

OREGON STATE LOTTERY
 Operating Statement Summary
 For the Month Ending January 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	26,983	\$ 28,533	\$ 32,990	\$ (1,550)	\$ 977,575	\$ 1,021,016	\$ 992,082	\$ (43,441)	\$ 1,004,559	\$ 1,049,549	\$ 1,025,072	\$ (44,990)
Prizes	18,252	18,808	22,938	556	905,474	945,665	922,037	40,191	923,726	964,473	944,975	40,747
Net revenue	\$ 8,731	\$ 9,725	\$ 10,052	\$ (994)	\$ 72,101	\$ 75,351	\$ 70,045	\$ (3,250)	\$ 80,833	\$ 85,076	\$ 80,097	\$ (4,243)
Direct expenses	4,215	5,727	5,140	1,512	18,393	21,029	18,514	2,636	22,608	26,756	23,654	4,149
Indirect revenue/expenses	232	283	226	52	2,753	3,819	2,375	1,066	2,985	4,102	2,601	1,118
Net profit	\$ 4,285	\$ 3,715	\$ 4,686	\$ 570	\$ 50,955	\$ 50,503	\$ 49,156	\$ 453	\$ 55,240	\$ 54,218	\$ 53,842	\$ 1,023

Percentages of Distributable Revenue For Current Month:

Prizes	67.4%	65.8%	69.5%		92.5%	92.6%	92.9%		91.8%	91.8%	92.2%	
Administrative Expenses	16.8%	21.2%	16.3%		2.3%	2.5%	2.1%		2.7%	3.0%	2.6%	

*FY 2008 is based upon the December 2007 forecast

OREGON STATE LOTTERY
 Operating Statement
 For the Month Ending January 31, 2008
 Net Revenue Basis

	Traditional Lottery	% of Net Revenue	Video Lottery	% of Net Revenue	Total Lottery	% of Net Revenue
Revenue						
Scratch-ls SM	10,592,951				\$ 10,592,951	
Breakopen	87,478				87,478	
Megabucks SM	2,535,358				2,535,358	
Powerball [®]	3,632,311				3,632,311	
Sports Action SM	-				-	
Keno	9,094,018				9,094,018	
Pick 4 SM	115,753				115,753	
Win For Life SM	555,320				555,320	
Scoreboard SM	-				-	
Lucky Lines SM	370,310				370,310	
Video Lottery SM (Gross Receipts)	-		977,575,352		977,575,352	
TOTAL	26,983,498		977,575,352		\$ 1,004,558,850	
Prize Expense	18,252,027		905,474,145		923,726,172	
Net Revenue	8,731,471	100	72,101,207	100	\$ 80,832,678	100
Direct Expenses						
Commissions	2,322,557	27	16,883,113	23	\$ 19,005,670	24
Game Vendor Charges	575,125	7	157,603	0	732,728	1
Tickets	370,353	4	-	0	370,353	0
Advertising	809,257	9	33,994	0	843,250	1
Sales Support	113,878	1	-	0	113,878	0
Game Equipment, Parts & Maintenance	7,272	0	60,311	0	67,583	0
Research	-	0	-	0	-	0
Research & Development	-	0	-	0	-	0
Capital Lease Interest	-	0	-	0	-	0
Depreciation	16,383	0	1,457,854	2	1,474,237	2
TOTAL	4,214,825	48	18,392,874	26	\$ 22,607,699	28
Gross Profit	4,516,646	52	53,708,333	74	\$ 58,224,979	72
Contribution Margin	7.76%		92.24%		100.00%	
Indirect Revenue						
Legal Settlements	-	0	-	0	\$ -	0
Gain on Sale of Investments	-	0	-	0	-	0
Other Income	89,580	1	1,065,212	1	1,154,792	1
TOTAL	89,580	1	1,065,212	1	\$ 1,154,792	1
Indirect Expenses						
Public Information	47,519	1	555,052	1	\$ 612,571	1
Personal Services	219,246	3	2,607,094	4	2,826,340	3
Services & Supplies	38,350	0	456,025	1	494,374	1
Depreciation	15,985	0	190,076	0	206,060	0
TOTAL	321,100	4	3,818,247	5	\$ 4,139,346	5
Net Profit	4,285,126	49	50,955,299	71	\$ 55,240,426	68

