

# DRAFT

## OREGON STATE LOTTERY Operating Statement Summary For the Month Ended 10/31/2016 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                   | \$25,486             | \$25,701             | \$25,874         | (\$215)                   | \$993,756            | \$998,731            | \$996,018        | (\$4,975)                 | \$1,019,242          | \$1,024,432          | \$1,021,893      | (\$5,190)                 |
| Prizes                    | 17,122               | 16,796               | 16,277           | (326)                     | 916,720              | 921,331              | 921,224          | 4,611                     | 933,843              | 938,127              | 937,501          | 4,284                     |
| Net revenue               | 8,364                | 8,905                | 9,598            | (541)                     | 77,035               | 77,400               | 74,794           | (364)                     | 85,400               | 86,305               | 84,392           | (906)                     |
| Direct expenses           | 4,202                | 3,938                | 3,845            | (264)                     | 21,754               | 23,701               | 21,390           | 1,947                     | 25,956               | 27,639               | 25,235           | 1,683                     |
| Indirect revenue/expenses | 372                  | 628                  | 576              | 255                       | 4,944                | 6,784                | 5,350            | 1,840                     | 5,316                | 7,412                | 5,927            | 2,096                     |
| <b>Net profit</b>         | <b>\$3,790</b>       | <b>\$4,340</b>       | <b>\$5,177</b>   | <b>(\$550)</b>            | <b>\$50,338</b>      | <b>\$46,914</b>      | <b>\$48,054</b>  | <b>\$3,423</b>            | <b>\$54,128</b>      | <b>\$51,255</b>      | <b>\$53,231</b>  | <b>\$2,873</b>            |

### Percentages of Distributable Revenue For the Month:

|                         |       |       |       |       |       |       |       |       |       |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Prizes                  | 67.1% | 65.3% | 62.9% | 92.2% | 92.2% | 92.5% | 91.6% | 91.6% | 91.7% |
| Administrative Expenses | 18.0% | 17.8% | 17.1% | 2.7%  | 3.1%  | 2.7%  | 3.1%  | 3.4%  | 3.1%  |

### Year to Date Operating Summary:

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

|                         |       |       |       |       |       |       |       |       |       |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Prizes                  | 62.7% | 64.7% | 66.1% | 92.2% | 92.2% | 92.5% | 91.4% | 91.5% | 91.8% |
| Administrative Expenses | 16.6% | 17.7% | 16.3% | 2.8%  | 3.1%  | 2.7%  | 3.1%  | 3.5%  | 3.1%  |

