash flows from operating activities		
Depreciation and Amortization	\$	3,074,732
Capital Asset Reclassifications to/(from) Expense		(546,070)
Other Income		-
Net Changes in Assets and Liabilities:		
(Increase) / Decrease in Accounts Receivable - Games	\$	4,945,635
(Increase) / Decrease in Interest Receivable		(14,229)
(Increase) / Decrease in Ticket Inventory		254,593
(Increase) / Decrease in Prepaid Expenses		(439,561)
Increase / (Decrease) in Accounts Payable		88,913
Increase / (Decrease) in Compensated Absences Liability		(9,388)
Increase / (Decrease) in Deposit Liability		3,717,601
Increase / (Decrease) in Prize Liability		352,985
Increase in Economic Development Liability - Unclaimed Prizes Payable		-
Total Adjustments and Changes		<u>11,405,211</u>
Net Cash Provided (Used) by Operating Activities		<u>\$ 58,341,363</u>

FY 2009 Financial Plan

	Original Approved Budget		Forecast Adjustments				Commission Approved Budget Adjustments	Final Approved/Adjusted Budget			
	Traditional	Video	Total	Sep-08	Dec-08	Mar-09		May-09	Traditional	Video	Total
Revenue											
Video Lottery SM	126,784,384	12,614,328,000	12,614,328,000	(381,640,000)	(513,032,000)	-	-	120,435,000	11,719,656,000	11,719,656,000	
Scratch-Its SM	-	-	126,794,384	(1,541,384)	(4,808,000)	-	-	-	120,435,000	-	
Breakopen	-	-	-	-	-	-	-	-	-	-	
Megabucks SM	36,820,318	-	36,820,318	(673,318)	2,107,000	-	-	38,254,000	38,254,000	38,254,000	
Pick 4 SM	1,393,000	-	1,393,000	5,000	(24,000)	-	-	1,374,000	1,374,000	1,374,000	
Powerball [®]	48,285,171	-	48,285,171	(1,458,171)	2,174,000	-	-	49,001,000	49,001,000	49,001,000	
Sports Action SM	-	-	-	-	-	-	-	-	-	-	
Scoreboard SM	-	-	-	-	-	-	-	-	-	-	
Win for Life SM	5,781,216	-	5,781,216	937,784	(26,000)	-	-	6,693,000	6,693,000	6,693,000	
Keno	109,706,743	-	109,706,743	(2,259,743)	(3,866,000)	-	-	103,581,000	103,581,000	103,581,000	
Lucky Lines SM	2,085,583	-	2,085,583	(37,583)	10,000	-	-	2,058,000	2,058,000	2,058,000	
Total Revenue	330,856,415	12,614,328,000	12,945,184,415	(386,667,415)	(517,465,000)	-	-	321,396,000	11,719,656,000	12,041,052,000	
Less prizes	218,141,000	11,884,652,000	11,902,793,000	(357,272,000)	(480,582,000)	-	-	211,280,000	10,853,659,000	11,064,939,000	
Net revenue	112,715,415	929,676,000	1,042,391,415	(29,395,415)	(36,883,000)	-	-	110,116,000	865,997,000	976,113,000	
Direct Expenses											
Commissions	28,986,000	217,544,000	246,530,000	(6,652,000)	(8,776,000)	-	-	28,121,000	202,981,000	231,102,000	
Game Vendor Charges	6,877,000	1,921,236	8,798,236	(91,000)	(73,000)	-	-	6,713,000	1,921,236	8,634,236	
Tickets	5,137,507	-	5,137,507	(66,507)	(193,000)	-	-	4,878,000	-	4,878,000	
Advertising	11,526,300	325,000	11,851,300	-	-	-	-	11,526,300	325,000	11,851,300	
Sales Support	2,036,871	-	2,036,871	-	-	-	-	2,036,871	-	2,036,871	
Gm Equip/Parts & Mntc	25,000	1,861,984	1,886,984	-	-	-	-	25,000	1,861,984	1,886,984	
Market Research	80,960	223,153	304,113	-	-	-	-	80,960	223,153	304,113	
Research & Development	290,000	2,281,000	2,571,000	-	-	-	-	290,000	2,281,000	2,571,000	
Depreciation	97,991	42,422,637	42,520,628	-	-	-	-	97,991	42,422,637	42,520,628	
Total Direct Expenses	55,057,629	286,579,010	321,636,639	(6,809,507)	(9,042,000)	-	-	53,769,122	252,016,010	305,785,132	
Gross Profit	57,657,786	663,096,990	720,754,776	(22,585,908)	(27,841,000)	-	-	56,346,878	613,980,990	670,327,868	
Relative GP %	8.00%	92.00%	100.00%					8.41%	91.59%	100.00%	
Indirect Revenue	1,150,748	13,234,254	14,385,002	-	-	-	-	1,150,748	13,234,254	14,385,002	
Indirect Expense											
Public Information	501,986	5,773,119	6,275,105	-	-	-	-	501,986	5,773,119	6,275,105	
Personal services	3,183,184	36,608,403	39,791,587	-	-	-	-	3,183,184	36,608,403	39,791,587	
Services & supplies	1,031,974	11,868,276	12,900,250	-	-	-	-	1,031,974	11,868,276	12,900,250	
Depreciation	195,277	2,245,798	2,441,075	-	-	-	-	195,277	2,245,798	2,441,075	
Total Indirect Expenses	4,912,421	56,495,596	61,408,017	-	-	-	-	4,912,421	56,495,596	61,408,017	
Net Profit	53,896,113	619,835,648	673,731,761	(22,585,908)	(27,841,000)	-	-	52,585,205	570,719,648	623,304,853	
Capital outlay											
FTE Count											
		\$ 27,783,278							\$ 27,783,278		
		451.25							451.25		