

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

	Traditional Lottery Revenue	Video Lottery Revenue	% of Net Revenue	Total Lottery Revenue	% of Net Revenue
Revenue					
Scratch-lits SM	9,492,456	-		\$ 9,492,456	
Breakopen	-	-		-	
Megabucks SM	2,597,311	-		2,597,311	
Powerball [®]	3,457,641	-		3,457,641	
Sports Action SM	-	-		-	
Keno	8,639,277	-		8,639,277	
Pick 4 SM	121,166	-		121,166	
Win For Life SM	553,712	-		553,712	
Scoreboard SM	-	-		-	
Lucky Lines SM	142,104	-		142,104	
Video Lottery SM (Gross Receipts)	-	991,017,149		991,017,149	
TOTAL	25,003,667	991,017,149		\$ 1,016,020,816	
Prize Expense	17,330,790	917,721,256		935,052,046	
Net Revenue	7,672,877	73,295,894	100	\$ 80,968,771	100
Direct Expenses					
Commissions	2,136,587	18,643,259	28	\$ 20,779,846	26
Game Vendor Charges	424,885	157,603	6	582,488	1
Tickets	250,874	-	3	250,874	0
Advertising	533,242	-	7	533,242	1
Sales Support	150,941	-	2	150,941	0
Game Equipment, Parts & Maintenance	317	131,507	0	131,825	0
Research	1,723	438	0	2,161	0
Research & Development	-	-	0	-	0
Capital Lease Interest	-	-	0	-	0
Depreciation	16,383	3,115,185	0	3,131,568	4
TOTAL	3,514,952	22,047,992	46	25,562,945	32
Gross Profit	4,157,924	51,247,901	54	\$ 55,405,826	68
Contribution Margin	7.50%	92.50%		100.00%	
Indirect Revenue					
Legal Settlements	-	-	0	-	0
Gain on Sale of Investments	-	-	0	-	0
Gain (Loss) on Sale Fixed Assets	1,661	(579,851)	(1)	(578,190)	(1)
Other Income	58,009	714,980	1	772,989	1
TOTAL	59,670	135,129	1	194,799	0
Indirect Expenses					
Public Information	5,252	64,736	0	69,988	0
Personal Services	221,929	2,735,355	3	2,957,284	4
Services & Supplies	48,599	598,996	1	647,595	1
Depreciation	13,864	170,873	0	184,737	0
TOTAL	289,644	3,569,960	4	3,859,603	5
Net Profit	3,927,951	47,813,071	51	\$ 51,741,022	64

OREGON STATE LOTTERY

Supplemental Schedule of
Services and Supplies Expenses
For the Month Ending July 31, 2008

	Traditional			Video			Total		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 1,266	\$ 3,278	\$ 2,013	\$ 15,598	\$ 40,407	\$ 24,808	\$ 16,864	\$ 43,685	\$ 26,821
Office Expenses	2,538	4,883	2,345	31,283	60,186	28,903	33,821	65,069	31,248
Telecommunications Network	867	106	(760)	10,681	1,313	(9,368)	11,547	1,419	(10,128)
Telecommunications	3,866	4,163	298	47,647	51,317	3,670	51,512	55,480	3,968
Intergovernmental Charges	5,325	6,710	1,385	65,632	82,705	17,073	70,957	89,415	18,458
Technology Expenses	4,014	17,364	13,350	49,475	214,021	164,546	53,489	231,385	177,896
Professional Services	19,823	25,944	6,121	244,320	319,770	75,450	264,143	345,714	81,571
Staff Training	704	3,181	2,477	8,679	39,211	30,532	9,383	42,392	33,009
Facilities	2,798	3,140	342	34,485	38,705	4,220	37,283	41,845	4,562
Facilities Maintenance	320	1,496	1,176	3,948	18,438	14,490	4,268	19,934	15,666
Other Services & Supplies	1,681	4,397	2,716	20,715	54,194	33,479	22,395	58,591	36,196
Fleet Expenses	5,990	6,158	169	73,827	75,904	2,077	79,817	82,062	2,245
Supplier Diversity	26	29	3	324	358	34	350	387	37
TOTAL	\$ 49,217	\$ 80,852	\$ 31,635	\$ 606,614	\$ 996,526	\$ 389,913	\$ 655,830	\$ 1,077,378	\$ 421,548
Less Non Distributable Revenue	(618)	-	618	(7,617)	-	7,617	(8,235)	-	8,235
AMOUNT REPORTED	\$ 48,599	\$ 80,852	\$ 32,253	\$ 598,996	\$ 996,526	\$ 397,530	\$ 647,595	\$ 1,077,378	\$ 429,783

