

**OREGON STATE LOTTERY**  
**Operating Statement Summary**  
**For the Month Ended 9/30/2016**  
**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	\$24,370	\$25,882	\$26,578	(\$1,512)	\$963,869	\$958,229	\$925,860	\$5,640	\$988,239	\$984,111	\$952,438	\$4,127
Prizes	14,250	16,846	17,493	2,597	889,175	883,969	856,478	(5,206)	903,425	900,815	873,971	(2,610)
Net revenue	10,120	9,036	9,086	1,084	74,694	74,261	69,382	433	84,814	83,296	78,467	1,517
Direct expenses	3,404	3,942	3,472	537	21,584	23,301	20,088	1,717	24,988	27,243	23,560	2,254
Indirect revenue/expenses	662	674	631	12	5,233	6,740	5,537	1,506	5,895	7,414	6,167	1,518
<b>Net profit</b>	<b>\$6,054</b>	<b>\$4,420</b>	<b>\$4,983</b>	<b>\$1,633</b>	<b>\$47,877</b>	<b>\$44,220</b>	<b>\$43,757</b>	<b>\$3,657</b>	<b>\$53,930</b>	<b>\$48,640</b>	<b>\$48,740</b>	<b>\$5,290</b>

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

Prizes	58.3%	65.1%	65.8%	92.2%	92.2%	92.5%	91.4%	91.5%	91.7%
Administrative Expenses	16.8%	17.9%	15.5%	2.8%	3.1%	2.8%	3.2%	3.5%	3.1%

**Year to Date Operating Summary:**

**Percentages of Distributable Revenue For the Year to Date:**

Prizes	61.4%	64.5%	67.2%	92.2%	92.2%	92.5%	91.4%	91.4%	91.8%
Administrative Expenses	16.2%	17.6%	16.0%	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

