



**Oregon Lottery  
Operating Summary  
For the month ending May 31, 2024  
(in thousands)**

	Traditional				Video				Sports				Total Lottery			
	Current Month	Current Month	Last Year	Actual to Budget	Current Month	Current Month	Last Year	Actual to Budget	Current Month	Current Month	Last Year	Actual to Budget	Current Month	Current Month	Last Year	Actual to Budget
	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance	Actual	Budget	Actual	Variance
Revenue	\$ 34,054	\$ 33,192	\$32,365	\$ 862	\$ 1,435,672	\$ 1,421,964	\$ 1,354,629	\$ 13,707	\$ 74,844	\$ 57,047	\$ 49,598	\$ 17,797	\$1,544,569	\$ 1,512,203	\$ 1,436,592	\$ 32,366
Prizes	21,429	20,959	20,225	(470)	1,329,796	1,318,303	1,255,903	(11,493)	67,374	51,850	45,659	(15,524)	1,418,599	1,391,112	1,321,787	(27,487)
<b>Net Revenue</b>	<b>12,625</b>	<b>12,233</b>	<b>12,140</b>	<b>392</b>	<b>105,876</b>	<b>103,661</b>	<b>98,726</b>	<b>2,215</b>	<b>7,469</b>	<b>5,197</b>	<b>3,939</b>	<b>2,272</b>	<b>125,970</b>	<b>121,091</b>	<b>114,805</b>	<b>4,879</b>
Direct Expenses	5,413	5,561	4,574	148	22,863	22,695	22,997	(168)	4,109	3,290	2,807	(819)	32,385	31,546	30,378	(839)
Total Indirect Revenue/(Loss)	1,441	71	(169)	1,370	2,077	867	469	1,210	85	20	7	65	3,603	959	307	2,645
Total Indirect Expense	604	750	1,115	145	6,957	9,100	6,929	2,143	353	214	137	(139)	7,914	10,064	8,181	2,150
<b>Net Profit from Operations</b>	<b>8,049</b>	<b>5,993</b>	<b>6,282</b>	<b>2,056</b>	<b>78,133</b>	<b>72,733</b>	<b>69,269</b>	<b>5,400</b>	<b>3,093</b>	<b>1,713</b>	<b>1,002</b>	<b>1,380</b>	<b>89,274</b>	<b>80,439</b>	<b>76,553</b>	<b>8,835</b>
<b>Modernization Investment Spending</b>													<b>898</b>	<b>1,912</b>	<b>325</b>	<b>1,014</b>
<b>Net Profit</b>													<b>\$88,376</b>	<b>\$78,527</b>	<b>\$76,228</b>	<b>\$9,850</b>

TOTAL LOTTERY				
	Current Month	Current Month	Last Year	Actual to Budget
	Actual	Budget	Actual	Variance
<b>Percentages of Distributable Revenue for the Month</b>				
Prizes	91.8%	92.0%	92.0%	0.2%
Administrative Expenses	2.7%	2.9%	2.7%	0.2%
<b>Percentages of Distributable Revenue for the Year</b>				
Prizes	91.7%	91.7%	91.8%	0.0%
Administrative Expenses	3.0%	3.3%	2.9%	0.3%



**Oregon Lottery**  
**Operating Statement**  
**For the month ending May 31, 2024**

	Traditional	Video	Sports	Total Lottery			
				Actual	Budget	Variance	% Variance
<b>Revenue</b>							
Scratch-Its <sup>SM</sup> Instant Tickets	\$ 13,867,458			\$ 13,867,458	\$ 13,598,941	\$ 268,517	2.0%
Megabucks <sup>SM</sup>	2,451,641			2,451,641	2,497,535	(45,894)	-1.8%
Powerball <sup>®</sup>	3,048,903			3,048,903	3,643,108	(594,205)	-16.3%
Mega Millions <sup>®</sup>	4,467,061			4,467,061	3,459,129	1,007,932	29.1%
Raffle <sup>SM</sup>	-			-	-	-	N/A
Keno	9,504,830			9,504,830	9,257,125	247,705	2.7%
Pick 4 <sup>SM</sup>	164,203			164,203	171,684	(7,481)	-4.4%
Win For Life <sup>SM</sup>	402,482			402,482	414,838	(12,356)	-3.0%
Lucky Lines <sup>SM</sup>	147,298			147,298	149,718	(2,420)	-1.6%
Video Lottery <sup>SM</sup> (Gross Receipts)	\$ 1,435,671,780			1,435,671,780	1,421,964,368	13,707,411	1.0%
Sports Wagering (Gross Receipts)			\$ 74,843,808	74,843,808	57,046,927	17,796,881	31.2%
<b>Total Revenue</b>	<b>34,053,876</b>	<b>1,435,671,780</b>	<b>74,843,808</b>	<b>1,544,569,464</b>	<b>1,512,203,372</b>	<b>32,366,092</b>	<b>2.1%</b>
Prizes	(21,429,065)	(1,329,795,944)	(67,374,368)	(1,418,599,376)	(1,391,112,229)	(27,487,147)	-2.0%
<b>Net Revenue</b>	<b>12,624,811</b>	<b>105,875,836</b>	<b>7,469,441</b>	<b>125,970,087</b>	<b>121,091,142</b>	<b>4,878,945</b>	<b>4.0%</b>
<b>Direct Expenses</b>							
Commissions	2,947,366	20,677,681	-	23,625,046	23,295,716	(329,330)	-1.4%
Game Vendor Charges	835,933	(88,818)	4,108,811	4,855,925	4,312,339	(543,586)	-12.6%
Tickets	311,089	-	-	311,089	489,975	178,886	36.5%
Advertising	746,187	68,192	-	814,379	888,430	74,051	8.3%
Sales Support	80,527	-	-	80,527	103,228	22,701	22.0%
Game Equipment, Parts & Maintenance	9,948	157,667	-	167,615	88,150	(79,465)	-90.1%
Depreciation	480,692	2,043,389	-	2,524,081	2,367,673	(156,408)	-6.6%
Interest Expense	1,405	4,896	-	6,301	912	(5,389)	-590.9%
<b>Direct Expenses</b>	<b>5,413,145</b>	<b>22,863,007</b>	<b>4,108,811</b>	<b>32,384,963</b>	<b>31,546,423</b>	<b>(838,540)</b>	<b>-2.7%</b>
<b>Gross Profit</b>	<b>7,211,665</b>	<b>83,012,829</b>	<b>3,360,630</b>	<b>93,585,125</b>	<b>89,544,719</b>	<b>4,040,405</b>	<b>4.5%</b>
<b>Indirect Revenue</b>							
Gain (Loss) on Sale of Fixed Assets	8,260	95,075	3,849	107,184	-	107,184	N/A
Other Income/(Expense)	172,173	1,981,864	81,155	2,235,191	958,666	1,276,525	133.2%
Investment Market Value Adj	1,261,046	-	-	1,261,046	-	1,261,046	N/A
<b>Total Indirect Revenue/(Loss)</b>	<b>1,441,478</b>	<b>2,076,939</b>	<b>85,004</b>	<b>3,603,421</b>	<b>958,666</b>	<b>2,644,755</b>	<b>275.9%</b>
<b>Indirect Expenses</b>							
Public Information	110	1,271	51	1,433	5,832	4,399	75.4%
Market Research	(15,196)	(174,925)	(7,082)	(197,203)	-	197,203	N/A
Salaries, Wages & Benefits	396,518	4,564,278	252,900	5,213,696	6,565,345	1,351,649	20.6%
Services & Supplies	175,897	2,024,733	85,352	2,285,982	3,299,060	1,013,078	30.7%
Depreciation	46,588	536,265	21,710	604,562	193,914	(410,648)	-211.8%
Interest Expense	432	4,976	201	5,610	-	(5,610)	N/A
<b>Total Indirect Expense</b>	<b>604,348</b>	<b>6,956,599</b>	<b>353,133</b>	<b>7,914,080</b>	<b>10,064,151</b>	<b>2,150,071</b>	<b>21.4%</b>
<b>Net Profit from Operations</b>	<b>8,048,795</b>	<b>78,133,169</b>	<b>3,092,501</b>	<b>89,274,465</b>	<b>80,439,234</b>	<b>8,835,231</b>	<b>11.0%</b>
<b>Modernization Investment Spending</b>				<b>898,019</b>	<b>1,912,416</b>	<b>1,014,397</b>	<b>53.0%</b>
<b>Net Profit</b>				<b>\$ 88,376,446</b>	<b>\$ 78,526,818</b>	<b>\$ 9,849,628</b>	<b>12.5%</b>



