



**Comprehensive Annual
Financial Report
of the
Oklahoma Lottery Commission**

**For the Fiscal Year Ended
June 30, 2014**

An Agency of the State of Oklahoma



**Oklahoma Lottery Commission
2014 Comprehensive Annual
Financial Report**

Table of Contents

INTRODUCTORY SECTION

Certificate of Achievement for Excellence in Financial Reporting..... 1
 Letter of Transmittal..... 2
 Oklahoma Lottery Commission – Board of Trustees.....18
 Oklahoma Lottery Organizational Chart.....19

FINANCIAL SECTION

Independent Auditor’s Report.....21
 Management’s Discussion and Analysis.....23
 Basic Financial Statements
 Statements of Net Position..... 27
 Statement of Revenues, Expenses and Changes in Net Position..... 28
 Statements of Cash Flows.....29
 Notes to Financial Statements.....30

STATISTICAL SECTION

Statistical Information Section..... 45
 Financial Trends
 Net Position by Component through Change in Net Position 46
 Direct Costs/Expenses by Type Charts.....48
 Contributions Chart.....49
 Revenue Capacity
 Revenue Charts.....50
 Revenues by Retailer Classification.....51
 Demographics and Economic Information.....52
 Operating Information
 Summary of Operating Indicators.....55
 Schedule of Lottery Employees.....56
 National Lottery Statistics.....58



Introduction Section

An Agency of the State of Oklahoma



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

Oklahoma Lottery Commission

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



Oklahoma Lottery Commission
3817 North Santa Fe
Oklahoma City, Oklahoma 73118

December 31, 2014

To the citizens of Oklahoma: The Oklahoma Lottery, an agency of the State of Oklahoma, commenced operations in 2005 as a business enterprise within the framework of state laws and regulations, to implement the public's mandate to provide supplemental funds for public education. The mission of the Oklahoma Lottery Commission is to maximize revenues for public education through the creation and marketing of fun and entertaining products consistent with the highest levels of service, integrity and public accountability.

The Oklahoma Lottery Commission (the Lottery) is pleased to provide this Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. The Accounting Unit of the Lottery prepared this CAFR, which includes its annual financial statements presented in accordance with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America. The CAFR presents an overview of the Lottery.

The CAFR covers financial activity of the Lottery in a single enterprise fund. The report follows formal standards of the Governmental Finance Officers Association of the United States and Canada (GFOA). Governmental organizations that publish this type of report can be compared to each other because similar kinds of information are included in the three sections.

This letter of transmittal is designed to complement the management's discussion and analysis that accompanies the financial statements and should be read in conjunction with it.

Management is responsible for the accuracy and completeness of the presentation, including all disclosures in the report. To the best of our knowledge, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and the cash flows of the Lottery. All disclosures necessary to gain an understanding of the Lottery's financial activities have been included.

History of the Lottery

The Lottery was approved by the citizens of Oklahoma upon approval of a voter referendum creating the Oklahoma Education Lottery Act (hereinafter the “Act”), and establishing certain Constitutional provisions, all in November of 2004. The Act is codified as Title 3A, Section 701, et. seq., of the Oklahoma Statutes. The Act has been modified in every legislative session, starting with 2005 through 2014 except for the 2009 and 2014 sessions. Twelve different statutes have been amended, some multiple times, or added via 11 different House or Senate bills.

The Constitutional provision is in Article 10, Section 41 of the Oklahoma Constitution, and this law change provides the following:

- Creates the Oklahoma Education Lottery Trust Fund (OELTF);
- Establishes legal purposes for use of the OELTF;
- Prohibits the Legislature from using the OELTF to supplant other funds used for education;
- Requires the State Board of Equalization (BOE) to issue a report in February regarding the supplanting of funds; and
- Provides that the Legislature may not make any additional appropriations of funds until the OELTF is replenished if the BOE determines that funds were supplanted.

The Lottery was established as an independent state agency to market and sell Lottery products. Under the Act, the Lottery is required to return a minimum of 45% of gross proceeds to prizes, at least 35% to public education, with the remaining amount used for costs of operating the Lottery. The Act specifies that the Lottery is operated and administered by a seven (7) member Board of Trustees appointed by the Governor, with advice and consent of the Senate. An Executive Director, who is appointed by the Board of Trustees, administers the day-to-day operations of the Lottery.

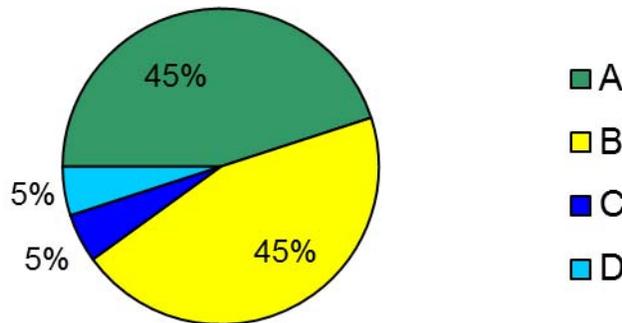
Under the Act, funds transferred to the Oklahoma Education Lottery Trust Fund may be utilized as follows:

- A. **45%** - Kindergarten through twelfth grade Public Education, including but not limited to compensation and benefits for public school teachers and support employees, and early childhood development programs, which shall include but not be limited to costs associated with pre-kindergarten and full-day kindergarten programs.
- B. **45%** - Tuition grants, loans and scholarships to citizens of this state to enable such citizens to attend colleges and universities located within this state, regardless of whether such colleges and universities are owned or operated by the Oklahoma State Regents for Higher Education, or to attend institutions operated under the authority of the Oklahoma Department of Career and Technology Education; provided such tuition grants, loans and scholarships shall not be made to a citizen of this state to attend a college or university which is not accredited by the Oklahoma State Regents for Higher Education. Construction of educational facilities for elementary school districts, independent school districts, the Oklahoma State System of Higher Education, and career and technology education. Capital outlay projects for elementary school districts, independent school districts, the Oklahoma State System of Higher Education, and career and technology education. Technology for public elementary school district, independent school districts, state higher education and career and technology education facilities, which shall include but not be limited to costs of providing to teachers at accredited public institutions who teach levels kindergarten through twelfth grade, personnel at technology centers under the authority of the Oklahoma State Department of Career and Technology Education, and professors and instructors within the Oklahoma State System of Higher Education, the necessary training in the use and application of computers and advanced electronic instructional technology to implement

interactive learning environments in the classroom and to access the statewide distance learning network and costs associated with repairing and maintaining advanced electronic instructional technology. Endowed chairs for professors at institutions of higher education operated by the Oklahoma State System of Higher Education. Programs and personnel of the Oklahoma School for the Deaf and the Oklahoma School for the Blind.

- C. **5%** - Teachers' Retirement System Dedicated Revenue Revolving Fund.
- D. **5%** - School Consolidation and Assistance Fund. When the total amount in the School Consolidation and Assistance Fund from all sources equals Five Million Dollars (\$5,000,000.00), all monies appropriated pursuant to this paragraph which would otherwise be deposited in the School Consolidation and Assistance Fund in excess of Five Million Dollars (\$5,000,000) shall be allocated by the State Department of Education to public schools based on the audited end-of-year average daily membership in grades 8 through 12 during the preceding school year for the purpose of purchasing technology equipment in order to conduct on-line testing as required by the Achieving Classroom Excellence Act of 2005. If at any time the total amount in the School Consolidation and Assistance Fund drops below Five Million Dollars (\$5,000,000), the monies appropriated pursuant to this paragraph shall be deposited in the School Consolidation and Assistance Fund until the Fund again reaches Five Million Dollars (\$5,000,000).

Distribution of Lottery Net Proceeds



Ticket sales in Oklahoma began on October 12, 2005 with four instant games (Scratchers). In-state online games include Pick 3, (started on November 10, 2005); Powerball, Oklahoma’s first multi-state Lottery game (started on January 12, 2006); Cash 5 (started on September 1, 2006); Hot Lotto (started January 3, 2008); Mega Millions (started January 31, 2010); Pick 4 (started July 5, 2011, and ended September 15, 2013); and Poker Pick (started September 7, 2014) . New Scratcher games are introduced on a scheduled basis.

Economic Conditions and Outlook

Oklahoma is an attractive place to live and work. The state enjoys a very low tax burden, a low cost of doing business and has a highly skilled and productive work force. Oklahoma lies at the crossroads of U.S. Interstates 35, 40 and 44, three of the nation’s most important transportation and

shipping corridors, allowing state businesses to take advantage of opportunities anywhere in the United States.⁽¹⁾

Oklahoma will be one of four states in 2015 to lead the nation in economic output, according to a report by Standard & Poor's credit ratings agency. The report predicts the economics of Oklahoma, Arkansas, Louisiana, and Texas will grow by more than 3.5 percent in 2015.⁽⁷⁾

Oklahoma has vibrant metropolitan areas and its two largest cities, Oklahoma City and Tulsa have been singled out in national surveys and various publications for their economic strengths and other qualities.⁽⁶⁾ Oklahoma's unemployment rate was 5.5 percent in October 2013, the 12th lowest rate among the states in that year. Oklahoma is one of only a handful of states to have an unemployment rate below the national average and a net gain in jobs since the recession of 2007. The unemployment rate for 2014 was 4.7 percent compared with a national average of 5.9 percent for the same period. Over the last three years, Oklahoma had a jobless rate far below that of the country as a whole.^(2,6,7)

Oklahoma is known for its abundant resources, most notably oil and natural gas.⁽²⁾ New technology created an oil patch revival that drove Oklahoma's dramatic recovery from the 2011-2012 Recession.⁽³⁾ Oklahoma's agriculture has also been a vital part of the state's economic recovery. Oklahoma is a leading producer of agricultural products, ranking in the top ten in production of wheat, cattle and hogs, peanuts, grain, sorghum, pecans and rye.⁽²⁾ Other important industries include health care, finance, tourism, warehousing, and distribution, and food processing and packaging.⁽⁶⁾ All this economic activity produced an increase in personal income and state revenues, enabling Oklahoma to rebound much quicker from the recession than other states.⁽³⁾

Oklahoma boasts high quality education systems with award-winning schools. Oklahoma's Department of Career and Technology Education has developed the Oklahoma Training for Industry program. This program has been ranked one of America's best and most sophisticated training programs by delivering high quality, customized training to Oklahoma employers for free.⁽⁴⁾ Oklahoma has award-winning schools and a nationally-recognized early childhood development program.⁽²⁾

There is something to do for everyone in Oklahoma, where museums tell of the state's colorful history and pioneer spirit. There are many outdoor recreational opportunities and major entertainment districts located in Oklahoma City and Tulsa, both having undergone a renaissance in their downtown areas in recent years. The state is also home to nearly 40 federally-recognized Indian tribes, who contribute significantly to the state's commerce.⁽³⁾

Some State Economic Highlights over the past two years

- Oklahoma's economic progress led to improvement in state revenues in recent years, replenishing of the State's depleted Rainy Day Fund in 2013 to \$532.5 million.^(2,3,6)
- Since Governor Mary Fallin took office in January 2011, Oklahoma has gained about 54,000 jobs through August 2013, according to the Oklahoma Department of Commerce. Oklahoma has consistently had an unemployment rate well below the national average and below the jobless rate of bordering states.⁽⁶⁾
- Reported in 2012, *The Business Journals* stated that Oklahoma was one of only six states to recover all of their retail jobs lost during the recession, even adding 2,000 retail jobs.⁽³⁾
- During 2012, monthly reports on several occasions showed Oklahoma ranking from first to third in manufacturing job growth among the states.⁽⁶⁾

- U.S Census data showed that Oklahoma had a 12.4 percent increase in median household income between 2010 and 2011, the largest increase of any state.⁽³⁾
- In 2012, KPMG rated Oklahoma City as the least costly medium –sized city in which to do business, while also being ranked for the lowest cost of living by CNBC.⁽⁶⁾
- The National Association of Home Builders in 2013 ranked Oklahoma City third out of 350 metropolitan areas for having the fastest recovery of its housing market since the Great Recession.⁽⁶⁾
- Governor Mary Fallin signed legislation in 2013 to lower the state income tax from 5.25 percent to 5.0 percent in 2014 and 4.85 percent in 2015.⁽⁶⁾
- In 2014 more than 110 companies announced plans to expand in Oklahoma and hire thousands and invest billions.⁽⁷⁾
- 2014's low unemployment rate combined with the increase in jobs resulted in an 18.1 % growth in wages and salaries since 2011 – the best growth among states during that time.⁽⁷⁾
- The Oklahoma Medical Research Foundation (OMRF) is one of the most respected nonprofit biomedical research institutes in the world. OMRF has established strategic partnerships with scientists in China, India and Brazil to uncover the basis of diseases and to discover new treatments.⁽⁵⁾
- The U.S. Chamber of Commerce Foundation ranked Oklahoma 13th for overall economic performance in its “Enterprising States 2014” report. Other top 10 rankings for the state in the report include fifth in per capita income growth, fifth in college affordability, sixth in cost of living and seventh in long-term job growth.⁽⁷⁾

Oklahoma’s executive management will continue to lead in promoting improvement in key areas to improve the lives of all Oklahomans. With the Governor’s leadership, Oklahoma will continue to make investments in a high quality educational system where all students can succeed and will also encourage investors to allow their money to work and grow in Oklahoma.⁽⁴⁾

The Lottery expects revenues for FY-2015 to be less than FY-2014. Revenues for the following years are expected to decline based partly on economic conditions but mainly because of the impact of the 35% minimum profit mandate (profit restriction) that is in the current Lottery Act. This statutorily mandated provision limits how much can be returned to players in the form of prizes, which in turn limits the overall sales and profits. Additional challenges to growth in Lottery revenue include the increasing competition from other gaming venues, most notably Tribal casinos and horse racing / racinos. Oklahoma has entered into compacts with 34 Oklahoma tribes to direct a portion of casino gaming revenues to education. There are more than 100 tribal casinos operating in Oklahoma, which limits opportunities to spend entertainment dollars on Lottery products.

Other challenges affecting the growth of Lottery sales include illegal gaming machines; restrictions on legal Lottery venues and types of games; restrictions on method of payment for lottery purchases; the recent start-up of a Lottery in the neighboring State of Arkansas, and better prize payouts offered by surrounding state lotteries.

⁽¹⁾ Spears School of Business 2011 Economic Outlook

⁽²⁾ Oklahoma Office of State Finance 2011 CAFR

⁽³⁾ Oklahoma Office of State Finance 2012 CAFR

⁽⁴⁾ Oklahoma Office of State Finance 2010 CAFR

⁽⁵⁾ Spears School of Business 2012 Economic Outlook

⁽⁶⁾ Oklahoma Office of Management and Enterprise Services 2013 CAFR

⁽⁷⁾ Oklahoma Office of Management and Enterprise Services 2014 CAFR

Lottery Products

The Lottery offers different games in two styles of play, Scratchers and draw style games. Description of the games follows:

Scratchers

Scratchers – Scratchers are instant games that are played by scratching the latex covering off a play area to reveal “instantly” whether the ticket is a winner. The Lottery started Scratcher game sales on October 12, 2005. There are different play styles for Scratcher games, such as matching two or three like symbols, your score beats their score, or your symbol matches a key symbol. The odds of winning vary by game and prize level. Information on how to play and odds may be found on the ticket and on the Lottery’s website. Scratcher tickets cost from \$1 to \$5 with prize levels ranging between \$1 and \$50,000. Players have 90 days from the announced end-of-game to claim prizes.



Powerball – Oklahoma started selling Powerball tickets on January 12, 2006 and the first drawing for Oklahoma was January 14, 2006. 2012 marked Powerball’s 20th anniversary and on Jan. 15, 2012, sales for the game changed to offer more millionaires, bigger starting jackpots and better overall odds of winning. The first drawing of the new game was on Wed., Jan. 18, 2012. Players play the game by choosing the first five numbers from a pool of 59 numbers and then the Powerball number is chosen from a pool of 35 numbers. The new starting jackpot doubled to \$40 million. Powerball tickets increased in cost to \$2 per game and a player can still select the Power Play option for an additional \$1. The Power Play option provides increased non-jackpot prizes (see chart below). The MATCH 5 prize moved from \$200,000 to \$1 million and with the purchase of the Power Play option for \$1, players have the chance to win \$2 million. The winning numbers are selected via a televised drawing. Jackpot prizes are won when the Player’s ticket matches the five white balls and the red “Powerball”. The odds of winning any prize improved to 1 in 31.85 from 1 in 35 and the odds of winning the jackpot improved to 1 in 175 million from 1 in 195 million. Jackpots are advertised using the estimated annuity amount. The jackpot can be taken as a cash prize or an annuity prize paid out in 30 annual payments over a 29 year period and payment for each year increases by 4% over the prior year. Forty five (45) lotteries participate in Powerball (44 states, the District of Columbia, and the Virgin Islands; California began participation in April of 2013) and the amount contributed to Oklahoma Education is the same as all of the other Lottery games – a minimum of 35% of Oklahoma sales! Players have 180 days after the draw date to claim prizes.

POWERBALL			
MATCH	PRIZE	ODDS: 1 in	POWER PLAY
○○○○○+●	Grand Prize	175,223,510.000	
○○○○○	\$1,000,000	5,153,632.6471	\$2,000,000
○○○○○+●	\$10,000	648,975.9630	\$40,000
○○○○○	\$100	19,087.5283	\$200
○○○○+●	\$100	12,244.8295	\$200
○○○○	\$7	360.1420	\$14
○○○+●	\$7	706.4325	\$14
○○+●	\$4	110.8129	\$12
○+●	\$4	55.4065	\$12
●	\$4	55.4065	\$12
Overall Odds: 31.8464			



Hot Lotto – Hot Lotto is a jackpot style game that is similar to Powerball that has better odds and smaller jackpots. Fifteen states and the District of Columbia participate in Hot Lotto, a game that has a progressive Jackpot starting at \$1.0 million dollars, taxes paid. Oklahoma launched Hot Lotto sales on January 3, 2008, and the first drawing was January 5, 2008. Players picked five white numbers from 1 to 39 and one orange “HOT ball” number from 1-19. An “Easy Pick” option allows the computer to pick all your numbers. Beginning May 12th, 2013, Hot Lotto began a taxes paid Jackpot, with more number choices and bigger prizes. This revamped Hot Lotto game offers a starting jackpot of \$1 million cash with State and Federal withholding taxes paid for the winner, which puts more money in the winners’ hands. Also, the numbers of white balls changed from 39 to 47. Players will now have to choose five numbers from the 47 and one number, the Hot Ball, from a separate pool of 19 numbers (no change) to win the Jackpot. In addition to the taxes paid Jackpot, several other prize levels increased. Shown below is the Prize Matrix for the new prize levels. Players can win one of nine cash prizes when they match enough of the Hot Lotto numbers drawn. Hot Lotto remains \$1 per play and the Sizzler option, which triples non-jackpot prizes, still costs an additional \$1 per play. Hot Lotto drawings occur twice each week, on Wednesday and Saturday evenings. The overall odds of winning in this redesigned game are now 1 in 17.22.

