

OREGON STATE LOTTERY

Operating Statement Summary
For the Month Ending November 30, 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	\$ 24,694	\$ 26,724	\$ 27,735	\$ (2,030)	\$ 927,766	\$ 960,914	\$ 971,242	\$ (33,148)	\$ 952,460	\$ 987,638	\$ 988,977	\$ (35,178)
Prizes	16,074	17,614	18,159	1,540	858,770	889,422	899,615	30,652	874,844	907,036	917,773	32,192
Net revenue	\$ 8,620	\$ 9,110	\$ 9,576	\$ (490)	\$ 68,997	\$ 71,492	\$ 71,628	\$ (2,495)	\$ 77,616	\$ 80,602	\$ 81,204	\$ (2,986)
Direct expenses	4,636	4,489	4,592	(148)	20,092	21,758	19,999	1,666	24,728	26,246	24,591	1,518
Indirect revenue/expenses	330	341	302	12	4,049	3,675	3,132	(374)	4,379	4,016	3,434	(363)
Net profit	\$ 3,654	\$ 4,280	\$ 4,682	\$ (627)	\$ 44,856	\$ 46,059	\$ 48,497	\$ (1,204)	\$ 48,509	\$ 50,339	\$ 53,179	\$ (1,830)

Percentages of Distributable Revenue For Current Month:

Prizes	65.0%	65.7%	65.5%
Administrative Expenses	20.2%	18.4%	17.6%

*FY 2009 is based upon the December 2008 forecast

92.5%	92.5%	92.6%
2.6%	2.8%	2.4%
91.8%	91.7%	91.9%
3.1%	3.2%	2.8%

OREGON STATE LOTTERY

Operating Statement
For the Month Ending November 30, 2008
Net Revenue Basis

	Traditional Lottery	% of Net Revenue	Video Lottery	% of Net Revenue	Total Lottery	% of Net Revenue
Revenue						
Scratch-Its SM	8,947,050				\$ 8,947,050	
Megabucks SM	3,567,633				3,567,633	
Powerball [®]	3,076,750				3,076,750	
Keno	8,282,807				8,282,807	
Pick 4 SM	119,901				119,901	
Win For Life SM	540,686				540,686	
Lucky Lines SM	158,938				158,938	
Video Lottery SM (Gross Receipts)	-		927,766,473		927,766,473	
TOTAL	<u>24,693,765</u>		<u>927,766,473</u>		<u>\$ 952,460,238</u>	
Prize Expense	<u>16,074,004</u>		<u>858,769,962</u>		<u>874,843,966</u>	
Net Revenue	<u>8,619,761</u>	100	<u>68,996,510</u>	100	<u>\$ 77,616,272</u>	100
Direct Expenses						
Commissions	2,049,342	24	16,911,008	25	\$ 18,960,349	24
Game Vendor Charges	408,749	5	157,603	0	566,352	1
Tickets	888,552	10	-	0	888,552	1
Advertising	1,132,290	13	-	0	1,132,290	1
Sales Support	126,096	1	-	0	126,096	0
Game Equipment, Parts & Maintenance	45	0	141,818	0	141,863	0
Research	-	0	-	0	-	0
Research & Development	19,763	0	-	0	19,763	0
Capital Lease Interest	-	0	-	0	-	0
Depreciation	11,557	0	2,881,184	4	2,892,740	4
TOTAL	<u>4,636,393</u>	54	<u>20,091,612</u>	29	<u>\$ 24,728,005</u>	32
Gross Profit	<u>3,983,368</u>	46	<u>48,904,898</u>	71	<u>\$ 52,888,266</u>	68
Contribution Margin	<u>7.53%</u>		<u>92.47%</u>		<u>100.00%</u>	
Indirect Revenue						
Legal Settlements	-	0	-	0	-	0
Gain on Sale of Investments	-	0	-	0	-	0
Gain (Loss) on Sale Fixed Assets	(3,519)	(0)	(43,209)	(0)	(46,728)	(0)
Other Income	35,387	0	434,455	1	469,842	1
TOTAL	<u>31,868</u>	0	<u>391,246</u>	1	<u>\$ 423,114</u>	1
Indirect Expenses						
Public Information	38,839	0	476,834	1	515,673	1
Personal Services	245,563	3	3,014,838	4	3,260,401	4
Services & Supplies	61,782	1	758,509	1	820,291	1
Depreciation	15,498	0	190,277	0	205,776	0
TOTAL	<u>361,682</u>	4	<u>4,440,458</u>	6	<u>\$ 4,802,140</u>	6
Net Profit	<u>3,653,554</u>	42	<u>44,855,686</u>	65	<u>\$ 48,509,240</u>	62