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

	Traditional			Video			Total		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 1,523	\$ 2,750	\$ 1,227	\$ 18,105	\$ 32,701	\$ 14,596	\$ 19,627	\$ 35,451	\$ 15,824
Office Expenses	4,642	5,215	573	55,201	62,019	6,818	59,843	67,234	7,391
Telecommunications Network	(856)	(181)	675	(10,175)	(2,146)	8,029	(11,031)	(2,327)	8,704
Telecommunications	4,073	5,231	1,158	48,435	62,201	13,766	52,508	67,432	14,924
Intergovernmental Charges	5,814	5,900	85	69,139	70,153	1,014	74,954	76,053	1,099
Technology Expenses	4,094	9,100	5,006	48,683	108,207	59,524	52,777	117,307	64,530
Professional Services	8,001	28,625	20,624	95,137	340,384	245,247	103,138	369,009	265,871
Staff Training	875	2,705	1,830	10,411	32,172	21,761	11,286	34,877	23,591
Facilities	3,216	3,167	(49)	38,245	37,665	(580)	41,461	40,832	(629)
Facilities Maintenance	1,543	1,706	164	18,343	20,292	1,948	19,886	21,998	2,112
Other Services & Supplies	1,850	2,411	561	22,004	28,672	6,667	23,855	31,083	7,228
Fleet Expenses	5,021	5,564	543	59,711	66,168	6,456	64,733	71,732	6,999
Supplier Diversity	-	58	58	-	687	687	-	745	745
TOTAL	\$ 39,797	\$ 72,253	\$ 32,455	\$ 473,239	\$ 859,173	\$ 385,934	\$ 513,036	\$ 931,426	\$ 418,390
Less Non Distributable Revenue	(1,448)	-	1,448	(17,214)	-	17,214	(18,662)	-	18,662
AMOUNT REPORTED	\$ 38,350	\$ 72,253	\$ 33,903	\$ 456,025	\$ 859,173	\$ 403,149	\$ 494,374	\$ 931,426	\$ 437,052

