STATE OF LOUISIANA

LOUISIANA LOTTERY CORPORATION

OPTIONAL SAVINGS PLAN

STATE OF LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2003

LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Fourteen copies of this public document were produced at an approximate cost of $36.12. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.lla.state.la.us. When contacting the office, you may refer to Agency ID No. 5910 or Report ID No. 04000444 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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June 15, 2004

Independent Auditor's Report
on the Financial Statements

BOARD OF DIRECTORS
LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
STATE OF LOUISIANA
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, 2003, 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 Louisiana Lottery Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the 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 net assets available for benefits of the Louisiana Lottery Corporation Optional Savings Plan as of December 31, 2003, and the changes in net assets available for benefits for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2004, on our consideration of the Louisiana Lottery Corporation Optional Savings Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 5 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the accompanying financial statements of the Louisiana Lottery Corporation Optional Savings Plan taken as a whole. The accompanying supplemental information schedule is presented for the purpose of additional analysis and is not a required part of the financial statements. The accompanying supplemental information schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

CR:WDD:THC:dl

[LLCOSP03]

LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
STATE OF LOUISIANA

Management's Discussion and Analysis
For the Year Ended December 31, 2003

This discussion of the Louisiana Lottery Corporation Optional Savings Plan financial statements provides an overview and analysis of the plan's financial position and activities for the year ended December 31, 2003. Please read it in conjunction with the plan's financial statements and notes to the financial statements.

Our annual report consists of two types of financial statements, a supplementary information schedule, and accompanying notes that provide narrative explanations and additional details of the plans' provisions and activities. The statements, supplementary information schedule, and notes are presented using the accrual method of accounting. Under this method, financial transactions are recorded when earned or incurred regardless of when cash is received or disbursed.

The statement of net assets available for benefits on page 11 includes all assets and liabilities of the plan. The balances reported are as of the year ended December 31, 2003. Assets consist of the fair value of units held for the benefit of participants under each investment fund. Fair value is based on deposit values and quoted market prices of the underlying investments. No liabilities exist because all expenses due from the plans are deducted daily from investment income and all benefits due to participants were distributed as of the end of the year.

A summary of all financial activities that occurred during the twelve-month period ending December 31, 2003, is presented in the statement of changes in net assets available for benefits on page 13. The categories of activities included on this statement provide reasons for increases or decreases in plan net assets. Investment income includes all interest, dividends, and market value gains or losses earned by each investment fund during the year. This income is reflected net of the plan's administrative service provider's investment management fees. Participant and employer contributions are the funds deposited into participant accounts for each pay period during the year in accordance with the terms of the plan. Withdrawals paid to terminated or retired employees are included in the benefits paid to participants' category. A description of contribution and distribution requirements can be found in note 2 to the financial statements on page 16.

The supplementary schedule on page 22 presents the plan's activities and balances segregated by investment fund. Interfund transfers include participant-directed transfers of funds between investment accounts and the allocation of forfeited balances from nonvested participant accounts to the remaining active and eligible participant accounts. Provider transfers represent the transition of funds from the plan's previous service provider, Pan American Life Insurance Company, to Principal Life Insurance Company on November 4, 2003.

The notes to the financial statements that begin on page 15 present information on accounting policies, plan provisions, investments, investment management fees, forfeitures, income tax status determinations, termination provisions, and litigation. These notes are an integral part of the financial statements.

A condensed financial data comparison between the current year ended December 31, 2003, and the prior year ended December 31, 2002, is presented below.

