

OREGON STATE LOTTERY
Operating Statement Summary
For the Month Ended 8/31/2016
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	\$26,719	\$26,517	\$24,506	\$202	\$943,239	\$966,688	\$921,235	(\$23,449)	\$969,958	\$993,205	\$945,740	(\$23,247)
Prizes	16,909	17,407	16,766	499	869,854	891,482	852,323	21,628	886,763	908,889	869,089	22,127
Net revenue	9,810	9,110	7,739	701	73,385	75,206	68,912	(1,821)	83,196	84,316	76,651	(1,120)
Direct expenses	3,629	4,004	3,680	374	21,203	23,603	19,808	2,400	24,833	27,607	23,489	2,774
Indirect revenue/expenses	545	671	473	126	4,602	6,779	5,724	2,177	5,147	7,449	6,198	2,302
Net profit	\$5,636	\$4,435	\$3,586	\$1,201	\$47,580	\$44,825	\$43,379	\$2,756	\$53,216	\$49,260	\$46,965	\$3,956

Percentages of Distributable Revenue For the Month:

Prizes	63.2%	65.6%	68.4%	92.2%	92.2%	92.5%	91.4%	91.5%	91.9%
Administrative Expenses	15.7%	17.7%	17.0%	2.8%	3.2%	2.8%	3.1%	3.5%	3.2%

Year to Date Operating Summary:

Percentages of Distributable Revenue For the Year to Date:

Prizes	62.7%	64.2%	68.0%	92.2%	92.2%	92.5%	91.3%	91.4%	91.8%
Administrative Expenses	15.9%	17.5%	16.4%	2.8%	3.1%	2.7%	3.1%	3.6%	3.1%

Unaudited; not presented in accordance with GAAP.

FY 2017 Budget amounts are based on the September 2016 forecast

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OREGON STATE LOTTERY
Operating Statement
For the Month Ended 8/31/2016
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	\$9,756,211				\$9,756,211		\$9,869,508		(\$113,297)	(1%)
Megabucks SM	4,129,355				4,129,355		3,503,310		626,045	18%
Powerball [®]	2,623,769				2,623,769		2,647,217		(23,448)	(1%)
Mega Millions [®]	1,160,048				1,160,048		1,146,582		13,466	1%
Raffle SM										0%
Keno	8,328,681				8,328,681		8,702,334		(373,653)	(4%)
Pick 4 SM	119,395				119,395		121,946		(2,551)	(2%)
Win For Life SM	325,716				325,716		315,877		9,839	3%
Lucky Lines SM	276,006				276,006		210,235		65,771	31%
Video Lottery SM (Gross Receipts)			943,239,269		943,239,269		966,688,003		(23,448,734)	(2%)
Total	26,719,181		943,239,269		969,958,450		993,205,012		(23,246,562)	(2%)
Prize Expense	16,908,796		869,853,800		886,762,596		908,889,099		22,126,503	2%
Net Revenue	9,810,385	100%	73,385,469	100%	83,195,854	100%	84,315,913	100%	(1,120,059)	(1%)
Direct Expenses										
Commissions	2,218,000	23%	18,777,423	26%	20,995,423	25%	21,614,858	26%	619,434	3%
Game Vendor Charges	577,715	6%	195,863	0%	773,578	1%	837,059	1%	63,480	8%
Tickets	217,110	2%		0%	217,110	0%	242,382	0%	25,272	10%
Advertising	528,952	5%	30,131	0%	559,083	1%	993,374	1%	434,291	44%
Sales Support	60,364	1%		0%	60,364	0%	89,250	0%	28,886	32%
Game Equipment, Parts & Maintenance		0%	63,857	0%	63,857	0%	845,623	1%	781,766	92%
Depreciation	27,304	0%	2,135,932	3%	2,163,236	3%	2,984,264	4%	821,029	28%
Total Direct Expenses	3,629,445	37%	21,203,206	29%	24,832,652	30%	27,606,809	33%	2,774,158	10%
Gross Profit	6,180,940	63%	52,182,262	71%	58,363,202	70%	56,709,103	67%	1,654,099	3%
Gross Profit as Percent of Total Lottery	10.59%		89.41%		100.00%					
Indirect Revenue										
Gain (Loss) on Sale of Fixed Assets	(2,793)	0%	(23,579)	0%	(26,372)	0%		0%	(26,372)	0%
Other Income	21,768	0%	183,777	0%	205,546	0%	134,000	0%	71,546	53%
Total Indirect Revenue	18,975	0%	160,198	0%	179,174	0%	134,000	0%	45,174	34%
Indirect Expenses										
Public Information	47,681	0%	402,541	1%	450,222	1%	614,070	1%	163,848	27%
Market Research	3,786	0%	31,964	0%	35,750	0%	132,847	0%	97,097	73%
Personal Services	400,417	4%	3,380,504	5%	3,780,922	5%	4,316,337	5%	535,415	12%
Services & Supplies	86,089	1%	726,799	1%	812,888	1%	2,154,495	3%	1,341,607	62%
Depreciation	26,113	0%	220,456	0%	246,568	0%	365,727	0%	119,159	33%
Total Indirect Expenses	564,085	6%	4,762,264	6%	5,326,350	6%	7,583,476	9%	2,257,126	30%
Net Profit	\$5,635,830	57%	\$47,580,196	65%	\$53,216,026	64%	\$49,259,627	58%	\$3,956,399	8%