**OREGON STATE LOTTERY**  
**Operating Statement**  
**For the Month Ended 10/31/2016**  
**Net Revenue Basis**

|  | <b>Total Lottery</b> |                 |                     |                 |                     |                 |                     |                 |                    |                   |
|--|----------------------|-----------------|---------------------|-----------------|---------------------|-----------------|---------------------|-----------------|--------------------|-------------------|
|  | <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    | \$10,424,372         |                 |                     |                 | \$10,424,372        |                 | \$10,597,168        |                 | (\$172,796)        | (2%)              |
| Megabucks <sup>SM</sup>                      | 2,741,992            |                 |                     |                 | 2,741,992           |                 | 2,599,690           |                 | 142,302            | 5%                |
| Powerball®                                   | 2,917,590            |                 |                     |                 | 2,917,590           |                 | 2,934,572           |                 | (16,982)           | (1%)              |
| Mega Millions®                               | 906,527              |                 |                     |                 | 906,527             |                 | 1,016,958           |                 | (110,431)          | (11%)             |
| Raffle <sup>SM</sup>                         |                      |                 |                     |                 |                     |                 |                     |                 |                    | 0%                |
| Keno   | 7,893,211            |                 |                     |                 | 7,893,211           |                 | 7,971,660           |                 | (78,449)           | (1%)              |
| Pick 4 <sup>SM</sup>                         | 117,003              |                 |                     |                 | 117,003             |                 | 117,743             |                 | (741)              | (1%)              |
| Win For Life <sup>SM</sup>                   | 325,150              |                 |                     |                 | 325,150             |                 | 305,770             |                 | 19,380             | 6%                |
| Lucky Lines <sup>SM</sup>                    | 160,378              |                 |                     |                 | 160,378             |                 | 157,661             |                 | 2,717              | 2%                |
| Video Lottery <sup>SM</sup> (Gross Receipts) |                      |                 | 993,755,841         |                 | 993,755,841         |                 | 998,730,700         |                 | (4,974,859)        | 0%                |
| Total  | 25,486,223           |                 | 993,755,841         |                 | 1,019,242,063       |                 | 1,024,431,922       |                 | (5,189,859)        | (1%)              |
| Prize Expense                                | 17,122,142           |                 | 916,720,412         |                 | 933,842,554         |                 | 938,126,754         |                 | 4,284,201          | 0%                |
| <b>Net Revenue</b>                           | <b>8,364,081</b>     | <b>100%</b>     | <b>77,035,429</b>   | <b>100%</b>     | <b>85,399,509</b>   | <b>100%</b>     | <b>86,305,168</b>   | <b>100%</b>     | <b>(905,658)</b>   | <b>(1%)</b>       |
| <b>Direct Expenses</b>                       |                      |                 |                     |                 |                     |                 |                     |                 |                    |                   |
| Commissions                                  | 2,103,646            | 25%             | 19,210,320          | 25%             | 21,313,966          | 25%             | 21,716,251          | 25%             | 402,285            | 2%                |
| Game Vendor Charges                          | 604,612              | 7%              | 56,439              | 0%              | 661,051             | 1%              | 823,191             | 1%              | 162,140            | 20%               |
| Tickets                                      | 326,695              | 4%              |                     | 0%              | 326,695             | 0%              | 259,164             | 0%              | (67,531)           | (26%)             |
| Advertising                                  | 1,101,898            | 13%             | 188,573             | 0%              | 1,290,471           | 2%              | 993,374             | 1%              | (297,097)          | (30%)             |
| Sales Support                                | 37,727               | 0%              |                     | 0%              | 37,727              | 0%              | 89,250              | 0%              | 51,523             | 58%               |
| Game Equipment, Parts & Maintenance          |                      | 0%              | 32,142              | 0%              | 32,142              | 0%              | 845,623             | 1%              | 813,481            | 96%               |
| Depreciation                                 | 27,304               | 0%              | 2,266,475           | 3%              | 2,293,778           | 3%              | 2,912,111           | 3%              | 618,332            | 21%               |
| <b>Total Direct Expenses</b>                 | <b>4,201,882</b>     | <b>50%</b>      | <b>21,753,950</b>   | <b>28%</b>      | <b>25,955,831</b>   | <b>30%</b>      | <b>27,638,963</b>   | <b>32%</b>      | <b>1,683,132</b>   | <b>6%</b>         |
| <b>Gross Profit</b>                          | <b>4,162,199</b>     | <b>50%</b>      | <b>55,281,479</b>   | <b>72%</b>      | <b>59,443,678</b>   | <b>70%</b>      | <b>58,666,204</b>   | <b>68%</b>      | <b>777,474</b>     | <b>1%</b>         |
| Gross Profit as Percent of Total Lottery     | 7.00%                |                 | 93.00%              |                 | 100.00%             |                 |                     |                 |                    |                   |
| <b>Indirect Revenue</b>                      |                      |                 |                     |                 |                     |                 |                     |                 |                    |                   |
| Gain (Loss) on Sale of Fixed Assets          |                      | 0%              |                     | 0%              |                     | 0%              |                     | 0%              |                    | 0%                |
| Other Income                                 | 31,086               | 0%              | 412,880             | 1%              | 443,966             | 1%              | 134,000             | 0%              | 309,966            | 231%              |
| <b>Total Indirect Revenue</b>                | <b>31,086</b>        | <b>0%</b>       | <b>412,880</b>      | <b>1%</b>       | <b>443,966</b>      | <b>1%</b>       | <b>134,000</b>      | <b>0%</b>       | <b>309,966</b>     | <b>231%</b>       |
| <b>Indirect Expenses</b>                     |                      |                 |                     |                 |                     |                 |                     |                 |                    |                   |
| Public Information                           | 33,055               | 0%              | 439,031             | 1%              | 472,086             | 1%              | 589,071             | 1%              | 116,985            | 20%               |
| Market Research                              |                      | 0%              |                     | 0%              |                     | 0%              | 132,847             | 0%              | 132,847            | 100%              |
| Personal Services                            | 275,193              | 3%              | 3,655,063           | 5%              | 3,930,256           | 5%              | 4,316,337           | 5%              | 386,081            | 9%                |
| Services & Supplies                          | 77,765               | 1%              | 1,032,864           | 1%              | 1,110,630           | 1%              | 2,179,493           | 3%              | 1,068,863          | 49%               |
| Depreciation                                 | 17,286               | 0%              | 229,589             | 0%              | 246,875             | 0%              | 327,916             | 0%              | 81,042             | 25%               |
| <b>Total Indirect Expenses</b>               | <b>403,300</b>       | <b>5%</b>       | <b>5,356,546</b>    | <b>7%</b>       | <b>5,759,846</b>    | <b>7%</b>       | <b>7,545,664</b>    | <b>9%</b>       | <b>1,785,819</b>   | <b>24%</b>        |
| <b>Net Profit</b>                            | <b>\$3,789,986</b>   | <b>45%</b>      | <b>\$50,337,813</b> | <b>65%</b>      | <b>\$54,127,799</b> | <b>63%</b>      | <b>\$51,254,540</b> | <b>59%</b>      | <b>\$2,873,259</b> | <b>6%</b>         |

**OREGON STATE LOTTERY**  
**Supplemental Schedule of Services and Supplies Expenses**  
**For the month ended 10/31/2016**