MATCH	PRIZE	ODDS: 1 IN	WITH SIZZLER
●●●●●● + ●	JACKPOT	29,144,841.00	DOES NOT APPLY TO JACKPOT
●●●●●●	\$30,000	1,619,157.83	\$90,000
●●●●● + ●	\$3,000	138,784.96	\$9,000
●●●●●	\$100	7,710.28	\$300
●●●● + ●	\$50	3,385.00	\$150
●●●●	\$6	188.06	\$18
●●● + ●●	\$6	253.87	\$18
●● + ●●	\$3	52.08	\$9
●●	\$2	34.26	\$6



Mega Millions – Mega Millions sales launched in Oklahoma on January 31, 2010 and our first drawing was February 2, 2010. Players select 5 out of 59 numbers from the white balls (these can be drawn in any order to win), then select 1 out of 39 numbers for the yellow Mega Ball®. Jackpots begin at \$12 million and continue to build (rollover) until a player(s) matches all six numbers. Mega Millions tickets cost \$1 per game and a player can select the megaplier option which allows non-jackpot prizes to be increased by 2, 3, or 4 times, for an additional \$1. If the megaplier is selected, the 2nd level prize is \$1 million. The jackpot can be taken as a cash prize or as an annuity prize paid out in 26 annual payments over 25 years. Forty five (46) lotteries participate in Mega Millions (44 states, the District of Columbia, and the Virgin Islands) and the amount contributed to Oklahoma Education is the same as all of the other Lottery games – a minimum of 35% of Oklahoma sales! Players have 180 days after the draw date to claim prizes.

MEGA MILLIONS			MEGAPLIER			
MATCH	PRIZE	ODDS: 1 in	2x	3x	4x	
○○○○○+●	Jackpot	175,711,536	Megaplier does not apply to jackpot			
○○○○○	\$250,000	3,904,701	\$1,000,000	\$1,000,000	\$1,000,000	
○○○○○+●	\$10,000	689,065	\$20,000	\$30,000	\$40,000	
○○○○○	\$150	15,313	\$300	\$450	\$600	
○○○○+●	\$150	13,781	\$300	\$450	\$600	
○○○○	\$7	306	\$14	\$21	\$28	
○○○+●	\$10	844	\$20	\$30	\$40	
○○+●	\$3	141	\$6	\$9	\$12	
○	\$2	75	\$4	\$6	\$8	

FY 2013 Prize Chart

The Mega Millions game was revised effective with the October 22, 2013 drawing. First, the game matrix changed: players now choose 5 out of 75 balls and 1 out of 15 balls. This changes the odds of winning the jackpot to 1:259 million. The jackpot starts at \$15 million rather than \$12 million and will grow by at least \$5 million each rollover. The second level prize changed from \$250,000 to \$1 million and the multiplier option now includes a 5X. In addition, winning with the multiplier option will also multiply the 2nd level prize. And, if a player selects the annuity prize, it is now based on 30 payments over 29 years and each payment grows by 5% over the previous year.

MEGA MILLIONS			MEGAPLIER			
MATCH	PRIZE	ODDS: 1 in	2x	3x	4x	5x
○○○○○+●	Jackpot	258,890,850	Jackpot	Jackpot	Jackpot	Jackpot
○○○○○	\$1,000,000	18,492,204	\$2,000,000	\$3,000,000	\$4,000,000	\$5,000,000
○○○○○+●	\$5,000	739,688	\$10,000	\$15,000	\$20,000	\$25,000
○○○○○	\$500	52,835	\$1,000	\$1,500	\$2,000	\$2,500
○○○○+●	\$50	10,720	\$100	\$150	\$200	\$250
○○○○	\$5	766	\$10	\$15	\$20	\$25
○○○+●	\$5	473	\$10	\$15	\$20	\$25
○○+●	\$2	56	\$4	\$6	\$8	\$10
○	\$1	21	\$2	\$3	\$4	\$5

October 22, 2013 Prize Chart



Pick 3 – Oklahoma’s first draw game sales launched on November 10, 2005. In this game, players select a set of three numbers, 1 each from 0 to 9. Players can try to match the three numbers drawn in the exact order or in various combinations (see Pick 3 table below). Prizes range from \$50 - \$500. The winning numbers are available nightly to Oklahoma media outlets and on the Lottery website. Players have 180 days after the draw date to claim prizes.

PLAYS	EXAMPLE	IF LOTTERY DRAWS	YOU WIN	ODDS
Straight	7 2 4	7 2 4 Only Exact Match Wins	\$500	1 in 1,000
Box 3-Way	1 1 3	1 1 3 1 3 1 3 1 1	\$160	3 in 1,000
Box 6-Way	7 2 4	7 2 4 2 4 7 4 2 7 7 4 2 2 7 4 4 7 2	\$80	6 in 1,000
Front Pair	7 2 ★	7 2 ★ 72 + Any Number	\$50	1 in 100
Back Pair	★ 2 4	★ 2 4 Any Number + 24	\$50	1 in 100



Cash 5 – Cash 5 players select a set of five numbers from 1 to 36. Winning tickets are those that match any two, three, four, or all five of the five numbers drawn. There are four prize categories in this game. The top prize for matching all five numbers is \$35,211 and is intended to yield \$25,000 cash payment after deducting applicable withholding for federal and state taxes. This game started on September 1, 2006 with a drawing every Tuesday and Thursday night. A Saturday drawing was added on September 1, 2007, and starting July 1, 2009, the game is now drawn every night. The winning numbers are available nightly to Oklahoma media outlets and on the Lottery website. Players have 180 days after the draw date to claim prizes.

MATCH	PRIZE	ODDS: 1 IN
● ● ● ● ●	\$25,000 taxes paid	376,992
● ● ● ●	\$500	2,432.2
● ● ●	\$10	81.1
● ●	Free Ticket (Easy Pick)	8.4
The overall odds of winning are 1 in 7.6 for each \$1 played.		

The Jackpot Prize is a fixed amount of \$35,211 less applicable Federal and State Tax withholding of \$10,211. Each winner will receive a prize check of \$25,000 except in the situations where there are more than five (5) jackpot winners in a single drawing: when there are six (6) or more jackpot winners in a single draw the winners will share a pre-tax total of \$200,000 equally. The holder of a winning ticket may win in only one category per \$1 play panel and shall be paid the prize in the highest category won. Prizes are approximately 48% of sales.



Pick 4 – Pick 4 players select a set of four numbers, 1 each from 0 to 9. Players can try to match the four numbers drawn in the exact order or in various combinations (see Pick 4 table below). Prizes range from \$50 - \$5000. This game started on July 5, 2011 with a drawing every night. The winning numbers are available nightly to Oklahoma media outlets and on the Lottery website. Players have 180 days after the draw date to claim prizes. The Pick 4 game did not become a popular game in Oklahoma and continued poor performance resulted in the game being ended. The last drawing was held September 14, 2013.

Play Type	Cost	Prize	Odds: 1 in
Straight	\$1	\$5,000	10,000
Box (4-Way)	\$1	\$1,200	2,500
Box (6-Way)	\$1	\$800	1,667
Box (12-Way)	\$1	\$400	833
Box (24-Way)	\$1	\$200	417
Front Pair	\$1	\$50	100
Middle Pair	\$1	\$50	100
Back Pair	\$1	\$50	100
Combo (4-Way)	\$4	\$5,000	2,500
Combo (6-Way)	\$6	\$5,000	1,667
Combo (12-Way)	\$12	\$5,000	833
Combo (24-Way)	\$24	\$5,000	417

Play Type	Description
Straight	Must match all 4 numbers in the <u>EXACT</u> order drawn
Box	Must match all 4 numbers in <u>ANY</u> order drawn
Front Pair	Must match the <u>FIRST 2</u> numbers in the <u>EXACT</u> order drawn
Middle Pair	Must match the <u>MIDDLE 2</u> numbers in the <u>EXACT</u> order drawn
Back Pair	Must match the <u>LAST 2</u> numbers in the <u>EXACT</u> order drawn
Combo	Must match all 4 numbers in <u>ANY</u> order drawn <i>Pays as a straight play – price varies.</i>



Poker Pick – Poker Pick, started September 7, 2014 and is Oklahoma’s first ever combined instant/draw game where players can instantly win a prize, then win again in a nightly drawing. Poker Pick offers the largest Oklahoma draw top prize of \$100,000. Tickets cost \$2 each and drawings are held nightly, much like Oklahoma’s other daily games Pick 3 and Cash 5. Each ticket will display 5 cards from a deck of 52. Players can win up to \$10,000 instantly. Prizes at all levels are awarded if the cards displayed on the player’s ticket matches one of the winning poker hands listed at the bottom of the ticket. If a player has a hand of “Jacks or Better” they win a prize. Players then have a chance to win nightly prizes if the cards on their ticket match at least two of the cards drawn in the nightly drawing. A player that matches 5 of 5 cards will win the \$100,000 prize. All Poker Pick tickets are Easy Pick (players cannot select their cards).

INSTANT MATRIX

	<p>ROYAL FLUSH – \$10,000 ACE, KING, QUEEN, JACK AND 10 OF THE SAME SUIT ODDS 1: 649,740</p>		<p>THREE OF A KIND – \$5 ANY 3 CARDS OF THE SAME VALUE ODDS 1: 47</p>															
	<p>STRAIGHT FLUSH – \$1,000 ANY 5 CONSECUTIVE CARDS OF THE SAME SUIT ODDS 1: 72,193</p>		<p>TWO PAIR – \$3 ANY 2 PAIRS OF THE SAME VALUE ODDS 1: 21</p>															
	<p>FOUR OF A KIND – \$100 ANY 4 CARDS OF THE SAME VALUE ODDS 1: 4,165</p>		<p>PAIR OF JACKS OR BETTER – FREE TICKET (POKER PICK) 2 JACKS, 2 QUEENS, 2 KINGS OR 2 ACES ODDS 1: 8</p>															
	<p>FULL HOUSE – \$50 ANY 3 OF A KIND PLUS A PAIR ODDS 1: 694</p>	CARD IMAGES ARE EXAMPLES ONLY. COMBINATION OF CARDS CAN VARY BY RANK AND SUIT.																
	<p>FLUSH – \$30 ANY 5 CARDS OF THE SAME SUIT ODDS 1: 509</p>	<p>NIGHTLY MATRIX</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="padding: 5px;">MATCH</th> <th style="padding: 5px;">PRIZE</th> <th style="padding: 5px;">ODDS</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">5 OF 5</td> <td style="padding: 5px;">\$100,000</td> <td style="padding: 5px;">1: 2,598,960</td> </tr> <tr> <td style="padding: 5px;">4 OF 5</td> <td style="padding: 5px;">\$1,000</td> <td style="padding: 5px;">1: 11,059</td> </tr> <tr> <td style="padding: 5px;">3 OF 5</td> <td style="padding: 5px;">\$20</td> <td style="padding: 5px;">1: 240</td> </tr> <tr> <td style="padding: 5px;">2 OF 5</td> <td style="padding: 5px;">\$4</td> <td style="padding: 5px;">1: 16</td> </tr> </tbody> </table>		MATCH	PRIZE	ODDS	5 OF 5	\$100,000	1: 2,598,960	4 OF 5	\$1,000	1: 11,059	3 OF 5	\$20	1: 240	2 OF 5	\$4	1: 16
MATCH	PRIZE	ODDS																
5 OF 5	\$100,000	1: 2,598,960																
4 OF 5	\$1,000	1: 11,059																
3 OF 5	\$20	1: 240																
2 OF 5	\$4	1: 16																
	<p>STRAIGHT – \$10 ANY 5 CONSECUTIVE CARDS OF ANY SUIT ODDS 1: 255</p>																	



Prize Claim Centers – Lottery winners are able to claim prizes up to \$600 at any Lottery retailer, identifiable by the Lottery “Play here” poster shown to the left. Prizes up to \$5,000 can be claimed at any of the twelve (12) Claim Centers, including Lottery headquarters, located throughout Oklahoma. Prizes that exceed \$5,000 must be claimed at the Lottery headquarters claim center, or may also be claimed by mailing the winning tickets to the Oklahoma City headquarters. A claim form, social security number and two forms of ID are required for all prizes greater than \$600.

Highlights of Fiscal Year 2014

Millions Contributed to Education

The Lottery contributed \$66.9 million for education on total Lottery revenues of \$191.2 million in FY-2014. Through November 2014 as this report is submitted, more than \$647.95 million has been contributed to the Oklahoma Education Lottery Trust Fund by the Lottery Commission to be used for Oklahoma education programs.

Jackpot Winners

Oklahoma has had four Powerball Jackpot Winners winning prizes with annuitized values of more than \$325.3 million dollars since inception in 2006. The first jackpot winner made history just 5 months after Oklahoma joined Powerball, on June 17, 2006, by winning the \$101.8 million prize (annuitized value), becoming the first Powerball jackpot winner from Oklahoma. The winners were quoted as saying that “we are proof that you never know when you might win and you cannot win unless you play.”

On June 29, 2007, a couple from Muldrow, Oklahoma claimed the second Powerball Jackpot that was sold in Oklahoma. Their jackpot’s annuitized value was worth \$105.8 million. On August 22, 2008, a trust claimed the third Powerball jackpot sold in Oklahoma. The annuitized amount was \$84.9 million. The fourth Powerball jackpot ticket was sold on November 21, 2009, and claimed by a trust on January 20, 2010. The annuitized amount was \$32.8 million. In addition, through November 2014, Oklahoma has had 5 Hot Lotto jackpot winners with prizes totaling \$14.98 million, and has awarded 41 prizes of \$1 million or more, in total.

Financial Information

Accounting System and Policies

The Lottery operates the Oklahoma Education Lottery Revolving Fund, an enterprise fund that, like a private business, utilizes the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Budgetary Controls

A comprehensive annual budget is prepared for and approved by the Lottery’s Board of Trustees. A budget is submitted annually to OMES the Office of Management and Enterprise Services (formerly the Office of State Finance) as required by state statutes. The budget is prepared on both a cash

basis and a full accrual basis of accounting. The budget is based on sales forecasts, industry trends, program proposals, and approved action plans. The operating budget is submitted to OMES, the Governor and the legislature. Actual costs are monitored throughout the year for compliance with the approved budget and appropriate adjustments are approved if necessary.

Internal Controls

An internal control structure has been designed to ensure that assets are protected from loss, theft or misuse, and to ensure that the accounting system allows compilation of accurate and timely financial information. The internal controls are designed to provide reasonable assurance that these objectives are met. To enhance controls, management has separated responsibilities and provides approval and oversight for the following functions: personnel and payroll; purchasing and accounts payable; general ledger and accounts receivable; cash receipts and cash disbursements; retailer network management and retailer accounts receivable; and system data processing and system programming. Reviews of operations are achieved by the following procedures:

Draw verification: Employees of an Oklahoma independent certified public accounting firm witness the selection of winning numbers for Oklahoma online games.

Lottery Vendor Service Organization (SSAE 16) Audit: Scientific Games International (SGI) was contracted by the Oklahoma Lottery as the vendor for instant and online games. SGI Management contracted the services of an independent CPA to perform a Statement on Standards for Attestation Engagements (SSAE 16), *Service Organizations*, engagement with testing of identified internal controls. The SSAE 16 is an internationally recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA). A SSAE 16 audit examination is widely recognized because it represents that a service organization has been through an in-depth audit of their control activities, which generally include controls over information technology and related processes.

Internal Audits: The Lottery contracts with an outside accounting firm to perform appropriate studies and evaluations of accounting and administrative controls, as directed by the Board of Directors, Audit and Finance Committee.

Other Safeguards and Controls: To ensure the integrity of the Lottery the following measures have been implemented:

- Specialized security staff.
- Secured facilities and gaming equipment.
- Background checks on retailers, contractors and Lottery employees.
- Lottery tickets with special inks, dyes and security codes.
- Detailed and strict security procedures for game drawings.
- Lottery random number generators are in stand-alone systems and are certified by an independent firm prior to installation.
- Back-up sites for gaming systems are properly maintained.

Employees

The Lottery had 25 full-time employees as of June 30, 2014.

Debt Administration

At the end of FY-2014, the Lottery had no long-term liabilities. A line of credit of \$10 million was authorized by the state legislature and extended by J.P. Morgan Chase to the Lottery. The authority for the line of credit expired in August 2007. The Lottery borrowed approximately \$200,000 in 2005, and has fully repaid this debt. The State of Oklahoma received a rating of "Aa2" by Moody's Investors Service and "AA+" by both Standard & Poor's Corporation and Fitch Investors Service general obligation bonds.

Change in Accounting Policy and Reclassifications

Effective July 1, 2008, to more closely comply with industry standard accounting procedures, the Lottery changed its accounting policy for free tickets, the majority of which are related to instant ticket games. Every instant ticket game has a predetermined number of free tickets in its prize structure. For years prior to fiscal year 2009, free tickets were included in sales and prize expense. For the year ended June 30, 2009, sales and prize expense are shown net of free tickets and prior year financials have been restated to make year-to-year comparisons more meaningful. The effect of the change in accounting policy reduces both revenues and direct costs from instant and on-line games. There is no effect on the calculation of profits to be transferred to the Oklahoma Education Lottery Trust Fund, on the Lottery's net assets, changes in net assets, or net cash flows from operations.

Performance Target

The Oklahoma Lottery estimates that it will transfer more than \$57.26 million to education in FY-2015, which will bring the total transferred by the Lottery for Oklahoma Education to \$682.83 million by the end of FY-2015.

Independent Audit

Oklahoma statutes require an annual financial audit by an independent CPA. The independent auditors' report on the Lottery's financial statements is included in the financial section of this report.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Lottery for its comprehensive annual financial report for the fiscal years ended June 30, 2006, June 30, 2007, June 30, 2008, June 30, 2009, June 30, 2010, June 30, 2011, June 30, 2012, June 30, 2013, and June 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for certification. This report demonstrates the professionalism and dedicated team effort of Lottery employees. We appreciate their contribution to the success of this report. The Lottery is committed to providing thorough and relevant financial information to the public. This CAFR reflects our commitment to meet the highest standards of accountability and to maintain public trust through the highest ethics and integrity. Additionally, we were notified by The Open Group, in April 2012 that we achieved

certification in the NASPL National Standards Initiative for Quality Assurance Requirements Definition for Lotteries. The Oklahoma Lottery was the fifth Lottery to achieve this certification (along with Georgia, Louisiana, Missouri, and North Carolina.) Minnesota is the only other lottery to achieve any certification through this program. We are continuing our work on Quality Assurance Acceptance Testing and hope to complete that certification soon. When we achieve the second certification, only Oklahoma and Louisiana will have those two certifications.

Credit is also given to our Board of Trustees for their responsiveness and guidance in operating the Lottery.

