

Oregon Lottery
Operating Summary
For the month ending March 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	\$ 46,934	\$ 36,171	\$35,957	\$ 10,762	\$ 1,489,815	\$ 1,478,036	\$ 1,478,550	\$ 11,778	\$ 68,495	\$ 52,269	\$ 49,540	\$ 16,226	\$1,605,244	\$ 1,566,477	\$ 1,564,047	\$ 38,767
Prizes	28,447	23,038	22,818	(5,409)	1,378,979	1,363,636	1,371,292	(15,342)	62,094	47,507	44,368	(14,587)	1,469,520	1,434,182	1,438,478	(35,338)
Net Revenue	18,486	13,133	13,139	5,353	110,836	114,400	107,258	(3,564)	6,401	4,762	5,172	1,639	135,723	132,295	125,569	3,428
Direct Expenses	6,475	5,242	4,546	(1,233)	24,893	27,235	23,715	2,342	3,354	3,016	2,980	(338)	34,722	35,493	31,241	770
Total Indirect Revenue/(Loss)	672	78	4,674	594	1,858	863	238	995	66	17	6	49	2,596	959	4,918	1,637
Total Indirect Expense	1,103	835	686	(268)	7,894	9,223	6,670	1,329	347	185	238	(162)	9,344	10,243	7,594	898
Net Profit from Operations	11,580	7,135	12,581	4,446	79,906	78,805	77,111	1,101	2,766	1,578	1,960	1,188	94,253	87,518	91,652	6,735
Modernization Investment Spending													12	1,912	1,045	1,900
Net Profit													\$94,240	\$85,606	\$90,607	\$8,635

TOTAL LOTTERY				
	Current Month	Current Month	Last Year	Actual to Budget
	Actual	Budget	Actual	Variance
Percentages of Distributable Revenue for the Month				
Prizes	91.5%	91.6%	92.0%	0.1%
Administrative Expenses	2.7%	3.0%	2.5%	0.3%
Percentages of Distributable Revenue for the Year				
Prizes	91.6%	91.6%	91.7%	0.0%
Administrative Expenses	3.1%	3.3%	2.9%	0.2%

Oregon Lottery
Operating Statement
For the month ending March 31, 2024

	Traditional	Video	Sports	Total Lottery			
				Actual	Budget	Variance	% Variance
Revenue							
Scratch-Its SM Instant Tickets	\$ 13,765,137			\$ 13,765,137	\$ 13,395,782	\$ 369,355	2.8%
Megabucks SM	2,181,151			2,181,151	2,682,426	(501,275)	-18.7%
Powerball®	9,264,306			9,264,306	4,560,881	4,703,425	103.1%
Mega Millions®	8,794,161			8,794,161	2,637,939	6,156,222	233.4%
Raffle SM	2,499,680			2,499,680	2,500,000	(320)	0.0%
Keno	9,675,543			9,675,543	9,661,718	13,825	0.1%
Pick 4 SM	175,427			175,427	164,304	11,122	6.8%
Win For Life SM	429,462			429,462	400,059	29,403	7.3%
Lucky Lines SM	148,832			148,832	168,245	(19,413)	-11.5%
Video Lottery SM (Gross Receipts)		\$ 1,489,814,603		1,489,814,603	1,478,036,246	11,778,357	0.8%
Sports Wagering (Gross Receipts)			\$ 68,495,406	68,495,406	52,269,139	16,226,267	31.0%
Total Revenue	46,933,699	1,489,814,603	68,495,406	1,605,243,707	1,566,476,737	38,766,970	2.5%
Prizes	(28,447,428)	(1,378,978,626)	(62,094,282)	(1,469,520,335)	(1,434,181,844)	(35,338,491)	-2.5%
Net Revenue	18,486,271	110,835,977	6,401,124	135,723,372	132,294,893	3,428,479	2.6%
Direct Expenses							
Commissions	3,766,164	22,026,584	-	25,792,748	24,769,890	(1,022,857)	-4.1%
Game Vendor Charges	1,278,211	39,376	3,353,801	4,671,388	4,112,636	(558,752)	-13.6%
Tickets	305,243	-	-	305,243	410,926	105,683	25.7%
Advertising	568,406	4,638	-	573,043	464,680	(108,363)	-23.3%
Sales Support	59,776	4,631	-	64,407	110,853	46,446	41.9%
Game Equipment, Parts & Maintenance	-	761,530	-	761,530	3,255,150	2,493,620	76.6%
Depreciation	494,768	2,051,037	-	2,545,805	2,367,669	(178,137)	-7.5%
Interest Expense	2,603	5,524	-	8,127	912	(7,215)	-791.1%
Direct Expenses	6,475,171	24,893,319	3,353,801	34,722,291	35,492,716	770,425	2.2%
Gross Profit	12,011,100	85,942,658	3,047,323	101,001,081	96,802,177	4,198,904	4.3%
Indirect Revenue							
Gain (Loss) on Sale of Fixed Assets	666	4,765	169	5,600	-	5,600	N/A
Other Income/(Expense)	255,782	1,852,967	65,710	2,174,459	958,666	1,215,793	126.8%
Investment Market Value Adj	415,912	-	-	415,912	-	415,912	N/A
Total Indirect Revenue/(Loss)	672,360	1,857,732	65,879	2,595,971	958,666	1,637,305	170.8%
Indirect Expenses							
Public Information	23,916	171,127	6,068	201,111	8,832	(192,279)	-2177.1%
Market Research	333	2,380	84	2,797	65,000	62,203	95.7%
Salaries, Wages & Benefits	792,619	5,671,400	269,218	6,733,237	6,565,345	(167,891)	-2.6%
Services & Supplies	235,938	1,688,199	59,053	1,983,189	3,308,252	1,325,063	40.1%
Depreciation	49,674	355,428	12,603	417,705	295,496	(122,209)	-41.4%
Interest Expense	762	5,453	193	6,408	-	(6,408)	N/A
Total Indirect Expense	1,103,241	7,893,988	347,218	9,344,447	10,242,925	898,478	8.8%
Net Profit from Operations	11,580,219	79,906,403	2,765,984	94,252,605	87,517,918	6,734,687	7.7%
Modernization Investment Spending				12,260	1,912,416	1,900,156	99.4%
Net Profit				\$ 94,240,345	\$ 85,605,502	\$ 8,634,843	10.1%