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

	Traditional Lottery		Video Lottery		Actual		Budget*		Total Lottery		Variance	
	Revenue	% of Net Revenue	Revenue	% of Net Revenue	Revenue	% of Net Revenue	Revenue	% of Net Revenue	Revenue	% of Net Revenue	Favorable / Unfavorable	%
Revenue												
Scratch-Its SM	\$ 73,806,481		\$ -		\$ 73,806,481		\$ 71,826,000		\$ 1,980,481		3	
Breakopen	545,778		-		545,778		572,000		(26,222)		(5)	
Megabucks SM	22,282,633		-		22,282,633		23,463,000		(1,180,367)		(5)	
Powerball [®]	30,466,477		-		30,466,477		30,512,000		(45,523)		(0)	
Sports Action SM	-		-		-		-		-		n/a	
Keno	63,363,774		-		63,363,774		64,034,000		(670,226)		(1)	
Pick 4 SM	841,591		-		841,591		845,000		(3,409)		(0)	
Win For Life SM	3,858,400		-		3,858,400		3,748,000		110,400		3	
Scoreboard SM	-		-		-		-		-		n/a	
Lucky Lines SM	1,371,844		-		1,371,844		1,211,000		160,844		13	
Video Lottery SM (Gross Receipts)	-		6,942,122,592		6,942,122,592		6,994,504,236		(52,381,644)		(1)	
TOTAL	\$ 196,536,978		\$ 6,942,122,592		\$ 7,138,659,570		\$ 7,190,715,236		\$ (52,055,666)		(1)	
Prize Expense	128,038,993		6,430,633,669		6,558,672,662		6,607,892,236		49,219,574		(1)	
Net Revenue	\$ 68,497,985	100	\$ 511,488,923	100	\$ 679,986,908	100	\$ 582,823,000	100	\$ (2,836,092)	(1)		
Direct Expenses												
Commissions	\$ 17,103,280	25	\$ 129,511,332	25	\$ 146,614,612	25	\$ 150,041,000	26	\$ 3,426,388	2		
Game Vendor Charges	4,312,867	6	1,103,221	0	5,416,088	1	5,451,721	1	35,633	1		
Tickets	2,337,771	3	-	0	2,337,771	0	2,783,000	0	445,229	16		
Advertising	5,407,114	8	117,780	0	5,524,894	1	6,922,946	1	1,398,052	20		
Sales Support	787,635	1	-	0	787,635	0	1,212,806	0	425,171	35		
Game Equipment, Parts & Maintenance	53,626	0	1,422,633	0	1,476,258	0	3,364,515	1	1,888,257	56		
Research & Development	144,767	0	128,283	0	273,049	0	246,057	0	(26,992)	(1)		
Depreciation	49,650	0	43,635	0	93,285	0	178,065	0	84,780	48		
	114,899	0	12,997,111	3	13,111,800	2	13,731,756	2	619,956	5		
Total Direct Expenses	\$ 30,311,398	44	\$ 145,323,995	28	\$ 175,635,393	30	\$ 183,931,866	32	\$ 8,296,473	5		
Gross Profit	\$ 38,186,587	56	\$ 366,164,928	72	\$ 404,351,515	70	\$ 398,891,134	68	\$ 5,460,381	(1)		
Contribution Margin	9.44%		90.56%		100.00%		N/A		N/A			
Indirect Revenue												
Gain on Sale of Investments	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	n/a	
Legal Settlements	-	0	-	0	-	0	-	0	-	0	n/a	
Other Income	762,684	1	7,313,249	1	8,075,932	1	5,677,671	1	2,398,261	42		
Total Indirect Revenue	\$ 762,684	1	\$ 7,313,249	1	\$ 8,075,932	1	\$ 5,677,671	1	\$ 2,398,261	42		
Indirect Expenses												
Public Information	\$ 219,001	0	\$ 2,099,962	0	\$ 2,318,963	0	\$ 3,232,891	1	\$ 913,928	28		
Personal Services	1,831,406	3	17,561,056	3	19,392,462	3	21,922,828	4	2,530,366	12		
Services & Supplies	441,745	1	4,235,820	1	4,677,565	1	6,602,482	1	1,924,917	29		
Depreciation	132,275	0	1,268,360	0	1,400,635	0	1,532,306	0	131,671	9		
Total Indirect Expenses	\$ 2,624,427	4	\$ 25,165,198	5	\$ 27,789,625	5	\$ 33,280,507	6	\$ 5,500,883	17		
Net Profit	\$ 36,524,844	53	\$ 348,312,979	68	\$ 384,637,823	66	\$ 371,276,298	64	\$ 13,359,526	4		