|                                | Traditional     |                  |                  | Video              |                    |                  | Total Lottery      |                    |                    |
|--------------------------------|-----------------|------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|
|                                | Actual          | Budget           | Variance         | Actual             | Budget             | Variance         | Actual             | Budget             | Variance           |
| Travel                         | \$2,999         | \$4,667          | \$1,668          | \$39,826           | \$50,452           | \$10,626         | \$42,825           | \$55,119           | \$12,294           |
| Office Expenses                | 2,217           | 4,685            | 2,468            | 29,445             | 50,644             | 21,199           | 31,661             | 55,329             | 23,668             |
| Retailer Network Expenses      | 43,721          | 53,328           | 9,607            | 580,698            | 576,456            | (4,242)          | 624,419            | 629,784            | 5,365              |
| Retailer Network Recovery      | (42,293)        | (51,018)         | (8,725)          | (561,735)          | (551,492)          | 10,243           | (604,028)          | (602,510)          | 1,518              |
| Telecommunications             | 5,860           | 9,085            | 3,225            | 77,833             | 98,208             | 20,375           | 83,694             | 107,293            | 23,599             |
| Intergovernmental Charges      | 8,137           | 6,275            | (1,862)          | 108,073            | 67,836             | (40,237)         | 116,210            | 74,111             | (42,099)           |
| Technology Expenses            | 15,037          | 32,536           | 17,499           | 199,724            | 351,704            | 151,980          | 214,762            | 384,240            | 169,478            |
| Professional Services          | 33,492          | 101,661          | 68,169           | 444,832            | 1,098,931          | 654,099          | 478,324            | 1,200,592          | 722,268            |
| Staff Training & Recruiting    | 1,861           | 3,514            | 1,653            | 24,715             | 37,985             | 13,270           | 26,576             | 41,499             | 14,923             |
| Facilities                     | 3,208           | 6,144            | 2,936            | 42,603             | 66,417             | 23,814           | 45,811             | 72,561             | 26,750             |
| Facilities Maintenance         | 2,312           | 2,426            | 114              | 30,703             | 26,224             | (4,479)          | 33,015             | 28,650             | (4,365)            |
| Other Services & Supplies      | 1,237           | 5,408            | 4,171            | 16,432             | 58,459             | 42,027           | 17,670             | 63,867             | 46,197             |
| Fleet Expenses                 | 2,349           | 5,839            | 3,490            | 31,195             | 63,119             | 31,924           | 33,544             | 68,958             | 35,414             |
| Supplier Diversity             | -               | -                | -                | -                  | -                  | -                | -                  | -                  | -                  |
| <b>TOTAL</b>                   | <b>80,137</b>   | <b>184,550</b>   | <b>104,413</b>   | <b>1,064,344</b>   | <b>1,994,943</b>   | <b>930,599</b>   | <b>1,144,483</b>   | <b>2,179,493</b>   | <b>1,035,010</b>   |
| Less Non Distributable Revenue | (2,370)         | -                | 2,370            | (31,483)           | -                  | 31,483           | (33,853)           | -                  | 33,853             |
| <b>AMOUNT REPORTED</b>         | <b>\$77,767</b> | <b>\$184,550</b> | <b>\$106,783</b> | <b>\$1,032,861</b> | <b>\$1,994,943</b> | <b>\$962,082</b> | <b>\$1,110,630</b> | <b>\$2,179,493</b> | <b>\$1,068,863</b> |

**OREGON STATE LOTTERY**  
**Supplemental Schedule of Services and Supplies Expenses**  
**For the month ended 10/31/2016**

|                                | Traditional     |                  |                  | Video              |                    |                  | Total Lottery      |                    |                    |
|--------------------------------|-----------------|------------------|------------------|--------------------|--------------------|------------------|--------------------|--------------------|--------------------|
|                                | Actual          | Budget           | Variance         | Actual             | Budget             | Variance         | Actual             | Budget             | Variance           |
| Travel                         | \$2,999         | \$4,667          | \$1,668          | \$39,826           | \$50,452           | \$10,626         | \$42,825           | \$55,119           | \$12,294           |
| Office Expenses                | 2,217           | 4,685            | 2,468            | 29,445             | 50,644             | 21,199           | 31,661             | 55,329             | 23,668             |
| Retailer Network Expenses      | 43,721          | 53,328           | 9,607            | 580,698            | 576,456            | (4,242)          | 624,419            | 629,784            | 5,365              |
| Retailer Network Recovery      | (42,293)        | (51,018)         | (8,725)          | (561,735)          | (551,492)          | 10,243           | (604,028)          | (602,510)          | 1,518              |
| Telecommunications             | 5,860           | 9,085            | 3,225            | 77,833             | 98,208             | 20,375           | 83,694             | 107,293            | 23,599             |
| Intergovernmental Charges      | 8,137           | 6,275            | (1,862)          | 108,073            | 67,836             | (40,237)         | 116,210            | 74,111             | (42,099)           |
| Technology Expenses            | 15,037          | 32,536           | 17,499           | 199,724            | 351,704            | 151,980          | 214,762            | 384,240            | 169,478            |
| Professional Services          | 33,492          | 101,661          | 68,169           | 444,832            | 1,098,931          | 654,099          | 478,324            | 1,200,592          | 722,268            |
| Staff Training & Recruiting    | 1,861           | 3,514            | 1,653            | 24,715             | 37,985             | 13,270           | 26,576             | 41,499             | 14,923             |
| Facilities                     | 3,208           | 6,144            | 2,936            | 42,603             | 66,417             | 23,814           | 45,811             | 72,561             | 26,750             |
| Facilities Maintenance         | 2,312           | 2,426            | 114              | 30,703             | 26,224             | (4,479)          | 33,015             | 28,650             | (4,365)            |
| Other Services & Supplies      | 1,237           | 5,408            | 4,171            | 16,432             | 58,459             | 42,027           | 17,670             | 63,867             | 46,197             |
| Fleet Expenses                 | 2,349           | 5,839            | 3,490            | 31,195             | 63,119             | 31,924           | 33,544             | 68,958             | 35,414             |
| Supplier Diversity             | -               | -                | -                | -                  | -                  | -                | -                  | -                  | -                  |
| <b>TOTAL</b>                   | <b>80,137</b>   | <b>184,550</b>   | <b>104,413</b>   | <b>1,064,344</b>   | <b>1,994,943</b>   | <b>930,599</b>   | <b>1,144,483</b>   | <b>2,179,493</b>   | <b>1,035,010</b>   |
| Less Non Distributable Revenue | (2,370)         | -                | 2,370            | (31,483)           | -                  | 31,483           | (33,853)           | -                  | 33,853             |
| <b>AMOUNT REPORTED</b>         | <b>\$77,767</b> | <b>\$184,550</b> | <b>\$106,783</b> | <b>\$1,032,861</b> | <b>\$1,994,943</b> | <b>\$962,082</b> | <b>\$1,110,630</b> | <b>\$2,179,493</b> | <b>\$1,068,863</b> |

