

LOUISIANA LOTTERY CORPORATION
SUPPLEMENTAL AND BASIC RETIREMENT PLANS
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 1986

(Continued)

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

D. J. [Signature], [Signature], [Signature] & [Signature] LLP

LOUISIANA LOTTERY CORPORATION
SUPPLEMENTAL AND BASIC RETIREMENT PLANS
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE YEAR ENDED DECEMBER 31, 1990

June 16, 1991

Louisiana Lottery Corporation
Supplemental and Basic Retirement Plans
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Lottery Corporation Supplemental and Basic Retirement Plans, as of and for the year ended December 31, 1990, and have issued our report thereon dated June 16, 1991.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Plans is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of Louisiana Lottery Corporation Supplemental and Basic Retirement Plans, for the year ended December 31, 1990, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

LOUISIANA LOTTERY CORPORATION
SUPPLEMENTAL AND BASIC RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1988

The Corporation is authorized under LA R.S. 42:9812(A) to provide or arrange for a retirement plan. The retirement plans described below have been established pursuant to this statute.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB) as the successor to the National Council on Governmental Accounting (NCGA).

Valuation of Investments:

The fair value of the money market funds and mutual funds are based on deposit values and quoted market prices.

Basis of Accounting:

The Basic and Supplemental Plans are accounted for using the accrual method of accounting in accordance with generally accepted accounting principles.

Contributions:

Employer and employee contributions are recorded in the period when the employee payroll deductions are due.

Interest and Dividend Income:

Interest income is accrued as earned; dividends are recorded as income on the ex-dividend date.

Administrative Expenses:

All fees related to the administration of the Plan are paid by the Louisiana Lottery Corporation.

2. DESCRIPTION OF PLANS:

As of December 31, 1988, there were 170 participants in the Basic and Supplemental Plans.

A. Basic Retirement:

The Corporation has a money purchase plan under Section 408(a) of the Internal Revenue Code of 1986, as amended, which is intended to constitute a safe harbor within the meaning of Section 512(b)(7) of the code and the regulations promulgated thereunder. The Basic Retirement Plan, which is a defined contribution plan, began September 1, 1983 with all employees eligible except those who elect coverage under a state retirement plan and those who are either independent contractors or leased employees.

LOUISIANA LOTTERY CORPORATION
 SUPPLEMENTAL AND BASIC RETIREMENT PLANS
 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
 ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
 FOR THE YEAR ENDED DECEMBER 31, 1999

June 18, 2000

Louisiana Lottery Corporation
 Supplemental and Basic Retirement Plans
 Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Lottery Corporation Supplemental and Basic Retirement Plans as of and for the year ended December 31, 1999, and have issued our report thereon dated June 18, 2000.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Louisiana Lottery Corporation Supplemental and Basic Retirement Plans is the responsibility of the Plans' management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Plans' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

This report is intended for the information of the Board of Directors, management, and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Douglas H. Thompson, CPA, CPA, CFE, CFF, CICA

LOUISIANA LOTTERY CORPORATION
 SUPPLEMENTAL AND BASIC RETIREMENT PLANS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1998

6. ALLOCATION OF CONTRIBUTIONS: (Continued)

<u>Capital Appreciation Model:</u>	
One Group Limited Volatility Bond	30%
One Group Income Equity	20%
One Group Value Growth	30%
One Group Gulf South	20%

The Basic Retirement Plan contributions are invested in the following balanced model:

One Group Limited Volatility Bond	15%
One Group Government Bond	45%
One Group Income Equity	15%
One Group Value Growth	15%
One Group Gulf South	10%

6. USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

7. EXPENDITURES:

All expenses of the Plans for 1998 were paid by the Louisiana Lottery Corporation and are not a liability of the Plans at December 31, 1998.

8. TERMINATION:

Although it has not expressed any intent to do so, the Board of Directors of the employer has the right, at any time, to terminate the Plans, in whole or in part, by delivering written notice to the Trustee and to each participant of such termination. A complete discontinuance of the employer's contributions to the Plans shall be deemed to constitute a termination. Upon such termination, the Employee Benefits Committee shall direct the Trustee to distribute the assets held in the Trust to the participants.

Upon termination (whether full or partial) or a complete discontinuance of contributions, all amounts allocated to the accounts of affected participants shall become fully vested and nonforfeitable.

