



**LOUISIANA LOTTERY CORPORATION**  
**A COMPONENT UNIT OF THE STATE OF LOUISIANA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

**LOUISIANA LOTTERY CORPORATION**  
**A COMPONENT UNIT OF THE STATE OF LOUISIANA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2010 AND 2009**

**PREPARED BY ACCOUNTING DEPARTMENT**

**KAREN B. FOURNET**

**SENIOR VICE PRESIDENT**

**SECRETARY TREASURER**

**LOUISIANA LOTTERY CORPORATION  
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September 7, 2010

Board of Directors, Louisiana Lottery Corporation  
Rose J. Hudson, President, Louisiana Lottery Corporation

## **INTRODUCTION**

The Louisiana Lottery Corporation is pleased to submit its Comprehensive Annual Financial Report for the fiscal years ended June 30, 2010 and 2009. Lottery management is responsible for the accuracy and completeness of all data and disclosures in this report. To the best of our knowledge, the information presented is accurate and complete in all material respects and fairly depicts the financial activities and position of the Lottery.

This report is organized into four sections. The introductory section includes this letter of transmittal and an organizational chart. The financial section includes the independent auditor's report, management's discussion and analysis, and the audited financial statements with accompanying notes. Historical, demographic, and industry comparative data are presented in the statistical section of this report. A report on compliance and internal control is included in the last section.

The Louisiana Lottery Corporation was created in October 1990 and began operating on January 15, 1991. Ticket sales began on September 6, 1991. The Lottery is considered a component unit of the State of Louisiana and is reported as an enterprise fund within the state's Comprehensive Annual Financial Report. The fund is operated in a manner similar to a private business enterprise.

During its 19 years of operation, the Lottery has offered a variety of instant and on-line products. The instant games consist of preprinted "scratch-off" tickets, which contain various symbols and captions covered by latex material. Players instantly determine the winning or non-winning status of their tickets by removing the latex. On-line game tickets are produced through terminals at lottery retailer locations based on player instructions for number selection. Drawings are conducted to determine winning combinations. Historical data for all lottery products are presented in the financial and statistical sections of this report.

## **FINANCIAL CONDITION AND ACCOMPLISHMENTS**

The Corporation's financial condition continues to be strong and stable. At June 30, 2010, net assets are \$23.3 million. Transfers to the state treasury include \$2.25 million in surplus funds generated from sales stability and efficient operations. Total sales of \$372.4 million were \$10.4 million above budget and above \$370 million for the third consecutive year. General operating expenses were \$1.5 million under budget. Investments of \$46.6 million are available to fund current operations, provide adequate reserves for funding potential prize liabilities, and maintain financial protection from future unexpected costs.

An analysis of comparative financial data is included in *Management's Discussion and Analysis* beginning on page 10. The notes to the financial statements that begin on page 25 contain information about investments (note 3), prize liabilities (note 8), risk management (note 12), and net assets (note 14). A historical perspective of the Corporation's performance and financial condition is included in the statistical section beginning on page 44.

The fiscal year ended with the successful implementation of a new gaming system and related retailer terminals and equipment on June 27, 2010. This major conversion required months of planning and testing by lottery and vendor staff. This project resulted in significant technology upgrades for retailers and lottery operations.

## **GOVERNMENT FINANCE OFFICERS ASSOCIATION CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting (page 7) to the Louisiana Lottery Corporation for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the twelfth consecutive year that the Lottery has achieved this prestigious award. 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 only. We believe that 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 another certificate.

## **ORGANIZATIONAL INFORMATION**

### **Enterprise Operations**

The corporate structure of the Lottery enables it to be managed in an entrepreneurial and business-like manner. The Louisiana Lottery's basic business purpose is to provide enjoyable and secure lottery games to the people

of the state of Louisiana while maximizing transfers to the state's Lottery Proceeds Fund. The operations involve the sale of lottery tickets, the determination of winning tickets, the payment of prizes, compensation to lottery retailers, and all necessary administrative functions. As intended by the enabling statutes, the Corporation is accountable to the governor, the legislature, and the people of the state through a system of audits, reports, legislative oversight, and thorough financial disclosure.

Operational results are included in the financial and statistical sections of this report.

### **Internal Control Framework**

Management is responsible for the design and operation of the control environment and corporate policies and procedures. This internal control structure should provide reasonable assurance that corporate objectives will be achieved in the following categories:

- Reliability of financial reporting
- Safeguarding of corporate assets
- Compliance with applicable laws and regulations

Management has assigned responsibilities and designed processes in an attempt to prevent potential conflicts of interest or unilateral control of critical functions. The Lottery has segregated duties in several key areas including the following:

- Human resources and payroll processing
- Daily cash management and bank account reconciliations
- Cash disbursement authorization and bank account reconciliations
- Purchasing and accounts payable
- Cash disbursement authorization and accounts payable
- Retailer licensing and retailer accounts receivable
- General ledger accounts receivable and retailer accounts receivable
- Data center processing and programming
- Drawing department and information systems department

Operational policies and procedures have been established to communicate management guidelines and requirements for daily operations. Employee compliance with these standards is constantly monitored and evaluated.

### **Budgetary Controls**

The Corporation is required to submit its annual fiscal year budget to the Board of Directors and the Joint Legislative Committee on the Budget for review and approval. All levels of management are involved in the budgeting process. Available resources are determined based on projected revenue and are allocated to specific areas based on the goals and objectives contained in the

Lottery's annual business plan. Operational efficiency is emphasized to direct resources to areas that are expected to maximize revenues, profitability, and the return to the State of Louisiana.

Actual performance is compared to the approved budget on a monthly basis by department managers and senior management. Variances are monitored and future plans are reviewed for potential adjustments.

### **Debt Administration**

Lotto and Powerball game grand prize winner installment obligations are funded by investments in U.S. Treasury zero coupon bonds as required by statute. These liabilities are paid as the bonds mature at or near the winning draw date anniversaries.

### **Cash Management**

Cash due from retailers for lottery transactions is collected on a weekly basis through an electronic funds transfer system and deposited into an operating account. Operating cash balances are used to fund daily lottery operations such as prize and vendor payments. Minimal operating account balances are maintained and are invested overnight in U.S. government securities repurchase agreements. Excess operating funds are invested daily in short-term U.S. government securities money market mutual funds. Funds not needed for liquidity purposes are invested in a portfolio of intermediate-term U.S. government and agency securities. All investment purchases are restricted by guidelines contained in a board-adopted Investment Policy Statement and all associated state statutes.

### **Risk Management**

The Lottery has purchased various commercial insurance policies for protection from significant economic loss. These policies include coverage for standard automobile liability, general liability, worker's compensation claims, property, electronic data processing equipment, employee crimes against the corporation, directors' and officers' liability, and retirement plan fiduciary liability. In addition, contracts for major purchases of goods or services contain requirements for vendor indemnification of the Lottery and vendor insurance and performance bond coverages. Management has also segregated a portion of net assets for a litigation and prize reserve to cover unanticipated losses.

## **MAJOR INITIATIVES**

Management has developed the Corporation's objectives and goals for the 2011 fiscal year. Two of the major initiatives are as follows:

- Issue a request for proposals for instant ticket printing services, evaluate the responses, execute a contract with the successful vendor, and begin implementation
- Evaluate and implement new finance and human resources software technology

## **INDEPENDENT AUDIT**

The Louisiana Legislative Auditor performs an annual audit of the Lottery's financial statements as required by Louisiana statutes. The audits are conducted in accordance with generally accepted auditing standards and generally accepted government auditing standards. The independent auditor's opinion on the Lottery's financial statements for the years ended June 30, 2010, and June 30, 2009, is included in the financial section of this report.

## **ACKNOWLEDGMENTS**

The Accounting Department staff prepared each section of the Comprehensive Annual Financial Report. Their efforts have greatly contributed to the success of this informative document. In addition, we appreciate the efforts of the Legislative Auditor's Office in providing assistance with technical requirements.

We are committed to providing thorough and relevant financial information to the users of our financial statements. Our preparation of this Comprehensive Annual Financial Report reflects this commitment. The additional presentations and disclosures required will assist readers in obtaining an understanding of the Lottery's historical and current financial results.

Respectfully submitted,

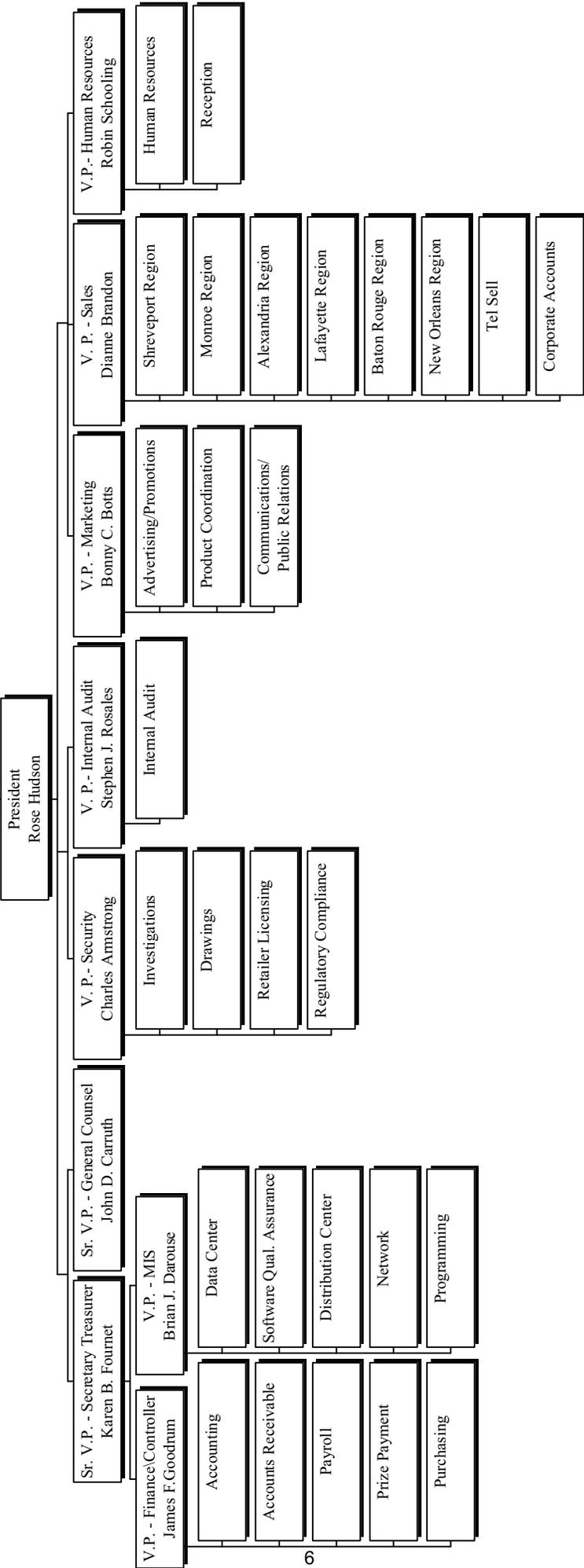
LOUISIANA LOTTERY CORPORATION



Karen B. Fournet  
Senior Vice President and Secretary Treasurer

# LOUISIANA LOTTERY CORPORATION Organizational Chart with Principal Officials

**Board of Directors**  
 Ronnie Johns, Chairman  
 John Fitzpatrick, Vice Chairman  
 Albert "Peie" Cole, Secretary  
 Verge Ausberry, Jr.  
 Eva Breaux  
 Kim Carver  
 Roy Robichaux, Jr.  
 OPEN - District #4  
 OPEN - District #5  
 John Kennedy, Ex-Officio



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Louisiana Lottery Corporation

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

## **FINANCIAL SECTION**



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

September 7, 2010

Independent Auditor's Report

**BOARD OF DIRECTORS  
LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the Louisiana Lottery Corporation, a component unit of the State of Louisiana, as of and for the years ended June 30, 2010, and June 30, 2009, as listed in the table of contents. 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 audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Lottery Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 as of June 30, 2010, and June 30, 2009, and the changes in financial position and cash flows for the years 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 September 7, 2010, on our consideration of the Louisiana Lottery Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts and other matters. The purpose of that report is to describe the scope

of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Management's discussion and analysis on pages 10 through 19 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 principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana Lottery Corporation's basic financial statements. The accompanying supplemental information schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplemental information schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

BF:AD:BQD:THC:dl

**LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
PROPRIETARY FUND - ENTERPRISE FUND**

**Management's Discussion and Analysis  
For the Years Ended June 30, 2010, and June 30, 2009**

This discussion of the Louisiana Lottery Corporation's financial statements provides an overview and analysis of the Corporation's financial results and position for the fiscal years ended June 30, 2010, and June 30, 2009. Please read it in conjunction with the financial statements and notes to the financial statements.

Our annual report consists of three types of financial statements and accompanying notes that provide narrative explanations and additional details of accounting policies, account balances and activities. Account balances and activities are shown as of and for the fiscal year ended June 30, 2010, with comparative totals for June 30, 2009. The statement of net assets; the statement of revenues, expenses, and changes in fund net assets; and the 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 cash flows reflects cash receipts and disbursements during the fiscal year.

The statement of net assets on page 20 includes all assets, liabilities, and net assets of the Corporation. Assets consist of money held in investments and bank accounts, amounts owed to the Corporation from licensed lottery retailers and other outside parties, property, and other financial resources. Liabilities represent amounts owed to vendors, employees for wages and benefits, prize winners and the state treasury. Assets and liabilities are classified as either current or noncurrent. A current classification indicates that an asset or liability is expected to be received or paid, respectively, within the subsequent one-year period while a noncurrent classification indicates a period of greater than one year. Net assets represent the portion of assets that are not encumbered by liabilities. It serves as an indicator of the net worth of the Corporation.

A summary of the financial results of operations for the reported 12-month period is presented in the statement of revenues, expenses, and changes in fund net assets on pages 21 and 22. The categories of activities included on this statement provide reasons for increases or decreases in net assets. Operating revenues include sales of lottery tickets and other fees associated with the Corporation's network of retailers and operations. Direct costs and administrative expenses comprise the operating expenses section of this report. Direct costs are variable expenses that fluctuate with the level of sales. Marketing and overhead costs are included in the administrative expenses category. Nonoperating revenues and expenses consist of interest and market value gains or losses from investments, any recognized gain or loss from the disposal of capital assets, and the accrued required and surplus remittances to the state as explained in note 15 to the financial statements on page 40.

The statement of cash flows on pages 23 and 24 includes cash receipts and disbursements from operating, noncapital financing, capital financing, and investing activities. This statement also consists of a reconciliation of operating income

presented on the accrual basis of accounting to net cash provided by operating activities.

The notes to the financial statements that begin on page 25 present information on accounting policies, cash, investments, accounts receivable, prepaid expenses, capital assets, deposits, prizes payable, vacation and sick leave, changes in noncurrent liabilities, retirement benefits, risk management, lease and rental commitments, net assets, payments to the state treasury, and the board of directors. These notes are an integral part of the financial statements.

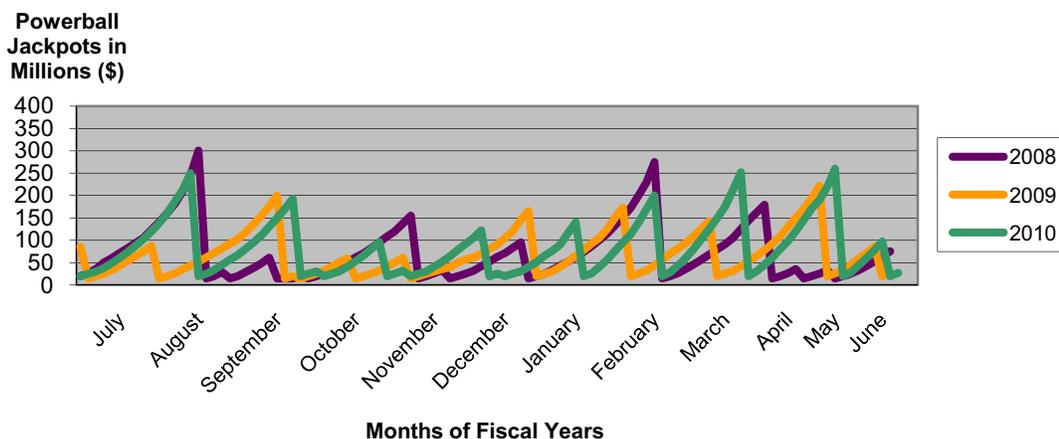
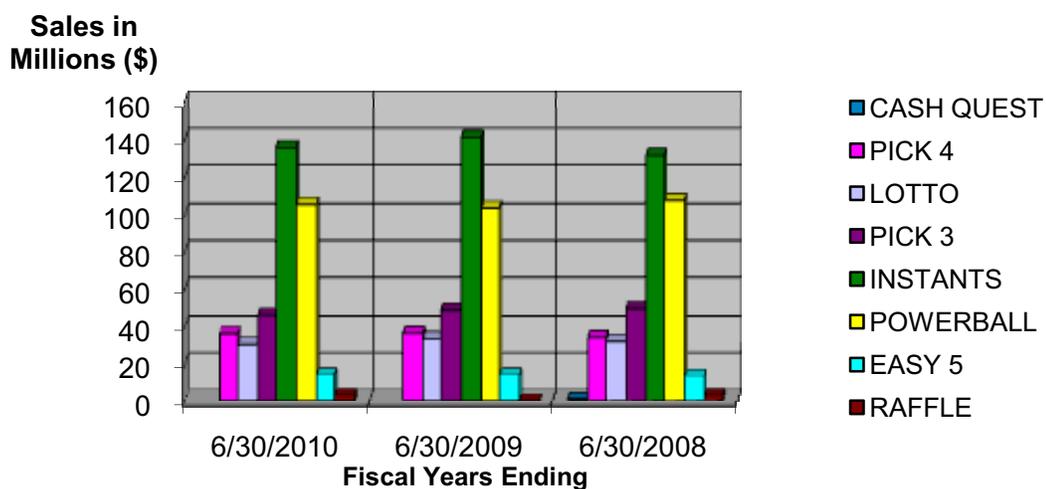
These statements and notes provide information that is necessary to evaluate the Corporation's financial performance and condition. Each fiscal year's performance affects the end of year financial position. To assist readers with this evaluation, a condensed comparison of financial results between the current year ended June 30, 2010, and the prior years ended June 30, 2009, and June 30, 2008, is presented below followed by further analysis of changes in key performance indicators.