**OREGON STATE LOTTERY**  
**Operating Statement**  
**For the Year to Date through 10/31/2016**  
**Net Revenue Basis**

|  | <b>Total Lottery</b> |                 |                      |                 |                      |                 |                      |                 |                     |                   |
|--|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|---------------------|-------------------|
|  | <b>Traditional</b>   | <b>% of Net</b> | <b>Video</b>         | <b>% of Net</b> | <b>Total Actual</b>  | <b>% of Net</b> | <b>Budget</b>        | <b>% of Net</b> | <b>Variance</b>     | <b>% Variance</b> |
| <b>Revenue</b>                               |                      |                 |                      |                 |                      |                 |                      |                 |                     |                   |
| Scratch-Its <sup>SM</sup> Instant Tickets    | \$39,627,839         |                 |                      |                 | \$39,627,839         |                 | \$39,676,951         |                 | (\$49,112)          | 0%                |
| Megabucks <sup>SM</sup>                      | 12,423,925           |                 |                      |                 | 12,423,925           |                 | 12,280,488           |                 | 143,437             | 1%                |
| Powerball <sup>®</sup>                       | 14,502,042           |                 |                      |                 | 14,502,042           |                 | 14,459,140           |                 | 42,902              | 0%                |
| Mega Millions <sup>®</sup>                   | 6,670,205            |                 |                      |                 | 6,670,205            |                 | 6,289,479            |                 | 380,726             | 6%                |
| Raffle <sup>SM</sup>                         |                      |                 |                      |                 |                      |                 |                      |                 |                     | 0%                |
| Keno   | 32,173,028           |                 |                      |                 | 32,173,028           |                 | 32,121,703           |                 | 51,325              | 0%                |
| Pick 4 <sup>SM</sup>                         | 488,498              |                 |                      |                 | 488,498              |                 | 488,863              |                 | (366)               | 0%                |
| Win For Life <sup>SM</sup>                   | 1,251,512            |                 |                      |                 | 1,251,512            |                 | 1,241,296            |                 | 10,216              | 1%                |
| Lucky Lines <sup>SM</sup>                    | 732,728              |                 |                      |                 | 732,728              |                 | 738,939              |                 | (6,211)             | (1%)              |
| Video Lottery <sup>SM</sup> (Gross Receipts) |                      |                 | 3,867,658,473        |                 | 3,867,658,473        |                 | 3,855,751,793        |                 | 11,906,680          | 0%                |
| <b>Total</b>                                 | <b>107,869,776</b>   |                 | <b>3,867,658,473</b> |                 | <b>3,975,528,250</b> |                 | <b>3,963,048,652</b> |                 | <b>12,479,598</b>   | <b>0%</b>         |
| Prize Expense                                | 67,817,298           |                 | 3,567,593,970        |                 | 3,635,411,269        |                 | 3,626,056,417        |                 | (9,354,852)         | 0%                |
| <b>Net Revenue</b>                           | <b>40,052,478</b>    | <b>100%</b>     | <b>300,064,503</b>   | <b>100%</b>     | <b>340,116,981</b>   | <b>100%</b>     | <b>336,992,235</b>   | <b>100%</b>     | <b>3,124,746</b>    | <b>1%</b>         |
| <b>Direct Expenses</b>                       |                      |                 |                      |                 |                      |                 |                      |                 |                     |                   |
| Commissions                                  | 9,190,624            | 23%             | 76,228,482           | 25%             | 85,419,106           | 25%             | 85,687,491           | 25%             | 268,385             | 0%                |
| Game Vendor Charges                          | 2,380,842            | 6%              | 649,712              | 0%              | 3,030,554            | 1%              | 3,369,124            | 1%              | 338,570             | 10%               |
| Tickets                                      | 967,516              | 2%              |                      | 0%              | 967,516              | 0%              | 981,096              | 0%              | 13,580              | 1%                |
| Advertising                                  | 2,590,905            | 6%              | 404,742              | 0%              | 2,995,648            | 1%              | 3,973,496            | 1%              | 977,848             | 25%               |
| Sales Support                                | 187,956              | 0%              |                      | 0%              | 187,956              | 0%              | 357,000              | 0%              | 169,044             | 47%               |
| Game Equipment, Parts & Maintenance          |                      | 0%              | 303,811              | 0%              | 303,811              | 0%              | 3,382,492            | 1%              | 3,078,681           | 91%               |
| Depreciation                                 | 109,214              | 0%              | 8,609,465            | 3%              | 8,718,679            | 3%              | 11,782,556           | 3%              | 3,063,876           | 26%               |
| <b>Total Direct Expenses</b>                 | <b>15,427,058</b>    | <b>39%</b>      | <b>86,196,212</b>    | <b>29%</b>      | <b>101,623,270</b>   | <b>30%</b>      | <b>109,533,254</b>   | <b>33%</b>      | <b>7,909,984</b>    | <b>7%</b>         |
| <b>Gross Profit</b>                          | <b>24,625,420</b>    | <b>61%</b>      | <b>213,868,291</b>   | <b>71%</b>      | <b>238,493,711</b>   | <b>70%</b>      | <b>227,458,981</b>   | <b>67%</b>      | <b>11,034,730</b>   | <b>5%</b>         |
| Gross Profit as Percent of Total Lottery     | 10.33%               |                 | 89.67%               |                 | 100.00%              |                 |                      |                 |                     |                   |
| <b>Indirect Revenue</b>                      |                      |                 |                      |                 |                      |                 |                      |                 |                     |                   |
| Gain (Loss) on Sale of Fixed Assets          | (8,730)              | 0%              | (75,821)             | 0%              | (84,552)             | 0%              |                      | 0%              | (84,552)            | 0%                |
| Other Income                                 | 149,714              | 0%              | 1,300,249            | 0%              | 1,449,963            | 0%              | 536,000              | 0%              | 913,963             | 171%              |
| <b>Total Indirect Revenue</b>                | <b>140,984</b>       | <b>0%</b>       | <b>1,224,427</b>     | <b>0%</b>       | <b>1,365,411</b>     | <b>0%</b>       | <b>536,000</b>       | <b>0%</b>       | <b>829,411</b>      | <b>155%</b>       |
| <b>Indirect Expenses</b>                     |                      |                 |                      |                 |                      |                 |                      |                 |                     |                   |
| Public Information                           | 248,657              | 1%              | 2,159,552            | 1%              | 2,408,209            | 1%              | 2,356,284            | 1%              | (51,925)            | (2%)              |
| Market Research                              | (20,842)             | 0%              | (181,011)            | 0%              | (201,853)            | 0%              | 531,388              | 0%              | 733,241             | 138%              |
| Personal Services                            | 1,624,236            | 4%              | 14,106,258           | 5%              | 15,730,494           | 5%              | 17,265,348           | 5%              | 1,534,854           | 9%                |
| Services & Supplies                          | 430,435              | 1%              | 3,738,266            | 1%              | 4,168,701            | 1%              | 8,717,972            | 3%              | 4,549,271           | 52%               |
| Depreciation                                 | 99,633               | 0%              | 865,295              | 0%              | 964,928              | 0%              | 1,374,531            | 0%              | 409,602             | 30%               |
| <b>Total Indirect Expenses</b>               | <b>2,382,119</b>     | <b>6%</b>       | <b>20,688,360</b>    | <b>7%</b>       | <b>23,070,479</b>    | <b>7%</b>       | <b>30,245,522</b>    | <b>9%</b>       | <b>7,175,043</b>    | <b>24%</b>        |
| <b>Net Profit</b>                            | <b>\$22,384,285</b>  | <b>56%</b>      | <b>\$194,404,358</b> | <b>65%</b>      | <b>\$216,788,643</b> | <b>64%</b>      | <b>\$197,749,459</b> | <b>59%</b>      | <b>\$19,039,185</b> | <b>10%</b>        |