OREGON STATE LOTTERY

Operating Statement
Year-to-Date Through July 31, 2008
Net Revenue Basis

	Total Lottery						Variance Favorable / (Unfavorable)	%
	Traditional Lottery	Video Lottery	% of Net Revenue	Actual	% of Net Revenue	Budget*		
Revenue	\$ 9,492,456	\$ -	0	\$ 9,492,456	0	\$ 10,336,617	\$ (844,161)	(8)
Scratch-Its SM	-	-	-	-	-	-	-	n/a
Breakopen	2,597,311	-	-	2,597,311	-	3,057,694	(460,383)	(15)
Megabucks SM	3,457,641	-	-	3,457,641	-	4,100,590	(642,949)	(16)
Powerball [®]	-	-	-	-	-	-	-	n/a
Sports Action SM	-	-	-	-	-	-	-	n/a
Keno	8,639,277	-	-	8,639,277	-	9,149,897	(510,620)	(6)
Pick 4 SM	121,166	-	-	121,166	-	118,000	3,166	3
Win For Life SM	553,712	-	-	553,712	-	482,751	70,961	15
Scoreboard SM	-	-	-	-	-	-	-	n/a
Lucky Lines SM	142,104	-	-	142,104	-	176,965	(34,861)	(20)
Video Lottery SM (Gross Receipts)	-	991,017,149	-	991,017,149	-	1,030,665,000	(39,647,851)	(4)
TOTAL	\$ 25,003,667	\$ 991,017,149	0	\$ 1,016,020,816	0	\$ 1,058,087,514	\$ (42,066,698)	(4)
Prize Expense	17,330,790	917,721,256	0	935,052,046	0	972,769,000	37,716,954	(4)
Net Revenue	\$ 7,672,877	\$ 73,295,894	100	\$ 80,968,771	100	\$ 85,318,514	\$ (4,349,743)	(5)
Direct Expenses								
Commissions	\$ 2,136,587	\$ 18,643,259	25	\$ 20,779,846	26	\$ 22,152,000	\$ 1,372,154	6
Game Vendor Charges	424,885	157,603	0	582,488	1	731,103	148,615	20
Tickets	250,874	-	0	250,874	0	418,507	167,633	40
Advertising	533,242	-	0	533,242	1	987,810	454,568	46
Sales Support	150,941	-	0	150,941	0	169,740	18,799	11
Game Equipment, Parts & Maintenance	317	131,507	0	131,825	0	157,248	25,423	16
Research	1,723	438	0	2,161	0	25,343	23,182	92
Research & Development	-	-	0	-	0	214,251	214,251	100
Depreciation	16,383	3,115,185	4	3,131,568	4	3,264,535	132,967	4
Total Direct Expenses	\$ 3,514,952	\$ 22,047,992	30	\$ 25,562,945	32	\$ 28,120,537	\$ 2,557,592	9
Gross Profit	\$ 4,157,924	\$ 51,247,901	70	\$ 55,405,826	68	\$ 57,197,977	\$ (1,792,151)	3
Contribution Margin	7.50%	92.50%	100.00%			N/A	N/A	
Indirect Revenue								
Gain on Sale of Investments	\$ -	\$ -	0	\$ -	0	\$ -	\$ -	n/a
Legal Settlements	-	-	0	-	0	-	-	n/a
Gain (Loss) on Sale Fixed Assets	1,661	(579,851)	(1)	(578,190)	(1)	-	(578,190)	n/a
Other Income	58,009	714,980	1	772,989	1	1,198,750	(425,761)	(36)
Total Indirect Revenue	\$ 59,670	\$ 135,129	0	\$ 194,799	0	\$ 1,198,750	\$ (1,003,951)	(84)
Indirect Expenses								
Public Information	\$ 5,252	\$ 64,736	0	\$ 69,988	0	\$ 522,985	\$ (452,997)	87
Personal Services	221,929	2,735,355	4	2,957,284	4	3,284,119	326,835	10
Services & Supplies	48,599	598,996	1	647,595	1	1,077,378	429,783	40
Depreciation	13,864	170,873	0	184,737	0	194,402	9,665	5
Total Indirect Expenses	\$ 289,644	\$ 3,569,960	5	\$ 3,859,603	5	\$ 5,078,884	\$ 1,219,281	24
Net Profit	\$ 3,927,951	\$ 47,813,071	65	\$ 51,741,022	64	\$ 53,317,843	\$ (1,576,821)	(3)

*FY 2009 is based upon the May 2008 forecast

Unaudited; not presented in accordance with GAAP

OREGON STATE LOTTERY

Supplemental Schedule of Services and Supplies Expenses
Year-to-Date Through July 31, 2008