**Oregon Lottery**  
**Supplemental Schedule of Services and Supplies Expenses**  
**For the month ending May 31, 2024**

	Traditional			Video			Sports			Total Lottery		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 2,056	\$ 3,336	\$ 1,280	\$ 23,670	\$ 40,490	\$ 16,820	\$ 958	\$ 954	\$ (5)	\$ 26,685	\$ 44,780	\$ 18,095
Office Expenses	2,676	2,191	(485)	30,808	26,589	(4,219)	1,247	626	(621)	34,731	29,406	(5,325)
Retailer Network Expenses	48,249	-	(48,249)	555,395	-	(555,395)	-	-	-	603,644	-	(603,644)
Retailer Network Recovery	(55,512)	-	55,512	(638,999)	-	638,999	-	-	-	(694,511)	-	694,511
Telecommunications	9,673	7,327	(2,345)	111,340	88,924	(22,415)	4,507	2,094	(2,413)	125,520	98,346	(27,174)
Intergovernmental Charges	17,562	11,667	(5,895)	202,155	141,589	(60,567)	8,184	3,334	(4,850)	227,901	156,590	(71,311)
Technology Expenses	41,134	57,997	16,863	473,493	703,843	230,350	19,169	16,575	(2,594)	533,796	778,415	244,619
Professional Services	97,780	144,502	46,723	1,125,532	1,753,660	628,129	45,565	41,297	(4,268)	1,268,876	1,939,460	670,584
Staff Training & Recruiting	3,221	2,972	(248)	37,073	36,070	(1,003)	1,501	849	(651)	41,795	39,892	(1,903)
Facilities	1,223	4,338	3,114	14,080	52,641	38,561	570	1,240	670	15,873	58,218	42,345
Facilities Maintenance	1,266	2,940	1,674	14,575	35,678	21,103	590	840	250	16,432	39,458	23,026
Other Services & Supplies	3,728	3,879	151	42,910	47,075	4,166	1,737	1,109	(629)	48,374	52,063	3,689
Fleet Expenses	4,019	4,652	633	46,260	56,451	10,191	1,873	1,329	(543)	52,151	62,432	10,281
<b>TOTAL</b>	<b>177,075</b>	<b>245,801</b>	<b>68,727</b>	<b>2,038,292</b>	<b>2,983,011</b>	<b>944,719</b>	<b>85,901</b>	<b>70,248</b>	<b>(15,654)</b>	<b>2,301,268</b>	<b>3,299,060</b>	<b>997,792</b>
Less Non Distributable Revenue	(1,178)	-	1,178	(13,559)	-	13,559	(549)	-	549	(15,286)	-	15,286
<b>AMOUNT REPORTED</b>	<b>\$ 175,897</b>	<b>\$ 245,801</b>	<b>\$ 69,904</b>	<b>\$ 2,024,733</b>	<b>\$ 2,983,011</b>	<b>\$ 958,278</b>	<b>\$ 85,352</b>	<b>\$ 70,248</b>	<b>\$ (15,105)</b>	<b>\$ 2,285,982</b>	<b>\$ 3,299,060</b>	<b>\$ 1,013,078</b>

**Oregon Lottery**  
**Operating Statement**  
**Year to Date Through May 31, 2024**

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				Total Lottery			
	Traditional	Video	Sports	Actual	Budget	Variance	% Variance
<b>Revenue</b>							
Scratch-Its <sup>SM</sup> Instant Tickets	\$ 146,768,752			\$ 146,768,752	\$ 146,670,284	\$ 98,468	0.1%
Megabucks <sup>SM</sup>	28,243,326			28,243,326	28,234,095	9,231	0.0%
Powerball <sup>®</sup>	92,356,494			92,356,494	92,524,665	(168,171)	-0.2%
Mega Millions <sup>®</sup>	53,570,443			53,570,443	52,595,733	974,710	1.9%
Raffle <sup>SM</sup>	2,499,630			2,499,630	2,500,000	(370)	0.0%
Keno	98,122,110			98,122,110	97,869,534	252,576	0.3%
Pick 4 <sup>SM</sup>	1,823,735			1,823,735	1,832,772	(9,037)	-0.5%
Win For Life <sup>SM</sup>	4,673,231			4,673,231	4,666,863	6,368	0.1%
Lucky Lines <sup>SM</sup>	1,651,134			1,651,134	1,656,129	(4,995)	-0.3%
Video Lottery <sup>SM</sup> (Gross Receipts)		\$ 14,786,328,040		14,786,328,040	14,788,939,477	(2,611,438)	0.0%
Sports Wagering (Gross Receipts)			\$ 706,669,957	706,669,957	596,352,599	110,317,358	18.5%
<b>Total Revenue</b>	<b>429,708,855</b>	<b>14,786,328,040</b>	<b>706,669,957</b>	<b>15,922,706,851</b>	<b>15,813,842,151</b>	<b>108,864,700</b>	<b>0.7%</b>
Prizes	(263,334,349)	(13,693,851,172)	(638,093,678)	(14,595,279,199)	(14,500,553,214)	(94,725,986)	-0.7%
<b>Net Revenue</b>	<b>166,374,506</b>	<b>1,092,476,867</b>	<b>68,576,279</b>	<b>1,327,427,652</b>	<b>1,313,288,938</b>	<b>14,138,714</b>	<b>1.1%</b>
<b>Direct Expenses</b>							
Commissions	37,081,682	250,665,329	-	287,747,012	287,247,105	(499,907)	-0.2%
Game Vendor Charges	10,726,742	648,726	36,198,267	47,573,734	47,315,333	(258,401)	-0.5%
Tickets	3,143,973	-	-	3,143,973	4,081,598	937,625	23.0%
Advertising	5,617,657	277,019	-	5,894,676	7,171,630	1,276,954	17.8%
Sales Support	483,667	4,373	-	488,040	983,233	495,193	50.4%
Game Equipment, Parts & Maintenance	118,084	7,334,983	-	7,453,066	11,464,538	4,011,472	35.0%
Depreciation	5,263,641	20,834,764	-	26,098,404	26,286,044	187,639	0.7%
Interest Expense	7,161	76,792	-	83,952	10,032	(73,920)	-736.8%
<b>Direct Expenses</b>	<b>62,442,606</b>	<b>279,841,985</b>	<b>36,198,267</b>	<b>378,482,857</b>	<b>384,559,512</b>	<b>6,076,655</b>	<b>1.6%</b>
<b>Gross Profit</b>	<b>103,931,900</b>	<b>812,634,882</b>	<b>32,378,012</b>	<b>948,944,795</b>	<b>928,729,425</b>	<b>20,215,369</b>	<b>2.2%</b>
<b>Indirect Revenue</b>							
Gain (Loss) on Sale of Fixed Assets	25,038	224,832	9,600	259,471	-	259,471	N/A
Other Income	2,535,658	18,901,788	768,453	22,205,899	10,545,326	11,660,573	110.6%
Investment Market Value Adj	(2,963,085)	-	-	(2,963,085)	-	(2,963,085)	N/A
<b>Total Indirect Revenue/(Loss)</b>	<b>(402,388)</b>	<b>19,126,620</b>	<b>778,053</b>	<b>19,502,285</b>	<b>10,545,326</b>	<b>8,956,959</b>	<b>84.9%</b>
<b>Indirect Expenses</b>							
Public Information	93,247	683,382	25,181	801,810	1,182,152	380,342	32.2%
Market Research	30,875	172,429	3,755	207,059	961,958	754,899	78.5%
Salaries, Wages & Benefits	7,982,487	61,844,607	3,190,808	73,017,903	72,218,796	(799,107)	-1.1%
Services & Supplies	2,439,676	19,081,242	784,454	22,305,372	36,965,843	14,660,471	39.7%
Depreciation	500,548	4,466,093	185,884	5,152,524	3,254,327	(1,898,198)	-58.3%
Interest Expense	6,411	64,824	2,808	74,043	-	(74,043)	N/A
<b>Total Indirect Expense</b>	<b>11,053,244</b>	<b>86,312,577</b>	<b>4,192,890</b>	<b>101,558,711</b>	<b>114,583,076</b>	<b>13,024,365</b>	<b>11.4%</b>
<b>Net Profit from Operations</b>	<b>92,476,267</b>	<b>745,448,925</b>	<b>28,963,176</b>	<b>866,888,368</b>	<b>824,691,676</b>	<b>42,196,692</b>	<b>5.1%</b>
<b>Modernization Investment Spending</b>				<b>7,139,043</b>	<b>21,036,568</b>	<b>13,897,525</b>	<b>66.1%</b>
<b>Net Profit</b>				<b>\$ 859,749,326</b>	<b>\$ 803,655,108</b>	<b>\$ 56,094,218</b>	<b>7.0%</b>