OREGON STATE LOTTERY
Supplemental Schedule of Services and Supplies Expenses
For the month ended 8/31/2016

	Traditional			Video			Total Lottery		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$4,389	\$4,963	\$574	\$37,057	\$50,157	\$13,100	\$41,447	\$55,120	\$13,673
Office Expenses	2,052	4,981	2,929	17,324	50,348	33,024	19,376	55,329	35,953
Retailer Network Expenses	59,522	56,702	(2,820)	502,511	573,082	70,571	562,033	629,784	67,751
Retailer Network Recovery	(64,597)	(54,246)	10,351	(545,359)	(548,264)	(2,905)	(609,957)	(602,510)	7,447
Telecommunications	11,542	9,660	(1,882)	97,444	97,633	189	108,986	107,293	(1,693)
Intergovernmental Charges	2,342	6,673	4,331	19,773	67,438	47,665	22,115	74,111	51,996
Technology Expenses	35,100	34,595	(505)	296,328	349,645	53,317	331,428	384,240	52,812
Professional Services	25,105	106,218	81,113	211,946	1,073,541	861,595	237,051	1,179,759	942,708
Staff Training & Recruiting	3,680	3,736	56	31,068	37,763	6,695	34,749	41,499	6,750
Facilities	5,215	6,533	1,318	44,031	66,028	21,997	49,246	72,561	23,315
Facilities Maintenance	1,039	2,579	1,540	8,771	26,071	17,300	9,810	28,650	18,840
Other Services & Supplies	2,575	5,375	2,800	21,739	54,326	32,587	24,314	59,701	35,387
Fleet Expenses	5,401	6,209	808	45,598	62,749	17,151	50,999	68,958	17,959
Supplier Diversity	-	-	-	-	-	-	-	-	-
TOTAL	93,365	193,978	100,613	788,231	1,960,517	1,172,286	881,597	2,154,495	1,272,898
Less Non Distributable Revenue	(7,276)	-	7,276	(61,431)	-	61,431	(68,707)	-	68,707
AMOUNT REPORTED	\$86,089	\$193,978	\$107,889	\$726,800	\$1,960,517	\$1,233,717	\$812,890	\$2,154,495	\$1,341,605

OREGON STATE LOTTERY
Operating Statement
For the Year to Date through 8/31/2016
Net Revenue Basis

