

OREGON STATE LOTTERY

Operating Statement Summary
For the Month Ending January 31, 2009
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	\$ 28,347	\$ 26,642	\$ 26,983	\$ 1,705	\$ 809,918	\$ 812,826	\$ 977,575	\$ (2,908)	\$ 838,265	\$ 839,468	\$ 1,004,559	\$ (1,293)
Prizes	17,970	17,313	18,252	(657)	749,757	752,433	905,474	2,676	767,727	769,746	923,726	2,019
Net revenue	\$ 10,378	\$ 9,329	\$ 8,731	\$ 1,048	\$ 60,160	\$ 60,393	\$ 72,101	\$ (233)	\$ 70,538	\$ 69,722	\$ 80,833	\$ 816
Direct expenses	4,396	4,578	4,215	182	17,989	17,455	18,393	(534)	22,385	22,033	22,608	(352)
Indirect revenue/expenses	495	404	232	(91)	3,490	3,637	2,753	147	3,985	4,041	2,985	56
Net profit	\$ 5,487	\$ 4,347	\$ 4,285	\$ 1,140	\$ 38,681	\$ 39,301	\$ 50,955	\$ (620)	\$ 44,168	\$ 43,648	\$ 55,240	\$ 520

Percentages of Distributable Revenue For Current Month:

Prizes	63.2%	64.7%	67.6%	92.5%	92.4%	92.6%	91.5%	91.6%	92.0%
Administrative Expenses	17.5%	19.1%	16.5%	2.7%	2.7%	2.2%	3.2%	3.2%	2.5%

*FY 2009 is based upon the March 2009 forecast

OREGON STATE LOTTERY

Operating Statement
For the Month Ending January 31, 2009
Net Revenue Basis

	Traditional Lottery Revenue	% of Net Revenue	Video Lottery Revenue	% of Net Revenue	Total Lottery Revenue	% of Net Revenue
Revenue						
Scratch-lites SM	9,480,107				\$ 9,480,107	
Megabucks SM	2,881,447				2,881,447	
Powerball [®]	5,293,663				5,293,663	
Raffles SM	1,573,501				1,573,501	
Keno	8,260,507				8,260,507	
Pick 4 SM	122,205				122,205	
Win For Life SM	576,142				576,142	
Lucky Lines SM	159,597				159,597	
Video Lottery SM (Gross Receipts)	-		809,917,667		809,917,667	
TOTAL	28,347,169		809,917,667		\$ 838,264,836	
Prize Expense	17,969,806		749,757,333		767,726,939	
Net Revenue	10,377,563	100	60,160,334	100	\$ 70,537,897	100
Direct Expenses						
Commissions	2,435,027	23	14,994,343	25	\$ 17,429,370	25
Game Vendor Charges	647,021	6	157,603	0	804,624	1
Tickets	147,523	1	-	0	147,523	0
Advertising	1,089,075	10	15	0	1,089,090	2
Sales Support	61,727	1	-	0	61,727	0
Game Equipment, Parts & Maintenance	-	0	74,111	0	74,111	0
Research	14,810	0	110	0	14,921	0
Research & Development	153	0	-	0	153	0
Capital Lease Interest	-	0	-	0	-	0
Depreciation	326	0	2,763,153	5	2,763,479	4
TOTAL	4,395,663	42	17,989,335	30	\$ 22,384,998	32
Gross Profit	5,981,899	58	42,170,999	70	\$ 48,152,899	68
Contribution Margin	12.42%		87.58%		100.00%	
Indirect Revenue						
Legal Settlements	-	0	-	0	-	0
Gain on Sale of Investments	-	0	-	0	-	0
Gain (Loss) on Sale Fixed Assets	15,218	0	107,282	0	122,500	0
Other Income	63,072	1	444,640	1	507,711	1
TOTAL	78,289	1	551,922	1	\$ 630,211	1
Indirect Expenses						
Public Information	72,363	1	510,143	1	\$ 582,507	1
Personal Services	390,754	4	2,754,723	5	3,145,477	4
Services & Supplies	80,202	1	565,408	1	645,610	1
Depreciation	30,056	0	211,885	0	241,940	0
TOTAL	573,375	6	4,042,159	7	\$ 4,615,534	7
Net Profit	5,486,814	53	38,880,762	64	\$ 44,167,577	63

