

# OREGON STATE LOTTERY

Operating Statement Summary  
For the Month Ending October 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
<b>Revenue</b>	\$ 25,982	\$ 27,828	\$ 26,207	\$ (1,846)	\$ 990,579	\$ 1,051,128	\$ 1,010,632	\$ (60,549)	\$ 1,016,560	\$ 1,078,955	\$ 1,036,839	\$ (62,395)
<b>Prizes</b>	16,408	18,341	17,616	1,933	916,828	972,819	936,352	55,991	933,235	991,160	953,968	57,924
<b>Net revenue</b>	\$ 9,574	\$ 9,487	\$ 8,592	\$ 87	\$ 73,751	\$ 78,309	\$ 74,279	\$ (4,558)	\$ 83,325	\$ 87,796	\$ 82,871	\$ (4,471)
<b>Direct expenses</b>	3,693	4,544	4,237	852	21,780	23,841	21,113	2,062	25,472	28,386	25,350	2,914
<b>Indirect revenue/expenses</b>	454	358	224	(97)	4,013	3,950	2,740	(64)	4,467	4,307	2,964	(160)
<b>Net profit</b>	\$ 5,427	\$ 4,585	\$ 4,130	\$ 843	\$ 47,958	\$ 50,518	\$ 50,427	\$ (2,560)	\$ 53,385	\$ 55,103	\$ 54,557	\$ (1,718)

**Percentages of Distributable Revenue For Current Month:**

<b>Prizes</b>	63.0%	65.7%	67.2%		92.5%	92.5%	92.7%		91.8%	91.8%	92.0%	
<b>Administrative Expenses</b>	16.1%	17.9%	17.0%		2.6%	2.7%	2.4%		3.0%	3.1%	2.7%	

\*FY 2009 is based upon the September 2008 forecast

**OREGON STATE LOTTERY**

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

	Traditional Lottery	% of Net Revenue	Video Lottery	% of Net Revenue	Total Lottery	% of Net Revenue
<b>Revenue</b>						
Scratch-Its <sup>SM</sup>	9,087,416				\$ 9,087,416	
Megabucks <sup>SM</sup>	4,424,307				4,424,307	
Powerball <sup>®</sup>	3,265,998				3,265,998	
Keno	8,340,823				8,340,823	
Pick 4 <sup>SM</sup>	123,733				123,733	
Win For Life <sup>SM</sup>	567,966				567,966	
Lucky Lines <sup>SM</sup>	171,326				171,326	
Video Lottery <sup>SM</sup> (Gross Receipts)	-		990,578,512		990,578,512	
TOTAL	25,981,569		990,578,512		\$ 1,016,560,081	
Prize Expense	16,407,590		916,827,876		933,235,485	
Net Revenue	9,573,979	100	73,750,637	100	\$ 83,324,616	100
<b>Direct Expenses</b>						
Commissions	2,181,850	23	18,480,370	25	\$ 20,662,220	25
Game Vendor Charges	441,451	5	157,603	0	599,054	1
Tickets	243,866	3	-	0	243,866	0
Advertising	675,625	7	-	0	675,625	1
Sales Support	133,457	1	-	0	133,457	0
Game Equipment, Parts & Maintenance	15	0	103,534	0	103,549	0
Research	(5,301)	(0)	34,303	0	29,002	0
Research & Development	5,563	0	44,318	0	49,880	0
Capital Lease Interest	-	0	-	0	-	0
Depreciation	16,064	0	2,959,713	4	2,975,776	4
TOTAL	3,692,588	39	21,779,840	30	\$ 25,472,428	31
Gross Profit	5,881,391	61	51,970,797	70	\$ 57,852,188	69
Contribution Margin	10.17%		89.83%		100.00%	
<b>Indirect Revenue</b>						
Legal Settlements	-	0	-	0	\$ -	0
Gain on Sale of Investments	-	0	-	0	-	0
Gain (Loss) on Sale Fixed Assets	(23,541)	(0)	(208,017)	(0)	(231,556)	(0)
Other Income	65,917	1	582,470	1	648,387	1
TOTAL	42,376	0	374,454	1	\$ 416,829	1
<b>Indirect Expenses</b>						
Public Information	55,965	1	494,531	1	\$ 550,496	1
Personal Services	350,585	4	3,097,938	4	3,448,523	4
Services & Supplies	69,208	1	611,559	1	680,766	1
Depreciation	20,787	0	183,682	0	204,469	0
TOTAL	496,545	5	4,387,710	6	\$ 4,884,256	6
Net Profit	5,427,222	57	47,957,540	65	\$ 53,384,762	64

