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INDEPENDENT AUDITOR'S REPORT

June 18, 1987

Board of Directors
Louisiana Lottery Corporation
Baton Rouge, Louisiana

We have audited the accompanying statement of net assets available for benefits of the Louisiana Lottery Corporation Optional Savings Plan as of December 31, 1986, 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 Optional Savings Plan as of December 31, 1986 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 18, 1987 on our consideration of the Louisiana Lottery Corporation Optional Savings Plan's internal control structure and a report dated June 18, 1987 on its compliance with laws and regulations.

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

LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998

The Corporation is authorized under LA R.S. 47:904(5)(A) to provide or arrange for a retirement plan. The retirement plan described below has 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 Optional Savings Plan is accounted for using the accrual method of accounting in accordance with generally accepted accounting principles.

Contributions:

Employer and plan member contributions are recognized in the period that the contributions 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 PLAN:

The Optional Savings Plan is a voluntary Deferred Compensation Plan adopted under the provisions of Internal Revenue Code (IRC) Section 457. Under the terms of the Plan, an employee is eligible to participate in the Plan as of the entry date which coincides with or immediately follows the date on which the employee completes a 90-day employment period. Participants may annually defer a maximum of 25% of compensation not to exceed \$7,500. The lottery contributes a matching contribution equal to the amount of compensation deferred by each participant up to two and one-half (2.5) percent of each participant's compensation as reported on Internal Revenue Service (IRS) form W-2. The Corporation has elected to designate a third party to administer the Plan through an irrevocable trust.

LOUISIANA LOTTERY CORPORATION
 OPTIONAL SAVINGS PLAN
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 FOR THE YEAR ENDED DECEMBER 31, 1996

	TREASURY MONEY MARKET	FIXED INCOME	CAPITAL APPRECIATION	BALANCED FUND	1994
ADDITIONS TO ASSETS ATTRIBUTED TO:					
Investment Income:					
Interest & dividends	\$ 1,484	\$ 3,133	\$ 96,334	\$ 24,028	\$ 104,979
Net realized and unrealized appreciation (depreciation) in fair value of investments (Note 2)	—	(1,796)	118,850	62,971	119,895
Contributions:					
Participants	7,024	6,279	98,768	35,280	147,351
Employer	4,320	4,409	58,800	21,600	89,149
DEDUCTIONS FROM ASSETS ATTRIBUTED TO:					
Benefits paid to participants	(2,800)	(2,345)	(281,430)	(88,243)	(394,828)
Increase (decrease) in assets before interfund transfers					
	9,828	7,897	21,128	18,847	57,500
Interfund transfers, net	(3,990)	(2,867)	29,343	(58,794)	—
Increase (decrease) in assets					
	2,838	4,325	129,861	(19,197)	117,827
NET ASSETS AVAILABLE FOR BENEFITS:					
Beginning of year	24,226	24,288	311,480	372,657	632,651
End of year	\$ 27,064	\$ 28,613	\$ 441,341	\$ 353,460	\$ 659,488

See accompanying notes.

LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1998

5. INCOME TAX STATUS: (Continued)

However, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

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 those estimates.

7. EXPENSES:

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

8. TERMINATION:

Although it has not expressed any intent to do so, the Board of Directors of the Louisiana Lottery Corporation, upon written notice to all participants, has the right, at any time, to terminate the Plan. Upon such termination, each participant's interest in his or her matching account shall be fully vested and nonforfeitable and each participant shall receive a retirement benefit, payable in accordance with the provisions of the Plan.

9. REALIZED AND UNREALIZED GAINS AND LOSSES:

The following schedule represents the unrealized gains and losses from the Plan as of December 31, 1998 and gross realized gains and losses from the Plan during 1998 identified by investment type:

Realized	Unrealized Gains Reported as of 12/31/98	Unrealized Losses Reported as of 12/31/98	Unrealized Appreciation (Depreciation) in Fair Value of Investments 1998	Gross Realized Gains 1998	Gross Realized Losses 1998	Net Realized and Unrealized Appreciation (Depreciation) 1998
						of Investments 1998
Net Group U.S. Treasury						
Money Market	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Net Group Income Stocks						
Net Group Value Stocks		\$1,254	\$1,254	\$ --	\$ --	\$1,254
Net Group Short Term Bonds		\$1,000	\$1,000	\$ --	\$ --	\$1,000
Net Group Foreign Bonds				\$ --	\$ --	\$ --
Net Group Cash and Cash Equivalents				\$ --	\$ --	\$ --
Net Group U.S. Treasury				\$ --	\$ --	\$ --
Foreign Investments				\$ --	\$ --	\$ --
Foreign Short Term Investments	1,450	--	1,450	100	100	1,350
Foreign U.S. Treasury	93	--	93	10	10	83
Money Market						
Foreign Value Stocks	16,180	--	16,180	1,200	1,200	14,980
Foreign Value Bonds	12,120	--	12,120	1,000	1,000	11,120
Foreign Value Stocks	16,180	--	16,180	1,200	1,200	14,980
Total	\$16,800	\$2,254	\$28,630	\$2,400	\$2,200	\$26,430

10. TRANSACTIONS WITH PARTIES-IN-INTEREST:

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

LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
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, 1996

June 16, 1997

Louisiana Lottery Corporation
Optional Savings Plan
Baton Rouge, Louisiana

We have audited the financial statements of Louisiana Lottery Corporation Optional Savings Plan, as of and for the year ended December 31, 1996, and have issued our report thereon dated June 16, 1997.