	As of and for the Year Ended June 30, 2010	As of and for the Year Ended June 30, 2009	As of and for the Year Ended June 30, 2008
<b>Operating revenues</b>			
Instant ticket sales	\$136,006,913	\$141,393,769	\$132,048,433
On-line sales	236,379,493	237,129,984	241,645,621
Allowance for uncollectible accounts	(20,194)	(21,426)	(7,481)
Other operating revenues	328,083	9,509	86,020
<b>Total operating revenues</b>	<u>372,694,295</u>	<u>378,511,836</u>	<u>373,772,593</u>
<b>Nonoperating revenues</b>			
Investment and other income	2,909,337	2,636,767	2,967,323
<b>Total revenues</b>	<u>375,603,632</u>	<u>381,148,603</u>	<u>376,739,916</u>
<b>Operating expenses</b>			
Direct costs:			
Prize expense	189,749,514	193,331,767	192,800,091
Retailer commission and incentives	20,630,917	21,056,534	20,912,784
Other direct costs	13,486,737	13,598,523	13,569,127
Total direct costs	223,867,168	227,986,824	227,282,002
Administrative expenses	17,653,110	17,735,988	17,645,772
<b>Total operating expenses</b>	<u>241,520,278</u>	<u>245,722,812</u>	<u>244,927,774</u>
<b>Payments to state treasury</b>	<u>133,701,775</u>	<u>135,908,240</u>	<u>131,861,525</u>
<b>Total expenses</b>	<u>375,222,053</u>	<u>381,631,052</u>	<u>376,789,299</u>
<b>Change in net assets</b>	<u>\$381,579</u>	<u>(\$482,449)</u>	<u>(\$49,383)</u>

Operating revenues were \$372.7 million and the Corporation transferred over \$131 million to the state treasury for the third consecutive year. The \$133.7 million transferred to the state was the second highest fiscal year transfer in the past 17 years and the third largest in the Corporation's history. The reasons for the activity in each component outlined below provide the rationale for these positive results of operations.

### Operating revenues

The charts presented below reflect sales levels for each of the lottery games offered during the three fiscal years and Powerball jackpot levels experienced during those time periods. The purpose of these presentations is to emphasize the correlation between Powerball jackpots and the level of sales for that on-line game and the other lottery games. Discussions of changes in operating revenues follow these charts.



For the year ended June 30, 2010

Total sales were above \$372 million for the third consecutive year. Instant sales declined \$5.4 million from the prior year but exceeded all other fiscal year results in the past 16 years. Powerball sales increased because of five jackpots at or above \$200 million. Lotto game sales decreased by \$3 million because of low jackpot levels. No jackpot reached \$1 million during the fiscal year. Prize winnings for the Pick 3 and Pick 4 daily games were below normal levels. Sales declined for both games. Easy 5 sales slightly increased. The Raffle game added \$3 million to on-line sales.

Overall, sales were fairly stable compared to the past several years. The downturn in the national and state economies did not have a substantial effect on lottery ticket sales.

For the year ended June 30, 2009

Total sales of \$378.5 million surpassed the 15-year high established in the previous fiscal year. Instant ticket sales were at the highest level since fiscal year ended June 30, 1994. On-line sales were at the second-highest level on record and were only \$4.5 million under the fiscal year record established in 2008.

Instant ticket sales increased over 7% to \$141.4 million. A shift in consumer buying patterns to higher-price-point games and improvement in inventory distribution are the main reasons for the growth in sales.

Sales of on-line games, except Powerball, were stable or slightly increased during the fiscal year. Pick 4 sales increased over 6%. The prize payouts for this game continue to exceed 50%. Lotto sales were about \$1.5 million higher than sales in the previous year mainly because of larger jackpots. Sales for the Pick 3 game and the Easy 5 game, when combined with the Cash Quest game, were slightly lower. Powerball sales decreased \$3.9 million because only one jackpot surpassed \$200 million during the fiscal year. The on-line Raffle game was not offered for sale.

Historical sales data for all games are presented in the statistical section of this report.

**Nonoperating revenues**

Total earnings on investments increased by \$232,000 in fiscal year 2010 and decreased by \$347,000 in fiscal year 2009.

As stated in note 3 to the financial statements, a portion of the Corporation's investment portfolio consists of money market mutual fund investments in short-term government securities. The federal funds rate was less than 0.25% at June 30, 2010 and at June 30, 2009. The Federal Reserve significantly decreased this rate in fiscal year 2009 because of the severe economic downturn and problems in the credit and financial markets. These reductions had a direct effect on the amount of short-term investment income earned by the Corporation. The average rate of return earned on short-term investments in the fiscal year ended June 30, 2010, was 0.03%, as compared to rates of 0.59% and 3.43% in the fiscal years ended June 30, 2009 and 2008, respectively. As a result, the Corporation's interest earnings from current investments decreased to

\$2,000 in fiscal year 2010 from \$71,000 in fiscal year 2009. Fiscal year 2008 earnings were \$631,000.

Because of the fluctuations in short-term investment earnings from year to year and the impact of these changes in cash flow on the annual operating budget, the Corporation maintains an actively-managed intermediate-term portfolio of U.S. government and agency securities. Funds not needed for liquidity and working capital purposes are invested in this portfolio. The annual rate of return is consistently in the 4% to 5% range.

The Corporation's investment return from its intermediate-term portfolio consists of interest earned on investments and changes in the fair value of investments as follows:

	<u>For the Year Ended June 30, 2010</u>	<u>For the Year Ended June 30, 2009</u>	<u>For the Year Ended June 30, 2008</u>
Interest	\$1,585,349	\$1,606,146	\$1,100,769
Change in Fair Value	<u>1,137,573</u>	<u>740,885</u>	<u>670,492</u>
<b>Total</b>	<b><u><u>\$2,722,922</u></u></b>	<b><u><u>\$2,347,031</u></u></b>	<b><u><u>\$1,771,261</u></u></b>

As shown in the chart above, the interest component of these intermediate securities increased during the 2009 fiscal year and remained stable during 2010. A \$10 million allocation of short-term investments to this portfolio in June 2008, the transfer of almost \$3 million from investments held by the Multi-State Lottery Association, and the reinvestment of all interest and principal receipts were the main reasons for the higher interest earnings.

The changes in fair value were caused by the inverse relationship of the market value of debt securities to market interest rates and the length of time to maturity of the securities in the portfolio. The majority of the maturities of the securities in the portfolio are within an intermediate range of one to ten years. The intermediate-term five-year Treasury note market yield decreased by 77 basis points (bps) in 2010, 78 bps in 2009, and 160 bps in 2008. The decreases in the yield were factors in the increase in the portfolio's fair value. The increase in the amount of funds in the portfolio at the end of fiscal years 2010 and 2009 also contributed to the fair value gains.

Most increases or decreases in fair value are not realized by the Corporation. Investment disposals occur at maturity and when overall investment return performance, including interest earned and market value, can be enhanced by the sale of portfolio holdings and replacement with other quality securities. In addition, some of the gains or losses realized upon the disposal of securities are the result of a discount or premium paid at the time of original purchase. Net realized gains or losses from disposals of investments were a loss of \$107,000 in fiscal year 2010, a gain of \$317,000 in 2009, and losses of \$312,000 in 2008. Further disclosures on investments and interest rate risk are included in note 3 to the financial statements beginning on page 27.

Total revenues earned during the 2010 and 2009 fiscal years were \$375.6 million and \$381.1 million, respectively. Revenues that are generated each fiscal year are used to

fund lottery operations including payment of prizes, retailer compensation, other direct operating costs, administrative expenses, and required payments to the state treasury. Revenue not needed to fund current operations increases net assets or if determined to be surplus to the Corporation's future needs, is remitted as an additional transfer to the state treasury. A historical allocation of expenses as a percentage of total revenue is presented in the statistical section of this report on page 53.

### **Direct costs**

Direct costs are expenses that fluctuate directly with the level of sales. The changes in sales for the fiscal years presented resulted in corresponding changes in direct costs. Prize expense, as a percentage of operating revenues, was 50.91% in fiscal year 2010, 51.08% in fiscal year 2009, and 51.58% in fiscal year 2008. Fluctuations in fixed-prize payouts for the Pick 3 and Pick 4 daily games and changes in operating budget funding levels for instant game prizes caused the annual variations in prize expense percentages.

### **Administrative expenses**

The Corporation has maintained high profitability levels for the benefit of the State of Louisiana by controlling its administrative costs each year. These marketing and overhead expenses have remained consistent and under budget during the past 10 fiscal years. These efficiencies have enabled the Corporation to maintain financial stability, fund higher-than-average prize payouts, and transfer additional surplus funds to the state when available.

### **Payments to state treasury**

Note 15 to the financial statements on page 40 includes a discussion of the statutory requirements for payments to the state treasury. Payments decreased by \$2.2 million to approximately \$133.7 million in fiscal year 2010 because of lower operating revenues. The payments for fiscal years 2010 and 2009 include surplus transfers of \$2.25 million and \$2.5 million, respectively. Surplus funds were not available for an additional transfer in fiscal year 2008 because of high prize payouts for the Pick 3 and Pick 4 games. Total payments to the state treasury since the Lottery's inception have exceeded \$2.26 billion.

The financial performance reflected above affected the overall financial position of the Corporation at June 30, 2010, and June 30, 2009. A summarized version of the statement of net assets presented on the following page reflects the Corporation's overall change in financial resources and claims on those resources.

	As of June 30, 2010	As of June 30, 2009	As of June 30, 2008
<b>Assets</b>			
Current assets	\$35,798,149	\$39,754,854	\$39,760,922
Noncurrent assets:			
Capital assets	5,398,082	5,370,229	5,485,927
Other noncurrent assets	79,330,772	89,264,254	98,421,916
Total noncurrent assets	84,728,854	94,634,483	103,907,843
<b>Total assets</b>	<b>120,527,003</b>	<b>134,389,337</b>	<b>143,668,765</b>
<b>Liabilities</b>			
Current liabilities	46,291,781	49,614,267	47,066,046
Noncurrent liabilities	50,981,207	61,902,634	73,247,834
<b>Total liabilities</b>	<b>97,272,988</b>	<b>111,516,901</b>	<b>120,313,880</b>
<b>Net assets</b>			
Invested in capital assets	5,398,082	5,370,229	5,485,927
Unrestricted	17,855,933	17,502,207	17,868,958
<b>Total net assets</b>	<b>\$23,254,015</b>	<b>\$22,872,436</b>	<b>\$23,354,885</b>

### **Current assets**

The fluctuation of current assets for the three years presented was mainly caused by changes in investments and accounts receivable balances.

Investments decreased in fiscal year 2010 because of the transfer of approximately \$3 million from the money market mutual fund to the intermediate-term portfolio for the reasons discussed in the nonoperating revenue section. In addition, current investment balances are affected by the timing of deposits of the receivables and payments to vendors and the state treasury.

Retailer accounts receivable balances changed because of sales volume differences at the end of the fiscal years and the timing of the collection of these receivables.

### **Capital assets**

Capital assets increased in fiscal year 2010 and decreased in 2009 because acquisitions were greater than or less than, respectively, depreciation expense for those years. Details of capital asset additions, deletions, and depreciation are included in note 6 to the financial statements on page 31.

### **Other noncurrent assets**

Noncurrent investments in government securities increased by \$3.7 million in fiscal year 2010 and \$5.8 million in fiscal year 2009 because of the changes in investment strategy

discussed in the nonoperating revenue section, the increase in fair value of the investments, and the reinvestment of the proceeds from the maturity of securities that were classified as current investments in government securities in the previous years.

The difference between the reclassification of annual grand prize payments, with a face value of \$15,627,000, from noncurrent assets to current assets and the change in the market value of noncurrent investments in prize annuities accounts for some of the change in this asset category for both fiscal years. This annual transfer between asset categories is a result of the maturities of investments in prize annuities for the payment of current year obligations and the classification of all investments scheduled to mature within the next fiscal year as current investments in prize annuities. The market value adjustment is necessary to reflect the investment balances at fair value as required by governmental accounting standards. This adjustment is dependent upon the investments' face values, purchase prices, stated interest rates, maturity dates, and market interest rates at the end of the fiscal year. These recurring annual changes in these investment accounts resulted in net decreases in noncurrent assets of \$13.6 million and \$11.8 million in fiscal years 2010 and 2009, respectively. Additional information on investments in prize annuities is included in note 3 to the financial statements beginning on page 27 and the related prizes payable information is contained in note 8 on page 33.

Deposits with the Multi-State Lottery Association (MUSL) decreased in 2009 because of the investment transfer discussed in the nonoperating revenue section. Note 7 to the financial statements that begins on page 32 contains further information about MUSL and the prize reserve accounts.

Finally, as discussed in note 5 to the financial statements on page 30, prepaid expenses declined by approximately \$297,000 in fiscal year 2009 from the amortization of a one-time lump sum payment for the use of an instant ticket accounting and administrative computer system.

### **Current liabilities**

#### *For the year ended June 30, 2010*

Current liabilities decreased by \$3.3 million. Accounts payable, accrued payment to state treasury, and prizes and withholdings payable account for most of this change.

Accounts payable decreased by \$818,000 because of differences in the timing and amount of expenses and payments between the two fiscal years.

The accrued payment to state treasury increased by \$329,000 because revenue was higher in June 2010 compared to June 2009.

Prizes and withholdings payable decreased by \$2.8 million because of several factors. All components of this liability category are presented in note 8 to the financial statements on page 33.

Instant prizes payable decreased \$497,000 because of the decrease in instant sales.

On-line prizes payable decreased \$1.1 million mainly because of a large Lotto jackpot prize and a Powerball \$1 million prize that both were not claimed as of June 30, 2009. These prizes were claimed in fiscal year 2010 and similar claims were not outstanding at June 30, 2010.

Current unclaimed prizes payable decreased from \$646,000 to none at June 30, 2010, because prize expirations are expected to exceed unclaimed prizes usage to fund instant prize structures in fiscal year ending June 30, 2011. Therefore, no net usage is projected for the next year.

Finally, amounts due to MUSL decreased by \$535,000 and tax withholdings payable decreased by \$63,000. These reductions were caused by differences in draw winnings and prize payments with tax withholdings between the two fiscal years.

#### For the year ended June 30, 2009

Current liabilities increased by \$2.5 million. Accounts payable, accrued payment to state treasury, and prizes and withholdings payable account for most of this change.

Accounts payable increased by \$311,000 because of differences in the timing and amount of expenses and payments between the two fiscal years.

The accrued payment to state treasury increased by \$2.4 million mainly because the accrual at June 30, 2009, included a surplus transfer of \$2.5 million.

Prizes and withholdings payable decreased by \$213,000 because of several factors. All components of this liability category are presented in note 8 to the financial statements on page 33.

The fair value adjustment for the current portion of annual prize annuity payments increased \$134,000.

Instant prizes payable decreased \$702,000 because prize structures contained fewer high-tier prizes that had not been claimed by the end of the fiscal year.

On-line prizes payable increased \$1.1 million mainly because of a large Lotto jackpot prize and a Powerball \$1 million prize that both were not claimed as of June 30, 2009.

Finally, state tax withholdings of \$810,000 for a \$16.2 million Powerball jackpot prize paid in June 2008 were paid to the state in July 2008. This is the main reason for the \$763,000 decrease in tax withholdings payable.

#### **Noncurrent liabilities**

The changes in noncurrent investments in prize annuities discussed previously caused equal changes in the corresponding noncurrent liabilities to prize winners. In addition, unclaimed prizes payable increased because prizes that were not claimed during the statutory claim period exceeded the use of these funds to enhance prize payouts for instant ticket games. Further disclosures on noncurrent prizes payable are included in notes 8 and 10 to the financial statements on pages 33 and 35, respectively.

**Net assets**

Finally, net assets increased by \$382,000 in fiscal year 2010 and decreased by \$482,000 in fiscal year 2009 because of the net income generated during these years and the amount of remittances to the state treasury. The specified uses of unrestricted net assets are presented in note 14 to the financial statements on pages 39-40.

This financial overview of the Louisiana Lottery Corporation is provided as a supplemental analysis of the financial position and activities of the Corporation as of and for the years ended June 30, 2010, and June 30, 2009. 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 the Corporation.

Respectfully submitted,



James F. Goodrum  
Vice President of Finance and Controller



Karen B. Fournet  
Senior Vice President and Secretary Treasurer

LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
PROPRIETARY FUND - ENTERPRISE FUND

Statements of Net Assets, June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash (note 2)	\$44,200	\$46,176
Investments (note 3)	6,697,806	11,781,253
Accounts receivable, net (note 4)	12,577,954	11,313,694
Investments in government securities (note 3)	779,960	591,345
Investments in prize annuities (note 3)	15,616,596	15,608,662
Prepaid expenses (note 5)	67,871	399,972
Other current assets	13,762	13,752
<b>Total current assets</b>	<u>35,798,149</u>	<u>39,754,854</u>
<b>Noncurrent assets:</b>		
Capital assets:		
Land (note 6)	1,542,415	1,542,415
Depreciable capital assets, net (note 6)	3,855,667	3,827,814
Investments in government securities (note 3)	39,109,892	35,411,388
Investments in prize annuities (note 3)	35,825,569	49,468,842
Deposits with Multi-State Lottery Association (note 7)	4,376,677	4,364,960
Prepaid expenses (note 5)	18,634	19,064
<b>Total noncurrent assets</b>	<u>84,728,854</u>	<u>94,634,483</u>
<b>TOTAL ASSETS</b>	<u>120,527,003</u>	<u>134,389,337</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	2,086,227	2,904,718
Wages, benefits, and withholdings payable	134,814	107,906
Accrued payment to state treasury	12,814,550	12,485,915
Prizes and withholdings payable (note 8)	30,894,287	33,764,021
Compensated absences payable (note 9)	361,903	351,707
<b>Total current liabilities</b>	<u>46,291,781</u>	<u>49,614,267</u>
<b>Noncurrent liabilities:</b>		
Noncurrent prizes payable (notes 8 and 10)	<u>50,981,207</u>	<u>61,902,634</u>
<b>TOTAL LIABILITIES</b>	<u>97,272,988</u>	<u>111,516,901</u>
<b>NET ASSETS</b>		
Invested in capital assets	5,398,082	5,370,229
Unrestricted (note 14)	<u>17,855,933</u>	<u>17,502,207</u>
<b>TOTAL NET ASSETS</b>	<u>\$23,254,015</u>	<u>\$22,872,436</u>

The accompanying notes are an integral part of this statement.

LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
PROPRIETARY FUND - ENTERPRISE FUND

Statements of Revenues, Expenses, and  
Changes in Fund Net Assets  
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>OPERATING REVENUES</b>		
Instant ticket sales	\$136,006,913	\$141,393,769
On-line sales	236,379,493	237,129,984
Allowance for uncollectible accounts	(20,194)	(21,426)
Retailer license fees	6,525	9,110
Retailer security deposits	2,610	3,700
Miscellaneous revenue	318,948	(3,301)
<b>Total operating revenues</b>	<u>372,694,295</u>	<u>378,511,836</u>
<b>OPERATING EXPENSES</b>		
<b>Direct costs:</b>		
Instant ticket prize expense	71,696,776	74,303,840
On-line prize expense	118,052,738	119,027,927
Retailer commission	19,368,725	19,720,991
Retailer incentives	1,262,192	1,335,543
Lottery system vendor fees	10,651,009	10,715,039
Communications	(320)	(219)
Cost of instant tickets	2,181,150	2,302,057
Courier service	654,898	581,646
<b>Total direct costs</b>	<u>223,867,168</u>	<u>227,986,824</u>
<b>Administrative expenses:</b>		
Advertising	7,032,833	7,054,108
Contract labor	154,730	132,955
Depreciation	474,259	497,470
Equipment lease (note 13)	43,520	24,982
Insurance	515,976	500,459
Postage	68,581	83,040
Professional fees	414,087	424,216
Rent (note 13)	224,966	224,366
Repairs and maintenance	312,742	274,211
Salaries, benefits, and taxes	7,072,091	7,075,078
Supplies	350,228	485,225
Telephone	201,218	213,515
Travel	107,559	113,771
Utilities	176,745	215,738
Other general and administrative	503,575	416,854
<b>Total administrative expenses</b>	<u>17,653,110</u>	<u>17,735,988</u>
<b>Total operating expenses</b>	<u>241,520,278</u>	<u>245,722,812</u>

(Continued)

The accompanying notes are an integral part of this statement.

**LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
PROPRIETARY FUND - ENTERPRISE FUND**

**Statements of Revenues, Expenses, and  
Changes in Fund Net Assets  
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>OPERATING INCOME</b>	<u>\$131,174,017</u>	<u>\$132,789,024</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest earned on investments	1,697,134	1,862,321
Net increase in the fair value of investments	1,137,573	740,885
Net gain on disposal of assets	74,630	33,561
Payments to state treasury - required (note 15)	(131,451,775)	(133,408,240)
Payments to state treasury - surplus (note 15)	<u>(2,250,000)</u>	<u>(2,500,000)</u>
<b>Total nonoperating revenues (expenses)</b>	<u>(130,792,438)</u>	<u>(133,271,473)</u>
<b>CHANGE IN NET ASSETS</b>	381,579	(482,449)
<b>TOTAL NET ASSETS AT BEGINNING OF YEAR</b>	<u>22,872,436</u>	<u>23,354,885</u>
<b>TOTAL NET ASSETS AT END OF YEAR</b>	<u><u>\$23,254,015</u></u>	<u><u>\$22,872,436</u></u>

(Concluded)

The accompanying notes are an integral part of this statement.



**LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
PROPRIETARY FUND - ENTERPRISE FUND**

**Statements of Cash Flows  
For the Years Ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$131,174,017	\$132,789,024
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	474,259	497,470
Accrued capital financing activities	(35,154)	(4,733)
Multi-State Lottery Association income and expenses		46,782
Uncollectible accounts	30,497	25,813
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(1,341,690)	16,613
Decrease in prepaid expenses	332,531	335,891
(Increase) in other current assets	(7)	(12)
(Increase) decrease in deposits with Multi-State Lottery Association	(11,717)	8,740
(Decrease) increase in accounts payable	(818,491)	311,486
Increase (decrease) in wages, benefits, and withholdings payable	26,908	(2,513)
Increase in compensated absences payable	10,196	14,623
(Decrease) increase in prizes and withholdings payable	(155,822)	62,384
(Decrease) in annual grand prizes payable	(15,627,000)	(15,627,000)
Total Adjustments	<u>(17,115,490)</u>	<u>(14,314,456)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$114,058,527</u>	<u>\$118,474,568</u>
<b>Non Cash Investing, Capital, and Financing Activities</b>		
Net increase in the fair value of investments	\$1,137,573	\$740,885
Interest accrued on deposits with Multi-State Lottery Association	\$73,701	\$144,717

(Concluded)

The accompanying notes are an integral part of this statement.

**LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA**

Notes to the Financial Statements  
For the Years Ended June 30, 2010 and 2009

**INTRODUCTION**

The Louisiana Lottery Corporation (the Corporation) was created in accordance with Louisiana Revised Statutes (R.S.) 47:9000-9081 and 14:90(C) and began operating January 15, 1991. The Corporation is organized to provide for lottery games, operations, activities, and payment of prizes. The affairs of the Corporation are administered by a board of directors appointed by the governor, subject to confirmation by the Senate. The Corporation is domiciled in East Baton Rouge Parish and operates five regional offices. For the fiscal years ended June 30, 2010, and June 30, 2009, the Corporation employed 129 and 132 employees, respectively.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

Governmental Accounting Standards Board (GASB) Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Corporation is considered a component unit of the State of Louisiana because the state has financial accountability for fiscal matters as follows: (1) the board of directors is appointed by the governor; (2) upon dissolution of the Corporation, title to all property owned by the Corporation shall vest in the State of Louisiana; and (3) the Corporation provides financial benefits to the state in the form of transfer of funds to the state treasury. The accompanying financial statements present information only as to the transactions of the programs of the Corporation, a component unit of the State of Louisiana. The Corporation is reported as an enterprise fund within the State of Louisiana's Comprehensive Annual Financial Report.

**B. BASIS OF PRESENTATION**

The Corporation uses a proprietary fund (enterprise fund) to report on its financial position and results of operations. The enterprise fund accounts for the activities relative to conducting a lottery, including, but not limited to, incurring and paying administrative costs and payment of prizes. The fund is operated in a manner similar to a private business enterprise where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, management control, accountability, or other purposes. Activities accounted for in the proprietary fund follow all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, but not after this date.

**C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

Basis of accounting refers to the timing of recognition of revenues and expenses in the accounts and reporting in the financial statements, and the measurement focus refers to what transactions and events should be recorded. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with generally accepted accounting principles. Under this method, revenues are recognized when they are earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

**Revenue**

Operating revenue includes sales of lottery tickets and other fees related to operations. Nonoperating revenue includes investment earnings and gains from the disposal of assets. Sales are recognized when instant ticket packs are activated for sale and on-line game tickets are sold to the public by contracted retailers.

**Prizes**

Prize expense is recognized based on a predetermined prize structure for each instant ticket and on-line game as revenue is recognized. A portion of the instant ticket prize structures is funded with unclaimed prize money pursuant to R.S. 47:9025(D).

**D. CAPITAL ASSET POLICY**

The Corporation has established a \$1,000 threshold for capitalization of purchases of assets that have an estimated useful life of at least three years. In addition, substantial purchases may be capitalized even though the per unit cost may be less than \$1,000. Depreciation of capital assets is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are derived from realistic expectations of the longevity of the assets based on past experience, published guidelines, and industry experience. The useful lives used in determining depreciation for the various types of assets are found in note 6 on page 32.

**E. LEGISLATIVE BUDGET OVERSIGHT**

R.S. 47:9010(A)(7) requires the Corporation, not later than 30 days before the beginning of each regular session of the legislature, to submit a proposed annual budget of the Corporation and projected net proceeds to the Joint Legislative Committee on the Budget for review and approval. The Corporation submitted its budget for fiscal year ended June 30, 2010, on March 26, 2009. The budget was approved by the Joint Legislative Committee on the Budget on April 17, 2009. A formal budgetary comparison is not required by GASB reporting standards for

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

proprietary funds and, therefore, a budgetary comparison for the fiscal year ended June 30, 2010, is not presented.

**F. NONOPERATING EXPENSES**

Nonoperating expenses only include payments to the state treasury.

**2. CASH**

Cash includes petty cash on hand of \$2,500 and demand deposits of \$41,700 at June 30, 2010, and \$43,676 at June 30, 2009. Under state law, the Corporation may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, national banks having their principal offices in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

Under state law, demand deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in a joint custody safekeeping account in the name of the Corporation and the fiscal agent bank in the form of book entry deposits in the Federal Reserve Bank of New York.

**3. INVESTMENTS, INVESTMENTS IN GOVERNMENT SECURITIES, AND INVESTMENTS IN PRIZE ANNUITIES**

In accordance with state law and the Corporation's formal investment policy, funds may be invested in U.S. Treasury obligations and U.S. government agency obligations or in eligible mutual funds that invest in these securities, direct security repurchase agreements, and time certificates of deposit. The amount invested in U.S. agency securities cannot exceed sixty percent of all investments with maturities of 30 days or longer. In addition, for the purpose of payment of deferred prizes to winners, the Corporation may only invest in securities that are direct obligations of the U.S. Treasury. No specific credit ratings are required by the policy, but credit quality is inherently high because of limitations imposed by the policy.

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

Investments at June 30, 2010, consist of the following:

Investment Type	Fair Value	* Credit Quality Rating	% of Investments	Investment Maturities (In Years)				
				Less Than 1	1-5	6-10	11-20	21-30
<b>Investments:</b>								
JPMorgan 100% U.S. Treasury Securities Money Market Fund Capital Class	\$6,697,806	Aaa	6.83%	\$6,697,806				
<b>Investments in government securities:</b>								
U.S. Treasury Notes	20,058,133	1	20.45%	513,945	\$7,075,930	\$11,394,700	\$1,073,558	
Federal Farm Credit Banks (FFCB) Bonds and Notes	1,966,900	Aaa	2.01%		815,065	1,151,835		
Federal Home Loan Banks (FHLB) Bonds	928,215	Aaa	0.95%	266,015	219,500	442,700		
Federal Home Loan Mortgage Corporation (FHLMC) Notes	276,250	Aaa	0.28%		276,250			
Federal National Mortgage Association (FNMA) Notes	111,072	Aaa	0.11%		111,072			
FHLMC Mortgage-Backed Securities	6,164,932	unrated 2	6.29%		928,371	2,728,402	986,900	\$1,521,259
FNMA Mortgage-Backed Securities	9,897,515	unrated 2	10.10%		1,088,688	4,743,016	2,017,996	2,047,815
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	486,835	1	0.50%		22,470	44,041	336,055	84,269
	39,889,852		40.69%	779,960	10,537,346	20,504,694	4,414,509	3,653,343
<b>Investments in prize annuities:</b>								
U.S. Treasury Zero Coupon Bonds	51,442,165	1	52.48%	15,616,596	33,448,343	2,377,226		
<b>Total Investments</b>	<b>\$98,029,823</b>		<b>100.00%</b>	<b>\$23,094,362</b>	<b>\$43,985,689</b>	<b>\$22,881,920</b>	<b>\$4,414,509</b>	<b>\$3,653,343</b>

\* Credit quality ratings obtained from Moody's Investors Service.

1 Credit quality ratings not required for U.S. government and agency securities that are explicitly guaranteed by the U.S. government.

2 FHLMC and FNMA mortgage-backed securities are implicitly guaranteed by the U.S. government but are not rated by Moody's Investors Service.

Investments represent the fair value of U.S. Treasury money-market mutual fund shares held by the Corporation to finance daily operations. Investments in government securities are funds not needed for liquidity purposes that are invested in a portfolio of direct longer-term investments in U.S. government and agency securities. These securities are also recorded at fair value.

Investments in prize annuities totaling \$29,754,356 at June 30, 2010, and \$40,468,693 at June 30, 2009, are in the form of U.S. Treasury zero coupon bonds. These investments were purchased to finance the grand prizes of the Lotto game and the selected top prizes of two instant ticket games that are payable over a 20-year period.

Investments in prize annuities totaling \$21,687,809 and \$24,608,811 at June 30, 2010, and June 30, 2009, respectively, were purchased to finance the Louisiana grand prize winners of the Multi-State Lottery Association (MUSL) Powerball game. The MUSL purchased U.S. Treasury zero coupon bonds to fund the grand prizes that are payable over 20 years. As the bonds mature, the funds are transferred to the Corporation for the annual prize payments to the winners.

The zero coupon bonds are reported at fair value as required by GASB Statement 31. The corresponding liability to the prize winners is recorded in prizes payable and is disclosed in note 8. Cash receipts from the maturity of investments in prize annuities totaled \$15,627,000 in fiscal year ending June 30, 2010, and in fiscal year ending June 30, 2009.

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments that are in the possession of an outside party. Louisiana state law requires that securities purchased as investments by the Corporation are issued in the name of the Corporation and safe kept at a custodian financial institution or Federal Reserve Bank domiciled in the state of Louisiana. Investments, investments in government securities, and the investments in prize annuities purchased by the Corporation are held by the custodial bank's trust department in the Corporation's name. The investments in prize annuities purchased by MUSL are held by MUSL's custodial bank's trust department in the name of MUSL with the Corporation as the beneficiary.

Interest rate risk is the risk that an investment's fair value decreases as market interest rates increase. Typically, this risk is higher in debt securities with longer maturities. The Corporation's investment policy states that investment maturities must be scheduled to coincide with cash requirements. Interest rate risk is managed according to the purpose of the investments and the projected time frame for the use of these assets.

As stated previously, the investments in the money market fund are used to fund daily operations. These investments are not subject to interest rate risk because the underlying investments in Treasury bills and notes have very short-term maturities, funds can be deposited and withdrawn daily, and the fund's share price remains stable.

Investments in government securities consist of funds that are not expected to be needed in the near future. Investment maturities for this portfolio are scheduled for an average intermediate time horizon. The portfolio is managed to provide investment allocations, characteristics, and yields consistent with its benchmark, the Barclays Capital Government Intermediate Index. Interest rate risk is managed by structuring the average maturity and duration of the investments to the benchmark.

The investments in mortgage-backed securities are based on flows from payments on the underlying mortgages that contain prepayment options which cause them to be highly sensitive to changes in interest rates. Generally, when interest rates fall, obligees tend to prepay the assets, thus eliminating the stream of interest payments that would have been received under the original amortization schedule. This reduced cash flow diminishes the fair value of the asset-backed investment.

The risk that the Corporation will actually realize material losses from its investments in government securities resulting from changes in market interest rates is mitigated by the low probability that these securities will have to be sold before maturity.

The investments in prize annuities are also subject to fluctuations in fair value due to interest rate risk, but these bonds are held to maturity to satisfy the annual installment obligations to the prize winners. The fair value at maturity is the face value of the bonds, regardless of the fluctuations in value during the time period that the investments are outstanding.

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**4. ACCOUNTS RECEIVABLE**

As reflected on the statement of net assets, the receivables of the Corporation are as follows:

	As of June 30, 2010	As of June 30, 2009
Retailer accounts receivable	\$12,212,879	\$10,908,723
Interest receivable	385,819	432,752
Allowance for uncollectible accounts	<u>(20,744)</u>	<u>(27,781)</u>
Total	<u><u>\$12,577,954</u></u>	<u><u>\$11,313,694</u></u>

The allowance for uncollectible accounts is based on an analysis of accounts receivable that considers the age of the accounts and the expected collectibility of each account.

**5. PREPAID EXPENSES**

Prepaid expenses represent insurance paid for coverage after the fiscal year-end and prepayments for postage, advertising, maintenance agreements, and other expenses.

In addition, the unamortized portion of a one-time lump sum payment for the use of an instant ticket accounting and administrative computer system for eight years beginning July 1, 2002, is included in prepaid expenses. The total fee of \$2,375,000 was paid to the system vendor in July 2002 upon the successful implementation of all required hardware and software. An annual amortization of \$296,875 is included as a direct cost in lottery system vendor fees on Statement B.

The balances of prepaid expenses are as follows:

	As of June 30, 2010	As of June 30, 2009
Current prepaid expenses:		
Insurance	\$12,973	\$12,263
Lottery system vendor fees		296,875
Miscellaneous	<u>54,898</u>	<u>90,834</u>
Total	<u><u>\$67,871</u></u>	<u><u>\$399,972</u></u>
Noncurrent prepaid expenses:		
Miscellaneous	<u>\$18,634</u>	<u>\$19,064</u>
Total	<u><u>\$18,634</u></u>	<u><u>\$19,064</u></u>

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**6. CAPITAL ASSETS**

Capital assets of the Corporation are included on the statement of net assets at historical cost. Depreciable capital assets are shown net of accumulated depreciation. Depreciation of capital assets is charged as an operating expense. Depreciation for financial reporting purposes is computed by the straight-line method over the estimated useful lives of the assets. As assets are retired or sold, the cost and related accumulated depreciation are removed from the appropriate property and equipment accounts. The resulting gain or loss on disposal is reflected in nonoperating revenues and expenses. A summary of changes in capital assets follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2010</u>
<b>Land</b>	<u>\$1,542,415</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,542,415</u>
<b>Depreciable Capital Assets:</b>				
Land improvements	\$2,490			\$2,490
Buildings	3,849,715			3,849,715
Building improvements	49,326	\$13,248		62,574
Leasehold improvements	363,972			363,972
Furniture and fixtures	565,967		(\$2,696)	563,271
Equipment	967,270	59,958	(3,996)	1,023,232
Data processing software and equipment	1,622,582	246,866	(6,487)	1,862,961
Communications	325,033			325,033
Automobiles	842,506	182,040	(193,912)	830,634
Total	<u>8,588,861</u>	<u>502,112</u>	<u>(207,091)</u>	<u>8,883,882</u>
Less - accumulated depreciation:				
Land improvements	(1,681)	(249)		(1,930)
Buildings	(735,378)	(99,740)		(835,118)
Building improvements	(7,325)	(3,520)		(10,845)
Leasehold improvements	(353,186)	(5,399)		(358,585)
Furniture and fixtures	(554,193)	(7,090)	2,696	(558,587)
Equipment	(778,152)	(66,553)	3,996	(840,709)
Data processing software and equipment	(1,388,426)	(122,558)	6,487	(1,504,497)
Communications	(315,005)	(8,158)		(323,163)
Automobiles	(627,701)	(160,992)	193,912	(594,781)
Total accumulated depreciation	<u>(4,761,047)</u>	<u>(474,259)</u>	<u>207,091</u>	<u>(5,028,215)</u>
<b>Net Depreciable Capital Assets</b>	<u><u>\$3,827,814</u></u>	<u><u>\$27,853</u></u>	<u><u>(\$0)</u></u>	<u><u>\$3,855,667</u></u>

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

	<u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2009</u>
<b>Land</b>	<u>\$1,542,415</u>	<u>NONE</u>	<u>NONE</u>	<u>\$1,542,415</u>
<b>Depreciable Capital Assets:</b>				
Land improvements	\$2,490			\$2,490
Buildings	3,849,715			3,849,715
Building improvements	38,844	\$12,358	(\$1,876)	49,326
Leasehold improvements	351,754	12,218		363,972
Furniture and fixtures	565,967			565,967
Equipment	897,970	71,888	(2,588)	967,270
Data processing software and equipment	1,434,010	212,632	(24,060)	1,622,582
Communications	325,469		(436)	325,033
Automobiles	983,841	74,552	(215,887)	842,506
Total	<u>8,450,060</u>	<u>383,648</u>	<u>(244,847)</u>	<u>8,588,861</u>
Less - accumulated depreciation:				
Land improvements	(1,432)	(249)		(1,681)
Buildings	(635,638)	(99,740)		(735,378)
Building improvements	(4,516)	(2,809)		(7,325)
Leasehold improvements	(307,845)	(45,341)		(353,186)
Furniture and fixtures	(547,070)	(7,123)		(554,193)
Equipment	(725,343)	(55,397)	2,588	(778,152)
Data processing software and equipment	(1,303,157)	(109,329)	24,060	(1,388,426)
Communications	(295,291)	(20,150)	436	(315,005)
Automobiles	(686,256)	(157,332)	215,887	(627,701)
Total accumulated depreciation	<u>(4,506,548)</u>	<u>(497,470)</u>	<u>242,971</u>	<u>(4,761,047)</u>
<b>Net Depreciable Capital Assets</b>	<u>\$3,943,512</u>	<u>(\$113,822)</u>	<u>(\$1,876)</u>	<u>\$3,827,814</u>

The estimated useful lives used in determining depreciation for the various types of assets are as follows:

Land improvements	10 years
Buildings	30 to 40 years
Building improvements	15 years
Leasehold improvements	36 months
Furniture and fixtures	60 months
Equipment	60 months to 120 months
Data processing software and equipment	36 months
Communications	36 months
Automobiles	36 months

## 7. MULTI-STATE LOTTERY ASSOCIATION

MUSL is an unincorporated government-benefit voluntary association created for the purpose of administering joint lottery games. MUSL currently includes 31 state lottery entities, the District of Columbia, and the Virgin Islands. This association offers the Powerball on-line game and several other on-line games in participating states. The chief executive officer of each member lottery serves on the MUSL board of directors.

