



**LOUISIANA LOTTERY CORPORATION**  
**A COMPONENT UNIT OF THE STATE OF LOUISIANA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**LOUISIANA LOTTERY CORPORATION**  
**A COMPONENT UNIT OF THE STATE OF LOUISIANA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**PREPARED BY ACCOUNTING DEPARTMENT**

**KAREN B. FOURNET**

**SENIOR VICE PRESIDENT**

**SECRETARY TREASURER**

**LOUISIANA LOTTERY CORPORATION  
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September 15, 2016

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, 2016 and 2015. 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 mission is to generate the maximum revenue for the state of Louisiana while upholding the highest standards of integrity and public trust.

The Lottery is considered a component unit of the State of Louisiana and is reported as a discrete component unit within the state's Comprehensive Annual Financial Report. The fund is operated in a manner similar to a private business enterprise.

During its 25 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, ACCOMPLISHMENTS, AND POLICIES**

Current year operating performance was very positive. Total sales of \$507 million were \$77.5 million above budget and \$54.6 million higher than 2015 fiscal year results. General operating expenses were \$1 million under budget. Net position increased by \$1.01 million to \$12.92 million at June 30, 2016.

The sales results for this fiscal year set a new all-time record for the Corporation. Sales surpassed \$500 million for the first time in the Lottery's 25 year history. A \$1.6 billion Powerball jackpot in January 2016 contributed to a surge in on-line game sales. A financial strategy of funding higher instant game prize structures at 62.75% of sales contributed to a 4.9% increase in sales for this product. The viability of maintaining prize structures at this level in the future will be dependent on future operating results and reserves because of the legislative reduction in the long-term funding mechanism, unclaimed prizes, discussed below.

The Corporation's financial condition was affected by legislative action in fiscal year ended June 30, 2015 that depleted unclaimed prize funds and reserves by \$20 million and \$5.9 million, respectively. Note 15 to the financial statements on page 39 provides details about the legislation. These resources were designated for the long-term funding of enhanced instant game prizes and future potential prize liabilities or unexpected costs.

Cash and investments decreased from \$68.94 million to \$50.47 million mainly because of an additional \$25.90 million remittance to the state in accordance with legislative action discussed above. The \$50.47 million balance at June 30, 2016 is available to fund current liabilities for prizes and operations, supplement the long-term funding of enhanced instant game prizes, provide some reserves for funding potential prize liabilities, and maintain some financial protection from future unexpected costs. Liquidity is stable because working capital is continuously replenished through the weekly collection of net sales proceeds from Lottery retailers.

Investment policies and cash forecasting methods have generated some investment earnings in a very low market interest rate environment. Cash positions not needed for liquidity are invested in a higher-yielding intermediate-term investment portfolio.

An analysis of comparative financial data is included in *Management's Discussion and Analysis* beginning on page 12. 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 position (note 14). A historical perspective of the Corporation's performance and financial condition is included in the statistical section beginning on page 44.

## **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 8) to the Louisiana Lottery Corporation for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the eighteenth 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 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. An effective control system operating as intended prevents or detects material errors or misstatements. Inherently, most controls cannot provide complete effectiveness and the cost of operating the controls should not exceed the anticipated benefits. However, the 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 strategic 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. Variances are monitored and future plans are reviewed for potential adjustments.

### **Debt Administration**

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. Some cash is invested overnight in U.S. government securities repurchase agreements. 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, cyber risk 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 position for a litigation and prize reserve to cover unanticipated losses.

## **MAJOR INITIATIVES**

Management has developed a vision statement and a long-term strategic plan. The vision statement reads as follows:

“We are a dynamic, dedicated team of innovative professionals using cutting-edge technology to produce fun and engaging products for our customers.”

The strategic plan supports this vision through projects structured toward innovation, increased customer value, operational improvements, corporate citizenship, improved workforce competence and skills, effective information and technology systems, and supportive values and practices.

The plan and related projects were implemented in the 2011-2012 fiscal year and will continue in the 2016-2017 fiscal year.

## **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, 2016, and June 30, 2015, is included in the financial section of this report.

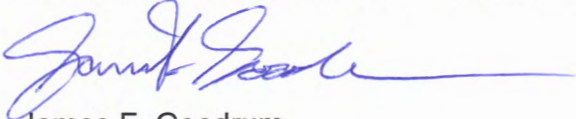
## **ACKNOWLEDGMENTS**

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.

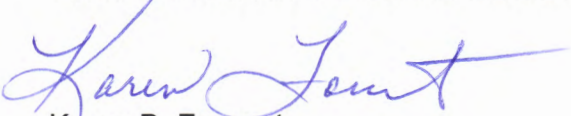
We are committed to providing thorough and relevant financial information to the users of our financial statements. Our preparation of this Comprehensive Annual Financial Report reflects this commitment. The additional presentations and disclosures required will assist readers in obtaining an understanding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

Respectfully submitted,

LOUISIANA LOTTERY CORPORATION

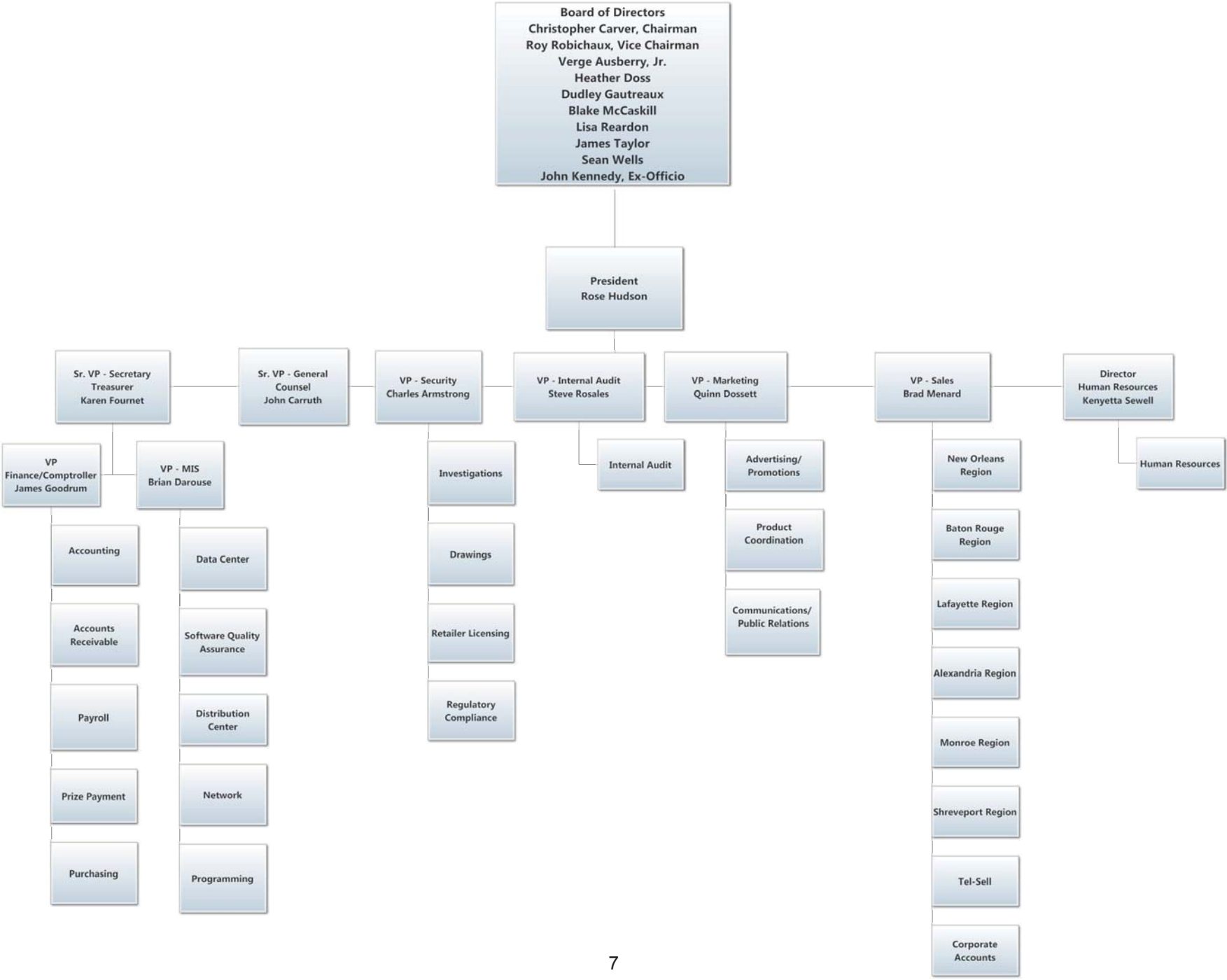


James F. Goodrum  
Vice President of Finance and Controller



Karen B. Fournet  
Senior Vice President and Secretary Treasurer

**Louisiana Lottery Corporation  
Organizational Chart with Principal Officials**





Government Finance Officers Association

**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, 2015**

Executive Director/CEO

**FINANCIAL SECTION**





LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA

September 15, 2016

Independent Auditor's Report

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the Louisiana Lottery Corporation (Corporation), a component unit of the state of Louisiana, as of and for the years ended June 30, 2016, and June 30, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the Table of Contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2016, and June 30, 2015, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The Schedule of Professional Service Fees, Schedule of Compensation Paid Board Members, Introductory Section, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Professional Service Fees and Schedule of Compensation Paid Board Members are the responsibility of management and were derived from and relate directly to the underlying



accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Professional Service Fees and the Schedule of Compensation Paid Board Members are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2016, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

KS:BF:BQD:EFS:aa

LLC 2016



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

**Management's Discussion and Analysis  
For the Years Ended June 30, 2016, and June 30, 2015**

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, 2016, and June 30, 2015. 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, 2016, with comparative totals for June 30, 2015. The statement of net position; the statement of revenues, expenses, and changes in fund net position; 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 position on page 20 includes all assets, liabilities, and net position 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 position represents 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 position on pages 21 and 22. The categories of activities included on this statement provide reasons for increases or decreases in net position. 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 39.

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 position, payments to the state treasury, and 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, 2016, and the prior years ended June 30, 2015, and June 30, 2014, is presented below followed by further analysis of changes in key performance indicators.

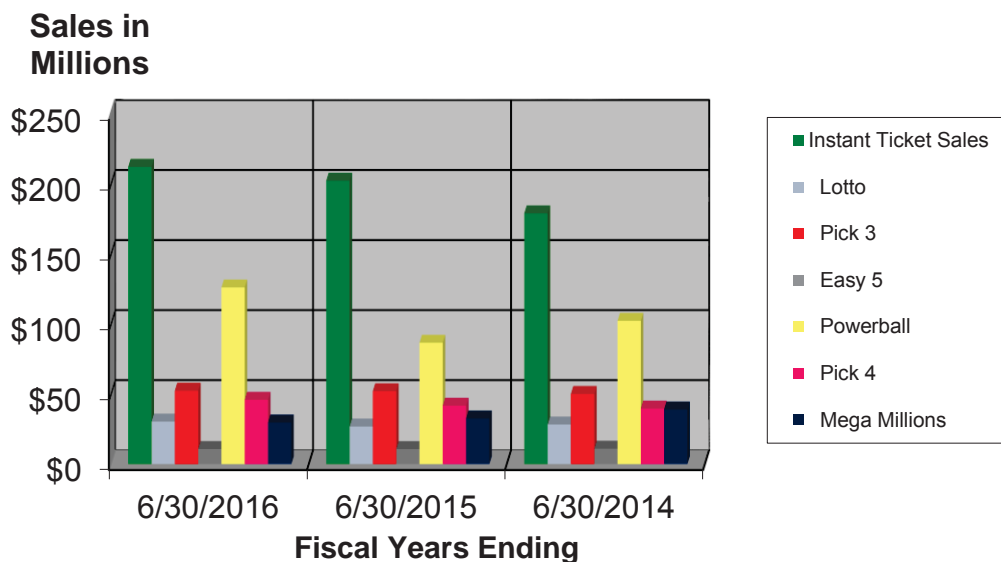
	<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>	<b>As of and for the Year Ended June 30, 2014</b>
<b>Operating revenues</b>			
Instant ticket sales	\$212,153,131	\$202,248,266	\$178,925,091
On-line sales	294,882,956	250,204,850	270,042,774
Allowance for uncollectible accounts	(19,287)	(33,225)	(53,837)
Other operating revenues	9,966	51,525	40,273
<b>Total operating revenues</b>	<b>507,026,766</b>	<b>452,471,416</b>	<b>448,954,301</b>
<b>Nonoperating revenues</b>			
Investment and other income	1,341,164	1,362,693	1,565,035
<b>Total revenues</b>	<b>508,367,930</b>	<b>453,834,109</b>	<b>450,519,336</b>
<b>Operating expenses</b>			
Direct costs:			
Prize expense	272,926,177	239,198,279	237,386,172
Unclaimed prizes due to state		(20,000,000)	
Retailer commission and incentives	28,188,671	25,271,832	25,024,150
Other direct costs	9,521,967	7,934,006	8,171,349
Total direct costs	310,636,815	252,404,117	270,581,671
Administrative expenses	18,784,443	18,265,556	18,276,815
<b>Total operating expenses</b>	<b>329,421,258</b>	<b>270,669,673</b>	<b>288,858,486</b>
<b>Nonoperating expenses</b>			
Payments to state treasury	177,934,550	184,752,815	170,664,700
<b>Total expenses</b>	<b>507,355,808</b>	<b>455,422,488</b>	<b>459,523,186</b>
<b>Change in net position</b>	<b>1,012,122</b>	<b>(1,588,379)</b>	<b>(9,003,850)</b>
<b>Ending net position</b>	<b>\$12,916,914</b>	<b>\$11,904,792</b>	<b>\$13,493,171</b>

Total revenues were \$508.4 million. The Corporation's annual required statutory transfers to the state treasury generated from operations were \$177.9 million. Revenue and required transfers from operations exceeded 2015 fiscal year amounts by more than \$54.5 million and \$19.1 million, respectively. 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. Discussions of changes in operating revenues follow these charts.