10/12/2016 2:09 PM

**OREGON STATE LOTTERY**  
**Operating Statement**  
**For the Month Ended 9/30/2016**  
**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>
<b>Revenue</b>										
Scratch-Its <sup>SM</sup> Instant Tickets	\$9,666,401				\$9,666,401		\$9,981,637		(\$315,236)	(3%)
Megabucks <sup>SM</sup>	1,856,873				1,856,873		2,644,486		(787,613)	(30%)
Powerball®	2,879,570				2,879,570		3,198,889		(319,319)	(10%)
Mega Millions®	1,308,826				1,308,826		1,206,428		102,398	8%
Raffle <sup>SM</sup>										0%
Keno	8,087,828				8,087,828		8,261,925		(174,097)	(2%)
Pick 4 <sup>SM</sup>	122,448				122,448		124,937		(2,489)	(2%)
Win For Life <sup>SM</sup>	282,780				282,780		307,155		(24,375)	(8%)
Lucky Lines <sup>SM</sup>	164,812				164,812		156,429		8,383	5%
Video Lottery <sup>SM</sup> (Gross Receipts)			963,869,106		963,869,106		958,229,435		5,639,671	1%
<b>Total</b>	<b>24,369,538</b>		<b>963,869,106</b>		<b>988,238,644</b>		<b>984,111,321</b>		<b>4,127,323</b>	<b>0%</b>
Prize Expense	14,249,874		889,174,966		903,424,840		900,814,973		(2,609,868)	0%
<b>Net Revenue</b>	<b>10,119,664</b>	<b>100%</b>	<b>74,694,140</b>	<b>100%</b>	<b>84,813,804</b>	<b>100%</b>	<b>83,296,348</b>	<b>100%</b>	<b>1,517,455</b>	<b>2%</b>
<b>Direct Expenses</b>										
Commissions	2,170,198	21%	19,060,735	26%	21,230,933	25%	21,295,402	26%	64,469	0%
Game Vendor Charges	544,564	5%	229,807	0%	774,371	1%	826,262	1%	51,891	6%
Tickets	235,101	2%		0%	235,101	0%	244,658	0%	9,557	4%
Advertising	369,243	4%	61,278	0%	430,522	1%	993,374	1%	562,852	57%
Sales Support	57,972	1%		0%	57,972	0%	89,250	0%	31,278	35%
Game Equipment, Parts & Maintenance		0%	116,292	0%	116,292	0%	845,623	1%	729,331	86%
Depreciation	27,304	0%	2,115,892	3%	2,143,196	3%	2,948,263	4%	805,068	27%
<b>Total Direct Expenses</b>	<b>3,404,381</b>	<b>34%</b>	<b>21,584,005</b>	<b>29%</b>	<b>24,988,386</b>	<b>29%</b>	<b>27,242,832</b>	<b>33%</b>	<b>2,254,447</b>	<b>8%</b>
<b>Gross Profit</b>	<b>6,715,283</b>	<b>66%</b>	<b>53,110,135</b>	<b>71%</b>	<b>59,825,418</b>	<b>71%</b>	<b>56,053,516</b>	<b>67%</b>	<b>3,771,902</b>	<b>7%</b>
Gross Profit as Percent of Total Lottery	11.22%		88.78%		100.00%					
<b>Indirect Revenue</b>										
Gain (Loss) on Sale of Fixed Assets	(2,226)	0%	(17,606)	0%	(19,832)	0%		0%	(19,832)	0%
Other Income	41,264	0%	326,354	0%	367,619	0%	134,000	0%	233,619	174%
<b>Total Indirect Revenue</b>	<b>39,038</b>	<b>0%</b>	<b>308,748</b>	<b>0%</b>	<b>347,787</b>	<b>0%</b>	<b>134,000</b>	<b>0%</b>	<b>213,787</b>	<b>160%</b>
<b>Indirect Expenses</b>										
Public Information	110,216	1%	871,683	1%	981,899	1%	589,071	1%	(392,828)	(67%)
Market Research	(26,670)	0%	(210,933)	0%	(237,603)	0%	132,847	0%	370,450	279%
Personal Services	449,925	4%	3,558,390	5%	4,008,315	5%	4,316,337	5%	308,022	7%
Services & Supplies	142,114	1%	1,123,958	2%	1,266,072	1%	2,179,493	3%	913,421	42%
Depreciation	25,177	0%	199,125	0%	224,302	0%	329,900	0%	105,597	32%
<b>Total Indirect Expenses</b>	<b>700,763</b>	<b>7%</b>	<b>5,542,222</b>	<b>7%</b>	<b>6,242,985</b>	<b>7%</b>	<b>7,547,648</b>	<b>9%</b>	<b>1,304,663</b>	<b>17%</b>
<b>Net Profit</b>	<b>\$6,053,559</b>	<b>60%</b>	<b>\$47,876,662</b>	<b>64%</b>	<b>\$53,930,220</b>	<b>64%</b>	<b>\$48,639,869</b>	<b>58%</b>	<b>\$5,290,352</b>	<b>11%</b>