Unaudited; not presented in accordance with GAAP

\*FY 2017 budget amounts are based on the December 2016 forecast

**OREGON STATE LOTTERY**  
**Supplemental Schedule of Services and Supplies Expenses**  
**For the Year to Date through 10/31/2016**

|                                | Traditional      |                  |                  | Video              |                    |                    | Total Lottery      |                    |                    |
|--------------------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                                | Actual           | Budget           | Variance         | Actual             | Budget             | Variance           | Actual             | Budget             | Variance           |
| Travel                         | \$15,241         | \$21,072         | \$5,831          | \$132,367          | \$199,404          | \$67,037           | \$147,608          | \$220,476          | \$72,868           |
| Office Expenses                | 13,051           | 21,152           | 8,101            | 113,346            | 200,164            | 86,818             | 126,397            | 221,316            | 94,919             |
| Retailer Network Expenses      | 267,632          | 240,769          | (26,863)         | 2,324,342          | 2,278,367          | (45,975)           | 2,591,973          | 2,519,136          | (72,837)           |
| Retailer Network Recovery      | (249,769)        | (230,342)        | 19,427           | (2,169,204)        | (2,179,698)        | (10,494)           | (2,418,973)        | (2,410,040)        | 8,933              |
| Telecommunications             | 40,254           | 41,019           | 765              | 349,598            | 388,153            | 38,555             | 389,852            | 429,172            | 39,320             |
| Intergovernmental Charges      | 34,907           | 28,333           | (6,574)          | 303,163            | 268,111            | (35,052)           | 338,070            | 296,444            | (41,626)           |
| Technology Expenses            | 96,454           | 146,896          | 50,442           | 837,685            | 1,390,064          | 552,379            | 934,139            | 1,536,960          | 602,821            |
| Professional Services          | 159,102          | 458,991          | 299,889          | 1,381,775          | 4,343,377          | 2,961,602          | 1,540,877          | 4,802,368          | 3,261,491          |
| Staff Training & Recruiting    | 9,383            | 15,865           | 6,482            | 81,488             | 150,131            | 68,643             | 90,871             | 165,996            | 75,125             |
| Facilities                     | 19,962           | 27,740           | 7,778            | 173,371            | 262,504            | 89,133             | 193,333            | 290,244            | 96,911             |
| Facilities Maintenance         | 9,019            | 10,953           | 1,934            | 78,327             | 103,647            | 25,320             | 87,346             | 114,600            | 27,254             |
| Other Services & Supplies      | 9,160            | 24,417           | 15,257           | 79,553             | 231,051            | 151,498            | 88,713             | 255,468            | 166,755            |
| Fleet Expenses                 | 17,600           | 26,363           | 8,763            | 152,849            | 249,469            | 96,620             | 170,449            | 275,832            | 105,383            |
| Supplier Diversity             | -                | -                | -                | -                  | -                  | -                  | -                  | -                  | -                  |
| <b>TOTAL</b>                   | <b>441,996</b>   | <b>833,228</b>   | <b>391,232</b>   | <b>3,838,660</b>   | <b>7,884,744</b>   | <b>4,046,084</b>   | <b>4,280,655</b>   | <b>8,717,972</b>   | <b>4,437,317</b>   |
| Less Non Distributable Revenue | (11,560)         | -                | 11,560           | (100,394)          | -                  | 100,394            | (111,954)          | -                  | 111,954            |
| <b>AMOUNT REPORTED</b>         | <b>\$430,436</b> | <b>\$833,228</b> | <b>\$402,792</b> | <b>\$3,738,266</b> | <b>\$7,884,744</b> | <b>\$4,146,478</b> | <b>\$4,168,701</b> | <b>\$8,717,972</b> | <b>\$4,549,271</b> |

