



Memo

Date:	January 19, 2023
To:	Oregon Lottery Commissioners
From:	Jami Eglund, Senior Manager, Accounting
Subject:	FY24 Mid-year Budget Review

During the months of December and January, Lottery completed a review of the original FY24 budget that was approved by the Commission in June 2023. The purpose of the review was to examine all areas of revenue and expense for significant additions, reductions, and corrections for the remainder of FY24.

The process required each Lottery manager to review their approved budget for areas of spending that could be eliminated or deferred, as well as review for any pricing adjustments on existing projects or changes needed for expenditures unknown at the time of the original budget preparation. This process also included identifying any corrections found after the Commission approved the budget.

This year's variances will be in memo form only, and the original budget will remain on the financial statements. This is a change from prior year's practice. Going forward, your packet will include a summary describing substantial additions, reductions and corrections for the month and year to date. This will provide the Commission more visibility to the financial position of the Lottery.

The overall results of the mid-year review are a reduction to expenses of \$2,810,420.

Highlights of those reductions, additions, and corrections are:

Reductions (savings to budget):

Contract payments	\$2,626,000	Reduction due to canceled projects or deferred projects to FY25
Game sets content	\$2,008,090	Expected to contract in FY24, encumbered to FY25 due to purchase lead time
Travel related costs	\$223,141	Reduction due to cancelation of travel
Research	\$262,659	Research projects canceled
Tickets	\$347,567	Lower usages of tickets and delay of second chance drawing project
Displays and Signs	\$365,182	Re-forecasting of displays, signs, and merchandise
Other small reductions	\$599,010	Various departmental savings

Additions (increases to budget):

Spare parts	\$489,000	Additional purchases of video lottery terminal spare parts
-------------	-----------	--

Correction:

Salaries and benefits	\$5,732,229	Other payroll expense category increased expenses by \$7,132,229, offset by salary savings of \$1,400,000, net is a \$5,732,229 increase
-----------------------	-------------	--



Memo

Other areas of savings are:

Capital:

Video Lottery Terminals \$2,600,000 Expected to contract in FY24 encumbered to FY25 due to purchase lead time

The F&A team will provide any answers to questions you may have.