	Total Lottery									
	Traditional	% of Net	Video	% of Net	Total Actual	% of Net	Budget	% of Net	Variance	% Variance
Revenue										
Scratch-Its SM Instant Tickets	\$19,537,066				\$19,537,066		\$19,681,087		(\$144,021)	(1%)
Megabucks SM	7,825,060				7,825,060		7,204,784		620,276	9%
Powerball [®]	8,704,882				8,704,882		8,597,852		107,030	1%
Mega Millions [®]	4,454,852				4,454,852		4,039,130		415,722	10%
Raffle SM										0%
Keno	16,191,989				16,191,989		16,474,414		(282,425)	(2%)
Pick 4 SM	249,047				249,047		250,142		(1,095)	0%
Win For Life SM	643,582				643,582		634,402		9,180	1%
Lucky Lines SM	407,538				407,538		351,863		55,675	16%
Video Lottery SM (Gross Receipts)			1,910,033,526		1,910,033,526		1,915,655,619		(5,622,093)	0%
Total	58,014,016		1,910,033,526		1,968,047,542		1,972,889,293		(4,841,751)	0%
Prize Expense	36,445,283		1,761,698,592		1,798,143,874		1,803,667,602		5,523,728	0%
Net Revenue	21,568,733	100%	148,334,935	100%	169,903,668	100%	169,221,691	100%	681,977	0%
Direct Expenses										
Commissions	4,916,780	23%	37,957,427	26%	42,874,207	25%	43,140,981	25%	266,774	1%
Game Vendor Charges	1,231,666	6%	363,466	0%	1,595,132	1%	1,745,507	1%	150,376	9%
Tickets	405,720	2%		0%	405,720	0%	483,588	0%	77,868	16%
Advertising	1,119,764	5%	154,891	0%	1,274,655	1%	1,986,748	1%	712,093	36%
Sales Support	92,258	0%		0%	92,258	0%	178,500	0%	86,242	48%
Game Equipment, Parts & Maintenance		0%	155,376	0%	155,376	0%	1,691,246	1%	1,535,870	91%
Depreciation	54,607	0%	4,227,098	3%	4,281,705	3%	5,922,181	3%	1,640,476	28%
Total Direct Expenses	7,820,795	36%	42,858,258	29%	50,679,053	30%	55,148,752	33%	4,469,699	8%
Gross Profit	13,747,938	64%	105,476,677	71%	119,224,615	70%	114,072,939	67%	5,151,676	5%
Gross Profit as Percent of Total Lottery	11.53%		88.47%		100.00%					
Indirect Revenue										
Gain (Loss) on Sale of Fixed Assets	(7,463)	0%	(57,257)	0%	(64,720)	0%		0%	(64,720)	0%
Other Income	73,612	0%	564,766	0%	638,378	0%	268,000	0%	370,378	138%
Total Indirect Revenue	66,149	0%	507,509	0%	573,658	0%	268,000	0%	305,658	114%
Indirect Expenses										
Public Information	110,033	1%	844,192	1%	954,225	1%	1,228,140	1%	273,915	22%
Market Research	4,122	0%	31,628	0%	35,750	0%	265,694	0%	229,944	87%
Personal Services	898,496	4%	6,893,427	5%	7,791,923	5%	8,632,674	5%	840,751	10%
Services & Supplies	206,638	1%	1,585,362	1%	1,791,999	1%	4,308,990	3%	2,516,991	58%
Depreciation	56,935	0%	436,816	0%	493,751	0%	716,715	0%	222,963	31%
Total Indirect Expenses	1,276,224	6%	9,791,425	7%	11,067,649	7%	15,152,213	9%	4,084,564	27%
Net Profit	\$12,537,863	58%	\$96,192,761	65%	\$108,730,624	64%	\$99,188,726	59%	\$9,541,898	10%

Unaudited; not presented in accordance with GAAP

*FY 2017 budget amounts are based on the September 2016 forecast

OREGON STATE LOTTERY
Supplemental Schedule of Services and Supplies Expenses
For the Year to Date through 8/31/2016