OREGON STATE LOTTERY

Supplemental Schedule of
Services and Supplies Expenses

For the Month Ending November 30, 2008

	Traditional			Video			Total		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 2,012	\$ 3,290	\$ 1,278	\$ 24,707	\$ 40,395	\$ 15,687	\$ 26,720	\$ 43,685	\$ 16,965
Office Expenses	5,368	4,901	(468)	65,908	60,168	(5,740)	71,277	65,069	(6,208)
Telecommunications Network	521	107	(414)	6,396	1,312	(5,084)	6,917	1,419	(5,498)
Telecommunications	4,047	4,179	131	49,691	51,301	1,611	53,738	55,480	1,742
Intergovernmental Charges	7,219	7,006	(213)	88,624	86,010	(2,613)	95,842	93,016	(2,826)
Technology Expenses	6,971	17,427	10,456	85,590	213,958	128,367	92,562	231,385	138,823
Professional Services	21,495	26,038	4,543	263,903	319,676	55,773	285,399	345,714	60,315
Staff Training	1,140	3,193	2,053	13,991	39,199	25,208	15,131	42,392	27,261
Facilities	2,828	3,152	323	34,725	38,693	3,969	37,553	41,845	4,292
Facilities Maintenance	2,734	1,501	(1,233)	33,568	18,433	(15,135)	36,302	19,934	(16,368)
Other Services & Supplies	3,768	4,413	644	46,266	54,178	7,912	50,034	58,591	8,557
Fleet Expenses	3,918	6,181	2,263	48,102	75,881	27,779	52,020	82,062	30,042
Supplier Diversity	-	29	29	-	358	358	-	387	387
TOTAL	\$ 62,023	\$ 81,416	\$ 19,392	\$ 761,472	\$ 999,563	\$ 238,091	\$ 823,495	\$ 1,080,979	\$ 257,484
Less Non Distributable Revenue	(241)	-	241	(2,963)	-	2,963	(3,204)	-	3,204
AMOUNT REPORTED	\$ 61,782	\$ 81,416	\$ 19,633	\$ 758,509	\$ 999,563	\$ 241,054	\$ 820,291	\$ 1,080,979	\$ 260,688