OREGON STATE LOTTERY
 Supplemental Schedule of
 Services and Supplies Expenses
 For the Month Ending January 31, 2009

	Traditional			Video			Total		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 2,115	\$ 5,427	\$ 3,312	\$ 14,909	\$ 38,258	\$ 23,349	\$ 17,024	\$ 43,685	\$ 26,661
Office Expenses	5,455	8,083	2,628	38,457	56,986	18,529	43,912	65,069	21,157
Telecommunications Network	(2,614)	176	2,790	(18,425)	1,243	19,668	(21,039)	1,419	22,458
Telecommunications	5,915	6,892	977	41,701	48,588	6,887	47,616	55,480	7,864
Intergovernmental Charges	7,178	9,392	2,214	50,604	66,210	15,606	57,782	75,602	17,820
Technology Expenses	12,845	28,744	15,899	90,555	202,641	112,086	103,400	231,385	127,985
Professional Services	33,331	42,947	9,616	234,974	302,767	67,793	268,305	345,714	77,409
Staff Training	2,211	5,266	3,055	15,585	37,126	21,540	17,796	42,392	24,596
Facilities	5,290	5,198	(92)	37,296	36,647	(650)	42,587	41,845	(742)
Facilities Maintenance	1,801	2,476	676	12,693	17,458	4,764	14,494	19,934	5,440
Other Services & Supplies	3,242	7,279	4,037	22,885	51,312	28,427	26,097	58,591	32,494
Fleet Expenses	5,437	10,194	4,758	38,327	71,868	33,541	43,763	82,062	38,299
Supplier Diversity	-	48	48	-	339	339	-	387	387
TOTAL	\$ 82,206	\$ 132,124	\$ 49,918	\$ 579,531	\$ 931,441	\$ 351,910	\$ 661,737	\$ 1,063,565	\$ 401,828
Less Non Distributable Revenue	(2,003)	-	2,003	(14,123)	-	14,123	(16,127)	-	16,127
AMOUNT REPORTED	\$ 80,202	\$ 132,124	\$ 51,921	\$ 565,408	\$ 931,441	\$ 366,033	\$ 645,610	\$ 1,063,565	\$ 417,955

OREGON STATE LOTTERY
 Operating Statement
 Year-to-Date Through January 31, 2009
 Net Revenue Basis