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 month ended 9/30/2016**

	<u>Traditional</u>			<u>Video</u>			<u>Total Lottery</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Travel	\$4,446	\$5,009	\$563	\$35,161	\$50,110	\$14,949	\$39,607	\$55,119	\$15,512
Office Expenses	2,327	5,028	2,701	18,403	50,301	31,898	20,730	55,329	34,599
Retailer Network Expenses	74,827	57,232	(17,595)	591,797	572,552	(19,245)	666,624	629,784	(36,840)
Retailer Network Recovery	(68,335)	(54,753)	13,582	(540,448)	(547,757)	(7,309)	(608,783)	(602,510)	6,273
Telecommunications	11,456	9,750	(1,706)	90,605	97,543	6,938	102,061	107,293	5,232
Intergovernmental Charges	20,722	6,735	(13,987)	163,887	67,376	(96,511)	184,609	74,111	(110,498)
Technology Expenses	24,824	34,918	10,094	196,332	349,322	152,990	221,156	384,240	163,084
Professional Services	54,415	109,104	54,689	430,359	1,091,488	661,129	484,774	1,200,592	715,818
Staff Training & Recruiting	1,953	3,771	1,818	15,448	37,728	22,280	17,401	41,499	24,098
Facilities	5,478	6,594	1,116	43,325	65,967	22,642	48,804	72,561	23,757
Facilities Maintenance	3,633	2,604	(1,029)	28,729	26,046	(2,683)	32,362	28,650	(3,712)
Other Services & Supplies	2,398	5,804	3,406	18,966	58,063	39,097	21,364	63,867	42,503
Fleet Expenses	4,638	6,267	1,629	36,679	62,691	26,012	41,317	68,958	27,641
Supplier Diversity	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>142,782</b>	<b>198,063</b>	<b>55,281</b>	<b>1,129,243</b>	<b>1,981,430</b>	<b>852,187</b>	<b>1,272,026</b>	<b>2,179,493</b>	<b>907,467</b>
Less Non Distributable Revenue	(668)	-	668	(5,286)	-	5,286	(5,954)	-	5,954
<b>AMOUNT REPORTED</b>	<b>\$142,114</b>	<b>\$198,063</b>	<b>\$55,949</b>	<b>\$1,123,957</b>	<b>\$1,981,430</b>	<b>\$857,473</b>	<b>\$1,266,072</b>	<b>\$2,179,493</b>	<b>\$913,421</b>

**OREGON STATE LOTTERY**  
**Operating Statement**  
**For the Year to Date through 9/30/2016**  
**Net Revenue Basis**

	Total Lottery									
	Traditional	% of Net	Video	% of Net	Total Actual	% of Net	Budget	% of Net	Variance	% Variance
<b>Revenue</b>										
Scratch-Its <sup>SM</sup> Instant Tickets	\$29,203,467				\$29,203,467		\$29,662,724		(\$459,257)	(2%)
Megabucks <sup>SM</sup>	9,681,933				9,681,933		9,849,270		(167,337)	(2%)
Powerball <sup>®</sup>	11,584,452				11,584,452		11,796,741		(212,289)	(2%)
Mega Millions <sup>®</sup>	5,763,678				5,763,678		5,245,558		518,120	10%
Raffle <sup>SM</sup>										0%
Keno	24,279,817				24,279,817		24,736,339		(456,522)	(2%)
Pick 4 <sup>SM</sup>	371,495				371,495		375,079		(3,584)	(1%)
Win For Life <sup>SM</sup>	926,362				926,362		941,557		(15,195)	(2%)
Lucky Lines <sup>SM</sup>	572,350				572,350		508,292		64,058	13%
Video Lottery <sup>SM</sup> (Gross Receipts)			2,873,902,633		2,873,902,633		2,873,885,054		17,579	0%
<b>Total</b>	<b>82,383,554</b>		<b>2,873,902,633</b>		<b>2,956,286,187</b>		<b>2,957,000,614</b>		<b>(714,427)</b>	<b>0%</b>
Prize Expense	50,695,157		2,650,873,558		2,701,568,715		2,704,482,575		2,913,860	0%
<b>Net Revenue</b>	<b>31,688,397</b>	<b>100%</b>	<b>223,029,075</b>	<b>100%</b>	<b>254,717,472</b>	<b>100%</b>	<b>252,518,039</b>	<b>100%</b>	<b>2,199,433</b>	<b>1%</b>
<b>Direct Expenses</b>										
Commissions	7,086,978	22%	57,018,162	26%	64,105,140	25%	64,436,383	26%	331,243	1%
Game Vendor Charges	1,776,230	6%	593,273	0%	2,369,503	1%	2,571,770	1%	202,267	8%
Tickets	640,821	2%		0%	640,821	0%	728,246	0%	87,425	12%
Advertising	1,489,007	5%	216,169	0%	1,705,176	1%	2,980,122	1%	1,274,946	43%
Sales Support	150,229	0%		0%	150,229	0%	267,750	0%	117,521	44%
Game Equipment, Parts & Maintenance		0%	271,669	0%	271,669	0%	2,536,869	1%	2,265,200	89%
Depreciation	81,911	0%	6,342,990	3%	6,424,901	3%	8,870,445	4%	2,445,544	28%
<b>Total Direct Expenses</b>	<b>11,225,176</b>	<b>35%</b>	<b>64,442,263</b>	<b>29%</b>	<b>75,667,439</b>	<b>30%</b>	<b>82,391,584</b>	<b>33%</b>	<b>6,724,145</b>	<b>8%</b>
<b>Gross Profit</b>	<b>20,463,221</b>	<b>65%</b>	<b>158,586,812</b>	<b>71%</b>	<b>179,050,033</b>	<b>70%</b>	<b>170,126,455</b>	<b>67%</b>	<b>8,923,578</b>	<b>5%</b>
Gross Profit as Percent of Total Lottery	11.43%		88.57%		100.00%					
<b>Indirect Revenue</b>										
Gain (Loss) on Sale of Fixed Assets	(9,663)	0%	(74,888)	0%	(84,552)	0%		0%	(84,552)	0%
Other Income	114,973	0%	891,024	0%	1,005,997	0%	402,000	0%	603,997	150%
<b>Total Indirect Revenue</b>	<b>105,310</b>	<b>0%</b>	<b>816,135</b>	<b>0%</b>	<b>921,445</b>	<b>0%</b>	<b>402,000</b>	<b>0%</b>	<b>519,445</b>	<b>129%</b>
<b>Indirect Expenses</b>										
Public Information	221,275	1%	1,714,848	1%	1,936,124	1%	1,767,213	1%	(168,911)	(10%)
Market Research	(23,069)	0%	(178,784)	0%	(201,853)	0%	398,541	0%	600,394	151%
Personal Services	1,348,622	4%	10,451,616	5%	11,800,238	5%	12,949,011	5%	1,148,773	9%
Services & Supplies	349,500	1%	2,708,571	1%	3,058,071	1%	6,538,479	3%	3,480,408	53%
Depreciation	82,065	0%	635,989	0%	718,054	0%	1,046,614	0%	328,561	31%
<b>Total Indirect Expenses</b>	<b>1,978,392</b>	<b>6%</b>	<b>15,332,241</b>	<b>7%</b>	<b>17,310,633</b>	<b>7%</b>	<b>22,699,858</b>	<b>9%</b>	<b>5,389,225</b>	<b>24%</b>
<b>Net Profit</b>	<b>\$18,590,138</b>	<b>59%</b>	<b>\$144,070,706</b>	<b>65%</b>	<b>\$162,660,844</b>	<b>64%</b>	<b>\$147,828,597</b>	<b>59%</b>	<b>\$14,832,248</b>	<b>10%</b>