OREGON STATE LOTTERY

Operating Statement
Year-to-Date Through November 30, 2008
Net Revenue Basis

	Total Lottery					Variance Favorable / (Unfavorable)	%
	Traditional Lottery	Video Lottery	% of Net Revenue	Actual	% of Net Revenue		
Revenue							
Scratch-Its SM	\$ 46,409,623	\$ -	0	\$ 46,409,623	\$ 47,484,709	\$ (1,075,086)	(2)
Megabucks SM	17,076,971	-	-	17,076,971	16,658,334	418,637	3
Powerball [®]	20,091,890	-	-	20,091,890	20,936,907	(845,017)	(4)
Keno	42,006,203	-	-	42,006,203	42,229,524	(223,321)	(1)
Pick 4 SM	598,668	-	-	598,668	589,000	9,668	2
Win For Life SM	2,800,893	-	-	2,800,893	2,781,474	19,419	1
Lucky Lines SM	835,172	-	-	835,172	846,831	(11,659)	(1)
Video Lottery SM (Gross Receipts)	-	4,864,131,930	100	4,864,131,930	4,890,284,000	(26,152,070)	(1)
TOTAL	\$ 129,819,420	\$ 4,864,131,930	100	\$ 4,993,951,350	\$ 5,021,810,779	\$ (27,859,429)	(1)
Prize Expense	84,726,186	4,502,838,676	100	4,587,564,862	4,613,368,000	25,803,138	(1)
Net Revenue	\$ 45,093,234	\$ 361,293,254	100	\$ 406,386,488	\$ 408,442,779	\$ (2,056,291)	(1)
Direct Expenses							
Commissions	\$ 10,932,683	\$ 90,942,042	25	\$ 101,874,724	\$ 104,698,000	\$ 2,823,276	3
Game Vendor Charges	2,195,151	788,015	0	2,983,166	3,558,515	575,349	16
Tickets	1,961,544	-	0	1,961,544	1,925,000	(36,544)	(2)
Advertising	3,630,321	1,730	0	3,632,051	3,964,071	332,020	8
Sales Support	672,847	-	0	672,847	848,700	175,853	21
Game Equipment, Parts & Maintenance	1,994	558,439	0	560,433	786,240	225,807	29
Research	30,553	35,440	0	65,994	126,715	60,721	48
Research & Development	36,450	44,318	0	80,768	1,071,255	990,488	93
Depreciation	76,769	14,975,227	4	15,051,996	16,680,534	1,628,538	10
Total Direct Expenses	\$ 19,538,311	\$ 107,345,210	30	\$ 126,883,522	\$ 133,659,030	\$ 6,775,508	5
Gross Profit	\$ 25,554,922	\$ 253,948,043	70	\$ 279,502,966	\$ 274,783,749	\$ 4,719,217	2
Contribution Margin	9.14%	90.86%	100.00%	N/A	N/A	N/A	2
Indirect Revenue							
Gain on Sale of Investments	\$ -	\$ -	0	\$ -	\$ -	\$ -	n/a
Legal Settlements	-	-	0	-	-	-	n/a
Gain (Loss) on Sale Fixed Assets	(123,640)	(1,228,657)	(0)	(1,352,298)	-	(1,352,298)	n/a
Other Income	280,920	2,791,594	1	3,072,513	5,993,750	(2,921,237)	(49)
Total Indirect Revenue	\$ 157,279	\$ 1,562,937	0	\$ 1,720,216	\$ 5,993,750	\$ (4,273,534)	(71)
Indirect Expenses							
Public Information	\$ 128,340	\$ 1,275,359	0	\$ 1,403,699	\$ 1,980,059	\$ 576,360	29
Personal Services	1,465,376	14,561,940	4	16,027,316	16,420,443	393,127	2
Services & Supplies	365,296	3,630,067	1	3,995,363	5,421,448	1,426,085	26
Depreciation	94,170	935,803	0	1,029,973	989,370	(40,603)	(4)
Total Indirect Expenses	\$ 2,053,181	\$ 20,403,170	6	\$ 22,456,351	\$ 24,811,320	\$ 2,354,969	10
Net Profit	\$ 23,659,020	\$ 235,107,810	65	\$ 258,766,830	\$ 255,966,179	\$ 2,800,651	1

*FY 2009 is based upon the December 2008 forecast

OREGON STATE LOTTERY

Supplemental Schedule of Services and Supplies Expenses
Year-to-Date Through November 30, 2008

	Traditional			Video			Totals		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 11,574	\$ 19,971	\$ 8,397	\$ 115,012	\$ 198,454	\$ 83,442	\$ 126,586	\$ 218,425	\$ 91,839
Office Expenses	25,195	29,746	4,551	250,372	295,599	45,227	275,568	325,345	49,777
Telecommunications Network	5,957	649	(5,308)	59,196	6,446	(52,750)	65,152	7,095	(58,057)
Telecommunications	22,599	25,363	2,764	224,574	252,037	27,463	247,173	277,400	30,227
Intergovernmental Charges	43,863	44,036	173	435,886	437,597	1,711	479,749	481,633	1,884
Technology Expenses	40,170	105,778	65,608	399,185	1,051,147	651,962	439,355	1,156,925	717,570
Professional Services	131,142	158,043	26,901	1,303,202	1,570,527	267,325	1,434,343	1,728,570	294,227
Staff Training	7,128	19,379	12,251	70,829	192,581	121,752	77,957	211,960	134,003
Facilities	17,194	19,129	1,935	170,865	190,096	19,231	188,059	209,225	21,166
Facilities Maintenance	6,859	9,113	2,254	68,159	90,557	22,398	75,017	99,670	24,653
Other Services and Supplies	24,426	26,785	2,359	242,730	266,170	23,440	267,156	292,955	25,799
Fleet Expenses	32,842	37,515	4,673	326,361	372,795	46,434	359,202	410,310	51,108
Supplier Diversity	32	177	145	318	1,758	1,440	350	1,935	1,585
TOTAL	\$ 368,981	\$ 495,684	\$ 126,703	\$ 3,666,689	\$ 4,925,764	\$ 1,259,075	\$ 4,035,667	\$ 5,421,448	\$ 1,385,781
Less Non Distributable Revenue	(3,685)	-	3,685	(36,620)	-	36,620	(40,305)	-	40,305
AMOUNT REPORTED	\$ 365,296	\$ 495,684	\$ 130,388	\$ 3,630,069	\$ 4,925,764	\$ 1,295,695	\$ 3,995,363	\$ 5,421,448	\$ 1,426,085