*FY 2008 is based upon the December 2007 forecast

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

	Traditional			Video			Totals		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 13,787	\$ 23,436	\$ 9,649	\$ 132,200	\$ 224,721	\$ 92,521	\$ 145,987	\$ 248,157	\$ 102,170
Office Expenses	39,354	44,447	5,093	377,362	426,191	48,829	416,717	470,638	53,921
Telecommunications Network	(9,613)	(1,538)	8,075	(92,181)	(14,751)	77,430	(101,795)	(16,289)	85,506
Telecommunications	30,255	44,578	14,323	290,110	427,446	137,336	320,365	472,024	151,659
Intergovernmental Charges	58,112	58,068	(44)	557,230	556,803	(427)	615,342	614,871	(471)
Technology Expenses	54,602	77,549	22,947	523,568	743,600	220,032	578,170	821,149	242,979
Professional Services	147,002	243,942	96,940	1,409,576	2,339,121	929,545	1,556,578	2,583,063	1,026,485
Staff Training	12,473	23,056	10,583	119,598	221,083	101,485	132,071	244,139	112,068
Facilities	26,105	26,993	888	250,318	258,831	8,513	276,423	285,824	9,401
Facilities Maintenance	9,538	14,542	5,004	91,459	139,444	47,985	100,997	153,986	52,989
Other Services and Supplies	12,661	20,548	7,887	121,405	197,033	75,628	134,066	217,581	83,515
Fleet Expenses	37,943	47,420	9,477	363,825	454,704	90,879	401,768	502,124	100,356
Supplier Diversity	28	492	464	272	4,723	4,451	300	5,215	4,915
TOTAL	\$ 432,247	\$ 623,533	\$ 191,286	\$ 4,144,742	\$ 5,978,949	\$ 1,834,207	\$ 4,576,989	\$ 6,602,482	\$ 2,025,493
Less Non Distributable Revenue	9,498	-	(9,498)	91,078	-	(91,078)	100,576	-	(100,576)
AMOUNT REPORTED	\$ 441,745	\$ 623,533	\$ 181,788	\$ 4,235,820	\$ 5,978,949	\$ 1,743,129	\$ 4,677,565	\$ 6,602,482	\$ 1,924,917

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

	12/31/2007		1/31/2008	
	Traditional	Video	Traditional	Video
Prizes	64.5%	92.5%	64.9%	92.5%
Administration	16.7%	2.5%	16.7%	2.5%

Accounts Receivable Aging:

	12/31/2007	1/31/2008
Current	\$ 26,373,937	\$ 15,951,265
Over 30 Days	5,537	9,057
Over 60 Days	80	(5)
Over 90 Days	363,656	367,575
Total	\$ 26,743,211	\$ 16,327,892

Allowance for Doubtful Accounts \$ 363,656 \$ 367,575

OREGON STATE LOTTERY
Balance Sheet
As of January 31, 2008

<u>ASSETS</u>		<u>LIABILITIES</u>	
Current Assets			
Cash	\$ 153,420,872	Current Liabilities	
Cash With Fiscal Agent	2,585,896	Accounts Payable	\$ 12,450,472
Investments for Prize Payments at Fair Value	15,552,240	Compensated Absences	2,196,774
Test Cash	9,962	Deposit Liability	229,885
Accounts Receivable-Games -		Prize Liability	15,991,240
Net of Allowance for Doubtful Accounts of \$367,575	16,327,892	Prize Liability - Investments at Fair Value	15,552,240
Accounts Receivable-Other	1,001,240	Economic Development Liability	75,494,699
Interest Receivable	-	Capital Lease Liability	-
Ticket Inventory	2,233,458	VLT Purchase Contingent Liability	-
Prepaid Expenses	1,398,265	Deferred Revenue	-
Total Current Assets	\$ 192,529,825	Total Current Liabilities	\$ 121,915,310
Non-Current Assets			
Investments for Prize Payments at Fair Value	\$ 101,740,143	Non-Current Liabilities	
Equipment -		Capital Lease Liability	\$ -
Net of Accumulated Depreciation of \$48,058,267	88,507,187	Deferred Prize Liability	101,740,143
Vehicles -		Non-Current Economic Development Liability	-
Net of Accumulated Depreciation of \$2,075,160	1,917,289	Total Non-Current Liabilities	101,740,143
Building and Improvements-		TOTAL LIABILITIES	\$ 223,655,453
Net of Accumulated Depreciation of \$3,427,664	8,057,517		
Leasehold Improvements -		EQUITY	
Net of Accumulated Amortization of \$74,580	1,584	Retained Earnings	
Leased Assets -		Fixed Asset Book Value	\$ 102,923,624
Net of Accumulated Depreciation of \$593,934	-	Restricted Cash and Inventory	6,217,619
Computer Software -		FY '08 Asset Purchases Committed by Commission	19,396,896
Net of Accumulated Amortization of \$6,124,712	4,440,047	Operating Working Capital	45,000,000
Total Non-Current Assets	204,663,767	Total Retained Earnings	\$ 173,538,139
TOTAL ASSETS	\$ 397,193,592	TOTAL LIABILITIES AND EQUITY	\$ 397,193,592