	6/30/2016	6/30/2015	6/30/2014
Instant Ticket Sales	\$212,153,131	\$202,248,266	\$178,925,091
On-line Sales			
Lotto	\$30,322,581	\$26,776,296	\$28,244,532
Pick 3	52,256,843	51,943,319	49,976,275
Easy 5	10,714,131	10,696,512	10,986,829
Powerball	126,056,365	86,606,894	102,270,182
Pick 4	45,846,071	41,643,107	39,590,738
Mega Millions	29,686,965	32,538,722	38,974,218
Total On-line Sales	\$294,882,956	\$250,204,850	\$270,042,774



Instant ticket sales increased by over \$9.9 million (5%) during the past fiscal year. A planned average instant prize structures of 62.75% and better inventory placement and management continues to contribute to the success of this product.

On-line sales increased by \$44.7 million mainly from a surge in Powerball sales because of a record \$1.6 billion jackpot in January 2016.

## Nonoperating revenues

Total earnings on investments decreased by \$31,000 in fiscal year 2016 and decreased by \$190,000 in fiscal year 2015.

As stated in notes 2 and 3 to the financial statements, a portion of the Corporation's investment portfolio consists of overnight repurchase agreements and money market mutual fund investments in short-term government securities. The federal funds rate was at or less than 0.25% at June 30, 2016, June 30, 2015 and June 30, 2014. 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. Interest earnings from current investments were minimal for all three fiscal years.

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 a 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 five-year average annual rate of return at June 30, 2016 is 2.87%.

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, 2016</u>	<u>For the Year Ended June 30, 2015</u>	<u>For the Year Ended June 30, 2014</u>
Interest	\$1,378,836	\$1,707,908	\$1,985,341
Change in Fair Value	<u>(115,678)</u>	<u>(429,388)</u>	<u>(511,045)</u>
<b>Total</b>	<b><u><u>\$1,263,158</u></u></b>	<b><u><u>\$1,278,520</u></u></b>	<b><u><u>\$1,474,296</u></u></b>

As shown in the chart above, the interest component of these intermediate securities decreased during the 2016 and 2015 fiscal years. Earnings decreased because of reductions in invested funds of \$16.8 million in 2016 and \$10.5 million in 2015. Cash raised from the sales of investments was used to meet additional legislative financial obligations (see note 15).

The changes in fair value were affected by the inverse relationship of the market value of debt securities to market interest rates, the length of time to maturity of the securities in the portfolio, and the timing of purchases and sales.

Investment disposals occur at maturity, as needed for liquidity, 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 which factors into anticipated total investment return. Net realized losses from disposals of investments were a loss of \$688,000 in fiscal year 2016, a loss of \$300,000 in fiscal year 2015, and a loss of \$831,000 in fiscal year 2014. 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 2016 and 2015 fiscal years were \$508.4 million and \$453.8 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 position 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. Instant and on-line game prize expense, commission and incentives paid to Lottery retailers, and vendor fees mostly based on a percentage of sales are included in this category. The changes in sales for the three fiscal years resulted in corresponding changes in direct costs. Total direct costs, excluding the unclaimed prizes due to state adjustment, are approximately 60% of sales for each fiscal year presented.

The \$20 million of unclaimed prizes due to the state in 2015 represents the conversion of funds previously accrued and designated for the prize pool to an obligation to the state treasury incurred upon passage of the legislation discussed in note 15 to the financial statements on page 39.

### **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 fifteen fiscal years. The chart on page 52 in the statistical section reflects this consistency and effective cost controls. These efficiencies have enabled the Corporation to maintain financial stability, fund higher instant game prize payouts, and transfer additional surplus funds to the state when available.

### **Payments to state treasury**

Note 15 to the financial statements on page 39 includes a discussion of the statutory requirements for payments to the state treasury. Payments decreased by \$6.82 million in fiscal year 2016 and increased by \$14.09 million in fiscal year 2015. Sales growth and efficient operations contributed to the amount of funds remitted to the treasury. The legislative requirements discussed above and in note 15 added another \$25.9 million to the 2015 payments. Total payments to the state treasury since the Lottery's inception have been approximately \$3.25 billion.

The financial performance reflected above affected the overall financial position of the Corporation at June 30, 2016, and June 30, 2015. A summarized version of the statement of net position presented below reflects the Corporation's overall change in financial resources and claims on those resources.

	<b>As of June 30, 2016</b>	<b>As of June 30, 2015</b>	<b>As of June 30, 2014</b>
<b>Assets</b>			
Current assets	\$33,904,344	\$40,016,087	\$36,082,281
Noncurrent assets:			
Capital assets	4,417,991	4,656,254	4,869,792
Other noncurrent assets	34,641,306	51,181,707	64,661,226
Total noncurrent assets	39,059,297	55,837,961	69,531,018
<b>Total assets</b>	<b>72,963,641</b>	<b>95,854,048</b>	<b>105,613,299</b>
<b>Liabilities</b>			
Current liabilities	45,330,010	67,972,028	54,725,452
Noncurrent liabilities	14,716,717	15,977,228	37,394,676
<b>Total liabilities</b>	<b>60,046,727</b>	<b>83,949,256</b>	<b>92,120,128</b>
<b>Net position</b>			
Net investment in capital assets	4,417,991	4,656,254	4,869,792
Unrestricted	8,498,923	7,248,538	8,623,379
<b>Total net position</b>	<b>\$12,916,914</b>	<b>\$11,904,792</b>	<b>\$13,493,171</b>

### **Current assets**

The fluctuation of current assets for the three years presented was mainly caused by changes in cash and cash equivalents, investments, accounts receivable, investments in government securities, and investments in prize annuities balances.

Cash and cash equivalents and current investment balances are affected by sales volume, level of expenses, and the timing and amount of deposits of accounts receivable and payments to vendors and the state treasury. In addition, transfers to and from the intermediate-term portfolio for liquidity and investment management purposes affect the balance of cash and cash equivalents and current investments.

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 into cash and cash equivalents.

### **Capital assets**

Capital assets slightly decreased in fiscal years 2016 and 2015 because acquisitions were less than the total of disposals and 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 decreased by \$14.87 million in fiscal year 2016 and by \$11.94 million in fiscal year 2015 because funds were needed to meet some of the additional legislative financial obligations discussed in note 15.

Investments in prize annuities decreased by \$1.3 million in both fiscal years 2016 and 2015 because the twenty-year payment streams for some prize winners ended in these years. All remaining investments for these obligations will mature in fiscal year ending June 30, 2017 and final payments will be made to the winners.

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.

## **Current liabilities**

### *For the year ended June 30, 2016*

Current liabilities decreased by \$22.6 million. Accounts payable, accrued payment to state treasury, and prizes and withholdings payable account for most of this change.

Accounts payable decreased by \$346,000 because of differences in the timing and amount of expenses and payments between the two fiscal years.

The accrued payment to state treasury decreased by \$25 million because of the additional legislative requirements discussed above and in note 15. Both of the additional transfers were accrued at June 30, 2015 and were paid in December 2015.

Prizes and withholdings payable increased by approximately \$2.66 million because of several factors. All components of this liability category are presented in note 8 to the financial statements on page 33.

Instant and on-line prizes payable increased by \$544,000 and \$827,000, respectively, because of differences in sales, winnings, and timing of payments.

Most of the remaining difference is attributable to a \$1.15 million addition in projected net use of unclaimed prizes in the next fiscal year.

### *For the year ended June 30, 2015*

Current liabilities increased by \$13.2 million. Accounts payable, accrued payment to state treasury, and prizes and withholdings payable account for most of this change.

Accounts payable increased by \$338,000 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 \$13.3 million because the additional legislative requirements discussed above and in note 15 were \$25.9 million in 2015 versus \$9 million in 2014. Both additional transfers were due after the end of the

applicable fiscal years. Also, the amount due to the state for June 2015 was \$3.6 million less than the amount due for June 2014 because of differences in revenue and surplus.

Prizes and withholdings payable decreased by approximately \$429,000 because of several factors. All components of this liability category are presented in note 8 to the financial statements on page 33.

Fair value of prize annuities decreased \$2.8 million because of the end of some of the payment streams as discussed in the current assets section.

On-line prizes payable increased by \$2.8 million because of differences in sales, winnings, and timing of payments.

Most of the remaining difference is attributable to a \$400,000 reduction in projected net use of unclaimed prizes in the next fiscal year.

### **Noncurrent liabilities**

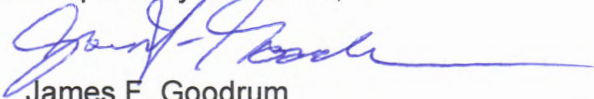
The changes in noncurrent investments in prize annuities discussed previously caused equal changes in the corresponding noncurrent liabilities to prize winners. In addition, unclaimed prizes payable decreased in 2015 mainly because of the legislative action that converted \$20 million of these prize pool funds to an obligation to the state (see note 15 on page 39). Further disclosures on noncurrent prizes payable are included in notes 8 and 10 to the financial statements on pages 33 and 35, respectively.

### **Net position**

Finally, net position increased by \$1 million in fiscal year 2016 and decreased by \$1.6 million in fiscal year 2015 because of the amount of remittances to the state treasury and the net income generated during these years. The specified uses of unrestricted net position are presented in note 14 to the financial statements on page 39.