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

	Traditional			Video			Sports			Total Lottery		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	\$ 3,980	\$ 3,769	\$ (211)	\$ 28,476	\$ 41,627	\$ 13,151	\$ 1,010	\$ 834	\$ (176)	\$ 33,465	\$ 46,229	\$ 12,764
Office Expenses	3,772	2,763	(1,009)	26,990	30,521	3,531	957	611	(346)	31,719	33,896	2,177
Retailer Network Expenses	57,143	-	(57,143)	408,875	-	(408,875)	-	-	-	466,018	-	(466,018)
Retailer Network Recovery	(53,962)	-	53,962	(386,116)	-	386,116	-	-	-	(440,078)	-	440,078
Telecommunications	10,739	8,017	(2,721)	76,837	88,553	11,716	2,724	1,774	(951)	90,300	98,344	8,044
Intergovernmental Charges	9,379	12,765	3,386	67,108	141,001	73,892	2,380	2,824	444	78,867	156,590	77,723
Technology Expenses	77,584	63,457	(14,127)	555,135	700,920	145,785	19,684	14,038	(5,646)	652,402	778,415	126,013
Professional Services	107,795	158,106	50,312	771,301	1,746,377	975,076	27,349	34,977	7,628	906,445	1,939,460	1,033,016
Staff Training & Recruiting	4,493	4,487	(7)	32,152	49,558	17,406	1,140	993	(147)	37,785	55,037	17,252
Facilities	3,430	4,746	1,316	24,541	52,422	27,881	870	1,050	180	28,841	58,218	29,378
Facilities Maintenance	2,931	3,216	285	20,972	35,521	14,548	744	711	(32)	24,647	39,448	14,801
Other Services & Supplies	3,869	3,276	(593)	27,681	36,183	8,501	982	725	(257)	32,531	40,183	7,652
Fleet Expenses	5,869	5,090	(779)	41,994	56,217	14,223	1,489	1,126	(363)	49,352	62,432	13,080
TOTAL	237,021	269,691	32,671	1,695,946	2,978,898	1,282,952	59,327	59,662	335	1,992,294	3,308,252	1,315,958
Less Non Distributable Revenue	(1,083)	-	1,083	(7,748)	-	7,748	(275)	-	275	(9,105)	-	9,105
AMOUNT REPORTED	\$ 235,938	\$ 269,691	\$ 33,754	\$ 1,688,199	\$ 2,978,898	\$ 1,290,700	\$ 59,053	\$ 59,662	\$ 610	\$ 1,983,189	\$ 3,308,252	\$ 1,325,063

Oregon Lottery
Operating Statement
Year to Date Through March 31, 2024

	Traditional	Video	Sports	Total Lottery			
				Actual	Budget	Variance	% Variance
Revenue							
Scratch-Its SM Instant Tickets	\$ 119,386,078			\$ 119,386,078	\$ 119,274,282	\$ 111,796	0.1%
Megabucks SM	23,572,821			23,572,821	24,853,355	(1,280,534)	-5.2%
Powerball®	80,669,937			80,669,937	75,544,244	5,125,693	6.8%
Mega Millions®	45,888,403			45,888,403	38,035,268	7,853,135	20.6%
Raffle SM	2,499,680			2,499,680	2,500,000	(320)	0.0%
Keno	79,352,195			79,352,195	79,869,368	(517,173)	-0.6%
Pick 4 SM	1,490,167			1,490,167	1,476,324	13,843	0.9%
Win For Life SM	3,849,891			3,849,891	3,791,966	57,925	1.5%
Lucky Lines SM	1,363,554			1,363,554	1,441,440	(77,886)	-5.4%
Video Lottery SM (Gross Receipts)		\$ 11,942,311,342		11,942,311,342	11,911,824,607	30,486,735	0.3%
Sports Wagering (Gross Receipts)			\$ 560,627,285	560,627,285	481,797,953	78,829,332	16.4%
Total Revenue	358,072,726	11,942,311,342	560,627,285	12,861,011,353	12,740,408,805	120,602,547	0.9%
Prizes	(218,671,431)	(11,060,076,343)	(505,791,397)	(11,784,539,172)	(11,674,459,178)	(110,079,994)	-0.9%
Net Revenue	139,401,294	882,234,999	54,835,888	1,076,472,181	1,065,949,627	10,522,553	1.0%
Direct Expenses							
Commissions	30,801,426	209,475,486	-	240,276,912	234,800,312	(5,476,600)	-2.3%
Game Vendor Charges	9,048,906	569,974	28,854,656	38,473,536	38,278,983	(194,553)	-0.5%
Tickets	2,519,453	-	-	2,519,453	3,342,746	823,293	24.6%
Advertising	4,867,553	206,130	-	5,073,682	5,812,020	738,338	12.7%
Sales Support	345,682	4,373	-	350,054	830,152	480,098	57.8%
Game Equipment, Parts & Maintenance	101,777	5,579,998	-	5,681,775	10,429,638	4,747,863	45.5%
Depreciation	4,290,117	16,748,836	-	21,038,953	21,550,701	511,747	2.4%
Interest Expense	3,551	66,685	-	70,236	8,208	(62,028)	-755.7%
Direct Expenses	51,978,463	232,651,482	28,854,656	313,484,601	315,052,759	1,568,158	0.5%
Gross Profit	87,422,831	649,583,517	25,981,231	762,987,579	750,896,868	12,090,711	1.6%
Indirect Revenue							
Gain (Loss) on Sale of Fixed Assets	10,784	78,149	3,793	92,726	-	92,726	N/A
Other Income	2,082,956	14,890,018	610,291	17,583,264	8,627,994	8,955,270	103.8%
Investment Market Value Adj	(1,555,949)	-	-	(1,555,949)	-	(1,555,949)	N/A
Total Indirect Revenue/(Loss)	537,790	14,968,166	614,085	16,120,041	8,627,994	7,492,047	86.8%
Indirect Expenses							
Public Information	91,172	665,201	24,488	780,860	985,488	204,628	20.8%
Market Research	43,190	322,546	9,895	375,632	961,958	586,326	61.0%
Salaries, Wages & Benefits	6,922,009	51,564,489	2,652,963	61,139,461	59,088,106	(2,051,355)	-3.5%
Services & Supplies	1,967,881	14,509,210	599,090	17,076,180	30,357,853	13,281,673	43.8%
Depreciation	401,262	3,476,167	146,965	4,024,394	2,866,499	(1,157,895)	-40.4%
Interest Expense	5,386	54,746	2,414	62,546	-	(62,546)	N/A
Total Indirect Expense	9,430,900	70,592,359	3,435,814	83,459,073	94,259,903	10,800,830	11.5%
Net Profit from Operations	78,529,721	593,959,324	23,159,502	695,648,547	665,264,959	30,383,588	4.6%
Modernization Investment Spending				5,836,577	17,211,736	11,375,159	66.1%
Net Profit				\$ 689,811,970	\$ 648,053,223	\$ 41,758,747	6.4%