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

During the fiscal year, the Corporation participated in the MUSL Powerball on-line game. As a member of MUSL, the Corporation is required to contribute to various prize reserve funds maintained by MUSL. The prize reserve funds serve as a contingency reserve to protect MUSL from unforeseen prize liabilities. MUSL periodically reallocates the prize reserve funds between the states based on relative Powerball sales levels. All remaining funds remitted, and the related interest earnings, will be returned to the Corporation upon leaving MUSL, less any portion of unanticipated prize claims, which may have been paid from the fund. The Corporation has contributed all required reserve funds.

A copy of the MUSL financial statements may be obtained by submitting a written request to MUSL, 4400 N.W. Urbandale Drive, Urbandale, Iowa 50322.

**8. PRIZES PAYABLE**

Prizes for the on-line games are redeemable for 180 days after a drawing. Prizes for instant games are redeemable for 90 days after the announced end of the game. All prizes not claimed by the applicable deadline are classified as unclaimed and added to the pool from which future prizes are to be awarded or used for special prize promotions pursuant to R.S. 47:9025(D).

Lotto grand prizes of \$1 million or more and grand prizes of two instant ticket games are payable in 20 annual installments. The first installment is paid on the day the prize is claimed. The 19 subsequent equal annual payments are funded with U.S. Treasury zero coupon bonds purchased by the Corporation.

On March 23, 1995, the Lotto Game Play Directive was amended to state that Lotto grand prizes shall be paid in a single lump-sum payment. The first Lotto drawing with a grand prize winner under this new directive was on July 29, 1995.

The Corporation also has Powerball grand prize winner installment obligations. The MUSL purchased U.S. Treasury zero coupon bonds to fund the grand prizes that are payable over 20 years. As the bonds mature, the funds are transferred to the Corporation for the annual prize payments to the winners.

The liabilities for the grand prize installments are recorded at the fair value of the investments purchased to fund these obligations. All income generated from these bonds, including changes in fair value, accrues as a liability to the prize winners.

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

	<u>As of</u> <u>June 30, 2010</u>	<u>As of</u> <u>June 30, 2009</u>
<b>Current Prizes and Withholdings Payable:</b>		
Annual grand prize payments (face value)	\$15,627,000	\$15,627,000
Adjustment to current fair value	(10,404)	(18,338)
Fair value of prize annuities	<u>15,616,596</u>	<u>15,608,662</u>
Instant prizes payable	5,703,387	6,199,960
On-line prizes payable	8,891,800	10,028,564
Unclaimed prizes payable		646,300
Due to MUSL prize pool	607,274	1,142,710
Tax withholdings payable	<u>75,230</u>	<u>137,825</u>
<b>Total Current Prizes and Withholdings Payable</b>	<u><u>\$30,894,287</u></u>	<u><u>\$33,764,021</u></u>
<b>Noncurrent Prizes Payable:</b>		
Annual grand prize payments (face value)	\$36,976,000	\$52,603,000
Adjustment to current fair value	(1,150,431)	(3,134,158)
Fair value of prize annuities	<u>35,825,569</u>	<u>49,468,842</u>
MUSL prize reserve payable	4,376,677	4,364,960
Unclaimed prizes payable	<u>10,778,961</u>	<u>8,068,832</u>
<b>Total Noncurrent Prizes Payable</b>	<u><u>\$50,981,207</u></u>	<u><u>\$61,902,634</u></u>

**9. VACATION AND SICK LEAVE**

Corporation employees earn vacation leave at various rates depending on the employees' position and the number of years of service. All employees must complete six months of service, measured from the date of hire, before they are eligible to use accrued vacation or receive termination payment for unused vacation. Vacation leave may neither be carried forward into the next year nor shall the employee receive additional pay for unused vacation at year-end. Upon termination, employees will be paid in full for unused eligible and current year's accrued vacation leave. Employees earn sick leave at the rate of eight days per year after the completion of six months of continuous employment. There is no limitation on the amount of sick leave that can be accumulated. Employees are not paid for accrued sick leave upon termination. At June 30, 2010, and June 30, 2009, the total value of compensated absences payable are \$361,903 and \$351,707, respectively.

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**10. CHANGES IN NONCURRENT LIABILITIES**

Noncurrent liability activity for the years ended June 30, 2010 and 2009, is as follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2010</u>	<u>Due Within One Year</u>
Prizes Payable:					
Fair value of prize annuities	\$65,077,504		(\$13,635,339)	\$51,442,165	\$15,616,596
MUSL prize reserve payable	4,364,960	\$85,975	(74,258)	4,376,677	NONE
Unclaimed prizes payable	<u>8,715,132</u>	<u>11,165,515</u>	<u>(9,101,686)</u>	<u>10,778,961</u>	NONE
Total Prizes Payable	<u>\$78,157,596</u>	<u>\$11,251,490</u>	<u>(\$22,811,283)</u>	<u>\$66,597,803</u>	<u>\$15,616,596</u>
	<u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2009</u>	<u>Due Within One Year</u>
Prizes Payable:					
Fair value of prize annuities	\$76,698,251		(\$11,620,747)	\$65,077,504	\$15,608,662
MUSL prize reserve payable	4,373,699	\$301,091	(309,830)	4,364,960	NONE
Unclaimed prizes payable	<u>8,334,512</u>	<u>9,435,739</u>	<u>(9,055,119)</u>	<u>8,715,132</u>	646,300
Total Prizes Payable	<u>\$89,406,462</u>	<u>\$9,736,830</u>	<u>(\$20,985,696)</u>	<u>\$78,157,596</u>	<u>\$16,254,962</u>

**11. RETIREMENT BENEFITS**

**A. AUTHORIZATION AND BASIS OF ACCOUNTING**

R.S. 47:9015(A) states that the Corporation shall provide or arrange for a retirement plan. The retirement plans have been established pursuant to this statute. The plans' provisions and contribution requirements are established and amended by the Board of Directors of the Corporation. A financial and compliance audit has been performed on all the Corporation's retirement plans for the plans' year ending December 31, 2009. A copy of the audit report may be obtained by submitting a written request to the Louisiana Lottery Corporation, 555 Laurel Street, Baton Rouge, Louisiana 70801.

Administrative and investment services were provided by Principal Life Insurance Company.

The financial statements of the Corporation's plans are accounted for using the accrual basis of accounting. Investments are reported at fair value, which is based on deposit values and quoted market prices.

**B. BASIC AND SUPPLEMENTAL RETIREMENT PLANS**

**1. Basic Retirement Plan**

The Corporation has a money purchase plan under Section 401(a) of the Internal Revenue Code (IRC) of 1986, as amended, which is intended to constitute a safe harbor within the meaning of Section 3121 (b)(7) of the code and the regulations promulgated thereunder. The Basic Retirement Plan, which is a defined contribution plan, began September 1, 1993, with all employees eligible except those who elect coverage under a state retirement plan and those who are either independent contractors or leased employees.

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 Corporation's contribution shall be 5% of the participant's compensation for such plan year. The participant's contribution shall equal 6.2% of his or her 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 Corporation. 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, 1994, 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 Corporation, but shall not be later than April 1 of the year following the calendar year in which the participant attains age 70½ or the date on which the participant terminates his or her employment, if later. Subject to certain restrictions, an active participant may also elect to receive a distribution upon attainment of age 62 without regard to whether the participant has terminated his or her employment. The participant shall make a qualified election to receive the distribution in the form of a single-sum payment or to purchase a qualified joint and survivor annuity or single life annuity contract. This qualified election may be revoked, modified, or amended at any time or multiple times before the participant's annuity starting date; however, the qualified election is irrevocable as of the participant's annuity starting date.

**2. Supplemental Retirement Plan**

The Corporation has a defined contribution retirement plan that covers substantially all full-time employees. The plan is a governmental plan within the meaning of Section 414(d) of the IRC of 1986, as amended, and is intended to constitute a profit-sharing plan under which contributions are determined without regard to the current or accumulated profits of the

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

Corporation, if any. The Corporation contributes 4.5% of each participant's compensation for the year, as defined. Generally, participants are not permitted to contribute to the plan; however, participants may contribute proceeds from a qualified rollover distribution as allowed by IRC Section 402. An eligible employee shall participate in the plan as of the entry date that 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 2% of each participant's compensation for any plan year.

A participant's amount shall be 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. In no event shall the assets of this plan revert for the benefit of the Corporation.

The distribution of a participant's vested and nonforfeitable portion of his/her account shall be made in the form of a single-sum payment after the participant terminates employment with the Corporation, attains the normal retirement 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 1 following the close of the calendar year in which the participant attains age 70½ or the date on which the participant terminates his or her employment, if later.

As of June 30, 2010, there were 128 participants in the Basic Plan and 102 participants in the Supplemental Plan.

For the fiscal year ended June 30, 2010, employer and employee contributions to the Basic Plan were \$267,169 and \$331,287, respectively. The employer contributions for the Supplemental Plan were \$318,085.

For the fiscal year ended June 30, 2009, employer and employee contributions to the Basic Plan were \$263,339 and \$326,540, respectively. The employer contributions for the Supplemental Plan were \$318,183.

**C. OPTIONAL SAVINGS PLAN  
(DEFERRED COMPENSATION PLAN)**

The Optional Savings Plan is a voluntary Deferred Compensation Plan adopted under the provisions of IRC Section 457(b). 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 \$16,500. 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 Internal Revenue Service (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 June 30, 2010, there were 103 participants in the Optional Savings Plan.

For the fiscal year ended June 30, 2010, employer and employee contributions were \$123,049 and \$328,628, respectively. For the fiscal year ended June 30, 2009, employer and employee contributions were \$121,794 and \$353,361, respectively.

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

**12. RISK MANAGEMENT**

The Corporation is exposed to various risks of loss related to torts, theft of, damage to and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation has purchased commercial insurance to cover these risks. The insurance excludes comprehensive and collision physical damage coverage for its vehicles. The premium costs outweigh the potential benefit of claims coverage for this risk. In addition, management has established a litigation and prize reserve of \$7,700,000 within the Corporation's net assets to cover unanticipated losses (see note 14). The amount of commercial coverage has not decreased nor has the amount of settlements exceeded coverage in any of the past three fiscal years.

**13. LEASE AND RENTAL COMMITMENTS**

The Corporation has noncancelable operating leases with the following annual rental payments for the next three years:

	<u>Equipment</u>	<u>Facilities</u>	<u>Total</u>
2010-2011	\$60,630	\$190,327	\$250,957
2011-2012		89,074	89,074
2012-2013		2,956	2,956
Total	<u>\$60,630</u>	<u>\$282,357</u>	<u>\$342,987</u>

The total operating lease payments for the years ended June 30, 2010, and June 30, 2009, were \$382,726 and \$363,588, respectively.

The Corporation has no capital leases at June 30, 2010.

**14. NET ASSETS**

The Corporation has unrestricted net assets at June 30, 2010, of \$17,855,933. As presented in the 2010-2011 fiscal year budget approved by the Joint Legislative Committee on the Budget on April 14, 2010, management has specified that net assets of June 30, 2010, be used for the following purposes:

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Concluded)

**Specified Uses of Net Assets**

Capital asset replacement reserve	\$6,500,000
New capital expenditure purchases	600,000
Litigation and prize reserve	7,700,000
Deposits	13,760
New game development, retailer incentives, and future expenditures	<u>2,600,000</u>
<b>Total specified uses of net assets</b>	<b>17,413,760</b>
Plus - retailer security deposits	165,520
Unallocated balance	<u>276,653</u>
<b>Total unrestricted net assets</b>	<b><u><u>\$17,855,933</u></u></b>

**15. PAYMENTS TO THE STATE TREASURY**

The Corporation is required to transfer each year not less than 35% of gross revenues to the state treasury. In addition, the amount of gross revenues less costs that is determined to be surplus to the needs of the Corporation must be remitted to the state treasury.

**16. BOARD OF DIRECTORS**

The board of directors consists of nine members appointed by the governor and confirmed by the Senate. No member shall serve more than two consecutive four-year terms. The board of directors must meet at least bimonthly and at such other times as the chairperson or the president may determine.

**LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
For the Years Ended June 30, 2010 and 2009**

**SCHEDULE OF PROFESSIONAL SERVICE FEES**

Schedule 1 presents professional service fees for the years ended June 30, 2010, and June 30, 2009. This schedule is prepared in compliance with Senate Concurrent Resolution No. 35 of the 1974 Session of the Louisiana Legislature.

**SCHEDULE OF COMPENSATION PAID BOARD MEMBERS**

Schedule 2 presents the compensation paid board members for the years ended June 30, 2010, and June 30, 2009. Louisiana Revised Statute 47:9004(D) provides that appointed members of the board of directors shall be entitled to \$15,000 per year, except for the chairperson, who shall receive \$25,000 per year. This schedule is prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

**LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA**

**Schedule of Professional Service Fees  
For the Years Ended June 30, 2010 and 2009**

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Attorney General's Office, Department of Justice - legal counsel	\$88,875	\$88,875
Battelle - on-line gaming system request for proposals consulting	40,623	79,117
Delehantey Consulting - instant ticket printing audit services		4,000
KPMG Peat Marwick Thorne - audit of automated drawing and raffle machines	5,300	
Pivot Point Strategies/Ipsos Reid - market research		5,500
Miscellaneous		2,252
Office of Legislative Auditor - financial and compliance audit and observations of on-line drawings	259,845	200,447
Phelps Dunbar, Counselors-at-Law - legal counselors	18,019	26,025
The Open Group - National Standards Initiative quality assurance best practices certification		18,000
2121 Design Television	<u>1,425</u>	
Total	<u>\$414,087</u>	<u>\$424,216</u>

**LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA**

**Schedule of Compensation Paid Board Members  
For the Years Ended June 30, 2010 and 2009**

	<u>Effective Date of Term</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Otis K. Andrews*	March 6, 2006	\$16,618	\$25,000
Chairman through February 25, 2010			
Verge Ausberry, Jr.	August 22, 2008	15,000	12,903
Edwine Billiot*	March 9, 2006	10,040	15,000
Eva F. Breaux	March 23, 2007	15,000	15,000
Christopher K. Carver	July 15, 2009	14,435	
Albert F. Cole	March 14, 2007	15,000	15,000
John Fitzpatrick	November 6, 2008	15,000	9,792
Nelda Holloway**	March 17, 2010	3,980	
Ronald S. Johns	July 24, 2008	18,423	14,073
Chairman effective February 26, 2010			
Roy Robichaux	March 23, 2010	4,113	
La Koshia Roberts*	March 14, 2006	10,040	15,000
Linda Temple***	March 16, 2010	3,895	
		<hr/>	<hr/>
Total		<u>\$141,544</u>	<u>\$121,768</u>

\* Terms ended March 1, 2010

\*\* Term ended June 21, 2010

\*\*\* Resigned June 18, 2010

**STATISTICAL SECTION**

**(UNAUDITED)**

**LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
STATISTICAL INFORMATION SECTION**

This section of the Louisiana Lottery Corporation’s comprehensive annual financial report presents detailed information as a supplement to the information presented in the financial statements and note disclosures to assist readers in assessing the Corporation’s overall financial health.

<b><u>CONTENTS</u></b>	<b>PAGE</b>
<b>FINANCIAL TRENDS</b>	45
<p>These schedules contain trend information from the current year and prior years’ comprehensive annual financial reports to help a reader understand how the Corporation’s financial performance and position have changed over time.</p>	
<b>REVENUE CAPACITY</b>	57
<p>These schedules contain information to help the reader assess the factors affecting the Corporation’s ability to generate sales of lottery tickets. Instant ticket game strategies, including launch schedules and price points, affect the availability and variety of products for purchase at retailer locations. On-line sales by game included in the financial trends section provide data about the variety of these drawing-based games that are available to the public. The network of lottery retailers throughout the state determines the market exposure for the Corporation’s instant and on-line games.</p>	
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	60
<p>These schedules contain demographic and economic indicators to help a reader understand the environment in which the Corporation operates.</p>	
<b>OPERATING INFORMATION</b>	62
<p>These schedules contain information about the Corporation’s organizational structure, financial performance indicators compared to other state lotteries, and capital asset information.</p>	

*If available, statistical information is provided for the most recent ten years. Some sections contain less than ten years of data because the information was accumulated and retained in that format only back to the latest year reported. Prospectively, the data will be accumulated and ultimately, the schedules will contain information for a ten-year period.*

## FINANCIAL TRENDS

The Louisiana Lottery Corporation began operating in January 1991 and commenced ticket sales in September 1991. Data from the last ten fiscal years of lottery operations are presented in the following charts. The pie charts that illustrate the allocation of revenues include data from the inception of the Corporation through June 30, 2010.

The information presented in the charts is as follows:

### **Sales**

Instant tickets represent the face value of tickets activated by retailers.  
On-line represents the face value of tickets sold to the public.

### **Revenues**

Include sales, interest income, increases or decreases in the fair value of investments, retailer license fees, miscellaneous revenue, and net gains or losses on disposal of assets.

### **Prize expense**

Represents the accrued expenses for instant tickets and on-line game winners based on established prize structures.