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 9/30/2016**

	<u>Traditional</u>			<u>Video</u>			<u>Total Lottery</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Travel	\$11,975	\$16,654	\$4,679	\$92,808	\$148,703	\$55,895	\$104,783	\$165,357	\$60,574
Office Expenses	10,827	16,717	5,890	83,909	149,270	65,361	94,736	165,987	71,251
Retailer Network Expenses	224,868	190,282	(34,586)	1,742,686	1,699,070	(43,616)	1,967,554	1,889,352	(78,202)
Retailer Network Recovery	(207,426)	(182,042)	25,384	(1,607,518)	(1,625,488)	(17,970)	(1,814,945)	(1,807,530)	7,415
Telecommunications	34,990	32,417	(2,573)	271,168	289,462	18,294	306,158	321,879	15,721
Intergovernmental Charges	25,356	22,392	(2,964)	196,504	199,941	3,437	221,859	222,333	474
Technology Expenses	82,216	116,094	33,878	637,161	1,036,626	399,465	719,377	1,152,720	433,343
Professional Services	121,437	362,746	241,309	941,116	3,239,030	2,297,914	1,062,553	3,601,776	2,539,223
Staff Training & Recruiting	7,348	12,538	5,190	56,947	111,959	55,012	64,295	124,497	60,202
Facilities	16,860	21,924	5,064	130,662	195,759	65,097	147,522	217,683	70,161
Facilities Maintenance	6,209	8,656	2,447	48,122	77,294	29,172	54,331	85,950	31,619
Other Services & Supplies	8,119	19,297	11,178	62,924	172,304	109,380	71,044	191,601	120,557
Fleet Expenses	15,647	20,835	5,188	121,258	186,039	64,781	136,905	206,874	69,969
Supplier Diversity	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>358,426</b>	<b>658,510</b>	<b>300,084</b>	<b>2,777,747</b>	<b>5,879,969</b>	<b>3,102,222</b>	<b>3,136,172</b>	<b>6,538,479</b>	<b>3,402,307</b>
Less Non Distributable Revenue	(8,926)	-	8,926	(69,175)	-	69,175	(78,101)	-	78,101
<b>AMOUNT REPORTED</b>	<b><u>\$349,500</u></b>	<b><u>\$658,510</u></b>	<b><u>\$309,010</u></b>	<b><u>\$2,708,572</u></b>	<b><u>\$5,879,969</u></b>	<b><u>\$3,171,397</u></b>	<b><u>\$3,058,071</u></b>	<b><u>\$6,538,479</u></b>	<b><u>\$3,480,408</u></b>

