

DRAFT

OREGON STATE LOTTERY Operating Statement Summary For the Month Ended 7/31/2016 Rounded to Whole Thousands

	Traditional Lottery				Video Lottery				Total Lottery			
	Current Month Actual	Current Month Budget	Last Year Actual	Actual to Budget Variance	Current Month Actual	Current Month Budget	Last Year Actual	Actual to Budget Variance	Current Month Actual	Current Month Budget	Last Year Actual	Actual to Budget Variance
Revenue	\$31,295	\$26,093	\$24,603	\$5,201	\$966,794	\$944,541	\$930,702	\$22,253	\$998,089	\$970,635	\$955,304	\$27,454
Prizes	19,536	16,947	16,632	(2,589)	891,845	871,341	860,439	(20,503)	911,381	888,288	877,071	(23,093)
Net revenue	11,758	9,146	7,971	2,612	74,949	73,200	70,263	1,749	86,708	82,346	78,234	4,361
Direct expenses	4,191	3,967	3,458	(225)	21,655	23,025	19,883	1,370	25,846	26,992	23,341	1,146
Indirect revenue/expenses	665	696	394	31	4,682	6,739	4,402	2,057	5,347	7,435	4,796	2,088
Net profit	\$6,902	\$4,484	\$4,118	\$2,418	\$48,612	\$43,436	\$45,978	\$5,177	\$55,515	\$47,920	\$50,096	\$7,595

Percentages of Distributable Revenue For the Month:

Prizes	62.3%	64.9%	67.6%	92.2%	92.2%	92.4%	91.3%	91.5%	91.8%
Administrative Expenses	15.6%	17.9%	15.7%	2.8%	3.2%	2.6%	3.2%	3.6%	3.0%

Year to Date Operating Summary:

Percentages of Distributable Revenue For the Year to Date:

Prizes	62.2%	64.9%	67.6%	92.2%	92.2%	92.4%	91.3%	91.5%	91.8%
Administrative Expenses	15.9%	17.9%	15.7%	2.8%	3.2%	2.6%	3.2%	3.6%	3.0%

OREGON STATE LOTTERY
Operating Statement
For the Month Ended 7/31/2016
Net Revenue Basis