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, 2016, and June 30, 2015. 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 Position, June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and Cash Equivalents (note 2)	\$20,402,485	\$20,107,911
Investments (note 3)	896,012	2,827,174
Accounts receivable, net (note 4)	10,996,340	13,372,709
Investments in government securities (note 3)	107,974	2,073,016
Investments in prize annuities (note 3)	1,344,204	1,344,860
Prepaid expenses (note 5)	143,557	276,646
Other current assets	13,772	13,771
<b>Total current assets</b>	<u>33,904,344</u>	<u>40,016,087</u>
<b>Noncurrent assets:</b>		
Capital assets:		
Land (note 6)	1,542,415	1,542,415
Depreciable capital assets, net (note 6)	2,875,576	3,113,839
Investments in government securities (note 3)	29,059,784	43,931,709
Investments in prize annuities (note 3)		1,338,358
Deposits with Multi-State Lottery Association (note 7)	5,538,745	5,854,604
Prepaid expenses (note 5)	42,777	57,036
<b>Total noncurrent assets</b>	<u>39,059,297</u>	<u>55,837,961</u>
<b>TOTAL ASSETS</b>	<u>72,963,641</u>	<u>95,854,048</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	2,512,815	2,858,980
Wages, benefits, and withholdings payable	502,591	477,535
Accrued payment to state treasury (note 15)	13,017,130	38,023,740
Prizes and withholdings payable (note 8)	28,909,493	26,251,074
Compensated absences payable (note 9)	387,981	360,699
<b>Total current liabilities</b>	<u>45,330,010</u>	<u>67,972,028</u>
<b>Noncurrent liabilities:</b>		
Noncurrent prizes payable (notes 8 and 10)	14,714,717	15,975,228
Retailer security deposits	2,000	2,000
<b>Total noncurrent liabilities</b>	<u>14,716,717</u>	<u>15,977,228</u>
<b>TOTAL LIABILITIES</b>	<u>60,046,727</u>	<u>83,949,256</u>
<b>NET POSITION</b>		
Net Investment in capital assets	4,417,991	4,656,254
Unrestricted (note 14)	8,498,923	7,248,538
<b>TOTAL NET POSITION</b>	<u>\$12,916,914</u>	<u>\$11,904,792</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 Position  
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Instant ticket sales	\$212,153,131	\$202,248,266
On-line sales	294,882,956	250,204,850
Allowance for uncollectible accounts	(19,287)	(33,225)
Retailer license fees	7,050	5,375
Retailer security deposits	2,820	2,150
Miscellaneous revenue	96	44,000
<b>Total operating revenues</b>	<u>507,026,766</u>	<u>452,471,416</u>
<b>OPERATING EXPENSES</b>		
<b>Direct costs:</b>		
Instant ticket prize expense	126,490,149	117,049,976
On-line prize expense	146,436,028	122,148,303
Unclaimed prizes due to state (note 15)		(20,000,000)
Retailer commission	26,506,578	23,727,950
Retailer incentives	1,682,093	1,543,882
Lottery system vendor fees	5,869,242	4,491,048
Cost of instant tickets	2,798,434	2,635,665
Courier service	854,291	807,293
<b>Total direct costs</b>	<u>310,636,815</u>	<u>252,404,117</u>
<b>Administrative expenses:</b>		
Advertising	7,397,132	7,083,533
Contract labor	279,114	293,519
Depreciation	413,173	431,385
Equipment lease (note 13)	42,151	44,497
Insurance	563,567	546,153
Postage	54,923	53,983
Professional fees	329,763	341,760
Rent (note 13)	227,666	228,266
Repairs and maintenance	374,315	359,125
Salaries, benefits, and taxes	7,581,119	7,315,504
Supplies	386,984	428,165
Communications network	183,885	200,344
Telephone	147,113	179,423
Travel	103,234	84,508
Utilities	147,774	165,371
Other general and administrative	552,530	510,020
<b>Total administrative expenses</b>	<u>18,784,443</u>	<u>18,265,556</u>
<b>Total operating expenses</b>	<u>329,421,258</u>	<u>270,669,673</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 Position  
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>OPERATING INCOME</b>	<u>\$177,605,508</u>	<u>\$181,801,743</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest earned on investments	1,427,242	1,772,346
Net (decrease) in the fair value of investments	(115,678)	(429,388)
Net gain on disposal of assets	29,600	19,735
Payments to state treasury - required (note 15)	(177,934,550)	(158,852,815)
Payments to state treasury - unclaimed prizes (note 15)		(20,000,000)
Payments to state treasury - other (note 15)		(5,900,000)
<b>Total nonoperating revenues (expenses)</b>	<u>(176,593,386)</u>	<u>(183,390,122)</u>
<b>CHANGE IN NET POSITION</b>	1,012,122	(1,588,379)
<b>TOTAL NET POSITION AT BEGINNING OF YEAR</b>	<u>11,904,792</u>	<u>13,493,171</u>
<b>TOTAL NET POSITION AT END OF YEAR</b>	<u><u>\$12,916,914</u></u>	<u><u>\$11,904,792</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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Cash received from retailers - net of commission and incentives	\$484,158,731	\$428,779,363
Cash from other sources	7,146	49,375
Cash payments for prizes and related taxes	(271,218,397)	(240,863,885)
Cash payments to suppliers of goods or services	(24,339,316)	(21,921,410)
Cash payments to employees for services	(6,724,540)	(6,488,362)
<b>Net cash provided by operating activities</b>	<u>181,883,624</u>	<u>159,555,081</u>
<b>Cash flows from noncapital financing activities</b>		
Cash payments to the state treasury	<u>(202,941,160)</u>	<u>(171,454,885)</u>
<b>Cash flows from capital financing activities</b>		
Proceeds from disposal of capital assets	29,600	19,736
Payments for acquisition of capital assets	(177,794)	(325,324)
<b>Net cash used in capital financing activities</b>	<u>(148,194)</u>	<u>(305,588)</u>
<b>Cash flows from investing activities</b>		
Receipts of interest	1,502,847	1,847,648
Net withdrawals (deposits) of short-term investments	1,931,163	(1,729,627)
Proceeds from investments in government securities	26,039,636	23,975,175
Payments for investments in government securities	(9,318,342)	(13,895,022)
Maturity of investments in prize annuities	1,345,000	4,108,000
<b>Net cash provided by investing activities</b>	<u>21,500,304</u>	<u>14,306,174</u>
<b>Net increase in cash and cash equivalents</b>	294,574	2,100,782
<b>Cash and Cash Equivalents, beginning of year</b>	<u>20,107,911</u>	<u>18,007,129</u>
<b>Cash and Cash Equivalents, end of year</b>	<u>\$20,402,485</u>	<u>\$20,107,911</u>

(Continued)

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, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	<u>\$177,605,508</u>	<u>\$181,801,743</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	413,173	431,385
Accrued capital financing activities	2,884	107,478
Uncollectible accounts	24,330	34,854
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	2,276,434	(1,452,111)
Decrease (increase) in prepaid expenses	147,342	(80,350)
Decrease in deposits with Multi-State Lottery Association	315,858	194,959
(Decrease) increase in accounts payable	(346,165)	338,105
Increase in wages, benefits, and withholdings payable	25,057	26,944
Increase in compensated absences payable	27,282	12,639
Increase (decrease) in prizes and withholdings payable	2,736,921	(17,752,565)
(Decrease) in annual grand prizes payable	<u>(1,345,000)</u>	<u>(4,108,000)</u>
Total Adjustments	<u>4,278,116</u>	<u>(22,246,662)</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$181,883,624</u></u>	<u><u>\$159,555,081</u></u>
<b>Non Cash Investing, Capital, and Financing Activities</b>		
Net (Decrease) in the fair value of investments	(\$115,678)	(\$429,388)
Interest accrued on deposits with Multi-State Lottery Association	\$57,158	\$57,917

(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, 2016 and 2015

**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, 2016 and June 30, 2015, the Corporation employed 110 and 113 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 a discrete component unit 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.

**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 (JLCB) for review and approval. The Corporation

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

Notes to the Financial Statements (Continued)

submitted its budget for fiscal year ended June 30, 2016, on February 25, 2015. The budget was approved by the JLCB on March 20, 2015.

A formal budgetary comparison is not required by GASB reporting standards for proprietary funds and, therefore, a budgetary comparison for the fiscal year ended June 30, 2016, is not presented.

**F. NONOPERATING EXPENSES**

Nonoperating expenses only include payments to the state treasury.

**2. CASH AND CASH EQUIVALENTS**

Cash includes petty cash on hand of \$3,000 and demand deposits of \$9,483,704 at June 30, 2016, and \$9,522,700 at June 30, 2015. 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. The market value of the pledged securities at June 30, 2016 is \$10,127,813.

Cash equivalents at June 30, 2016 and June 30, 2015 include an overnight repurchase agreement in the amount of \$10,915,781 and \$10,582,211, respectively. This interest-earning investment contract is fully collateralized with U.S. Treasury or agency securities held in the pledging financial institution's account at a Federal Reserve Bank (the counterparty) and owned by the Corporation through a daily purchase. The securities are specifically identified by book entry transfer and are segregated from other financial institution securities. Substitution of securities is not permitted.

**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

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

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.

Investments at June 30, 2016, 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	\$896,012	Aaa	2.85%	\$896,012				
<b>Investments in government securities:</b>								
U.S. Treasury Notes	7,222,705	1	23.01%		\$6,174,465	\$1,048,240		
U.S. Treasury STRIPS	7,388,475	1	23.52%		3,371,415	4,017,060		
Federal Farm Credit Banks (FFCB) Bonds and Notes	501,536	Aaa	1.60%	106,861		394,675		
Federal Home Loan Banks (FHLB) Bonds	1,119,387	Aaa	3.56%		583,229	536,158		
Federal Home Loan Mortgage Corporation (FHLMC) Mortgage-Backed Securities	4,973,362	1	15.83%	483	918,623	1,354,693	\$1,214,447	\$1,485,116
Federal National Mortgage Association (FNMA) Mortgage-Backed Securities	5,764,301	1	18.35%	630	578,482	1,516,226	1,813,015	1,855,948
Government National Mortgage Association (GNMA) Mortgage-Backed Securities	2,197,992	1	7.00%		146,447	401,475	611,920	1,038,150
	29,167,758		92.87%	107,974	11,772,661	9,268,527	3,639,382	4,379,214
<b>Investments in prize annuities:</b>								
U.S. Treasury Zero Coupon Bonds	1,344,204	1	4.28%	1,344,204				
<b>Total Investments</b>	<b>\$31,407,974</b>		<b>100.00%</b>	<b>\$2,348,190</b>	<b>\$11,772,661</b>	<b>\$9,268,527</b>	<b>\$3,639,382</b>	<b>\$4,379,214</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.

Investments represent the fair value of U.S. Treasury money-market mutual fund shares held by the Corporation.

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. Fair value measurements are classified as Level 2 of the GASB 72 fair value hierarchy. These fixed income securities are valued each day based on readily available market quotations received from commercial pricing services. Such pricing services and brokers will generally provide bid-side quotations.

Investments in prize annuities totaling \$103,713 at June 30, 2016 and \$206,951 at June 30, 2015, are in the form of U.S. Treasury zero coupon bonds. These investments were purchased to finance the selected top prizes of two instant ticket games that are payable over a 20-year period.

Investments in prize annuities totaling \$1,240,491 and \$2,476,267 at June 30, 2016 and June 30, 2015, respectively, were purchased to finance the Louisiana grand prize winners of the Multi-State Lottery Association (MUSL) Powerball game. The MUSL

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Notes to the Financial Statements (Continued)

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 \$1,345,000 in fiscal year ending June 30, 2016 and \$4,108,000 in fiscal year ending June 30, 2015.

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.

The investments in the money market fund are not affected by 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.

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Notes to the Financial Statements (Continued)

Typically, 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.

**4. ACCOUNTS RECEIVABLE**

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

	As of <u>June 30, 2016</u>	As of <u>June 30, 2015</u>
Retailer accounts receivable	\$10,834,482	\$13,140,792
Interest receivable	178,344	253,949
Allowance for uncollectible accounts	<u>(16,486)</u>	<u>(22,032)</u>
Total	<u><u>\$10,996,340</u></u>	<u><u>\$13,372,709</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 collectability 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.

The balances of prepaid expenses are as follows:

	As of <u>June 30, 2016</u>	As of <u>June 30, 2015</u>
Current prepaid expenses:		
Insurance	\$19,602	\$95,056
Other prepayments	<u>123,955</u>	<u>181,590</u>
Total	<u><u>\$143,557</u></u>	<u><u>\$276,646</u></u>
Noncurrent prepaid expenses:		
Other prepayments	<u>\$42,777</u>	<u>\$57,036</u>
Total	<u><u>\$42,777</u></u>	<u><u>\$57,036</u></u>

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

**6. CAPITAL ASSETS**

Capital assets of the Corporation are included on the statement of net position 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, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</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	130,136			130,136
Leasehold improvements	398,584			398,584
Furniture and fixtures	631,541	2,813		634,354
Equipment	1,074,458	1,566	(\$46,662)	1,029,362
Data processing software and equipment	2,186,216	28,052	(224,182)	1,990,086
Communications software and equipment	469,948	22,050	(203,212)	288,786
Automobiles	1,014,871	120,429	(128,848)	1,006,452
Total	<u>9,757,959</u>	<u>174,910</u>	<u>(602,904)</u>	<u>9,329,965</u>
Less - accumulated depreciation:				
Land improvements	(2,490)			(2,490)
Buildings	(1,333,818)	(99,740)		(1,433,558)
Building improvements	(39,279)	(9,850)		(49,129)
Leasehold improvements	(393,545)	(2,206)		(395,751)
Furniture and fixtures	(600,565)	(14,146)		(614,711)
Equipment	(1,016,303)	(19,906)	46,662	(989,547)
Data processing software and equipment	(2,084,605)	(90,456)	224,182	(1,950,879)
Communications software and equipment	(361,047)	(42,181)	203,212	(200,016)
Automobiles	(812,468)	(134,688)	128,848	(818,308)
Total accumulated depreciation	<u>(6,644,120)</u>	<u>(413,173)</u>	<u>602,904</u>	<u>(6,454,389)</u>
<b>Net Depreciable Capital Assets</b>	<u>\$3,113,839</u>	<u>(\$238,263)</u>		<u>\$2,875,576</u>

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

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</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	88,973	\$41,163		130,136
Leasehold improvements	392,799	5,785		398,584
Furniture and fixtures	631,541			631,541
Equipment	1,110,591	12,562	(\$48,695)	1,074,458
Data processing software and equipment	2,223,301	28,187	(65,272)	2,186,216
Communications software and equipment	468,633	6,508	(5,193)	469,948
Automobiles	959,556	123,642	(68,327)	1,014,871
Total	<u>9,727,599</u>	<u>217,847</u>	<u>(187,487)</u>	<u>9,757,959</u>
Less - accumulated depreciation:				
Land improvements	(2,490)			(2,490)
Buildings	(1,234,078)	(99,740)		(1,333,818)
Building improvements	(31,995)	(7,284)		(39,279)
Leasehold improvements	(390,558)	(2,987)		(393,545)
Furniture and fixtures	(586,911)	(13,654)		(600,565)
Equipment	(1,034,268)	(30,730)	48,695	(1,016,303)
Data processing software and equipment	(2,030,914)	(118,963)	65,272	(2,084,605)
Communications software and equipment	(333,599)	(32,641)	5,193	(361,047)
Automobiles	(755,409)	(125,386)	68,327	(812,468)
Total accumulated depreciation	<u>(6,400,222)</u>	<u>(431,385)</u>	<u>187,487</u>	<u>(6,644,120)</u>
<b>Net Depreciable Capital Assets</b>	<u>\$3,327,377</u>	<u>(\$213,538)</u>		<u>\$3,113,839</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 software and equipment	36 months to 60 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 34 state lottery entities, the District of Columbia, the Virgin Islands, and Puerto Rico. The chief executive officer of each member lottery serves on the MUSL board of directors.