**OREGON STATE LOTTERY  
Comparative Balance Sheet**

	<u>As of</u> <u>9/30/2016</u>	<u>As of</u> <u>9/30/2015</u>
<b>Assets</b>		
Current Assets:		
Cash	\$417,029,752	\$356,562,461
Investments for Prize Payments at Fair Value	11,349,275	12,210,496
Accounts Receivable - Games	20,640,240	14,910,922
Accounts Receivable - Other	21,672	75,199
Allowance for Doubtful Accounts	(47,519)	(90,690)
Ticket Inventory	1,601,848	1,751,163
Prepaid Expenses	2,255,202	1,630,833
<b>Total Current Assets</b>	<b>452,850,470</b>	<b>387,050,384</b>
Noncurrent Assets:		
Investments for Prize Payments at Fair Value	131,546,984	127,308,334
Prize Reserves with Multi-State Lottery (MUSL)	3,157,449	3,298,719
Net Pension Asset	-	4,500,208
Capital Assets:		
Equipment, Net of Accumulated Depreciation	81,503,087	59,952,907
Computer Software, Net of Accumulated Depreciation	22,316,544	5,850,674
Building and Improvements, Net of Accumulated Depreciation	5,684,221	5,387,850
Intangibles Non-Software, Net of Accumulated Depreciation	162,388	378,906
Vehicles, Net of Accumulated Depreciation	2,703,220	2,172,346
Leasehold Improvements, Net of Accumulated Depreciation	32,985	45,560
<b>Total Noncurrent Assets</b>	<b>247,106,877</b>	<b>208,895,505</b>
Deferred Outflows	2,940,774	1,665,565
<b>Total Assets and Deferred Outflows</b>	<b>\$702,898,121</b>	<b>\$597,611,454</b>
<b>Liabilities</b>		
Current Liabilities:		
Economic Development Fund Liability	\$165,115,553	\$149,741,653
Prize Liability	27,626,215	25,292,577
Prize Liability - Investments at Fair Value	11,442,550	12,155,588
Accounts Payable	17,238,429	12,779,571
Compensated Absences - Current	3,745,777	3,638,933
Deferred Revenue	531,874	260,184
Deposit Liability	113,000	117,183
Contracts Payable - Current	1,527,778	568,082
<b>Total Current Liabilities</b>	<b>227,341,175</b>	<b>204,553,771</b>
Noncurrent Liabilities:		
Deferred Prize Liability	135,132,088	134,985,027
Contracts Payable - Noncurrent	19,149,194	5,136,944
Net Pension Liability	11,406,657	-
Net Other Postemployment Benefits (OPEB) Obligation	691,535	764,716
<b>Total Noncurrent Liabilities</b>	<b>166,379,474</b>	<b>140,886,687</b>
Deferred Inflows	2,777,285	8,683,579
<b>Total Liabilities and Deferred Inflows</b>	<b>396,497,934</b>	<b>354,124,037</b>
<b>Equity</b>		
Retained Earnings:		
Fixed Asset Book Value	112,402,445	73,788,244
Restricted Reserves, Inventory, Prepaids and Deferred Outflows	9,955,273	13,268,879
Asset Purchases Committed by Commission	98,447,400	82,449,909
Capital Reserve for VLTM Program	15,000,000	-
Operating Working Capital	70,595,069	73,980,384
<b>Total Retained Earnings</b>	<b>306,400,187</b>	<b>243,487,417</b>
<b>Total Liabilities and Equity</b>	<b>\$702,898,121</b>	<b>\$597,611,454</b>