	Total Lottery									
	<u>Traditional</u>	<u>% of Net</u>	<u>Video</u>	<u>% of Net</u>	<u>Total Actual</u>	<u>% of Net</u>	<u>Budget</u>	<u>% of Net</u>	<u>Variance</u>	<u>% Variance</u>
Revenue										
Scratch-Its SM Instant Tickets	\$9,780,855				\$9,780,855		\$10,326,545		(\$545,690)	(5%)
Megabucks SM	3,695,705				3,695,705		2,729,373		966,332	35%
Powerball [®]	6,081,113				6,081,113		3,372,805		2,708,308	80%
Mega Millions [®]	3,294,804				3,294,804		1,234,327		2,060,477	167%
Raffle SM										0%
Keno	7,863,308				7,863,308		7,826,782		36,526	0%
Pick 4 SM	129,652				129,652		130,122		(470)	0%
Win For Life SM	317,866				317,866		311,894		5,972	2%
Lucky Lines SM	131,532				131,532		161,643		(30,111)	(19%)
Video Lottery SM (Gross Receipts)			966,794,257		966,794,257		944,541,410		22,252,847	2%
Total	31,294,835		966,794,257		998,089,092		970,634,901		27,454,191	3%
Prize Expense	19,536,487		891,844,792		911,381,278		888,288,449		(23,092,829)	(3%)
Net Revenue	11,758,348	100%	74,949,466	100%	86,707,814	100%	82,346,452	100%	4,361,362	5%
Direct Expenses										
Commissions	2,698,781	23%	19,180,003	26%	21,878,784	25%	21,047,632	26%	(831,152)	(4%)
Game Vendor Charges	653,950	6%	167,603	0%	821,553	1%	829,859	1%	8,306	1%
Tickets	188,610	2%		0%	188,610	0%	248,337	0%	59,727	24%
Advertising	590,811	5%	124,760	0%	715,571	1%	993,374	1%	277,803	28%
Sales Support	31,894	0%		0%	31,894	0%	89,250	0%	57,356	64%
Game Equipment, Parts & Maintenance		0%	91,519	0%	91,519	0%	845,623	1%	754,104	89%
Depreciation	27,304	0%	2,091,166	3%	2,118,470	2%	2,937,917	4%	819,448	28%
Total Direct Expenses	4,191,350	36%	21,655,052	29%	25,846,402	30%	26,991,992	33%	1,145,591	4%
Gross Profit	7,566,998	64%	53,294,414	71%	60,861,412	70%	55,354,460	67%	5,506,953	10%
Gross Profit as Percent of Total Lottery	12.43%		87.57%		100.00%					
Indirect Revenue										
Gain (Loss) on Sale of Fixed Assets	(4,768)	0%	(33,580)	0%	(38,348)	0%		0%	(38,348)	0%
Other Income	53,815	0%	379,018	1%	432,833	0%	134,000	0%	298,833	223%
Total Indirect Revenue	49,047	0%	345,438	0%	394,485	0%	134,000	0%	260,485	194%
Indirect Expenses										
Public Information	62,663	1%	441,339	1%	504,003	1%	614,070	1%	110,067	18%
Market Research		0%		0%		0%	132,847	0%	132,847	100%
Personal Services	498,694	4%	3,512,308	5%	4,011,002	5%	4,316,337	5%	305,335	7%
Services & Supplies	121,734	1%	857,377	1%	979,111	1%	2,154,495	3%	1,175,384	55%
Depreciation	30,733	0%	216,450	0%	247,183	0%	350,987	0%	103,805	30%
Total Indirect Expenses	713,825	6%	5,027,474	7%	5,741,299	7%	7,568,736	9%	1,827,438	24%
Net Profit	\$6,902,220	59%	\$48,612,378	65%	\$55,514,598	64%	\$47,919,723	58%	\$7,594,875	16%

OREGON STATE LOTTERY
Supplemental Schedule of Services and Supplies Expenses
For the month ended 7/31/2016

	Traditional			Video			Total Lottery		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$2,950	\$5,158	\$2,208	\$20,779	\$49,962	\$29,183	\$23,729	\$55,120	\$31,391
Office Expenses	6,792	5,177	(1,615)	47,838	50,152	2,314	54,631	55,329	698
Retailer Network Expenses	91,869	58,930	(32,939)	647,029	570,854	(76,175)	738,898	629,784	(109,114)
Retailer Network Recovery	(74,127)	(56,378)	17,749	(522,078)	(546,132)	(24,054)	(596,205)	(602,510)	(6,305)
Telecommunications	11,825	10,040	(1,785)	83,286	97,253	13,967	95,111	107,293	12,182
Intergovernmental Charges	1,882	6,935	5,053	13,254	67,176	53,922	15,136	74,111	58,975
Technology Expenses	20,738	35,954	15,216	146,056	348,286	202,230	166,793	384,240	217,447
Professional Services	42,363	110,392	68,029	298,364	1,069,367	771,003	340,727	1,179,759	839,032
Staff Training & Recruiting	1,510	3,883	2,373	10,635	37,616	26,981	12,145	41,499	29,354
Facilities	6,151	6,790	639	43,321	65,771	22,450	49,472	72,561	23,089
Facilities Maintenance	1,512	2,681	1,169	10,648	25,969	15,321	12,159	28,650	16,491
Other Services & Supplies	3,154	5,586	2,432	22,212	54,115	31,903	25,366	59,701	34,335
Fleet Expenses	5,544	6,453	909	39,045	62,505	23,460	44,589	68,958	24,369
Supplier Diversity	-	-	-	-	-	-	-	-	-
TOTAL	122,163	201,601	79,438	860,389	1,952,894	1,092,505	982,551	2,154,495	1,171,944
Less Non Distributable Revenue	(428)	-	428	(3,012)	-	3,012	(3,440)	-	3,440
AMOUNT REPORTED	\$121,735	\$201,601	\$79,866	\$857,377	\$1,952,894	\$1,095,517	\$979,111	\$2,154,495	\$1,175,384