	Traditional Lottery			Video Lottery			Total Lottery			Variance		
	Revenue	% of Net Revenue		Revenue	% of Net Revenue		Revenue	% of Net Revenue	Budget*	% of Net Revenue	Favorable / (Unfavorable)	% Variance
Revenue												
Scratch-Its SM	\$ 66,531,737		\$	-		\$	66,531,737		\$ 66,298,990		\$ 232,747	0
Megabucks SM	22,496,597		-	-		22,496,597		22,395,760		110,837	1	
Powerball [®]	28,987,504		-	-		28,987,504		28,900,110		87,394	0	
Raffle SM	1,573,501		-	-		1,573,501		-		1,573,501	n/a	
Keno	58,470,449		-	-		58,470,449		58,282,536		187,913	0	
Pick 4 SM	830,187		-	-		830,187		830,000		187	0	
Win For Life SM	3,920,831		-	-		3,920,831		3,848,245		72,586	2	
Lucky Lines SM	1,189,467		-	-		1,189,467		1,187,763		1,704	0	
Video Lottery SM (Gross Receipts)	-		6,552,556,849	-		6,552,556,849		6,536,077,000		16,479,849	0	
TOTAL	\$ 184,000,272		\$ 6,552,556,849			\$ 6,736,557,122		\$ 6,717,810,404		\$ 18,746,718	0	
Prize Expense	119,962,265		6,066,016,043			6,185,978,308		6,170,037,000		(15,941,308)	(0)	
Net Revenue	\$ 64,038,008	100	\$ 486,540,806	100	\$ 550,578,814	100	\$ 547,773,404	100	\$ 2,805,410	1		
Direct Expenses												
Commissions	15,613,484	24	121,545,293	25	137,158,778	25	137,645,000	25	486,222	0		
Game Vendor Charges	3,313,363	5	1,103,221	0	4,416,584	1	4,941,721	1	525,137	11		
Tickets	2,394,899	4	-	0	2,394,899	0	2,688,000	0	293,101	11		
Advertising	5,700,091	9	4,543	0	5,704,634	1	6,385,464	1	680,827	11		
Sales Support	858,897	1	-	0	858,897	0	1,188,180	0	329,283	28		
Game Equipment, Parts & Maintenance	3,177	0	681,843	0	685,020	0	1,100,736	0	415,716	38		
Research	76,923	0	43,441	0	120,363	0	177,401	0	57,038	32		
Research & Development	39,203	0	44,318	0	83,521	0	1,499,757	0	1,416,236	94		
Depreciation	77,433	0	20,578,932	4	20,656,366	4	23,087,150	4	2,430,784	11		
Total Direct Expenses	\$ 28,077,471	44	\$ 144,001,591	30	\$ 172,079,061	31	\$ 178,713,406	33	\$ 6,634,345	4		
Gross Profit	\$ 35,960,537	56	\$ 342,539,215	70	\$ 378,499,752	69	\$ 369,059,998	67	\$ 9,439,754	3		
Contribution Margin	9.50%		90.50%		100.00%		N/A		N/A			
Indirect Revenue												
Gain (Loss) on Sale Fixed Assets	(116,686)	(0)	(1,111,472)	(0)	(1,228,157)	(0)	-	0	(1,228,157)	n/a		
Other Income	391,219	1	3,726,524	1	4,117,743	1	8,391,250	2	(4,273,507)	(51)		
Total Indirect Revenue	\$ 274,534	0	\$ 2,615,052	1	\$ 2,889,586	1	\$ 8,391,250	2	\$ (5,501,664)	(66)		
Indirect Expenses												
Public Information	216,930	0	2,066,350	0	2,283,280	0	3,155,414	1	872,134	28		
Personal Services	2,132,706	3	20,314,924	4	22,447,631	4	23,052,367	4	604,736	3		
Services & Supplies	501,844	1	4,780,271	1	5,282,114	1	7,559,938	1	2,277,824	30		
Depreciation	143,059	0	1,382,695	0	1,505,754	0	1,399,117	0	(106,637)	(8)		
Total Indirect Expenses	\$ 2,994,539	5	\$ 28,524,240	6	\$ 31,518,779	6	\$ 35,166,836	6	\$ 3,648,057	10		
Net Profit	\$ 33,240,532	52	\$ 316,630,027	65	\$ 349,870,559	64	\$ 342,284,412	62	\$ 7,586,147	2		

*FY 2009 is based upon the March 2009 forecast

OREGON STATE LOTTERY
 Supplemental Schedule of Services and Supplies Expenses
 Year-to-Date Through January 31, 2009

