

**OKLAHOMA LOTTERY COMMISSION**  
**STATEMENTS OF NET ASSETS**  
**December 2005**

(Unaudited)

Sales (Activated), Prize Reserve (Activated)

	<b>Year to Date</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$17,040,067
Cash - Restricted fidelity fund	\$190,187
Retailer accounts receivable, net of allowance for doubtful amounts	\$7,751,558
Accounts receivable - Multi-State Lottery	\$0
Prepaid expenses and other current assets,	\$0
Total current assets	\$24,981,812
<b>CAPITAL ASSETS, net of accumulated depreciation</b>	\$202,524
<b>DEPOSIT WITH MULTI-STATE LOTTERY</b>	\$0
Total assets	\$25,184,336
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Due to Education Lottery Account	\$18,826,547
Prize Reserve	(\$25,242)
Prize Reserve - Multi-State Lottery	\$0
Commissions payable to Retailers	\$212,493
Accounts Payable	\$1,658,030
Letter Of Credit - Chase JP Morgan	\$0
Capital Start Up Funding - Provided by Legislature	\$500,000
Interest payable	\$0
Deferred revenue	\$0
Total current liabilities	\$21,171,828
<b>LONG -TERM DEBT</b>	\$0
<b>ACCRUED COMPENSATED ABSENCES</b>	\$48,674
Total liabilities	\$21,220,501
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$3,773,647
Restricted fidelity funds	\$190,187
Total net assets	\$3,963,834

See notes to financial statements which are an integral part of these statements.

**OKLAHOMA LOTTERY COMMISSION**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**December 2005**  
(Unaudited)

<i>Sales (Activated), Prize Reserve (Activated)</i>	<b>Month</b>	<b>Year to Date</b>	<b>% YTD</b>	<b>Budget YTD</b>	<b>Budget % YTD</b>
<b>REVENUES</b>					
Instant games	\$15,630,223	\$60,471,874	96.36%	\$35,538,750	67.50%
On-line games					
Pick 3	\$954,869	\$2,072,432	3.30%	\$17,111,250	32.50%
Powerball games	\$0	\$0	0.00%	\$0	0.00%
Total On-line games	\$954,869	\$2,072,432	3.30%	\$17,111,250	32.50%
Total Lottery Game Revenues	\$16,585,092	\$62,544,306	99.66%	\$52,650,000	100.00%
Retailer application fee	\$4,137	\$210,849	0.34%	\$0	0.00%
Total revenue	\$16,589,229	\$62,755,155	100.00%	\$52,650,000	100.00%
<b>DIRECT COSTS</b>					
Commission and incentives to retailers	\$1,074,983	\$3,987,084	6.35%	\$3,159,000	6.00%
Prize expense					
Instant games	\$8,123,610	\$31,479,710	50.16%	\$19,546,313	37.13%
On-line games					
Pick 3	\$414,160	\$928,030	1.48%	\$0	
Powerball games	\$0	\$0	0.00%	\$0	
Total on-line games	\$414,160	\$928,030	1.48%	\$8,555,625	16.25%
Total prize expense	\$8,537,770	\$32,407,740	51.64%	\$28,101,938	53.38%
Other Instant and on-line costs	\$484,569	\$1,657,787	2.64%	\$2,369,250	4.50%
Total direct costs	\$10,097,322	\$38,052,611	60.64%	\$33,630,188	63.88%
Gross profit	\$6,491,907	\$24,702,545	39.36%	\$19,019,812	36.12%
<b>OPERATING EXPENSES</b>					
Advertising and promotion	\$0	\$721,836	1.15%	\$1,613,000	3.06%
Security Checks	\$4,870	\$69,621	0.11%	\$72,000	0.14%
Salaries, wages and benefits	\$240,107	\$774,614	1.23%	\$2,286,352	4.34%
Contracted and professional services	\$23,231	\$100,534	0.16%	\$238,520	0.45%
Depreciation	\$3,029	\$10,461	0.02%	\$0	0.00%
Rent expense	\$0	\$15,000	0.02%	\$6,000	0.01%
Office supplies	\$2,975	\$11,363	0.02%	\$15,000	0.03%
Other general and administrative	\$47,222	\$128,783	0.21%	\$1,388,811	2.64%
Total operating expenses	\$321,434	\$1,832,210	2.92%	\$5,619,683	10.67%
Operating Income	\$6,170,473	\$22,870,334	36.44%	\$13,400,129	25.45%
<b>NON-OPERATING INCOME (EXPENSE)</b>					
Interest Income	\$20,966	\$25,352	0.04%	\$11,275	0.02%
Interest expense	\$0	\$1,389	0.00%	\$0	0.00%
Total non-operating expense	\$20,966	\$23,964	0.04%	\$11,275	0.02%
Change in net assets before transfers to and due to Education Lottery Account	\$6,191,439	\$22,894,298	36.48%	\$13,411,404	25.47%
<b>TRANSFERS TO AND DUE TO EDUCATION LOTTERY ACCOUNT</b>					
Change in net assets	\$4,976,769	\$18,826,547	30.00%	\$15,795,000	30.00%
	\$1,214,670	\$4,067,751	6.48%	(\$2,383,596)	-4.53%
<b>NET ASSETS,</b>					
<b>BEGINNING OF PERIOD</b>	\$2,749,164	(\$103,917)	-0.17%	(\$103,917)	-0.20%
<b>END OF PERIOD</b>	\$3,963,834	\$3,963,834	6.32%	(\$2,487,513)	-4.72%