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

	Traditional			Video			Sports			Total Lottery		
	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance	Actual	Budget	Variance
Travel	33,377	39,322	5,945	242,543	434,333	191,790	12,011	8,699	(3,312)	287,931	482,354	194,423
Office Expenses	22,070	24,770	2,700	162,596	273,594	110,998	6,663	5,480	(1,183)	191,328	303,843	112,515
Retailer Network Expenses	504,998	-	(504,998)	3,748,106	-	(3,748,106)	-	-	-	4,253,105	-	(4,253,105)
Retailer Network Recovery	(579,755)	-	579,755	(4,419,375)	-	4,419,375	-	-	-	(4,999,130)	-	4,999,130
Telecommunications	85,611	72,154	(13,457)	656,797	796,980	140,183	25,825	15,962	(9,863)	768,234	885,096	116,862
Intergovernmental Charges	134,459	114,888	(19,571)	1,015,209	1,269,006	253,797	40,900	25,416	(15,484)	1,190,569	1,409,310	218,742
Technology Expenses	540,973	573,875	32,902	4,074,175	6,338,785	2,264,610	160,150	126,955	(33,195)	4,775,299	7,039,615	2,264,316
Professional Services	1,049,100	1,426,960	377,860	7,739,146	15,761,603	8,022,456	301,259	315,677	14,418	9,089,506	17,504,240	8,414,734
Staff Training & Recruiting	39,661	51,688	12,027	308,536	570,923	262,387	12,212	11,435	(778)	360,409	634,045	273,636
Facilities	34,529	42,714	8,185	193,340	471,799	278,458	6,917	9,449	2,532	234,787	523,962	289,175
Facilities Maintenance	35,612	28,942	(6,670)	293,038	319,687	26,649	11,627	6,403	(5,224)	340,277	355,032	14,755
Other Services & Supplies	38,121	53,679	15,558	283,455	592,914	309,459	12,352	11,875	(477)	333,928	658,468	324,540
Fleet Expenses	53,445	45,806	(7,640)	384,925	505,949	121,024	14,781	10,133	(4,648)	453,151	561,888	108,737
TOTAL	1,992,203	2,474,797	482,594	14,682,492	27,335,572	12,653,080	604,697	547,484	(57,213)	17,279,392	30,357,853	13,078,461
Less Non Distributable Revenue	(24,322)	-	24,322	(173,283)	-	173,283	(5,608)	-	5,608	(203,212)	-	203,212
AMOUNT REPORTED	1,967,881	2,474,797	506,916	14,509,210	27,335,572	12,826,363	599,090	547,484	(51,606)	17,076,180	30,357,853	13,281,673

Oregon Lottery
Comparative Balance Sheet
As of March 31, 2024

	As of 3/31/2024	As of 3/31/2023	As of 3/31/2022
Assets			
Current Assets:			
Cash	\$ 525,048,546	\$ 533,338,274	\$ 495,472,143
Securities Lending Cash Collateral	1,975,603	3,079,898	-
Investments for Prize Payments at Fair Value - Short-Term	11,097,977	11,020,447	11,140,912
Accounts Receivable - Games	46,552,121	32,256,210	26,672,453
Accounts Receivable - Other	52,305	31,990	1,363,274
Allowance for Doubtful Accounts	(41,788)	(38,275)	(319,898)
Ticket Inventory	2,014,077	1,915,784	1,526,613
Prepaid Expenses	7,458,952	2,991,289	4,041,044
Total Current Assets	594,157,793	584,595,617	539,896,541
Noncurrent Assets:			
Investments for Prize Payments at Fair Value - Long Term	83,102,482	93,110,448	108,745,002
Prize Reserves with Multi-State Lottery (MUSL)	4,462,303	4,188,963	4,224,352
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	83,381,441	73,978,887	60,608,378
Computer Software, Net of Accumulated Depreciation	18,040,678	11,569,721	11,499,948
Building and Improvements, Net of Accumulated Depreciation	7,403,812	6,770,888	7,004,039
Leased Property and Equipment, Net of Accumulated Depreciation	1,536,895	1,123,936	59,010
Vehicles, Net of Accumulated Depreciation	3,068,319	2,270,936	1,752,771
Capital In Progress	246,305	-	-
Leasehold Improvements, Net of Accumulated Depreciation	53,805	111,892	24,032
Total Noncurrent Assets	203,449,594	195,006,815	196,918,491
Deferred Outflows Pension & OPEB	28,869,121	26,315,105	23,554,934
Total Assets and Deferred Outflows	826,476,509	805,917,537	760,369,966
Liabilities			
Current Liabilities:			
Economic Development Fund Liability	263,365,306	255,222,827	250,356,508
Obligations Under Securities Lending	1,975,603	3,079,898	-
Prize Liability	47,011,779	42,704,220	42,081,305
Accounts Payable	17,562,500	14,341,222	13,597,561
Compensated Absences - Current	5,120,223	4,911,796	5,923,719
Deferred Revenue	2,298,892	1,955,844	1,315,292
Deposit Liability	660,616	202,763	214,123
Contracts Payable - Current	3,233,313	1,650,909	1,122,807
Total Current Liabilities	341,228,232	324,069,479	314,611,315
Noncurrent Liabilities:			
Deferred Prize Liability	100,976,870	106,973,607	112,796,331
Contracts Payable - Noncurrent	4,542,962	5,619,879	8,024,801
Net Pension Liability	61,731,329	43,571,310	77,197,398
Net Other Postemployment Benefits (OPEB) Obligation	843,747	955,560	1,270,966
Total Noncurrent Liabilities	168,094,908	157,120,356	199,289,496
Deferred Inflows Pension & OPEB	15,743,615	25,263,909	2,021,814
Total Liabilities and Deferred Inflows	525,066,756	506,453,744	515,922,625
Equity			
Retained Earnings:			
Fixed Asset Book Value Net of Associated Liabilities	108,025,626	91,197,424	74,748,412
Inventory and Prepaids	9,473,029	4,907,073	5,567,657
Asset/Project Purchases Committed	47,077,545	66,798,152	63,450,314
Restricted for OPEB Asset	1,833,552	1,561,144	680,959
Operating Working Capital	135,000,000	135,000,000	100,000,000
Total Retained Earnings	301,409,753	299,463,793	244,447,342
Total Liabilities and Equity	\$826,476,509	\$805,917,537	\$760,369,968