**Oregon Lottery**  
**Supplemental Schedule of Services and Supplies Expenses**  
**Year to Date Through May 31, 2024**

	Traditional			Video			Sports			Total Lottery		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	39,665	43,466	3,801	302,638	527,491	224,853	14,351	12,422	(1,929)	356,654	583,379	226,725
Office Expenses	26,756	27,501	745	210,706	333,745	123,039	8,567	7,859	(707)	246,029	369,105	123,076
Retailer Network Expenses	602,181	-	(602,181)	4,724,752	-	(4,724,752)	-	-	-	5,326,933	-	(5,326,933)
Retailer Network Recovery	(694,562)	-	694,562	(5,568,827)	-	5,568,827	-	-	-	(6,263,389)	-	6,263,389
Telecommunications	104,838	80,600	(24,238)	850,386	978,151	127,766	33,452	23,035	(10,418)	988,676	1,081,786	93,110
Intergovernmental Charges	160,174	128,337	(31,837)	1,287,548	1,557,476	269,928	51,747	36,677	(15,069)	1,499,468	1,722,490	223,022
Technology Expenses	652,516	640,491	(12,025)	5,153,790	7,772,908	2,619,118	202,311	183,046	(19,265)	6,008,617	8,596,445	2,587,828
Professional Services	1,341,290	1,593,184	251,894	10,538,297	19,334,660	8,796,363	410,311	455,316	45,005	12,289,898	21,383,160	9,093,262
Staff Training & Recruiting	49,178	53,635	4,457	399,816	650,903	251,087	15,769	15,328	(441)	464,763	719,866	255,103
Facilities	38,436	47,714	9,277	230,527	579,048	348,521	8,364	13,636	5,272	277,327	640,398	363,071
Facilities Maintenance	39,145	32,331	(6,814)	327,129	392,367	65,238	12,957	9,240	(3,717)	379,232	433,938	54,706
Other Services & Supplies	43,948	55,770	11,822	344,435	676,816	332,380	14,774	15,938	1,164	403,158	748,524	345,366
Fleet Expenses	63,279	51,167	(12,112)	481,243	620,961	139,718	18,553	14,623	(3,929)	563,075	686,752	123,677
<b>TOTAL</b>	<b>2,466,844</b>	<b>2,754,194</b>	<b>287,350</b>	<b>19,282,442</b>	<b>33,424,527</b>	<b>14,142,085</b>	<b>791,155</b>	<b>787,122</b>	<b>(4,034)</b>	<b>22,540,441</b>	<b>36,965,843</b>	<b>14,425,402</b>
Less Non Distributable Revenue	(27,168)	-	27,168	(201,200)	-	201,200	(6,701)	-	6,701	(235,069)	-	235,069
<b>AMOUNT REPORTED</b>	<b>2,439,676</b>	<b>2,754,194</b>	<b>314,518</b>	<b>19,081,242</b>	<b>33,424,527</b>	<b>14,343,285</b>	<b>784,454</b>	<b>787,122</b>	<b>2,668</b>	<b>22,305,372</b>	<b>36,965,843</b>	<b>14,660,471</b>