See notes to financial statements which are an integral part of these statements.

**OKLAHOMA LOTTERY COMMISSION**  
**STATEMENTS OF CASH FLOWS**  
**December 2005**  
(Unaudited)

	<u>Month</u>	<u>Year to Date</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from retailers	\$16,694,287	\$55,003,598
Cash payments to prize winners	(\$8,123,610)	(\$31,479,710)
Cash payments to suppliers for goods and services	(\$3,404,694)	(\$6,031,543)
Cash payments to employees for services	(\$229,452)	(\$725,803)
Net cash provide by operating activities	<u>\$4,936,531</u>	<u>\$16,766,542</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payments to fund deposit with Multi-State Lottery	\$0	\$0
Payments to Education Lottery Account	(\$4,976,769)	(\$18,826,547)
Net cash used for noncapital financing activities	<u>(\$4,976,769)</u>	<u>(\$18,826,547)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from dispositions of capital assets	\$0	\$0
Letter Of Credit - Chase JP Morgan	\$0	\$0
Capital Start Up Funding - Provided by Legislature	\$0	\$0
Interest paid	\$0	\$1,389
Net paid for short-term and long-term debt	\$0	\$0
Net cash used for financing activities	<u>\$0</u>	<u>\$1,389</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	\$20,966	\$25,352
Purchase of capital assets	\$208,598	\$212,984
Net cash used for investing activities	<u>\$229,564</u>	<u>\$238,337</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$189,326</b>	<b>(\$1,820,279)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
<b>BEGINNING OF YEAR</b>	<b>\$0</b>	<b>\$0</b>
<b>END OF YEAR</b>	<b><u>\$6,412,191</u></b>	<b><u>\$17,230,254</u></b>
<b>OPERATING ACTIVITIES</b>		
Operating income	\$6,170,473	\$22,870,334
Adjustments to reconcile operating income to net cash provided by operating income		
Depreciation	\$3,029	\$10,461
Gain on dispositions of capital assets	\$0	\$0
Changes in assets and liabilities		
Retailer accounts receivable	\$105,058	(\$7,751,558)
Inventory	\$0	\$0
Prepaid expenses and other assets	\$0	\$0
Accounts payable and accrued liabilities	\$1,658,030	\$1,658,030
Prize Reserve	\$378,758	\$25,242
Deferred revenue	\$0	\$0
Net cash provided by operating activities	<u>\$8,315,348</u>	<u>\$16,812,510</u>

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