	As of and for the year ended December 31, 2003	As of and for the year ended December 31, 2002	Change
Assets	$2,552,614	$1,802,018	$750,596
Liabilities	NONE	NONE	NONE
Net assets available for benefits	$2,552,614	$1,802,018	$750,596
Additions to assets:			
Net investment income	$493,078	($427,806)	$920,884
Contributions:			
Participant	218,754	224,369	(5,615)
Employer	103,966	100,862	3,104
Total additions	815,798	(102,575)	918,373
Deductions from assets:			
Benefits paid to participants	(65,202)	(237,397)	172,195
Increase (decrease) in net assets	$750,596	($339,972)	$1,090,568

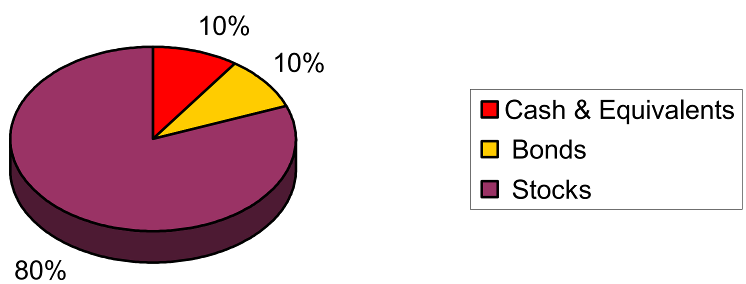
The assets of the plans increased by $750,596 because the combination of investment income and contributions were greater than benefits paid to participants. The reasons for the activity in each component outlined as follows provide the rationale for this overall change.

Investment income

The average investment return on the plan's portfolio, calculated as investment income divided by the average asset balance for the year, was 22.65% in 2003 and -21.69% in 2002. The reasons for this investment performance include the asset allocation of the plan's investment portfolio, economic conditions, and the gains and losses of the individual investment funds offered through the plan.

The underlying portfolios of the investments in the plan contain a mix of stocks, bonds, and cash. Each of these types of investments has different risk and return characteristics. Typically, a riskier investment has greater upside and greater downside performance potential. Stocks tend to be more volatile and risky investments that perform according to economic and corporate growth and profitability cycles. Bonds are usually more conservative investments that provide a fixed stream of income and fluctuations in values dependent upon changes in market interest rates. Cash investments include short-term government and corporate securities that offer a stable and very liquid principal value with an interest component.

An estimated asset allocation of the plan's portfolio at December 31, 2003, is presented below.



This chart illustrates that the plan's investment performance is heavily dependent upon changes in the stock market. This financial market tends to fluctuate with economic trends and conditions.

The United States and global economies rebounded during 2003. The end of major fighting in Iraq, a 45-year low in short-term interest rates, low inflation, and a new tax stimulus package aided the recovery. Corporate profits increased because of improvements in consumer confidence, consumer and business spending, and productivity gains. These factors contributed to impressive investment returns in the financial markets.

According to the *New York Stock Exchange* and the *Nasdaq Stock Market, Inc.*, the three major stock market indicators performed for the years ending December 31, 2003, and December 31, 2002, are as follows:

	2003	2002
Dow Jones Industrial Average (DJIA)	25.32%	-16.76%
Nasdaq Composite Index (NASDAQ)	50.00%	-31.53%
Standard and Poor's 500 Index (S&P500)	26.38%	-23.37%

In an effort to stimulate the economy and sustain a recovery, the Federal Reserve lowered short-term interest rates to a 45-year low in 2003. In addition, long-term interest rates remained low.

These economic factors had an impact on the performance of investments in 2003. The value of most stock funds increased during the year. Short-term money market fund returns remained low because of the low short-term interest rates. The values of fixed-income funds containing mostly intermediate to long-term bonds were stable in 2003 because long-term interest rates were relatively unchanged.

As expected, the investment performance of the individual funds offered through the plan was consistent with the financial market environment. Investment income generated by each fund is listed on the supplementary information schedule on page 22. The combination of the individual funds' gains resulted in the overall plan's investment income of $493,078.

Contributions

Participant contributions decreased because of the reduction or elimination of several large elective deferrals that exceeded the 2.5% employer match threshold. These changes were caused by participant directions or employment resignations. Employer contributions increased because of increases in the Lottery's payroll costs. Total 2003 wages were $4,998,000 compared to 2002 wages of $4,851,000. Contributions are calculated as a percentage of wages. The contribution provisions for the plan are outlined in note 2 to the financial statements beginning on page 16.