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

Cash Flows from Operating Activities:		
Receipts from Customers		\$ 1,014,974,169
Payments to Prize Winners		(924,707,075)
Payments to Employees for Services		(2,873,667)
Payments to Suppliers		(16,152,596)
Other Receipts (Payments)		1,001,795
Net Cash Provided (Used) in Operating Activities		<u>72,242,626</u>
Cash Flows from Noncapital Financing Activities:		
Transfers to Other Funds		\$ (164,287,744)
Net Cash Provided (Used) in Noncapital Financing Activities		<u>\$ (164,287,744)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition/Restoration of Capital Assets		(4,643,012)
Payments on Capital Leases		-
Proceeds from Disposition/Impairment of Capital Assets		-
Net Cash Provided (Used) in Capital and Related Financing Activities		<u>\$ (4,643,012)</u>
Net Increase (Decrease) in Cash and Cash Equivalents		\$ (96,688,130)
Cash and Cash Equivalents - Beginning		252,694,898
Cash and Cash Equivalents - Ending		<u>\$ 156,006,768</u>
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Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating Income (Loss)		\$ 55,240,426
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and Amortization	1,680,297	-
(Gain)/Loss on Exchange/Impairment of Fixed Assets	-	-
Capital Asset Reclassifications to/from Expense	-	-
Net Changes in Assets and Liabilities:		
(Increase) / Decrease in Investments for Prize Payments at Fair Value	(1,329,800)	-
(Increase) / Decrease in Advances	24	-
(Increase) / Decrease in Accounts Receivable	10,243,636	-
(Increase) / Decrease in Interest Receivable	198,350	-
(Increase) / Decrease in Ticket Inventory	(423,116)	-
(Increase) / Decrease in Prepaid Expenses	6,364,080	-
Increase / (Decrease) in Accounts Payable	(47,327)	-
Increase / (Decrease) in Compensated Absences Liability	(32,841)	-
Increase / (Decrease) in Deposit Liability	(1,649,083)	-
Increase / (Decrease) in Prize Liability	1,329,800	-
Increase in Economic Development Liability - Unclaimed Prizes Payable	668,180	-
Increase / (Decrease) in Deferred Income	-	-
Rounding/Unidentified		-
Total Adjustments		<u>\$ 17,002,200</u>
Net Cash Provided (Used) by Operating Activities		<u>\$ 72,242,626</u>