Respectfully submitted,



Rollo Redburn
Executive Director
Administration



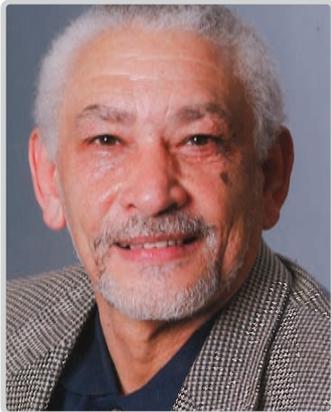
Greg Fields
Comptroller



Jack Finks
Director

OKLAHOMA LOTTERY COMMISSION

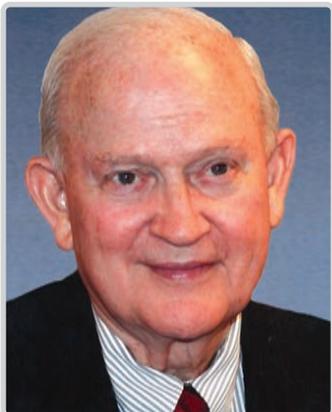
Board of Trustees



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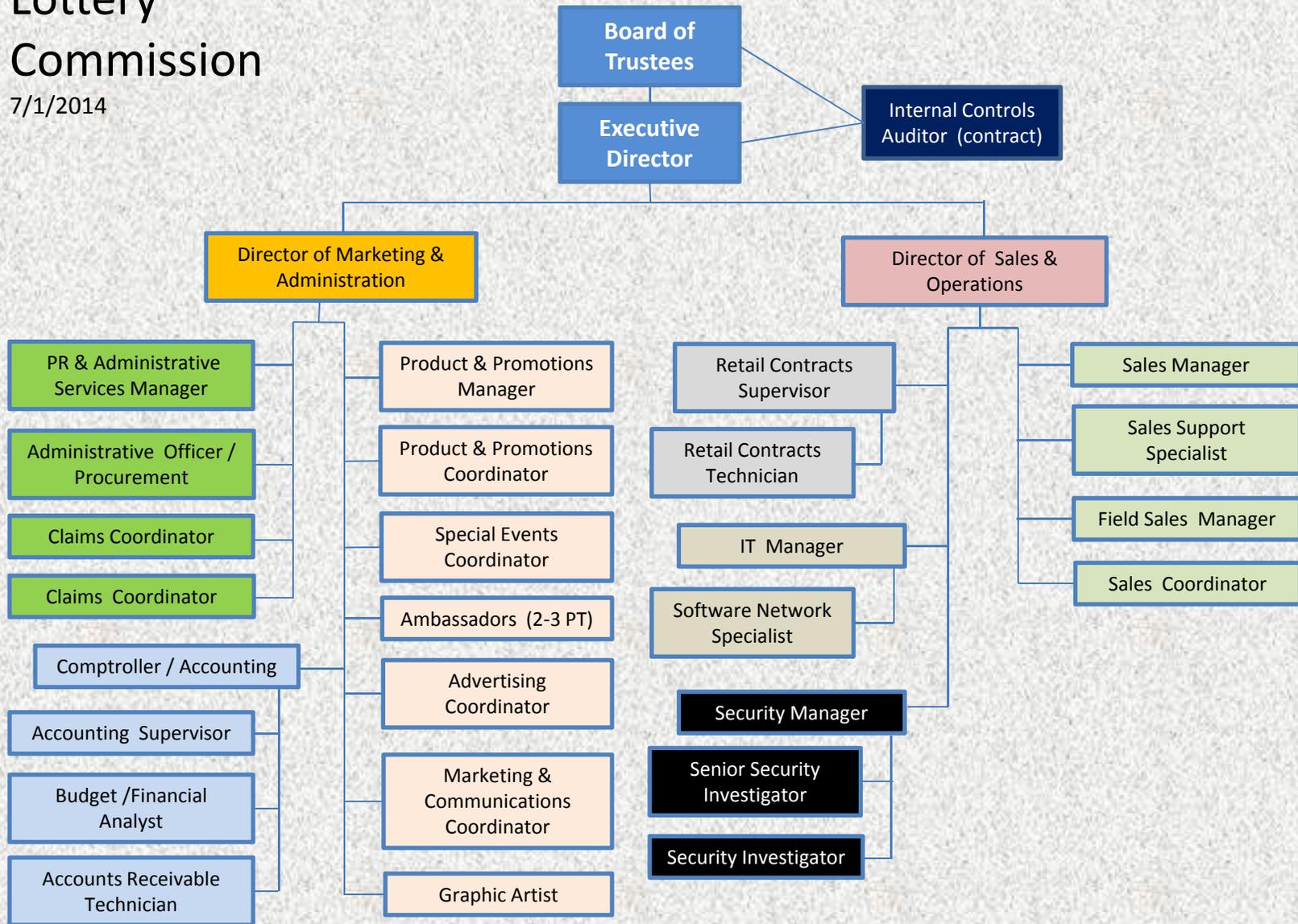


TRUSTEE
Nevyle Cable

Oklahoma Lottery Commission

7/1/2014

Governor (Trustee appointments with Senate Confirmation)





Financial Section

An Agency of the State of Oklahoma

Independent Auditors' Report

The Board of Trustees
Oklahoma Lottery Commission
Oklahoma City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Oklahoma Lottery Commission (the "OLC"), an enterprise fund of the State of Oklahoma, which comprise the statements of net position as of June 30, 2014 and 2013, and the related statements of revenues, expenses and changes in net positions and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the OLC as of June 30, 2014 and 2013, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The accompanying Introductory and Statistical sections, as listed in the table of contents, have not been subjected to the procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Cole & Reed P.C.

Oklahoma City, Oklahoma
September 12, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

Management of the Oklahoma Lottery Commission (the "OLC") provides this Management's Discussion and Analysis of their financial performance for the readers of the OLC's financial statements. This narrative provides an overview of the OLC's financial activity for the fiscal years ended June 30, 2014 and 2013. This analysis is to be considered in conjunction with the financial statements to provide an objective analysis of the OLC's financial activities based on facts, decisions, and conditions currently facing management.

UNDERSTANDING THE LOTTERY'S FINANCIAL STATEMENTS

The OLC, an instrumentality of the State of Oklahoma, is accounted for as an enterprise fund that reports all assets and liabilities using the accrual basis of accounting, much like a private business entity. In accordance with accounting principles generally accepted in the United States of America, this report consists of a series of financial statements, along with explanatory notes to the financial statements. The financial statements immediately follow this Management's Discussion and Analysis and are designed to highlight the OLC's net position and changes to its net position resulting from the OLC's operations.

The most important relationship demonstrated within the OLC's financial statements is the requirement that the OLC transfer all net proceeds, "as defined," to the State Treasurer for the Oklahoma Education Lottery Trust Fund ("OELTF"). Accordingly, a significant focus of these financial statements is determining net proceeds available for transfer to the OELTF.

The OLC is also required to transfer annually the first \$750,000 and \$500,000, for 2014 and 2013, respectfully, of unclaimed prize money to the Oklahoma Department of Mental Health and Substance Abuse Services ("ODMHSAS"). This is discussed further on page 5 of Management's Discussion and Analysis.

FINANCIAL AND ACTIVITY HIGHLIGHTS

Revenues from lottery games totaled \$191,127,092 and \$200,208,874 respectively for the fiscal years ending June 30, 2014 and 2013. The OLC returned \$97,496,555 and \$104,463,424 to winners of lottery games; paid commissions and incentives to retailers totaling \$12,647,675 and \$13,114,765; incurred other game related expenses of \$7,798,373 and \$5,948,626; and had operating expenses of \$4,486,957 and \$4,615,135 for each of the respective fiscal years of 2014 and 2013. The OLC's net position increased by \$1,450,385 in fiscal year 2014 and \$1,917,159 in fiscal year 2013. Transfers made and due to the OELTF were \$66,934,120 and \$70,113,527 respectively for fiscal years ending June 30, 2014 and 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

FINANCIAL AND ACTIVITY HIGHLIGHTS--Continued

The following table summarizes the OLC's Statement of Net Position as of June 30:

	2014	2013	2012
CURRENT ASSETS	\$ 29,238,675	\$ 30,815,345	\$ 30,872,975
NONCURRENT ASSETS			
Deposit with MUSL	5,856,283	5,599,779	5,786,011
Capital assets, net	61,281	85,122	105,926
TOTAL ASSETS	<u>\$ 35,156,239</u>	<u>\$ 36,500,246</u>	<u>\$ 36,764,912</u>
CURRENT LIABILITIES	\$ 23,702,866	\$ 26,493,129	\$ 28,675,720
NONCURRENT LIABILITIES	58,316	62,445	61,679
TOTAL LIABILITIES	<u>\$ 23,761,182</u>	<u>\$ 26,555,574</u>	<u>\$ 28,737,399</u>
NET POSITION			
Net position, invested in capital assets	\$ 61,281	\$ 85,122	\$ 105,926
Restricted net position - expendable	11,333,776	9,859,550	7,921,587
TOTAL NET POSITION	<u>\$ 11,395,057</u>	<u>\$ 9,944,672</u>	<u>\$ 8,027,513</u>

The following table summarizes the OLC's Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30:

	2014	2013	2012
OPERATING REVENUES			
Gaming revenues	\$ 191,127,092	\$ 200,208,874	\$ 199,854,378
Other revenues	113,250	115,485	118,975
TOTAL OPERATING REVENUES	<u>191,240,342</u>	<u>200,324,359</u>	<u>199,973,353</u>
Less: Prize expense	97,496,555	104,463,424	103,052,810
Less: Retailer commissions/ incentives	12,647,675	13,114,765	13,233,747
Less: Other direct game costs	7,798,373	5,948,626	6,081,715
Less: Operating expenses	4,486,957	4,615,135	4,860,761
TOTAL EXPENSE	<u>122,429,560</u>	<u>128,141,950</u>	<u>127,229,033</u>
NONOPERATING REVENUE (EXPENSE)			
Interest income	323,723	348,277	281,890
Transfers to ODMHSAS	(750,000)	(500,000)	(500,000)
Transfers to OELTF	(66,934,120)	(70,113,527)	(69,990,674)
NET NONOPERATING REVENUE (EXPENSE)	<u>(67,360,397)</u>	<u>(70,265,250)</u>	<u>(70,208,784)</u>
INCREASE IN NET POSITION	1,450,385	1,917,159	2,535,536
NET POSITION, BEGINNING OF YEAR	<u>9,944,672</u>	<u>8,027,513</u>	<u>5,491,977</u>
NET POSITION, END OF YEAR	<u>\$ 11,395,057</u>	<u>\$ 9,944,672</u>	<u>\$ 8,027,513</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

FINANCIAL AND ACTIVITY HIGHLIGHTS--Continued

Sales decreased from fiscal year 2013 to fiscal year 2014. Online sales during this period decreased mostly because of Power Ball sales. In fiscal year 2013, there were two large jackpots that were almost \$600 million. In fiscal year 2014, the largest jackpot was approximately \$448 million. There was also a decrease in overall Scratcher sales from fiscal year 2013 to fiscal year 2014. The OLC slightly reduced prize payouts in fiscal year 2014 to adjust to fluctuations in costs and to meet the minimum mandated profit of 35%. Instant payouts must be closely managed to ensure OLC fulfills our mandated requirement of 35% to education. We continually review and adjust Scratcher prize payouts to meet consumer demands and our ability to pay the prizes and transfers to education.

Sales increased slightly from fiscal year 2012 to fiscal year 2013. Online sales during this period increased mostly because Powerball had four jackpots in fiscal year 2013 that were over \$300 million. There was a decrease in overall Scratcher sales from fiscal year 2012 to fiscal year 2013. The OLC slightly reduced prize payouts in fiscal year 2013 to adjust to fluctuations in costs and to meet the minimum mandated profit of 35%.

Net proceeds of the OLC must be transferred to the State Treasurer for the OELTF with the following exceptions: 1) the cost of property and equipment, net of depreciation, and related debt and 2) other assets which cannot be transferred due to statutory or other legal restriction, including restricted cash from unclaimed prizes, deposits with MUSL, and the Restricted Fidelity Fund. Unclaimed prizes, after required transfers to the Department of Mental Health and Substance Abuse Services, must be added to a pool from which future prizes are awarded or used for special prize promotions. Deposits with MUSL result from a set aside of prize expenses paid to MUSL and are available for prize reserves and promotional expenses of MUSL games. The Restricted Fidelity Fund is derived from the licensing fees of new retailers, which may be retained by the OLC up to the budgeted expenses from the fund for the next fiscal year plus \$750,000 in 2014 and \$500,000 in 2013 and used to cover losses the OLC may experience due to nonfeasance, misfeasance, or malfeasance of a lottery retailer and to pay the costs of vendor, retailer, and employee background investigations conducted by the OSBI and for audits conducted by the State Auditor and Inspector.

For the years ended June 30, 2014 and 2013, the total transfers made or due to the OELTF related to operations were \$66,934,120 and \$70,113,527, respectively. Since inception to June 30, 2014, total transfers made or due to the OELTF were \$625,571,233. For each of the years ended June 30, 2014 and 2013, the OLC transferred \$750,000 and \$500,000, respectfully, in unclaimed prize funds to the Department of Mental Health and Substance Abuse Services for the treatment of compulsive gambling disorders and educational programs related to such disorders. From inception to June 30, 2014, total transfers to the Oklahoma Department of Mental Health and Substance Abuse Services were \$4,294,600.

MANAGEMENT'S DISCUSSION AND ANALYSIS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

FINANCIAL AND ACTIVITY HIGHLIGHTS--Continued

The following is a condensed version of the OLC's Statement of Cash Flows for the years ended June 30:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
CASH PROVIDED (USED) BY:			
Operating activities	\$ 67,031,666	\$ 71,378,287	\$ 73,641,204
Noncapital financing activities	(69,446,790)	(70,435,881)	(65,439,871)
Capital and related financing activities	(14,144)	(17,013)	(10,246)
Investing activities	<u>329,721</u>	<u>353,209</u>	<u>268,533</u>
NET INCREASE (DECREASE) IN CASH	(2,099,547)	1,278,602	8,459,620
CASH AT BEGINNING OF YEAR	<u>25,193,734</u>	<u>23,915,132</u>	<u>15,455,512</u>
CASH AT END OF YEAR	<u>\$ 23,094,187</u>	<u>\$ 25,193,734</u>	<u>\$ 23,915,132</u>

POTENTIAL FACTORS IMPACTING FUTURE OPERATIONS

Future operations always have the potential to be impacted by economic factors and rising costs. The Oklahoma Lottery Commission strives to maximize the contribution to education while maintaining new and entertaining games that engage players. In order to meet these goals, the OLC strives to keep costs low and introduce new games regularly. The OLC is always looking for opportunities to participate in new regional and multi state games. The OLC is also trying to develop new local games to stay up-to-date with player demands.

CONTACTING THE LOTTERY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the OLC's financial activity for all those interested in the OLC's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Oklahoma Lottery Commission, 405-522-7700, 3817 N. Santa Fe Oklahoma City, Oklahoma 73118.

STATEMENTS OF NET POSITION

OKLAHOMA LOTTERY COMMISSION

	Years ended June 30,	
	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 17,616,694	\$ 20,933,963
Cash - restricted	5,477,493	4,259,771
Retailer accounts receivable	5,890,762	5,190,812
Accounts receivable - Multi-State Lottery	<u>253,726</u>	<u>430,799</u>
TOTAL CURRENT ASSETS	29,238,675	30,815,345
 CAPITAL ASSETS, net	 61,281	 85,122
 DEPOSIT WITH MULTI-STATE LOTTERY	 <u>5,856,283</u>	 <u>5,599,779</u>
TOTAL NONCURRENT ASSETS	<u>5,917,564</u>	<u>5,684,901</u>
TOTAL ASSETS	<u>\$ 35,156,239</u>	<u>\$ 36,500,246</u>
 LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Due to Oklahoma Education Lottery Trust Fund	\$ 17,131,295	\$ 18,893,965
Due to Multi-State Lottery	705,022	1,495,627
Prizes payable	4,736,739	4,666,257
Accounts payable	604,207	913,848
Accrued liabilities	163,912	224,662
Unearned revenue	<u>361,691</u>	<u>298,770</u>
TOTAL CURRENT LIABILITIES	23,702,866	26,493,129
 ACCRUED COMPENSATED ABSENCES, net	 <u>58,316</u>	 <u>62,445</u>
TOTAL LIABILITIES	23,761,182	26,555,574
 NET POSITION		
Net position, invested in capital assets	61,281	85,122
Restricted net position - expendable	<u>11,333,776</u>	<u>9,859,550</u>
TOTAL NET POSITION	<u>11,395,057</u>	<u>9,944,672</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 35,156,239</u>	<u>\$ 36,500,246</u>

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OKLAHOMA LOTTERY COMMISSION

	Years ended June 30,	
	2014	2013
REVENUES		
Scratcher games	\$ 85,876,010	\$ 89,393,668
Pick 3 game	4,806,892	4,331,388
Pick 4 game	403,036	1,859,943
Cash 5 game	4,441,703	4,161,703
Hot Lotto game	8,858,804	8,306,635
National millionaire raffle game	244,131	-
Mega Millions game	27,674,261	16,108,965
Powerball game	58,822,255	76,046,572
TOTAL REVENUE FROM THE SALE OF LOTTERY TICKETS	191,127,092	200,208,874
Retailer application fees	106,000	108,637
Other	7,250	6,848
TOTAL REVENUES	191,240,342	200,324,359
DIRECT COSTS		
Prize expense		
Scratcher games	47,973,892	50,727,284
Pick 3 game	2,297,930	2,222,700
Pick 4 game	161,250	1,212,400
Cash 5 game	2,354,971	1,995,343
National millionaire raffle game	102,029	-
Hot Lotto game	4,236,867	3,942,229
Mega Millions game	13,263,233	7,218,111
Powerball game	27,106,383	37,145,357
TOTAL PRIZE EXPENSE	97,496,555	104,463,424
Commissions and incentives to retailers	12,647,675	13,114,765
Instant and on-line costs	7,798,373	5,948,626
TOTAL DIRECT COSTS	117,942,603	123,526,815
GROSS PROFIT	73,297,739	76,797,544
OPERATING EXPENSES		
Advertising and promotion	1,520,686	1,623,715
Salaries, wages, and benefits	2,345,767	2,419,342
Contracted and professional services	167,068	162,144
Depreciation	37,985	37,817
Equipment	11,562	17,291
Rent expense	193,862	199,791
Office supplies	17,774	34,872
Travel	11,426	17,102
Other general and administrative	180,827	103,061
TOTAL OPERATING EXPENSES	4,486,957	4,615,135
OPERATING INCOME	68,810,782	72,182,409
NONOPERATING INCOME (EXPENSE)		
Interest income	323,723	348,277
Transfers to Oklahoma Department of Mental Health and Substance Abuse Services	(750,000)	(500,000)
Transfers to and due to Oklahoma Education Lottery Trust Fund	(66,934,120)	(70,113,527)
NET NONOPERATING INCOME (EXPENSE)	(67,360,397)	(70,265,250)
CHANGE IN NET POSITION	1,450,385	1,917,159
NET POSITION, BEGINNING OF YEAR	9,944,672	8,027,513
NET POSITION, END OF YEAR	\$ 11,395,057	\$ 9,944,672

See notes to financial statements.