	Traditional			Video			Totals		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 1,266	\$ 3,278	\$ 2,012	\$ 15,598	\$ 40,407	\$ 24,809	\$ 16,864	\$ 43,685	\$ 26,821
Office Expenses	2,538	4,883	2,345	31,283	60,186	28,903	33,821	65,069	31,248
Telecommunications Network	867	106	(761)	10,681	1,313	(9,368)	11,547	1,419	(10,128)
Telecommunications	3,866	4,163	297	47,647	51,317	3,670	51,512	55,480	3,968
Intergovernmental Charges	5,325	6,710	1,385	65,632	82,705	17,073	70,957	89,415	18,458
Technology Expenses	4,014	17,364	13,350	49,475	214,021	164,546	53,489	231,385	177,896
Professional Services	19,823	25,944	6,121	244,320	319,770	75,450	264,143	345,714	81,571
Staff Training	704	3,181	2,477	8,679	39,211	30,532	9,383	42,392	33,009
Facilities	2,798	3,140	342	34,485	38,705	4,220	37,283	41,845	4,562
Facilities Maintenance	320	1,496	1,176	3,948	18,438	14,490	4,268	19,934	15,666
Other Services and Supplies	1,681	4,397	2,716	20,715	54,194	33,479	22,395	58,591	36,196
Fleet Expenses	5,990	6,158	168	73,827	75,904	2,077	79,817	82,062	2,245
Supplier Diversity	26	29	3	324	358	34	350	387	37
TOTAL	\$ 49,218	\$ 80,849	\$ 31,631	\$ 606,614	\$ 996,529	\$ 389,915	\$ 655,830	\$ 1,077,378	\$ 421,548
Less Non Distributable Revenue	(618)	-	618	(7,617)	-	7,617	(8,235)	-	8,235
AMOUNT REPORTED	\$ 48,600	\$ 80,849	\$ 32,249	\$ 598,997	\$ 996,529	\$ 397,532	\$ 647,595	\$ 1,077,378	\$ 429,783

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

	6/30/2008		7/31/2008	
	Traditional	Video	Traditional	Video
Prizes	64.7%	92.5%	69.2%	92.5%
Administration	16.8%	2.4%	15.2%	2.6%

6/30/2008 7/31/2008

	6/30/2008	7/31/2008
Accounts Receivable Aging:		
Current	\$ 26,492,759	\$ 15,077,018
Over 30 Days	6,268	11,729
Over 60 Days	8,373	6,273
Over 90 Days	331,486	315,965
Total	\$ 26,838,887	\$ 15,410,984

Allowance for Doubtful Accounts \$ 331,486 \$ 315,965

OREGON STATE LOTTERY
Balance Sheet
As of July 31, 2008

ASSETS

<u>Current Assets</u>	
Cash	\$ 162,436,690
Cash With Fiscal Agent	2,726,078
Investments for Prize Payments at Fair Value	18,076,371
Accounts Receivable-Games -	
Net of Allowance for Doubtful Accounts of \$315,965	15,410,984
Accounts Receivable-Other	711,021
Interest Receivable	-
Ticket Inventory	2,565,285
Prepaid Expenses	1,506,959
Total Current Assets	\$ 203,433,388

<u>Non-Current Assets</u>	
Investments for Prize Payments at Fair Value	\$ 96,684,076
Equipment -	
Net of Accumulated Depreciation of \$51,933,438	92,697,508
Vehicles -	
Net of Accumulated Depreciation of \$1,902,020	1,728,980
Building and Improvements-	
Net of Accumulated Depreciation of \$3,610,483	8,015,882
Leasehold Improvements -	
Net of Accumulated Amortization of \$71,753	1,411
Leased Assets -	
Net of Accumulated Depreciation of \$593,934	-
Computer Software -	
Net of Accumulated Amortization of \$6,407,434	5,021,714
Total Non-Current Assets	204,149,571
TOTAL ASSETS	\$ 407,582,959

LIABILITIES

<u>Current Liabilities</u>	
Accounts Payable	\$ 9,051,315
Compensated Absences	2,432,190
Deposit Liability	272,059
Prize Liability	14,930,956
Prize Liability - Investments at Fair Value	18,076,371
Economic Development Liability	58,906,093
Capital Lease Liability	-
VLT Purchase Contingent Liability	-
Deferred Revenue	-
Total Current Liabilities	\$ 103,668,984

<u>Non-Current Liabilities</u>	
Capital Lease Liability	\$ -
Deferred Prize Liability	96,684,076
OPEB Liability	190,657
Non-Current Economic Development Liability	-
Total Non-Current Liabilities	96,874,733
TOTAL LIABILITIES	\$ 200,543,717