FY 2008 Financial Plan

	Original Approved Budget		Forecast Adjustments					Commission Approved Budget Adjustments	Final Approved/Adjusted Budget		
	Traditional	Video	Total	Sep-07	Dec-07	Mar-08	May-08		Traditional	Video	Total
Revenue											
Video Lottery SM	127,406,000	13,068,003,000	13,068,003,000	(57,617,000)	(335,868,000)	-	-	-	123,927,000	12,674,518,000	12,674,518,000
Scratch-Its SM	1,082,000	127,406,000	127,406,000	(1,588,000)	(1,891,000)	-	-	-	970,000	123,927,000	123,927,000
Breakopen	36,654,000	36,654,000	36,654,000	(54,000)	(58,000)	-	-	-	38,614,000	38,614,000	38,614,000
Megabucks SM	1,396,000	1,396,000	1,396,000	36,000	(10,000)	-	-	-	1,422,000	1,422,000	1,422,000
Pick 4 SM	46,966,000	46,966,000	46,966,000	(82,000)	2,540,000	-	-	-	49,424,000	49,424,000	49,424,000
Powerball [®]	-	-	-	-	-	-	-	-	-	-	-
Sports Action SM	-	-	-	-	-	-	-	-	-	-	-
Scoreboard SM	-	-	-	-	-	-	-	-	-	-	-
Win for Life SM	5,791,000	5,791,000	5,791,000	120,000	266,000	-	-	-	6,177,000	6,177,000	6,177,000
Keno	111,644,000	111,644,000	111,644,000	(727,000)	(1,204,000)	-	-	-	109,713,000	109,713,000	109,713,000
Lucky Lines SM	2,196,000	2,196,000	2,196,000	(94,000)	(27,000)	-	-	-	2,075,000	2,075,000	2,075,000
Total Revenue	333,135,000	13,068,003,000	13,401,138,000	(59,049,000)	(335,249,000)	-	-	-	332,322,000	12,674,518,000	13,006,840,000
Less prizes	219,239,000	12,151,936,000	12,371,175,000	(54,463,000)	(330,213,000)	-	-	-	218,405,000	11,768,094,000	11,986,499,000
Net revenue	113,896,000	916,067,000	1,029,963,000	(4,586,000)	(5,036,000)	-	-	-	113,917,000	906,424,000	1,020,341,000
Direct Expenses											
Commissions	29,615,000	220,772,000	250,387,000	(994,000)	(1,339,000)	-	-	-	29,542,000	218,512,000	248,054,000
Game Vendor Charges	7,616,408	1,921,236	9,537,644	(39,000)	65,000	-	-	-	7,642,408	1,921,236	9,563,644
Tickets	5,053,934	-	5,053,934	(64,000)	(70,000)	-	-	-	4,919,934	-	4,919,934
Advertising	9,879,500	120,000	9,999,500	-	-	-	-	-	9,879,500	120,000	9,999,500
Sales Support	2,079,095	-	2,079,095	-	-	-	-	-	2,079,095	-	2,079,095
Gm Equip/Parts & Maint	126,100	5,641,644	5,767,744	-	-	-	-	-	126,100	5,641,644	5,767,744
Research	161,890	259,922	421,812	-	-	-	-	-	161,890	259,922	421,812
Research & Development	163,250	142,000	305,250	-	-	-	-	-	163,250	142,000	305,250
Depreciation	197,136	24,494,165	24,691,301	-	-	-	-	-	197,136	24,494,165	24,691,301
Total Direct Expenses	54,892,313	253,350,967	308,243,280	(1,097,000)	(1,344,000)	-	-	-	54,711,313	251,090,967	305,802,280
Gross Profit	59,003,687	662,716,033	721,719,720	(3,489,000)	(3,692,000)	-	-	-	59,205,687	655,333,033	714,538,720
Relative GP %	8.18%	91.82%	100.00%	-	-	-	-	-	8.29%	91.71%	100.00%
Indirect Revenue	795,727	8,937,424	9,733,151	-	-	-	-	-	795,727	8,937,424	9,733,151
Indirect Expense											
Public Information	503,615	5,656,490	6,160,105	-	-	-	-	-	503,615	5,656,490	6,160,105
Personal services	3,088,257	34,686,608	37,774,865	-	-	-	-	-	3,088,257	34,686,608	37,774,865
Services & supplies	918,267	10,313,767	11,232,034	-	-	-	-	-	918,267	10,313,767	11,232,034
Depreciation	237,438	2,666,854	2,904,292	-	-	-	-	-	237,438	2,666,854	2,904,292
Total Indirect Expenses	4,747,577	53,323,719	58,071,296	-	-	-	-	-	4,747,577	53,323,719	58,071,296
Net Profit	55,051,837	618,329,738	673,381,575	(3,489,000)	(3,692,000)	-	-	-	55,253,837	610,946,738	666,200,575
Capital outlay			\$ 49,905,133	-	-	-	-	-			\$ 49,905,133
FTE Count			456.20	-	-	-	-	-			456.20
Actual FTE				-	-	-	-	-			433.0