	Traditional			Video			Total Lottery		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$7,515	\$11,636	\$4,121	\$57,660	\$98,604	\$40,944	\$65,176	\$110,240	\$45,064
Office Expenses	8,534	11,680	3,146	65,473	98,978	33,505	74,006	110,658	36,652
Retailer Network Expenses	150,012	132,944	(17,068)	1,150,919	1,126,624	(24,295)	1,300,930	1,259,568	(41,362)
Retailer Network Recovery	(139,084)	(127,186)	11,898	(1,067,078)	(1,077,834)	(10,756)	(1,206,162)	(1,205,020)	1,142
Telecommunications	23,535	22,649	(886)	180,562	191,937	11,375	204,097	214,586	10,489
Intergovernmental Charges	4,295	15,644	11,349	32,955	132,578	99,623	37,250	148,222	110,972
Technology Expenses	57,450	81,111	23,661	440,771	687,369	246,598	498,221	768,480	270,259
Professional Services	66,624	249,040	182,416	511,154	2,110,478	1,599,324	577,779	2,359,518	1,781,739
Staff Training & Recruiting	5,407	8,760	3,353	41,486	74,238	32,752	46,894	82,998	36,104
Facilities	11,383	15,317	3,934	87,335	129,805	42,470	98,719	145,122	46,403
Facilities Maintenance	2,533	6,048	3,515	19,436	51,252	31,816	21,969	57,300	35,331
Other Services & Supplies	5,729	12,603	6,874	43,951	106,799	62,848	49,679	119,402	69,723
Fleet Expenses	11,022	14,557	3,535	84,566	123,359	38,793	95,588	137,916	42,328
Supplier Diversity	-	-	-	-	-	-	-	-	-
TOTAL	214,955	454,803	239,848	1,649,190	3,854,187	2,204,997	1,864,146	4,308,990	2,444,844
Less Non Distributable Revenue	(8,319)	-	8,319	(63,828)	-	63,828	(72,147)	-	72,147
AMOUNT REPORTED	\$206,636	\$454,803	\$248,167	\$1,585,362	\$3,854,187	\$2,268,825	\$1,791,999	\$4,308,990	\$2,516,991

**OREGON STATE LOTTERY
Comparative Balance Sheet**

	<u>As of</u> <u>8/31/2016</u>	<u>As of</u> <u>8/31/2015</u>
Assets		
Current Assets:		
Cash	\$373,551,682	\$294,968,620
Investments for Prize Payments at Fair Value	11,342,911	12,199,565
Accounts Receivable - Games	14,439,419	24,441,844
Accounts Receivable - Other	147,151	246,652
Allowance for Doubtful Accounts	(49,006)	(93,124)
Ticket Inventory	1,648,440	1,595,546
Prepaid Expenses	1,563,117	980,797
Total Current Assets	402,643,713	334,339,899
Noncurrent Assets:		
Investments for Prize Payments at Fair Value	131,956,903	125,512,207
Prize Reserves with Multi-State Lottery (MUSL)	3,139,149	3,322,640
Net Pension Asset	-	4,500,208
Capital Assets:		
Equipment, Net of Accumulated Depreciation	83,698,179	59,034,308
Computer Software, Net of Accumulated Depreciation	6,866,860	6,050,672
Building and Improvements, Net of Accumulated Depreciation	5,685,129	5,353,473
Intangibles Non-Software, Net of Accumulated Depreciation	180,432	396,950
Vehicles, Net of Accumulated Depreciation	2,748,230	2,202,914
Leasehold Improvements, Net of Accumulated Depreciation	34,014	45,982
Total Noncurrent Assets	234,308,895	206,419,355
Deferred Outflows	2,940,774	1,665,565
Total Assets and Deferred Outflows	\$639,893,382	\$542,424,819
Liabilities		
Current Liabilities:		
Economic Development Fund Liability	\$110,250,907	\$99,336,383
Prize Liability	32,101,142	22,377,563
Prize Liability - Investments at Fair Value	11,442,552	12,288,787
Accounts Payable	18,468,759	10,097,150
Compensated Absences - Current	3,722,534	3,594,648
Deferred Revenue	327,868	472,985
Deposit Liability	98,147	137,421
Contracts Payable - Current	605,679	609,457
Total Current Liabilities	177,017,587	148,914,393
Noncurrent Liabilities:		
Deferred Prize Liability	136,458,641	134,107,270
Contracts Payable - Noncurrent	4,555,837	5,136,944
Net Pension Liability	11,406,657	-
Net Other Postemployment Benefits (OPEB) Obligation	691,535	764,716
Total Noncurrent Liabilities	153,112,671	140,008,930
Deferred Inflows	2,777,285	8,683,579
Total Liabilities and Deferred Inflows	332,907,543	297,606,902
Equity		
Retained Earnings:		
Fixed Asset Book Value	99,212,843	73,084,300
Restricted Reserves, Inventory, Prepaids and Deferred Outflows	9,291,479	12,487,147
Asset Purchases Committed by Commission	98,481,517	86,362,821
Capital Reserve for VLTM Program	15,000,000	-
Operating Working Capital	85,000,000	72,883,649
Total Retained Earnings	306,985,840	244,817,917
Total Liabilities and Equity	\$639,893,382	\$542,424,819