Benefits paid to participants

The amount of benefits paid out in any given year is dependent upon the volume of employee terminations or retirements, the length of service of these employees, the balances maintained in their accounts, and the distribution elections that determine the timing of payments. Differences in these factors can cause substantial variances in a year-to-year comparison of plan distributions. The distribution provisions for the plan are included in note 2 to the financial statements beginning on page 16.

This financial overview of the Optional Savings Plan is provided as a supplemental analysis of the financial position and activities of the plan as of and for the year ended December 31, 2003. It is based on currently known facts and decisions and includes information about transactions, events, and conditions that are reflected in the financial statements and accompanying notes. The additional presentations and disclosures are included to assist the users of this report in understanding the financial results of this retirement plan.

Respectfully submitted,

James F. Goodrum
Vice President of Finance and Controller

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LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
STATE OF LOUISIANA

Statement of Net Assets Available for Benefits
For the Year Ended December 31, 2003

ASSETS	
Investments (note 3)	$2,552,614
LIABILITIES	NONE
NET ASSETS AVAILABLE FOR BENEFITS	$2,552,614

The accompanying notes are an integral part of this statement.

LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
STATE OF LOUISIANA

Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2003

ADDITIONS	
Investment income	$498,346
Less investment management fees (note 4)	(5,268)
Net investment income	493,078
Contributions:	
Participant	218,754
Employer	103,966
Total additions	815,798
DEDUCTIONS	
Benefits paid to participants	(65,202)
Net increase	750,596
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	1,802,018
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	$2,552,614

The accompanying notes are an integral part of this statement.

LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
STATE OF LOUISIANA
As of and for the Year Ended December 31, 2003

INTRODUCTION

The Louisiana Lottery Corporation (Corporation) is authorized under Louisiana Revised Statute (R.S.) 47:9015(A) to provide or arrange for a retirement plan. The Corporation's Optional Savings Plan (Plan) has been established pursuant to this statute.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Corporation's Plan reports on its financial position and results of operations. The financial statements account for contributions from participants and the employer, investment income, and benefits distributed to participants.

B. REPORTING ENTITY

Using the criteria in GASB Codification Section 2100, the Division of Administration, Office of Statewide Reporting and Accounting Policy, has defined the governmental reporting entity to be the State of Louisiana. The Corporation is considered to be a component unit of the State of Louisiana because the state has financial accountability for the Corporation. Although the Corporation appoints the Plan's governing board, the Corporation is not financially accountable for the Plan since, under Section 457 of the Internal Revenue Code (IRC), all assets and income of the Plan are held in trust for the exclusive benefit of participants. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Corporation's financial statements. In addition, administrative and investment services for the Plan are provided by an insurance company.

The accompanying financial statements present information only as to the transactions of the Corporation's Optional Savings Plan. The Louisiana Lottery Corporation is a part of the reporting entity of the State of Louisiana. The basic financial statements are audited by the Louisiana Legislative Auditor.

C. BASIS OF ACCOUNTING

Basis of accounting refers to the timing of recognition of revenues and expenses in the accounts and reporting in the financial statements. The financial statements of the Corporation's Optional Savings Plan are accounted for using the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred. The Plan uses the following practices in recognizing revenues and expenses:

Contributions

Employer and employee contributions are recognized in the period when the compensation used to calculate the contributions is reported on Internal Revenue Service (IRS) Form W-2.

Investment Income

Investment income is accrued as earned, net of investment management fees.

Plan Expenses

Fees related to the record keeping and administration of the Plan are paid by the Louisiana Lottery Corporation. Investment management fees are netted daily from investment income and, therefore, are not a liability of the Plan at December 31, 2003.

Benefits Paid to Participants

Benefits are recorded when paid.

D. VALUATION OF INVESTMENTS

Investments are reported at fair value, which is based on deposit values and quoted market prices.