OREGON STATE LOTTERY  
Comparative Balance Sheet

DRAFT

|  | As of<br>10/31/2016  | As of<br>10/31/2015  |
|--|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |
| Current Assets:  |                      |                      |
| Cash   | \$294,798,882        | \$252,499,951        |
| Investments for Prize Payments at Fair Value                   | 11,179,974           | 11,890,294           |
| Accounts Receivable - Games                                    | 27,566,802           | 22,586,073           |
| Accounts Receivable - Other                                    | 12,294               | 196,772              |
| Allowance for Doubtful Accounts                                | (54,495)             | (81,436)             |
| Ticket Inventory   | 1,587,683            | 1,877,951            |
| Prepaid Expenses   | 2,069,939            | 1,778,672            |
| <b>Total Current Assets</b>                                    | <b>337,161,077</b>   | <b>290,748,278</b>   |
| Noncurrent Assets:   |                      |                      |
| Investments for Prize Payments at Fair Value                   | 129,054,076          | 126,415,449          |
| Prize Reserves with Multi-State Lottery (MUSL)                 | 3,190,343            | 3,299,068            |
| Net Pension Asset  | -                    | 4,500,208            |
| Capital Assets:  |                      |                      |
| Equipment, Net of Accumulated Depreciation                     | 79,668,406           | 61,963,161           |
| Computer Software, Net of Accumulated Depreciation             | 18,391,990           | 5,639,722            |
| Building and Improvements, Net of Accumulated Depreciation     | 5,657,831            | 5,468,923            |
| Intangibles Non-Software, Net of Accumulated Depreciation      | 144,345              | 360,863              |
| Vehicles, Net of Accumulated Depreciation                      | 2,662,844            | 2,141,840            |
| Leasehold Improvements, Net of Accumulated Depreciation        | 31,956               | 92,304               |
| <b>Total Noncurrent Assets</b>                                 | <b>238,801,790</b>   | <b>209,881,539</b>   |
| Deferred Outflows  | 2,940,774            | 1,665,565            |
| <b>Total Assets and Deferred Outflows</b>                      | <b>\$578,903,641</b> | <b>\$502,295,382</b> |
| <b>Liabilities</b>   |                      |                      |
| Current Liabilities:   |                      |                      |
| Economic Development Fund Liability                            | \$53,836,011         | \$54,786,426         |
| Prize Liability  | 29,900,733           | 30,137,223           |
| Prize Liability - Investments at Fair Value                    | 11,277,335           | 12,146,083           |
| Accounts Payable   | 10,533,639           | 15,268,993           |
| Compensated Absences - Current                                 | 3,755,551            | 3,677,949            |
| Deferred Revenue   | 504,424              | 333,031              |
| Deposit Liability  | 118,370              | 94,973               |
| Contracts Payable - Current                                    | 1,579,229            | 526,707              |
| <b>Total Current Liabilities</b>                               | <b>111,505,291</b>   | <b>116,971,384</b>   |
| Noncurrent Liabilities:  |                      |                      |
| Deferred Prize Liability                                       | 131,084,594          | 128,244,507          |
| Contracts Payable - Noncurrent                                 | 15,423,677           | 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>158,606,464</b>   | <b>134,146,167</b>   |
| Deferred Inflows   | 2,777,285            | 8,683,579            |
| <b>Total Liabilities and Deferred Inflows</b>                  | <b>272,889,040</b>   | <b>259,801,130</b>   |
| <b>Equity</b>  |                      |                      |
| Retained Earnings:   |                      |                      |
| Fixed Asset Book Value   | 106,557,371          | 75,666,814           |
| Restricted Reserves, Inventory, Prepaids and Deferred Outflows | 9,788,738            | 13,389,427           |
| Asset Purchases Committed by Commission                        | 98,447,400           | 78,127,175           |
| Capital Reserve for VLTM Program                               | 15,000,000           | -                    |
| Operating Working Capital                                      | 76,221,091           | 75,310,836           |
| <b>Total Retained Earnings</b>                                 | <b>306,014,601</b>   | <b>242,494,252</b>   |
| <b>Total Liabilities and Equity</b>                            | <b>\$578,903,641</b> | <b>\$502,295,382</b> |