**Oregon Lottery**  
**Comparative Balance Sheet**  
**As of May 31, 2024**

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	As of 5/31/2024	As of 5/31/2023	As of 5/31/2022
<b>Assets</b>			
Current Assets:			
Cash	\$ 481,463,680	\$ 480,553,046	\$ 433,325,848
Securities Lending Cash Collateral	1,975,603	3,079,898	-
Investments for Prize Payments at Fair Value - Short-Term	10,921,520	10,979,673	11,103,835
Accounts Receivable - Games	31,491,905	23,032,060	42,049,316
Accounts Receivable - Other	61,995	37,961	1,428,710
Allowance for Doubtful Accounts	(66,716)	(33,903)	(326,817)
Ticket Inventory	2,614,728	1,946,770	1,405,341
Prepaid Expenses	8,270,526	4,067,851	3,466,851
<b>Total Current Assets</b>	<b>536,733,242</b>	<b>523,663,356</b>	<b>492,453,084</b>
Noncurrent Assets:			
Investments for Prize Payments at Fair Value - Long Term	79,838,542	90,230,715	101,799,363
Prize Reserves with Multi-State Lottery (MUSL)	4,607,685	4,239,361	4,240,816
Prize Reserves for Sports	320,000	320,000	2,320,000
Net OPEB Asset - RHIA	1,833,552	1,561,144	680,959
Capital Assets:			
Equipment, Net of Accumulated Depreciation	81,518,963	77,467,870	57,663,340
Computer Software, Net of Accumulated Depreciation	17,200,039	12,445,156	11,418,818
Building and Improvements, Net of Accumulated Depreciation	7,351,143	7,237,117	7,006,900
Leased Property and Equipment, Net of Accumulated Depreciation	1,372,922	1,067,935	35,406
Vehicles, Net of Accumulated Depreciation	3,246,867	2,205,798	2,010,425
Capital In Progress	1,596,305	-	-
Leasehold Improvements, Net of Accumulated Depreciation	48,141	82,124	23,898
<b>Total Noncurrent Assets</b>	<b>198,934,160</b>	<b>196,857,220</b>	<b>187,199,925</b>
Deferred Outflows Pension & OPEB	30,339,760	27,612,314	20,054,216
<b>Total Assets and Deferred Outflows</b>	<b>766,007,162</b>	<b>748,132,890</b>	<b>699,707,225</b>
<b>Liabilities</b>			
Current Liabilities:			
Economic Development Fund Liability	221,306,929	192,490,803	213,319,706
Obligations Under Securities Lending	1,975,603	3,079,898	-
Prize Liability	41,172,548	42,775,498	39,983,787
Accounts Payable	11,441,216	19,978,653	9,904,663
Compensated Absences - Current	4,857,076	4,633,844	5,549,618
Deferred Revenue	2,515,094	3,087,188	1,348,227
Deposit Liability	390,633	239,985	232,206
Contracts Payable - Current	3,234,881	1,157,041	644,645
<b>Total Current Liabilities</b>	<b>286,893,979</b>	<b>267,442,910</b>	<b>270,982,852</b>
Noncurrent Liabilities:			
Deferred Prize Liability	99,639,057	105,598,373	110,768,979
Contracts Payable - Noncurrent	3,990,501	5,619,879	8,024,801
Net Pension Liability	63,151,329	46,411,310	30,563,430
Net Other Postemployment Benefits (OPEB) Obligation	843,747	955,560	1,270,966
<b>Total Noncurrent Liabilities</b>	<b>167,624,634</b>	<b>158,585,122</b>	<b>150,628,176</b>
Deferred Inflows Pension & OPEB	15,743,615	25,263,909	24,245,674
<b>Total Liabilities and Deferred Inflows</b>	<b>470,262,229</b>	<b>451,291,941</b>	<b>445,856,702</b>
<b>Equity</b>			
Retained Earnings:			
Fixed Asset Book Value Net of Associated Liabilities	107,179,644	96,371,031	72,437,183
Inventory and Prepaids	10,885,255	6,014,621	4,872,192
Asset/Project Purchases Committed	40,846,482	57,894,153	75,860,189
Restricted for OPEB Asset	1,833,552	1,561,144	680,959
Operating Working Capital	135,000,000	135,000,000	100,000,000
<b>Total Retained Earnings</b>	<b>295,744,933</b>	<b>296,840,949</b>	<b>253,850,523</b>
<b>Total Liabilities and Equity</b>	<b>\$766,007,162</b>	<b>\$748,132,890</b>	<b>\$699,707,226</b>



**Oregon Lottery**  
**Cash Flow Statement**  
**For the month ending May 31, 2024**

	Current Month	Year to Date
<b>Cash Flows from Operating Activities:</b>		
Receipts from Customers	\$ 1,558,432,680	\$ 15,920,045,488
Payments to Prize Winners	(1,418,007,338)	(14,594,039,577)
Payments to Employees	(6,545,579)	(44,666,628)
Payments to Suppliers	(38,591,822)	(414,272,705)
Other Income	308,244	882,807
<b>Net Cash Provided (Used) in Operating Activities</b>	<b>95,596,186</b>	<b>867,949,385</b>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Transfers to EDL	-	(914,686,274)
<b>Net Cash Provided (Used) in Noncapital Financing Activities</b>	<b>-</b>	<b>(914,686,274)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition/Restoration of Capital Assets	(758,544)	(37,045,676)
Contract Payments	(519,272)	(3,514,920)
Proceeds from Disposition/Impairment of Capital Assets	177,890	613,707
<b>Net Cash Provided (Used) in Capital and Related Financing Activities</b>	<b>(1,099,926)</b>	<b>(39,946,890)</b>
<b>Cash Flows from Investing Activities:</b>		
Purchases of Investments	(469,421)	(1,759,937)
Proceeds from Sales and Maturities of Investments	3,021,333	11,376,000
Interest on Investments and Cash Balances	1,906,847	21,264,384
Investment Expense	-	(10,148)
<b>Net Cash Provided (Used) in Investing Activities</b>	<b>4,458,759</b>	<b>30,870,299</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>98,955,019</b>	<b>(55,813,480)</b>
Cash and Cash Equivalents - Beginning	382,508,662	537,277,161
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 481,463,681</b>	<b>\$ 481,463,681</b>
<b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities</b>		
Net Profit/(Loss)	\$ 88,376,446	\$ 859,749,326
<b>Adjustments to reconcile net profit to cash flows from operating activities</b>		
Depreciation and Amortization	3,128,643	31,250,929
Non-operating (Income)/Expense	(3,418,585)	(21,083,807)
(Gain)/Loss on Capital Asset Disposition	(107,184)	(259,471)
<b>Net Changes in Assets and Liabilities:</b>		
(Increase) / Decrease in Accounts Receivable - Games	13,582,177	(3,333,991)
(Increase) / Decrease in Ticket Inventory	(366,648)	(216,446)
(Increase) / Decrease in Prepaid Expense/Def Outflows	(1,879,074)	(12,368,056)
(Increase) / Decrease in Prize Reserves	(44,672)	(339,083)
Increase / (Decrease) in Accounts Payable	(4,512,584)	(4,770,453)
Increase / (Decrease) in Compensated Absences Liability	(311,511)	217,087
Increase / (Decrease) in Deposit Liability	(194,788)	98,293
Increase / (Decrease) in Deferred Revenue/Inflows	489,326	614,786
Increase / (Decrease) in Prize Liability	854,640	4,190,273
Increase / (Decrease) in Net Pension Liability	-	14,200,000
<b>Total Adjustments and Changes</b>	<b>7,219,740</b>	<b>8,200,059</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 95,596,186</b>	<b>\$ 867,949,385</b>