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Notes to the Financial Statements (Continued)

This association administers the Powerball on-line game and several other on-line games in participating states. MUSL members can offer the Mega Millions on-line game pursuant to a cross-selling agreement with the group of lotteries operating that game.

During the fiscal year, the Corporation participated in the MUSL Powerball on-line game and offered the Mega Millions on-line game pursuant to the cross-selling agreement. 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 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).

The MUSL purchased U.S. Treasury zero coupon bonds to fund the Powerball grand prizes that are payable over 20 years. As the bonds mature, the funds are transferred to the Corporation for the annual grand 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**  
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Notes to the Financial Statements (Continued)

	<u>As of</u> <u>June 30, 2016</u>	<u>As of</u> <u>June 30, 2015</u>
<b>Current Prizes and Withholdings Payable:</b>		
Annual grand prize payments (face value)	\$1,345,000	\$1,345,000
Adjustment to current fair value	(796)	(140)
Fair value of prize annuities	<u>1,344,204</u>	<u>1,344,860</u>
Instant prizes payable	7,992,500	7,448,946
On-line prizes payable	17,286,484	16,459,012
Due to MUSL prize pool	488,717	585,076
Tax withholdings payable	349,154	109,808
Unclaimed prizes payable	<u>1,448,434</u>	<u>303,372</u>
<b>Total Current Prizes and Withholdings Payable</b>	<u><u>\$28,909,493</u></u>	<u><u>\$26,251,074</u></u>
<b>Noncurrent Prizes Payable:</b>		
Annual grand prize payments (face value)	NONE	\$1,345,000
Adjustment to current fair value		(6,642)
Fair value of prize annuities		<u>1,338,358</u>
MUSL prize reserve payable	5,538,745	5,854,604
Unclaimed prizes payable (Note 15)	<u>9,175,972</u>	<u>8,782,266</u>
<b>Total Noncurrent Prizes Payable</b>	<u><u>\$14,714,717</u></u>	<u><u>\$15,975,228</u></u>

## 9. VACATION AND SICK LEAVE

Corporation full-time 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 vacation or receive termination payment for unused vacation. Vacation leave may not be carried forward into the next year. However, employees may receive payment for a maximum of forty hours of unused vacation. Upon termination, employees will be paid in full for unused eligible and current year's accrued vacation leave. Employees are credited with sick leave at the rate of eight days per year beginning with the date of hire. There is no limitation on the amount of sick leave that can be accumulated. Employees are not paid for accrued sick leave upon termination. Employees may be allowed up to three consecutive days off from regularly scheduled duty with regular pay for bereavement leave. At June 30, 2016, and June 30, 2015, the total values of compensated absences payable are \$387,981 and \$360,699, 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, 2016 and 2015, is as follows:

	<u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>One Year</u>
Prizes Payable:					
Fair value of prize annuities	\$2,683,218		(\$1,339,014)	\$1,344,204	\$1,344,204
MUSL prize reserve payable	5,854,604	\$123,180	(439,039)	5,538,745	NONE
Unclaimed prizes payable	9,085,638	8,702,291	(7,163,523)	10,624,406	1,448,434
Total Prizes Payable	<u>\$17,623,460</u>	<u>\$8,825,471</u>	<u>(\$8,941,576)</u>	<u>\$17,507,355</u>	<u>\$2,792,638</u>

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2015</u>	<u>Due Within One Year</u>
Prizes Payable:					
Fair value of prize annuities					
MUSL prize reserve payable	\$6,777,143		(\$4,093,925)	\$2,683,218	\$1,344,860
Unclaimed prizes payable (Note 15)	6,049,563	\$139,903	(334,862)	5,854,604	NONE
	29,374,000	10,156,222	(30,444,584)	9,085,638	303,372
Total Prizes Payable	<u>\$42,200,706</u>	<u>\$10,296,125</u>	<u>(\$34,873,371)</u>	<u>\$17,623,460</u>	<u>\$1,648,232</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, 2015. A copy of the audit report may be accessed through the Corporation's website at:

<http://www.louisianalottery.com/assets/docs/Financial/Retirementplans.pdf>

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.

An employee is eligible to participate in the plan immediately upon employment. In addition, a participant is fully vested immediately. In no event shall the assets of this plan revert for the benefit of the Corporation.

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.

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 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 Corporation, if any.

An employee is eligible to participate in the plan immediately upon employment. In addition, a participant is fully vested immediately. In no event shall the assets of this plan revert for the benefit of the Corporation.

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.

In addition, each fiscal year, the Board of Directors of the Corporation may determine the amount of a discretionary contribution not to exceed 4% of each participant's compensation for any fiscal year.

The distribution of a participant's account shall be made in the form of a single-sum payment after the participant terminates employment with the Corporation, becomes disabled, or dies. A participant may elect to postpone the distribution, in writing on forms provided by the Retirement Plans 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, 2016, there were 109 participants in the Basic Plan and 101 participants in the Supplemental Plan.

For the fiscal year ended June 30, 2016, employer and employee contributions to the Basic Plan were \$271,235 and \$336,330, respectively. The employer contributions for the Supplemental Plan were \$457,505.

For the fiscal year ended June 30, 2015, employer and employee contributions to the Basic Plan were \$265,617 and \$329,364, respectively. The employer contributions for the Supplemental Plan were \$445,947.

**C. 457(b) RETIREMENT PLAN  
(DEFERRED COMPENSATION PLAN)**

The 457(b) Retirement Plan is a voluntary deferred compensation plan adopted under the provisions of IRC Section 457(b).

A full-time employee is eligible to participate in the plan immediately upon employment. In addition, a participant is fully vested immediately. In no event shall the assets of this plan revert for the benefit of the Corporation.

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 \$18,000. The Corporation contributes a matching contribution equal to 100% of the first 2.5% of compensation deferred by each participant and 50% of the next 3% of compensation deferred by each participant. Participants can elect any combination of the Pre-tax or Roth deferral options.

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 in the form of a single-sum payment.

As of June 30, 2016, there were 92 participants in the 457(b) Retirement Plan.

For the fiscal year ended June 30, 2016, employer and employee contributions were \$176,757 and \$319,421, respectively. For the fiscal year ended June 30, 2015, employer and employee contributions were \$171,129 and \$306,569, respectively

**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 \$7,800,000 within the Corporation's net position 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.

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

**13. LEASE AND RENTAL COMMITMENTS**

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

	<u>Equipment</u>	<u>Facilities</u>	<u>Total</u>
2016-2017	126,600	73,668	200,268
2017-2018		<u>6,463</u>	<u>6,463</u>
Total	<u>\$126,600</u>	<u>\$80,131</u>	<u>\$206,731</u>

The total operating lease payments for the years ended June 30, 2016, and June 30, 2015, were \$421,401 and \$424,683, respectively.

The Corporation has no capital leases at June 30, 2016.

**14. NET POSITION**

The Corporation has an unrestricted net position at June 30, 2016, of \$8,498,923. As presented in the 2016-2017 fiscal year budget approved by the Joint Legislative Committee on the Budget on March 17, 2016, management has specified that net position of June 30, 2016, be used for the following purposes:

**Specified Uses of Net Position**

New capital expenditure purchases	503,000
Litigation and prize reserve	7,800,000
Deposits	<u>13,773</u>
<b>Total specified uses of net position</b>	<b>8,316,773</b>
Retailer security deposits	182,150
<b>Total unrestricted net position</b>	<b><u><u>\$8,498,923</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 Lottery Proceeds Fund in the state treasury. The amount of gross revenues less costs that is determined to be surplus to the needs of the Corporation must also be remitted to the state treasury.

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

R.S. 47:9025 D. states that any unclaimed prize money shall be added to the pool from which future prizes are to be awarded or used for special prizes promotions. However, Section 8. (B) of Act No. 121 of the 2015 Regular Session directed the Corporation to deposit into the state treasury unclaimed prize money of \$20 million for transfer to the Lottery Proceeds Fund. This legislative repurpose of unclaimed prizes converted funds accrued to the prize pool for the future benefit of players to a liability to the state treasury. In fiscal year ending June 30, 2015, unclaimed prizes payable in noncurrent prizes payable was reduced and accrued payment to state treasury was increased on the *Statements of Net Position*. In addition, prize operating expenses were reclassified to payments to state treasury nonoperating expenses on the *Statements of Revenues, Expenses, and Changes in Fund Net Position*.

Section 8.(A) of Act No. 121 of the 2015 Regular Session required the Corporation to deposit \$5.9 million into the state treasury for transfer to the Lottery Proceeds Fund.

**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, 2016 and 2015**

**SCHEDULE OF PROFESSIONAL SERVICE FEES**

Schedule 1 presents professional service fees for the years ended June 30, 2016, and June 30, 2015. 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, 2016, and June 30, 2015. 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, 2016 and 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Attorney General's Office, Department of Justice - legal counsel	\$88,875	\$88,875
Delehantey Consulting - instant ticket printing audit services	4,000	4,000
KPMG Peat Marwick Thorne - audit of automatic drawing machines	10,700	10,500
Office of Legislative Auditor - financial and compliance audit and observations of on-line drawings	195,449	235,951
Phelps Dunbar, Counselors-at-Law - legal counsel	30,739	1,307
Miscellaneous		1,127
	<hr/>	<hr/>
Total	<u>\$329,763</u>	<u>\$341,760</u>



**LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA**

**Schedule of Compensation Paid Board Members  
For the Years Ended June 30, 2016 and 2015**

**Schedule 2**

	<u>Effective Date of Term</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Verge Ausberry, Jr.	August 22, 2008	\$15,000	\$15,000
Christopher Carver Chairman effective June 26, 2015	July 15, 2009	25,000	15,139
Heather Doss	April 6, 2011	15,000	15,000
John Fitzpatrick* Chairman through June 25, 2015	November 6, 2008	7,944	24,861
Dudley Gautreaux	March 28, 2016	3,911	
Larry Katz*	May 16, 2012	7,944	15,000
Blake McCaskill	May 12, 2014	15,000	15,000
Lisa Reardon	November 8, 2010	15,000	12,943
Roy Robichaux	March 23, 2010	15,000	14,960
James Taylor	November 8, 2010	15,000	12,984
Sean Wells	March 21, 2016	4,193	
		<hr/>	<hr/>
Total		<u>\$138,992</u>	<u>\$140,887</u>

\*Term expired January 11, 2016



**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>	60
<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>	63
<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>	65
<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, 2016.