OREGON STATE LOTTERY Operating Statement For the Year to Date through 7/31/2016 Net Revenue Basis

	Total Lottery									
	Traditional	% of Net	Video	% of Net	Total Actual	% of Net	Budget	% of Net	Variance	%
Revenue										
Scratch-Its SM Instant Tickets	\$9,780,855				\$9,780,855		\$10,326,545		(\$545,690)	(5%)
Megabucks SM	3,695,705				3,695,705		2,729,373		966,332	35%
Powerball [®]	6,081,113				6,081,113		3,372,805		2,708,308	80%
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Total	31,294,835		966,794,257		998,089,092		970,634,901		27,454,191	3%
Prize Expense	19,536,487		891,844,792		911,381,278		888,288,449		(23,092,829)	(3%)
Net Revenue	11,758,348	100%	74,949,466	100%	86,707,814	100%	82,346,452	100%	4,361,362	5%
Direct Expenses										
Commissions	2,698,781	23%	19,180,003	26%	21,878,784	25%	21,047,632	26%	(831,152)	(4%)
Game Vendor Charges	653,950	6%	167,603	0%	821,553	1%	829,859	1%	8,306	1%
Tickets	188,610	2%		0%	188,610	0%	248,337	0%	59,727	24%
Advertising	590,811	5%	124,760	0%	715,571	1%	993,374	1%	277,803	28%
Sales Support	31,894	0%		0%	31,894	0%	89,250	0%	57,356	64%
Game Equipment, Parts & Maintenance		0%	91,519	0%	91,519	0%	845,623	1%	754,104	89%
Depreciation	27,304	0%	2,091,166	3%	2,118,470	2%	2,937,917	4%	819,448	28%
Total Direct Expenses	4,191,350	36%	21,655,052	29%	25,846,402	30%	26,991,992	33%	1,145,591	4%
Gross Profit	7,566,998	64%	53,294,414	71%	60,861,412	70%	55,354,460	67%	5,506,953	10%
Gross Profit as Percent of Total Lottery	12.43%		87.57%		100.00%					
Indirect Revenue										
Gain (Loss) on Sale of Fixed Assets	(4,768)	0%	(33,580)	0%	(38,348)	0%		0%	(38,348)	0%
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Total Indirect Revenue	49,047	0%	345,438	0%	394,485	0%	134,000	0%	260,485	194%
Indirect Expenses										
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Personal Services	498,694	4%	3,512,308	5%	4,011,002	5%	4,316,337	5%	305,335	7%
Services & Supplies	121,734	1%	857,377	1%	979,111	1%	2,154,495	3%	1,175,384	55%
Depreciation	30,733	0%	216,450	0%	247,183	0%	350,987	0%	103,805	30%
Total Indirect Expenses	713,825	6%	5,027,474	7%	5,741,299	7%	7,568,736	9%	1,827,438	24%
Net Profit	\$6,902,220	59%	\$48,612,378	65%	\$55,514,598	64%	\$47,919,723	58%	\$7,594,875	16%

OREGON STATE LOTTERY
Supplemental Schedule of Services and Supplies Expenses
For the Year to Date through 7/31/2016