**Oregon State Lottery**  
**Fiscal Year 2024 Financial Plan**  
**(In Thousands)**

**DRAFT**

	Commission Approved Budget				Forecast Adjustments				Adjusted Budget			
	Traditional	Video	Sports	Total	Sept	Dec	March	June	Traditional	Video	Sports	Total
<b>Revenue</b>												
Video Lottery <sup>SM</sup>		\$16,522,863		\$16,522,863	\$ (61,293)	\$ (43,687)	\$ (315,337)	\$ 27,362		\$16,129,908		\$16,129,908
Scratch-its <sup>SM</sup> Instant Tickets	\$ 156,123			156,123	599	280	(204)	2,491	\$159,289			159,289
Megabucks <sup>SM</sup>	31,286			31,286	(513)	(220)	2,039	(1,831)	30,760			30,760
Powerball®	49,698			49,698	10,968	23,117	5,201	7,842	96,826			96,826
Mega Millions®	26,938			26,938	14,786	3,958	97	9,424	55,203			55,203
Keno	105,800			105,800	1,239	(130)	(1,109)	582	106,382			106,382
Raffle <sup>SM</sup>	2,500			2,500	-	-	-	-	2,500			2,500
Pick 4 <sup>SM</sup>	2,000			2,000	(6)	32	(61)	27	1,992			1,992
Win for Life <sup>SM</sup>	3,864			3,864	292	768	41	98	5,062			5,062
Lucky Lines <sup>SM</sup>	1,986			1,986	(87)	12	24	(129)	1,806			1,806
Scoreboard			647,376	647,376	(0)	-	-	-			\$ 647,376	647,376
<b>Total Revenue</b>	<b>380,195</b>	<b>16,522,863</b>	<b>647,376</b>	<b>17,550,434</b>	<b>(34,016)</b>	<b>(15,870)</b>	<b>(309,309)</b>	<b>45,867</b>	<b>459,821</b>	<b>16,129,908</b>	<b>647,376</b>	<b>17,237,105</b>
Prizes	245,869	15,285,855	588,399	16,120,123	(38,286)	(25,352)	(322,659)	45,419	280,738	14,910,109	588,399	15,779,246
<b>Net revenue</b>	<b>134,326</b>	<b>1,237,008</b>	<b>58,977</b>	<b>1,430,311</b>	<b>4,269</b>	<b>9,482</b>	<b>13,349</b>	<b>447</b>	<b>179,083</b>	<b>1,219,799</b>	<b>58,977</b>	<b>1,457,859</b>
<b>Direct Expenses</b>												
Commissions	30,431	279,098		309,529	740	1,196	(3,735)	3,361	39,098	271,994		311,092
Game Vendor Charges	9,788	2,103	37,348	49,239	684	697	151	463	11,783	2,103	37,348	51,234
Tickets	4,628			4,628	0	-	-	-	4,628			4,628
Advertising	7,271	380		7,651	(0)	-	-	-	7,271	380	-	7,651
Sales Support	1,080			1,080	0	-	-	-	1,080			1,080
Game Equip, Parts & Maint	1	12,632		12,633	(0)	-	-	-	1	12,632		12,633
Depreciation	5,570	23,083		28,653	(0)	-	-	-	5,570	23,083		28,654
Capital Interest		11		11	(0)	-	-	-		11		11
<b>Total Direct Expenses</b>	<b>58,769</b>	<b>317,307</b>	<b>37,348</b>	<b>413,424</b>	<b>1,423</b>	<b>1,893</b>	<b>(3,584)</b>	<b>3,825</b>	<b>69,431</b>	<b>310,203</b>	<b>37,348</b>	<b>416,982</b>
<b>Gross Profit</b>	<b>75,557</b>	<b>919,701</b>	<b>21,629</b>	<b>1,016,887</b>	<b>2,846</b>	<b>7,589</b>	<b>16,933</b>	<b>(3,377)</b>	<b>109,652</b>	<b>909,596</b>	<b>21,629</b>	<b>1,040,877</b>
Relative Gross Profit %	7.43%	90.44%	2.13%						10.53%	87.39%	2.08%	
<b>Indirect Revenue</b>	<b>873</b>	<b>10,630</b>	<b>-</b>	<b>11,503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,212</b>	<b>10,053</b>	<b>239</b>	<b>11,504</b>
<b>Indirect Expenses</b>												
Public Information	88	1,075	25	1,188	-	-	-	-	125	1,039	25	1,189
Market Research	64	779	18	861	-	-	-	-	91	752	18	861
Salaries & Benefits	5,802	70,628	2,354	78,784	-	-	-	-	8,300	68,847	1,637	78,784
Services & Supplies	2,993	36,434	857	40,284	-	-	-	-	4,244	35,202	837	40,284
Depreciation	256	3,118	73	3,447	-	-	-	-	363	3,012	72	3,448
<b>Total Indirect Expenses</b>	<b>9,203</b>	<b>112,034</b>	<b>3,327</b>	<b>124,564</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,123</b>	<b>108,852</b>	<b>2,589</b>	<b>124,566</b>
<b>Net Profit from Operations</b>	<b>67,227</b>	<b>818,297</b>	<b>18,302</b>	<b>903,826</b>	<b>2,846</b>	<b>7,589</b>	<b>16,933</b>	<b>(3,377)</b>	<b>97,741</b>	<b>810,797</b>	<b>19,279</b>	<b>927,815</b>
Modernization Reserve Spending				22,949	-	-	-	-				22,949
<b>Net Profit</b>				<b>\$880,877</b>	<b>2,846</b>	<b>7,589</b>	<b>16,933</b>	<b>(3,377)</b>				<b>\$904,866</b>
Additional Information:												
Capital outlay				36,862	-	-	-	-				36,862