9. MERGERS:

The Plans may be merged or consolidated with, or its assets and liabilities may be transferred to another plan only if the benefits which would be received by a participant in the event of a termination of the Plan immediately after such transfer, merger or consolidation are at least equal to the benefit such participant would have received if the Plans had terminated immediately prior to the transfer, merger or consolidation.

LOUISIANA LOTTERY CORPORATION
SUPPLEMENTAL AND BASIC RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1988

2. DESCRIPTION OF PLANS: (Continued)

B. Supplemental Retirement (Continued)

A participant's amount shall be fully vested and nonforfeitable upon each participant's death, disability, or attainment of the normal retirement date or upon the completion of three years of service. A year of service is a plan year in which a participant is credited with 1,000 hours of service. Each participant employed by the lottery before January 1, 1982, shall be credited with a special year of service if the employee completed at least 500 hours of service prior to such date. Any forfeitures of unvested amounts shall be reallocated to the accounts of all the remaining participants. In no event shall the assets of this plan revert for the benefit of the employer. The total amount of forfeitures reallocated at December 31, 1988 for 1988 was \$8,000.

The distribution of a participant's vested and nonforfeitable portion of his account shall be made in the form of a single-sum payment no later than sixty days after the Valuation Date which coincides with or immediately follows the date after the participant terminates employment with the employer, attains the normal retirement age (65 years of age), or dies. A participant may elect to postpone the distribution, in writing on forms provided by the Employee Benefits Committee; provided however, in no event shall distribution be postponed later than April 1st following the close of the calendar year in which the participant attains age 70 1/2.

3. MUTUAL FUNDS:

The Corporation is authorized under LA R.S. 47:905(a) to provide for a retirement plan for its employees and is responsible for making all decisions to setup and maintain a sound plan. The plan's investments are held by Citic National Bank's trust department and the mutual funds are purchased through Bank One.

Governmental accounting standards require that the plan's investments be classified into one of three credit risk categories based on who holds the securities and how the securities are held, that is, the risk associated with the exposure to a potential loss from unauthorized transfer of a financial instrument.

Open end mutual funds are not categorized, since ownership is not evidenced by a transferable financial instrument. All of the plan's investments are mutual funds.

LOUISIANA LOTTERY CORPORATION
 SUPPLEMENTAL AND BASIC RETIREMENT PLANS
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1995

3. MUTUAL FUNDS: (Continued)

At December 31, 1995, mutual funds were composed of the following:

	NUMBER OF SHARES	FAIR VALUE	CODE
One Group U.S. Treasury Money Market	47,798	\$ 47,798	1
One Group Income Equity	24,159	441,148 ⁽¹⁾	287,588
One Group Value Growth	55,423	564,348 ⁽¹⁾	587,448
One Group Gulf South Growth	37,519	321,837 ⁽¹⁾	294,288
One Group Government Bond	71,407	683,568 ⁽¹⁾	688,124
One Group Limited Volatility	26,931	282,732 ⁽¹⁾	282,600
TOTAL		14,361,028	12,227,948

(1) Individual investments that represent five percent or more of the Plan's net assets available for benefits.

4. INCOME TAX STATUS:

The Basic Retirement Plan obtained its latest determination letter on September 13, 1994, and the Supplemental Retirement Plan obtained its latest determination letter on October 2, 1995, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

5. ALLOCATION OF CONTRIBUTIONS:

Participants in the Supplemental Plan have four (4) investment alternatives. Each participant's investment direction shall be expressed as a percentage of the total amount credited to a participant's commuted accounts equal to a) 0%, b) 25%, c) 50%, d) 75%, or e) 100% of the participant's interest in his or her accounts. The four investment alternatives and the mutual fund allocations are as follows:

<u>Money Market Mode</u> :	
One Group U.S. Treasury Securities	100%
<u>Income Mode</u> :	
One Group Limited Volatility Bond	50%
One Group Government Bond	50%
<u>Balanced Mode</u> :	
One Group Limited Volatility Bond	35%
One Group Government Bond	45%
One Group Income Equity	15%
One Group Value Growth	25%
One Group Gulf South	5%