	Traditional			Video			Total Lottery		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$2,950	\$5,158	\$2,208	\$20,779	\$49,962	\$29,183	\$23,729	\$55,120	\$31,391
Office Expenses	6,792	5,177	(1,615)	47,838	50,152	2,314	54,631	55,329	698
Retailer Network Expenses	91,869	58,930	(32,939)	647,029	570,854	(76,175)	738,898	629,784	(109,114)
Retailer Network Recovery	(74,127)	(56,378)	17,749	(522,078)	(546,132)	(24,054)	(596,205)	(602,510)	(6,305)
Telecommunications	11,825	10,040	(1,785)	83,286	97,253	13,967	95,111	107,293	12,182
Intergovernmental Charges	1,882	6,935	5,053	13,254	67,176	53,922	15,136	74,111	58,975
Technology Expenses	20,738	35,954	15,216	146,056	348,286	202,230	166,793	384,240	217,447
Professional Services	42,363	110,392	68,029	298,364	1,069,367	771,003	340,727	1,179,759	839,032
Staff Training & Recruiting	1,510	3,883	2,373	10,635	37,616	26,981	12,145	41,499	29,354
Facilities	6,151	6,790	639	43,321	65,771	22,450	49,472	72,561	23,089
Facilities Maintenance	1,512	2,681	1,169	10,648	25,969	15,321	12,159	28,650	16,491
Other Services & Supplies	3,154	5,586	2,432	22,212	54,115	31,903	25,366	59,701	34,335
Fleet Expenses	5,544	6,453	909	39,045	62,505	23,460	44,589	68,958	24,369
Supplier Diversity	-	-	-	-	-	-	-	-	-
TOTAL	122,163	201,601	79,438	860,389	1,952,894	1,092,505	982,551	2,154,495	1,171,944
Less Non Distributable Revenue	(428)	-	428	(3,012)	-	3,012	(3,440)	-	3,440
AMOUNT REPORTED	\$121,735	\$201,601	\$79,866	\$857,377	\$1,952,894	\$1,095,517	\$979,111	\$2,154,495	\$1,175,384

OREGON STATE LOTTERY
Comparative Balance Sheet

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	As of 7/31/2016	As of 7/31/2015
Assets		
Current Assets:		
Cash	\$309,606,563	\$244,083,746
Investments for Prize Payments at Fair Value	11,332,427	12,211,316
Accounts Receivable - Games	25,201,208	18,270,863
Accounts Receivable - Other	196,853	234,352
Allowance for Doubtful Accounts	(41,537)	(101,957)
Ticket Inventory	1,691,793	1,557,270
Prepaid Expenses	1,264,388	1,103,070
Total Current Assets	349,251,695	277,358,662
Noncurrent Assets:		
Investments for Prize Payments at Fair Value	135,542,332	127,688,221
Prize Reserves with Multi-State Lottery (MUSL)	3,195,433	3,322,640
Net Pension Asset	-	4,500,208
Capital Assets:		
Equipment, Net of Accumulated Depreciation	82,365,296	60,425,205
Computer Software, Net of Accumulated Depreciation	7,108,114	6,275,418
Building and Improvements, Net of Accumulated Depreciation	5,270,270	5,396,490
Intangibles Non-Software, Net of Accumulated Depreciation	198,475	414,993
Vehicles, Net of Accumulated Depreciation	2,822,231	2,127,315
Leasehold Improvements, Net of Accumulated Depreciation	35,043	46,944
Total Noncurrent Assets	236,537,193	210,197,435
Deferred Outflows	2,940,774	1,665,565
Total Assets and Deferred Outflows	\$588,729,662	\$489,221,662
Liabilities		
Current Liabilities:		
Economic Development Fund Liability	\$56,015,186	\$50,143,887
Prize Liability	31,590,405	20,263,013
Prize Liability - Investments at Fair Value	11,973,789	12,424,635
Accounts Payable	18,825,388	6,143,071
Compensated Absences - Current	3,898,896	3,628,036
Deferred Revenue	523,314	600,239
Deposit Liability	65,225	113,439
Contracts Payable - Current	656,343	661,438
Total Current Liabilities	123,548,545	93,977,758
Noncurrent Liabilities:		
Deferred Prize Liability	138,192,103	134,056,648
Contracts Payable - Noncurrent	4,555,837	5,136,944
Net Pension Liability	11,406,657	-
Net Other Postemployment Benefits (OPEB) Obligation	779,359	764,716
Total Noncurrent Liabilities	154,933,956	139,958,308
Deferred Inflows	2,777,285	8,683,579
Total Liabilities and Deferred Inflows	281,259,786	242,619,645
Equity		
Retained Earnings:		
Fixed Asset Book Value	97,799,428	74,686,366
Restricted Reserves, Inventory, Prepaids and Deferred Outflows	9,092,387	12,571,144
Asset Purchases Committed by Commission	102,372,724	86,870,679
Capital Reserve for VLTM Program	15,000,000	-
Operating Working Capital	83,205,337	72,473,828
Total Retained Earnings	307,469,876	246,602,017
Total Liabilities and Equity	\$588,729,662	\$489,221,662