**Operating Statement Analysis**  
**For the month of and year to date as of:**  
**May 31, 2024**

Month					Year-to-Date					Prior Year				Completed Portion	91.7%
														Annual Budget	
		Variance Favorable/ (Unfavorable) to Budget		Variance %			Variance Favorable/ (Unfavorable) to Budget		Variance %	Current Month More/(Less) Than Prior Year/Month		Current YTD More/(Less) Than Prior Year YTD		% Earned or Used Year to Date	
Actual	Budget				Actual	Budget				Month	Year/Month	YTD	YTD	Budget	
<b>Revenue</b>															
Scratch-Its™ Instant Tickets	\$ 13,867,458	\$ 13,598,941	\$ 268,517	2.0%	\$ 146,768,752	\$ 146,670,284	\$ 98,468	0.1%	\$ 13,090,889	\$ 776,570	\$ 145,040,968	\$ 1,727,785	\$ 159,289,462	92.1%	
Megabucks™	2,451,641	2,497,535	(45,894)	-1.8%	28,243,326	28,234,095	9,231	0.0%	3,580,806	(1,129,165)	29,130,010	(886,684)	30,760,285	91.8%	
Powerball®	3,048,903	3,643,108	(594,205)	-16.3%	92,356,494	92,524,665	(168,171)	-0.2%	4,038,936	(990,033)	70,131,761	22,224,733	96,826,117	95.4%	
Mega Millions®	4,467,061	3,459,129	1,007,932	29.1%	53,570,443	52,595,733	974,710	1.9%	2,062,245	2,404,816	52,852,049	718,394	55,203,354	97.0%	
Raffle™	-	-	-	N/A	2,499,630	2,500,000	(370)	0.0%	-	-	2,499,880	(250)	2,500,000	100.0%	
Keno	9,504,830	9,257,125	247,705	2.7%	98,122,110	97,869,534	252,576	0.3%	8,851,734	653,096	100,307,116	(2,185,006)	106,381,877	92.2%	
Pick 4™	164,203	171,684	(7,481)	-4.4%	1,823,735	1,832,772	(9,037)	-0.5%	160,897	3,306	1,783,828	39,907	1,991,904	91.6%	
Win For Life™	402,482	414,838	(12,356)	-3.0%	4,673,231	4,666,863	6,368	0.1%	418,818	(16,336)	3,689,832	983,399	5,062,241	92.3%	
Lucky Lines™	147,298	149,718	(2,420)	-1.6%	1,651,134	1,656,129	(4,995)	-0.3%	160,248	(12,950)	1,637,860	13,274	1,806,080	91.4%	
Video Lottery™ (Gross Receipts)	1,435,671,780	1,421,964,368	13,707,411	1.0%	14,786,328,040	14,788,939,477	(2,611,438)	0.0%	1,354,628,576	81,043,204	14,769,878,189	16,449,851	16,129,908,283	91.7%	
Sports Wagering (Gross Receipts)	74,843,808	57,046,927	17,796,881	31.2%	706,669,957	596,352,599	110,317,358	18.5%	49,597,592	25,246,217	520,868,016	185,801,941	647,375,704	109.2%	
<b>Total Revenue</b>	<b>1,544,569,464</b>	<b>1,512,203,372</b>	<b>32,366,092</b>	<b>2.1%</b>	<b>15,922,706,851</b>	<b>15,813,842,151</b>	<b>108,864,700</b>	<b>0.7%</b>	<b>1,436,590,740</b>	<b>107,978,724</b>	<b>15,697,819,508</b>	<b>224,887,343</b>	<b>17,237,105,306</b>	<b>92.4%</b>	
Prizes	(1,418,599,376)	(1,391,112,229)	(27,487,147)	-2.0%	(14,595,279,199)	(14,500,553,214)	(94,725,986)	-0.7%	(1,321,786,972)	96,812,405	(14,405,313,366)	189,965,833	(15,809,949,165)	92.3%	
<b>Net Revenue</b>	<b>125,970,087</b>	<b>121,091,142</b>	<b>4,878,945</b>	<b>4.0%</b>	<b>1,327,427,652</b>	<b>1,313,288,938</b>	<b>14,138,714</b>	<b>1.1%</b>	<b>114,803,768</b>	<b>11,166,319</b>	<b>1,292,506,142</b>	<b>34,921,510</b>	<b>1,427,156,141</b>	<b>93.0%</b>	
<b>Direct Expenses</b>															
Commissions	23,625,046	23,295,716	(329,330)	-1.4%	287,747,012	287,247,105	(499,907)	-0.2%	22,254,158	1,370,888	286,420,664	1,326,347	311,091,588	92.5%	
Game Vendor Charges	4,855,925	4,312,339	(543,586)	-12.6%	47,573,734	47,315,333	(258,401)	-0.5%	3,594,547	1,261,378	38,033,923	9,539,811	51,233,694	92.9%	
Tickets	311,089	489,975	178,886	36.5%	3,143,973	4,081,598	937,625	23.0%	230,863	80,225	2,693,357	450,616	4,628,444	67.9%	
Advertising	814,379	888,430	74,051	8.3%	5,894,676	7,171,630	1,276,954	17.8%	306,008	508,371	6,011,580	(116,904)	7,650,984	77.0%	
Sales Support	80,527	103,228	22,701	22.0%	488,040	983,233	495,193	50.4%	65,987	14,540	715,632	(227,593)	1,080,098	45.2%	
Game Equipment, Parts & Maintenance	167,615	88,150	(79,465)	-90.1%	7,453,066	11,464,538	4,011,472	35.0%	1,765,621	(1,598,006)	4,841,253	2,611,813	12,632,688	59.0%	
Depreciation	2,524,081	2,367,673	(156,408)	-6.6%	26,098,404	26,286,044	187,639	0.7%	2,156,665	367,416	20,050,477	6,047,927	28,653,708	91.1%	
Interest Expense	6,301	912	(5,389)	-590.9%	83,952	10,032	(73,920)	-736.8%	4,197	2,104	78,754	5,198	10,946	767.0%	
<b>Direct Expenses</b>	<b>32,384,963</b>	<b>31,546,423</b>	<b>(838,540)</b>	<b>-2.7%</b>	<b>378,482,857</b>	<b>384,559,512</b>	<b>6,076,655</b>	<b>1.6%</b>	<b>30,378,047</b>	<b>2,006,916</b>	<b>358,845,641</b>	<b>19,637,216</b>	<b>416,982,150</b>	<b>90.8%</b>	
<b>Gross Profit</b>	<b>93,585,125</b>	<b>89,544,719</b>	<b>4,040,405</b>	<b>4.5%</b>	<b>948,944,795</b>	<b>928,729,425</b>	<b>20,215,369</b>	<b>2.2%</b>	<b>84,425,722</b>	<b>9,159,403</b>	<b>933,660,501</b>	<b>15,284,294</b>	<b>1,010,173,991</b>	<b>93.9%</b>	
<b>Indirect Revenue</b>															
Gain (Loss) on Sale of Fixed Assets	107,184	-	107,184	N/A	259,471	-	259,471	N/A	520,640	(413,457)	4,864,817	(4,605,346)	-	N/A	
Other Income/(Expense)	2,235,191	958,666	1,276,525	133.2%	22,205,899	10,545,326	11,660,573	110.6%	1,408,746	826,445	12,290,130	9,915,769	11,504,000	193.0%	
Investment Market Value Adj	1,261,046	-	1,261,046	N/A	(2,963,085)	-	(2,963,085)	N/A	(1,622,491)	2,883,537	(5,059,640)	2,096,555	-	N/A	
<b>Total Indirect Revenue/(Loss)</b>	<b>3,603,421</b>	<b>958,666</b>	<b>2,644,755</b>	<b>275.9%</b>	<b>19,502,285</b>	<b>10,545,326</b>	<b>8,956,959</b>	<b>84.9%</b>	<b>306,896</b>	<b>3,296,525</b>	<b>12,095,307</b>	<b>7,406,977</b>	<b>11,504,000</b>	<b>169.5%</b>	
<b>Indirect Expenses</b>															
Public Information	1,433	5,832	4,399	75.4%	801,810	1,182,152	380,342	32.2%	3,564	(2,130)	863,876	(62,067)	1,188,000	67.5%	
Market Research	(197,203)	-	197,203	N/A	207,059	961,958	754,899	78.5%	3,083	(200,286)	433,243	(226,184)	860,525	24.1%	
Salaries, Wages & Benefits	5,213,696	6,565,345	1,351,649	20.6%	73,017,903	72,218,796	(799,107)	-1.1%	6,389,749	(1,176,053)	69,193,957	3,823,946	78,784,157	92.7%	
Services & Supplies	2,285,982	3,299,060	1,013,078	30.7%	22,305,372	36,965,843	14,660,471	39.7%	1,608,965	677,017	17,629,548	4,675,824	40,284,117	55.4%	
Depreciation	604,562	193,914	(410,648)	-211.8%	5,152,524	3,254,327	(1,898,198)	-58.3%	175,817	428,745	2,461,727	2,690,797	3,447,672	149.4%	
Interest Expense	5,610	-	(5,610)	N/A	74,043	-	(74,043)	N/A	-	5,610	-	74,043	-	N/A	
<b>Total Indirect Expense</b>	<b>7,914,080</b>	<b>10,064,151</b>	<b>2,150,071</b>	<b>21.4%</b>	<b>101,558,711</b>	<b>114,583,076</b>	<b>13,024,365</b>	<b>11.4%</b>	<b>8,181,179</b>	<b>(267,098)</b>	<b>90,582,352</b>	<b>10,976,359</b>	<b>124,564,470</b>	<b>81.5%</b>	
<b>Net Profit from Operations</b>	<b>89,274,465</b>	<b>80,439,234</b>	<b>8,835,231</b>	<b>11.0%</b>	<b>866,888,368</b>	<b>824,691,676</b>	<b>42,196,692</b>	<b>5.1%</b>	<b>76,551,439</b>	<b>12,723,027</b>	<b>855,173,456</b>	<b>11,714,912</b>	<b>897,113,520</b>	<b>96.6%</b>	
<b>Modernization Investment Spending</b>	<b>898,019</b>	<b>1,912,416</b>	<b>1,014,397</b>	<b>53.0%</b>	<b>7,139,043</b>	<b>21,036,568</b>	<b>13,897,525</b>	<b>66.1%</b>	<b>325,155</b>	<b>572,864</b>	<b>7,240,326</b>	<b>(101,283)</b>	<b>22,949,000</b>	<b>31.1%</b>	
<b>Net Profit</b>	<b>\$ 88,376,446</b>	<b>\$ 78,526,818</b>	<b>\$ 9,849,628</b>	<b>12.5%</b>	<b>\$ 859,749,326</b>	<b>\$ 803,655,108</b>	<b>\$ 56,094,218</b>	<b>7.0%</b>	<b>\$ 76,226,283</b>	<b>\$ 12,150,163</b>	<b>\$ 847,933,130</b>	<b>\$ 11,816,196</b>	<b>\$ 874,164,520</b>	<b>98.4%</b>	



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## May 2024 Variance Analysis

### Net Revenue (Sales After Prizes)

May net revenues are \$125,970,087 on a budget of \$121,091,142 generating a favorable variance of \$4,878,945. Net revenues year-to-date are \$1,327,427,652 on a budget of \$1,313,288,938. This is a \$14,138,714 favorable variance to budget.