	Traditional			Video			Totals		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 15,133	\$ 29,053	\$ 13,920	\$ 144,146	\$ 276,742	\$ 132,596	\$ 159,278	\$ 306,795	\$ 146,517
Office Expenses	34,660	43,275	8,615	330,154	412,208	82,054	364,815	455,483	90,668
Telecommunications Network	572	944	372	5,450	8,989	3,539	6,023	9,933	3,910
Telecommunications	32,943	36,897	3,954	313,797	351,463	37,666	346,740	388,360	41,620
Intergovernmental Charges	59,525	61,204	1,679	567,002	582,993	15,991	626,527	644,197	17,670
Technology Expenses	63,262	153,884	90,622	602,600	1,465,811	863,211	665,863	1,619,695	953,832
Professional Services	182,211	229,919	47,708	1,735,634	2,190,079	454,445	1,917,845	2,419,998	502,153
Staff Training	10,732	28,193	17,461	102,230	268,551	166,321	112,963	296,744	183,781
Facilities	25,932	27,829	1,897	247,016	265,086	18,070	272,948	292,915	19,967
Facilities Maintenance	9,905	13,257	3,352	94,345	126,281	31,936	104,250	139,538	35,288
Other Services and Supplies	30,445	38,966	8,521	289,997	371,171	81,174	320,442	410,137	89,695
Fleet Expenses	42,508	54,576	12,068	404,905	519,858	114,953	447,413	574,434	127,021
Supplier Diversity	33	257	224	317	2,452	2,135	350	2,709	2,359
TOTAL	\$ 507,861	\$ 718,254	\$ 210,393	\$ 4,837,553	\$ 6,841,684	\$ 2,004,091	\$ 5,345,456	\$ 7,559,938	\$ 2,214,482
Less Non Distributable Revenue	(6,018)	-	6,018	(57,324)	-	57,324	(63,342)	-	63,342
AMOUNT REPORTED	\$ 501,843	\$ 718,254	\$ 216,411	\$ 4,780,229	\$ 6,841,684	\$ 2,061,415	\$ 5,282,114	\$ 7,559,938	\$ 2,277,824

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

	12/31/2008		1/31/2009	
	Traditional	Video	Traditional	Video
Analysis of Percentages:				
Prizes	65.4%	92.5%	65.1%	92.5%
Administration	16.7%	2.6%	16.9%	2.6%

Accounts Receivable Aging:

	12/31/2008	1/31/2009
Current	\$ 15,789,105	\$ 19,316,997
Over 30 Days	343	343
Over 60 Days	137	137
Over 90 Days	366,609	366,609
Total	\$ 16,156,194	\$ 19,684,087

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

OREGON STATE LOTTERY
Balance Sheet
As of January 31, 2009

ASSETS

<u>Current Assets</u>	
Cash	\$ 151,982,840
Cash With Fiscal Agent	2,757,182
Investments for Prize Payments at Fair Value	13,195,753
Accounts Receivable-Games -	
Net of Allowance for Doubtful Accounts of	362,352,000
Accounts Receivable-Other	19,684,087
Interest Receivable	647,709
Ticket Inventory	2,089,737
Prepaid Expenses	1,812,409
Total Current Assets	\$ 192,169,717

LIABILITIES

<u>Current Liabilities</u>	
Accounts Payable	\$ 7,224,309
Compensated Absences	2,489,429
Deposit Liability	228,700
Prize Liability	15,057,973
Prize Liability - Investments at Fair Value	13,195,753
Economic Development Liability	66,493,702
Capital Lease Liability	-
VLT Purchase Contingent Liability	-
Deferred Revenue	-
Total Current Liabilities	\$ 104,689,866

<u>Non-Current Assets</u>	
Investments for Prize Payments at Fair Value	\$ 98,696,190
Equipment -	
Net of Accumulated Depreciation of	\$59,803,515
Vehicles -	87,447,466
Net of Accumulated Depreciation of	\$2,034,426
Building and Improvements-	2,511,924
Net of Accumulated Depreciation of	\$3,806,878
Leasehold Improvements -	8,048,430
Net of Accumulated Amortization of	\$80,333
Leased Assets -	76,900
Net of Accumulated Depreciation of	\$593,934
Computer Software -	-
Net of Accumulated Amortization of	\$5,653,623
Total Non-Current Assets	3,470,250
TOTAL ASSETS	200,251,160
	\$ 392,420,877

<u>Non-Current Liabilities</u>	
Capital Lease Liability	\$ -
Deferred Prize Liability	98,696,190
OPEB Liability	190,657
Non-Current Economic Development Liability	-
Total Non-Current Liabilities	98,886,847
TOTAL LIABILITIES	\$ 203,576,713