STATEMENTS OF CASH FLOWS

OKLAHOMA LOTTERY COMMISSION

	Years ended June 30,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from retailers	\$ 178,073,542	\$ 188,488,786
Cash payments to prize winners	(98,216,678)	(107,151,091)
Cash payments to suppliers for goods and services	(10,158,048)	(7,802,331)
Cash payments to employees for services	(2,410,646)	(2,343,309)
Cash payments to fund deposit with Multi-State Lottery	(256,504)	186,232
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>67,031,666</u>	<u>71,378,287</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to Oklahoma Department of Mental Health and Substance Abuse Services	(750,000)	(500,000)
Payments to Oklahoma Education Lottery Trust Fund	(68,696,790)	(69,935,881)
NET CASH USED FOR NONCAPITAL FINANCING ACTIVITIES	<u>(69,446,790)</u>	<u>(70,435,881)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(14,144)	(17,013)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(14,144)</u>	<u>(17,013)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	329,721	353,209
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>329,721</u>	<u>353,209</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,099,547)	1,278,602
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>25,193,734</u>	<u>23,915,132</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 23,094,187</u>	<u>\$ 25,193,734</u>
OPERATING ACTIVITIES		
Operating income	\$ 68,810,782	\$ 72,182,409
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation	37,985	37,817
Bad debt expense	90,215	8,169
Changes in operating assets and liabilities		
Retailer accounts receivable	(796,163)	1,378,502
Accounts receivable - Multi-State Lottery	177,073	(55,371)
Deposit with Multi-State Lottery	(256,504)	186,232
Due to Multi-State Lottery	(790,605)	167,932
Accounts payable and accrued liabilities	(374,520)	284,025
Prizes payable	70,482	(2,855,599)
Unearned revenue	62,921	44,171
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 67,031,666</u>	<u>\$ 71,378,287</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE A--REPORTING ENTITY

The Oklahoma Lottery Commission (the "OLC"), was formed by the citizens of Oklahoma upon passage of a legislative referendum authorizing the Oklahoma Education Lottery Act (the "Act"), codified as Title 3A, Section 701, et. seq., of the Oklahoma Statutes. The OLC is an enterprise fund of the State of Oklahoma (the "State") responsible for administering lotteries in accordance with the Act. The Act established a board of seven trustees appointed by the Governor to oversee operations of the OLC. The Board of Trustees exercises powers comparable to those of the governing board of an entrepreneurial organization. The OLC transfers net proceeds as defined by the Act.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting: The OLC is accounted for as an enterprise fund. Enterprise funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the costs of providing lottery games to the general public on a continuing basis are to be financed through the sale of lottery game tickets. The Act requires that all costs of providing lottery games, including capital costs, be recovered from the sale of lottery game tickets.

The Governmental Accounting Standards Board ("GASB") is the recognized standard setting body for accounting principles generally accepted applicable to governmental proprietary activities in the United States of America. The OLC applies all applicable GASB pronouncements.

Basis of Accounting: The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The primary operating revenue of the OLC is ticket sales from games. Nonoperating income consists mostly of interest income. "Operating expenses" are defined under the Act as "all costs of doing business, including but not limited to prizes, commissions, and other compensation paid to retailers, advertising and marketing costs, personnel costs, capital costs, amounts held in or paid from the fidelity revolving fund, administration and operation of the OLC and other operating costs." All expenses not meeting this definition are reported as nonoperating expenses. The only nonoperating expenses are statutory required transfers to the Oklahoma Education Lottery Trust Fund ("OELTF") and the Oklahoma Department of Mental Health and Substance Abuse Services.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE B--SIGNIFICANT ACCOUNTING POLICIES--Continued

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition: Revenue for Pick 3, Pick 4, Cash 5, Hot Lotto, National Millionaire Raffle, Mega Millions, and Powerball (collectively referred to as "on-line games") is recognized when tickets are sold to the public by contracted retailers, except for tickets sold in advance of the draw date for which unearned revenue is recorded. Revenue for scratcher games is recognized upon activation of ticket packs for sale by the retailers.

Every scratcher ticket game has a predetermined number of free tickets in its prize structure. The majority of free tickets relate to scratcher ticket games. Revenue and prize expense are shown net of free tickets.

Commissions: Retailers receive a 6% commission on total sales and 0.75% commission on prizes cashed.

Prizes: Prize expense for scratcher ticket games is recorded as an estimate at the time the related revenue is recognized based on the predetermined prize structure for each game; periodically, the prize expense is adjusted to reflect amounts actually won. Prize expense for on-line games is recorded at the time the related revenue is recognized based on the known prizes.

Unclaimed Prizes: Prizes must be claimed within 90 days after the game-end (end of sales) for scratcher games and within 180 days after the draw date for on-line games. The first \$750,000 for fiscal year 2014 and the first \$500,000 for fiscal year 2013 of unclaimed prize money accruing annually must be transferred to the Oklahoma Department of Mental Health and Substance Abuse Services for the treatment of compulsive gambling disorders and educational programs related to such disorders.

In accordance with section 724 of the Act, unclaimed prizes are added to a pool from which future prizes are awarded or used for special prize promotions. Under the Act, unclaimed prizes do not constitute net lottery proceeds and are restricted funds that are not available for transfer to the OELTF. Total unclaimed prizes amounted to \$5,573,057 and \$4,858,318 for fiscal years 2014 and 2013, respectively. Unclaimed prizes are netted against prize expense in the statement of revenues, expenses, and changes in net position.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE B--SIGNIFICANT ACCOUNTING POLICIES--Continued

Deferred Inflows of Resources: Deferred inflows of resources are the acquisition of net position by the OLC that are applicable to a future reporting period. At June 30, 2014 and 2013, the OLC had no deferred inflows of resources.

Deferred Outflows of Resources: Deferred outflows of resources are the consumption of net position by the OLC that are applicable to a future reporting period. At June 30, 2014 and 2013, the OLC had no deferred outflows of resources.

Net Position: The OLC's net position is classified as follows:

Net position, invested in capital assets - This represents the OLC's total investment in capital assets.

Restricted net position - expendable - This represents cash maintained in the OLC's restricted fidelity fund, deposits with the Multi-State Lottery ("MUSL"), and balance of unclaimed prizes to be used on future prizes or special prize promotions.

Gross Proceeds: Gross proceeds, as defined by the Act, consist of all revenue derived from the sale of lottery game tickets or shares and all other monies derived from the lottery games.

Net Proceeds: Net proceeds, as defined by the Act, consist of all revenue derived from the sale of lottery game tickets or shares and all other monies derived from the lottery games, less operating expenses and prizes.

Operating Expenses: Operating expenses, as defined by the Act, in the determination of net proceeds, consist of all costs of doing business including, but not limited to, prizes, commissions, and other compensation paid to lottery retailers, advertising and marketing costs, rental fees, personnel costs, capital costs, depreciation of property and equipment, and other operating costs.

Cash and Cash Equivalents: The OLC's cash and cash equivalents are considered to be cash on-hand and interest bearing demand deposits held by the Oklahoma State Treasurer.

Retailer Accounts Receivable: Retailer accounts receivable represents lottery proceeds due from retailers for on-line ticket sales and activated ticket packs for scratcher games, less commissions due to retailers and prizes paid by the retailers. Lottery proceeds are collected weekly by the OLC from retailer trust accounts established in trust for benefit of the OLC.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE B--SIGNIFICANT ACCOUNTING POLICIES--Continued

Capital Assets, Net: Capital assets, which consist of machinery, equipment, computers, and software, are stated at cost less accumulated depreciation. The OLC capitalizes all property and equipment purchases of \$500 or more. Depreciation is computed using the straight-line method over the following estimated useful lives of: machinery and equipment - five to ten years; computers and software - three to five years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the results from operations in the period of disposal.

Restricted Cash: In accordance with the Act, retailers contribute a fee to a fidelity fund upon acceptance as a retailer for the OLC. The fund is used to cover losses the OLC may incur due to misfeasance, nonfeasance, or malfeasance of retailers and to contract for investigations, reviews, or audits. At the end of any fiscal year, the OLC must transfer to the OELTF any amount in the restricted fidelity fund which exceeds the budgeted expenses from the fund for the next fiscal year plus \$750,000 and \$500,000 for fiscal years 2014 and 2013, respectively. At June 30, 2014 and 2013, no amounts were available for transfer as net proceeds. During fiscal years 2014 and 2013, \$35,400 and \$140,375, respectively, was used to reimburse the OLC for retailer accounts that were delinquent and in collection status and for the retailer application fees. Receipts from retailers in collection status are deposited back to the fidelity fund. The fidelity fund is held in a separate account and appears in the accompanying statement of net position as restricted funds and expendable restricted net position.

Deposits with MUSL are included in expendable restricted net position. These funds are in the possession of the MUSL and serve as a contingency to protect members from unforeseen prize liabilities.

Current unclaimed prizes in excess of \$750,000 and \$500,000 for fiscal years 2014 and 2013, respectively and the balance from prior years are included in restricted cash. These funds are to be utilized to enhance future OLC prizes or promotions.

As of June 30, 2014 and 2013, restricted cash totaled \$5,477,493 and \$4,259,771, respectively.

Risk Management: The OLC is exposed to various risks of loss related to torts, destruction of assets due to theft or damage, errors and omissions, injuries to employees, and natural disasters. The OLC has coverage to substantially cover these risks through a self-insured pool for agencies of the State of Oklahoma. This coverage is administered by the Risk Management Division of the Department of Central Services for the State of Oklahoma.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE B--SIGNIFICANT ACCOUNTING POLICIES--Continued

Compensated Absences: Employees earn the right to be compensated during absences for vacation and compensatory time. Unused leave benefits are paid to employees upon separation from service. The cost of vacation and compensatory time is accrued in the period in which it is earned.

Deposit with MUSL: The OLC has contributed to a set prize reserve fund separately maintained by the MUSL (Note J) to pay certain prizes associated with Powerball, Hot Lotto, and Mega Millions. With certain restrictions, the OLC's portion of this prize reserve fund is refundable upon termination of the OLC's agreement with the MUSL or upon the disbanding of the MUSL.

As a member of the MUSL, the OLC is required to make deposits in various prize reserve funds maintained by the MUSL. These deposits are included in the 50% prize expense computed on Powerball and Hot Lotto sales and in the 51.5% prize expense computed on Mega Millions sales before April 1, 2014 and 50% of prize expense computed on Mega Millions sales after April 1, 2014. The net amount of 50% or 51.5% prize expense, less the amount required to pay non-jackpot prizes within the State, is paid to the MUSL. This payment is to cover the OLC's share of current jackpot prizes based on the OLC's percent of sales for each drawing and the OLC share of the prize reserve fund. The prize reserve fund serves as a contingency reserve to protect all the MUSL members, including the OLC, from unforeseen prize liabilities. The balances of the deposits are made up of the following:

	June 30	
	2014	2013
Set Prize Reserve Account	\$ 765,076	\$ 827,626
Prize Reserve Account	3,209,153	3,128,601
Balance of Unreserved Account	1,882,054	1,643,542
	<u>\$ 5,856,283</u>	<u>\$ 5,599,769</u>

Bad Debt Expense: The OLC recognizes bad debt expense when retailer account receivables are greater than 90 days old. The accounts receivable balance due to the OLC is satisfied at that time by a transfer of funds from the restricted fidelity fund. The OLC may continue its effort to collect these accounts. Any collection from a retailer balance previously charged to bad debt expense will be deposited back to the restricted fidelity fund. For the years ended June 30, 2014 and 2013, bad debt expense was \$90,215 and \$8,169, respectively.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE B--SIGNIFICANT ACCOUNTING POLICIES--Continued

New Accounting Pronouncements Adopted in Fiscal Year 2014: The OLC adopted the following new accounting pronouncements during the year ended June 30, 2014:

- Statement No. 66, *Technical Corrections - 2012; an Amendment of GASB Statements No. 10 and No. 62* ("GASB No. 66").

GASB No. 66 amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. The adoption of GASB No. 66 did not have an impact on the OLC's financial statements.

- Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB No. 70").

GASB No. 70 requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. GASB No. 70 also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units and specifies information required to be disclosed by governments that extend and/or receive nonexchange financial guarantees. Management has determined that the OLC has not entered into any such guarantee agreements; therefore, the adoption of GASB No. 70 did not have an impact on the OLC's financial statements.

New Accounting Pronouncements Adopted in Fiscal Year 2013: The OLC adopted the following accounting pronouncements during the year ended June 30, 2013:

- Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* ("GASB No. 60").

GASB No. 60 addresses issues related to service concession arrangements ("SCAs"), which are a type of public-private or public-public partnership. GASB No. 60 applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. Management has determined that the OLC has not entered into any such arrangements; therefore, the adoption of GASB No. 60 did not have an impact on the OLC's financial position, activities or cash flows, or its financial statement presentation.

- Statement No. 61, *The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34* ("GASB No. 61").

GASB No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. The adoption of GASB No. 61 did not have a significant impact on the OLC's financial position, activities or cash flows, or its financial statement presentation.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE B--SIGNIFICANT ACCOUNTING POLICIES--Continued

New Accounting Pronouncements Adopted in Fiscal Year 2013--Continued:

- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("GASB No. 62").
GASB No. 62 is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. The adoption of GASB No. 62 did not have a significant impact on the OLC's financial position, activities or cash flows, or its financial statement presentation.
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* ("GASB No. 63").
GASB No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Adoption of GASB No. 63 resulted in changes to the OLC's financial statement presentation, but such changes were not significant.
- Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB No. 65").
GASB No. 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities and recognizes as outflows of resources (expenses) or inflows of resources (revenues) certain items that were previously recognized as assets and liabilities. The adoption of GASB No. 65 did not have a significant impact on the OLC's financial position, activities or cash flows, or its financial statement presentation.

New Accounting Pronouncements Issued Not Yet Adopted: The GASB has issued several new accounting pronouncements which will be effective to OLC in fiscal year ended June 30, 2015. A description of the new accounting pronouncements and OLC's consideration of the impact of these pronouncements are described below:

- Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* ("GASB No. 68").
GASB No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans, and cost-sharing plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 68 was issued in June 2012, and OLC has not yet determined the impact that implementation of GASB No. 68 will have on its net position.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE B--SIGNIFICANT ACCOUNTING POLICIES--Continued

New Accounting Pronouncements Issued Not Yet Adopted--Continued:

- Statement No. 69, *Government Combinations and Disposals of Government Operations* ("GASB No. 69")
GASB No. 69 was issued in January 2013 and establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations can include a variety of transactions, including mergers, acquisitions and transfers of operations. A disposal of a government's operations results in the removal of specific activities of a government. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

NOTE C--CASH AND DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The OLC does not have a deposit policy for custodial credit risk. However, all of the OLC's bank deposits are held by the Oklahoma State Treasurer ("OST"), and therefore, as required by Oklahoma State Statutes, all bank deposits held by the OST are insured by Federal Deposit Insurance, collateralized by securities held by the cognizant Federal Reserve Bank, or invested in U.S. government obligations and therefore are not considered to be exposed to custodial credit risk.

As of June 30, 2014 and 2013, the carrying amounts of the OLC's deposits with the OST were \$23,094,187 and \$25,193,734, respectively, and the bank balances were \$23,202,096 and \$25,229,635, respectively.

The OLC's deposits with the State Treasurer are invested in OK INVEST. For financial reporting purposes, deposits with the State Treasurer that are invested in OK INVEST are classified as cash equivalents. At June 30, the distribution of deposits in OK INVEST is as follows:

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE C--CASH AND DEPOSITS--Continued

OK INVEST Portfolio	2014		2013	
	Cost	Market Value	Cost	Market Value
U.S. Agency securities	\$ 10,645,195	\$ 10,624,498	\$ 9,917,720	\$ 9,875,790
Money market mutual funds	1,120,239	1,120,239	2,367,558	2,367,558
Certificates of deposit	602,291	602,291	644,529	644,529
Mortgage-backed agency securities	9,531,638	9,728,317	10,841,682	10,894,907
Municipal bonds	355,960	394,222	425,052	470,503
Foreign bonds	182,273	182,274	199,290	199,174
Commercial paper	488,266	488,266	530,303	530,303
U.S. Treasury Obligations	276,234	341,957	303,501	371,550
	<u>\$ 23,202,096</u>	<u>\$ 23,482,064</u>	<u>\$ 25,229,635</u>	<u>\$ 25,354,314</u>

Agencies and funds that are considered to be part of the State's reporting entity in the State's Comprehensive Annual Financial Report are allowed to participate in OK INVEST. Oklahoma statutes and the State Treasurer establish the primary objectives and guidelines governing the investment of funds in OK INVEST. Safety, liquidity, and return on investment are the objectives that establish the framework for the day to day OK INVEST management with an emphasis on safety of the capital and the probable income to be derived and meeting the State and its funds' and agencies' daily cash flow requirements. Guidelines in the Investment Policy address credit quality requirements, diversification percentages and the types and maturities of allowable investments. The specifics regarding these policies can be found on the State Treasurer's website at <http://www.ok.gov/treasurer>. The State Treasurer, at his discretion, may further limit or restrict such investments on a day to day basis. OK INVEST includes a substantial investment in securities with an overnight maturity as well as in U.S. government securities with a maturity of up to three years. OK INVEST maintains an overall weighted average maturity of less than 270 days.

Participants in OK INVEST maintain interest in its underlying investments and, accordingly, may be exposed to certain risks. As stated in the State Treasurer information statement, the main risks are interest rate risk, credit/default risk, liquidity risk, and U.S. government securities risk. Interest rate risk is the risk that during periods of rising interest rates, the yield and market value of the securities will tend to be lower than prevailing market rates; in periods of falling interest rates, the yield will tend to be higher.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE C--CASH AND DEPOSITS--Continued

Credit/default risk is the risk that an issuer or guarantor of a security, or a bank or other financial institution that has entered into a repurchase agreement, may default on its payment obligations. Liquidity risk is the risk that OK INVEST will be unable to pay redemption proceeds within the stated time period because of unusual market conditions, an unusually high volume of redemption requests, or other reasons. U.S. Government securities risk is the risk that the U.S. government will not provide financial support to U.S. government agencies, instrumentalities, or sponsored enterprises if it is not obligated to do so by law. Various investment restrictions and limitations are enumerated in the State Treasurer's Investment Policy to mitigate those risks; however, any interest in OK INVEST is not insured or guaranteed by the State, the FDIC, or any other government agency.