2. DESCRIPTION OF THE PLAN

The Optional Savings Plan is a voluntary Deferred Compensation Plan adopted under the provisions of IRC Section 457. Under the terms of the Plan, an employee is eligible to participate in the Plan as of the entry date that coincides with or immediately follows the date on which the employee completes a 90-day employment period. For the plan year, the sum of compensation deferred by a participant and the Corporation's matching contributions made on behalf of such participant shall not exceed the lesser of such participant's compensation or $12,000. The Corporation contributes a matching contribution equal to the amount of compensation deferred by each participant up to 2.5% of each participant's compensation as reported on IRS Form W-2, increased by the amount of any deferral under this Plan.

A participant's matching contribution account is fully vested and nonforfeitable upon such participant's death, disability, or attainment of the normal retirement age (65 years of age) 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.

Before August 20, 1996, under requirements of IRC Section 457, the assets in the Plan remained the property of the employer until paid or made available to participants, subject only to the claims of the employer's general creditors. On August 20, 1996, IRC Section 457 was amended by the Small Business Job Protection Act to require that all assets and income of the Plan be held in trust for the exclusive benefit of the participants and their beneficiaries. The Corporation amended the Optional Savings Plan on January 1, 1997, to reflect this change in the IRC.

Benefits are payable to former employees at the time and in the manner designated by the participants on a distribution election form. In no event may a participant defer payment of benefits later than April 1 of the calendar year immediately following the year in which the participant attains age 70½. The distribution of benefits shall be made either in the form of a single-sum payment or in the form of substantially equal annual installment payments not to exceed 15 years.

As of December 31, 2003, there were 132 participants in the Optional Savings Plan.

3. INVESTMENTS

Pan American Life Insurance Company (PALIC) provided administrative and investment services for the Plan from January 1, 2003, through November 3, 2003. Effective November 4, 2003, Principal Life Insurance Company (PLIC) assumed these services for the Plan.

The Plan's investments at December 31, 2003, are held in pooled separate accounts or trusts. The separate accounts are established through a flexible investment annuity group contract with PLIC and consist of proprietary Principal funds and nonproprietary Russell LifePoints mutual funds. The Principal Stable Value Signature Fund is held in a trust with Gartmore Trust Company serving as the trustee. Other mutual fund investments are offered through a group custodial agreement that includes Delaware Charter Guarantee & Trust Company as trustee.

The Corporation's Retirement Plans Investment Committee is responsible for designating the funds available for investment by Plan participants. Participants in the Plan can allocate the investment of employer and employee contributions in whole percentages to any combination of funds reflected on the following page and on Schedule 1. The investment allocations for current balances and future contributions can be changed on a daily basis.

Since all investments of the Plan are trusts, separate accounts or open-end mutual funds, accounting principles generally accepted in the United States of America do not require that these investments be classified into credit risk categories.

At December 31, 2003, investments are composed of the following:

	Number of Units	Fair Value	
Principal Stable Value Signature Fund			
(Gartmore Trust Company - Trustee)	8,080	$113,407	
PLIC Flexible Investment Annuity Group Contract			
Separate Accounts:			
Proprietary Funds:			
Principal Bond & Mortgage	102	62,217	
Principal Large Cap Stock Index	19,072	719,204	(1)
Principal Partners:			
Large-Cap Blend	21,318	202,169	(1)
Large-Cap Value	1,972	22,557	
Large-Cap Growth I	26,133	197,417	(1)
Mid-Cap Growth	34,183	338,327	(1)
Small-Cap Growth II	7,923	67,953	
Small-Cap Value I	6,330	94,628	

	Number of Units	Fair Value	
PLIC Flexible Investment Annuity Group Contract			
Separate Accounts: (Cont.)			
Nonproprietary Funds:			
Russell LifePoints Class D Shares:			
Conservative Strategy	110	$1,446	
Moderate Strategy	177	2,255	
Balanced Strategy	41,836	517,925	(1)
Aggressive Strategy	9,983	114,722	
Equity Aggressive Strategy	285	3,081	
Mutual Fund Investments			
(Delaware Charter Guarantee & Trust Company - Trustee):			
American Century Equity Income Adv Fund	691	5,372	
American Funds Growth Fund of America R3 Fund	143	3,486	
American Funds Europacific Growth R3 Fund	2,886	86,448	
Total		$2,552,614	

(1) Individual investments that represent 5% or more of the Plan's net assets available for benefits.