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

	Traditional			Video			Total		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 2,560	\$ 4,441	\$ 1,881	\$ 22,623	\$ 39,244	\$ 16,621	\$ 25,183	\$ 43,685	\$ 18,502
Office Expenses	5,971	6,615	644	52,763	58,454	5,691	58,734	65,069	6,335
Telecommunications Network	741	144	(596)	6,545	1,275	(5,270)	7,286	1,419	(5,867)
Telecommunications	6,285	5,640	(645)	55,541	49,840	(5,702)	61,827	55,480	(6,347)
Intergovernmental Charges	10,241	10,324	83	90,496	91,231	735	100,737	101,555	818
Technology Expenses	8,190	23,523	15,333	72,369	207,862	135,493	80,559	231,385	150,826
Professional Services	20,299	35,146	14,848	179,367	310,568	131,201	199,666	345,714	146,048
Staff Training	1,335	4,310	2,974	11,800	38,082	26,282	13,136	42,392	29,256
Facilities	3,807	4,254	447	33,644	37,591	3,946	37,452	41,845	4,393
Facilities Maintenance	895	2,027	1,132	7,908	17,907	9,999	8,803	19,934	11,131
Other Services & Supplies	4,246	5,957	1,711	37,517	52,634	15,118	41,763	58,591	16,828
Fleet Expenses	6,497	8,343	1,846	57,409	73,719	16,310	63,906	82,062	18,156
Supplier Diversity	-	39	39	-	348	348	-	387	387
TOTAL	\$ 71,067	\$ 110,763	\$ 39,697	\$ 627,983	\$ 978,755	\$ 350,772	\$ 699,051	\$ 1,089,518	\$ 390,468
Less Non Distributable Revenue	(1,859)	-	1,859	(16,424)	-	16,424	(18,283)	-	18,283
AMOUNT REPORTED	\$ 69,208	\$ 110,763	\$ 41,556	\$ 611,559	\$ 978,755	\$ 367,196	\$ 680,768	\$ 1,089,518	\$ 408,750