NOTE D--CAPITAL ASSETS, NET

The following is a summary of changes in capital assets and accumulated depreciation during the fiscal year indicated:

	Year Ended June 30, 2014			
	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital Assets</u>				
Machinery and equipment	\$ 778,469	\$ 10,177	\$ -	\$ 788,646
Computers and software	401,178	3,967	-	405,145
	<u>1,179,647</u>	<u>14,144</u>	<u>-</u>	<u>1,193,791</u>
<u>Accumulated depreciation</u>				
Machinery and equipment	694,486	36,711	-	731,197
Computers and software	400,039	1,274	-	401,313
	<u>1,094,525</u>	<u>37,985</u>	<u>-</u>	<u>1,132,510</u>
Total capital assets, net	<u>\$ 85,122</u>	<u>\$ (23,841)</u>	<u>\$ -</u>	<u>\$ 61,281</u>

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE D--CAPITAL ASSETS, NET--Continued

The following is a summary of changes in capital assets and accumulated depreciation during the fiscal year indicated:

	Year Ended June 30, 2013			Ending Balance
	Beginning Balance	Additions	Deletions	
<u>Capital Assets</u>				
Machinery and equipment	\$ 762,628	\$ 15,841	\$ -	\$ 778,469
Computers and software	400,006	1,172	-	401,178
	<u>1,162,634</u>	<u>17,013</u>	<u>-</u>	<u>1,179,647</u>
<u>Accumulated depreciation</u>				
Machinery and equipment	657,061	37,425	-	694,486
Computers and software	399,647	392	-	400,039
	<u>1,056,708</u>	<u>37,817</u>	<u>-</u>	<u>1,094,525</u>
Total capital assets, net	<u>\$ 105,926</u>	<u>\$ (20,804)</u>	<u>\$ -</u>	<u>\$ 85,122</u>

NOTE E--COMPENSATED ABSENCES

Compensated absences: The current portion of accrued compensated absences is included in accrued liabilities in the accompanying statements of net position. The following is a summary of changes in the OLC's liability for compensated absences during the year ended June 30:

	Beginning Balance	Additions	Deletions	Ending Balance	Current Portion
Compensated absences 2014	<u>\$ 187,335</u>	<u>\$ 112,699</u>	<u>\$ 125,086</u>	<u>\$ 174,948</u>	<u>\$ 116,632</u>
Compensated absences 2013	<u>\$ 185,037</u>	<u>\$ 111,582</u>	<u>\$ 109,284</u>	<u>\$ 187,335</u>	<u>\$ 124,890</u>

NOTE F--OPERATING LEASES

The OLC has entered into various operating leases for office space and equipment used in its daily operations. Pursuant to Oklahoma State Statutes, the OLC's operating leases are limited to terms of one year and must be renewed annually. Accordingly, the OLC has no long-term commitments under the operating leases as of June 30, 2014 or 2013. Rent expense under all operating leases was \$193,862 for the year ended June 30, 2014, and \$199,791 for the year ended June 30, 2013.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE G--EDUCATION LOTTERY ACCOUNT

In accordance with the Act, all net proceeds of the OLC are transferred to the Education Lottery Account. Net proceeds consist of all revenue derived from the sale of lottery game tickets or shares and all other monies derived from the lottery games, less operating expenses and prizes. Beginning in fiscal year 2009, the OLC makes transfers to the OELTF calculated at 35% of the total revenue year-to-date, less amounts previously paid. The net proceeds transfer requirement percentage for years prior to fiscal year 2009 was 30%. All remaining net income at the end of the fiscal year is also remitted to the OELTF, unless specifically exempted by statute. According to the Act, amounts transferred to the OELTF are to be appropriated by the Legislature to education programs according to the parameters established in the Act. Following is an executive summary of these statutory provisions. For the full text, see Title 3A, Section 713 of the Oklahoma Statutes, available on the OLC website.

- 5% Teachers' Retirement System Dedicated Revenue Revolving Fund
- 5% School Consolidation and Assistance Fund ("SCAF"): if the SCAF equals \$5,000,000, this 5% will be allocated to public schools to purchase technology equipment to conduct on-line testing
- 45% Kindergarten through twelfth grade public education, including compensation and benefits for public school teachers and support employees, and early childhood development programs
- 45% Tuition grants, loans, and scholarships to citizens of this state for attending colleges and universities located within this state or to attend Oklahoma Department of Career and Technology Education institutions; construction of educational facilities or capital outlay projects or technology for elementary school districts, independent school districts, the Oklahoma State System of Higher Education, and career and technology education; endowed chairs for professors at institutions of higher education operated by the Oklahoma State System of Higher Education; and programs and personnel of the Oklahoma School for the Deaf and the Oklahoma School for the Blind

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE G--EDUCATION LOTTERY ACCOUNT--Continued

The following is a summary of the amounts available for transfer to the OELTF during the years ended June 30, 2014 and 2013:

	June 30	
	2014	2013
Net position, beginning of year	\$ 9,944,672	\$ 8,027,513
Change in net position before transfers to OELTF	<u>68,384,505</u>	<u>72,030,686</u>
Net position available for transfer to OELTF before amounts invested in capital assets and restricted net position	78,329,177	80,058,199
Less: Net position invested in capital assets	(61,281)	(85,122)
Less: Restricted net position - expendable	<u>(11,333,776)</u>	<u>(9,859,550)</u>
Transfers to and due OELTF for the year	<u>\$ 66,934,120</u>	<u>\$ 70,113,527</u>

NOTE H--RETIREMENT PROGRAM

The OLC contributes to the Oklahoma Public Employees Retirement System ("OPERS") cost sharing multiple-employer defined benefit plan. OPERS was established in 1964 by the Oklahoma Legislature and covers substantially all employees of the State, except those covered by six other plans sponsored by the State, and also covers employees of participating counties and local agencies. The plan provides that all eligible persons, except those specifically excluded, shall become members of OPERS as a condition of their employment. The supervisory authority for the management and operation of OPERS is its Board of Trustees.

OPERS offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits, and survivor benefits. The Plan's provisions are established under Title 74 of the Oklahoma Statutes.

The following is a recap of OPERS' mandated contribution rates for fiscal years:

	2014	2013	2012
Employee contributions	3.50%	3.50%	3.50%
Additional % for members electing stepup	2.91%	2.91%	2.91%
Employer contributions	16.50%	16.50%	16.50%

For the years ended June 30, 2014, 2013, and 2012, the OLC's contributions to OPERS were \$252,220, \$260,035, and \$289,515, respectively. All employer contributions were equal to the required contribution rates for the year.

NOTES TO FINANCIAL STATEMENTS--Continued

OKLAHOMA LOTTERY COMMISSION

June 30, 2014 and 2013

NOTE H--RETIREMENT PROGRAM--Continued

A comprehensive annual financial report containing financial statements and required supplementary information for the Oklahoma Public Employee Retirement System is issued and publicly available by writing the Oklahoma Public Employee Retirement System, Post Office Box 53007, Oklahoma City, Oklahoma 73152-3007.

NOTE I--CONTINGENCIES

The OLC is subject to litigation in the ordinary course of its operations. In the opinion of the OLC's management and its legal counsel, the outcome of such litigation will not have a material impact on the financial position or cash flows of the OLC for the years ended June 30, 2014 and 2013.

NOTE J--CONTRACTUAL ARRANGEMENTS

In August 2005, the OLC entered into a contract with Scientific Games International, Inc. ("SGI") to provide, amongst other things, services and equipment to operate its lotteries. Due to Oklahoma Statutes, the OLC may not contract for a period longer than one year. However, the contract with SGI contained seven one-year renewal options which the OLC's Board of Trustees renewed annually. In August 2013, the last one-year renewal option matured and a similar contract was entered into with SGI. This contract contains nine one-year renewal options. Under the terms of the contract, the OLC pays SGI a fee based on a percentage of the OLC's sales. For the years ended June 30, 2014 and 2013, the OLC paid SGI \$7,798,373 and \$5,948,626, respectively.

The OLC is a member of the MUSL, which operates games on behalf of participating lotteries. MUSL currently operates the Powerball, Mega Millions, and Hot Lotto games for the OLC. Under the OLC's agreement with the MUSL, the OLC must remit 50% of its Powerball ticket sales, 50% of its Hot Lotto ticket sales, and 51.5% of its Mega Millions ticket sales before April 1, 2014 and 50% of its Mega Millions ticket sales after April 1, 2014. The percentage applied to Mega Millions sales was reduced during the current year due to the reserves reaching the ceilings. The OLC is responsible for paying winning tickets purchased in Oklahoma; therefore, it is able to deduct winning tickets sold from the amount due to the MUSL on its ticket sales. As of June 30, 2014 and 2013, the OLC owed the MUSL \$705,022 and \$1,495,627 for ticket sales, and the MUSL owed the OLC \$253,726 and \$430,799 for non-jackpot winning tickets. The OLC has recorded these items at their gross amounts in the accompanying statements of net position.



Statistical Section

An Agency of the State of Oklahoma

**OKLAHOMA LOTTERY COMMISSION
STATISTICAL INFORMATION SECTION**

The statistical section of the Oklahoma Lottery Commission’s comprehensive annual financial report conveys supplemental information to the data presented in the financial statements and note disclosures to aid readers in reviewing the Lottery’s overall financial well-being.

FINANCIAL TRENDS..... 46

These schedules contain trend information from the current year and the prior year’s comprehensive annual financial report to explain how the financial performance and situation has changed.

REVENUE CAPACITY.....50

These schedules contain information concerning revenue from the current year and the prior year’s comprehensive annual financial reports to explain how the revenue is split between games and other sources of revenue.

DEBT CAPACITY

At this time, the Oklahoma Lottery Commission has no outstanding debt.

DEMOGRAPHIC AND ECONOMIC INFORMATION..... 52

This schedule contains demographic and economic data to explain the environment in which the Lottery operates.

OPERATING INFORMATION..... 55

This section includes a summary of the Lottery’s operating indicators as well as schedules that contain information about the Lottery’s organizational structure and financial performance in comparison to other state lotteries as available from the North American Association of State and Provincial Lotteries.

The Oklahoma Lottery Commission historical comparisons are available for ten years. All data within the Statistical section, including operating indicators and demographic data, are based on audited data where available.

Oklahoma Lottery Commission

Change in Net Position

Net Position by Component

Operational Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Position, Invested in Capital Assets	380,648	860,347	620,680	398,509	234,050	148,503	105,926	85,122	61,281
Restricted net position - expendable	202,582	6,961,198	9,018,472	10,972,023	8,886,641	5,343,474	7,921,587	9,859,550	11,333,776
Net Position	583,230	7,821,545	9,639,152	11,370,532	9,120,691	5,491,977	8,027,513	9,944,672	11,395,057
Total Net Position	583,230	7,821,545	9,639,152	11,370,532	9,120,691	5,491,977	8,027,513	9,944,672	11,395,057

Sales by Product and Other Revenues

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Scratchers	111,318,511	86,966,117	78,212,513	77,883,679	88,966,304	102,969,295	95,978,562	89,393,668	85,876,010
Pick 3	8,428,541	8,009,986	7,071,679	6,861,481	6,279,596	5,849,788	4,650,700	4,331,388	4,806,892
Pick 4	0	0	0	0	0	0	2,048,092	1,859,943	403,036
Cash 5	0	4,934,234	5,450,289	4,135,719	5,445,698	4,713,329	4,205,922	4,161,703	4,441,703
Raffle	0	601,870	0	0	0	0	0	0	244,131
Mega Millions	0	0	0	0	6,938,995	20,954,777	27,328,981	16,108,965	27,674,261
Hot Lotto	0	0	6,736,044	13,253,129	12,467,350	9,514,730	7,407,098	8,306,635	8,858,804
PowerBall	71,042,744	102,818,624	107,040,421	91,030,676	79,649,351	54,152,013	58,235,023	76,046,572	58,822,255
Total Sales	190,789,796	203,330,831	204,510,946	193,164,684	199,747,294	198,153,932	199,854,378	200,208,874	191,127,092
Interest Income	350,751	1,060,393	1,143,557	592,790	440,113	304,801	281,890	348,277	323,723
Retailer Application Fee	227,296	120,404	116,280	111,934	115,585	112,380	112,375	108,637	106,000
Other Income	4,333	201,017	6,984	49,425	63,019	8,234	6,600	6,648	7,250
Total other revenues	582,380	1,381,814	1,266,821	754,149	618,717	425,415	400,865	463,562	436,973
Total revenues	191,372,176	204,712,645	205,777,767	193,918,833	200,366,011	198,579,347	200,255,243	200,672,436	191,564,065

Expenses by Type

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Prizes	95,584,715	98,532,692	102,572,615	95,922,950	105,092,616	106,600,824	103,052,810	104,463,424	97,496,555
Commissions and incentives to retailers	12,924,387	13,428,925	13,425,128	12,753,727	13,150,714	13,219,310	13,233,747	13,114,765	12,647,675
Instant and online game costs	5,599,134	6,076,887	6,079,013	5,675,014	5,903,703	5,895,707	6,081,715	5,948,626	7,798,373
Total Operating expenses	7,581,846	9,557,361	9,774,573	8,109,261	7,994,755	6,596,129	4,860,761	4,615,135	4,486,957
Total expenses	121,690,082	127,595,865	131,851,329	122,460,952	132,141,788	132,311,970	127,229,033	128,141,950	122,429,560

Contributions

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Transfers to and due Lottery Education Trust Fund	68,948,959	69,378,465	71,608,831	69,226,501	69,974,064	69,396,091	69,990,674	70,113,527	66,934,120

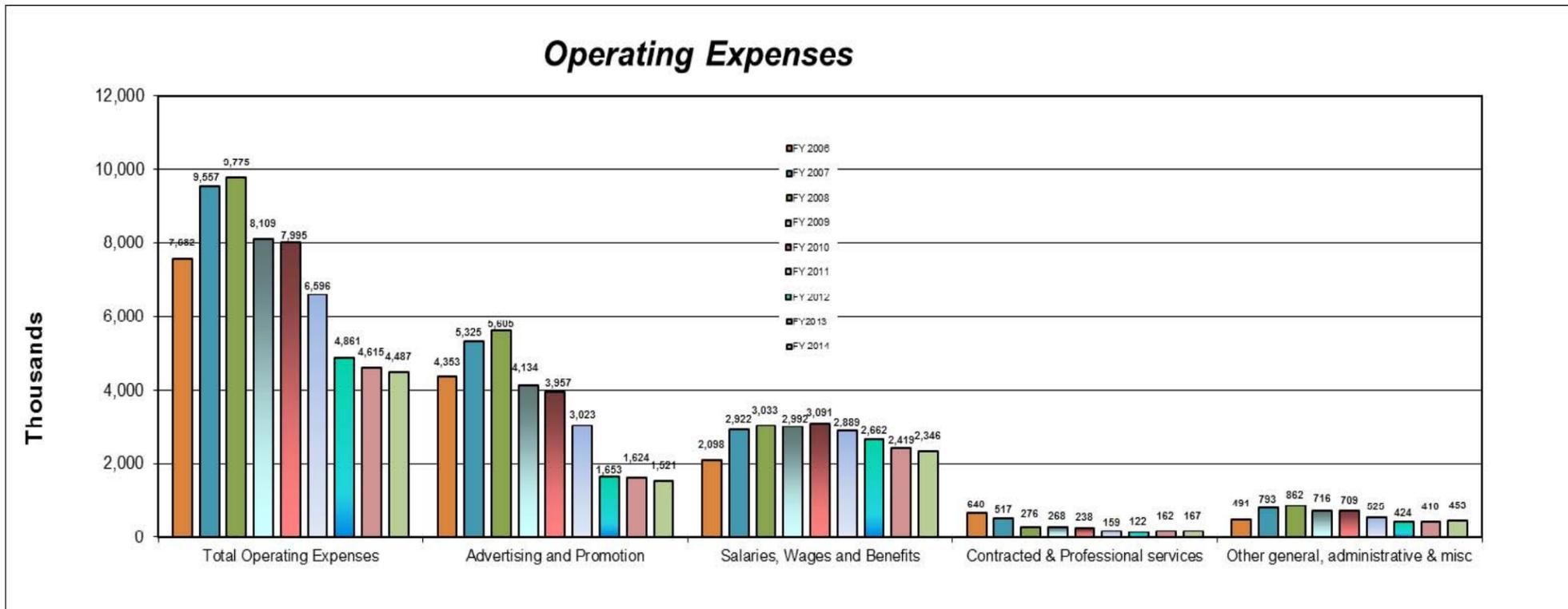
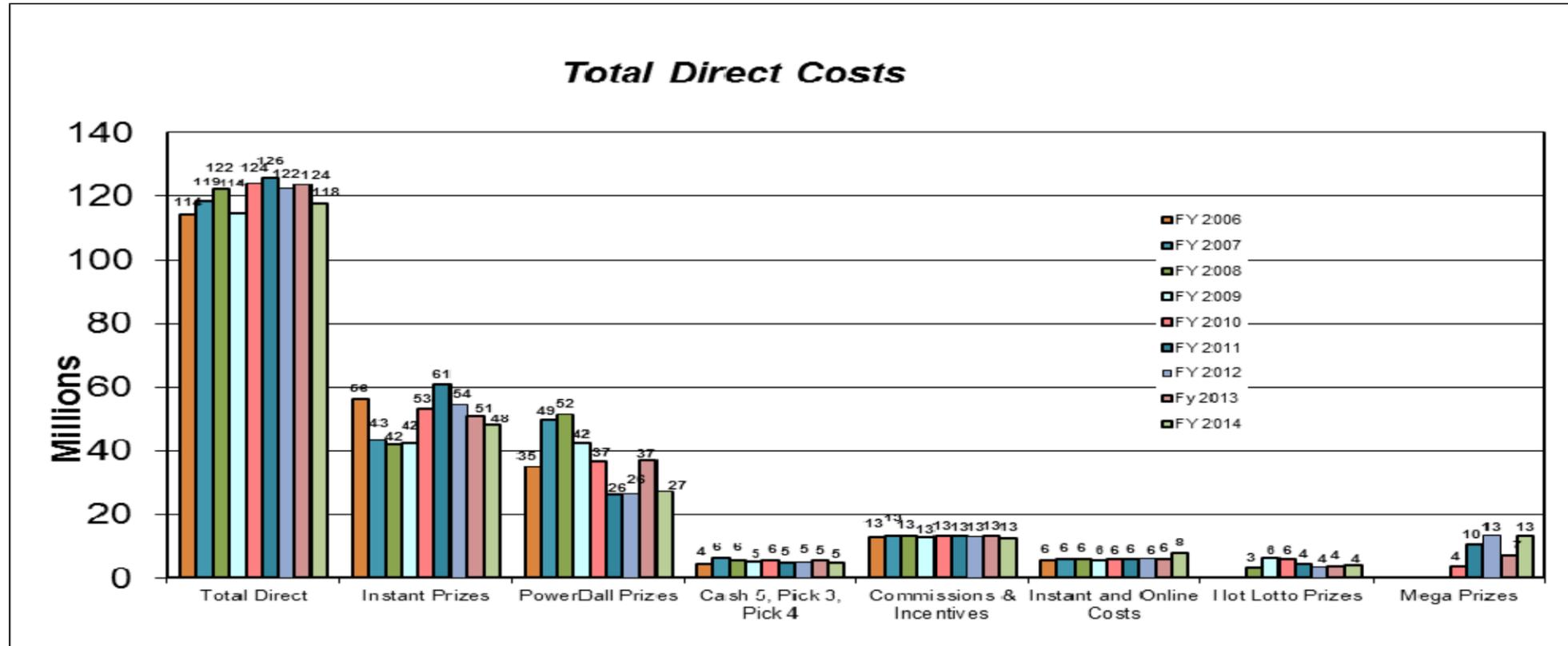
Oklahoma Lottery Commission