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 Plan 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 objective 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 Optional Savings Plan, for the year ended December 31, 1996, 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
OPTIMUM SAVINGS PLAN
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, 1985

(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 operation 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.

Duplantier, Chapman, Hogan & Tucker LLP

LOUISIANA LOTTERY CORPORATION
 OPTIONAL SAVINGS PLAN
 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, 1990

June 16, 1990

Louisiana Lottery Corporation
 Optional Savings Plan
 Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Lottery Corporation Optional Savings Plan as of and for the year ended December 31, 1990, and have issued our report thereon dated June 16, 1990.

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.

Compliance with laws, regulations, contracts, and grants applicable to the Louisiana Lottery Corporation Optional Savings Plan is the responsibility of the Plan's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Plan's 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.

Dufflach, Hopmann, Hays & Wade LLP

LOUISIANA LOTTERY CORPORATION
 OPTIONAL SAVINGS PLAN
 STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
 AS OF DECEMBER 31, 1998

	TREASURY MONET.MARKET	FIXED INCOME	CAPITAL APPRECIATION	BALANCED FUND	TOTAL
ASSETS:					
Investments at fair value:					
Mutual funds (Note 3)	\$ 36,646	\$ 34,903	\$ 999,892	\$ 763,376	\$ 1,934,817
Receivables:					
Employee contributions receivable	887	476	6,174	2,778	10,315
Employer contributions receivable	383	332	7,875	1,680	9,670
Accrued income	—	373	896	895	2,164
Capital gains receivable	—	—	50,416	6,410	56,826
Due from supplemental trust	—	—	87	—	87
Transfer receivable	74	3,875	632	3,681	5,162
Total Receivables	<u>1,344</u>	<u>4,656</u>	<u>61,994</u>	<u>13,944</u>	<u>80,948</u>
Total Assets	<u>\$ 38,000</u>	<u>\$ 39,559</u>	<u>\$ 1,061,886</u>	<u>\$ 777,320</u>	<u>\$ 1,936,765</u>
LIABILITIES:					
Transfers payable	886	88	3,911	58	5,943
Total Liabilities	<u>886</u>	<u>88</u>	<u>3,911</u>	<u>58</u>	<u>5,943</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 37,114</u>	<u>\$ 38,671</u>	<u>\$ 1,057,975</u>	<u>\$ 777,262</u>	<u>\$ 1,930,822</u>

See accompanying notes.

LEWISIAN LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996

2. DESCRIPTION OF PLAN: (Continued)

A participant's matching contribution account shall be fully vested and nonforfeitable upon such 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 3, 1992, shall be credited with a special year of service if the employee completed at least 500 hours of service prior to such date. Any forfeiture of unvested amounts shall be reallocated to the matching accounts of all the remaining participants. The total amount of forfeitures reallocated at December 31, 1996 for 1996 was \$1,634.

The distribution of a participant's benefits shall be made either in the form of a lump-sum payment or in the form of substantially equal quarterly or annual installment payments not to exceed fifteen years. The participant's benefits will commence sixty days after termination of employment with the employer unless the participant elects in writing on forms acceptable to the Employee Benefits Committee to defer the payment of these benefits. This election must be made within thirty days after separation from service, and may be modified or changed one time if the modification is made before commencement of distributions. In no event may a participant defer payment of benefits later than April 1st of the calendar year immediately following the year in which the participant attains age 70 1/2.

At December 31, 1996, there were 137 participants in the Plan.

3. MUTUAL FUNDS:

The Corporation is authorized under IA R.S. 47:4612(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 City 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
OPTIONAL SAVINGS PLAN

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DECEMBER 31, 1986

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LOUISIANA LOTTERY CORPORATION
 OPTIONAL SAVINGS PLAN
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1998

3. MUTUAL FUNDS: (Continued)

As of December 31, 1998, actual funds were composed of the following:

	NUMBER OF SHARES	FAIR VALUE	Cost
One Group U.S. Treasury Money Market	35,645	\$ 35,644	\$ 35,645
One Group Income Equity	9,873	179,987 ⁽¹⁾	180,800
One Group Value Growth	31,280	301,382 ⁽¹⁾	323,126
One Group Gulf South Growth	14,901	147,557 ⁽¹⁾	135,960
One Group Government Bond	35,026	145,595 ⁽¹⁾	146,792
One Group Limited Volatility	8,951	57,589 ⁽¹⁾	58,378
TOTAL		\$968,752	\$960,699

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

4. ALLOCATION OF CONTRIBUTIONS:

Participants in the Optional Savings Plan have four (4) investment alternatives. Each participant's investment directions shall be expressed as a percentage of the total amount credited to a participant's earmarked 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:

Money Market Model:

One Group U.S. Treasury Securities 100%

Income Model:

One Group Limited Volatility Bond 70%

One Group Government Bond 30%

Balanced Model:

One Group Limited Volatility Bond 15%

One Group Government Bond 45%

One Group Income Equity 10%

One Group Value Growth 25%

One Group Gulf South 5%

Capital Appreciation Model:

One Group Limited Volatility Bond 10%

One Group Income Equity 30%

One Group Value Growth 50%

One Group Gulf South 20%

5. INCOME TAX STATUS:

The Optional Savings Plan is a nonqualified employee benefit plan which is established and maintained under Section 457 of Internal Revenue Code (IRC). The Optional Savings Plan has not requested a private letter ruling, which is, in effect, a determination as to the legal status of the Plan.

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R E P O R T

LOUISIANA LOTTERY CORPORATION

OPTIONAL SAVINGS PLAN

DECEMBER 31, 1968

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

Witness Date APR 02 2001