



# Memo

<b>Date:</b>	1/28/22
<b>To:</b>	Oregon Lottery Commission
<b>From:</b>	Kathy Ortega, CFO
<b>Subject:</b>	Mid-year Budget Rebalance

During the month of December and January the Management Team performed a review of the budget approved by the Lottery Commission in June of 2021. The purpose of the review is to evaluate initial budgets for additions, changes, or any items needing adjustment from original estimates and align work and spending to the current project portfolio roadmap.

The overall result of the review is a reduction to expenses of \$8.9M. Much of that number, \$7.4M, is project related expenses, funded by a reserve, that will not take place this year. At this point, it is believed that the full amount will be included in the FY '23 budget.

Other areas of expense savings are:

Game Vendor Charges	\$1.8M	Reductions to expense estimates for Scoreboard
Advertising	.6M	Savings identified via more efficient media

Several areas of expense increase are:

Legal Fees	.2M	Costs associated with legal support
DAS Charges	.2M	Increased Cyber Security Premiums
Other charges less than \$100K	.5M	

Capital expense changes were minor. One of the more significant changes is associated with Scoreboard and the signing of the contract with DraftKings in December. The new DK contract releases \$7.2M of cancellation fees that were in the SBTech contract which were set aside at the beginning of the program. We are asking the commission for permission to transfer that money to reserves for other business needs.

I would be pleased to go over any of this information in greater detail or answer any questions.