OREGON STATE LOTTERY
Statement of Cash Flows - Direct Method
For the Month Ended 7/31/2016

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	July	Year to Date
Cash Flows from Operating Activities:		
Receipts from Customers	\$990,856,520	\$990,856,520
Payments to Prize Winners	(\$908,829,319)	(\$908,829,319)
Payments to Employees	(\$3,263,208)	(\$3,263,208)
Payments to Suppliers	(\$20,639,573)	(\$20,639,573)
Net Cash Provided (Used) in Operating Activities	\$58,124,419	\$58,124,419
Cash Flows from Noncapital Financing Activities:		
Transfers to Other Funds	(\$163,589,997)	(\$163,589,997)
Other Income	\$153,821	\$153,821
Net Cash Provided (Used) in Noncapital Financing Activities	(163,436,176)	(163,436,176)
Cash Flows from Capital and Related Financing Activities:		
Acquisition/Restoration of Capital Assets	(\$4,919,824)	(\$4,919,824)
Contract Payments	(\$41,375)	(\$41,375)
Proceeds from Disposition/Impairment of Capital Assets	\$33,250	\$33,250
Net Cash Provided (Used) in Capital and Related Financing Activities	(4,927,949)	(4,927,949)
Cash Flows from Investing Activities:		
Purchases of Investments	-	-
Proceeds from Sales and Maturities of Investments	\$1,466,000	\$1,466,000
Interest on Investments and Cash Balances	\$322,461	\$322,461
Investment Expense	-	-
Net Cash Provided (Used) in Investing Activities	\$1,788,461	\$1,788,461
Net Increase (Decrease) in Cash and Cash Equivalents	(108,451,244)	(108,451,244)
Cash and Cash Equivalents - Beginning	\$418,057,807	\$418,057,807
Cash and Cash Equivalents - Ending	\$309,606,563	\$309,606,563

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

Operating Income (Loss)	\$55,514,598	\$55,514,598
Adjustments to reconcile operating income to cash flows from operating activities		
Depreciation and Amortization	2,365,652	2,365,652
Other Income	(397,924)	(397,924)
Net Changes in Assets and Liabilities:		
(Increase) / Decrease in Accounts Receivable - Games	(6,965,031)	(6,965,031)
(Increase) / Decrease in Securities	535,549	535,549
(Increase) / Decrease in Ticket Inventory	(121,076)	(121,076)
(Increase) / Decrease in Prepaid Expenses	189,643	189,643
Increase / (Decrease) in Accounts Payable	5,231,086	5,231,086
Increase / (Decrease) in Compensated Absences Liability	26,829	26,829
Increase / (Decrease) in Deposit Liability	(3,775)	(3,775)
Increase / (Decrease) in Deferred Revenue	(267,542)	(267,542)
Increase / (Decrease) in Prize Liability	1,635,810	1,635,810
Increase in Economic Development Liability - Unclaimed Prizes Payable	380,600	380,600
Increase / (Decrease) in Net OPEB Obligation	0	0
Total Adjustments and Changes	2,609,821	2,609,821
Net Cash Provided (Used) by Operating Activities	\$58,124,419	\$58,124,419