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

	10/31/2008		11/30/2008	
	Traditional	Video	Traditional	Video
Prizes	65.2%	92.5%	65.1%	92.5%
Administration	15.7%	2.6%	16.6%	2.6%

Accounts Receivable Aging:

	10/31/2008	11/30/2008
Current	\$ 17,645,262	\$ 20,734,740
Over 30 Days	343	343
Over 60 Days	137	137
Over 90 Days	366,609	366,609
Total	\$ 18,012,351	\$ 21,101,830

Allowance for Doubtful Accounts \$ 366,609 \$ 362,352

OREGON STATE LOTTERY
Balance Sheet
As of November 30, 2008

ASSETS

<u>Current Assets</u>	
Cash	\$ 214,417,995
Cash With Fiscal Agent	2,792,296
Investments for Prize Payments at Fair Value	13,280,582
Accounts Receivable-Games -	
Net of Allowance for Doubtful Accounts of \$362,352	21,101,830
Accounts Receivable-Other	612,056
Interest Receivable	-
Ticket Inventory	1,783,074
Prepaid Expenses	1,594,478
Total Current Assets	\$ 255,582,310

<u>Non-Current Assets</u>	
Investments for Prize Payments at Fair Value	\$ 101,463,027
Equipment -	
Net of Accumulated Depreciation of \$56,690,266	90,598,736
Vehicles -	
Net of Accumulated Depreciation of \$1,979,838	2,503,080
Building and Improvements-	
Net of Accumulated Depreciation of \$3,741,001	7,934,304
Leasehold Improvements -	
Net of Accumulated Amortization of \$77,473	79,760
Leased Assets -	
Net of Accumulated Depreciation of \$593,934	-
Computer Software -	
Net of Accumulated Amortization of \$5,798,310	3,875,894
Total Non-Current Assets	206,454,801
TOTAL ASSETS	\$ 462,037,111

LIABILITIES

<u>Current Liabilities</u>	
Accounts Payable	\$ 8,344,360
Compensated Absences	2,558,111
Deposit Liability	269,520
Prize Liability	16,780,612
Prize Liability - Investments at Fair Value	13,280,582
Economic Development Liability	124,991,379
Capital Lease Liability	-
VL T Purchase Contingent Liability	-
Deferred Revenue	-
Total Current Liabilities	\$ 166,224,564

<u>Non-Current Liabilities</u>	
Capital Lease Liability	\$ -
Deferred Prize Liability	101,463,027
OPEB Liability	190,657
Non-Current Economic Development Liability	-
Total Non-Current Liabilities	101,653,684
TOTAL LIABILITIES	\$ 267,878,247

EQUITY

<u>Retained Earnings</u>	
Fixed Asset Book Value	\$ 104,991,774
Restricted Cash and Inventory	6,169,847
FY '09 Asset Purchases Committed by Commission	37,997,242
Operating Working Capital	45,000,000
Total Retained Earnings	\$ 194,158,864
TOTAL LIABILITIES AND EQUITY	\$ 462,037,111