OREGON STATE LOTTERY
Statement of Cash Flows - Direct Method
For the Month Ended 8/31/2016

	<u>August</u>	<u>Year to Date</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$980,532,395	\$1,971,388,914
Payments to Prize Winners	(\$886,852,191)	(\$1,795,681,510)
Payments to Employees	(\$4,616,912)	(\$7,880,120)
Payments to Suppliers	(\$23,956,436)	(\$44,596,009)
Net Cash Provided (Used) in Operating Activities	\$65,106,855	\$123,231,275
Cash Flows from Noncapital Financing Activities:		
Transfers to Other Funds	-	(\$163,589,997)
Other Income	\$118,792	\$272,613
Net Cash Provided (Used) in Noncapital Financing Activities	118,792	(163,317,384)
Cash Flows from Capital and Related Financing Activities:		
Acquisition/Restoration of Capital Assets	(\$3,896,741)	(\$8,816,565)
Contract Payments	(\$50,664)	(\$92,039)
Proceeds from Disposition/Impairment of Capital Assets	\$47,150	\$80,400
Net Cash Provided (Used) in Capital and Related Financing Activities	(3,900,255)	(8,828,204)
Cash Flows from Investing Activities:		
Purchases of Investments	(\$203,586)	(\$203,586)
Proceeds from Sales and Maturities of Investments	\$2,562,000	\$4,028,000
Interest on Investments and Cash Balances	\$261,314	\$583,776
Investment Expense	-	-
Net Cash Provided (Used) in Investing Activities	\$2,619,728	\$4,408,190
Net Increase (Decrease) in Cash and Cash Equivalents	63,945,121	(44,506,124)
Cash and Cash Equivalents - Beginning	\$309,606,563	\$418,057,807
Cash and Cash Equivalents - Ending	\$373,551,683	\$373,551,683
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities		
Operating Income (Loss)	\$53,216,026	\$108,730,624
Adjustments to reconcile operating income to cash flows from operating activities		
Depreciation and Amortization	2,409,804	4,775,456
Other Income	(247,881)	(645,805)
Net Changes in Assets and Liabilities:		
(Increase) / Decrease in Accounts Receivable - Games	10,769,390	3,804,360
(Increase) / Decrease in Securities	3,574,946	4,110,495
(Increase) / Decrease in Ticket Inventory	43,353	(77,723)
(Increase) / Decrease in Prepaid Expenses	(298,728)	(109,085)
Increase / (Decrease) in Accounts Payable	(356,628)	4,874,457
Increase / (Decrease) in Compensated Absences Liability	(176,361)	(149,533)
Increase / (Decrease) in Deposit Liability	32,922	29,147
Increase / (Decrease) in Deferred Revenue	(195,446)	(462,988)
Increase / (Decrease) in Prize Liability	(4,112,375)	(2,476,565)
Increase in Economic Development Liability - Unclaimed Prizes Payable	447,834	828,434
Increase / (Decrease) in Net OPEB Obligation	0	0
Total Adjustments and Changes	11,890,830	14,500,651
Net Cash Provided (Used) by Operating Activities	\$65,106,855	\$123,231,275