	Net Revenue Variance Favorable/(Unfavorable)							
	Month				YTD			
	Actual	Budget	Variance	Percent	Actual	Budget	Variance	Percent
Traditional	\$ 12,624,811	\$ 12,232,965	\$ 391,846	3.2%	\$ 166,374,506	\$ 167,486,754	\$ (1,112,248)	-0.7%
Video	105,875,836	103,661,202	2,214,634	2.1%	1,092,476,867	1,091,473,376	1,003,491	0.1%
Sports	7,469,441	5,196,975	2,272,466	43.7%	68,576,279	54,328,807	14,247,472	26.2%
	<u>\$ 125,970,087</u>	<u>\$ 121,091,142</u>	<u>\$ 4,878,945</u>	<u>4.0%</u>	<u>\$ 1,327,427,652</u>	<u>\$ 1,313,288,938</u>	<u>\$ 14,138,714</u>	<u>1.1%</u>

For the month of May total gross wagering was 2.1% more than anticipated. Megamillions wagering exceeded budget by 29.1% as the jackpot rose to over \$560 million by the end of the month. Sports gross wagering continues to exceed budget. Sports wagering is currently not included in the OEA forecast and has not been adjusted by the updated forecast. May net revenues have positive variances for all product types. Although video gross wagering was close to anticipated amounts the actual prize rate was 92.6% compared to the budget rate of 92.7% allowing net revenues to be higher than budget. Year to date net revenue, now compared to the June forecast, shows revenue after prizes close to forecast except for the sports product. As previously mentioned, sports wagering activity was not included in the FY24 forecast.

### Net Profit from Operations

Net profit from operations for the month is \$89,274,465 on a plan of \$80,439,234 creating a favorable variance of \$8,835,231. Net profit from operations year-to-date are \$866,888,368 compared to a budget of \$824,691,676 causing a favorable variance of \$42,196,692 (5.1%).

	Net Profit from Operations Variance Favorable/(Unfavorable)							
	Month				YTD			
	Actual	Budget	Variance	Percent	Actual	Budget	Variance	Percent
Net Revenue	\$ 125,970,087	\$ 121,091,142	\$ 4,878,945	4.0%	\$ 1,327,427,652	\$ 1,313,288,938	\$ 14,138,714	1.1%
Indirect Revenue	3,603,421	958,666	2,644,755	275.9%	19,502,285	10,545,326	8,956,959	84.9%
Direct Expense	32,384,963	31,546,423	(838,540)	-2.7%	378,482,857	384,559,512	6,076,655	1.6%
Indirect Expense	7,914,080	10,064,151	2,150,071	21.4%	101,558,711	114,583,076	13,024,365	11.4%
Net Profit from Operations	<u>\$ 89,274,465</u>	<u>\$ 80,439,234</u>	<u>\$ 8,835,231</u>	<u>11.0%</u>	<u>\$ 866,888,368</u>	<u>\$ 824,691,676</u>	<u>\$ 42,196,692</u>	<u>5.1%</u>

May favorable net profit from operations was driven generally by net revenues from all products, higher than anticipated indirect revenue, and lower than anticipated indirect expense. May indirect revenue include a \$1.2M gain on the market value of securities along with interest earnings on cash balances in the bank. The securities we hold to fund future prize installments

increased in value causing additional indirect revenue. This is an unrealized gain, and all securities will mature at their face value despite any market fluctuations during their life. Year-to-date favorable net profit from operations drivers are net revenue, interest earnings, and savings in both direct and indirect expenses.

**Direct Expenses - May unfavorable variance \$(838,540); YTD favorable \$6,076,655**

Retailer Commissions: May unfavorable variance- \$(329,330); YTD unfavorable \$(499,907)

Commissions Variance Favorable/(Unfavorable)						
	Traditional		Video		Total	
	Month	YTD	Month	YTD	Month	YTD
Variance from sales	\$ (73,204)	\$ (98,533)	\$ (197,387)	\$ 44,288	\$ (270,590)	\$ (54,246)
Variance from rate	(54,733)	(542,688)	(4,007)	97,026	\$ (58,740)	\$ (445,661)
	<u>\$ (127,936)</u>	<u>\$ (641,221)</u>	<u>\$ (201,394)</u>	<u>\$ 141,314</u>	<u>\$ (329,330)</u>	<u>\$ (499,907)</u>

- As expected, both traditional and video commissions had a negative variance from sales which were higher than anticipated in the month.
- For May and YTD, the portion of the total variance based on actual versus budget rates was driven mainly by the traditional product. The budget rate difference for traditional is discussed below in the variances through fiscal year end section.
- A video rate variance occurs as retailers progress through the commission rate tiers faster or slower than expected. For May and YTD, the actual rates were essentially the same as the budgeted rates.

Game Vendor Charges: May unfavorable variance- \$(543,586); YTD unfavorable \$(258,401)

	Game Vendor Charges Variance Favorable/(Unfavorable)					
	Month			YTD		
	Actual	Budget	Variance	Actual	Budget	Variance
Traditional	835,933	846,835	10,902	10,726,742	10,984,097	257,355
Video	(88,818)	175,224	264,042	648,726	1,927,464	1,278,738
Sports	4,108,811	3,290,280	(818,531)	36,198,267	34,403,772	(1,794,495)
	<u>4,855,925</u>	<u>4,312,339</u>	<u>(543,586)</u>	<u>47,573,734</u>	<u>47,315,333</u>	<u>(258,401)</u>

- Video game vendor charges show a negative amount as there is \$128K correction for April expense that was reversed in May. YTD amounts are under expectations because of the shift in Lottery priority and focus. This shift change resulted in a pause on some Intelligent changes that were originally anticipated.



- Sports game vendor charges are over due to sales being higher than anticipated. However, the overage is less than would be expected since the budget was based on a higher rate than is being charged.

Tickets- May Variance favorable \$178,896; YTD favorable \$937,625

- For both May and the year to date, ticket expense will have a favorable variance as the result of both overestimating the purchases necessary to maintain adequate inventory levels and negotiating lower costs in pricing agreements. Negotiations were beginning when the budget was prepared.

Advertising-May favorable variance \$74,051; YTD favorable \$1,276,954

- Fluctuations in the actual campaign timing compared to budget are part of the year-to-date variance.
- Another contributing factor to the year-to-date favorable variance is the digital production planned for a jackpot game second chance feature for the Lottery mobile app and website. Due to shifts in enterprise priority, as well as vendor resource constraints, this project was paused for FY24. This project will contribute to a favorable variance of \$475k by year end.
- It is expected that by June, that remaining advertising will be at approximately 91% of the budget due to some cost savings based on renewal negotiations with vendors and products.

Sales Support-May favorable variance \$22,701; YTD favorable \$495,193

Variances are due to the following factors:

- Unfavorable May variance is attributed to the following factors:
  - The cycle of ordering inventory for maintenance parts is determined by inventory levels. Therefore, the timing of when these purchases occur is not always aligned with the projected forecast.
- Favorable YTD variance is attributed to the following factors:
  - Lower than anticipated maintenance and replacements costs for signs and displays.
  - Some maintenance originally planned for FY 2024 will occur closer to year end and is included in the FY 2025 budget.