Change in Net Assets

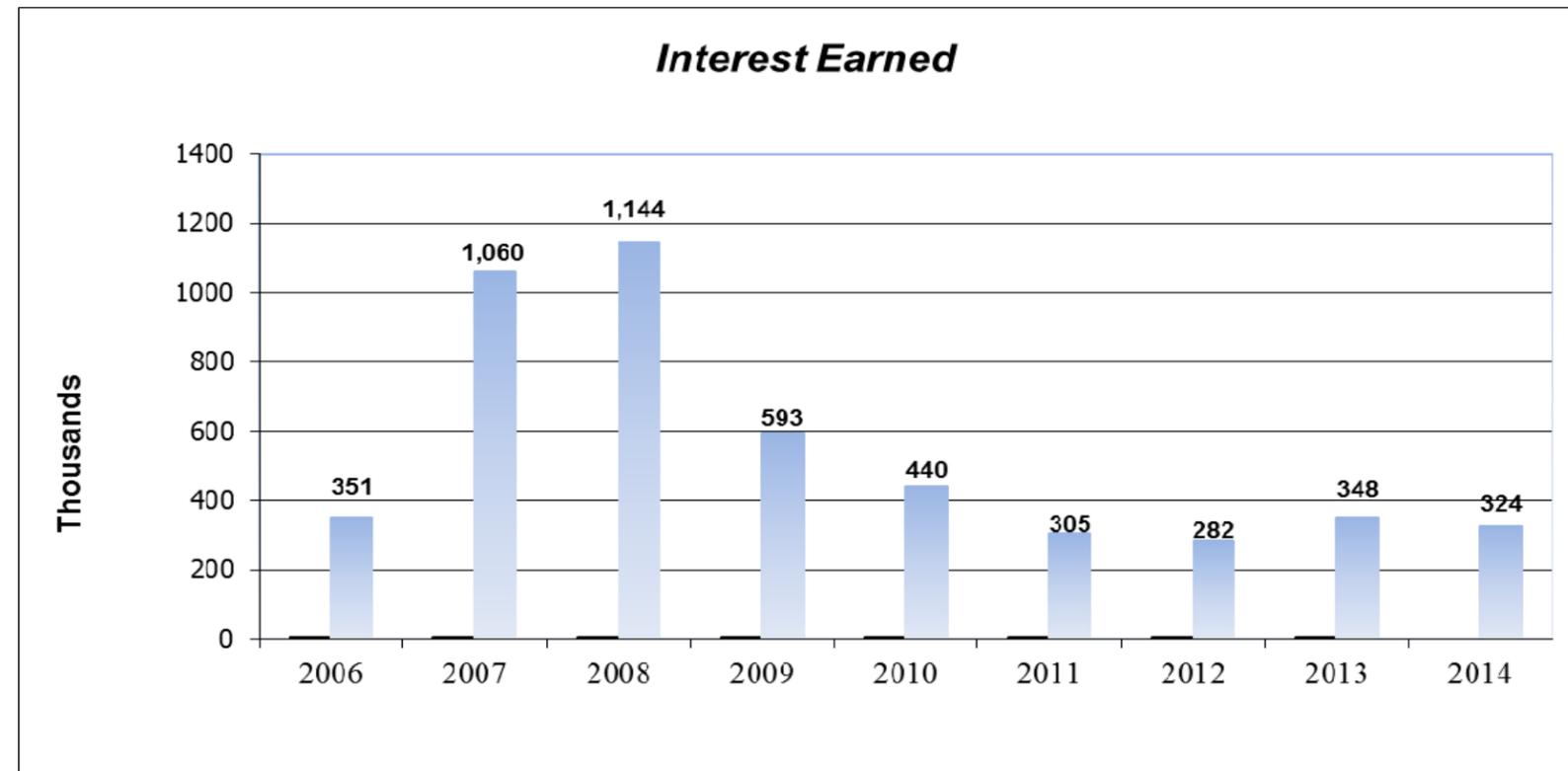
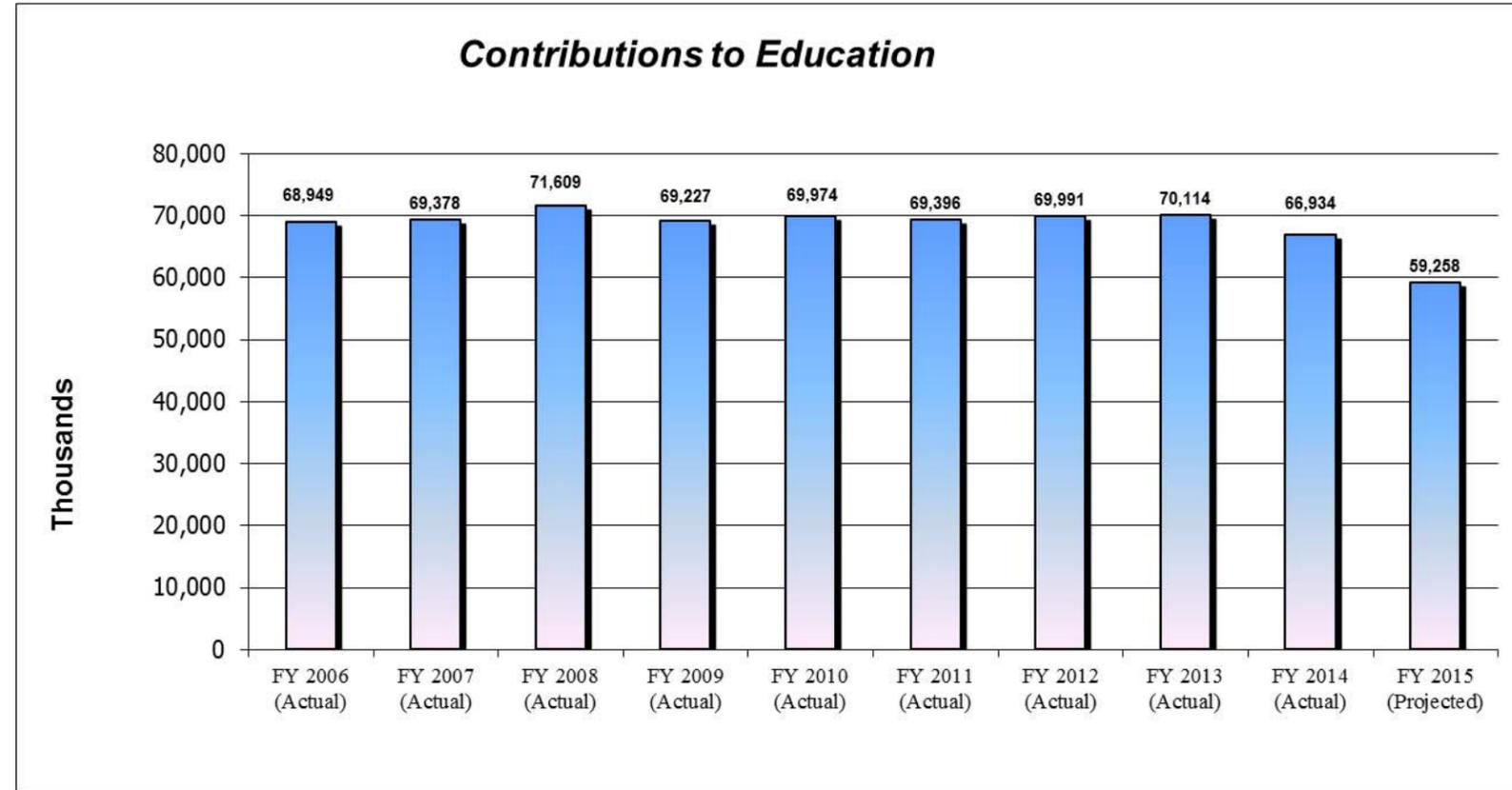
Operational Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:									
Scratcher games	111,318,511	86,966,117	78,212,513	77,883,679	88,966,304	102,969,295	95,978,562	89,393,668	85,876,010
Online games	8,428,541	13,546,090	12,521,968	10,997,200	11,725,294	10,563,117	10,904,714	10,353,034	9,895,762
Mega Millions game	0	0	0	0	6,938,995	20,954,777	27,328,981	16,108,965	27,674,261
Hot Lotto Game	0	0	6,736,044	13,253,129	12,467,350	9,514,730	7,407,098	8,306,635	8,858,804
PowerBall game	71,042,744	102,818,624	107,040,421	91,030,676	79,649,351	54,152,013	58,235,023	76,046,572	58,822,255
Retailer application fees	227,296	120,404	116,280	111,934	115,585	112,380	112,375	108,637	106,000
Other	4,333	28,497	6,984	49,425	63,019	8,234	6,600	6,848	7,250
Total Revenues	191,021,425	203,479,732	204,634,210	193,326,043	199,925,898	198,274,546	199,973,353	200,324,359	191,240,342
Total Prize Expense	95,584,715	98,532,692	102,572,615	95,922,950	105,092,616	106,600,824	103,052,810	104,463,424	97,496,555
Direct Costs:									
Commissions and incentives to retailers	12,924,387	13,428,925	13,425,128	12,753,727	13,150,714	13,219,310	13,233,747	13,114,765	12,647,675
Instant and on-line costs	5,599,134	6,076,887	6,079,013	5,675,014	5,903,703	5,895,707	6,081,715	5,948,626	7,798,373
Total Direct costs	18,523,521	19,505,812	19,504,141	18,428,741	19,054,417	19,115,017	19,315,462	19,063,391	20,446,048
Operating expenses									
Advertising and promotion	4,352,583	5,325,342	5,604,590	4,133,573	3,956,565	3,023,269	1,652,640	1,623,715	1,520,686
Salaries, wages and benefits	2,098,259	2,922,042	3,032,507	2,991,764	3,091,050	2,888,869	2,661,825	2,419,342	2,345,767
Contracted and professional services	639,566	516,746	275,506	267,886	238,146	158,711	122,459	162,144	167,068
Depreciation	42,793	162,193	245,320	252,432	200,186	100,964	52,823	37,817	37,985
Equipment	125,348	11,604	17,150	7,767	23,096	27,449	702	17,291	11,562
Rent expense	124,765	233,161	271,555	242,114	229,973	205,136	194,901	199,791	193,862
Office supplies	38,466	77,444	66,826	41,300	62,328	33,024	35,127	34,872	17,774
Travel	40,270	42,154	37,808	21,892	27,284	15,338	22,269	17,102	11,426
Other general and administrative	119,796	266,675	223,311	150,533	166,127	143,369	118,015	103,061	180,827
Total Operating Expenses	7,581,846	9,557,361	9,774,573	8,109,261	7,994,755	6,596,129	4,860,761	4,615,135	4,486,957
Operating income	69,331,343	75,883,867	72,782,881	70,865,091	67,784,110	65,962,576	72,744,320	72,182,409	68,810,782
Non-operating Income (Expense):									
Interest income	350,751	1,060,393	1,143,557	592,790	440,113	304,801	281,890	348,277	323,723
Other income	0	172,520	0	0	0	0	0	0	0
Interest expense	(1,389)	0	0	0	0	0	0	0	0
Transfers to OK Department of Mental Health Services	(44,600)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(750,000)
Transfers to/due Oklahoma Education Lottery Trust Fund	(68,948,959)	(69,378,465)	(71,608,831)	(69,226,501)	(69,974,064)	(69,396,091)	(69,990,674)	(70,113,527)	(66,934,120)
Total non-operating income (expenses)	(68,644,197)	(68,645,552)	(70,965,274)	(69,133,711)	(70,033,951)	(69,591,290)	(70,208,784)	(70,265,250)	(67,360,397)
Change in Net Position	687,147	7,238,315	1,817,607	1,731,380	(2,249,841)	(3,628,714)	2,535,536	1,917,159	1,450,385
Net Position, beginning of year	(103,917)	583,230	7,821,545	9,639,152	11,370,532	9,120,691	5,491,977	8,027,513	9,944,672
Net Position, end of year	583,230	7,821,545	9,639,152	11,370,532	9,120,691	5,491,977	8,027,513	9,944,672	11,395,057
Net Position - Invested in capital assets	380,648	860,347	620,680	398,509	234,050	148,503	105,926	85,122	61,281
Restricted Net position - expendable	202,582	6,961,198	9,018,472	10,972,023	8,886,641	5,343,474	7,921,587	9,859,550	11,333,776
Unrestricted assets									
Total of Net Position	583,230	7,821,545	9,639,152	11,370,532	9,120,691	5,491,977	8,027,513	9,944,672	11,395,057

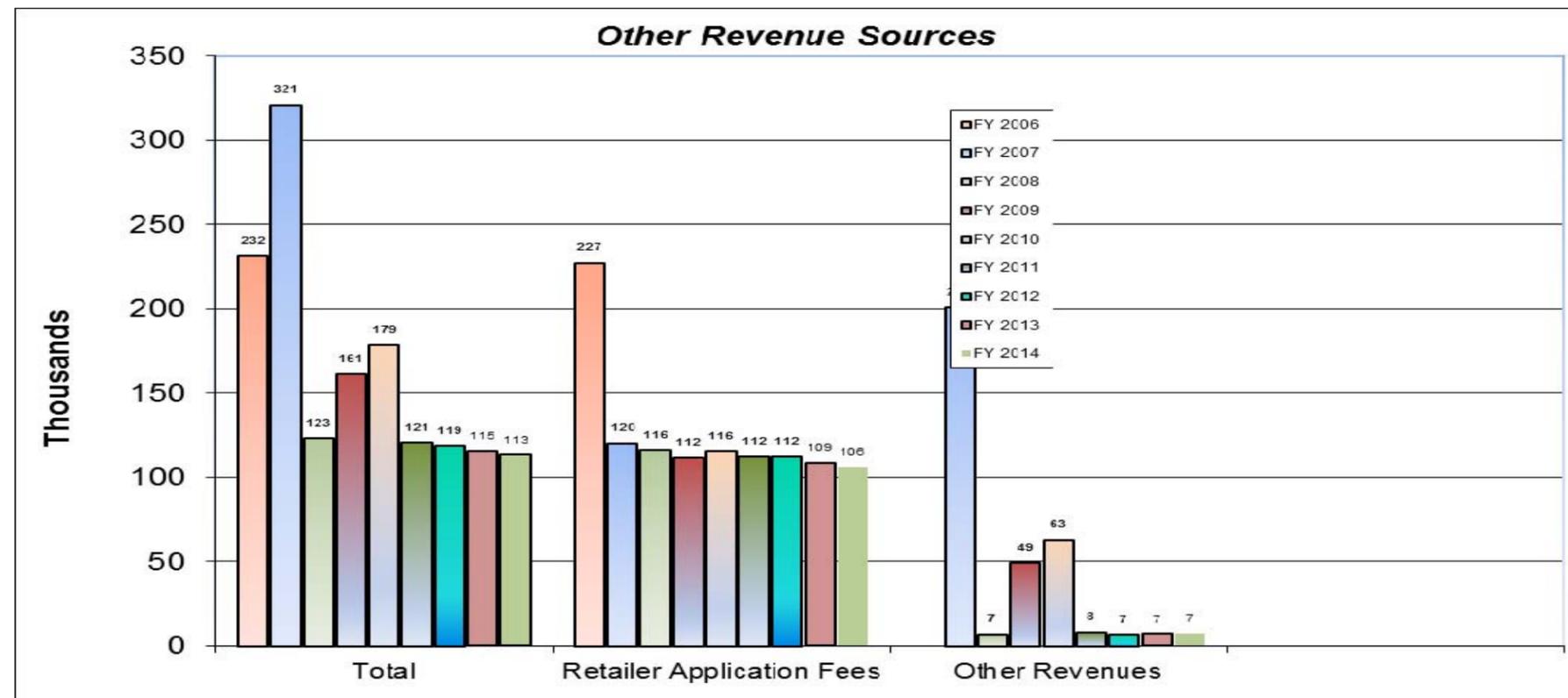
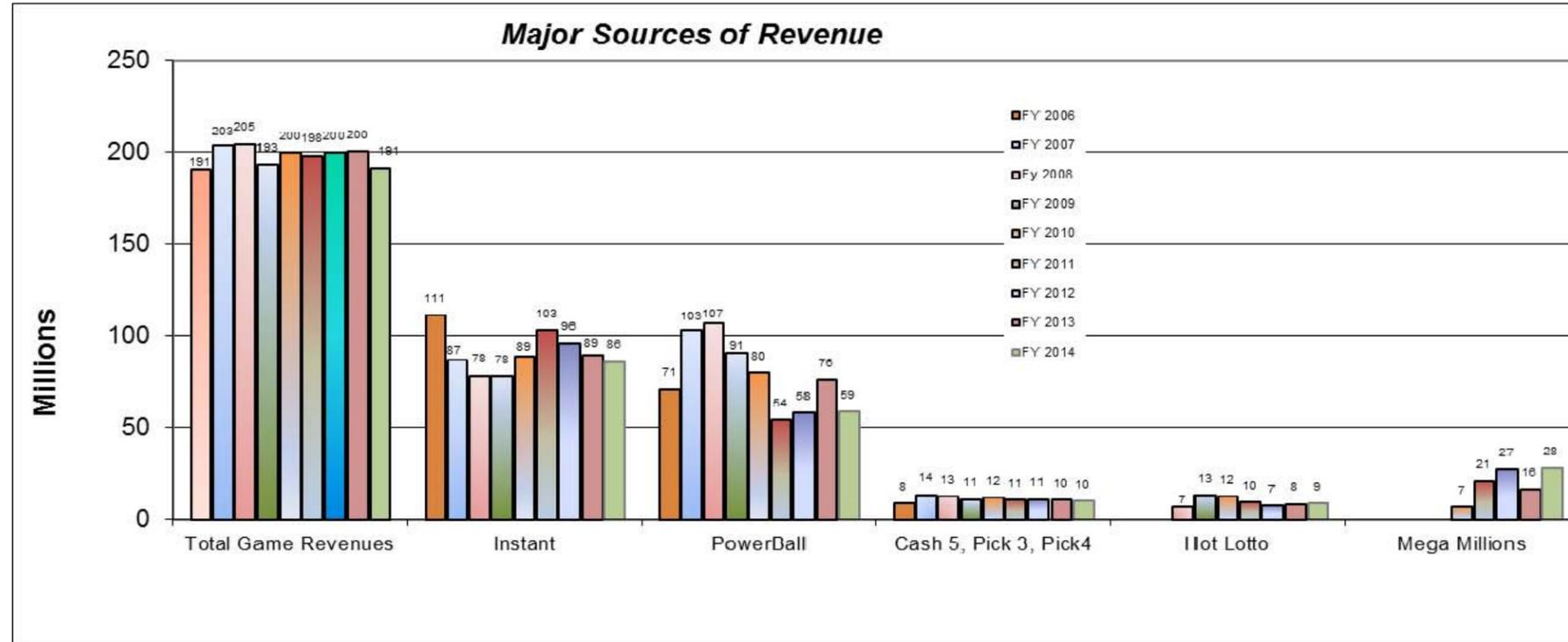
Oklahoma Lottery Commission