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	-	\$11,755,558,363	-	\$11,826,680,711	-	-	-	-	-	\$11,826,680,711	\$11,826,680,711
Scratch-its SM Instant Tickets	132,060,443	-	-	129,967,695	-	-	-	-	129,967,695	-	129,967,695
Megabucks SM	32,702,402	-	-	34,305,285	-	-	-	-	34,305,285	-	34,305,285
Pick 4 SM	1,498,060	-	-	1,523,428	-	-	-	-	1,523,428	-	1,523,428
Powerball®	39,729,951	-	-	41,349,006	-	-	-	-	41,349,006	-	41,349,006
Mega Millions®	14,533,185	-	-	16,223,597	-	-	-	-	16,223,597	-	16,223,597
Win for Life SM	3,782,566	-	-	3,800,054	-	-	-	-	3,800,054	-	3,800,054
Keno	94,903,556	-	-	97,540,848	-	-	-	-	97,540,848	-	97,540,848
Lucky Lines SM	1,903,214	-	-	1,931,792	-	-	-	-	1,931,792	-	1,931,792
Raffle SM	2,500,000	-	-	2,500,000	-	-	-	-	2,500,000	-	2,500,000
Total Revenue	323,613,377	11,755,558,363	-	12,155,822,416	-	-	-	-	329,141,705	11,826,680,711	12,155,822,416
Less: Prizes	210,243,041	10,863,957,371	-	11,143,150,201	-	-	-	-	213,481,913	10,929,668,288	11,143,150,201
Net revenue	113,370,336	891,600,992	-	1,012,672,214	-	-	-	-	115,659,791	897,012,423	1,012,672,214
Direct Expenses											
Commissions	27,350,350	210,357,284	-	239,545,268	-	-	-	-	27,816,941	211,728,327	239,545,268
Game Vendor Charges	7,195,793	2,940,873	-	10,230,642	-	-	-	-	7,289,769	2,940,873	10,230,642
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	-	311,235,562	-	-	-	-	49,384,535	261,851,027	311,235,562
Gross Profit	64,546,368	631,121,008	-	701,436,652	-	-	-	-	66,275,256	635,161,396	701,436,652
Relative Gross Profit %	-	-	-	-	-	-	-	-	-	-	-
Indirect Revenue	-	-	-	1,608,000	-	-	-	-	-	-	1,608,000
Indirect Expenses											
Public Information	-	-	-	7,368,850	-	-	-	-	-	-	7,368,850
Market Research	-	-	-	1,594,170	-	-	-	-	-	-	1,594,170
Salaries & Benefits	-	-	-	52,621,601	-	-	-	-	-	-	52,621,601
Services & Supplies	-	-	-	25,855,374	-	-	-	-	-	-	25,855,374
Depreciation	-	-	-	4,121,626	-	-	-	-	-	-	4,121,626
Total Indirect Expenses	-	-	-	91,561,621	-	-	-	-	-	-	91,561,621
Net Profit	\$64,546,368	\$631,121,008	-	\$611,483,031	-	-	-	-	\$66,275,256	\$635,161,396	\$611,483,031
Additional Information:											
Capital Outlay			\$98,234,250							\$98,234,250	
FTE Count			479							479	