EQUITY

Retained Earnings	\$ 101,554,970
Fixed Asset Book Value	6,659,328
Restricted Cash and Inventory	35,629,866
FY '09 Asset Purchases Committed by Commission	45,000,000
Operating Working Capital	-
Total Retained Earnings	\$ 188,844,164
TOTAL LIABILITIES AND EQUITY	\$ 392,420,877

OREGON LOTTERY
Statement of Cash Flows - Direct Method
For the Month Ending January 31, 2009

Cash Flows from Operating Activities:		
Receipts from Customers		\$ 834,736,944
Payments to Prize Winners		(773,779,929)
Payments to Employees for Services		(3,283,070)
Payments to Suppliers		(22,338,211)
Net Cash Provided (Used) in Operating Activities		<u>35,335,734</u>
Cash Flows from Noncapital Financing Activities:		
Transfers to Other Funds		\$ (145,910,341)
Other Income		(22,185)
Net Cash Provided (Used) in Noncapital Financing Activities		<u>\$ (145,932,526)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition/Restoration of Capital Assets		\$ (290,142)
Proceeds from Disposition/Impairment of Capital Assets		161,113
Net Cash Provided (Used) in Capital and Related Financing Activities		<u>\$ (129,029)</u>
Cash Flows from Investing Activities:		
Purchases of Investments		\$ -
Proceeds from Sales and Maturities of Investments		1,254,000
Interest on Investments and Cash Balances		503,483
Net Cash Provided (Used) in Investing Activities		<u>\$ 1,757,483</u>
Net Increase (Decrease) in Cash and Cash Equivalents		\$ (108,968,338)
Cash and Cash Equivalents - Beginning		260,951,178
Cash and Cash Equivalents - Ending		<u>\$ 151,982,840</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)		\$ 44,167,577
Adjustments to reconcile operating income to cash flows from operating activities		
Depreciation and Amortization	\$	3,005,419
Capital Asset Reclassifications to/(from) Expense		4,431
Other Income		(646,338)
Net Changes in Assets and Liabilities:		
(Increase) / Decrease in Accounts Receivable - Games	(3,527,892)	
(Increase) / Decrease in Interest Receivable		-
(Increase) / Decrease in Ticket Inventory		(292,434)
(Increase) / Decrease in Prepaid Expenses		(472,523)
Increase / (Decrease) in Accounts Payable		(680,491)
Increase / (Decrease) in Compensated Absences Liability		(137,594)
Increase / (Decrease) in Deposit Liability		(31,432)
Increase / (Decrease) in Prize Liability		(6,694,240)
Increase in Economic Development Liability - Unclaimed Prizes Payable		641,251
Total Adjustments and Changes		\$ (8,831,843)
Net Cash Provided (Used) by Operating Activities		<u>\$ 35,335,734</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)	(1,200,011,000)	-	10,519,645,000	10,519,645,000	10,519,645,000	10,519,645,000	
Scratch-Its SM	36,820,318	126,784,384	126,784,384	(1,541,384)	(4,808,000)	(4,444,000)	-	115,991,000	115,991,000	115,991,000	115,991,000	
Megabucks SM	1,393,000	36,820,318	36,820,318	(673,318)	2,107,000	(813,000)	-	37,441,000	37,441,000	37,441,000	37,441,000	
Pick 4 SM	48,285,171	1,393,000	1,393,000	5,000	(24,000)	10,000	-	1,384,000	1,384,000	1,384,000	1,384,000	
Powerball [®]	5,781,216	48,285,171	48,285,171	(1,458,171)	2,174,000	10,000	-	49,011,000	49,011,000	49,011,000	49,011,000	