OREGON STATE LOTTERY
Fiscal Year 2017 Financial Plan

	Commission Approved Budget			Forecast Adjustments					Adjusted Budget		
	Traditional	Video	Total	September	December	Mid Year	March	May	Traditional	Video	Total
Revenue											
Video Lottery SM	-	\$11,784,572,217	\$11,784,572,217	-	-	-	-	-	-	\$11,784,572,217	\$11,784,572,217
Scratch-its SM Instant Tickets	132,060,443	-	132,060,443	-	-	-	-	-	132,060,443	-	132,060,443
Megabucks SM	32,702,402	-	32,702,402	-	-	-	-	-	32,702,402	-	32,702,402
Pick 4 SM	1,498,060	-	1,498,060	-	-	-	-	-	1,498,060	-	1,498,060
Powerball®	39,729,951	-	39,729,951	-	-	-	-	-	39,729,951	-	39,729,951
Mega Millions®	14,533,185	-	14,533,185	-	-	-	-	-	14,533,185	-	14,533,185
Win for Life SM	3,782,566	-	3,782,566	-	-	-	-	-	3,782,566	-	3,782,566
Keno	94,903,556	-	94,903,556	-	-	-	-	-	94,903,556	-	94,903,556
Lucky Lines SM	1,903,214	-	1,903,214	-	-	-	-	-	1,903,214	-	1,903,214
Raffle SM	2,500,000	-	2,500,000	-	-	-	-	-	2,500,000	-	2,500,000
Total Revenue	323,613,377	11,784,572,217	12,108,185,594						323,613,377	11,784,572,217	12,108,185,594
Less: Prizes	210,243,041	10,892,971,225	11,103,214,266	-	-	-	-	-	210,243,041	10,892,971,225	11,103,214,266
Net revenue	113,370,336	891,600,992	1,004,971,328						113,370,336	891,600,992	1,004,971,328
Direct Expenses											
Commissions	27,350,350	210,357,284	237,707,634	-	-	-	-	-	27,350,350	210,357,284	237,707,634
Game Vendor Charges	7,195,793	2,940,873	10,136,666	-	-	-	-	-	7,195,793	2,940,873	10,136,666
Tickets	3,142,715	-	3,142,715	-	-	-	-	-	3,142,715	-	3,142,715
Advertising	9,740,470	2,180,000	11,920,470	-	-	-	-	-	9,740,470	2,180,000	11,920,470
Sales Support	1,071,016	-	1,071,016	-	-	-	-	-	1,071,016	-	1,071,016
Game Equip, Parts & Maint	-	10,147,500	10,147,500	-	-	-	-	-	-	10,147,500	10,147,500
Depreciation	323,625	34,854,327	35,177,952	-	-	-	-	-	323,625	34,854,327	35,177,952
Total Direct Expenses	48,823,968	260,479,984	309,303,952						48,823,968	260,479,984	309,303,952
Gross Profit	64,546,368	631,121,008	695,667,376						64,546,368	631,121,008	695,667,376
Relative Gross Profit %	9.28%	90.72%	100.00%						9.28%	90.72%	100.00%
Indirect Revenue	149,196	1,458,804	1,608,000						149,196	1,458,804	1,608,000
Indirect Expenses											
Public Information	683,707	6,685,143	7,368,850	-	-	-	-	-	683,707	6,685,143	7,368,850
Market Research	147,913	1,446,257	1,594,170	-	-	-	-	-	147,913	1,446,257	1,594,170
Salaries & Benefits	4,882,411	47,739,190	52,621,601	-	-	-	-	-	4,882,411	47,739,190	52,621,601
Services & Supplies	2,398,950	23,456,424	25,855,374	-	-	-	-	-	2,398,950	23,456,424	25,855,374
Depreciation	382,418	3,739,208	4,121,626	-	-	-	-	-	382,418	3,739,208	4,121,626
Total Indirect Expenses	8,495,399	83,066,222	91,561,621						8,495,399	83,066,222	91,561,621
Net Profit	\$56,200,165	\$549,513,590	\$605,713,755						\$56,200,165	\$549,513,590	\$605,713,755
Additional Information:											
Capital Outlay			\$98,234,250							\$98,234,250	
FTE Count			479							479	