LOUISIANA LOTTERY CORPORATION
SUPPLEMENTAL AND BASIC RETIREMENT PLANS

INDEX TO REPORT

DECEMBER 31, 1998

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	i
FINANCIAL STATEMENTS:	
Statement of Net Assets Available for Benefits.....	2
Statement of Changes in Net Assets Available for Benefits.....	3
Notes to Financial Statements.....	4 - 9
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	10 - 13
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	12



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INDEPENDENT AUDITOR'S REPORT

June 16, 1997

Board of Directors
Louisiana Lottery Corporation
Supplemental and Basic Retirement Plans
Baton Rouge, Louisiana

We have audited the accompanying statement of net assets available for benefits of the Louisiana Lottery Corporation Supplemental and Basic Retirement Plans as of December 31, 1996, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Lottery Corporation Supplemental and Basic Retirement Plans as of December 31, 1996 and the results of operations and changes in net assets for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated June 16, 1997 on our consideration of the Louisiana Lottery Corporation Supplemental and Basic Retirement Plans' internal control structure and a report dated June 16, 1997 on its compliance with laws and regulations.

Duplantier, Hrapmann, Hogan & Maher, L.L.P.

LOUISIANA LOTTERY CORPORATION
SUPPLEMENTAL AND BASIC RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996

18. REALIZED AND UNREALIZED GAINS AND LOSSES:

The following schedule represents the unrealized gains and losses from the Plans as of December 31, 1996 and gross realized gains and losses from the Plans during 1996 identified by investment type:

Asset Class	Realized Gain or Loss of 1996	Realized Gain or Loss of 1995/96	Unrealized Gain or Loss (Change in Fair Value) of Investments 1996	Gross Realized Gain 1996	Gross Realized Loss 1996	Net Realized and Unrealized Gain or Loss of Investments 1996
One Group P.L. Partners						
Money Market	\$ --	\$ (1)	\$ (1)	\$ --	\$ --	\$ (2)
One Group Finance Corp	--	76,184	34,282	1,024	(188)	85,282
One Group Real Estate	--	13,185	13,185	1,731	(1,145)	25,225
One Group Real Estate Group	--	17,147	17,147	1,248	(8)	34,287
One Group Investment Fund	--	4,481	4,481	88	(1,544)	3,025
One Group Investment Fund	--	1,910	1,910	14	(184)	1,736
Foreign Government	75,498	--	12,882	4,088	(728)	87,560
Foreign U.S. Treasury	2,176	--	3,492	48	(175)	5,701
Money Market	--	--	--	--	--	--
Foreign Gov't Bonds	21,420	--	12,882	1,454	(1,176)	33,176
Foreign Gov't Bonds	29,140	--	12,882	1,088	(1,484)	41,626
Foreign Gov't Bonds	28,820	--	12,882	1,088	(1,484)	41,226
TOTAL	\$28,484	\$106,162	\$286,822	\$16,488	\$2,620	\$311,290

19. TRANSACTIONS WITH PARTIES-IN-INTEREST:

There were no known transactions with parties-in-interest.

**LOUISIANA LOTTERY CORPORATION
SUPPLEMENTAL AND BASIC RETIREMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1998**

	TRUSTED BOND MARKET	FIXED INCOME	CAPITAL APPROPRIATION	BALANCED FUND	BASIC RETIREMENT PLAN	TOTAL
ADDITIONS TO ASSETS ATTRIBUTED TO:						
Investment Income						
Interest & dividends	\$ 2,060	\$ 3,317	\$ 128,133	\$ 35,000	\$ 134,000	\$ 170,510
Net realized and unrealized appreciation (depreciation) in fair value of investments (Note 6)						
	(1)	(1,544)	(23,500)	(1,000)	(4,045)	(10,090)
Contributions:						
Participants	—	—	—	—	195,180	195,180
Employer	8,545	18,400	88,887	45,819	167,651	340,302
DEDUCTIONS FROM ASSETS ATTRIBUTED TO:						
Benefits paid to participants	(2,500)	(2,707)	(111,887)	(87,870)	(279,764)	(197,738)
Increase (decrease) in assets before interfund transfers						
	8,005	8,371	(13,600)	4,034	283,837	188,892
Interfund transfers, net						
	(24,890)	(3,470)	190,510	(284,436)	—	—
Increase (decrease) in assets						
	(8,375)	2,194	166,910	(180,402)	283,837	188,892
NET ASSETS AVAILABLE FOR BENEFITS:						
Beginning of year	57,843	51,316	598,000	563,000	3,324,800	7,094,959
End of year	\$ 49,468	\$ 53,510	\$ 764,910	\$ 382,598	\$ 3,608,637	\$ 7,258,483

See accompanying notes.