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 Position and Changes in Net Position  
Fiscal Year Ending June 30 for the Years Shown

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES</b>										
<b>Operating revenues</b>										
Instant tickets sales	\$134,652,721	\$132,048,433	\$141,393,769	\$136,006,913	\$148,084,342	\$158,028,403	\$163,108,984	\$178,925,091	\$202,248,266	\$212,153,131
<b>On-line sales:</b>										
Lotto	34,788,068	32,001,441	33,482,672	30,461,650	32,920,803	31,015,710	\$25,564,558	\$28,244,532	\$26,776,296	\$30,322,581
Pick 3	46,336,657	49,944,959	49,088,003	46,523,353	49,005,274	48,962,935	49,509,325	49,976,275	51,943,319	52,256,843
Easy 5		13,890,049	14,508,315	14,555,346	14,948,541	13,423,308	11,607,069	10,986,829	10,696,512	10,714,131
Powerball	102,792,677	107,810,095	103,893,936	105,765,787	98,504,050	106,851,843	129,940,266	102,270,182	86,606,894	126,056,365
Cash Quest	5,115,531	965,269								
Pick 4	30,507,084	34,034,148	36,157,058	36,073,958	37,379,625	38,512,854	39,457,197	39,590,738	41,643,107	45,846,071
Raffle		2,999,660		2,999,399	2,750,420					
Mega Millions						32,820,616	28,232,497	38,974,218	32,538,722	29,686,965
<b>Total on-line sales</b>	<b>219,540,017</b>	<b>241,645,621</b>	<b>237,129,984</b>	<b>236,379,493</b>	<b>235,508,713</b>	<b>271,587,266</b>	<b>284,310,912</b>	<b>270,042,774</b>	<b>250,204,850</b>	<b>294,882,956</b>
<b>Total sales</b>	<b>354,192,738</b>	<b>373,694,054</b>	<b>378,523,753</b>	<b>372,386,406</b>	<b>383,593,055</b>	<b>429,615,669</b>	<b>447,419,896</b>	<b>448,967,865</b>	<b>452,453,116</b>	<b>507,036,087</b>
<b>Other operating revenues</b>										
Allowance for uncollectible accounts	(9,697)	(7,481)	(21,426)	(20,194)	(19,294)	(6,279)	(49,272)	(53,837)	(33,225)	(19,287)
Other income	15,931	86,020	9,509	328,083	12,508	533,204	9,450	40,273	51,525	9,966
<b>Total other operating revenues</b>	<b>6,234</b>	<b>78,539</b>	<b>(11,917)</b>	<b>307,889</b>	<b>(6,786)</b>	<b>526,925</b>	<b>(39,822)</b>	<b>(13,564)</b>	<b>18,300</b>	<b>(9,321)</b>
<b>Total operating revenues</b>	<b>354,198,972</b>	<b>373,772,593</b>	<b>378,511,836</b>	<b>372,694,295</b>	<b>383,586,269</b>	<b>430,142,594</b>	<b>447,380,074</b>	<b>448,954,301</b>	<b>452,471,416</b>	<b>507,026,766</b>
<b>Nonoperating revenues</b>										
Interest earned on investments	2,690,613	2,279,826	1,862,321	1,697,134	1,613,550	1,808,722	2,093,533	2,043,520	1,772,346	1,427,242
Net increase (decrease) in the fair value of investments	31,103	670,492	740,885	1,137,573	(185,310)	596,575	(2,191,737)	(511,045)	(429,388)	(115,678)
Net gain (loss) on disposal of assets	21,968	17,005	33,561	74,630	7,541	36,378	36	32,560	19,735	29,600
<b>Total nonoperating revenues</b>	<b>2,743,684</b>	<b>2,967,323</b>	<b>2,636,767</b>	<b>2,909,337</b>	<b>1,435,781</b>	<b>2,441,675</b>	<b>(98,168)</b>	<b>1,565,035</b>	<b>1,362,693</b>	<b>1,341,164</b>
<b>Total revenues</b>	<b>356,942,656</b>	<b>376,739,916</b>	<b>381,148,603</b>	<b>375,603,632</b>	<b>385,022,050</b>	<b>432,584,269</b>	<b>447,281,906</b>	<b>450,519,336</b>	<b>453,834,109</b>	<b>508,367,930</b>

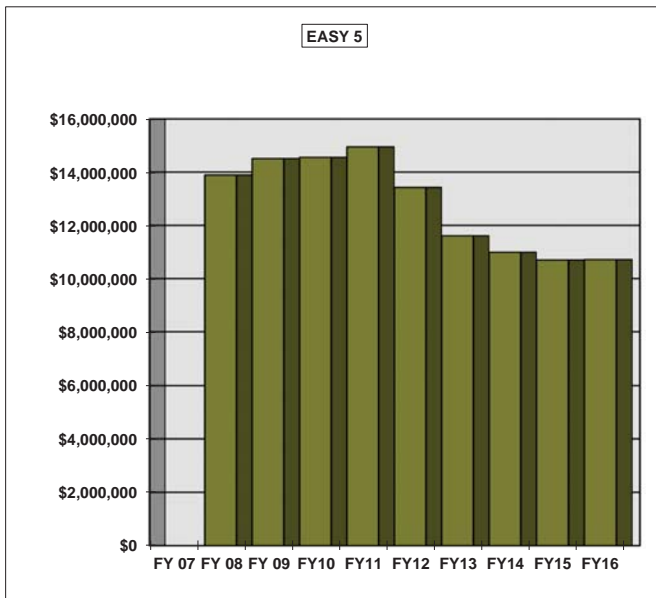
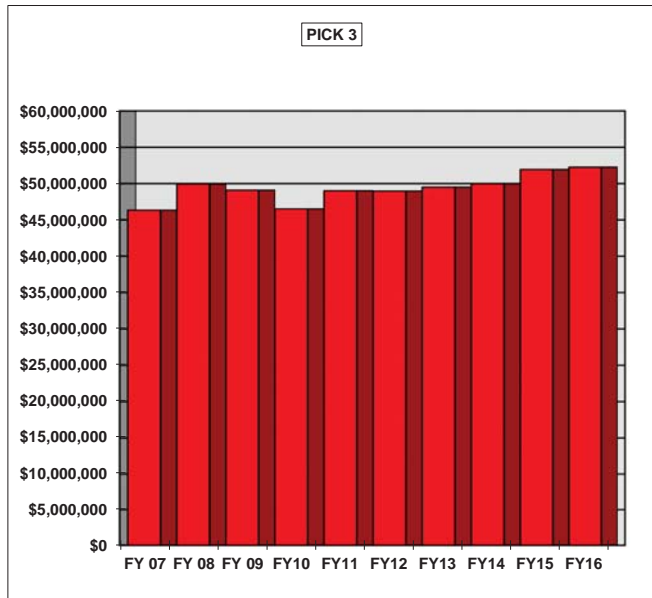
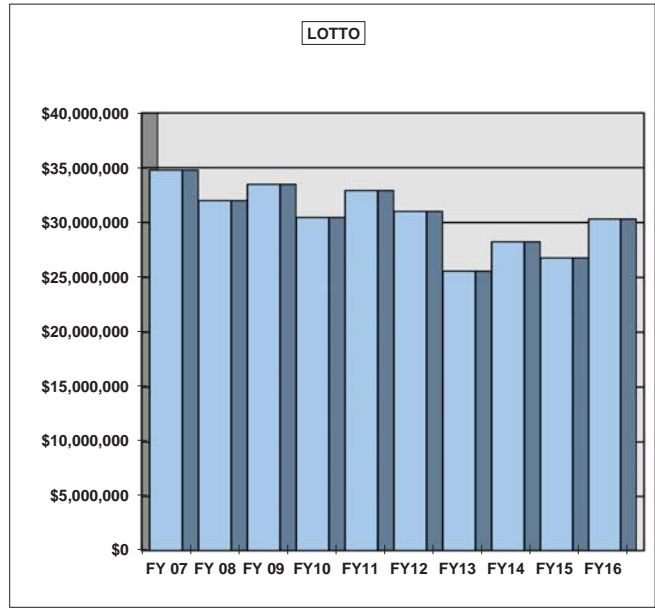
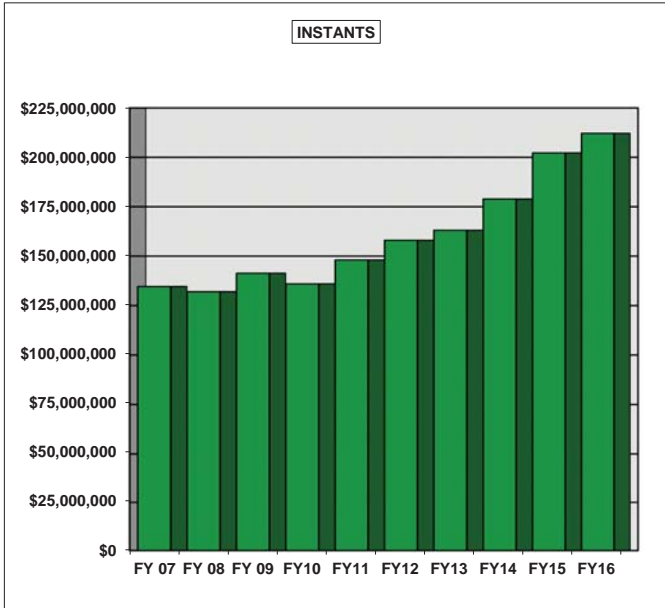
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LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
(Unaudited)  
Schedule of Net Position and Changes in Net Position  
Fiscal Year Ending June 30 for the Years Shown