4. INVESTMENT MANAGEMENT FEES

Under the agreement with PALIC, the Plan was charged investment management fees (calculated and deducted from investment income daily) based on the Plan's daily net assets as follows:

Fund	Fee
Money Market Fund	None
Morgan Stanley Institutional Fixed-Income Portfolio	0.25%
Vanguard Balanced Index	0.50%
Dreyfus Institutional Standard & Poor's 500 Stock Index	0.45%
Harbor Capital Appreciation Fund	0.50%
Vanguard Growth Index	0.50%
Victory Diversified Stock	None
Vanguard Value Index	0.50%
Franklin Small-Mid Capital Growth Fund	0.10%
Franklin Balanced Sheet Investment	None
Templeton Foreign Fund	0.10%
Dodge & Cox Stock Fund	0.50%
Wasatch Micro Cap Fund	0.50%
Lord Abbett Mid Cap Value Fund	0.15%
Calamos Growth Fund	0.25%

Principal Life Insurance Company does not assess investment management fees to the Plan.

During the year ended December 31, 2003, investment management fees of $5,268 were incurred.

5. FORFEITURES

A participant's nonvested matching contribution account is forfeited at the close of the plan year in which the participant's employment with the Corporation is terminated. These forfeitures are reallocated to the matching contribution accounts of all remaining participants based on the ratio that each matching account bears to the total of all matching accounts. During the year ended December 31, 2003, $1,730 in forfeited nonvested accounts from the previous plan year was reallocated to the accounts of the remaining participants. In addition, a balance of $354 remains in the forfeitures account at December 31, 2003. These funds represent forfeited nonvested accounts for the 2003 plan year that will be reallocated to the remaining participants during the 2004 plan year.

6. INCOME TAX STATUS

The Optional Savings Plan is a nonqualified employee benefit plan that is established and maintained under Section 457 of 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. However, the Plan's tax counsel believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

7. TERMINATION

Although it has not expressed any intent to do so, the Board of Directors of the Corporation has the right, at any time, to terminate the Plan, in whole or in part, by delivering written notice to the administrative services provider and to each participant of such termination. Upon such termination, the Employee Benefits Committee shall direct the administrative services provider to distribute the assets of the Plan to the participants. Upon termination, all amounts allocated to the accounts of affected participants shall become fully vested and nonforfeitable.

8. LITIGATION

There is no pending litigation against the Plan at December 31, 2003.

LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
For the Year Ended December 31, 2003

SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS, BY INVESTMENT OPTION

Whereas Statement B presents the totals for the Plan as a whole, Schedule 1 presents the changes in net assets available for benefits by investment option for the year ended December 31, 2003.

LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
STATE OF LOUISIANA

Schedule of Changes in Net Assets Available for Benefits, by Investment Option
For the Year Ended December 31, 2003

	NET ASSETS, BEGINNING OF YEAR	INVESTMENT INCOME	INVESTMENT MANAGEMENT FEES
Investments offered through			
Pan American Life Insurance Company:			
(January 1, 2003, through November 3, 2003)			
Money Market Fund	$171,348	$1,720	
Morgan Stanley Inst Fixed-Income Portfolio	59,166	2,275	($128)
Vanguard Balanced Index	339,553	57,413	(1,599)
Dreyfus Inst S & P's 500 Stock Index	564,818	128,711	(2,437)
Harbor Capital Appreciation Fund		121	(6)
Vanguard Growth Index	126,936	32,198	(650)
Victory Diversified Stock	159,056	41,972	
Vanguard Value Index	2,449	2,446	(56)
Franklin Small-Mid Capital Growth Fund	251,706	79,316	(235)
Franklin Balanced Sheet Investment	75,899	20,420	
Templeton Foreign Fund	51,087	13,578	(53)
Dodge & Cox Stock Fund		1,053	(13)
Wasatch Micro Cap Fund		4,537	(43)
Lord Abbett Mid Cap Value Fund		102	(1)
Calamos Growth Fund		10,589	(47)
Investments offered through			
Principal Life Insurance Company:			
(November 4, 2003, through December 31, 2003)			
Principal Stable Value Signature Fund		524	
Principal Bond & Mortgage		1,010	
Principal Large Cap Stock Index		40,241	
Principal Partners:			
Large-Cap Blend		11,743	
Large-Cap Value		1,946	
Large-Cap Growth I		6,865	
Mid-Cap Growth		3,544	
Small-Cap Growth II		825	
Small-Cap Value I		6,619	