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

	Current Month	Year to Date
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 1,584,585,973	\$ 12,843,275,572
Payments to Prize Winners	(1,464,097,833)	(11,777,369,902)
Payments to Employees	(3,957,532)	(34,268,724)
Payments to Suppliers	(37,300,052)	(338,554,458)
Other Income	93,726	553,135
Net Cash Provided (Used) in Operating Activities	79,324,282	693,635,623
Cash Flows from Noncapital Financing Activities:		
Transfers to EDL	-	(695,259,676)
Net Cash Provided (Used) in Noncapital Financing Activities	-	(695,259,676)
Cash Flows from Capital and Related Financing Activities:		
Acquisition/Restoration of Capital Assets	(3,392,116)	(32,336,107)
Contract Payments	(383,605)	(2,722,953)
Proceeds from Disposition/Impairment of Capital Assets	5,600	330,787
Net Cash Provided (Used) in Capital and Related Financing Activities	(3,770,121)	(34,728,273)
Cash Flows from Investing Activities:		
Purchases of Investments	-	(1,290,516)
Proceeds from Sales and Maturities of Investments	-	8,354,667
Interest on Investments and Cash Balances	2,115,141	17,069,708
Investment Expense	(3,184)	(10,148)
Net Cash Provided (Used) in Investing Activities	2,111,957	24,123,711
Net Increase (Decrease) in Cash and Cash Equivalents	77,666,118	(12,228,615)
Cash and Cash Equivalents - Beginning	447,382,428	537,277,161
Cash and Cash Equivalents - Ending	\$ 525,048,546	\$ 525,048,546
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities		
Net Profit/(Loss)	\$ 94,240,345	\$ 689,811,970
Adjustments to reconcile net profit to cash flows from operating activities		
Depreciation and Amortization	2,963,510	25,063,347
Non-operating (Income)/Expense	(2,782,886)	(17,802,831)
(Gain)/Loss on Capital Asset Disposition	(5,600)	(92,726)
Net Changes in Assets and Liabilities:		
(Increase) / Decrease in Accounts Receivable - Games	(18,896,774)	(18,409,445)
(Increase) / Decrease in Ticket Inventory	31,391	384,205
(Increase) / Decrease in Prepaid Expense/Def Outflows	(1,424,926)	(10,085,842)
(Increase) / Decrease in Prize Reserves	(2,623)	(193,701)
Increase / (Decrease) in Accounts Payable	(88,987)	1,332,281
Increase / (Decrease) in Compensated Absences Liability	(3,370)	480,234
Increase / (Decrease) in Deposit Liability	(63,633)	368,276
Increase / (Decrease) in Deferred Revenue/Inflows	(1,754,217)	398,584
Increase / (Decrease) in Prize Liability	5,692,053	9,601,271
Increase / (Decrease) in Net Pension Liability	1,420,000	12,780,000
Total Adjustments and Changes	(14,916,063)	3,823,653
Net Cash Provided (Used) by Operating Activities	\$ 79,324,282	\$ 693,635,623

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

	Commission Approved Budget				Forecast Adjustments				Adjusted Budget			
	Traditional	Video	Sports	Total	Sept	Dec	March	May	Traditional	Video	Sports	Total
Revenue												
Video Lottery SM		\$16,522,863		\$16,522,863	\$ (61,293)	\$ (43,687)	\$ (315,337)			\$16,102,546		\$16,102,546
Scratch-its SM Instant Tickets	\$ 156,123			156,123	599	280	(204)		\$156,798			156,798
Megabucks SM	31,286			31,286	(513)	(220)	2,039		32,591			32,591
Powerball®	49,698			49,698	10,968	23,117	5,201		88,984			88,984
Mega Millions®	26,938			26,938	14,786	3,958	97		45,779			45,779
Keno	105,800			105,800	1,239	(130)	(1,109)		105,800			105,800
Raffle SM	2,500			2,500	-	-	-		2,500			2,500
Pick 4 SM	2,000			2,000	(6)	32	(61)		1,965			1,965
Win for Life SM	3,864			3,864	292	768	41		4,964			4,964
Lucky Lines SM	1,986			1,986	(87)	12	24		1,935			1,935
Scoreboard			647,376	647,376	(0)	-	-				\$ 647,376	647,376
Total Revenue	380,195	16,522,863	647,376	17,550,434	(34,016)	(15,870)	(309,309)	-	441,317	16,102,546	647,376	17,191,239
Prizes	245,869	15,285,855	588,399	16,120,123	(38,286)	(25,352)	(322,659)		277,001	14,868,428	588,399	15,733,827
Net revenue	134,326	1,237,008	58,977	1,430,311	4,269	9,482	13,349	-	164,316	1,234,119	58,977	1,457,412
Direct Expenses												
Commissions	30,431	279,098		309,529	740	1,196	(3,735)		35,320	272,410		307,730
Game Vendor Charges	9,788	2,103	37,348	49,239	684	697	151		11,319	2,103	37,348	50,770
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
Total Direct Expenses	58,769	317,307	37,348	413,424	1,423	1,893	(3,584)	-	65,191	310,619	37,348	413,157
Gross Profit	75,557	919,701	21,629	1,016,887	2,846	7,589	16,933	-	99,126	923,500	21,629	1,044,254
Relative Gross Profit %	7.43%	90.44%	2.13%						9.49%	88.44%	2.07%	
Indirect Revenue	873	10,630	-	11,503	-	-	-	-	1,092	10,174	238	11,504
Indirect Expenses												
Public Information	88	1,075	25	1,188	-	-	-		113	1,052	25	1,189
Market Research	64	779	18	861	-	-	-		82	761	18	861
Salaries & Benefits	5,802	70,628	2,354	78,784	-	-	-		7,479	69,674	1,632	78,784
Services & Supplies	2,993	36,434	857	40,284	-	-	-		3,824	35,625	834	40,284
Depreciation	256	3,118	73	3,447	-	-	-		327	3,048	71	3,448
Total Indirect Expenses	9,203	112,034	3,327	124,564	-	-	-	-	11,825	110,160	2,580	124,566
Net Profit from Operations	67,227	818,297	18,302	903,826	2,846	7,589	16,933	-	88,393	823,514	19,287	931,192
Modernization Reserve Spending				22,949	-	-	-	-				22,949
Net Profit				\$880,877	2,846	7,589	16,933	-				\$908,243
Additional Information:												
Capital outlay				36,862	-	-	-					36,862