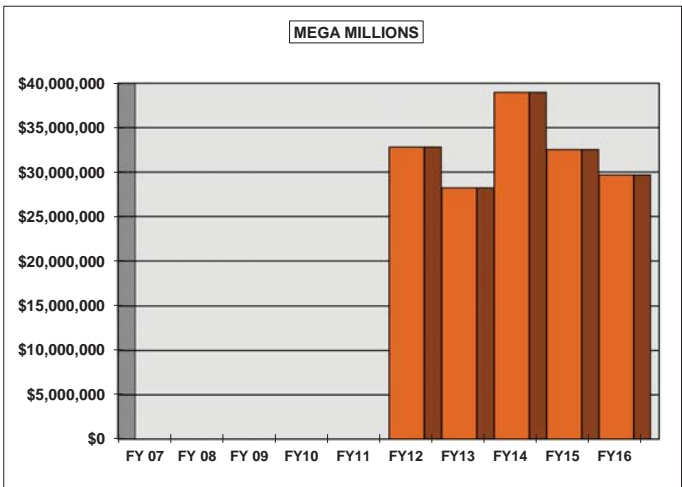
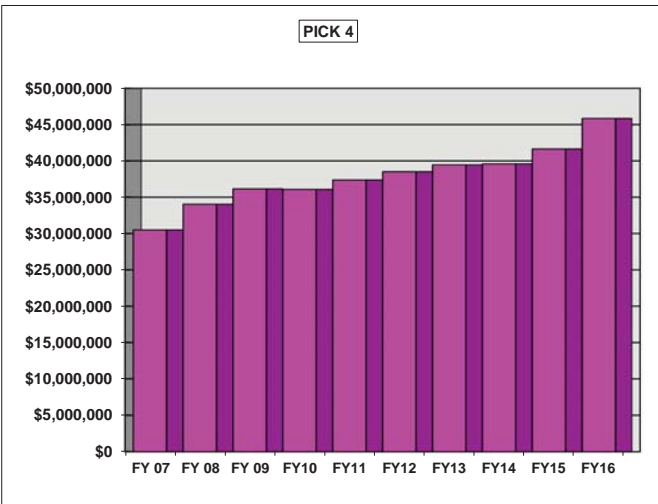
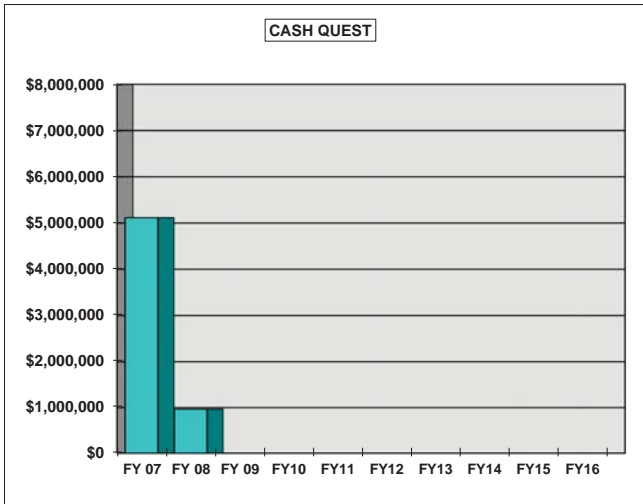
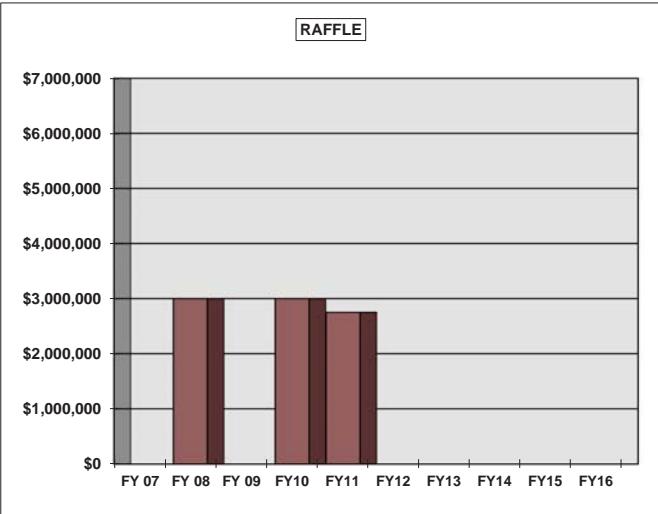
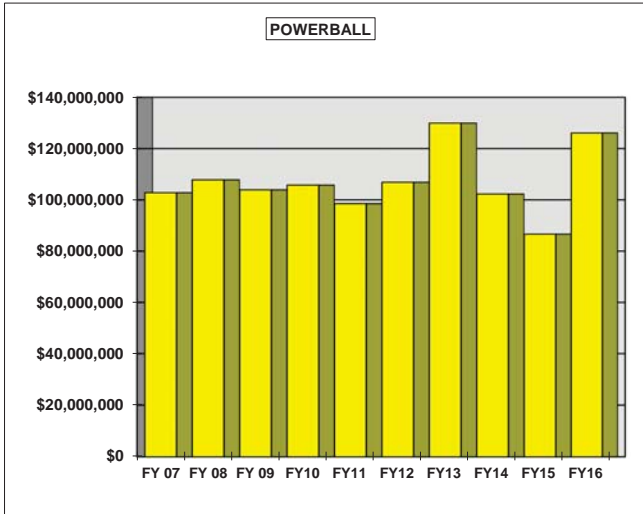
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>OPERATING EXPENSES</b>										
<b>Direct costs:</b>										
Prize expense	\$179,410,211	\$192,800,091	\$193,331,767	\$189,749,514	\$202,901,646	\$226,282,669	\$236,159,214	\$237,386,172	\$239,198,279	\$272,926,177
Unclaimed prizes due to State									(20,000,000)	
Retailer compensation	19,661,356	20,912,784	21,056,534	20,630,917	21,370,726	23,788,663	24,786,537	25,024,150	25,271,832	28,188,671
Other direct costs	12,511,948	13,569,127	13,598,523	13,486,737	6,985,576	7,708,626	8,265,834	8,171,349	7,934,006	9,521,967
<b>Total direct costs</b>	<u>211,583,515</u>	<u>227,282,002</u>	<u>227,986,824</u>	<u>223,867,168</u>	<u>231,257,948</u>	<u>257,779,958</u>	<u>269,211,585</u>	<u>270,581,671</u>	<u>252,404,117</u>	<u>310,636,815</u>
<b>Administrative expenses</b>	<u>17,012,217</u>	<u>17,645,772</u>	<u>17,735,988</u>	<u>17,653,110</u>	<u>17,854,937</u>	<u>17,929,132</u>	<u>18,127,704</u>	<u>18,276,815</u>	<u>18,265,556</u>	<u>18,784,443</u>
<b>Total operating expenses</b>	<u>228,595,732</u>	<u>244,927,774</u>	<u>245,722,812</u>	<u>241,520,278</u>	<u>249,112,885</u>	<u>275,709,090</u>	<u>287,339,289</u>	<u>288,858,486</u>	<u>270,669,673</u>	<u>329,421,258</u>
<b>NONOPERATING EXPENSES</b>										
Payments to state treasury	<u>128,263,375</u>	<u>131,861,525</u>	<u>135,908,240</u>	<u>133,701,775</u>	<u>136,363,490</u>	<u>156,905,490</u>	<u>160,214,975</u>	<u>170,664,700</u>	<u>184,752,815</u>	<u>177,934,550</u>
<b>INCOME BEFORE EXTRAORDINARY ITEM</b>	<u>83,549</u>	<u>(49,383)</u>	<u>(482,449)</u>	<u>381,579</u>	<u>(454,325)</u>	<u>(30,311)</u>	<u>(272,358)</u>	<u>(9,003,850)</u>	<u>(1,588,379)</u>	<u>1,012,122</u>
<b>EXTRAORDINARY ITEM</b>										
<b>CHANGES IN NET POSITION</b>	<u>\$83,549</u>	<u>(\$49,383)</u>	<u>(\$482,449)</u>	<u>\$381,579</u>	<u>(\$454,325)</u>	<u>(\$30,311)</u>	<u>(\$272,358)</u>	<u>(\$9,003,850)</u>	<u>(\$1,588,379)</u>	<u>\$1,012,122</u>
<b>NET POSITION</b>										
<b>Invested in capital assets</b>	<u>\$5,626,480</u>	<u>\$5,485,927</u>	<u>\$5,370,229</u>	<u>\$5,398,082</u>	<u>\$5,218,640</u>	<u>\$5,088,913</u>	<u>\$4,960,073</u>	<u>\$4,869,792</u>	<u>\$4,656,254</u>	<u>\$4,417,991</u>
<b>Restricted</b>										
<b>Unrestricted</b>	<u>17,777,788</u>	<u>17,868,958</u>	<u>17,502,207</u>	<u>17,855,933</u>	<u>17,581,050</u>	<u>17,680,466</u>	<u>17,536,948</u>	<u>8,623,379</u>	<u>7,248,538</u>	<u>8,498,923</u>
<b>Total net position</b>	<u>\$23,404,268</u>	<u>\$23,354,885</u>	<u>\$22,872,436</u>	<u>\$23,254,015</u>	<u>\$22,799,690</u>	<u>\$22,769,379</u>	<u>\$22,497,021</u>	<u>\$13,493,171</u>	<u>\$11,904,792</u>	<u>\$12,916,914</u>

(Concluded)

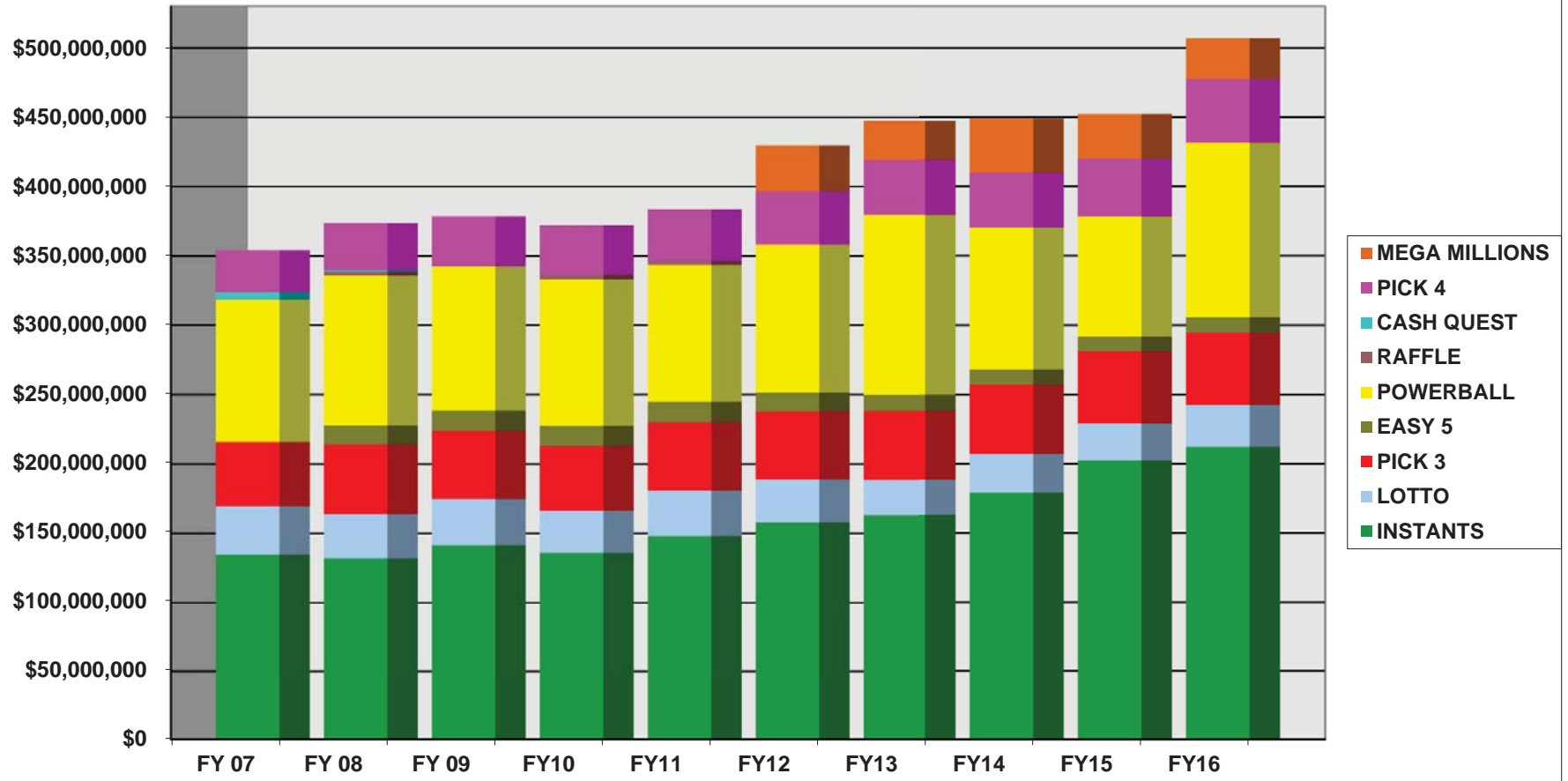
**LOUISIANA LOTTERY CORPORATION  
SALES BY FISCAL YEAR BY PRODUCT LINE  
(UNAUDITED)  
FISCAL YEARS 2007 THROUGH 2016**



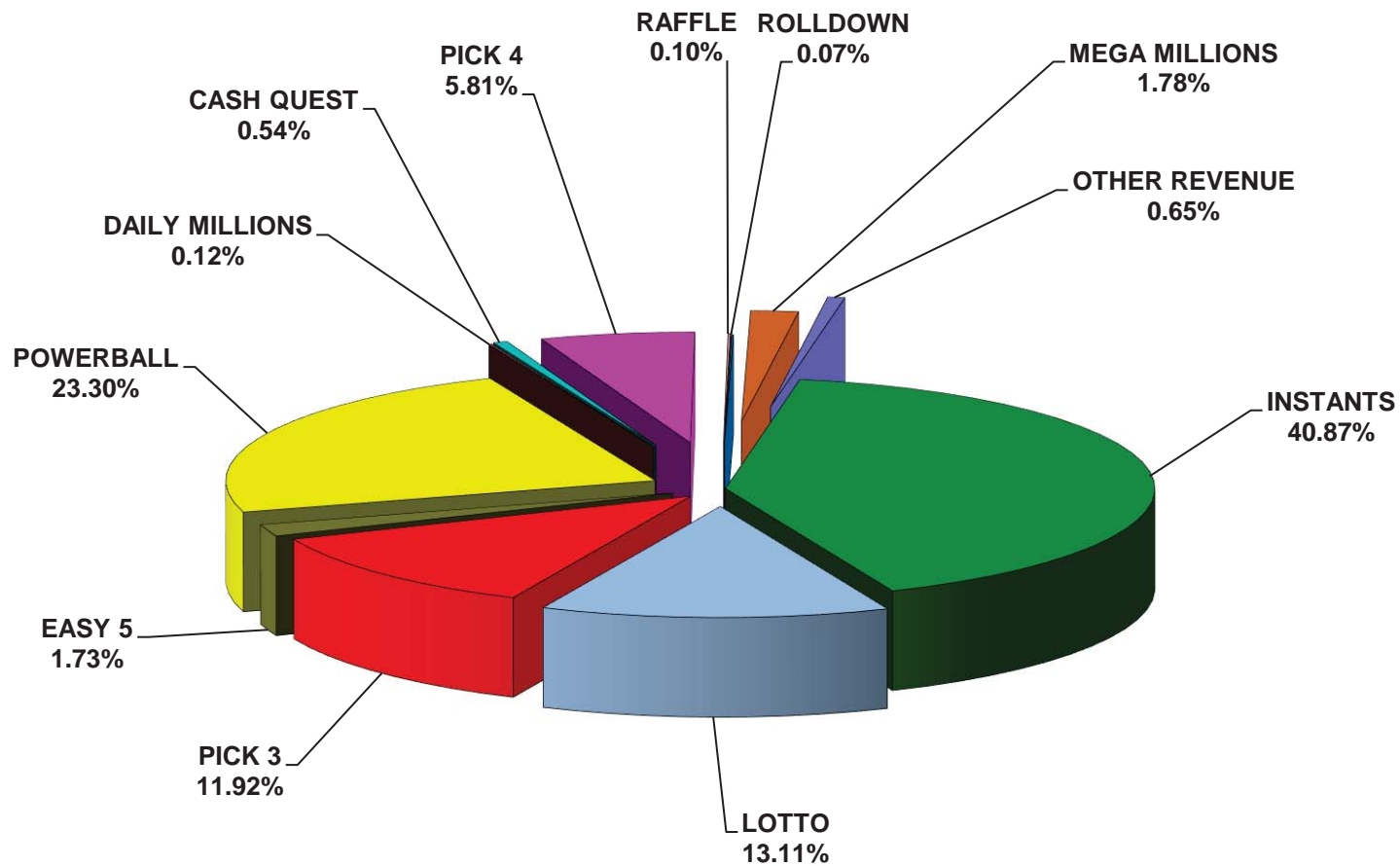
**LOUISIANA LOTTERY CORPORATION**  
**SALES BY FISCAL YEAR BY PRODUCT LINE**  
**(UNAUDITED)**  
**FISCAL YEARS 2007 THROUGH 2016**