**OREGON STATE LOTTERY**  
 Operating Statement  
 Year-to-Date Through October 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		Budget*	% of Net Revenue		Favorable / (Unfavorable)	% Variance		
<b>Revenue</b>																
Scratch-Its <sup>SM</sup>	\$ 37,462,573		\$ -	\$ 37,462,573		\$ 39,906,054		\$ (2,443,481)		\$ (2,443,481)			(6)			
Megabucks <sup>SM</sup>	13,509,338		-	13,509,338		11,536,846		1,970,492		1,970,492			17			
Powerball <sup>®</sup>	17,015,140		-	17,015,140		14,792,521		2,222,619		2,222,619			15			
Keno	33,723,396		-	33,723,396		35,025,841		(1,302,445)		(1,302,445)			(4)			
Pick 4 <sup>SM</sup>	478,767		-	478,767		474,000		4,767		4,767			1			
Win For Life <sup>SM</sup>	2,260,207		-	2,260,207		2,264,311		(4,104)		(4,104)			(0)			
Lucky Lines <sup>SM</sup>	676,234		-	676,234		663,868		12,366		12,366			2			
Video Lottery <sup>SM</sup> (Gross Receipts)	-		3,936,365,457	-		3,936,365,457		4,098,339,302		4,098,339,302			(4)			
TOTAL	\$ 105,125,655		\$ 3,936,365,457	\$ 4,041,491,112		\$ 4,203,004,743		\$ (161,513,631)		\$ (161,513,631)			(4)			
Price Expense	68,652,182		3,644,068,714	3,712,720,896		3,863,022,302		150,301,406		150,301,406			(4)			
Net Revenue	\$ 36,473,473	100%	\$ 292,296,743	\$ 328,770,216	100%	\$ 339,982,441	100%	\$ (11,212,225)	100%	\$ (11,212,225)	(3)					
<b>Direct Expenses</b>																
Commissions	\$ 8,883,341	24%	\$ 74,031,034	\$ 82,914,375	25%	\$ 87,770,000	26%	\$ 4,855,625	26%	\$ 4,855,625	6					
Game Vendor Charges	1,786,402	5%	630,412	2,416,814	1%	2,838,412	1%	421,598	1%	421,598	15					
Tickets	1,072,992	3%	-	1,072,992	0%	1,617,000	0%	544,008	0%	544,008	34					
Advertising	2,498,031	7%	1,730	2,499,761	1%	3,066,375	1%	566,614	1%	566,614	19					
Sales Support	546,750	1%	-	546,750	0%	678,960	0%	132,210	0%	132,210	20					
Game Equipment, Parts & Maintenance	1,949	0%	416,621	418,570	0%	628,992	0%	210,422	0%	210,422	34					
Research	30,553	0%	35,440	65,994	0%	101,372	0%	35,378	0%	35,378	35					
Research & Development	16,688	0%	44,318	61,005	0%	857,004	0%	795,999	0%	795,999	93					
Depreciation	65,212	0%	12,094,043	12,159,255	4%	13,239,316	4%	1,080,061	4%	1,080,061	8					
Total Direct Expenses	\$ 14,901,918	41%	\$ 87,253,598	\$ 102,155,517	30%	\$ 110,797,431	33%	\$ 8,641,914	33%	\$ 8,641,914	8					
Gross Profit	\$ 21,571,554	59%	\$ 205,043,145	\$ 226,614,699	70%	\$ 229,185,010	67%	\$ (2,570,311)	67%	\$ (2,570,311)	(1)					
Contribution Margin	9.52%		90.48%	100.00%		N/A		N/A		N/A						
<b>Indirect Revenue</b>																
Gain on Sale of Investments	\$ -	0%	\$ -	\$ -	0%	\$ -	0%	\$ -	0%	\$ -	n/a					
Legal Settlements	-	0%	-	-	0%	-	0%	-	0%	-	n/a					
Gain (Loss) on Sale Fixed Assets	(124,278)	(0)	(1,181,292)	(1,305,569)	(0)	(1,305,569)	(0)	(1,305,569)	(0)	(1,305,569)	n/a					
Other Income	247,749	1%	2,354,922	2,602,671	1%	4,795,000	1%	(2,192,329)	1%	(2,192,329)	(46)					
Total Indirect Revenue	\$ 123,472	0%	\$ 1,173,630	\$ 1,297,102	0%	\$ 4,795,000	1%	\$ (3,497,899)	1%	\$ (3,497,899)	(73)					
<b>Indirect Expenses</b>																
Public Information	\$ 84,532	0%	\$ 803,495	\$ 888,026	0%	\$ 1,341,838	0%	\$ 453,812	0%	\$ 453,812	34					
Personal Services	1,215,288	3%	11,551,627	12,766,915	4%	13,136,382	4%	369,447	4%	369,447	3					
Services & Supplies	302,237	1%	2,872,835	3,175,072	1%	4,340,469	1%	1,165,397	1%	1,165,397	27					
Depreciation	78,456	0%	745,742	824,198	0%	784,412	0%	(39,786)	0%	(39,786)	(5)					
Total Indirect Expenses	\$ 1,680,512	5%	\$ 15,973,699	\$ 17,654,211	5%	\$ 19,603,081	6%	\$ 1,948,870	6%	\$ 1,948,870	10					
Net Profit	\$ 20,014,514	55%	\$ 190,243,077	\$ 210,257,591	65%	\$ 214,376,929	63%	\$ (4,119,338)	63%	\$ (4,119,338)	(2)					