**OREGON STATE LOTTERY**  
**Statement of Cash Flows - Direct Method**  
**For the Month Ended 9/30/2016**

	<u>September</u>	<u>Year to Date</u>
<b>Cash Flows from Operating Activities:</b>		
Receipts from Customers	\$982,240,343	\$2,953,629,257
Payments to Prize Winners	(\$908,473,994)	(\$2,704,155,504)
Payments to Employees	(\$5,710,945)	(\$13,591,065)
Payments to Suppliers	(\$24,811,590)	(\$69,407,599)
<b>Net Cash Provided (Used) in Operating Activities</b>	<b>\$43,243,814</b>	<b>\$166,475,088</b>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Transfers to Other Funds	-	(\$163,589,997)
Other Income	\$161,402	\$434,016
<b>Net Cash Provided (Used) in Noncapital Financing Activities</b>	<b>161,402</b>	<b>(163,155,981)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition/Restoration of Capital Assets	(\$139,494)	(\$8,956,059)
Contract Payments	(\$114,003)	(\$206,042)
Proceeds from Disposition/Impairment of Capital Assets	\$7,001	\$87,401
<b>Net Cash Provided (Used) in Capital and Related Financing Activities</b>	<b>(246,496)</b>	<b>(9,074,700)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of Investments	-	(\$203,586)
Proceeds from Sales and Maturities of Investments	-	\$4,028,000
Interest on Investments and Cash Balances	\$322,592	\$906,367
Investment Expense	(\$3,242)	(\$3,242)
<b>Net Cash Provided (Used) in Investing Activities</b>	<b>\$319,350</b>	<b>\$4,727,539</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>43,478,070</b>	<b>(1,028,054)</b>
Cash and Cash Equivalents - Beginning	\$373,551,682	\$418,057,807
<b>Cash and Cash Equivalents - Ending</b>	<b>\$417,029,752</b>	<b>\$417,029,753</b>
<b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities</b>		
<b>Operating Income (Loss)</b>	<b>\$53,930,220</b>	<b>\$162,660,844</b>
<b>Adjustments to reconcile operating income to cash flows from operating activities</b>		
Depreciation and Amortization	2,367,498	7,142,955
Capital Asset Reclassifications to/(from) Expense	185,020	185,020
Other Income	(353,741)	(999,546)
<b>Net Changes in Assets and Liabilities:</b>		
(Increase) / Decrease in Accounts Receivable - Games	(6,202,308)	(2,397,948)
(Increase) / Decrease in Securities	403,556	4,514,051
(Increase) / Decrease in Ticket Inventory	46,592	(31,131)
(Increase) / Decrease in Prepaid Expenses	(692,086)	(801,171)
Increase / (Decrease) in Accounts Payable	(1,230,331)	3,644,126
Increase / (Decrease) in Compensated Absences Liability	23,243	(126,290)
Increase / (Decrease) in Deposit Liability	14,853	44,000
Increase / (Decrease) in Deferred Revenue	204,006	(258,982)
Increase / (Decrease) in Prize Liability	(5,801,482)	(8,278,048)
Increase in Economic Development Liability - Unclaimed Prizes Payable	348,773	1,177,207
Increase / (Decrease) in Net OPEB Obligation	0	0
<b>Total Adjustments and Changes</b>	<b>(10,686,406)</b>	<b>3,814,244</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$43,243,814</b>	<b>\$166,475,088</b>