Win for Life SM	109,706,743	5,781,216	5,781,216	937,784	(26,000)	14,000	-	6,707,000	6,707,000	6,707,000	6,707,000	
Keno	2,085,583	109,706,743	109,706,743	(2,259,743)	(3,866,000)	(6,265,000)	-	97,316,000	97,316,000	97,316,000	97,316,000	
Lucky Lines SM		2,085,583	2,085,583	(37,583)	10,000	(19,000)	-	2,039,000	2,039,000	2,039,000	2,039,000	
Total Revenue	330,856,415	12,614,328,000	12,945,184,415	(386,667,415)	(517,465,000)	(1,211,518,000)	-	309,889,000	10,519,645,000	10,829,534,000	10,829,534,000	
Less prizes	218,141,000	11,684,652,000	11,902,793,000	(357,272,000)	(480,582,000)	(1,120,965,000)	-	203,369,000	9,740,605,000	9,943,974,000	9,943,974,000	
Net revenue	112,715,415	929,676,000	1,042,391,415	(29,395,415)	(36,883,000)	(90,553,000)	-	106,520,000	779,040,000	885,560,000	885,560,000	
Direct Expenses												
Commissions	28,986,000	217,544,000	246,530,000	(6,652,000)	(8,776,000)	(20,016,000)	-	27,115,000	183,971,000	211,086,000	211,086,000	
Game Vendor Charges	6,877,000	1,921,236	8,798,236	(91,000)	(73,000)	(197,000)	-	6,516,000	1,921,236	8,437,236	8,437,236	
Tickets	5,137,507	-	5,137,507	(66,507)	(193,000)	(181,000)	-	4,697,000	-	4,697,000	4,697,000	
Advertising	11,526,300	325,000	11,851,300	-	-	-	-	11,526,300	325,000	11,851,300	11,851,300	
Sales Support	2,036,871	-	2,036,871	-	-	-	-	2,036,871	-	2,036,871	2,036,871	
Gm Equip/Parts & Maint	25,000	1,861,984	1,886,984	-	-	-	-	25,000	1,861,984	1,886,984	1,886,984	
Market Research	80,960	223,153	304,113	-	-	-	-	80,960	223,153	304,113	304,113	
Research & Development	290,000	2,281,000	2,571,000	-	-	-	-	290,000	2,281,000	2,571,000	2,571,000	
Depreciation	97,991	42,422,637	42,520,628	-	-	-	-	97,991	42,422,637	42,520,628	42,520,628	
Total Direct Expenses	55,057,629	266,579,010	321,636,639	(6,809,507)	(9,042,000)	(20,394,000)	-	52,385,122	233,006,010	285,391,132	285,391,132	
Gross Profit	57,657,786	663,096,990	720,754,776	(22,585,908)	(27,841,000)	(70,159,000)	-	54,134,878	546,033,990	600,168,868	600,168,868	
Relative GP %	8.00%	92.00%	100.00%	-	-	-	-	9.02%	90.98%	100.00%	100.00%	
Indirect Revenue	1,150,748	13,234,254	14,385,002	-	-	-	-	1,150,748	13,234,254	14,385,002	14,385,002	
Indirect Expense												
Public information	501,986	5,773,119	6,275,105	-	-	-	-	501,986	5,773,119	6,275,105	6,275,105	
Personal services	3,183,184	36,608,403	39,791,587	-	-	-	-	3,183,184	36,608,403	39,791,587	39,791,587	
Services & supplies	1,031,974	11,868,276	12,900,250	-	-	-	-	1,031,974	11,868,276	12,900,250	12,900,250	
Depreciation	195,277	2,245,798	2,441,075	-	-	-	-	195,277	2,245,798	2,441,075	2,441,075	
Total Indirect Expenses	4,912,421	56,495,596	61,408,017	-	-	-	-	4,912,421	56,495,596	61,408,017	61,408,017	
Net Profit	53,896,113	619,835,648	673,731,761	(22,585,908)	(27,841,000)	(70,159,000)	-	50,373,205	502,772,648	553,145,853	553,145,853	
Capital outlay												
FTE Count												

Unaudited; not presented in accordance with GAAP

Capital outlay \$ 27,783,278
 FTE Count 451.25
 Net Profit \$ 27,783,278
 FTE Count 451.25