### **Retailer compensation**

Represents 5% base sales commission and incentive payments.

### **Other direct costs**

Expenses which fluctuate with sales volume including commission paid to the on-line vendor, the cost of purchasing instant tickets, the cost of delivery to retailers, and on-line network communication costs.

### **Administrative expenses**

Include all other costs of operating the Lottery.

### **Payments to state treasury**

Represent the payment of net revenues to the State Treasury Lottery Proceeds Fund as required by Louisiana Lottery Law.

Unless otherwise noted, the source for the data contained in the following charts is the Accounting Department of the Louisiana Lottery Corporation.

LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
(Unaudited)  
Schedule of Net Assets and Changes in Net Assets  
Fiscal Year Ending June 30 for the Years Shown

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>REVENUES</b>										
<b>Operating revenues</b>										
Instant tickets sales	\$111,610,821	\$111,272,825	\$102,548,975	\$111,430,717	\$104,102,165	\$118,864,811	\$134,652,721	\$132,048,433	\$141,393,769	\$136,006,913
<b>On-line sales:</b>										
Lotto	29,676,878	30,827,589	33,741,468	33,117,070	32,830,084	30,222,661	34,788,068	32,001,441	33,482,672	30,461,650
Pick 3	43,069,697	44,902,518	45,119,544	47,445,594	47,788,205	43,604,915	46,336,657	49,944,959	49,088,003	46,523,353
Easy 5								13,890,049	14,508,315	14,555,346
Powerball	76,391,929	101,111,768	105,256,703	118,284,225	91,357,450	108,535,895	102,792,677	107,810,095	103,893,936	105,765,787
Daily Millions										
Cash Quest	4,676,082	3,727,622	4,358,907	6,128,809	5,356,444	4,771,713	5,115,531	965,269		
Pick 4	14,894,112	17,329,613	20,430,534	23,685,810	25,572,243	26,116,665	30,507,084	34,034,148	36,157,058	36,073,958
Raffle								2,999,660		2,999,399
Rolldown	4,149,373	2,449,910								
<b>Total on-line sales</b>	<u>172,858,071</u>	<u>200,349,020</u>	<u>208,907,156</u>	<u>228,661,508</u>	<u>202,904,426</u>	<u>213,251,849</u>	<u>219,540,017</u>	<u>241,645,621</u>	<u>237,129,984</u>	<u>236,379,493</u>
<b>Total sales</b>	<u>284,468,892</u>	<u>311,621,845</u>	<u>311,456,131</u>	<u>340,092,225</u>	<u>307,006,591</u>	<u>332,116,660</u>	<u>354,192,738</u>	<u>373,694,054</u>	<u>378,523,753</u>	<u>372,386,406</u>
<b>Other operating revenues</b>										
Allowance for uncollectible accounts	(5,000)	(25,000)	(39,659)	(74,046)	(60,832)	(127,279)	(9,697)	(7,481)	(21,426)	(20,194)
Other income	35,964	16,882	108,569	100,259	172,069	65,740	15,931	86,020	9,509	328,083
<b>Total other operating revenues</b>	<u>30,964</u>	<u>(8,118)</u>	<u>68,910</u>	<u>26,213</u>	<u>111,237</u>	<u>(61,539)</u>	<u>6,234</u>	<u>78,539</u>	<u>(11,917)</u>	<u>307,889</u>
<b>Total operating revenues</b>	<u>284,499,856</u>	<u>311,613,727</u>	<u>311,525,041</u>	<u>340,118,438</u>	<u>307,117,828</u>	<u>332,055,121</u>	<u>354,198,972</u>	<u>373,772,593</u>	<u>378,511,836</u>	<u>372,694,295</u>
<b>Nonoperating revenues</b>										
Interest earned on investments	3,408,868	2,261,711	1,706,209	1,524,103	1,751,259	2,314,754	2,690,613	2,279,826	1,862,321	1,697,134
Net increase (decrease) in the fair value of investments	654,715	418,422	498,679	(1,171,452)	(247,917)	(1,014,680)	31,103	670,492	740,885	1,137,573
Net gain (loss) on disposal of assets	22,267	45,512	58,568	17,454	11,292	41,666	21,968	17,005	33,561	74,630
<b>Total nonoperating revenues</b>	<u>4,085,850</u>	<u>2,725,645</u>	<u>2,263,456</u>	<u>370,105</u>	<u>1,514,634</u>	<u>1,341,740</u>	<u>2,743,684</u>	<u>2,967,323</u>	<u>2,636,767</u>	<u>2,909,337</u>
<b>Total revenues</b>	<u>288,585,706</u>	<u>314,339,372</u>	<u>313,788,497</u>	<u>340,488,543</u>	<u>308,632,462</u>	<u>333,396,861</u>	<u>356,942,656</u>	<u>376,739,916</u>	<u>381,148,603</u>	<u>375,603,632</u>

(Continued)

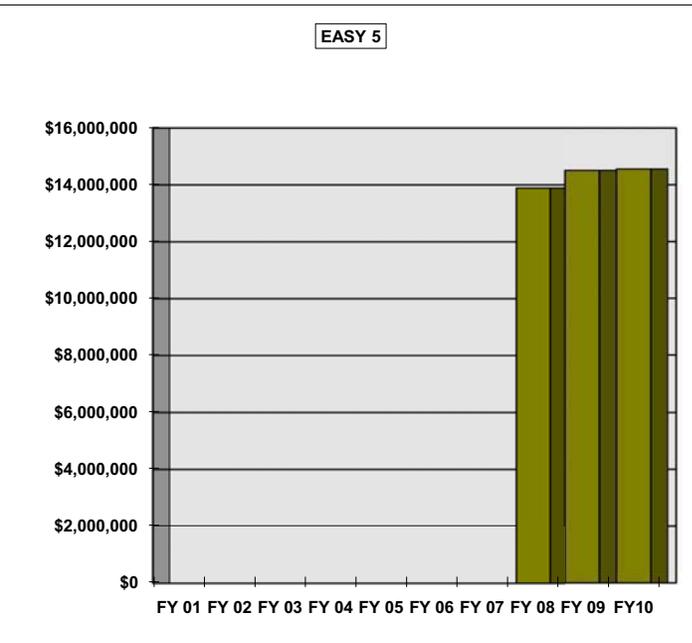
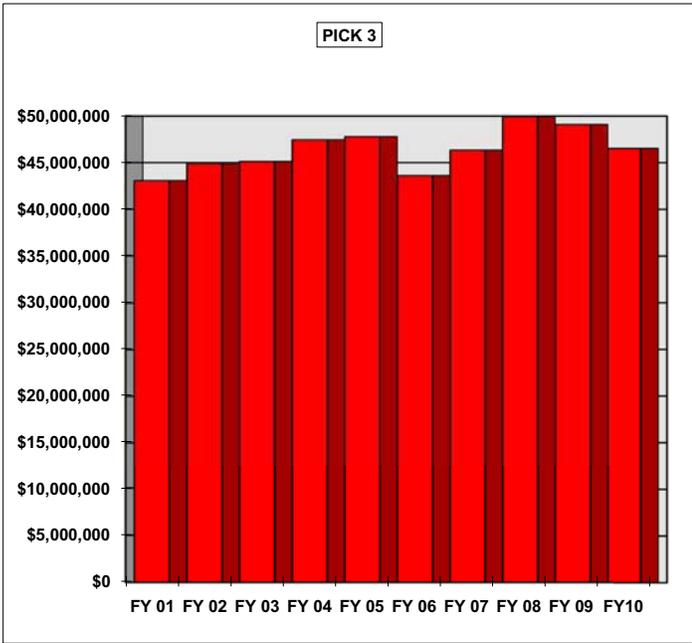
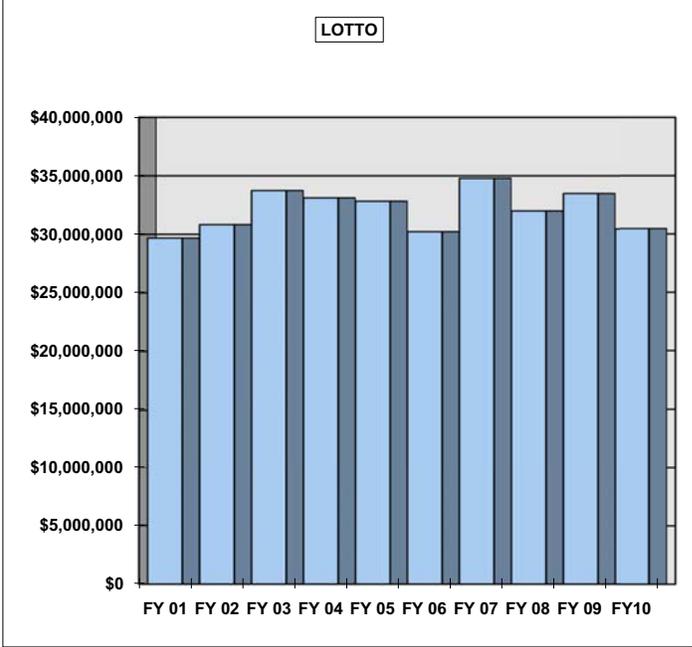
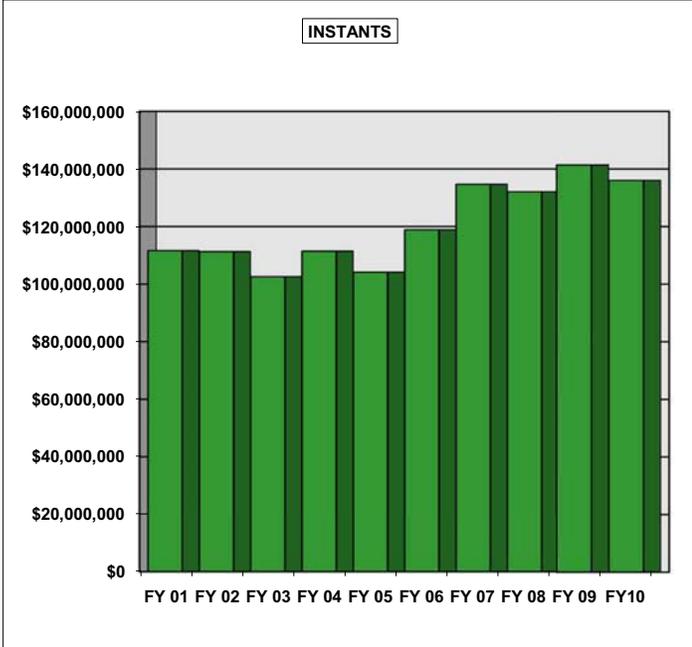
LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA

(Unaudited)  
Schedule of Net Assets and Changes in Net Assets  
Fiscal Year Ending June 30 for the Years Shown

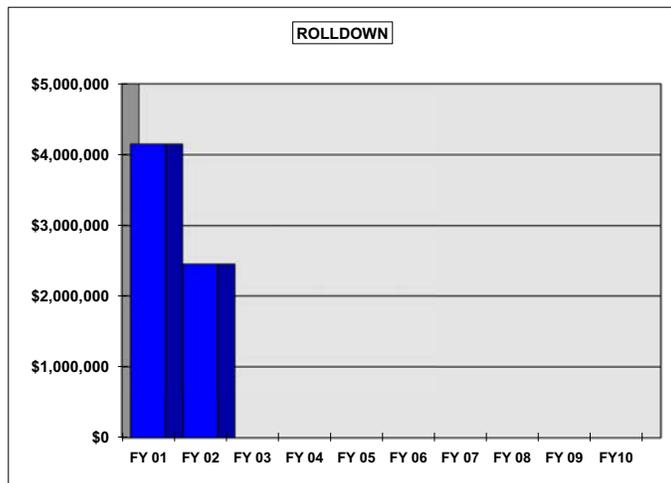
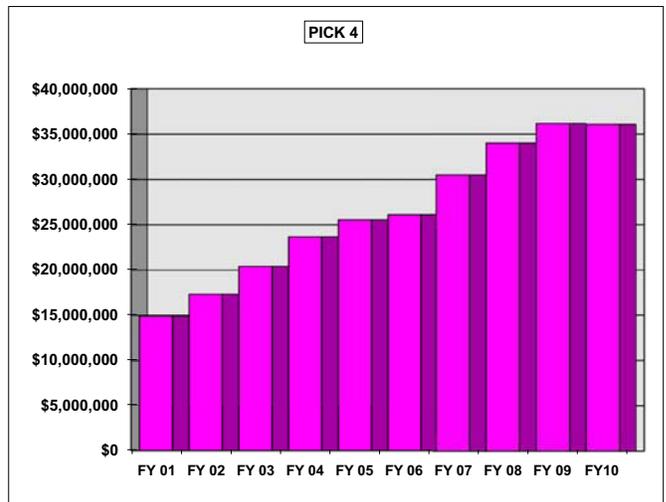
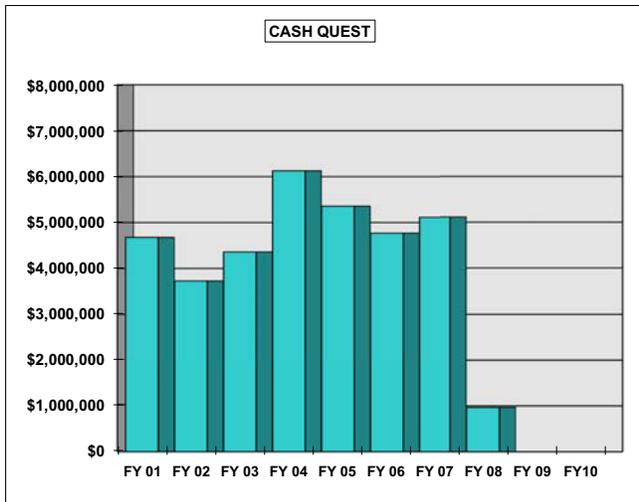
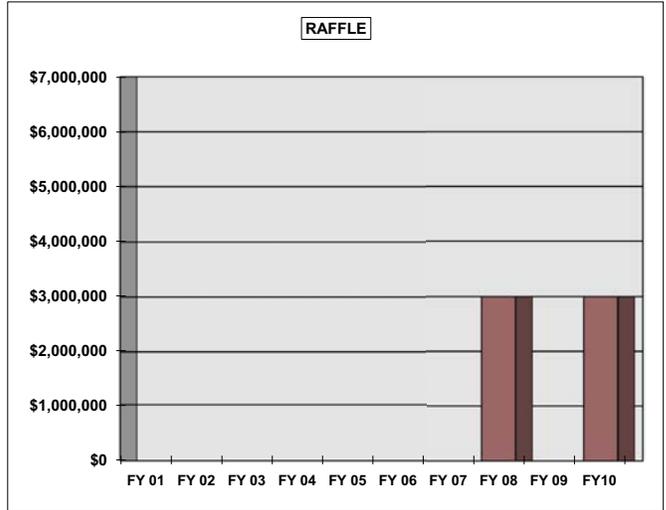
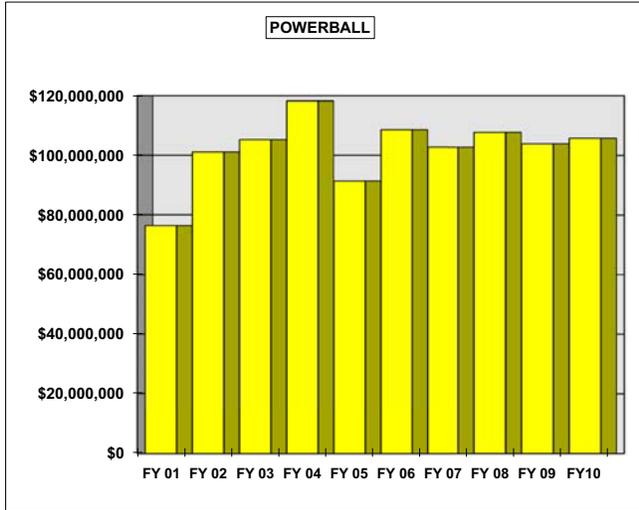
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>OPERATING EXPENSES</b>										
Direct costs:										
Prize expense	\$142,025,272	\$155,559,230	\$155,908,816	\$169,776,455	\$153,257,203	\$168,235,254	\$179,410,211	\$192,800,091	\$193,331,767	\$189,749,514
Retailer compensation	15,923,481	17,284,582	17,072,192	18,664,893	16,859,899	18,503,567	19,661,356	20,912,784	21,056,534	20,630,917
Other direct costs	10,294,618	11,839,126	11,992,751	12,842,890	11,775,524	11,973,524	12,511,948	13,569,127	13,598,523	13,486,737
<b>Total direct costs</b>	<b>168,243,371</b>	<b>184,682,938</b>	<b>184,973,759</b>	<b>201,284,238</b>	<b>181,892,626</b>	<b>198,712,345</b>	<b>211,583,515</b>	<b>227,282,002</b>	<b>227,986,824</b>	<b>223,867,168</b>
Administrative expenses	17,998,449	17,506,929	17,769,718	17,609,168	17,662,611	16,112,777	17,012,217	17,645,772	17,735,988	17,653,110
<b>Total operating expenses</b>	<b>186,241,820</b>	<b>202,189,867</b>	<b>202,743,477</b>	<b>218,893,406</b>	<b>199,555,237</b>	<b>214,825,122</b>	<b>228,595,732</b>	<b>244,927,774</b>	<b>245,722,812</b>	<b>241,520,278</b>
<b>NONOPERATING EXPENSES</b>										
Payments to state treasury	104,008,334	111,029,075	110,840,420	121,196,935	110,391,785	119,433,115	128,263,375	131,861,525	135,908,240	133,701,775
<b>INCOME BEFORE EXTRAORDINARY ITEM</b>	<b>(1,664,448)</b>	<b>1,120,430</b>	<b>204,600</b>	<b>398,202</b>	<b>(1,314,560)</b>	<b>(861,376)</b>	<b>83,549</b>	<b>(49,383)</b>	<b>(482,449)</b>	<b>381,579</b>
<b>EXTRAORDINARY ITEM</b>						186,487				
<b>CHANGES IN NET ASSETS</b>	<b>(\$1,664,448)</b>	<b>\$1,120,430</b>	<b>\$204,600</b>	<b>\$398,202</b>	<b>(\$1,314,560)</b>	<b>(\$674,889)</b>	<b>\$83,549</b>	<b>(\$49,383)</b>	<b>(\$482,449)</b>	<b>\$381,579</b>
<b>NET ASSETS</b>										
Invested in capital assets	\$3,256,590	\$6,933,380	\$6,454,388	\$6,140,678	\$6,063,654	\$6,047,412	\$5,626,480	\$5,485,927	\$5,370,229	\$5,398,082
Restricted	180,690	180,690								
Unrestricted	20,149,656	17,593,296	18,457,578	19,169,490	17,931,954	17,273,307	17,777,788	17,868,958	17,502,207	17,855,933
<b>Total net assets</b>	<b>\$23,586,936</b>	<b>\$24,707,366</b>	<b>\$24,911,966</b>	<b>\$25,310,168</b>	<b>\$23,995,608</b>	<b>\$23,320,719</b>	<b>\$23,404,268</b>	<b>\$23,354,885</b>	<b>\$22,872,436</b>	<b>\$23,254,015</b>