**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
<b>Revenue</b>											
Video Lottery <sup>SM</sup>	-	\$11,755,558,363	-	\$11,801,297,094	-	-	-	-	-	\$11,801,297,094	\$11,801,297,094
Scratch-its <sup>SM</sup> Instant Tickets	132,060,443	-	-	129,967,695	-	-	-	-	129,967,695	-	129,967,695
Megabucks <sup>SM</sup>	32,702,402	-	-	34,305,285	-	-	-	-	34,305,285	-	34,305,285
Pick 4 <sup>SM</sup>	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 <sup>SM</sup>	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 <sup>SM</sup>	1,903,214	-	-	1,931,792	-	-	-	-	1,931,792	-	1,931,792
Raffle <sup>SM</sup>	2,500,000	-	-	2,500,000	-	-	-	-	2,500,000	-	2,500,000
<b>Total Revenue</b>	<b>323,613,377</b>	<b>11,755,558,363</b>	-	<b>12,130,438,799</b>	-	-	-	-	<b>329,141,705</b>	<b>11,801,297,094</b>	<b>12,130,438,799</b>
Less: Prizes	210,243,041	10,863,957,371	-	11,117,766,584	-	-	-	-	213,481,913	10,904,284,671	11,117,766,584
<b>Net revenue</b>	<b>113,370,336</b>	<b>891,600,992</b>	-	<b>1,012,672,214</b>	-	-	-	-	<b>115,659,791</b>	<b>897,012,423</b>	<b>1,012,672,214</b>
<b>Direct Expenses</b>											
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
<b>Total Direct Expenses</b>	<b>48,823,968</b>	<b>260,479,984</b>	-	<b>311,235,562</b>	-	-	-	-	<b>49,384,535</b>	<b>261,851,027</b>	<b>311,235,562</b>
<b>Gross Profit</b>	<b>64,546,368</b>	<b>631,121,008</b>	-	<b>701,436,652</b>	-	-	-	-	<b>66,275,256</b>	<b>635,161,396</b>	<b>701,436,652</b>
Relative Gross Profit %	-	-	-	-	-	-	-	-	-	-	-
<b>Indirect Revenue</b>	-	-	-	<b>1,608,000</b>	-	-	-	-	-	-	<b>1,608,000</b>
<b>Indirect Expenses</b>											
Public Information	-	-	-	7,068,850	-	-	-	-	-	-	7,068,850
Market Research	-	-	-	1,594,170	-	-	-	-	-	-	1,594,170
Salaries & Benefits	-	-	-	52,621,601	-	-	-	-	-	-	52,621,601
Services & Supplies	-	-	-	26,155,374	-	-	-	-	-	-	26,155,374
Depreciation	-	-	-	4,121,626	-	-	-	-	-	-	4,121,626
<b>Total Indirect Expenses</b>	-	-	-	<b>91,561,621</b>	-	-	-	-	-	-	<b>91,561,621</b>
<b>Net Profit</b>	<b>\$64,546,368</b>	<b>\$631,121,008</b>	-	<b>\$611,483,031</b>	-	-	-	-	<b>\$66,275,256</b>	<b>\$635,161,396</b>	<b>\$611,483,031</b>
<b>Additional Information:</b>											
Capital Outlay			\$98,234,250							\$98,234,250	
FTE Count			479							479	

**OREGON STATE LOTTERY**  
**Capital Outlay Status Report for FY 2017**  
**For the Three Months Ending Friday, September 30, 2016**