OREGON LOTTERY

Statement of Cash Flows - Direct Method
For the Month Ending November 30, 2008

Cash Flows from Operating Activities:			
Receipts from Customers	\$	949,370,760	
Payments to Prize Winners		(881,333,284)	
Payments to Employees for Services		(3,248,377)	
Payments to Suppliers		(23,107,740)	
Net Cash Provided (Used) in Operating Activities		<u>41,681,359</u>	
Cash Flows from Noncapital Financing Activities:			
Transfers to Other Funds	\$	-	
Other Income		(13,631)	
Net Cash Provided (Used) in Noncapital Financing Activities		<u>(13,631)</u>	
Cash Flows from Capital and Related Financing Activities:			
Acquisition/Restoration of Capital Assets	\$	(2,374,684)	
Proceeds from Disposition/Impairment of Capital Assets		139,689	
Net Cash Provided (Used) in Capital and Related Financing Activities		<u>(2,234,995)</u>	
Cash Flows from Investing Activities:			
Purchases of Investments		2,611,000	
Proceeds from Sales and Maturities of Investments		465,053	
Interest on Investments and Cash Balances		3,076,053	
Net Cash Provided (Used) in Investing Activities		<u>5,152,106</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	\$	42,508,786	
Cash and Cash Equivalents - Beginning		171,493,139	
Cash and Cash Equivalents - Ending		<u>\$ 214,001,925</u>	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)			\$ 48,509,240
Adjustments to reconcile operating income to cash flows from operating activities			
Depreciation and Amortization	\$	3,098,516	
Capital Asset Reclassifications to/(from) Expense		-	
Other Income		(426,318)	
Net Changes in Assets and Liabilities:			
(Increase) / Decrease in Accounts Receivable - Games	\$	(3,089,478)	
(Increase) / Decrease in Interest Receivable		858,220	
(Increase) / Decrease in Ticket Inventory		(98,596)	
(Increase) / Decrease in Prepaid Expenses		(762,575)	
Increase / (Decrease) in Accounts Payable		12,023	
Increase / (Decrease) in Compensated Absences Liability		69,644	
Increase / (Decrease) in Deposit Liability		(6,489,317)	
Increase / (Decrease) in Prize Liability		-	
Increase in Economic Development Liability - Unclaimed Prizes Payable		-	
Total Adjustments and Changes		<u>(6,827,883)</u>	
Net Cash Provided (Used) by Operating Activities		<u>\$ 41,681,358</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		12,614,328,000	12,614,328,000	(381,640,000)	(513,032,000)					11,719,656,000	11,719,656,000
Scratch-its SM	126,784,384		126,784,384	(1,541,384)	(4,808,000)					120,435,000	120,435,000
Breakopen											
Megabucks SM	36,820,318		36,820,318	(673,318)	2,107,000					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
Powerball®	48,285,171		48,285,171	(1,458,171)	2,174,000					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
Keno	109,706,743		109,706,743	(2,259,743)	(3,866,000)					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
Total Revenue	330,856,415	12,614,328,000	12,945,184,415	(386,667,415)	(517,465,000)					12,041,052,000	12,041,052,000
Less prizes	218,141,000	11,684,652,000	11,902,793,000	(357,272,000)	(480,582,000)					11,064,939,000	11,064,939,000
Net revenue	112,715,415	929,676,000	1,042,391,415	(29,395,415)	(36,883,000)					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	231,102,000
Game Vendor Charges	6,877,000	1,921,236	8,798,236	(91,000)	(73,000)					6,713,000	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	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							1,861,984	1,886,984
Market Research	80,960	223,153	304,113							80,960	304,113
Research & Development	290,000	2,281,000	2,571,000							290,000	2,571,000
Depreciation	97,991	42,422,637	42,520,628							97,991	42,422,637
Total Direct Expenses	55,057,629	266,579,010	321,636,639	(6,809,507)	(9,042,000)					53,769,122	305,785,132
Gross Profit	57,657,786	663,096,990	720,754,776	(22,585,908)	(27,841,000)					56,346,878	670,327,868
Relative GP %	8.00%	92.00%	100.00%							8.41%	100.00%
Indirect Revenue	1,150,748	13,234,254	14,385,002							1,150,748	14,385,002
Indirect Expense											
Public Information	501,986	5,773,119	6,275,105							501,986	6,275,105
Personal services	3,183,184	36,608,403	39,791,587							3,183,184	39,791,587
Services & supplies	1,031,974	11,868,276	12,900,250							1,031,974	12,900,250
Depreciation	195,277	2,245,798	2,441,075							195,277	2,441,075
Total Indirect Expenses	4,912,421	56,495,596	61,408,017							4,912,421	61,408,017
Net Profit	53,896,113	619,835,648	673,731,761	(22,585,908)	(27,841,000)					52,585,205	623,304,863
Capital outlay											
FTE Count											

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