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

	Month				Year-to-Date				Prior Year				Completed Portion	75.0%
			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		Annual Budget	
	Actual	Budget			Actual	Budget			Month	Year/Month	YTD	YTD	Budget	% Earned or Used Year to Date
Revenue														
Scratch-Its™ Instant Tickets	\$ 13,765,137	\$ 13,395,782	\$ 369,355	2.8%	\$ 119,386,078	\$ 119,274,282	\$ 111,796	0.1%	\$ 14,203,264	\$ (438,127)	\$ 119,629,638	\$ (243,560)	\$ 156,797,975	76.1%
Megabucks™	2,181,151	2,682,426	(501,275)	-18.7%	23,572,821	24,853,355	(1,280,534)	-5.2%	2,521,941	(340,790)	22,537,499	1,035,322	32,591,286	72.3%
Powerball®	9,264,306	4,560,881	4,703,425	103.1%	80,669,937	75,544,244	5,125,693	6.8%	2,770,841	6,493,465	62,727,055	17,942,882	88,983,973	90.7%
Mega Millions®	8,794,161	2,637,939	6,156,222	233.4%	45,888,403	38,035,268	7,853,135	20.6%	3,773,480	5,020,681	47,812,531	(1,924,128)	45,778,876	100.2%
Raffle™	2,499,680	2,500,000	(320)	0.0%	2,499,680	2,500,000	(320)	0.0%	2,500,000	(320)	2,499,970	(290)	2,500,000	100.0%
Keno	9,675,543	9,661,718	13,825	0.1%	79,352,195	79,869,368	(517,173)	-0.6%	9,527,981	147,562	82,396,011	(3,043,816)	105,800,286	75.0%
Pick 4™	175,427	164,304	11,122	6.8%	1,490,167	1,476,324	13,843	0.9%	160,145	15,282	1,450,982	39,185	1,964,883	75.8%
Win For Life™	429,462	400,059	29,403	7.3%	3,849,891	3,791,966	57,925	1.5%	320,486	108,976	2,923,356	926,535	4,964,231	77.6%
Lucky Lines™	148,832	168,245	(19,413)	-11.5%	1,363,554	1,441,440	(77,886)	-5.4%	178,502	(29,670)	1,369,878	(6,324)	1,935,309	70.5%
Video Lottery™ (Gross Receipts)	1,489,814,603	1,478,036,246	11,778,357	0.8%	11,942,311,342	11,911,824,607	30,486,735	0.3%	1,478,549,565	11,265,038	12,041,421,670	(99,110,328)	16,102,546,052	74.2%
Sports Wagering (Gross Receipts)	68,495,406	52,269,139	16,226,267	31.0%	560,627,285	481,797,953	78,829,332	16.4%	49,539,615	18,955,791	417,027,584	143,599,701	647,375,704	86.6%
Total Revenue	1,605,243,707	1,566,476,737	38,766,970	2.5%	12,861,011,353	12,740,408,805	120,602,547	0.9%	1,564,045,820	41,197,887	12,801,796,174	59,215,179	17,191,238,574	74.8%
Prizes	(1,469,520,335)	(1,434,181,844)	(35,338,491)	-2.5%	(11,784,539,172)	(11,674,459,178)	(110,079,994)	-0.9%	(1,438,478,096)	31,042,239	(11,742,557,291)	41,981,881	(15,764,529,822)	74.8%
Net Revenue	135,723,372	132,294,893	3,428,479	2.6%	1,076,472,181	1,065,949,627	10,522,553	1.0%	125,567,724	10,155,648	1,059,238,883	17,233,298	1,426,708,751	75.5%
Direct Expenses														
Commissions	25,792,748	24,769,890	(1,022,857)	-4.1%	240,276,912	234,800,312	(5,476,600)	-2.3%	24,879,477	913,271	241,499,549	(1,222,637)	307,730,368	78.1%
Game Vendor Charges	4,671,388	4,112,636	(558,752)	-13.6%	38,473,536	38,278,983	(194,553)	-0.5%	3,931,782	739,606	30,245,185	8,228,351	50,770,212	75.8%
Tickets	305,243	410,926	105,683	25.7%	2,519,453	3,342,746	823,293	24.6%	243,917	61,326	2,229,719	289,734	4,628,444	54.4%
Advertising	573,043	464,680	(108,363)	-23.3%	5,073,682	5,812,020	738,338	12.7%	282,429	290,615	4,965,132	108,550	7,650,984	66.3%
Sales Support	64,407	110,853	46,446	41.9%	350,054	830,152	480,098	57.8%	54,931	9,476	510,875	(160,821)	1,080,098	32.4%
Game Equipment, Parts & Maintenance	761,530	3,255,150	2,493,620	76.6%	5,681,775	10,429,638	4,747,863	45.5%	193,515	568,015	1,193,142	4,488,632	12,632,688	45.0%
Depreciation	2,545,805	2,367,669	(178,137)	-7.5%	21,038,953	21,550,701	511,747	2.4%	1,650,575	895,230	15,811,541	5,227,412	28,653,708	73.4%
Interest Expense	8,127	912	(7,215)	-791.1%	70,236	8,208	(62,028)	-755.7%	5,400	2,727	69,757	478	10,946	641.7%
Direct Expenses	34,722,291	35,492,716	770,425	2.2%	313,484,601	315,052,759	1,568,158	0.5%	31,242,026	3,480,265	296,524,901	16,959,700	413,157,447	75.9%
Gross Profit	101,001,081	96,802,177	4,198,904	4.3%	762,987,579	750,896,868	12,090,711	1.6%	94,325,698	6,675,383	762,713,982	273,597	1,013,551,304	75.3%
Indirect Revenue														
Gain (Loss) on Sale of Fixed Assets	5,600	-	5,600	N/A	92,726	-	92,726	N/A	243,512	(237,912)	4,094,002	(4,001,277)	-	N/A
Other Income/(Expense)	2,174,459	958,666	1,215,793	126.8%	17,583,264	8,627,994	8,955,270	103.8%	1,584,910	589,548	9,235,313	8,347,951	11,504,000	152.8%
Investment Market Value Adj	415,912	-	415,912	N/A	(1,555,949)	-	(1,555,949)	N/A	3,089,529	(2,673,616)	(3,906,994)	2,351,044	-	N/A
Total Indirect Revenue/(Loss)	2,595,971	958,666	1,637,305	170.8%	16,120,041	8,627,994	7,492,047	86.8%	4,917,951	(2,321,980)	9,422,322	6,697,719	11,504,000	140.1%
Indirect Expenses														
Public Information	201,111	8,832	(192,279)	-2177.1%	780,860	985,488	204,628	20.8%	10,883	190,228	677,973	102,887	1,188,000	65.7%
Market Research	2,797	65,000	62,203	95.7%	375,632	961,958	586,326	61.0%	12,583	(9,786)	340,549	35,083	860,525	43.7%
Salaries, Wages & Benefits	6,733,237	6,565,345	(167,891)	-2.6%	61,139,461	59,088,106	(2,051,355)	-3.5%	6,399,829	333,408	56,347,530	4,791,931	78,784,157	77.6%
Services & Supplies	1,983,189	3,308,252	1,325,063	40.1%	17,076,180	30,357,853	13,281,673	43.8%	1,009,388	973,801	14,288,761	2,787,419	40,284,117	42.4%
Depreciation	417,705	295,496	(122,209)	-41.4%	4,024,394	2,866,499	(1,157,895)	-40.4%	161,397	256,308	1,636,091	2,388,303	3,447,672	116.7%
Interest Expense	6,408	-	(6,408)	N/A	62,546	-	(62,546)	N/A	-	6,408	-	62,546	-	N/A
Total Indirect Expense	9,344,447	10,242,925	898,478	8.8%	83,459,073	94,259,903	10,800,830	11.5%	7,594,080	1,750,367	73,290,904	10,168,169	124,564,470	67.0%
Net Profit from Operations	94,252,605	87,517,918	6,734,687	7.7%	695,648,547	665,264,959	30,383,588	4.6%	91,649,570	2,603,036	698,845,400	(3,196,853)	900,490,833	77.3%
Modernization Investment Spending	12,260	1,912,416	1,900,156	99.4%	5,836,577	17,211,736	11,375,159	66.1%	1,044,853	(1,032,592)	6,005,233	(168,656)	22,949,000	25.4%
Net Profit	\$ 94,240,345	\$ 85,605,502	\$ 8,634,843	10.1%	\$ 689,811,970	\$ 648,053,223	\$ 41,758,747	6.4%	\$ 90,604,717	\$ 3,635,628	\$ 692,840,167	\$ (3,028,197)	\$ 877,541,833	78.6%