Oklahoma Lottery Commission

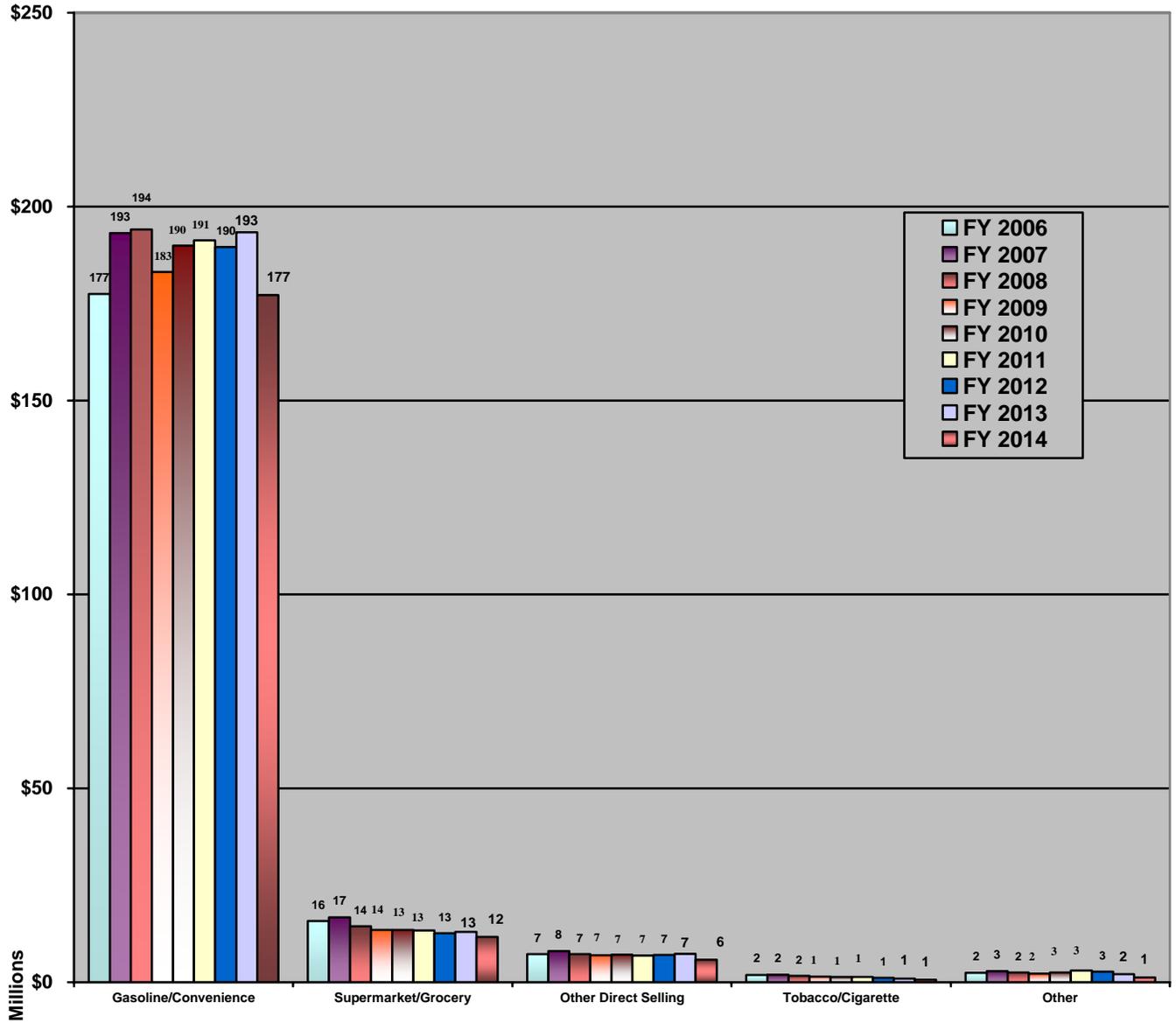


Oklahoma Lottery Commission



Oklahoma Lottery Commission

Revenues by Retailer Classification (Unaudited)



Source: OLC GMS Retailer Ranking, by NAICS Codes, includes free tickets

Oklahoma Lottery Commission

Demographics and Economic Information 1997-2013

Year	Population (millions)	Per Capita Income	Unemployment Rate
1997	3,317,000	\$20,671.00	2.1%
1998	3,347,000	\$21,766.00	2.5%
1999	3,358,000	\$22,567.00	3.4%
2000	3,450,654	\$24,406.00	3.0%
2001	3,466,687	\$26,008.00	3.8%
2002	3,488,447	\$25,850.00	4.6%
2003	3,504,347	\$26,424.00	5.6%
2004	3,522,827	\$28,394.00	4.2%
2005	3,543,442	\$29,948.00	4.2%
2006	3,579,212	\$32,210.00	4.5%
2007	3,617,316	\$34,639.00	4.1%
2008	3,642,361	\$37,636.00	3.7%
2009	3,687,050	\$34,636.00	6.7%
2010	3,751,351	\$35,926.00	6.9%
2011	3,791,508	\$38,960.00	5.9%
2012	3,814,820	\$40,620.00	5.2%
2013	3,850,568	\$41,861.00	4.7%

Ten Largest Employers in the State of Oklahoma

	2013	Location	Total Employment	Percent of Employment
1.	Department of Defense Military & Civilian	Oklahoma City	68,000-69,000	44% - 43%
2.	Walmart Associates, Inc	Statewide	31,000-31,500	21% - 20%
3.	Chickasaw Enterprises	Ada	8,000-8,500	5%
4.	Integrus Health, Inc.	Statewide	8,000-8,500	5%
5.	Oklahoma Department of Human Services	Statewide	8,000-8,500	5%
6.	Oklahoma State University	Stillwater	7,000-7,500	5%
7.	OU Health Sciences Center	Norman	7,000-7,500	4%
8.	US Postal Service	Statewide	6,500 - 7,000	4%
9.	University of Oklahoma	Norman	6,500 - 7,000	4%
10.	Tulsa Public Schools	Tulsa	6,000 - 6,500	4%
			<u>156,000-161,500</u>	

	2012	Location	Total Employment	Percent of Employment
1.	Department of Defense Military & Civilian	Oklahoma City	68,000-69,000	44% - 43%
2.	Walmart Associates, Inc	Statewide	32,000 - 33,000	21% - 20%
3.	Integrus Health, Inc.	Statewide	8,000 - 8,500	21% - 20%
4.	Oklahoma Department of Human Services	Statewide	7,500 - 8,000	5%
5.	Oklahoma State University	Stillwater	7,500 - 8,000	5%
6.	Chickasaw Enterprises	Ada	7,000 - 8,000	5%
7.	OU Health Sciences Center	Norman	6,500 - 7,000	4%
8.	US Postal Service	Statewide	6,500 - 7,000	4%
9.	University of Oklahoma	Norman	6,500 - 7,000	4%
10.	American Airlines, Inc	Tulsa	6,000 - 6,500	4%
			<u>155,500 - 162,000</u>	

	2010 & 2011	Location	Total Employment	Percent of Employment
1	State of Oklahoma	Statewide	35,000 - 36,000	21% - 22%
2	Wal-Mart and Sam's Club	Statewide	32,500 - 35,000	0.21
3	Tinker AFB; including the Oklahoma City Air Logistics Center	Oklahoma City	24200	14% - 15%
4	U.S. Army Field Artillery Center & Fort Sill	Lawton	19,000	11% - 12%
5	University of Oklahoma	Norman	12,250 - 12,500	7% - 8%
6	Integrus Medical Centers	Statewide	8,500 - 8,750	0.05
7	Chickasaw Enterprises	Ada	7,500 - 10,000	5% - 6%
8	US Postal Service	Statewide	7,000 - 9,000	4% - 5%
9	Oklahoma State University	Stillwater	7,500 - 8,500	5%
10	Cherokee Nation of Oklahoma	Tahlequah	5,000 - 7,500	3% - 4%
			<u>158,450 - 170,450</u>	

2008 & 2009		Location	Total Employment	Percent of Employment
1	State of Oklahoma	Statewide	36,000 - 37,000	21%
2	Wal-Mart and Sam's Club	Statewide	29,000 - 33,000	17% - 18%
3	Tinker AFB; including the Oklahoma City Air Logistics Center	Oklahoma City	26,000 - 27,000	15%
4	U.S. Army Field Artillery Center & Fort Sill	Lawton	21,400	12%
5	U.S. Postal Service	Oklahoma City	16,500	9% - 10%
6	University of Oklahoma	Norman	13,000	7% - 8%
7	Oklahoma State University	Stillwater	11,000 - 12,000	6% - 7%
8	American Airlines & AA Maintenance and Engineering Center	Tulsa	7,000 - 7,500	4%
9	Tulsa Public Schools	Tulsa	6,500 - 7,000	4%
10	Chickasaw Enterprises	Ada	5,800 - 6,000	3%
			<u>172,200 - 180,400</u>	

2007		Location	Total Employment	Percent of Employment
1	State of Oklahoma	Statewide	36,000 - 37,000	22% - 21%
2	Wal-Mart and Sam's Club	Statewide	29800	18% - 17%
3	Tinker AFB; including the Oklahoma City Air Logistics Center	Oklahoma City	22,000 - 23,000	13%
4	U.S. Army Field Artillery Center & Fort Sill	Lawton	17,000 - 20,000	10% - 12%
5	U.S. Postal Service	Oklahoma City	16500	10%
6	University of Oklahoma	Norman	15000	9%
7	Oklahoma State University	Stillwater	11,000 - 12,000	7%
8	American Airlines & AA Maintenance and Engineering Center	Tulsa	7,500 - 8,000	5%
9	Tulsa Public Schools	Tulsa	6,250 - 6,500	4%
10	Integrus Health	Oklahoma City	5,500 - 5,600	3%
			<u>166,550 - 173,400</u>	

Source:
Oklahoma Department of Commerce www.okcommerce.gov

Oklahoma Lottery Commission Operating Information

Summary of Operating Indicators

The Oklahoma Lottery Commission began ticket sales on October 12, 2005. A phased start-up began with the sale of instant tickets (Scratchers), followed by Pick 3 in November 2005, Powerball in January 2006, Cash 5 in September 2006 and Hot Lotto in January 2008. Mega Millions was added in January 2010 and Pick 4 was added in July 2011 and discontinued September 15, 2014. The Lottery ended its ninth fiscal year, June 30, 2014 with more than \$191.2 million in sales, bringing total sales through FY-2014 to more than \$1.78 billion. Contributions to education for FY-2014 were \$66.9 million, bringing total Lottery contributions for Oklahoma education to approximately \$625.5 million. (Note – through November 2014, more than \$647 million has been provided by the Lottery to Oklahoma Education). The largest expense each year has been the payment of prizes to lottery winners.

Powerball has been the top selling online game every year, contributing 30% of total revenue in FY-2014. Powerball sales are mainly impacted by the value of the estimated annuity jackpot. Several high dollar winners, including Oklahoma's four Powerball grand prize winners in 2006, 2007, 2008, and 2009 have helped to promote Powerball sales in the state.

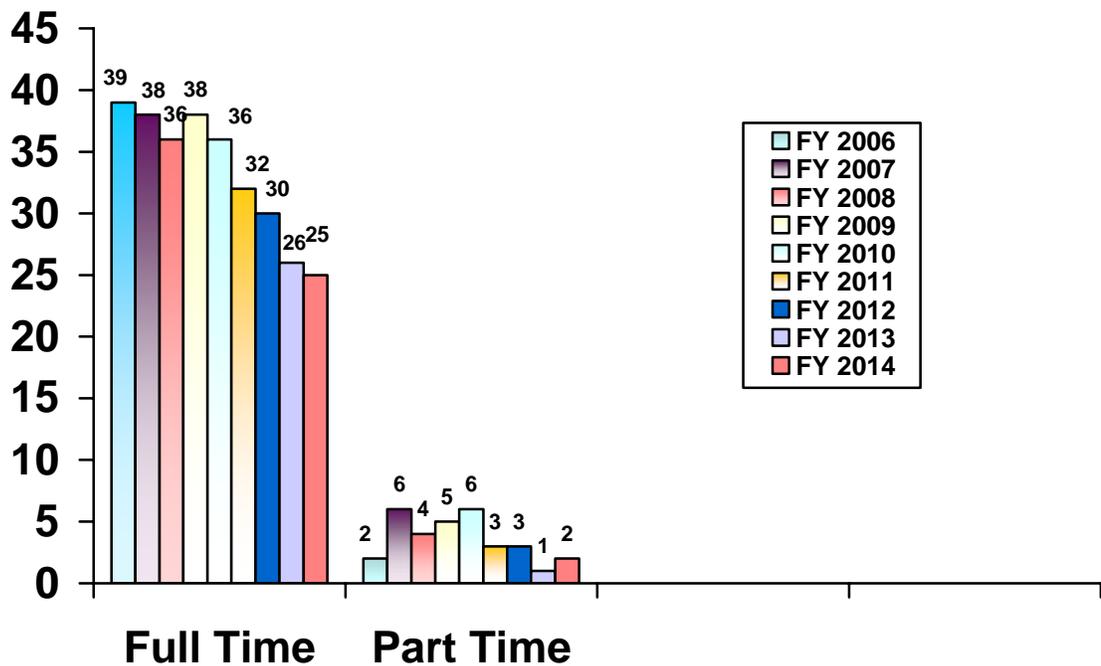
Scratchers (instant tickets) offered by the Oklahoma Lottery Commission, made up 45% of total sales for FY-2014. This compares to the percent of sales from 47% of total sales for FY-2013, 48% of total sales for FY-2012, to FY-2011(52%), to FY-2010 (45%) and to FY-2009 (40%). Instant sales revenues declined in FY-2014 because of lower payouts put into place in FY-2013 to ensure compliance with the profit requirement of 35%. Factors that influence the sale of Scratchers are the economy, competition for available entertainment dollars, game themes, price of tickets, prizes, and number of games offered. By far, the main influence on the sale of Scratchers is prize payouts. Prize payouts are limited by the current minimum mandated profit (35% profit restriction) in the Oklahoma Education Lottery Act. The Lottery has repeatedly asked for the repeal of this restriction which would result in increased sales and profits as demonstrated by the removal of such restrictions in other state lotteries

OKLAHOMA LOTTERY COMMISSION
 Schedule of Lottery Employees
 Fiscal Years Ending June 30

Schedule of Employees by Program

FY 2006		FY 2007		FY 2008		FY 2009		FY 2010	
Full Time	39	Full Time	38	Full Time	36	Full Time	38	Full Time	36
Part Time	<u>2</u>	Part Time	<u>6</u>	Part Time	<u>4</u>	Part Time	<u>5</u>	Part Time	<u>6</u>
Total	43	Total	44	Total	40	Total	43	Total	42

FY 2011		FY 2012		FY 2013		FY 2014	
Full Time	32	Full Time	30	Full Time	26	Full Time	25
Part Time	<u>3</u>	Part Time	<u>3</u>	Part Time	<u>1</u>	Part Time	<u>2</u>
Total	35	Total	33	Total	27	Total	27



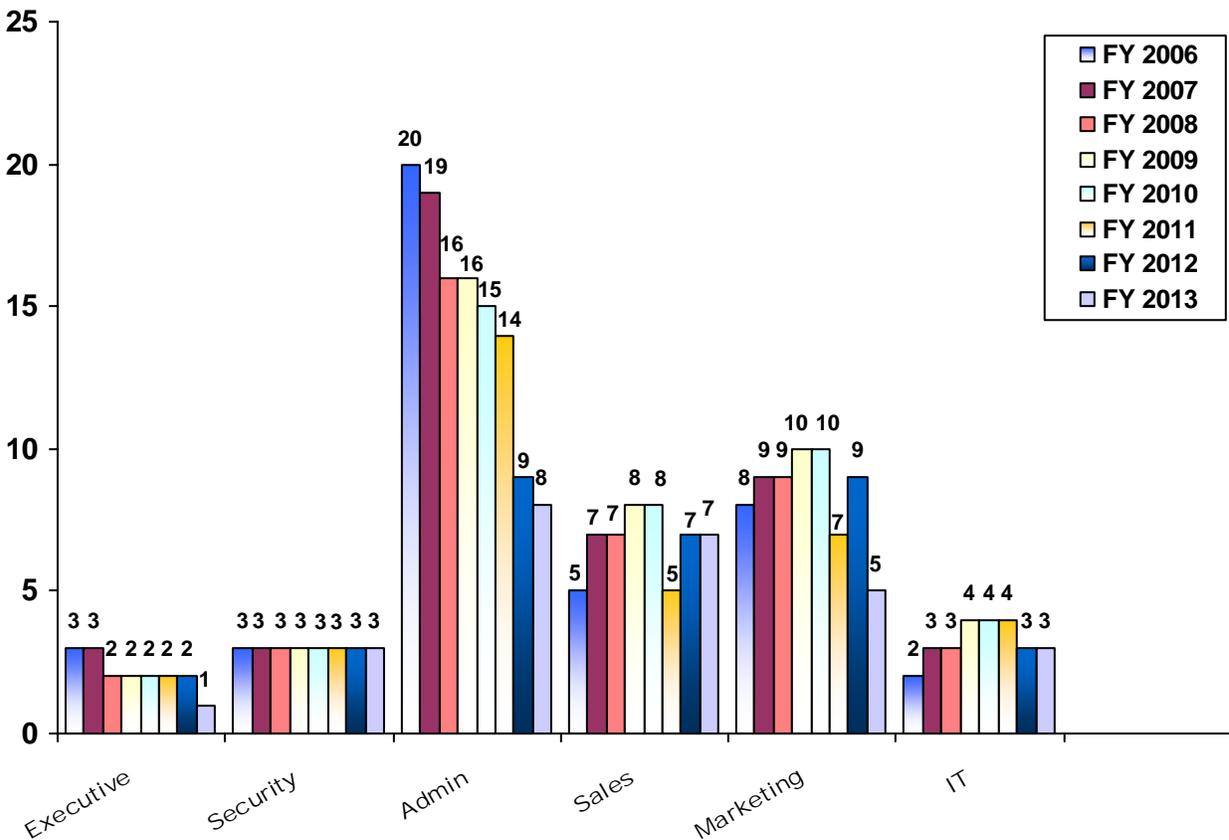
OKLAHOMA LOTTERY COMMISSION

Schedule of Lottery Employees

Fiscal Years Ending June 30

Schedule of Employees by Activity Type

	Executive	Security	Admin	Sales	Marketing	IT	Total
FY 2006	3	3	20	5	8	2	41
FY 2007	3	3	19	7	9	3	44
FY 2008	2	3	16	7	9	3	40
FY 2009	2	3	16	8	10	4	43
FY 2010	2	3	15	8	10	4	42
FY 2011	2	3	14	5	7	4	35
FY 2012	2	3	9	7	9	3	33
FY 2013	1	3	10	4	5	3	26
FY 2014	1	3	8	7	5	3	27



**Oklahoma Lottery Commission
National Lottery Statistics
Comparative Sales by Product**

FY '14 Sales by Product (millions)