Project Description	Budget	Budget Adjustments	Actual			Total	Unspent
			July	August	September		
<b>Site Services</b>							
Rooftop HVAC System Replacement (FY16 Carryover)		505,000	-	459,348	24,176	483,524	21,476
Warehouse Floor coating/painting	25,000					-	25,000
Building Boiler System Replacement	200,000					-	200,000
ADA Door Openers	50,000					-	50,000
Bench Remodel Furniture	18,000					-	18,000
Space Planning	1,700,000		-	5,535	6,294	11,829	1,688,171
Overflow Parking Lot	1,500,000					-	1,500,000
<b>Site Services Total</b>	<b>3,493,000</b>	<b>505,000</b>	<b>-</b>	<b>464,883</b>	<b>30,470</b>	<b>495,353</b>	<b>3,502,647</b>
<b>Game Network</b>							
Intelligen SW License (Budgeted in Other S&S)			-	-	15,629,459	15,629,459	(15,629,459)
<b>Fleet Management</b>							
25 New Vehicles	747,000					-	747,000
<b>Information Technology</b>							
<b>IT Operations</b>							
VMWare Host Replacement for DR			-	-	-	-	-
F5 Big IQ (FY16 Carryover)		10,574	-	15,914	-	15,914	(5,340)
SAN Performance Monitoring			-	-	-	-	-
Tape Drive			-	-	-	-	-
Bend Additional Storage	40,000					-	40,000
Syslog-ng Premium Edition Server	48,000					-	48,000
CyberArk Encyption Key Manager	35,000					-	35,000
Switches	24,000		-	-	9,470	9,470	14,530
F5 Global Traffic Manager	25,000					-	25,000
Lab Firewall	25,000					-	25,000
Internal Load Balancer	40,000					-	40,000
Wireless LAN Controller	20,000					-	20,000
F5 Big IQ	42,500					-	42,500
Bend Internal Firewall Core Switch	12,000		-	-	9,470	9,470	2,530
Ironport replacement	40,000					-	40,000
VCOPS Vcenter Operations Manager	75,000					-	75,000
Netbackup Expansion	60,000		-	-	53,609	53,609	6,391
Intelligen Testing Services	1,300,000					-	1,300,000
Intelligen Pre-Production Environment	925,100		925,100	-	(185,020)	740,080	185,020
GNI: Labor cost, Internally Generated SW (Budget in Contract Pmts)			-	-	36,476	36,476	(36,476)
<b>IT Operations Total</b>	<b>2,711,600</b>	<b>10,574</b>	<b>925,100</b>	<b>15,914</b>	<b>(75,996)</b>	<b>865,017</b>	<b>1,857,157</b>
<b>Information Technology Total</b>	<b>2,711,600</b>	<b>21,148</b>	<b>925,100</b>	<b>31,827</b>	<b>(75,996)</b>	<b>880,931</b>	<b>1,851,817</b>
<b>Security</b>							
Two additional Payment Centers	180,000					-	180,000
<b>Marketing</b>							
<b>Traditional Product Manager</b>							
LED Jackpot Board Upgrade - The Dalles			-	1,033	-	1,033	(1,033)
LED Jackpot Board Upgrade - Roseburg			-	1,033	-	1,033	(1,033)
LED Jackpot Board Upgrade - Milton Freewater			-	1,033	-	1,033	(1,033)
LED Jackpot Board Upgrade - Coos Bay			-	1,033	-	1,033	(1,033)
LED Jackpot Board Upgrade - Ontario			-	1,033	-	1,033	(1,033)
LED Jackpot Board Upgrade - Umatilla/Hwy 730			-	1,033	-	1,033	(1,033)
<b>Traditional Product Manager Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,195</b>	<b>-</b>	<b>6,195</b>	<b>(6,195)</b>
<b>Video Product Manager</b>							
IGT E20 Conversion	7,297,400					-	7,297,400
VLT Procurement 4	42,405,250		3,994,724	3,409,750	-	7,404,474	35,000,776
VLT Procurement 5	41,400,000					-	41,400,000
<b>Video Product Manager total</b>	<b>91,102,650</b>	<b>-</b>	<b>3,994,724</b>	<b>3,409,750</b>	<b>-</b>	<b>7,404,474</b>	<b>83,698,176</b>
<b>Marketing Total</b>	<b>91,102,650</b>	<b>-</b>	<b>3,994,724</b>	<b>3,415,945</b>	<b>-</b>	<b>7,410,669</b>	<b>83,691,981</b>
<b>Grand Total</b>	<b>97,487,250</b>	<b>526,148</b>	<b>4,919,824</b>	<b>3,912,655</b>	<b>15,583,933</b>	<b>24,416,412</b>	<b>73,596,986</b>