OREGON STATE LOTTERY
Capital Outlay Status Report for FY 2024
For the Nine Months Ending Sunday, March 31, 2024

Project Description	Budget	Actual									Total	Unspent
		July	August	September	October	November	December	January	February	March		
Site Services	-	-	-	-	-	-	-	-	-	-	-	-
New Roof (FY23 carryover)	-	-	-	124,667.	-	-	-	-	-	-	124,667.	(124,667.)
Painting Building Exterior	145,000.	-	-	-	-	-	-	-	-	-	-	145,000.
Space Optimization Warehouse	532,000.	-	-	-	5,678.	200.	44,187.	-	83,001.	-	133,066.	398,934.
Total	677,000.	-	-	124,667.	5,678.	200.	44,187.	-	83,001.	-	257,733.	419,267.
Modernization Program	-	-	-	-	-	-	-	-	-	-	-	-
Integration Services, RPM (budgeted in expense)	-	-	-	181,540.	-	544,560.	431,510.	(36,215.)	48,360.	-	1,169,755.	(1,169,755.)
RPM Phase 3/4 (budgeted in expense)	-	-	300,000.	900,000.	300,000.	400,000.	200,000.	200,000.	(400,000.)	24,882.	1,924,882.	(1,924,882.)
Office 365 Add-On Services; Sharepoint Migration (budgeted in expense)	-	14,664.	-	-	-	(14,664.)	-	-	-	-	-	-
QA Testing (03), Financial System (budgeted in expense)	-	-	-	-	-	17,408.	-	-	-	-	17,408.	(17,408.)
D365 Implementation - Post Go Live (budgeted in expense)	-	-	-	-	-	188,584.	-	-	-	-	188,584.	(188,584.)
Data Center Co-location Equipment (budgeted in expense)	-	-	-	-	-	149,769.	-	-	-	-	149,769.	(149,769.)
Total	-	14,664.	300,000.	1,081,540.	300,000.	1,285,655.	631,510.	163,785.	(351,640.)	24,882.	3,450,397.	(3,450,397.)
Finance & Accounting	-	-	-	-	-	-	-	-	-	-	-	-
D365 Project Rollover (budgeted in expense)	-	49,107.	205,623.	58,744.	51,630.	(365,104.)	-	-	-	-	-	-
Total	-	49,107.	205,623.	58,744.	51,630.	(365,104.)	-	-	-	-	-	-
Player Services	-	-	-	-	-	-	-	-	-	-	-	-
Payment Center Improvements	100,000.	-	-	-	-	-	-	-	-	-	-	100,000.
Total	100,000.	-	-	-	-	-	-	-	-	-	-	100,000.
Fleet Services	-	-	-	-	-	-	-	-	-	-	-	-
New Vehicles (16 Field Vans) (FY23 carryover)	-	-	284,691.	48,070.	-	-	-	-	-	-	332,761.	(332,761.)
New Vehicles (30)	1,032,000.	-	216,024.	99,210.	132,089.	5,053.	-	-	-	520,289.	972,665.	59,335.
Racks and Bins (30)	99,000.	-	2,308.	5,531.	14,165.	20,518.	-	-	-	15,426.	57,948.	41,052.
Total	1,131,000.	-	503,023.	152,812.	146,254.	25,571.	-	-	-	535,715.	1,363,374.	(232,374.)
IT Operations	-	-	-	-	-	-	-	-	-	-	-	-
Conference Room Audio Equipment	9,000.	-	-	-	-	-	-	-	-	-	-	9,000.
Hard Drive Shredder	15,000.	-	-	-	13,950.	-	-	-	-	-	13,950.	1,050.
M365:SharePoint	-	-	-	-	-	-	-	-	24,798.	-	24,798.	(24,798.)
Total	24,000.	-	-	-	13,950.	-	-	-	24,798.	-	38,748.	(14,748.)
Security	-	-	-	-	-	-	-	-	-	-	-	-
Building security system replacement	4,000,000.	-	-	640,809.	(1,489.)	-	-	-	55,653.	13,120.	708,093.	3,291,907.
Total	4,000,000.	-	-	640,809.	(1,489.)	-	-	-	55,653.	13,120.	708,093.	3,291,907.
Gaming Products Portfolio	-	-	-	-	-	-	-	-	-	-	-	-
FY23 Approved VLT purchases	9,030,090.	-	2,140,532.	3,317,392.	3,285,494.	287,082.	-	-	-	-	9,030,500.	(410.)
Annual VLT Replacement Strategy Purchase	20,000,000.	-	-	1,631,705.	939,467.	1,730,596.	3,741,384.	2,785,436.	3,840,276.	2,818,400.	17,487,264.	2,512,736.
Product Field Trial	1,800,000.	-	-	-	-	-	-	-	-	-	-	1,800,000.
Intelligen Change Requests (product/operational)	100,000.	-	-	-	-	-	-	-	-	-	-	100,000.
Total	30,930,090.	-	2,140,532.	4,949,097.	4,224,961.	2,017,678.	3,741,384.	2,785,436.	3,840,276.	2,818,400.	26,517,764.	4,412,326.
Total Cash Acquisitions	36,862,090.	63,771.	3,149,178.	7,007,668.	4,740,983.	2,964,001.	4,417,081.	2,949,221.	3,652,088.	3,392,116.	32,336,109.	4,525,981.
Acquisitions Through Contract												
CyberArk	-	199,912.	-	(199,912.)	-	-	-	-	-	-	-	-
Lease Assets	-	-	-	-	-	-	-	-	-	22,222.	22,222.	(22,222.)
SBITA Assets	-	-	-	-	-	551,217.	15,330.	-	-	616,014.	1,182,562.	(1,182,562.)
Total Acquisitions Through Contract	-	199,912.	-	(199,912.)	-	551,217.	15,330.	-	-	638,236.	1,204,784.	(1,204,784.)
GRAND TOTAL	36,862,090.	263,683.	3,149,178.	6,807,756.	4,740,983.	3,515,219.	4,432,412.	2,949,221.	3,652,088.	4,030,353.	33,540,893.	3,321,197.