(Continued)

PARTICIPANT CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	BENEFITS PAID TO PARTICIPANTS	INTERFUND TRANSFERS	PROVIDER TRANSFERS	NET ASSETS, END OF YEAR
$28,270	$4,112	($576)	($87,111)	($117,763)	
2,439	1,454	(388)	(1,910)	(62,908)	
45,768	23,971	(26,660)	(14,077)	(424,369)	
28,331	16,459	(5,192)	(5,864)	(724,826)	
164	62		9,030	(9,371)	
20,401	12,827	(4,399)	(3,715)	(183,598)	
17,402	8,140	(14,006)	(2,981)	(209,583)	
1,258	181		18,121	(24,399)	
15,670	7,495	(5,855)	(348,097)		
7,762	4,334	(7,693)	20,980	(121,702)	
6,145	2,705	(426)	1,386	(74,422)	
552	61		18,314	(19,967)	
677	266		58,932	(64,369)	
267	174		4,581	(5,123)	
9,116	4,306	(7)	332,411	(356,368)	
339	251		(5,470)	117,763	$113,407
426	170		(2,297)	62,908	62,217
490	300		(46,653)	724,826	719,204
95	95		(19,347)	209,583	202,169
235	178		(24,168)	44,366	22,557
284	135		(2,836)	192,969	197,417
1,195	581		(23,361)	356,368	338,327
1,558	512		689	64,369	67,953
1,045	501		(35,239)	121,702	94,628

LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
STATE OF LOUISIANA
Schedule of Changes in Net Assets Available for Benefits, by Investment Option, 2003

	NET ASSETS, BEGINNING OF YEAR	INVESTMENT INCOME	INVESTMENT MANAGEMENT FEES
Investments offered through			
Principal Life Insurance Company: (Cont.)			
(November 4, 2003, through December 31, 2003)			
Russell LifePoints:			
Conservative Strategy		$7	
Moderate Strategy		26	
Balanced Strategy		19,525	
Aggressive Strategy		3,416	
Equity Aggressive Strategy		84	
American Century Equity Income Adv Fund		388	
American Funds Growth Fund of America R3 Fund		147	
American Funds Europacific Growth R3 Fund		4,985	
TOTAL	$1,802,018	$498,346	($5,268)

(Concluded)

PARTICIPANT CONTRIBUTIONS	EMPLOYER CONTRIBUTIONS	BENEFITS PAID TO PARTICIPANTS	INTERFUND TRANSFERS	PROVIDER TRANSFERS	NET ASSETS, END OF YEAR
$944	$495				$1,446
1,374	855				2,255
7,263	5,101		$61,667	$424,369	517,925
16,396	6,181		88,729		114,722
1,620	1,377				3,081
366	195		(700)	5,123	5,372
659	292		2,388		3,486
243	200		6,598	74,422	86,448
$218,754	$103,966	($65,202)	NONE	NONE	$2,552,614

OTHER REPORT REQUIRED BY

GOVERNMENT AUDITING STANDARDS

The following pages contain a report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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June 15, 2004

Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of the Financial Statements
Performed in Accordance With *Government Auditing Standards*

BOARD OF DIRECTORS
LOUISIANA LOTTERY CORPORATION
OPTIONAL SAVINGS PLAN
STATE OF LOUISIANA
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, 2003, and have issued our report thereon dated June 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Louisiana Lottery Corporation Optional Savings Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Lottery Corporation Optional Savings Plan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Corporation and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Steve J. Theriot, CPA
Legislative Auditor

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[LLCOSP03]