**OREGON STATE LOTTERY**  
**Statement of Cash Flows - Direct Method**  
**For the Month Ended 10/31/2016**

DRAFT

|   | October              | Year to Date         |
|---|----------------------|----------------------|
| <b>Cash Flows from Operating Activities:</b>                                |                      |                      |
| Receipts from Customers   | \$1,012,294,877      | \$3,965,924,134      |
| Payments to Prize Winners   | (\$933,068,962)      | (\$3,637,224,467)    |
| Payments to Employees   | (\$2,189,327)        | (\$15,780,393)       |
| Payments to Suppliers   | (\$33,509,767)       | (\$102,917,366)      |
| <b>Net Cash Provided (Used) in Operating Activities</b>                     | <b>\$43,526,820</b>  | <b>\$210,001,909</b> |
| <b>Cash Flows from Noncapital Financing Activities:</b>                     |                      |                      |
| Transfers to Other Funds  | (\$166,017,500)      | (\$329,607,497)      |
| Other Income  | \$87,401             | \$521,417            |
| <b>Net Cash Provided (Used) in Noncapital Financing Activities</b>          | <b>(165,930,099)</b> | <b>(329,086,080)</b> |
| <b>Cash Flows from Capital and Related Financing Activities:</b>            |                      |                      |
| Acquisition/Restoration of Capital Assets                                   | (\$217,106)          | (\$9,173,165)        |
| Contract Payments   | (\$152,539)          | (\$358,581)          |
| Proceeds from Disposition/Impairment of Capital Assets                      | -                    | \$87,401             |
| <b>Net Cash Provided (Used) in Capital and Related Financing Activities</b> | <b>(369,645)</b>     | <b>(9,444,345)</b>   |
| <b>Cash Flows from Investing Activities:</b>                                |                      |                      |
| Purchases of Investments  | -                    | (\$203,586)          |
| Proceeds from Sales and Maturities of Investments                           | \$175,000            | \$4,203,000          |
| Interest on Investments and Cash Balances                                   | \$367,053            | \$1,273,420          |
| Investment Expense  | -                    | (\$3,242)            |
| <b>Net Cash Provided (Used) in Investing Activities</b>                     | <b>\$542,053</b>     | <b>\$5,269,592</b>   |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                 | <b>(122,230,871)</b> | <b>(123,258,924)</b> |
| Cash and Cash Equivalents - Beginning                                       | \$417,029,752        | \$418,057,807        |
| <b>Cash and Cash Equivalents - Ending</b>                                   | <b>\$294,798,882</b> | <b>\$294,798,883</b> |