Business Modernization Initiatives
For the Nine Months Ending 3/31/2024

Description	Approved Budget	Actual Year-to-Date		Unspent/ (Overspent) Budget
Expense		Capital		
<u>State Data Center Colocation Proj. Rollover (Phase 1 request)</u>				
Data Center Colocation		\$96,010	\$149,769	
Data Center Colocation, Consulting Services		137,516	-	
Data Center Co-location, Network Services		369,223	-	
Total State Data Center Colocation Proj. Rollover (Phase 1 request)	755,000	602,749	149,769	2,482
<u>D365 Project Rollover (Phase 1 request)</u>				
AX Replacement - QA Testing (03)- Financial System		-	17,408	
D365 Implementation - Post-Go Live		537,762	188,584	
Total D365 Project Rollover (Phase 1 request)	1,844,000	537,762	205,991	1,100,248
<u>D365/AX Phase 2- Aurora Invoicing (Phase 2 request)</u>				
Total D365/AX Phase 2- Aurora Invoicing (Phase 2 request)	2,000,000	-	-	2,000,000
<u>RPM Phase 3/4 (phase 4 is planning) (Phase 2 request)</u>				
Implementation Services, RPM		(195,000)	-	
RPM - Software & Licensing		58,544	-	
RPM Phase 3/4		4,550,153	1,924,882	
Total RPM Phase 3/4 (phase 4 is planning) (Phase 2 request)	12,550,000	4,413,697	1,924,882	6,211,421
<u>Integration Services, RPM</u>				
Integration Services, RPM		233,710	1,169,755	
Total EIP/Aurora Integration +QA for RPM Phase 3/4 (Phase 2 request)	5,800,000	233,710	1,169,755	4,396,535
<u>Other Projects from Prior Year</u>				
QA Services: EIP		43,160	-	
Office 365 Add-On Services; Sharepoint Migration		5,499	-	
		48,659	-	(48,659)
Total All Initiatives	22,949,000	5,836,577	3,450,397	13,662,027



Together, we do good things.

March 2024 Variance Analysis

Net Revenue

March net revenues are \$135,723,372 on a budget of \$132,294,893 generating a favorable variance of \$3,428,479. Net revenues year-to-date are \$1,076,472,181 on a budget of \$1,065,949,627. This is a \$10,522,553 favorable variance to budget.

	Net Revenue							
	Month				YTD			
	Actual	Budget	Over/(Under)	Percent	Actual	Budget	Over/(Under)	Percent
Traditional	18,486,271	13,133,169	5,353,102	40.8%	139,401,294	130,630,178	8,771,116	6.7%
Video	110,835,977	114,400,005	(3,564,028)	-3.1%	882,234,999	891,426,571	(9,191,572)	-1.0%
Sports	6,401,124	4,761,719	1,639,405	34.4%	54,835,888	43,892,879	10,943,009	24.9%

For the month gross wagering was higher than anticipated by 2.5%. Both Megamillions and Powerball sales benefitted from billion dollar, or near billion-dollar jackpots during the month. Video gross wagering was slightly above expectations, but actual prizes won as a percentage of wagering were 92.5% while the predicted percent was 92.2%. Sports gross wagering is strong and over budget by \$16,226,267 on a plan of \$52,269,139, helping to push monthly overall net revenues over budget. These monthly activities are contributing to the results year to date. However, the year-to-date prize percentage for video is closer to predictions with an actual rate of 92.6% compared to a projected rate of 92.5% making video net revenue close to the projected amount on a year-to-date basis.

Net Profit from Operations

Net profit from operations for the month is \$94,252,605 on a plan of \$87,517,918 creating a favorable variance of \$6,734,687. Net profit from operations year-to-date are \$695,648,547 compared to a budget of \$665,264,959 causing a favorable variance of \$30,383,588.

	Net Profit from Operations							
	Month				YTD			
	Actual	Budget	Over/(Under)	Percent	Actual	Budget	Over/(Under)	Percent
Net Revenue	135,723,372	132,294,893	3,428,479	2.59%	1,076,472,181	1,065,949,627	10,522,554	0.99%
Indirect Revenue	2,595,971	958,666	1,637,305	170.79%	16,120,041	8,627,994	7,492,047	86.83%
Direct Expense	34,722,291	35,492,716	(770,425)	-2.17%	313,484,601	315,052,759	(1,568,158)	-0.50%
Indirect Expense	9,344,447	10,242,925	(898,478)	-8.77%	83,459,073	94,259,903	(10,800,830)	-11.46%
Net Profit from Operations	94,252,605	87,517,918	6,734,687	7.70%	695,648,547	665,264,959	30,383,588	4.57%

March favorable net profit from operations was driven by net revenues from the traditional and sports products, interest earnings, and actual expenses being less than anticipated. Year-to-date favorable net profit from operations drivers are the same except most of the expense savings is in indirect expenses.

