

OREGON ACCOUNTING MANUAL

SUBJECT: Accounting and Reporting	Number: 15.45.30
DIVISION: Chief Financial Office	Effective date: July 1, 2013
Chapter: Accounting and Financial Reporting	
Part: Interfund and Interagency Transactions	
Section: Lottery	
APPROVED: George Naughton, Chief Financial Officer	Signature on file

PURPOSE: This policy provides guidance on accounting and financial reporting for lottery moneys.

AUTHORITY: **ORS 291.015**
ORS 293.130
ORS 293.265
ORS 293.590
ORS 461.020
ORS 461.180
ORS 461.500 - 461.540

APPLICABILITY: This policy applies to all state agencies included in the State’s annual financial statements, except for those agencies specifically exempted by [OAM 01.05.00](#).

DEFINITIONS: **Lottery Revenue** – money received by the Oregon State Lottery (OSL) for the sale of tickets and games. By law, OSL must return at least 84 percent of total annual revenues to the public; of that, at least 50 percent must be in the form of prizes and OSL must use the remainder for the public purposes authorized by voters and set forth in the Oregon Constitution. OSL may use no more than 16 percent of total annual revenues for administrative expenses.

Click here for other [definitions](#).

POLICY:

- 101. Agency management must ensure the proper accounting and reporting of lottery moneys received by their agency. Agencies must account for transactions related to lottery moneys in accordance with generally accepted accounting principles.

PROCEDURE:

- 102. The State Lottery Fund shall receive all proceeds from the sale of lottery tickets or shares, and all other moneys credited to the Oregon State Lottery from any other lottery related source.
- 103. ORS 461.540 establishes the Administrative Services Economic Development Fund (DASEDF) in the legal general fund. All lottery revenues transferred from the State Lottery Fund, available

to benefit the public purposes as specified by law, that are in excess of distributions or allocations required by law, shall be held in the DASEDF.

104. The Department of Administrative Services, Chief Financial Office (CFO) will prepare an **allocation plan** on a quarterly basis for the **biennium** in accordance with current law specifying the amounts that the legislature allocated to each program from the DASEDF. CFO prepares the allocation plan based on anticipated revenues.
105. When CFO prepares the quarterly allocation plan, allocations will be one eighth of the biennial allocation amount, assuming no revenue shortfalls will occur.
106. Based on the actual quarterly revenue transfer from the Oregon State Lottery, CFO prepares a quarterly **allocation schedule** to distribute the appropriate balances from the DASEDF to various agencies and programs in accordance with current law.
107. Department of Administrative Services, Shared Financial Services (SFS) will distribute the lottery proceeds to recipient agencies based on the quarterly allocation from CFO, within four business days after receipt of funds from the Oregon State Lottery.
108. CFO procedures for the distributions take into account potential shortfalls. If in any quarter, the moneys transferred from the State Lottery Fund to the DASEDF are insufficient to distribute the quarterly allocation, CFO will satisfy debt service obligations and then reduce the remaining allocations proportionately in sufficient amounts to accommodate the revenue shortfall.
109. CFO allocates interest earned on moneys deposited in the DASEDF, and any moneys returned to the DASEDF, in the next quarterly allocation schedule.
110. The receiving agency will expend lottery moneys and related interest earnings only for the purposes of the authorized program and in accordance with constitutional and statutory requirements.
111. Agencies will deposit all lottery funds in State Treasury accounts that earn interest. By statute, lottery funds are part of the legal general fund. However, statutes require that interest earned on lottery funds accrue to the account in which the agency deposits the funds. Therefore, Treasury does not deposit lottery funds to Treasury fund 0401, the treasury general fund.
112. SFS will request the State Treasurer to set up any Treasury accounts authorized by law for the deposit of lottery fund allocations.
113. Agencies will return unexpended moneys, including unexpended interest earnings, to the DASEDF upon completion of the program or project for which they received the lottery funds.
114. The receiving agency will record the receipt of lottery fund proceeds in a separate accounting fund for tracking purposes. A balanced transfer is used to move lottery proceeds between agencies:

TC 720: To record transfer to other funds/agencies

DR 3550 Operating Transfers Out (CO 180X Transfer Out to State Agency) xxx

CR 0070 Cash on Deposit with Treasurer

xxx

Requires use of an appropriate G38 code

TC 721: To record transfer from other funds/agencies

DR 0070 Cash on Deposit with Treasurer	xxx	
CR 3150 Operating Transfers In (CO 1306 Transfer In from DAS)		xxx

Requires use of an appropriate G38 code

115. GAAP require recognition of transfers in the accounting period in which the interfund receivable and payable arise. Accordingly, at fiscal year end, SFS will record accruals for amounts due to agencies and agencies will record accruals for amounts due from the DASEDF for distributions related to the quarter ended June 30. These accruals will be coordinated through SFS and will balance statewide. The amount due an agency from the DASEDF is entered in R*STARS with the following balanced entries:

TC 919: To record the distribution due an agency from the DASEDF at June 30 (auto reverses)

DR 3550 Operating Transfers Out Control (CO 180X Transfer Out to State Agy)	xxx	
CR 1532 Due To Other Funds/Agencies		xxx

Requires an Agency General Ledger account and G38 code

TC 920: To record the lottery distribution due from DASEDF at June 30 (auto reverses)

DR 0586 Due From Other Funds/Agencies	xxx	
CR 3150 Operating Transfers In Control (CO 1306 Transfer in from DAS)		xxx

Requires an Agency General Ledger account and G38 code

116. Moneys associated with lottery fund two-year expired warrants remain in treasury fund 0539, which is part of the legal general fund. For this reason, SFMS Operations reports lottery two-year warrant expirations to the Department of State Lands and records a deposit liability in D23 fund 0539.