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

|  |                     |                      |
|--|---------------------|----------------------|
| <b>Operating Income (Loss)</b>   | <b>\$54,127,799</b> | <b>\$216,788,643</b> |
| <b>Adjustments to reconcile operating income to cash flows from operating activities</b> |                     |                      |
| Depreciation and Amortization  | 2,540,653           | 9,683,608            |
| Capital Asset Reclassifications to/(from) Expense  | 0                   | 185,020              |
| Other Income   | (477,819)           | (1,477,365)          |
| <b>Net Changes in Assets and Liabilities:</b>  |                     |                      |
| (Increase) / Decrease in Accounts Receivable - Games                                     | (6,919,736)         | (9,317,684)          |
| (Increase) / Decrease in Securities  | 2,662,208           | 7,176,259            |
| (Increase) / Decrease in Ticket Inventory  | 14,165              | (16,967)             |
| (Increase) / Decrease in Prepaid Expenses  | 185,263             | (615,907)            |
| Increase / (Decrease) in Accounts Payable  | (6,704,790)         | (3,060,664)          |
| Increase / (Decrease) in Compensated Absences Liability                                  | 9,774               | (116,516)            |
| Increase / (Decrease) in Deposit Liability   | 5,370               | 49,370               |
| Increase / (Decrease) in Deferred Revenue  | (27,450)            | (286,432)            |
| Increase / (Decrease) in Prize Liability   | (2,113,190)         | (10,391,238)         |
| Increase in Economic Development Liability - Unclaimed Prizes Payable                    | 224,573             | 1,401,781            |
| Increase / (Decrease) in Net OPEB Obligation   | 0                   | 0                    |
| <b>Total Adjustments and Changes</b>   | <b>(10,600,979)</b> | <b>(6,786,734)</b>   |
| <b>Net Cash Provided (Used) by Operating Activities</b>                                  | <b>\$43,526,820</b> | <b>\$210,001,909</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      | \$11,755,558,363      | \$19,505,629         | (\$35,882,442)       | -        | -     | -   | -                   | \$11,739,181,550      | \$11,739,181,550      |
| Scratch-its <sup>SM</sup> Instant Tickets | 132,060,443                | -                     | 132,060,443           | (2,092,748)          | (1,203,763)          | -        | -     | -   | 128,763,932         | -                     | 128,763,932           |
| Megabucks <sup>SM</sup>                   | 32,702,402                 | -                     | 32,702,402            | 1,602,883            | (150,728)            | -        | -     | -   | 34,154,557          | -                     | 34,154,557            |
| Pick 4 <sup>SM</sup>                      | 1,498,060                  | -                     | 1,498,060             | 25,368               | (26,627)             | -        | -     | -   | 1,496,801           | -                     | 1,496,801             |
| Powerball®                                | 39,729,951                 | -                     | 39,729,951            | 1,619,055            | (844,403)            | -        | -     | -   | 40,504,603          | -                     | 40,504,603            |
| Mega Millions®                            | 14,533,185                 | -                     | 14,533,185            | 1,690,412            | (208,034)            | -        | -     | -   | 16,015,563          | -                     | 16,015,563            |
| Win for Life <sup>SM</sup>                | 3,782,566                  | -                     | 3,782,566             | 17,488               | (139,916)            | -        | -     | -   | 3,660,138           | -                     | 3,660,138             |
| Keno                                      | 94,903,556                 | -                     | 94,903,556            | 2,637,292            | (2,379,763)          | -        | -     | -   | 95,161,085          | -                     | 95,161,085            |
| Lucky Lines <sup>SM</sup>                 | 1,903,214                  | -                     | 1,903,214             | 28,578               | 69,004               | -        | -     | -   | 2,000,796           | -                     | 2,000,796             |
| 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>12,079,171,740</b> | <b>25,033,957</b>    | <b>(40,766,672)</b>  |          |       |     | <b>324,257,475</b>  | <b>11,739,181,550</b> | <b>12,063,439,025</b> |
| Less: Prizes                              | 210,243,041                | 10,863,957,371        | 11,074,200,412        | 17,333,071           | (36,304,070)         | -        | -     | -   | 210,332,566         | 10,844,896,846        | 11,055,229,412        |
| <b>Net revenue</b>                        | <b>113,370,336</b>         | <b>891,600,992</b>    | <b>1,004,971,328</b>  | <b>7,700,886</b>     | <b>(4,462,602)</b>   |          |       |     | <b>113,924,908</b>  | <b>894,284,704</b>    | <b>1,008,209,612</b>  |
| <b>Direct Expenses</b>                    |                            |                       |                       |                      |                      |          |       |     |                     |                       |                       |
| Commissions                               | 27,350,350                 | 210,357,284           | 237,707,634           | 1,837,634            | (1,081,078)          | -        | -     | -   | 27,404,712          | 211,059,478           | 238,464,189           |
| Game Vendor Charges                       | 7,195,793                  | 2,940,873             | 10,136,666            | 93,976               | (83,027)             | -        | -     | -   | 7,206,742           | 2,940,873             | 10,147,615            |
| 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>309,303,952</b>    | <b>1,931,610</b>     | <b>(1,164,106)</b>   |          |       |     | <b>48,889,279</b>   | <b>261,182,177</b>    | <b>310,071,457</b>    |
| <b>Gross Profit</b>                       | <b>64,546,368</b>          | <b>631,121,008</b>    | <b>695,667,376</b>    | <b>5,769,276</b>     | <b>(3,298,496)</b>   |          |       |     | <b>65,035,629</b>   | <b>633,102,527</b>    | <b>698,138,156</b>    |
| Relative Gross Profit %                   | 9.28%                      | 90.72%                | 100.00%               |                      |                      |          |       |     | 9.28%               | 90.72%                | 100.00%               |
| <b>Indirect Revenue</b>                   | <b>149,196</b>             | <b>1,458,804</b>      | <b>1,608,000</b>      |                      |                      |          |       |     | <b>149,196</b>      | <b>1,458,804</b>      | <b>1,608,000</b>      |
| <b>Indirect Expenses</b>                  |                            |                       |                       |                      |                      |          |       |     |                     |                       |                       |
| Public Information                        | 683,707                    | 6,685,143             | 7,368,850             | (300,000)            | -                    | -        | -     | -   | 655,872             | 6,412,978             | 7,068,850             |
| 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            | 300,000              | -                    | -        | -     | -   | 2,426,785           | 23,728,589            | 26,155,374            |
| Depreciation                              | 382,418                    | 3,739,208             | 4,121,626             | -                    | -                    | -        | -     | -   | 382,418             | 3,739,208             | 4,121,626             |
| <b>Total Indirect Expenses</b>            | <b>8,495,399</b>           | <b>83,066,222</b>     | <b>91,561,621</b>     |                      |                      |          |       |     | <b>8,495,399</b>    | <b>83,066,222</b>     | <b>91,561,621</b>     |
| <b>Net Profit</b>                         | <b>\$56,200,165</b>        | <b>\$549,513,590</b>  | <b>\$605,713,755</b>  | <b>\$5,769,276</b>   | <b>(\$3,298,496)</b> |          |       |     | <b>\$56,689,426</b> | <b>\$551,495,109</b>  | <b>\$608,184,535</b>  |
| <b>Additional Information:</b>            |                            |                       |                       |                      |                      |          |       |     |                     |                       |                       |
| Capital Outlay                            |                            |                       | \$98,234,250          |                      |                      |          |       |     |                     | \$98,234,250          |                       |
| FTE Count                                 |                            |                       | 479                   |                      |                      |          |       |     |                     | 479                   |                       |