REPORT
LOUISIANA LOTTERY CORPORATION
SUPPLEMENTAL AND BASIC RETIREMENT PLANS
DECEMBER 31, 1996

01
02
03
04
05

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the audited, or reviewed, entity and other appropriate public officials. This report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

400 02 1997
Release Date

LOUISIANA LOTTERY CORPORATION
SUPPLEMENTAL AND BASIC RETIREMENT PLANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1988

2. DESCRIPTION OF PLANS: (Continued)

A. Basic Retirement: (Continued)

Under the terms of the Plan, an employee is eligible to participate in the Plan immediately upon employment.

As defined in the basic retirement plan, the employer's contribution shall be five (5) percent of the participant's compensation for such plan year. The employee's contribution shall equal six and two-tenths (6.2) percent of their compensation for such plan year.

A participant is fully vested immediately. In no event shall the assets of this plan revert for the benefit of the employer. No more than the social security wage base in effect as of the first day of the Plan year shall be treated as compensation. As of June 1, 1984, the Corporation elected to treat all contributions to the basic retirement plan as pre-tax.

The distribution of a participant's benefits shall commence as of the date designated by the participant (annuity starting date) after termination of employment with the employer, but shall not be later than April 30 of the year following the calendar year in which the participant attains age 70 1/2. The participant shall make a qualified election to receive the distribution in the form of a single-sum payment or in the form of a qualified joint and survivor annuity or single life annuity funded by the purchase of a commercial insurance or annuity contract. This qualified election may be revoked, modified, or amended at any time, or multiple times prior to the participant's annuity starting date; however, the qualified election is irrevocable as of the participant's annuity starting date.

B. Supplemental Retirement:

The Corporation has a defined contribution retirement plan which covers substantially all full-time employees. The Corporation contributes four and one-half (4.5) percent of each participant's compensation for the year, as defined. Employees are not permitted to contribute to the Plan. For the Plan year beginning July 1, 1991, all eligible employees employed by the Corporation on or before such date shall participate in the Plan as of such date. Effective for the January 1, 1989, entry date, all eligible employees employed prior to such date shall automatically participate in the Plan as of that date. Thereafter, an eligible employee shall participate in the Plan as of the entry date which coincides with or immediately follows the date on which the eligible employee completes 90 consecutive calendar days of employment with the Corporation.

In addition, each plan year, the board of directors of the Corporation may determine the amount of a discretionary contribution not to exceed two (2) percent of each participant's compensation for any plan year.

LOUISIANA LOTTERY CORPORATION
 SUPPLEMENTAL AND BASIC RETIREMENT PLAN
 STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
 AS OF DECEMBER 31, 1996

	MONETARY INSTRUMENTS	FIXED INCOME	CAPITAL APPRECIATION	BALANCED FUND	BASIC RETIREMENT PLAN	TOTAL
ASSETS:						
Investments at fair value:						
Money funds (Note 1)	\$ 47,799	\$ 16,488	\$ 304,129	\$ 294,460	\$ 1,246,403	\$ 2,309,279
Employee contributions receivable	---	---	---	---	8,794	8,794
Employer contributions receivable	2,159	2,419	82,434	16,294	3,799	95,005
Account income	---	280	44,509	11,150	41,434	97,373
Transfers receivable	544	2,799	---	4,599	91	7,933
Total Assets	50,492	19,986	391,172	326,403	1,311,027	2,607,080
LIABILITIES:						
Due to Savings Plan	---	---	41	---	---	41
Due to Louisiana Lottery Corporation	---	---	---	---	11	11
Transfers payable	---	---	1,424	---	---	1,424
Total Liabilities	---	---	1,465	---	11	1,476
NET ASSETS AVAILABLE FOR BENEFITS	\$ 50,492	\$ 19,986	\$ 389,707	\$ 326,403	\$ 1,311,016	\$ 2,605,604

See accompanying notes.