**LOUISIANA LOTTERY CORPORATION  
SALES BY PRODUCT  
(UNAUDITED)  
FISCAL YEARS 2007 THROUGH 2016**

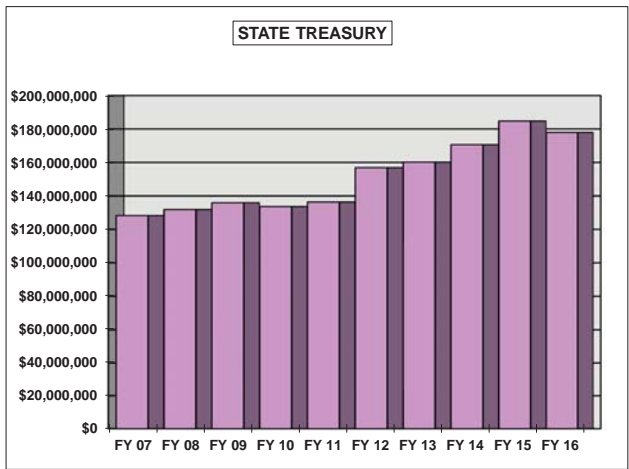
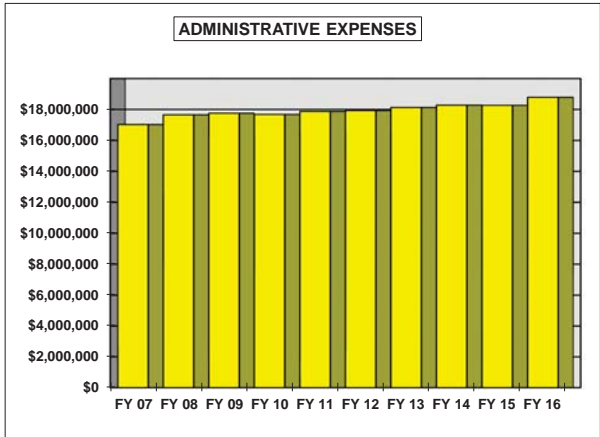
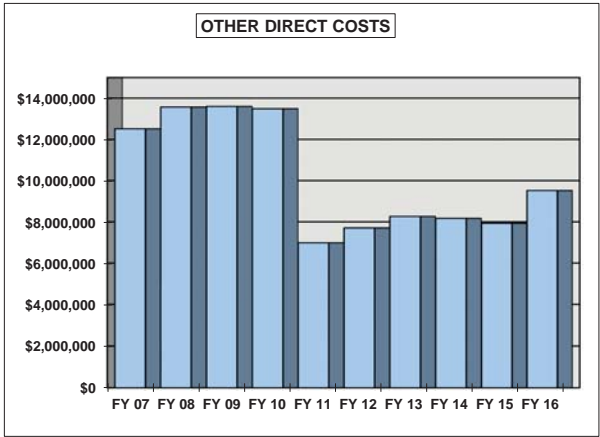
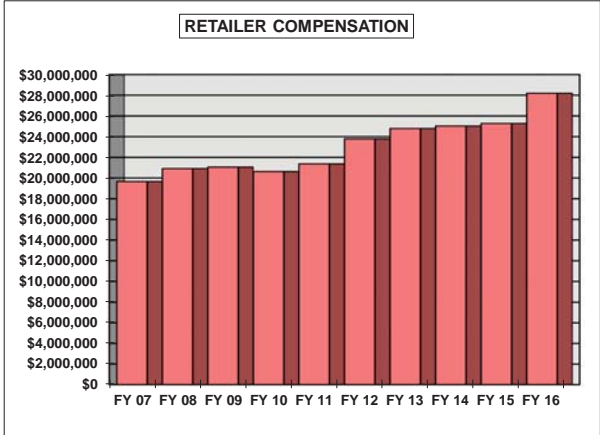
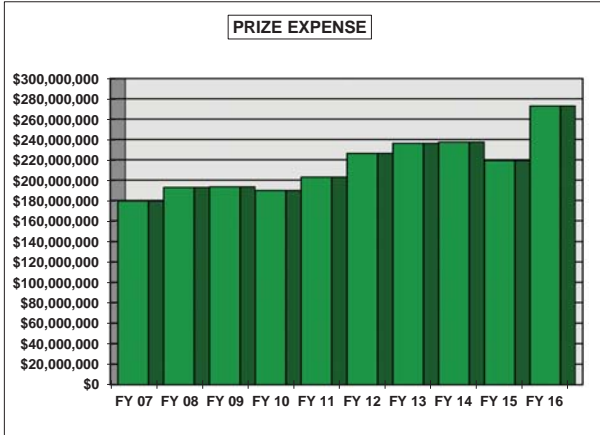


**LOUISIANA LOTTERY CORPORATION  
INCEPTION-TO-DATE REVENUE DISTRIBUTION  
(UNAUDITED)**

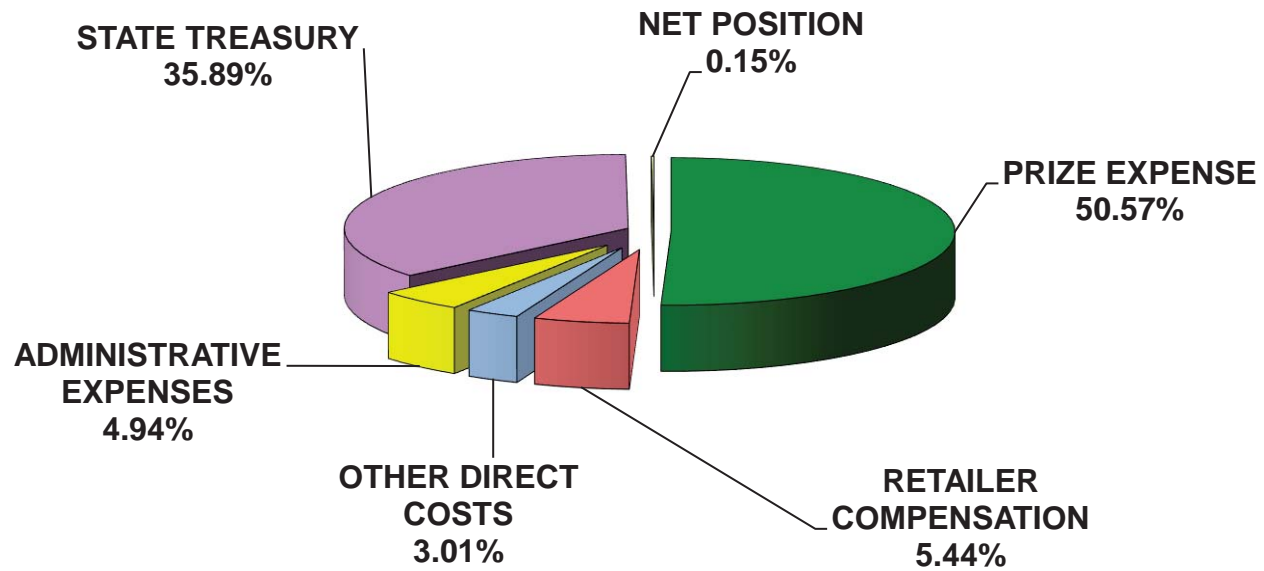




**LOUISIANA LOTTERY CORPORATION  
EXPENSES AND PAYMENTS  
(UNAUDITED)  
FISCAL YEARS 2007 THROUGH 2016**



**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>
SEPTEMBER 1991			
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		

**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>
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	
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

**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>
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	
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		

**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>
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		

**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 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	
JULY 2010	10,865,260		
AUGUST 2010	10,623,000		
SEPTEMBER 2010	10,823,825		
OCTOBER 2010	11,018,115		
NOVEMBER 2010	10,940,940		
DECEMBER 2010	10,844,190		134,197,110
JANUARY 2011	11,148,940		
FEBRUARY 2011	11,865,840		
MARCH 2011	12,854,140		
APRIL 2011	11,755,625		
MAY 2011	11,453,130		
JUNE 2011	12,170,485	136,363,490	
JULY 2011	11,355,280		
AUGUST 2011	12,059,415		
SEPTEMBER 2011	10,594,485		
OCTOBER 2011	11,953,000		
NOVEMBER 2011	11,601,880		
DECEMBER 2011	12,903,980		141,716,200
JANUARY 2012	11,792,440		
FEBRUARY 2012	14,992,910		
MARCH 2012	16,819,660		
APRIL 2012	12,495,950		
MAY 2012	12,490,100		
JUNE 2012	17,846,390	156,905,490	
JULY 2012	11,691,265		
AUGUST 2012	12,696,755		
SEPTEMBER 2012	11,525,090		
OCTOBER 2012	11,094,020		
NOVEMBER 2012	16,830,180		
DECEMBER 2012	11,712,280		161,987,040
JANUARY 2013	11,673,530		
FEBRUARY 2013	12,158,140		
MARCH 2013	15,516,120		
APRIL 2013	12,470,790		
MAY 2013	17,641,110		
JUNE 2013	15,205,695	160,214,975	
JULY 2013	12,515,550		
AUGUST 2013	14,391,600		
SEPTEMBER 2013	13,805,780		
OCTOBER 2013	12,805,280		
NOVEMBER 2013	11,847,320		
DECEMBER 2013	14,819,000		164,849,915

**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>
JANUARY 2014	11,902,690		
FEBRUARY 2014	14,599,250		
MARCH 2014	14,467,160		
APRIL 2014	12,354,420		
MAY 2014	12,430,840		
JUNE 2014	24,725,810	170,664,700	
JULY 2014	11,753,955		
AUGUST 2014	12,309,240		
SEPTEMBER 2014	12,498,705		
OCTOBER 2014	13,492,900		
NOVEMBER 2014	12,298,960		
DECEMBER 2014	13,423,270		166,257,200
JANUARY 2015	14,305,185		
FEBRUARY 2015	16,853,170		
MARCH 2015	14,063,320		
APRIL 2015	12,178,070		
MAY 2015	13,552,300		
JUNE 2015	38,023,740	184,752,815	
JULY 2015	12,577,140		
AUGUST 2015	12,527,225		
SEPTEMBER 2015	13,799,060		
OCTOBER 2015	13,249,490		
NOVEMBER 2015	12,222,635		
DECEMBER 2015	14,784,465		188,135,800
JANUARY 2016	30,108,375		
FEBRUARY 2016	14,187,030		
MARCH 2016	13,866,500		
APRIL 2016	13,715,600		
MAY 2016	13,879,900		
JUNE 2016	13,017,130	177,934,550	98,774,535
<b>TOTAL INCEPTION-TO-DATE</b>	<b>\$3,250,842,350</b>	<b>\$3,250,842,350</b>	<b>\$3,250,842,350</b>

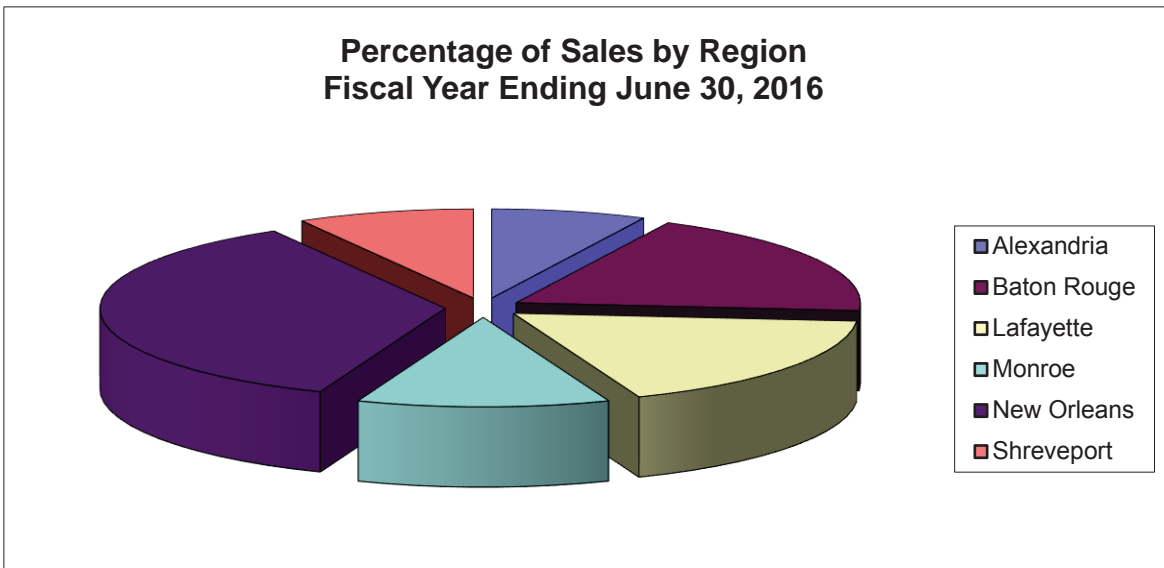


LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
(Unaudited)  
Schedule of Instant Ticket Game Launches and Sales by Price Point  
Fiscal Year Ending June 30 for the Years Shown