(Concluded)

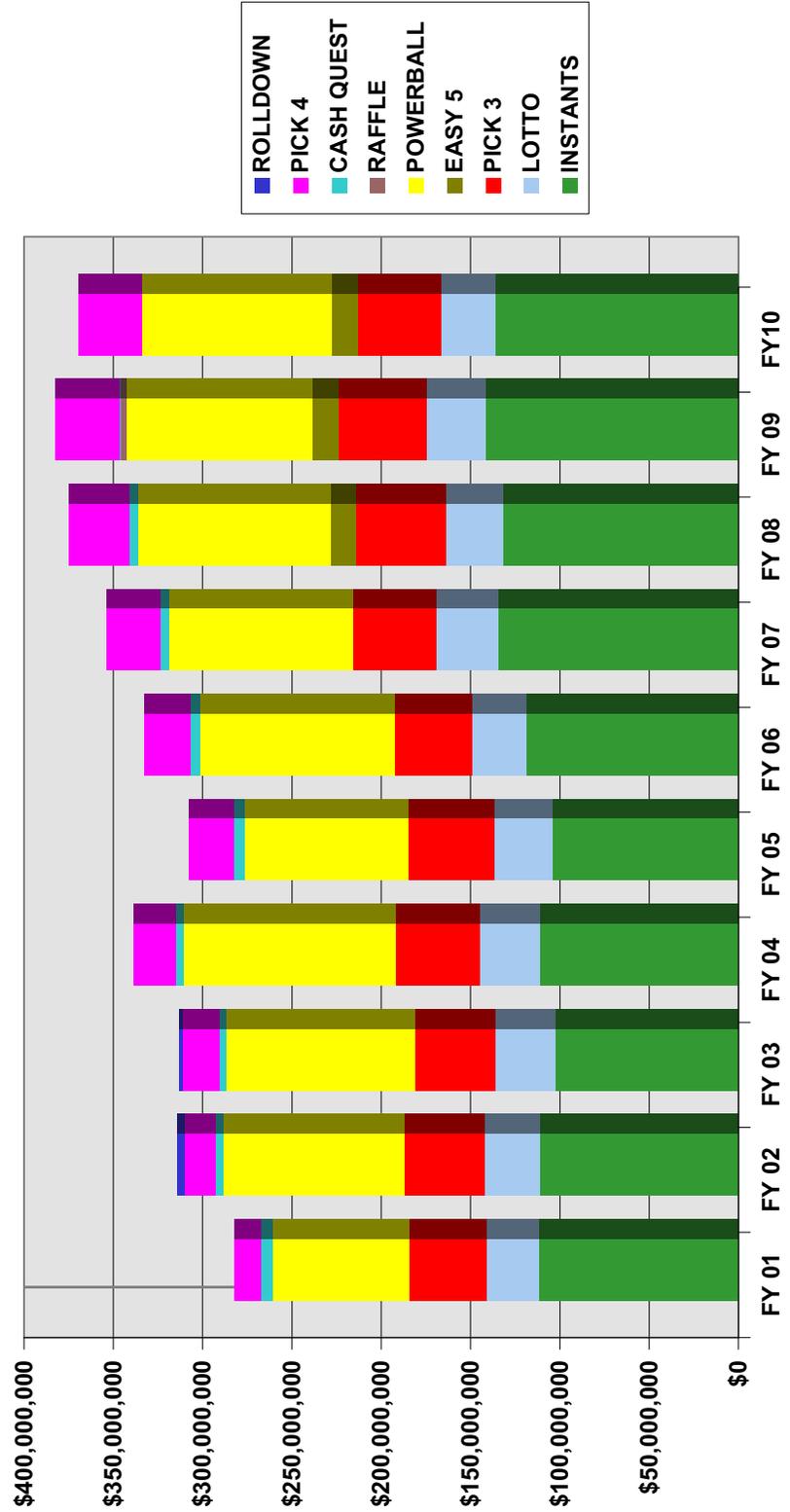
**LOUISIANA LOTTERY CORPORATION  
SALES BY FISCAL YEAR BY PRODUCT LINE  
(UNAUDITED)  
FISCAL YEARS 2001 THROUGH 2010**



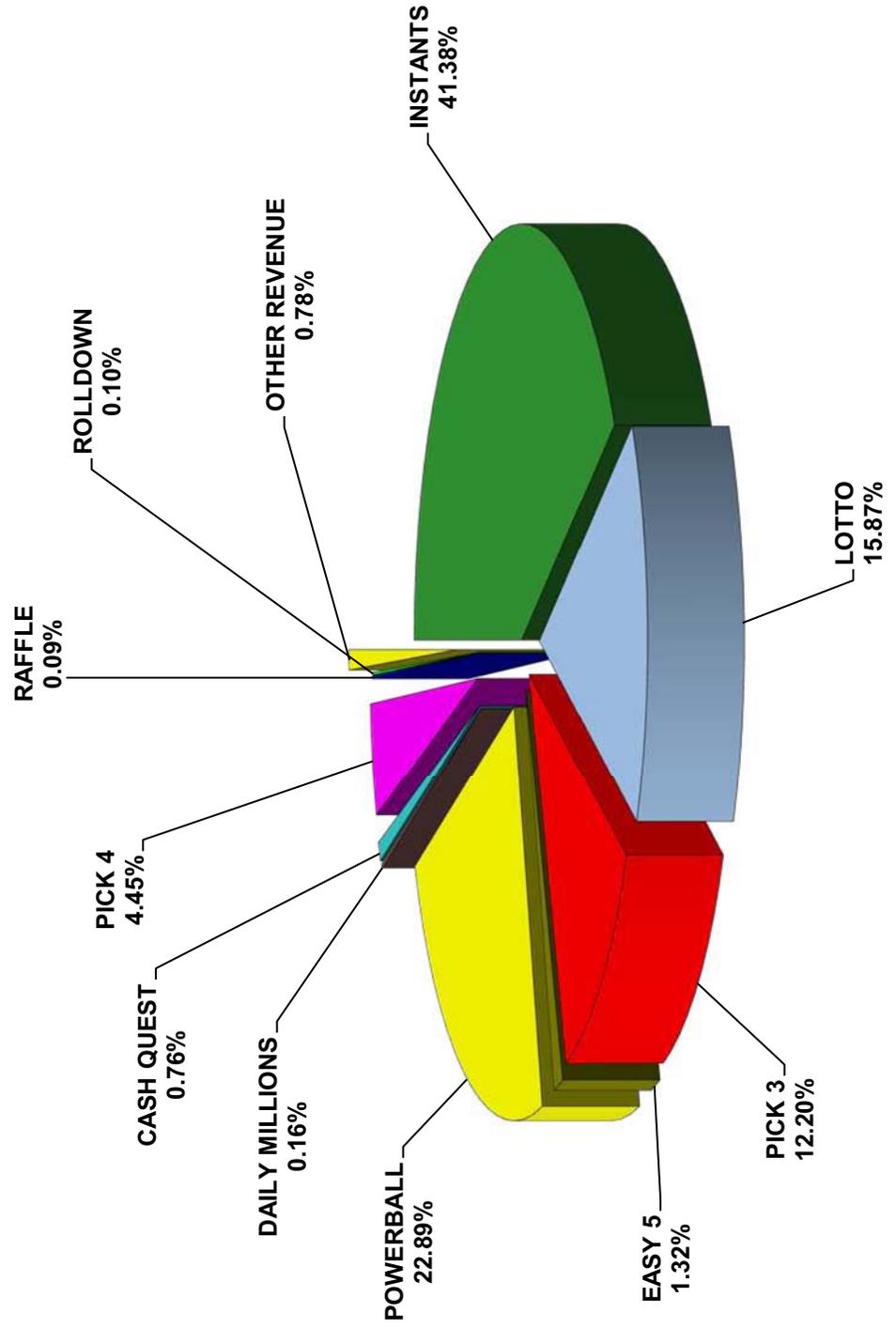
**LOUISIANA LOTTERY CORPORATION**  
**SALES BY FISCAL YEAR BY PRODUCT LINE**  
**(UNAUDITED)**  
**FISCAL YEARS 2001 THROUGH 2010**



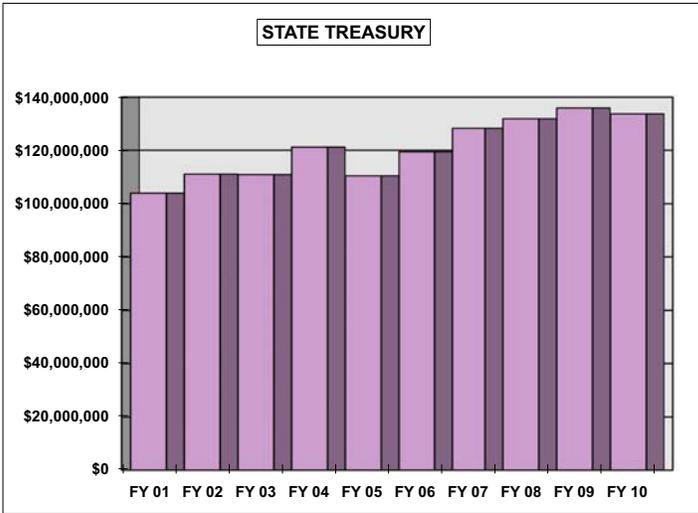
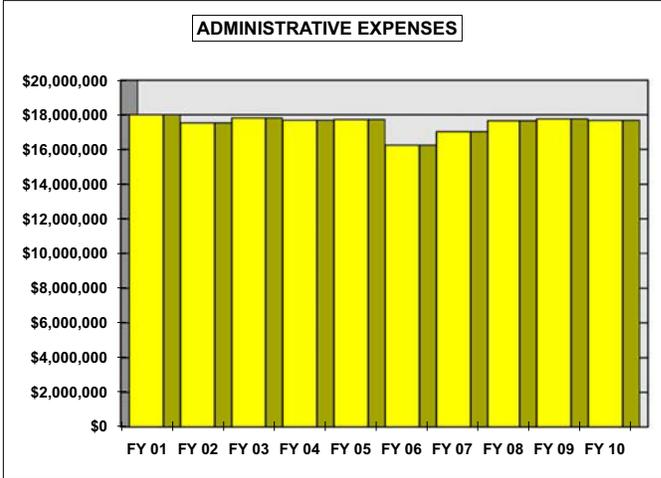
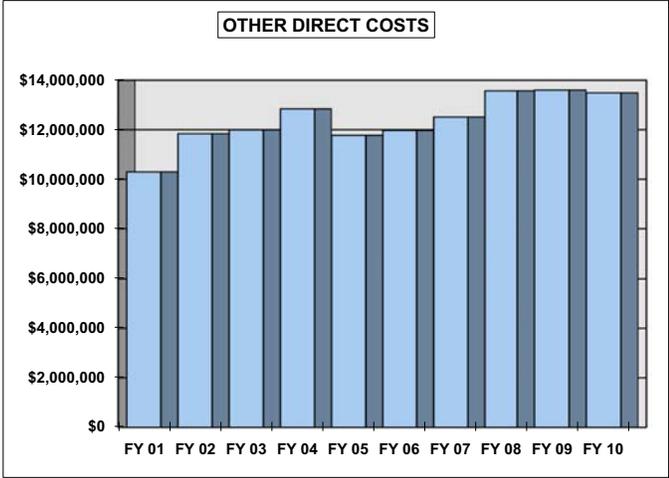
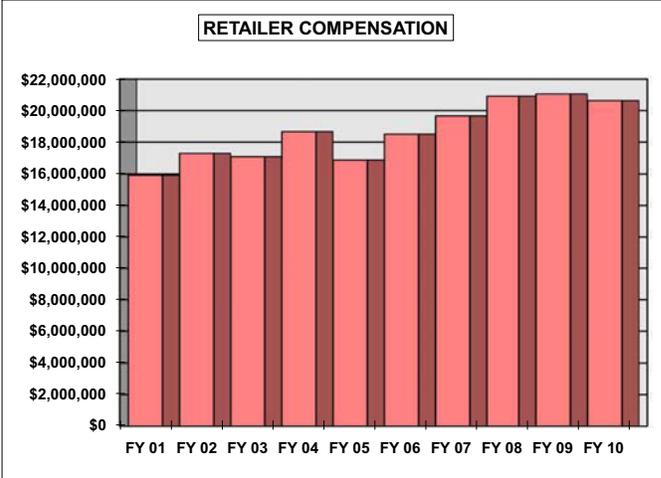
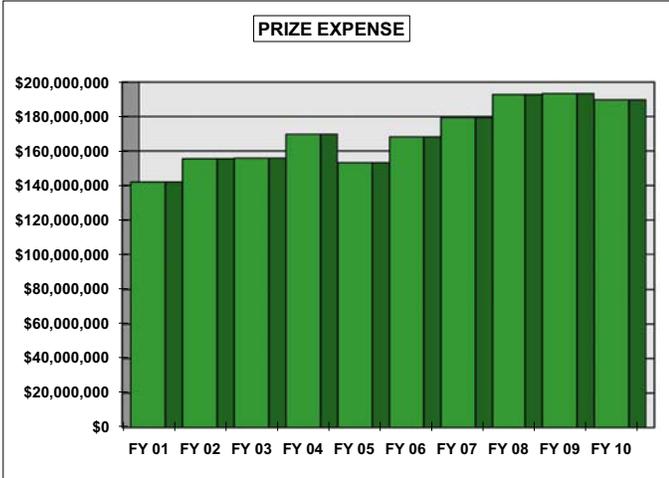
**LOUISIANA LOTTERY CORPORATION  
SALES BY PRODUCT  
(UNAUDITED)  
FISCAL YEARS 2001 THROUGH 2010**



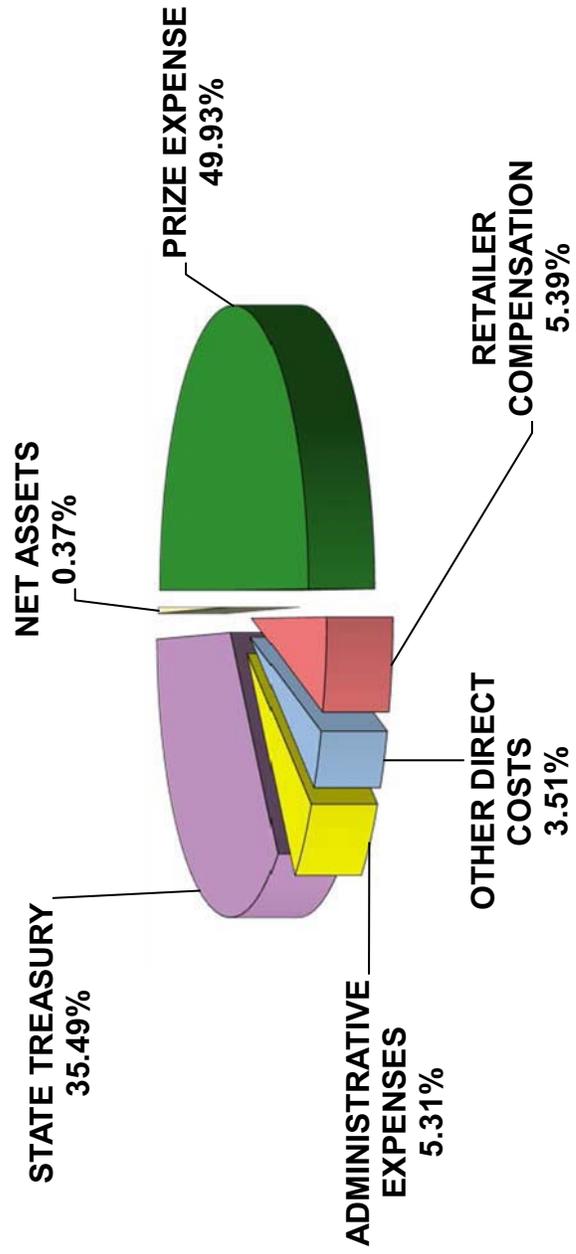
**LOUISIANA LOTTERY CORPORATION  
INCEPTION-TO-DATE REVENUE DISTRIBUTION  
(UNAUDITED)**



**LOUISIANA LOTTERY CORPORATION  
EXPENSES AND PAYMENTS  
(UNAUDITED)  
FISCAL YEARS 2001 THROUGH 2010**



**LOUISIANA LOTTERY CORPORATION  
INCEPTION-TO-DATE  
EXPENSES AND PAYMENTS  
AS A PERCENTAGE OF TOTAL REVENUE  
(UNAUDITED)**



**LOUISIANA LOTTERY CORPORATION  
PAYMENTS TO STATE TREASURY  
(UNAUDITED)  
INCEPTION-TO-DATE**

<u>DATE</u>	<u>AMOUNT</u>	<u>LOTTERY FISCAL YEAR TOTAL</u>	<u>CALENDAR YEAR TOTAL</u>
DECEMBER 1991	\$50,000,000		\$50,000,000
MARCH 1992	40,000,000		
JUNE 1992	25,000,000	\$115,000,000	
SEPTEMBER 1992	57,200,000		
DECEMBER 1992	44,300,000		166,500,000
MARCH 1993	45,900,000		
JUNE 1993	31,765,000	179,165,000	
SEPTEMBER 1993	32,266,000		
DECEMBER 1993	40,400,000		150,331,000
MARCH 1994	31,365,000		
JUNE 1994	27,995,000	132,026,000	
SEPTEMBER 1994	26,725,000		
DECEMBER 1994	24,500,000		110,585,000
MARCH 1995	25,810,000		
JUNE 1995	34,735,000	111,770,000	
JULY 1995	9,066,822		
AUGUST 1995	8,194,932		
SEPTEMBER 1995	8,507,793		
OCTOBER 1995	7,873,606		
NOVEMBER 1995	8,327,516		
DECEMBER 1995	8,500,000		111,015,669
JANUARY 1996	9,820,865		
FEBRUARY 1996	8,202,764		
MARCH 1996	9,315,166		
APRIL 1996	8,282,972		
MAY 1996	8,428,448		
JUNE 1996	7,971,536	102,492,420	
JULY 1996	8,176,487		
AUGUST 1996	7,890,198		
SEPTEMBER 1996	7,643,764		
OCTOBER 1996	8,385,386		
NOVEMBER 1996	7,773,727		
DECEMBER 1996	8,243,281		100,134,594
JANUARY 1997	8,181,070		
FEBRUARY 1997	8,026,686		
MARCH 1997	9,397,036		
APRIL 1997	8,594,425		
MAY 1997	8,675,328		
JUNE 1997	13,359,518	104,346,906	
JULY 1997	8,399,129		
AUGUST 1997	8,490,015		
SEPTEMBER 1997	7,522,120		
OCTOBER 1997	7,955,211		
NOVEMBER 1997	7,567,906		
DECEMBER 1997	9,211,519		105,379,963
JANUARY 1998	8,211,078		
FEBRUARY 1998	8,691,278		
MARCH 1998	8,834,355		
APRIL 1998	8,391,642		
MAY 1998	12,684,716		
JUNE 1998	12,079,583	108,038,552	
JULY 1998	15,552,958		
AUGUST 1998	8,358,134		
SEPTEMBER 1998	7,821,200		
OCTOBER 1998	8,067,540		
NOVEMBER 1998	7,277,057		
DECEMBER 1998	7,625,952		113,595,493
JANUARY 1999	8,214,518		
FEBRUARY 1999	7,334,683		
MARCH 1999	9,054,748		
APRIL 1999	7,636,327		
MAY 1999	7,403,142		
JUNE 1999	11,308,906	105,655,165	