Direct Expenses - March favorable variance \$770,425; YTD favorable \$1,568,158

Retailer Commissions: March unfavorable variance- (\$1,022,857); YTD (\$5,476,600)

	Traditional		Video	
	Month	YTD	Month	YTD
Variance from sales	\$ (863,618)	\$ (903,283)	\$ (174,320)	\$ (529,907)
Variance from rate	(7,593)	(2,144,032)	22,672	(1,899,378)
	\$ (871,210)	\$ (3,047,315)	\$ (151,648)	\$ (2,429,285)

- Both traditional and video commissions will be unfavorable to budget when gross sales are more than expected. Nearly the entire year to date variance for traditional was caused in the month of March.
- For March, the traditional rate variance was small despite the known rate error in the budget (more information below). Prize selling bonuses are part of the commissions but because the large jackpots driving sales were towards the end of the month, many prize validations from those sales had likely not yet occurred. It is anticipated that the traditional commission rate variance will be much larger in April as prizes are validated and selling bonuses are awarded.
- A video rate variance occurs as retailers progress through the commission rate tiers faster or slower than expected. For March the actual rate was nearly the same as the budgeted rate of 1.48%. Year to date the actual rate is 1.75% while the budgeted rate is 1.74%.

Game Vendor Charges: March unfavorable variance- \$(558,752); YTD \$(194,553)

	March			YTD through March		
	Actual	Budget	Under/(over)	Actual	Budget	Under/(over)
Traditional	1,278,211	921,457	(356,755)	9,048,906	8,905,212	(143,693)
Video	39,376	175,224	135,848	569,974	1,577,016	1,007,042
Sports	3,353,801	3,015,955	(337,846)	28,854,656	27,796,755	(1,057,901)
	4,671,388	4,112,636	(558,752)	38,473,536	38,278,983	(194,553)

- Both traditional and sports game vendor charge overages are caused by sales being more than expected in March and year-to-date.
- Video game vendor charges are under expectations because of the shift in Lottery priority and focus. This shift change resulted in a pause on some Intelligen changes that were anticipated in the budget.

Tickets- March Variance \$105,683; YTD \$823,23

- There is a variance stemming from budget estimates which were too high. At the time the budget was prepared and being approved, 5-year pricing agreements had expired, and contracts were being negotiated. The budget estimate was built with a larger price increase than what materialized through negotiations. The lower prices are producing savings when comparing to budget.
- Calculating the ticket expense budget begins with an estimate of the purchases necessary to keep inventory at appropriate levels. This estimate was little higher than it needed to be and is also contributing to the favorable variance.

Advertising-March Variance (\$108,363); YTD \$738,338

- The March variance is the result of advertising campaign expenses being recognized in March but were anticipated in the budget to be April expense.
- Similar fluctuations in the actual campaign timing compared to budget are part of the year-to-date variance as well.
- 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 a favorable variance of \$475k by year end.

- It is expected that by June, that remaining advertising will be at approximately 94% of the budget due to some cost savings based on renewal negotiations with vendors and products.

Sales Support-March Variance \$46,446; YTD \$480,098

Favorable variances are due to the following factors:

- Lower than anticipated maintenance and replacements costs for signs and displays.
- 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. While there will be continued cost savings in FY24, there will be more expense incurred in Q4 which should decrease the year-to-date variance.
- Some maintenance originally planned for FY 2024 will occur closer to year end and will likely be included in the FY 2025 budget.

Game, Equipment, Parts, & Maintenance (GEPM)-March Variance \$2,493,620; YTD \$4,747,863

- \$2M of the monthly variance is related to a licensed property game, Monopoly Jackpot Station, that is expected to be received in April instead of March as budgeted. The remaining \$500K is related to a Crystal Dual game that completed QA testing earlier than expected and was received in Q2.
- Year-to-date is favorable by \$4,747,863 which 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 may become a 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. For example, there are two Aristocrat games that will go into testing in June for \$580k each which were originally budgeted for a different period. About \$2.7M 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 - March favorable variance \$898,478; YTD favorable \$10,800,830

Public Information-March Variance (\$192,279); YTD \$204,628

- March's unfavorable variance is due to recognizing some advertising expense that was projected to be expensed in April.
- 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 –March Variance \$62,203; YTD \$586,326

- Both the March and year to date favorable variances are 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.

Services & Supplies March Variance \$1,325,063; YTD \$13,281,673

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

- Intergovernmental Charges- March favorable variance of \$77,723 is due to Department of Administrative Services charges For Cyber Security insurance that was renewed in March, however the invoice was not received until April. Therefore, in April we will see both March and April invoices against budget.
- 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.
- Technology Expenses- Both March and 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 2nd 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 year's net profit that was not transferred.

Modernization Investment Spending March Variance \$1,900,156; YTD \$11,375,159

When creating the budget there is difficulty in determining which charges will be classified as capital and what will be expense. As such, all expected charges were budgeted as expense. When the charges occur and properly classified, charges that become capital create a favorable variance in expense and an unfavorable variance for capital outlay. To review performance to budget, the following chart includes a reclassification of the budget for comparison purposes.

	Expense				Capital		
	Budget	Budget Reclass	Actual	Variance to Adjusted Budget	Budget Reclass	Actual	Variance to Adjusted Budget
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	(3,094,637)	4,647,407	10,607,956	3,094,637	3,094,637	-
Other			48,659	(48,659)	-	-	-
	22,949,000	(3,450,397)	5,836,577	13,662,026	3,450,397	3,450,397	-

- 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 \$6.5M 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 Base Subscription Assets) when the budget was prepared. Although the overage to budget is a large percentage, actual amounts are small.

Depreciation (Direct & Indirect)

In March's operating statements, we observe unfavorable depreciation variances for both direct and indirect for the month and particularly notable in year-to-date indirect expenses of 1.1 million. Year-to-date direct depreciation has a favorable variance of \$511,747. The primary contributor to this trend is the GASB 96 (Software Based Subscription Assets), resulting in a significant \$1.8M unfavorable variance in depreciation. However, this is offset by favorable variances including \$572K from timing differences in VLT purchases, \$293K anticipated from the State Data Center, delays in vehicle purchases of \$278K, and \$268K expected for the building security system replacement.

Other Income/(Expense)

Both March 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 3.1% compared to 5% currently.

Salaries, Wages, & Benefits

As noted in previous months, March and year-to-date variances are due to a formulaic error with Other Payroll Expenses. In calculating Other Payroll Expenses to be applied to budgeted salaries, Other Payroll Expenses were included with salaries when calculating the percentage. This caused the percentage to be lower than it should have been.