EQUITY

<u>Retained Earnings</u>	
Fixed Asset Book Value	\$ 107,465,496
Restricted Cash and Inventory	6,798,322
FY '09 Asset Purchases Committed by Commission	47,775,425
Operating Working Capital	45,000,000
Total Retained Earnings	\$ 207,039,242
TOTAL LIABILITIES AND EQUITY	\$ 407,582,959

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

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,027,448,719
Payments to Prize Winners	(933,514,251)
Payments to Employees for Services	(2,957,284)
Payments to Suppliers	(28,633,444)
Net Cash Provided (Used) in Operating Activities	62,343,740
Cash Flows from Noncapital Financing Activities:	
Transfers to Other Funds	\$ (165,394,731)
Other Income	(11,701)
Net Cash Provided (Used) in Noncapital Financing Activities	\$ (165,406,432)
Cash Flows from Capital and Related Financing Activities:	
Acquisition/Restoration of Capital Assets	\$ (1,996,915)
Proceeds from Disposition/Impairment of Capital Assets	138,918
Net Cash Provided (Used) in Capital and Related Financing Activities	\$ (1,857,997)
Cash Flows from Investing Activities:	
Purchases of Investments	\$ (3,405,224)
Proceeds from Sales and Maturities of Investments	262,000
Interest on Investments and Cash Balances	772,871
Net Cash Provided (Used) in Investing Activities	\$ (2,370,353)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (107,291,042)
Cash and Cash Equivalents - Beginning	269,727,733
Cash and Cash Equivalents - Ending	\$ 162,436,690

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ 51,741,022
Adjustments to reconcile operating income to cash flows from operating activities	
Depreciation and Amortization	\$ 3,316,305
Capital Asset Reclassifications to/(from) Expense	(203,034)
Other Income	-
Net Changes in Assets and Liabilities:	
(Increase) / Decrease in Accounts Receivable - Games	11,427,902
(Increase) / Decrease in Interest Receivable	-
(Increase) / Decrease in Ticket Inventory	(350,470)
(Increase) / Decrease in Prepaid Expenses	(719,225)
Increase / (Decrease) in Accounts Payable	(2,901,703)
Increase / (Decrease) in Compensated Absences Liability	-
Increase / (Decrease) in Deposit Liability	(1,504,851)
Increase / (Decrease) in Prize Liability	1,073,279
Increase in Economic Development Liability - Unclaimed Prizes Payable	464,516
Total Adjustments and Changes	10,602,718
Net Cash Provided (Used) by Operating Activities	\$ 62,343,740

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		12,614,328,000	12,614,328,000						12,614,328,000	12,614,328,000	
Scratch-its SM	126,784,384	-	126,784,384					126,784,384	-	126,784,384	
Breakopen	-	-	-					-	-	-	
Megabucks SM	36,820,318	-	36,820,318					36,820,318	-	36,820,318	
Pick 4 SM	1,393,000	-	1,393,000					1,393,000	-	1,393,000	
Powerball [®]	48,285,171	-	48,285,171					48,285,171	-	48,285,171	
Sports Action SM	-	-	-					-	-	-	
Scoreboard SM	-	-	-					-	-	-	
Win for Life SM	5,781,216	-	5,781,216					5,781,216	-	5,781,216	
Keno	109,706,743	-	109,706,743					109,706,743	-	109,706,743	
Lucky Lines SM	2,085,583	-	2,085,583					2,085,583	-	2,085,583	
Total Revenue	330,856,415	12,614,328,000	12,945,184,415					330,856,415	12,614,328,000	12,945,184,415	
Less prizes	218,141,000	11,684,652,000	11,902,793,000					218,141,000	11,684,652,000	11,902,793,000	
Net revenue	112,715,415	929,676,000	1,042,391,415					112,715,415	929,676,000	1,042,391,415	
Direct Expenses											
Commissions	28,986,000	217,544,000	246,530,000					28,986,000	217,544,000	246,530,000	
Game Vendor Charges	6,877,000	1,921,236	8,798,236					6,877,000	1,921,236	8,798,236	
Tickets	5,137,507	-	5,137,507					5,137,507	-	5,137,507	
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	266,579,010	321,636,639					55,057,629	266,579,010	321,636,639	
Gross Profit	57,657,786	663,096,990	720,754,776					57,657,786	663,096,990	720,754,776	
Relative GP %	8.00%	92.00%	100.00%					8.00%	92.00%	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					53,896,113	619,835,648	673,731,761	
Capital outlay											
FTE Count											

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