\*FY 2009 is based upon the September 2008 forecast

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

	Traditional			Video			Totals		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 9,506	\$ 16,634	\$ 7,128	\$ 90,359	\$ 158,106	\$ 67,747	\$ 99,866	\$ 174,740	\$ 74,874
Office Expenses	19,447	24,776	5,329	184,844	235,500	50,656	204,291	260,276	55,985
Telecommunications Network	5,543	540	(5,003)	52,692	5,136	(47,556)	58,235	5,676	(52,559)
Telecommunications	18,413	21,125	2,712	175,021	200,795	25,774	193,434	221,920	28,486
Intergovernmental Charges	36,544	36,993	449	347,363	351,624	4,261	383,907	388,617	4,710
Technology Expenses	33,011	88,103	55,092	313,782	837,437	523,655	346,793	925,540	578,747
Professional Services	109,369	131,635	22,266	1,039,576	1,251,221	211,645	1,148,945	1,382,856	233,911
Staff Training	5,980	16,141	10,161	56,846	153,427	96,581	62,826	169,568	106,742
Facilities	14,327	15,933	1,606	136,180	151,447	15,267	150,506	167,380	16,874
Facilities Maintenance	3,685	7,590	3,905	35,030	72,146	37,116	38,715	79,736	41,021
Other Services and Supplies	20,668	22,309	1,641	196,454	212,055	15,601	217,121	234,364	17,243
Fleet Expenses	29,241	31,246	2,005	277,941	297,002	19,061	307,182	328,248	21,066
Supplier Diversity	33	147	114	317	1,401	1,084	350	1,548	1,198
TOTAL	\$ 305,767	\$ 413,172	\$ 107,405	\$ 2,906,405	\$ 3,927,297	\$ 1,020,892	\$ 3,212,173	\$ 4,340,469	\$ 1,128,296
Less Non Distributable Revenue	(3,532)	-	3,532	(33,569)	-	33,569	(37,101)	-	37,101
<b>AMOUNT REPORTED</b>	<b>\$ 302,235</b>	<b>\$ 413,172</b>	<b>\$ 110,937</b>	<b>\$ 2,872,836</b>	<b>\$ 3,927,297</b>	<b>\$ 1,054,461</b>	<b>\$ 3,175,072</b>	<b>\$ 4,340,469</b>	<b>\$ 1,165,397</b>

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

	9/30/2008		10/31/2008	
	Traditional	Video	Traditional	Video

**Analysis of Percentages:**

Prizes	65.9%	92.5%	65.2%	92.5%
Administration	15.6%	2.6%	15.7%	2.6%

**Accounts Receivable Aging:**

	9/30/2008	10/31/2008
Current	\$ 27,536,104	\$ 17,645,262
Over 30 Days	1,005	343
Over 60 Days	3,762	137
Over 90 Days	376,300	366,609
<b>Total</b>	<b>\$ 27,917,172</b>	<b>\$ 18,012,351</b>

Allowance for Doubtful Accounts	\$ 376,300	\$ 366,609
---------------------------------	------------	------------

**OREGON STATE LOTTERY**  
**Balance Sheet**  
**As of October 31, 2008**

**ASSETS**

<b>Current Assets</b>		
Cash		\$ 171,493,139
Cash With Fiscal Agent		2,756,191
Investments for Prize Payments at Fair Value		15,581,111
Accounts Receivable-Games -		
Net of Allowance for Doubtful Accounts of	\$366,609	18,012,351
Accounts Receivable-Other		626,537
Interest Receivable		-
Ticket Inventory		2,641,294
Prepaid Expenses		1,495,881
<b>Total Current Assets</b>		<b>\$ 212,606,504</b>

**LIABILITIES**

<b>Current Liabilities</b>		
Accounts Payable		\$ 9,106,935
Compensated Absences		2,546,087
Deposit Liability		199,876
Prize Liability		20,658,929
Prize Liability - Investments at Fair Value		15,581,111
Economic Development Liability		72,473,835
Capital Lease Liability		-
VLT Purchase Contingent Liability		-
Deferred Revenue		-
<b>Total Current Liabilities</b>		<b>\$ 120,566,773</b>