(Continued)

**LOUISIANA LOTTERY CORPORATION  
PAYMENTS TO STATE TREASURY  
(UNAUDITED)  
INCEPTION-TO-DATE**

<u>DATE</u>	<u>AMOUNT</u>	<u>LOTTERY FISCAL YEAR TOTAL</u>	<u>CALENDAR YEAR TOTAL</u>
JULY 1999	\$7,691,675		
AUGUST 1999	7,146,000		
SEPTEMBER 1999	7,500,825		
OCTOBER 1999	8,024,420		
NOVEMBER 1999	7,206,148		
DECEMBER 1999	7,706,120		\$96,227,512
JANUARY 2000	7,415,230		
FEBRUARY 2000	9,698,050		
MARCH 2000	10,341,900		
APRIL 2000	8,822,190		
MAY 2000	8,592,760		
JUNE 2000	8,732,390	\$98,877,708	
JULY 2000	8,159,960		
AUGUST 2000	7,738,605		
SEPTEMBER 2000	7,309,665		
OCTOBER 2000	7,432,725		
NOVEMBER 2000	10,276,870		
DECEMBER 2000	8,063,285		102,583,630
JANUARY 2001	7,942,029		
FEBRUARY 2001	9,919,540		
MARCH 2001	9,421,635		
APRIL 2001	8,636,860		
MAY 2001	8,414,910		
JUNE 2001	10,692,250	104,008,334	
JULY 2001	7,988,275		
AUGUST 2001	18,098,020		
SEPTEMBER 2001	8,149,090		
OCTOBER 2001	8,053,040		
NOVEMBER 2001	7,906,850		
DECEMBER 2001	7,756,615		112,979,114
JANUARY 2002	9,397,380		
FEBRUARY 2002	8,219,050		
MARCH 2002	8,556,150		
APRIL 2002	8,394,675		
MAY 2002	9,349,340		
JUNE 2002	9,160,590	111,029,075	
JULY 2002	7,969,575		
AUGUST 2002	8,296,930		
SEPTEMBER 2002	8,978,520		
OCTOBER 2002	8,373,320		
NOVEMBER 2002	7,781,000		
DECEMBER 2002	14,881,880		109,358,410
JANUARY 2003	9,367,485		
FEBRUARY 2003	8,683,630		
MARCH 2003	8,938,100		
APRIL 2003	8,184,390		
MAY 2003	8,600,225		
JUNE 2003	10,785,365	110,840,420	
JULY 2003	11,785,350		
AUGUST 2003	10,099,360		
SEPTEMBER 2003	8,310,460		
OCTOBER 2003	10,643,240		
NOVEMBER 2003	8,592,455		
DECEMBER 2003	12,917,620		116,907,680
JANUARY 2004	9,796,600		
FEBRUARY 2004	9,610,030		
MARCH 2004	10,100,770		
APRIL 2004	9,231,775		
MAY 2004	9,773,075		
JUNE 2004	10,336,200	121,196,935	

(Continued)

**LOUISIANA LOTTERY CORPORATION  
PAYMENTS TO STATE TREASURY  
(UNAUDITED)  
INCEPTION-TO-DATE**

<u>DATE</u>	<u>AMOUNT</u>	<u>LOTTERY FISCAL YEAR TOTAL</u>	<u>CALENDAR YEAR TOTAL</u>
JULY 2004	\$8,488,925		
AUGUST 2004	8,584,735		
SEPTEMBER 2004	8,909,205		
OCTOBER 2004	9,832,180		
NOVEMBER 2004	9,095,720		
DECEMBER 2004	10,279,105		\$114,038,320
JANUARY 2005	8,349,700		
FEBRUARY 2005	8,080,810		
MARCH 2005	8,508,585		
APRIL 2005	8,315,245		
MAY 2005	11,268,835		
JUNE 2005	10,678,740	\$110,391,785	
JULY 2005	8,254,655		
AUGUST 2005	8,120,950		
SEPTEMBER 2005	5,519,665		
OCTOBER 2005	10,870,295		
NOVEMBER 2005	8,526,875		
DECEMBER 2005	9,919,900		106,414,255
JANUARY 2006	10,185,345		
FEBRUARY 2006	14,389,255		
MARCH 2006	11,385,060		
APRIL 2006	10,355,990		
MAY 2006	9,967,465		
JUNE 2006	11,937,660	119,433,115	
JULY 2006	10,153,400		
AUGUST 2006	10,072,650		
SEPTEMBER 2006	10,605,385		
OCTOBER 2006	9,880,170		
NOVEMBER 2006	9,925,840		
DECEMBER 2006	10,506,110		129,364,330
JANUARY 2007	12,367,020		
FEBRUARY 2007	10,355,750		
MARCH 2007	11,982,960		
APRIL 2007	9,526,925		
MAY 2007	9,725,800		
JUNE 2007	13,161,365	128,263,375	
JULY 2007	9,750,850		
AUGUST 2007	13,338,790		
SEPTEMBER 2007	9,451,140		
OCTOBER 2007	9,842,235		
NOVEMBER 2007	10,459,865		
DECEMBER 2007	10,213,145		130,175,845
JANUARY 2008	10,819,300		
FEBRUARY 2008	11,978,880		
MARCH 2008	13,997,750		
APRIL 2008	11,461,080		
MAY 2008	10,500,360		
JUNE 2008	10,048,130	131,861,525	
JULY 2008	10,434,160		
AUGUST 2008	10,053,780		
SEPTEMBER 2008	9,919,085		
OCTOBER 2008	10,456,065		
NOVEMBER 2008	10,507,165		
DECEMBER 2008	11,907,450		132,083,205
JANUARY 2009	12,547,960		
FEBRUARY 2009	11,947,750		
MARCH 2009	11,753,030		
APRIL 2009	11,153,370		
MAY 2009	12,742,510		
JUNE 2009	12,485,915	135,908,240	
JULY 2009	10,327,065		
AUGUST 2009	11,897,360		
SEPTEMBER 2009	11,258,660		
OCTOBER 2009	10,661,110		
NOVEMBER 2009	9,831,460		
DECEMBER 2009	10,644,340		137,250,530
JANUARY 2010	10,093,340		
FEBRUARY 2010	11,090,400		
MARCH 2010	11,998,175		
APRIL 2010	11,458,715		
MAY 2010	11,626,600		
JUNE 2010	12,814,550	133,701,775	69,081,780
<b>TOTAL INCEPTION-TO-DATE</b>	<b>\$2,264,006,330</b>	<b>\$2,264,006,330</b>	<b>\$2,264,006,330</b>

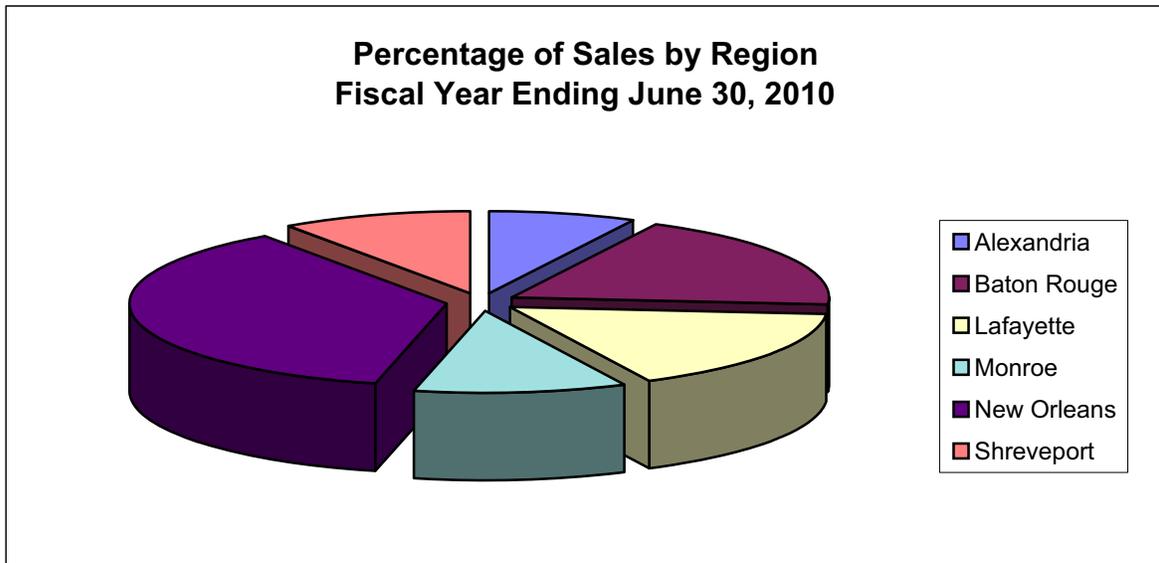
(Concluded)

LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
(Unaudited)  
Schedule of Instant Ticket Game Launches and Sales by Price Point  
Fiscal Year Ending June 30 for the Years Shown

Price Point	2002	2003	2004	2005	2006	2007	2008	2009	2010	% of Total 2010
<b>Number of Launches</b>										
\$1	29	25	39	32	19	17	18	18	20	33.90%
\$2	13	13	13	16	10	12	18	21	23	38.98%
\$3	0	3	3	6	5	5	4	4	4	6.78%
\$5	4	4	6	8	6	4	6	8	10	16.95%
\$10	1	2	0	1	0	1	3	2	2	3.39%
<b>Total</b>	<b>47</b>	<b>47</b>	<b>61</b>	<b>63</b>	<b>40</b>	<b>39</b>	<b>49</b>	<b>53</b>	<b>59</b>	<b>100.00%</b>
<b>Sales</b>										
\$1	\$61,232,296	\$53,959,169	\$56,476,199	\$44,811,865	\$46,001,479	\$45,165,388	\$41,239,408	\$39,525,468	\$37,228,056	27.37%
\$2	31,682,721	28,806,449	22,509,278	26,033,894	27,799,094	33,035,430	34,806,831	37,306,124	34,192,992	25.14%
\$3	339,132	4,186,464	13,677,891	12,633,261	14,550,588	13,704,063	12,015,639	12,139,287	13,163,915	9.68%
\$5	14,472,796	10,754,983	15,424,130	17,608,325	20,797,750	25,762,520	24,547,595	31,318,900	32,180,710	23.66%
\$10	3,545,880	4,841,910	3,343,219	3,014,820	9,715,900	16,985,320	19,438,960	21,103,990	19,241,240	14.15%
<b>Total</b>	<b>\$111,272,825</b>	<b>\$102,548,975</b>	<b>\$111,430,717</b>	<b>\$104,102,165</b>	<b>\$118,864,811</b>	<b>\$134,652,721</b>	<b>\$132,048,433</b>	<b>\$141,393,769</b>	<b>\$136,006,913</b>	<b>100.00%</b>

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**  
(Unaudited)  
**Schedule of Lottery Retailers and Sales by Region**  
**Fiscal Year Ending June 30, 2010**

<b>Region</b>	<b>Number of Retailers</b>	<b>% of Total Retailers</b>	<b>Sales</b>	<b>% Total Sales</b>
Alexandria	197	7.06%	\$28,051,476	7.53%
Baton Rouge	570	20.42%	69,701,334	18.72%
Lafayette	633	22.67%	62,036,370	16.66%
Monroe	235	8.42%	39,780,683	10.68%
New Orleans	834	29.87%	136,388,277	36.63%
Shreveport	323	11.56%	36,428,266	9.78%
<b>Total</b>	<b>2,792</b>	<b>100.00%</b>	<b>\$372,386,406</b>	<b>100.00%</b>



LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
(Unaudited)  
Schedule of Lottery Retailers and Sales by Region  
Fiscal Year Ending June 30 for the Years Shown

Number of Retailers

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Region</b>					
Alexandria	204	195	201	201	197
Baton Rouge	538	543	548	564	570
Lafayette	579	582	594	607	633
Monroe	213	218	224	233	235
New Orleans	705	783	798	824	834
Shreveport	281	280	290	313	323
<b>Total</b>	<u>2,520</u>	<u>2,601</u>	<u>2,655</u>	<u>2,742</u>	<u>2,792</u>

Sales

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Region</b>					
Alexandria	\$26,876,128	\$27,988,305	\$28,371,735	\$28,333,187	\$28,051,476
Baton Rouge	65,303,460	66,138,117	67,480,827	69,301,062	69,701,334
Lafayette	59,490,369	60,240,860	61,633,363	63,541,296	62,036,370
Monroe	38,541,327	39,688,387	42,038,577	41,438,609	39,780,683
New Orleans	105,946,748	124,566,931	137,340,680	137,733,963	136,388,277
Shreveport	35,958,628	35,570,138	36,828,872	38,175,636	36,428,266
<b>Total</b>	<u>\$332,116,660</u>	<u>\$354,192,738</u>	<u>\$373,694,054</u>	<u>\$378,523,753</u>	<u>\$372,386,406</u>

**LOUISIANA LOTTERY CORPORATION**  
**STATE OF LOUISIANA**  
(Unaudited)  
**Schedule of Demographic and Economic Statistics**  
**Calendar Years 2001 to 2010**

<b>Calendar Year</b>	<b>Statewide Population</b>	<b>Statewide Personal Income (millions of dollars)</b>	<b>Statewide Personal Income per Capita</b>	<b>Statewide Unemployment Rate</b>
2001	4,465,258	\$109,983	\$24,631	5.1%
2002	4,475,003	112,431	25,124	5.8%
2003	4,490,380	115,612	25,747	6.6%
2004	4,506,685	121,919	27,053	5.9%
2005	4,523,628	128,621	28,433	5.5%
2006	4,287,768	132,715	30,952	4.6%
2007	4,293,204	149,214	34,756	3.8%
2008	4,410,796	159,983	36,271	4.6%
2009	4,492,076	159,499	35,507	7.3%
2010	<b>a</b>	<b>a</b>	<b>a</b>	7.0%

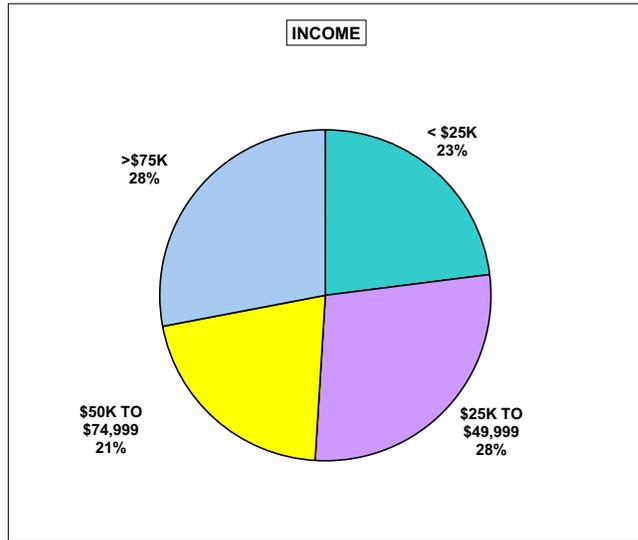
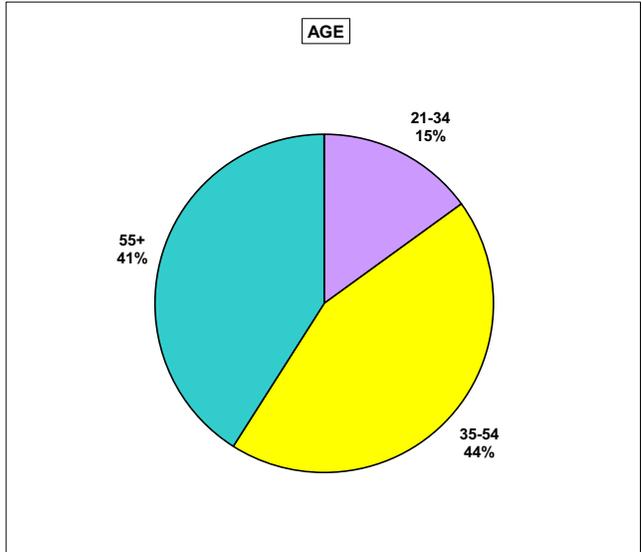
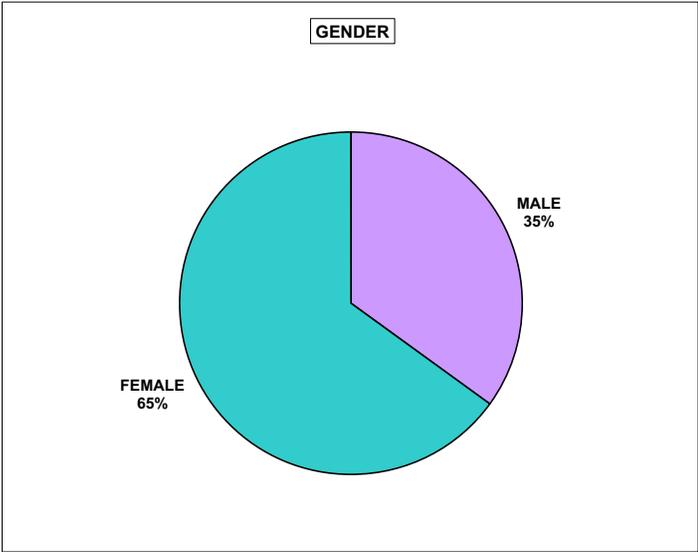
**Sources:**

Population from U.S. Census Bureau; Personal income from U.S. Bureau of Economic Analysis; Unemployment rate from U.S. Department of Labor, Bureau of Statistics.