Game, Equipment, Parts, & Maintenance (GEPM)-May unfavorable variance \$(79,465); YTD favorable \$4,011,472

- The monthly variance is related to the following factors:
  - planned purchase that was budgeted in a different month due to uncertainty of when VLT cash-slip paper needs to be re-ordered.
  - Purchase of licenses for LNW Monopoly which was originally budgeted for June as a part of game development expense.
- Year-to-date favorable variance is driven by a few factors:
  - Cost savings from game sets acquired earlier in the year.



- Shift in strategy for purchasing additional game sets budgeted in FY 2024 that is now part of FY 2025 (about \$2M)
- Timing of when a vendor develops a game. Based on how long it takes for a game to develop will impact QA testing, time for game to pass QA, and time to receive the product and recognize expense. The budget was created based on vendor forecasts for testing. About \$700,000 of the year-to-date favorable variance is expected to decrease before the end of the fiscal year, barring any unforeseen issues in game development and testing.

**Indirect Expenses - May favorable variance \$2,150,071; YTD favorable \$13,024,365**

Public Information-May favorable variance \$4,399; YTD favorable \$380,342

- The year-to-date favorable variance is generated by the fluctuations that exist within campaigns and the direction received from our advertising agency. While there will be some cost savings toward year-end, the plan is still on track for the remainder of the fiscal year.

Market Research –May favorable variance \$197,203; YTD favorable \$754,899

- May's favorable balance is due to receipt of a \$197,000 year-end vendor (IGT) contribution. Our vendors have contractual obligations to support the Lottery with our market research. IGT contributes approximately \$200K, IGT Printing contributes \$35K, Sci Games contributes \$35K, and Pollard contributes based on 3% of all invoices received for that fiscal year (no less than \$5,000 or to exceed \$35,000)
- YTD favorable variance is due to shifts in the timing and/or scope of studies identified at the beginning of the fiscal year. For example, some planned research did not occur as we paused to work on products while awaiting direction from the Governor. The mid-year budget review noted the \$262,259 of research projects were cancelled.

Salaries, Wages, & Benefits – May favorable variance \$1,351,649, YTD unfavorable (\$799,107)

Salaries for May were less than budget by 9.5% and benefits were less by 40.8%. As noted in previous months, the benefits budget rate was low due to a formulaic error with Other Payroll Expenses (OPE). In calculating the OPE rate to be applied to budgeted salaries OPE costs were included with salaries when calculating the percentage. This caused the percentage to be lower than it should have been, and the budget was too low. However, in May we received an estimate of FY24 PERS expense and the amount will be less than anticipated by \$4 to \$6M. As such, the accrual for PERS expense was stopped for May and June as we have accrued enough expense. Combining the unfavorable OPE rate issue with the favorable change in PERS expense nets a favorable variance for benefits of \$951K.

Year to date salary expense is favorable to budget by 5.9% but OPE remains unfavorable by 13.9%, or \$3.5M causing a net unfavorable variance.



Services & Supplies May favorable variance \$1,013,078; YTD favorable \$14,660,471

Both May and year-to-date favorable conditions are attributable to the following segments:

- Intergovernmental Charges- May's negative variance of \$(71,311) is due to Department of Administrative Services charges For Cyber Security insurance that was incorrectly recorded to another account in April and was reclassified in May.
- Retailer Network Expenses/Recovery- Expense and recovery accounts produce nearly a net effect but is included here for informational purposes. As explained in previous months there was no budget included as contract negotiations for our network services were ongoing.
- Telecommunications- May's negative variance of (\$27,174) is due to an April Verizon cell phone invoice of \$26,366.51 which was posted in May causing an unfavorable variance.
- Technology Expenses- Year to date favorable variances are created from the following project alterations. The project changes noted will continue to grow the year-to-date variance each month.
  - Projects initiated but timelines in procurement have pushed out start dates:
    - eFleet (\$200k, unknown updated costs)
    - ITFM (\$690k, still facing procurement challenges impacting timelines)
    - EA Tool (\$550k, vendor just selected, timelines and budget TBD)
  - Projects delayed by business/enterprise and likely not to complete this FY:
    - LexisNexis for 2<sup>nd</sup> Chance (\$264k)
    - ITOM - On hold until post-LPI (\$1.15m)
    - Digital Channel (\$200k)
    - Mac Hardware (\$250k) and Mac Consulting (\$100k)
  - Projects proceeding with adjusted costs.
    - Information Security Consulting (\$3.5M expected to spend by FYE).
    - EA Roadmap (\$5.27m budgeted, -\$900k reduced after shifts in priorities)
    - GLI Testing (\$2.3m remaining, updates TBD)
- Professional Services Project alterations listed under Technology Expenses are also resulting in favorable variances for professional services. We will continue to see positive variances through the remainder of the fiscal year.





## Modernization Investment Spending

Modernization investment spending is expense related to infrastructure enhancements. Funding is not provided from current year operations, but from prior years' net profit that was not transferred.

Modernization Investment Spending May favorable variance \$1,014,397; YTD favorable \$13,897,525

When creating the budget, it can be difficult to determine which charges will be classified as capital and which will be expense since contractual language often has not been determined. As such, all expected charges were budgeted as expense. When the charges occur and are properly classified, charges that become capital create a favorable variance in expense and an unfavorable variance for capital outlay. To review performance to budget year to date, the following chart includes a reclassification of the budget for comparison purposes.

	Expense				Capital		
	Budget		Actual	Variance to Adjusted Budget	Budget		Variance to Adjusted Budget
	Budget	Reclass			Reclass	Actual	
State Data Center Colocation	755,000	(149,769)	602,749	2,482	149,769	149,769	-
D365 Rollover	1,844,000	(205,991)	537,762	1,100,247	205,991	205,991	-
D365 Aurora Invoicing	2,000,000		-	2,000,000	-	-	-
RPM (Including Integration)	18,350,000	(4,508,407)	5,051,242	8,790,351	4,508,407	4,508,407	-
Other			49,270	(49,270)	-	-	-
	22,949,000	(4,864,167)	6,241,023	11,843,810	4,864,167	4,864,167	-

- The D365 rollover project has been completed and by year end the \$1.1M will reflect as a favorable variance. The project budget was high due to unknowns at the time of budget creation.
- D365 Aurora Invoicing project has been paused due to vendor resource constraints. By year end, the \$2M will be included as a favorable variance.
- The RPM project is currently active and in progress.
- Without the spending authority reclass the anticipated year end favorable variance will be at least \$7.9M when comparing to budget.



### **Variances Through Fiscal Year End**

Below are variances identified in prior months that will carry through to fiscal year end.

#### **Interest Expense (Direct & Indirect)**

Unfavorable variances in interest expense are due to either budgeting low, or not at all, due to the lack of information for projecting these expenses. We were still in the process of implementing GASB 96 (Software Based Subscription Assets) when the budget was prepared. Although the overage to budget is a large percentage, actual amounts are small.

#### **Depreciation (Direct & Indirect)**

In May's operating statements, we observe unfavorable depreciation variances for both direct and indirect for the month. Particularly notable in the year-to-date statement is an unfavorable variance of \$1.9 million for indirect depreciation and a year-to-date favorable variance of \$188K for direct depreciation. The total year-to-date depreciation variance is unfavorable by \$1.7M. The GASB 96 (Software Based Subscription Assets) primarily contributes to this trend, resulting in a significant \$2.6M unfavorable variance. However, favorable variances partially offset this, including \$90K from timing differences in VLT purchases, delays in vehicle purchases of \$306K, and \$364K which was expected for the building security system replacement which was later in the year than anticipated.

#### **Other Income/(Expense)**

Both May and year-to-date positive variances are due to the robust interest income earned on our bank accounts. The rate at this time last year was approximately 4.05% compared to 5.2% currently.