Lottery Jurisdiction	INSTANT	PULL TAB	LOTTO	HOT LOTTO	CASH LOTTO	MULTI-JURISDICTION	KENO	VLT EGMs	Raffles	OTHER	TOTAL SALES
Arizona	\$483.90	\$4.39	\$9.20	\$30.38	\$19.33	\$169.34				\$7.42	\$723.96
Arkansas	\$322.42		\$9.87	\$2.35	\$8.84	\$54.89		\$10.15	\$1.57		\$410.09
California	\$3,288.92		\$163.46	\$329.88	\$143.90	\$900.78	\$188.39			\$19.33	\$5,034.66
Colorado	\$362.05		\$8.68	\$33.81	\$19.17	\$121.32					\$545.03
Connecticut	\$660.23		\$235.88	\$46.69	\$32.32	\$120.29		\$12.64	\$4.36		\$1,112.41
Delaware	\$50.68		\$44.71		\$5.10	\$42.62	\$5.25			\$31.51	\$179.87
District of Columbia	\$40.38		\$119.77			\$24.29	\$19.31	\$9.67		\$2.54	\$215.96
Florida	\$3,417.14		\$597.39	\$428.60	\$288.24	\$636.86					\$5,368.23
Georgia	\$2,727.46		\$703.48	\$18.14	\$103.62	\$260.92	\$193.16			\$15.43	\$4,022.21
Idaho	\$123.35	\$23.16	\$1.92	\$2.80	\$2.03	\$53.13			\$2.50		\$208.89
Illinois	\$1,757.43		\$460.65	\$114.31	\$134.65	\$308.29			\$16.46	\$10.90	\$2,802.69
Indiana	\$702.64		\$61.09	\$48.69	\$15.27	\$152.97	\$19.83	\$8.00	\$0.86	\$9.37	\$1,018.72
Iowa	\$188.75	\$15.73	\$10.17		\$2.53	\$93.42			\$0.24	\$3.20	\$314.04
Kansas	\$122.88	\$11.16	\$5.99		\$14.84	\$65.43	\$21.89		\$3.52		\$245.71
Kentucky	\$521.56		\$164.25	\$5.88	\$10.03	\$119.41	\$29.40	\$8.28			\$858.81
Louisiana	\$178.93		\$89.57	\$28.24	\$10.99	\$141.24					\$448.97
Maine	\$170.85		\$9.17	\$17.39	\$1.64	\$30.89					\$229.94
Maryland	\$479.63		\$515.37	\$26.70	\$21.44	\$206.25	\$466.23	\$8.37			\$1,723.99
Massachusetts	\$3,382.84	\$0.73	\$322.65	\$55.31	\$73.03	\$195.90	\$820.66		\$1.21		\$4,852.33
Michigan	\$913.74	\$32.36	\$693.36	\$45.95	\$60.06	\$244.68	\$561.41	\$39.08	\$5.79		\$2,596.43
Minnesota	\$351.91		\$14.37		\$27.11	\$119.51		\$8.96	\$6.00	\$3.65	\$531.51
Missouri	\$766.61	\$17.02	\$108.10	\$22.61	\$39.57	\$143.02	\$60.11				\$1,157.04
Montana	\$16.52				\$5.60	\$23.96	\$0.64	\$3.77	\$2.60	\$0.19	\$53.28
Nebraska	\$84.77		\$4.08		\$14.48	\$54.56					\$157.89
New Hampshire	\$195.29		\$9.85	\$14.47	\$2.78	\$51.69		\$1.53			\$275.61
New Jersey	\$1,525.28		\$705.14	\$82.26	\$148.23	\$439.51			\$1.23		\$2,901.65
New Mexico	\$69.81		\$3.83		\$8.59	\$53.14		\$0.64			\$136.01
New York	\$3,677.13		\$1,705.01	\$94.56	\$288.64	\$863.45	\$683.55			\$1.83	\$7,314.17
North Carolina	\$1,170.27		\$374.17		\$70.81	\$224.03					\$1,839.28
North Dakota					\$5.50	\$21.45					\$26.95
Ohio	\$1,426.80		\$552.73	\$60.08	\$63.40	\$256.18	\$298.13	\$84.81	\$1.03		\$2,743.16
Oklahoma	\$85.88		\$5.21		\$4.44	\$95.35			\$0.24		\$191.12
Oregon	\$109.03		\$1.40	\$32.91	\$1.92	\$67.38	\$92.44		\$5.00		\$310.08
Pennsylvania	\$2,444.85		\$611.40		\$276.08	\$447.29			\$19.95		\$3,799.57
Rhode Island	\$83.98		\$24.14	\$6.72	\$4.53	\$44.12	\$79.29				\$242.78
South Carolina	\$872.99		\$220.08		\$23.66	\$145.17		\$2.55			\$1,264.45
South Dakota	\$25.52				\$4.27	\$24.31					\$54.10
Tennessee	\$1,149.13		\$88.49		\$18.34	\$161.11					\$1,417.07
Texas	\$3,280.23		\$348.28	\$154.34	\$109.67	\$446.19				\$46.25	\$4,384.96
Vermont	\$75.97		\$2.55	\$5.98	\$0.87	\$14.27		\$2.53	\$0.14		\$102.31
Virginia	\$988.59		\$509.28	\$27.11	\$30.11	\$229.02		\$20.10	\$6.60		\$1,810.81
Washington	\$379.35		\$28.70	\$47.37	\$23.91	\$109.42	\$5.75				\$594.50
West Virginia	\$105.56		\$13.18		\$5.19	\$59.65	\$5.05				\$188.63
Wisconsin	\$337.70	\$1.26	\$37.03	\$18.05	\$48.32	\$120.76		\$4.84	\$0.89		\$568.85
TOTAL (\$US)	\$39,118.95	\$105.81	\$9,593.65	\$1,801.58	\$2,193.05	\$8,157.46	\$3,550.49	\$225.92	\$80.19	\$151.62	\$64,978.72

Reference: INSIGHTS Magazine / November/December 2014 - Fiscal 2014 Lottery Sales and Revenue Report

U.S. Lotteries Fiscal Total Sales & Profits

Lottery Jurisdiction	FY '06 Sales (millions)	FY '06 Transfer (millions)	FY '07 Sales (millions)	FY '07 Transfer (millions)	FY '08 Sales (millions)	FY '08 Transfer (millions)	FY '09 Sales (millions)	FY '09 Transfer (millions)	FY '10 Sales (millions)	FY '10 Transfer (millions)	FY '11 Sales (millions)	FY '11 Transfer (millions)	FY '12 Sales (millions)	FY '12 Transfer (millions)	FY '13 Sales (millions)	FY '13 Transfer (millions)	FY '14 Sales (millions)	FY '14 Transfer (millions)
Arizona	\$468.70	\$141.12	\$462.20	\$140.00	\$472.90	\$144.60	\$484.49	\$129.08	\$551.50	\$141.90	\$583.50	\$146.30	\$646.68	\$164.72	\$692.94	\$176.52	\$ 723.95	\$ 175.62
Arkansas	na	na	na	na	na	na	na	na	\$383.70	\$82.60	\$464.00	\$156.60	\$473.09	\$97.78	\$439.55	\$90.26	\$ 410.07	\$ 81.69
California	\$3,585.00	\$1,240.57	\$3,318.40	\$1,170.00	\$3,049.60	\$1,069.40	\$2,954.80	\$1,020.70	\$3,041.00	\$1,077.00	\$3,438.60	\$1,128.60	\$4,371.49	\$1,320.73	\$4,445.87	\$1,284.37	\$ 5,034.66	\$ 1,349.60
Colorado	\$468.80	\$125.60	\$455.90	\$119.00	\$505.80	\$122.30	\$493.40	\$121.90	\$501.20	\$112.90	\$518.90	\$113.40	\$545.30	\$123.20	\$566.29	\$135.63	\$ 545.03	\$ 130.11
Connecticut	\$970.33	\$284.87	\$957.00	\$279.90	\$998.10	\$285.10	\$991.00	\$283.00	\$996.80	\$285.50	\$1,016.60	\$289.30	\$1,081.74	\$311.90	\$1,122.69	\$314.00	\$ 1,112.40	\$ 321.80
Delaware	\$727.99	\$248.80	\$754.00	\$256.70	\$736.40	\$252.50	\$702.20	\$317.50	\$670.90	\$335.60	\$623.50	\$287.00	\$703.23	\$271.33	\$631.90	\$237.23	\$ 597.19	\$ 216.29
District of Columbia	\$266.20	\$73.40	\$255.94	\$65.40	\$252.33	\$70.43	\$246.20	\$68.80	\$233.90	\$69.60	\$231.30	\$64.30	\$249.53	\$65.50	\$242.71	\$70.00	\$ 215.98	\$ 54.70
Florida	\$4,030.00	\$1,230.00	\$4,122.17	\$1,260.00	\$4,170.00	\$1,280.00	\$3,936.80	\$1,284.80	\$3,900.50	\$1,247.00	\$4,008.70	\$1,191.80	\$4,449.90	\$1,321.66	\$5,012.99	\$1,424.31	\$ 5,368.23	\$ 1,495.41
Georgia	\$3,177.59	\$822.40	\$3,421.70	\$853.55	\$3,520.00	\$867.70	\$3,660.00	\$872.10	\$3,645.40	\$883.90	\$3,597.90	\$846.10	\$3,834.67	\$901.33	\$3,912.16	\$927.48	\$ 4,022.20	\$ 945.10
Idaho	\$131.13	\$33.00	\$130.50	\$32.30	\$136.80	\$36.20	\$139.65	\$35.00	\$146.90	\$37.70	\$147.20	\$37.50	\$175.83	\$41.50	\$197.45	\$48.28	\$ 208.89	\$ 49.00
Illinois	\$1,964.83	\$637.67	\$2,021.30	\$622.40	\$2,078.20	\$657.00	\$2,095.50	\$625.00	\$2,216.20	\$657.90	\$2,278.80	\$690.00	\$2,680.14	\$708.50	\$2,832.58	\$793.52	\$ 2,802.71	\$ 815.41
Indiana	\$816.40	\$218.00	\$789.10	\$216.00	\$822.80	\$217.10	\$732.70	\$179.10	\$739.10	na	\$791.40	\$188.60	\$855.58	\$207.59	\$934.03	\$224.66	\$ 1,018.73	\$ 250.71
Iowa	\$339.52	\$80.88	\$235.00	\$58.00	\$249.00	\$57.00	\$243.00	\$61.00	\$256.30	\$57.90	\$271.40	\$112.50	\$310.85	\$78.73	\$339.25	\$84.89	\$ 314.06	\$ 73.97
Kansas	\$236.05	\$67.09	\$240.00	\$70.00	\$236.70	\$71.00	\$230.51	\$67.25	\$243.70	na	\$243.80	\$70.00	\$246.14	\$72.00	\$244.81	\$74.52	\$ 245.71	\$ 74.29
Kentucky	\$742.30	\$204.30	\$744.20	\$196.30	\$778.20	\$192.10	\$810.54	\$204.40	\$772.50	\$214.20	\$722.30	\$212.30	\$823.55	\$216.44	\$846.67	\$223.81	\$ 858.86	\$ 226.13
Louisiana	\$332.12	\$118.76	\$354.20	\$128.30	\$373.70	\$131.80	\$378.50	\$135.40	\$372.40	\$133.70	\$383.60	\$136.40	\$429.62	\$156.91	\$447.42	\$160.21	\$ 448.97	\$ 170.66
Maine	\$229.69	\$51.70	\$230.02	\$50.62	\$228.52	\$49.49	\$210.67	\$50.56	\$217.30	\$52.20	\$216.40	\$50.20	\$228.35	\$54.33	\$227.72	\$53.52	\$ 229.96	\$ 52.38
Maryland	\$1,560.91	\$500.97	\$1,577.31	\$494.12	\$1,673.04	\$529.40	\$1,698.07	\$493.20	\$1,706.60	\$510.60	\$1,817.50	\$519.40	\$1,989.62	\$556.26	\$2,364.47	\$868.72	\$ 2,557.99	\$ 891.87
Massachusetts	\$4,534.12	\$951.24	\$4,460.91	\$892.00	\$4,709.00	\$913.00	\$4,442.92	\$859.40	\$4,412.10	\$903.50	\$4,403.30	\$887.90	\$4,729.60	\$983.79	\$4,839.27	\$955.80	\$ 4,852.38	\$ 974.56
Michigan	\$2,212.37	\$688.02	\$2,342.60	\$748.90	\$2,330.20	\$740.70	\$2,378.40	\$730.60	\$2,348.00	\$704.20	\$2,364.10	\$731.90	\$2,413.46	\$771.00	\$2,476.40	\$735.62	\$ 2,596.44	\$ 744.10
Minnesota	\$450.00	\$121.30	\$422.61	\$112.35	\$461.52	\$116.27	\$481.20	\$119.60	\$499.00	\$122.60	\$504.40	\$121.90	\$520.03	\$123.81	\$560.40	\$135.24	\$ 531.52	\$ 128.21
Missouri	\$913.52	\$260.67	\$934.30	\$257.90	\$995.50	\$266.60	\$969.00	\$256.20	\$971.60	\$255.00	\$1,001.30	\$259.40	\$1,097.43	\$273.60	\$1,140.83	\$280.01	\$ 1,157.05	\$ 277.54
Montana	\$39.92	\$9.11	\$41.60	\$11.40	\$43.80	\$11.00	\$43.90	\$10.11	\$47.00	\$10.60	\$46.00	\$10.60	\$52.76	\$13.06	\$56.98	\$13.08	\$ 53.29	\$ 12.09
Nebraska	\$113.11	\$30.32	\$114.49	\$29.19	\$121.91	\$31.03	\$123.26	\$29.29	\$130.60	\$32.00	\$131.90	\$32.10	\$150.61	\$36.08	\$160.75	\$40.01	\$ 157.90	\$ 38.00
New Hampshire	\$262.74	\$80.32	\$263.94	\$79.04	\$261.13	\$75.65	\$239.58	\$68.03	\$233.20	\$66.00	\$228.40	\$62.30	\$257.90	\$66.77	\$279.34	\$74.33	\$ 275.61	\$ 72.38
New Jersey	\$2,406.57	\$849.25	\$2,350.90	\$828.30	\$2,538.50	\$882.10	\$2,503.30	\$887.20	\$2,605.20	\$893.60	\$2,636.40	\$890.90	\$2,759.41	\$950.00	\$2,821.40	\$965.01	\$ 2,901.65	\$ 965.01
New Mexico	\$154.71	\$36.86	\$148.00	\$34.80	\$147.10	\$40.80	\$142.30	\$40.80	\$143.60	\$43.60	\$135.50	\$41.30	\$133.79	\$41.33	\$141.76	\$43.68	\$ 136.00	\$ 40.94
New York	\$6,803.00	\$2,203.00	\$7,175.10	\$2,359.60	\$7,548.40	\$2,556.10	\$7,660.10	\$2,544.00	\$7,818.40	\$2,666.40	\$7,868.30	\$3,049.20	\$8,439.47	\$2,887.99	\$8,934.29	\$3,045.77	\$ 9,226.49	\$ 3,172.96
North Carolina	\$229.53	\$64.59	\$885.58	\$315.37	\$1,078.08	\$350.01	\$1,293.00	\$414.10	\$1,421.30	\$430.80	\$1,461.10	\$437.40	\$1,596.69	\$460.47	\$1,689.80	\$479.51	\$ 1,839.28	\$ 504.13
North Dakota	\$22.33	\$6.92	\$22.64	\$6.80	\$22.12	\$6.07	\$21.72	\$5.73	\$24.30	\$5.80	\$23.00	\$92.20	\$26.04	\$7.62	\$27.84	\$7.92	\$ 26.95	\$ 7.82
Ohio	\$2,221.00	\$646.30	\$2,259.40	\$669.30	\$2,325.10	\$672.20	\$2,420.00	\$702.00	\$2,487.10	\$728.60	\$2,596.10	\$738.80	\$2,750.05	\$771.03	\$2,863.45	\$803.13	\$ 3,180.72	\$ 1,004.34
Oklahoma	\$204.84	\$68.95	\$202.53	\$69.40	\$203.82	\$71.61	\$193.16	\$69.23	\$199.70	\$70.00	\$198.20	\$69.40	\$199.85	\$70.49	\$200.21	\$70.62	\$ 191.13	\$ 67.68
Oregon	\$1,104.00	\$483.00	\$1,221.94	\$656.40	\$1,245.50	\$678.70	\$1,106.00	\$566.80	\$1,027.70	\$526.10	\$1,038.00	\$560.00	\$2,873.87	\$549.05	\$2,951.89	\$530.59	\$ 1,052.81	\$ 516.67
Pennsylvania	\$3,070.00	\$975.85	\$3,076.34	\$949.07	\$3,089.19	\$928.05	\$3,088.16	\$910.48	\$3,065.70	\$915.70	\$3,207.90	\$960.00	\$3,480.90	\$1,060.89	\$3,699.66	\$1,067.38	\$ 3,799.57	\$ 1,081.50
Rhode Island	\$1,731.47	\$323.90	\$1,808.85	\$320.99	\$2,398.91	\$355.57	\$2,558.90	\$351.50	\$702.50	\$344.60	\$3,125.60	\$354.90	\$3,532.18	\$377.71	\$3,700.56	\$379.23	\$ 837.95	\$ 376.33
South Carolina	\$1,144.60	\$319.40	\$988.20	\$277.10	\$992.50	\$263.90	\$1,005.10	\$260.40	\$1,007.50	\$272.50	\$1,047.10	\$271.00	\$1,135.65	\$297.74	\$1,199.20	\$305.21	\$ 1,264.44	\$ 330.70
South Dakota	\$686.16	\$118.99	\$692.50	\$120.79	\$704.26	\$122.56	\$694.00	\$118.20	\$687.90	\$116.90	\$630.00	\$105.20	\$603.19	\$100.40	\$637.44	\$107.70	\$ 239.33	\$ 106.23
Tennessee	\$996.27	\$277.66	\$1,058.13	\$284.30	\$1,065.00	\$283.10	\$1,087.90	\$280.20	\$1,138.40	\$288.90	\$1,186.60	\$293.50	\$1,311.20	\$323.44	\$1,367.54	\$339.71	\$ 1,417.07	\$ 337.27
Texas	\$3,774.69	\$1,036.11	\$3,774.20	\$1,083.60	\$3,671.15	\$1,038.00	\$3,720.10	\$1,000.40	\$3,738.40	\$1,007.80	\$3,783.20	\$960.60	\$4,190.82	\$1,153.56	\$4,376.28	\$1,214.10	\$ 4,384.60	\$ 1,220.72
Vermont	\$104.88	\$22.88	\$104.50	\$23.40	\$102.00	\$22.60	\$96.00	\$21.00	\$97.00	\$21.60	\$95.60	\$21.40	\$100.93	\$22.33	\$102.08	\$22.93	\$ 102.31	\$ 22.56
Virginia	\$1,365.00	\$454.90	\$1,362.34	\$437.18	\$1,386.41	\$455.26	\$1,365.60	\$439.10	\$1,435.10	\$430.20	\$1,482.70	\$435.20	\$1,616.00	\$487.06	\$1,689.24	\$486.53	\$ 1,810.82	\$ 538.55
Washington	\$477.89	\$116.95	\$492.60	\$114.20	\$521.10	\$130.30	\$487.70	\$120.39	\$491.00	\$142.49	\$510.50	\$150.10	\$535.20	\$138.04	\$569.59	\$139.23	\$ 594.52	\$ 147.67
West Virginia	\$1,522.00	\$610.00	\$1,562.00	\$593.00	\$1,523.00	\$579.00	\$1,493.00	\$556.70	\$1,325.80	\$560.80	\$1,392.45	\$558.10	\$1,457.53	\$662.98	\$1,328.37	\$522.99	\$ 1,214.28	\$ 553.13
Wisconsin	\$508.90	\$150.60	\$492.90	\$138.80	\$494.70	\$140.00	\$474.04	\$129.93	\$480.80	na	\$502.50	\$148.60	\$547.64	\$150.35	\$566.10	\$156.30	\$ 568.84	\$ 168.77
TOTAL U.S. (\$US)	\$57,435.68	\$17,102.12	\$58,663.45	\$17,545.77	\$60,625.99	\$17,889.80	\$60,517.55	\$17,587.09	\$59,134.80	\$17,460.49	\$63,005.55	\$18,484.20	\$70,607.51	\$19,451.00	\$73,882.17	\$20,113.56	\$71,128.54	\$20,784.60

Reference: INSIGHTS Magazine / November/December 2014 Issue - Fiscal Lottery Sales and Revenues Report (U.S. Lotteries' mostly Unaudited FY Results)



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