**Note:**

**a= Not yet available.**

**LOUISIANA LOTTERY CORPORATION  
PARTICIPATION OF PLAYERS BY DEMOGRAPHIC GROUPS  
(UNAUDITED)**



Source: Current and Lapsed Player Tracker  
GTECH Corporation & Crestwood Associates, June 2007

LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
(Unaudited)  
Schedule of Lottery Employees  
Fiscal Year Ending June 30 for the Years Shown

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Full-time	135	139	135	129	119	120	113	111	111
Part-time	25	26	21	18	19	18	19	21	18
<b>Total</b>	<b>160</b>	<b>165</b>	<b>156</b>	<b>147</b>	<b>138</b>	<b>138</b>	<b>132</b>	<b>132</b>	<b>129</b>
Sales:									
Alexandria	7	7	6	6	6	6	5	4	5
Baton Rouge	9	9	9	8	13	7	8	8	7
Lafayette	11	11	10	10	8	11	9	10	9
Monroe	7	7	5	5	6	6	6	6	6
New Orleans	15	15	13	13	5	11	10	11	11
Shreveport	9	8	8	7	9	5	5	5	5
Warehousing	7	6	7	7	6	6	5	7	7
Marketing and administration	95	102	98	91	85	86	84	81	79
<b>Total</b>	<b>160</b>	<b>165</b>	<b>156</b>	<b>147</b>	<b>138</b>	<b>138</b>	<b>132</b>	<b>132</b>	<b>129</b>

## U.S. LOTTERY STATISTICS (UNAUDITED)

The following tables:

- U.S. Lotteries' Fiscal 2009 Sales By Game.
- Fiscal 2009 U.S. Lottery Sales, Prizes & Government Transfers  
Measured by Gross Domestic Product.

(Source: La Fleur's 2010 World Lottery Almanac)

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TLF Publications, Inc.  
14424 Chrisman Hill Drive  
Boyd's, MD 20841

# U.S. lotteries' fiscal 2009 sales by game\*

(in \$millions)			Online Games								Total Sales	PC Sales	VLT (net)	
Lottery	Pop. (M)	Instant Pulltab	3-digit	4-digit	Lotto	Cash Lotto	Bloc Lotto	Hot Lotto	Keno	Other				
Arizona	6.6	278.92	9.41	3.04	45.49	17.00	117.24			13.39	484.49	\$73		
California	37.0	1,615.37	132.08	38.64	536.16	143.33	347.69		126.36	15.21	2,954.84	\$80		
Colorado	5.0	328.25			43.54	20.83	100.73				493.36	\$98		
Connecticut	3.5	610.01	113.12	93.23	32.94	40.42	92.13			9.45	991.30	\$282		
Delaware	0.9	36.47	27.01	18.06	5.84		31.54	3.44		0.90	123.25	\$139	578.98	
D.C.	0.6	45.25	60.83	79.91		9.58	33.00	3.83	12.58	0.39	245.37	\$409		
Florida	18.5	2,064.14	320.16	238.96	650.60	287.29	233.40			143.50	3,938.04	\$212		
Georgia	9.8	2,243.71	504.11	209.27	23.55	91.42	205.81		116.25	1.52	3,395.64	\$345		
Idaho	1.5	88.43	2.41	1.88	3.15		36.79	4.13		2.86	139.65	\$90		
Illinois	12.9	1,119.74	297.70	176.88	122.67	129.00	204.58			26.61	2,077.17	\$161		
Indiana	6.4	473.83	10.80	29.33	28.35	54.88		114.27		21.19	732.66	\$114		
Iowa	3.0	136.27	21.32	6.54	2.56		4.11	58.22	14.33		243.34	\$81		
Kansas	2.8	115.72	8.75	5.97		1.70	14.82	40.00	10.73	28.42	230.51	\$82		
Kentucky	4.3	458.63	14.22	124.43	36.11	20.61	14.15	96.89			765.03	\$177		
Louisiana	4.5	141.39		49.09	36.16	33.48	14.51	103.89			378.52	\$84		
Maine	1.3	153.43		5.31	4.15	15.58	3.60	27.57		1.03	210.67	\$160		
Maryland	5.7	507.06		276.35	249.17	32.90	23.46	125.96	394.20	88.98	1,698.07	\$298		
Massachusetts	6.6	3,069.33	0.90		353.64	35.89	84.62	119.31	741.83	19.99	4,425.48	\$671		
Michigan	10.0	749.05	28.04	351.00	335.91	64.23	51.31	222.69	533.91	41.30	2,377.44	\$238		
Minnesota	5.3	324.94		12.42			28.16	88.34	14.59	12.80	481.25	\$91		
Missouri	6.0	636.58	6.46	67.67	26.43	28.12	22.17	120.68	57.38	2.97	968.45	\$162		
Montana	1.0	13.23				2.53	4.14	16.86	4.15	2.92	43.83	\$45		
Nebraska	1.8	64.76		3.12		2.12	11.87	39.41		1.97	123.25	\$69		
N. Hampshire	1.3	170.82		5.59	4.90	8.69	4.24	39.99	4.32	1.03	239.58	\$181		
New Jersey	8.7	1,270.53		448.18	265.45	90.17	138.97	282.50		7.46	2,503.27	\$287		
New Mexico	2.0	82.18		2.90			6.45	43.98	8.42		143.93	\$72		
New York	19.5	3,666.09		850.33	740.16	178.08	328.43	467.14	424.42	40.42	6,695.07	\$343	965.07	
N. Carolina	9.4	789.10		208.80	15.79		60.00	209.75			1,283.44	\$137		
N. Dakota	0.6					2.08	3.59	11.80	4.26		21.72	\$34		
Ohio	11.5	1,349.38		382.51	205.87	43.92	67.20	193.05	110.79	64.97	2,417.68	\$209		
Oklahoma	3.7	77.88		6.86			4.14	91.03	13.25		193.16	\$52		
Oregon	3.8	112.11			1.39	38.07	6.65	51.84	99.18	4.54	313.78	\$82	786.75	
Pennsylvania	12.6	1,757.65		399.11	260.39	153.50	187.29	311.06		19.16	3,088.16	\$245		
Rhode Island	1.1	82.35		25.81			5.19	46.58	76.04	2.51	238.48	\$226	460.90	
S. Carolina	4.6	650.04		136.61	61.81	19.08	19.40	118.17			1,005.11	\$220		
S. Dakota	0.8	20.18				1.87	1.92	13.78	3.30		41.05	\$51	220.13	
Tennessee	6.3	768.92		57.19	24.51	23.40	13.88	126.74		0.79	1,015.43	\$161		
Texas	24.8	2,791.53		290.79	52.25	200.52	70.75	262.75		51.52	3,720.11	\$150		
Vermont	0.6	73.79		1.72	1.36	5.08	1.82	11.41		0.80	95.98	\$154		
Virginia	7.9	690.38		250.63	185.42	32.13	29.27	162.10		15.68	1,365.61	\$173		
Washington	6.7	307.01		18.34	14.59	58.25	24.43	59.58	5.52		487.72	\$73		
W. Virginia	1.8	113.85		8.92	4.76		5.60	51.02	4.88	9.07	198.10	\$109	1,260.72	
Wisconsin	5.7	275.34	1.46	26.27	11.97	20.74	52.24	85.40			473.42	\$84		
<b>Total</b>	<b>288.5</b>	<b>30,323.65</b>	<b>94.35</b>	<b>5,518.06</b>	<b>3,781.07</b>	<b>2,631.54</b>	<b>2,047.24</b>	<b>5,216.66</b>	<b>93.64</b>	<b>2,735.96</b>	<b>620.26</b>	<b>53,062.4</b>	<b>\$184</b>	<b>4,272.55</b>
<b>% of total</b>		<b>57.1%</b>	<b>0.2%</b>	<b>10.4%</b>	<b>7.1%</b>	<b>5.0%</b>	<b>3.9%</b>	<b>9.8%</b>	<b>0.2%</b>	<b>5.2%</b>	<b>1.2%</b>	<b>100.0%</b>		

\* Fiscal year ends June 30 for all U.S. states, except New York (March 31), Texas (August 31), D.C. and Michigan (Sept. 30)

Z:\10\_Almanac\Excel Files\Fiscal 2009 Sales (Analysis)\U.S\FY09\_us.xls

## Fiscal 2009 U.S. Lottery Sales, Prizes & Gov't Transfers Measured by Gross Domestic Product

Lottery	Pop. <sup>1</sup> (Mil)	2008 Gross Domestic Product <sup>2</sup>	(in \$Millions)						PC Sales	PC Gov't	Ticket Sales as % of GDP	Gov't Transfers as % of GDP <sup>7</sup>	Prizes as % of Ticket Sales	Gov't Transfers as % of Ticket Sales
			Ticket Sales <sup>3</sup>	VLT (net) Prizes <sup>4</sup>	Agent Comm <sup>5</sup>	Expense <sup>6</sup>	Gov't Transfers <sup>7</sup>							
Arizona	6.6	248,888	484.49	282.48	32.47	42.85	129.08	\$73	\$20	0.195%	0.052%	58.3%	26.6%	
California	37.0	1,846,757	2,954.84	1,556.12	208.11	188.08	1,027.73	\$80	\$28	0.160%	0.056%	52.7%	34.8%	
Colorado	5.0	248,603	493.36	301.67	36.48	35.04	119.60	\$98	\$24	0.198%	0.048%	61.1%	24.2%	
Connecticut	3.5	216,174	991.30	604.71	55.77	48.10	282.90	\$282	\$80	0.459%	0.131%	5.6%	28.5%	
Delaware <sup>3,4</sup>	0.9	61,828	123.25	578.98	66.80	7.39	13.63	311.84	\$139	\$352	0.199%	0.504%	54.2%	
D.C.	0.6	97,235	245.37	128.06	15.32	33.25	68.78	\$409	\$115	0.252%	0.071%	52.2%	28.0%	
Florida	18.5	744,120	3,938.04	2,340.37	220.55	131.10	1,287.86	\$212	\$69	0.529%	0.173%	59.4%	32.7%	
Georgia	9.8	397,756	3,395.64	2,148.68	240.91	140.19	872.08	\$345	\$89	0.854%	0.219%	63.3%	25.7%	
Idaho	1.5	52,747	139.65	85.00	8.31	12.47	35.28	\$90	\$23	0.265%	0.067%	60.9%	25.3%	
Illinois	12.9	633,697	2,077.17	1,225.86	104.59	113.26	634.67	\$161	\$49	0.328%	0.100%	59.0%	30.6%	
Indiana	6.4	254,861	732.66	453.23	50.50	50.90	178.93	\$114	\$28	0.287%	0.070%	61.9%	24.4%	
Iowa	3.0	135,702	243.34	138.43	15.30	30.75	60.55	\$81	\$20	0.179%	0.045%	56.9%	24.9%	
Kansas	2.8	122,731	230.51	130.91	13.45	20.69	68.19	\$82	\$24	0.188%	0.056%	56.8%	29.6%	
Kentucky	4.3	156,436	765.03	470.44	50.25	42.14	204.39	\$177	\$47	0.489%	0.131%	61.5%	26.7%	
Louisiana	4.5	222,218	378.52	193.33	21.06	31.33	135.91	\$84	\$30	0.170%	0.061%	51.1%	35.9%	
Maine	1.3	49,709	210.67	129.96	13.55	19.30	50.57	\$160	\$38	0.424%	0.102%	61.7%	24.0%	
Maryland	5.7	273,333	1,698.07	1,025.90	121.89	59.37	493.21	\$298	\$87	0.621%	0.180%	60.4%	29.0%	
Massachusetts	6.6	364,988	4,425.48	3,217.78	266.12	99.60	859.41	\$671	\$130	1.213%	0.235%	72.7%	19.4%	
Michigan	10.0	382,544	2,377.44	1,407.64	174.20	110.47	737.22	\$238	\$74	0.621%	0.193%	59.2%	31.0%	
Minnesota	5.3	262,847	481.25	295.04	28.85	39.95	118.25	\$91	\$22	0.183%	0.045%	61.3%	24.6%	
Missouri	6.0	237,797	968.45	629.28	60.11	36.54	256.29	\$162	\$43	0.407%	0.108%	65.0%	26.5%	
Montana	1.0	35,891	43.83	23.08	2.52	8.07	10.13	\$45	\$10	0.122%	0.028%	52.7%	23.1%	
Nebraska	1.8	83,273	123.25	71.86	7.67	15.14	30.25	\$69	\$17	0.148%	0.036%	58.3%	24.5%	
N. Hampshire	1.3	60,005	239.58	142.05	13.07	16.79	68.15	\$181	\$51	0.399%	0.114%	59.3%	28.4%	
New Jersey	8.7	474,936	2,503.27	1,455.25	139.49	72.50	887.21	\$287	\$102	0.527%	0.187%	58.1%	35.4%	
New Mexico	2.0	79,901	143.93	80.09	9.27	14.17	40.81	\$72	\$20	0.180%	0.051%	55.6%	28.4%	
New York	19.5	1,144,481	6,695.07	965.07	4,003.27	400.66	257.62	2,543.95	\$343	\$130	0.585%	0.222%	59.8%	38.0%
N. Carolina	9.4	400,192	1,283.43	731.69	90.37	54.73	414.92	\$137	\$44	0.321%	0.104%	57.0%	32.3%	
N. Dakota	0.6	31,208	21.72	11.31	1.10	3.70	6.38	\$34	\$10	0.070%	0.020%	52.1%	29.4%	
Ohio	11.5	471,508	2,417.68	1,459.05	150.06	124.29	702.29	\$209	\$61	0.513%	0.149%	60.3%	29.0%	
Oklahoma	3.6	146,448	193.17	95.92	13.43	13.78	69.73	\$54	\$19	0.132%	0.048%	49.7%	36.1%	
Oregon <sup>3,4</sup>	3.8	161,573	313.78	786.75	205.35	26.72	28.30	594.31	\$82	\$155	0.194%	0.368%	65.4%	
Pennsylvania	12.6	553,301	3,088.16	1,852.50	165.07	132.64	910.48	\$245	\$72	0.558%	0.165%	60.0%	29.5%	
R. Island <sup>3,4</sup>	1.1	47,364	238.48	460.90	141.82	29.04	9.36	344.29	\$226	\$327	0.504%	0.727%	59.5%	
S. Carolina	4.6	156,384	1,005.11	633.20	71.26	42.96	261.52	\$220	\$57	0.643%	0.167%	63.0%	26.0%	
S. Dakota <sup>3,4</sup>	0.8	36,959	41.05	220.13	23.32	2.35	5.53	119.88	\$51	\$148	0.111%	0.324%	56.8%	
Tennessee	6.3	252,127	1,014.94	618.66	71.03	50.23	280.15	\$161	\$44	0.403%	0.111%	61.0%	27.6%	
Texas	24.8	1,223,511	3,720.11	2,299.75	186.15	194.37	1,062.15	\$150	\$43	0.304%	0.087%	61.8%	28.6%	
Vermont	0.6	25,442	95.98	60.74	5.64	8.51	21.10	\$154	\$34	0.377%	0.083%	63.3%	22.0%	
Virginia	7.9	397,025	1,365.61	781.02	76.88	73.71	430.24	\$173	\$55	0.344%	0.108%	57.2%	31.5%	
Washington	6.7	322,778	487.72	301.28	30.75	45.50	120.39	\$73	\$18	0.151%	0.037%	61.8%	24.7%	
W. Virginia <sup>3,4</sup>	1.8	61,652	198.10	1,260.72	119.45	13.87	9.44	616.62	\$109	\$339	0.321%	1.000%	60.3%	
Wisconsin	5.7	240,429	473.42	279.88	32.41	32.23	133.30	\$84	\$24	0.197%	0.055%	59.1%	28.2%	
<b>Total</b>	<b>288.4</b>	<b>13,417,359</b>	<b>53,061.9</b>	<b>4,272.5</b>	<b>32,222.2</b>	<b>3,284.0</b>	<b>2,512.6</b>	<b>17,601.0</b>	<b>\$184</b>	<b>\$61</b>	<b>0.395%</b>	<b>0.131%</b>	<b>60.7%</b>	

Fiscal year ends June 30 except New York (March 31), Texas (August 31) and D.C. and Michigan (Sept. 30). <sup>1</sup> Source: U.S. Census Bureau

<sup>2</sup> Source: U.S. Bureau of Economic Analysis; <sup>3</sup> This data represents only revenue from traditional lottery games; <sup>4</sup> Prizes do not include VLT prizes paid

<sup>5</sup> Traditional lottery commissions only; <sup>6</sup> Traditional lottery expenses only; <sup>7</sup> Includes transfers for VLT operations

Note: If a lottery's operating statement did not include actual profits raised for government, the "government transfers" may represent the net income.

Z:\10\_Almanac\Excel Files\Fiscal 2009 Sales (Analysis)\U.S\FY09\_Gross Domestic Product.xls

LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
(Unaudited)

Schedule of Capital Asset Information  
Fiscal Year Ending June 30 for the Years Shown

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Owned buildings - square feet</b>									
<i>Headquarters</i>									
555 Laurel Street									
Baton Rouge 70801	28,176	28,176	28,176	28,176	28,176	28,176	28,176	28,176	28,176
<i>Distribution center</i>									
Baton Rouge	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
<b>Leased locations - square feet occupied</b> (Leasehold improvements on schedule of capital assets)									
2222 Clearview Parkway Metairie, Suite B3 70001	5,525	5,525	5,525	5,525	5,525	5,525	5,525	5,525	5,525
5520-L Johnston Street Lafayette 70503	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516
1325 Macarthur Drive Alexandria 71301	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
1128 Pecanland Road Monroe 71203	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480
8201 Jewella Avenue Shreveport 71108	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480	2,480
767 Shreveport - Barksdale Highway Shreveport 71105	160	160	160	160	3,300	3,300	3,300	3,300	3,300
3519 Patrick Street Lake Charles 70605					160				
<b>Fleet of owned vehicles</b>									
Cars - security department	7	7	5	5	5	5	5	5	3
Passenger vans - sales representatives	48	48	52	50	47	47	53	43	42
Trucks	1	1	1	1	1	2	2	2	2
Promotional trailers	4	4	4	3	3	3	3	3	3
	<u>60</u>	<u>60</u>	<u>62</u>	<u>59</u>	<u>56</u>	<u>57</u>	<u>63</u>	<u>53</u>	<u>50</u>

**OTHER REPORT REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

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



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

September 7, 2010

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

**BOARD OF DIRECTORS  
LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the basic financial statements of Louisiana Lottery Corporation, a component unit of the State of Louisiana, as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated September 7, 2010. We conducted our audits 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.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Louisiana Lottery Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Lottery Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Lottery Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or

material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Louisiana Lottery Corporation'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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Louisiana Lottery Corporation's board of directors, others within the entity, and the Louisiana Legislature 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,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

BF:AD:BQD:THC:dl

LLC 2010