<b>Non-Current Assets</b>		
Investments for Prize Payments at Fair Value		\$ 94,258,807
Equipment -		
Net of Accumulated Depreciation of	\$55,077,101	91,289,993
Vehicles -		
Net of Accumulated Depreciation of	\$1,973,272	2,411,030
Building and Improvements-		
Net of Accumulated Depreciation of	\$3,708,063	7,965,264
Leasehold Improvements -		
Net of Accumulated Amortization of	\$76,043	81,190
Leased Assets -		
Net of Accumulated Depreciation of	\$593,934	-
Computer Software -		
Net of Accumulated Amortization of	\$5,844,346	4,101,856
<b>Total Non-Current Assets</b>		<b>200,108,140</b>
<b>TOTAL ASSETS</b>		<b>\$ 412,714,644</b>

<b>Non-Current Liabilities</b>		
Capital Lease Liability		\$ -
Deferred Prize Liability		94,258,807
OPeB Liability		190,657
Non-Current Economic Development Liability		-
<b>Total Non-Current Liabilities</b>		<b>94,449,464</b>
<b>TOTAL LIABILITIES</b>		<b>\$ 215,016,237</b>

  

<b>EQUITY</b>		
Retained Earnings		\$ 105,849,333
Fixed Asset Book Value		6,893,366
Restricted Cash and Inventory		39,955,708
FY '09 Asset Purchases Committed by Commission		45,000,000
Operating Working Capital		-
<b>Total Retained Earnings</b>		<b>\$ 197,698,407</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 412,714,644</b>

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

**Cash Flows from Operating Activities:**

Receipts from Customers	\$ 1,026,464,902
Payments to Prize Winners	(935,289,432)
Payments to Employees for Services	(3,217,740)
Payments to Suppliers	(22,380,043)
<b>Net Cash Provided (Used) in Operating Activities</b>	<b>66,577,687</b>

**Cash Flows from Noncapital Financing Activities:**

Transfers to Other Funds	\$ (156,628,586)
Other Income	198,124
<b>Net Cash Provided (Used) in Noncapital Financing Activities</b>	<b>\$ (156,430,462)</b>

**Cash Flows from Capital and Related Financing Activities:**

Acquisition/Restoration of Capital Assets	\$ (4,208,013)
Proceeds from Disposition/Impairment of Capital Assets	162,000
<b>Net Cash Provided (Used) in Capital and Related Financing Activities</b>	<b>\$ (4,046,013)</b>

**Cash Flows from Investing Activities:**

Purchases of Investments	634,537
Proceeds from Sales and Maturities of Investments	634,537
Interest on Investments and Cash Balances	-
<b>Net Cash Provided (Used) in Investing Activities</b>	<b>\$ (94,264,251)</b>

**Net Increase (Decrease) in Cash and Cash Equivalents**

<b>Cash and Cash Equivalents - Beginning</b>	<b>265,757,390</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 171,493,139</b>

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

Operating Income (Loss)	\$ 53,384,762
<b>Adjustments to reconcile operating income to cash flows from operating activities</b>	
Depreciation and Amortization	\$ 3,180,245
Capital Asset Reclassifications to/(from) Expense	6,287
Other Income	(435,112)
<b>Net Changes in Assets and Liabilities:</b>	
(Increase) / Decrease in Accounts Receivable - Games	9,904,820
(Increase) / Decrease in Interest Receivable	-
(Increase) / Decrease in Ticket Inventory	(195,326)
(Increase) / Decrease in Prepaid Expenses	103,791
Increase / (Decrease) in Accounts Payable	1,490,716
Increase / (Decrease) in Compensated Absences Liability	230,783
Increase / (Decrease) in Deposit Liability	(39,312)
Increase / (Decrease) in Prize Liability	(2,726,575)
Increase in Economic Development Liability - Unclaimed Prizes Payable	672,608
<b>Total Adjustments and Changes</b>	<b>\$ 12,192,925</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 65,577,687</b>