Price Point	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	% of Total 2016
<b>Number of Launches</b>											
\$1	17	18	18	20	22	23	24	24	20	24	30.38%
\$2	12	18	21	23	23	24	27	27	28	30	37.97%
\$3	5	4	4	4	4	6	6	7	8	7	8.86%
\$5	4	6	8	10	10	11	9	9	12	13	16.46%
\$10	1	3	2	2	3	4	4	5	5	5	6.33%
<b>Total</b>	<u>39</u>	<u>49</u>	<u>53</u>	<u>59</u>	<u>62</u>	<u>68</u>	<u>70</u>	<u>72</u>	<u>73</u>	<u>79</u>	100.00%
<b>Sales</b>											
\$1	\$45,165,388	\$41,239,408	\$39,525,468	\$37,228,056	\$39,838,415	\$42,863,800	\$41,059,283	\$39,901,749	\$43,303,188	\$43,713,871	20.60%
\$2	33,035,430	34,806,831	37,306,124	34,192,992	36,095,682	41,880,575	39,332,690	42,900,963	46,135,770	48,448,784	22.84%
\$3	13,704,063	12,015,639	12,139,287	13,163,915	14,467,278	15,415,458	15,686,361	14,672,286	16,849,743	16,568,436	7.81%
\$5	25,762,520	24,547,595	31,318,900	32,180,710	36,238,597	34,593,695	37,594,100	41,006,523	46,896,335	51,653,060	24.35%
\$10	16,985,320	19,438,960	21,103,990	19,241,240	21,444,370	23,274,875	29,436,550	40,443,570	49,063,230	51,768,980	24.40%
<b>Total</b>	<u>\$134,652,721</u>	<u>\$132,048,433</u>	<u>\$141,393,769</u>	<u>\$136,006,913</u>	<u>\$148,084,342</u>	<u>\$158,028,403</u>	<u>\$163,108,984</u>	<u>\$178,925,091</u>	<u>\$202,248,266</u>	<u>\$212,153,131</u>	100.00%

LOUISIANA LOTTERY CORPORATION  
 STATE OF LOUISIANA  
 (Unaudited)  
 Schedule of Lottery Retailers and Sales by Region  
 Fiscal Year Ending June 30, 2016

Region	Number of Retailers	% of Total Retailers	Sales	% Total Sales
Alexandria	200	6.85%	\$36,797,304	7.26%
Baton Rouge	613	21.00%	97,057,168	19.14%
Lafayette	688	23.57%	89,739,014	17.70%
Monroe	260	8.91%	59,733,823	11.78%
New Orleans	863	29.56%	181,704,887	35.85%
Shreveport	295	10.11%	42,003,891	8.27%
<b>Total</b>	<b>2,919</b>	<b>100.00%</b>	<b>\$507,036,087</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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Region</b>										
Alexandria	195	201	201	197	205	203	197	198	196	200
Baton Rouge	543	548	564	570	588	591	598	604	598	613
Lafayette	582	594	607	633	652	661	681	682	678	688
Monroe	218	224	233	235	247	265	276	272	266	260
New Orleans	783	798	824	834	868	870	895	874	861	863
Shreveport	280	290	313	323	324	307	302	301	294	295
<b>Total</b>	<u>2,601</u>	<u>2,655</u>	<u>2,742</u>	<u>2,792</u>	<u>2,884</u>	<u>2,897</u>	<u>2,949</u>	<u>2,931</u>	<u>2,893</u>	<u>2,919</u>

Sales

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Region</b>										
Alexandria	\$27,988,305	\$28,371,735	\$28,333,187	\$28,051,476	\$30,267,304	\$33,864,268	\$34,585,407	\$33,987,788	\$34,627,221	\$36,797,304
Baton Rouge	66,138,117	67,480,827	69,301,062	69,701,334	71,662,250	80,198,787	83,505,683	85,185,570	86,480,723	97,057,168
Lafayette	60,240,860	61,633,363	63,541,296	62,036,370	65,473,031	74,121,167	77,740,112	78,680,521	81,375,421	89,739,014
Monroe	39,688,387	42,038,577	41,438,609	39,780,683	41,387,606	45,734,365	48,266,592	48,623,895	50,077,531	59,733,823
New Orleans	124,566,931	137,340,680	137,733,963	136,388,277	141,188,754	159,041,148	166,581,816	165,668,945	161,894,758	181,704,887
Shreveport	35,570,138	36,828,872	38,175,636	36,428,266	33,614,110	36,655,934	36,740,286	36,821,146	37,997,462	42,003,891
<b>Total</b>	<u>\$354,192,738</u>	<u>\$373,694,054</u>	<u>\$378,523,753</u>	<u>\$372,386,406</u>	<u>\$383,593,055</u>	<u>\$429,615,669</u>	<u>\$447,419,896</u>	<u>\$448,967,865</u>	<u>\$452,453,116</u>	<u>\$507,036,087</u>

LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
(Unaudited)  
Schedule of Demographic and Economic Statistics  
Calendar Years 2007 to 2016

<u>Calendar Year</u>	<u>Statewide Population</u>	<u>Statewide Personal Income (millions of dollars)</u>	<u>Statewide Personal Income per Capita</u>	<u>Statewide Unemployment Rate</u>
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	4,533,372	174,292	38,446	7.5%
2011	4,574,836	176,489	38,578	7.3%
2012	4,602,134	181,373	39,413	6.4%
2013	4,625,470	188,207	40,689	6.2%
2014	4,649,676	196,621	42,287	5.0%
2015	4,671,374	202,048	43,252	6.3%
2016	a	a	a	6.2%

**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  
STATE OF LOUISIANA  
(Unaudited)  
Schedule of Principal Employers  
Fiscal Year Ending June 30**

<b>2015 EMPLOYERS</b>	<b>RANGE</b>
State of Louisiana	40,000+
Oschner Health System	17,000+
Louisiana State University System	13,000+
University of Louisiana System	7,000+
Ingalls Shipbuilding	5,000 - 9,999
Willis Knighton Health System	5,000 - 9,999
Hilton- New Orleans Riverside	5,000 - 9,999
Lafayette Medical Center	5,000 - 9,999
Our Lady of the Lake Medical Center	5,000 - 9,999
Tulane University	5,000 - 9,999
Louisiana Community and Technical College System	1,000 - 4,999
Southern University System	1,000 - 4,999
US Post Office	1,000 - 4,999
Acadian Ambulance Service	1,000 - 4,999
Barksdale Air Force Base	1,000 - 4,999

\* Information obtained from State of Louisiana Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015. Information for the period nine years prior to the current period is unavailable due to confidentiality regulations of the Bureau of Labor Statistics.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Full-time	120	113	111	111	105	102	105	104	105	102
Part-time	18	19	21	18	13	11	11	10	8	8
<b>Total</b>	<b><u>138</u></b>	<b><u>132</u></b>	<b><u>132</u></b>	<b><u>129</u></b>	<b><u>118</u></b>	<b><u>113</u></b>	<b><u>116</u></b>	<b><u>114</u></b>	<b><u>113</u></b>	<b><u>110</u></b>
Sales:										
Alexandria	6	5	4	5	5	5	4	4	5	4
Baton Rouge	7	8	8	7	6	7	7	8	7	8
Lafayette	11	9	10	9	8	9	9	8	9	9
Monroe	6	6	6	6	6	6	6	6	6	6
New Orleans	11	10	11	11	10	11	10	11	11	9
Shreveport	5	5	5	5	5	4	5	4	4	5
Warehousing	6	5	7	7	7	7	8	7	7	7
Marketing and administration	86	84	81	79	71	64	67	66	64	62
<b>Total</b>	<b><u>138</u></b>	<b><u>132</u></b>	<b><u>132</u></b>	<b><u>129</u></b>	<b><u>118</u></b>	<b><u>113</u></b>	<b><u>116</u></b>	<b><u>114</u></b>	<b><u>113</u></b>	<b><u>110</u></b>

## U.S. LOTTERY STATISTICS (UNAUDITED)

The following tables:

- U.S. Lotteries' Fiscal 2015 Sales By Game
  - Fiscal 2015 U.S. Lottery Sales, Prizes  
& Government Transfers

Measured by Gross Domestic Product.

(Source: La Fleur's 2016 World Lottery Almanac)

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[www.lafleurs.com](http://www.lafleurs.com)

# U.S. lotteries' fiscal 2015 sales by game\*

(in Millions)				Systems Games										Total Sales	PC Sales	VLT (net)
Lottery	Pop. (M)	Instant	Pull tab	3-digit	4-digit	Lotto	Lotto	Power Ball	Mega Millions	For Life	MUSL Bloc	Keno	Other			
Arizona	6.8	542.0	5.2	9.7		25.8	17.1	93.6	45.9				10.6	750.0	\$110	
Arkansas	3.0	335.0		6.7	3.8	0.6	7.0	27.1	15.2	2.0			11.2	408.7	\$137	
California	39.1	3,915.4		140.2	28.8	287.7	145.8	372.4	404.4			206.4	23.7	5,524.9	\$141	
Colorado	5.5	377.2		8.7		29.8	19.3	72.0	31.0					538.0	\$99	
Connecticut	3.6	688.0		122.9	108.8	20.1	31.2	66.5	32.4	21.5			52.5	1,144.0	\$319	
Delaware	0.9	54.4		25.6	21.1	4.2	0.5	20.9	10.8	2.3	3.2	6.7		149.8	\$159	357.5
D.C.	0.7	32.6		43.9	55.3			11.0	6.5	2.5	3.0	9.8	47.8	212.5	\$316	
Florida	20.3	3,724.0		363.3	276.2	301.0	103.2	375.1	147.4				293.3	5,583.3	\$275	
Georgia	10.2	2,578.2		516.2	242.7	94.4	12.4	111.5	106.4			206.5	35.2	3,903.5	\$382	
Idaho	1.7	129.8	25.6	2.1		2.4	1.7	29.3	11.3	1.9	3.1		3.0	210.2	\$127	
Illinois <sup>1</sup>	12.9	1,821.6		263.8	223.3	107.7	150.6	133.4	119.5				17.3	2,837.3	\$221	
Indiana	6.6	759.5		33.4	32.9	43.3		86.8	35.8				49.0	1,040.7	\$157	
Iowa	3.1	212.0	16.0	7.0	3.2	4.5		52.2	18.0		11.1		0.6	324.8	\$104	
Kansas	2.9	146.3		6.1			12.7	35.3	14.7		8.6	18.2	8.2	250.0	\$86	
Kentucky	4.4	548.3		131.3	38.5	10.0	7.7	65.0	33.2	3.0		47.3	2.5	886.9	\$200	
Louisiana	4.7	202.2		51.9	41.6	26.8		86.6	32.5				10.7	452.5	\$97	
Maine	1.3	199.5		5.1	4.0	10.9	1.4	18.8	6.2	4.7	2.2		0.2	253.1	\$190	
Maryland	6.0	546.1		240.9	277.0	34.5	21.3	89.5	82.0			303.0	162.7	1,757.0	\$293	681.8
Massachusetts	6.8	3,522.4			322.8	21.2	75.1	101.9	78.6	27.5		850.5	5.7	5,005.7	\$737	
Michigan	9.9	1,013.2	32.9	344.6	398.3	53.9	56.1	109.5	120.5	15.6		590.8	36.5	2,771.9	\$279	
Minnesota	5.5	375.2		14.6		21.8	9.5	66.6	21.0	5.0	18.1		14.9	546.9	\$100	
Missouri	6.1	745.5		70.5	44.7	20.7	30.4	81.6	34.9	3.7		58.4	8.0	1,098.3	\$181	
Montana	1.0	17.5				1.6	4.4	12.5	4.0	1.8	3.2		7.2	52.3	\$51	
Nebraska	1.9	91.9		4.4		12.0	1.7	35.6	12.4				2.0	160.0	\$84	
N. Hampshire	1.3	208.9		5.2	4.7	7.4	4.6	28.7	12.5	5.3	3.4		0.3	281.1	\$211	
New Jersey	9.0	1,709.1		437.8	271.8	57.6	148.4	165.4	162.5	71.4			3.3	3,027.3	\$338	
New Mexico	2.1	80.0		4.6			6.2	27.7	11.2		6.0		1.3	137.0	\$66	
New York	19.8	3,760.1		870.5	852.0	84.0	239.0	304.5	287.8	120.3		693.8	38.9	7,251.0	\$366	1,905.3
N. Carolina	10.0	1,294.0		278.1	122.9	19.5	64.9	130.1	61.3				1.4	1,972.2	\$196	
N. Dakota <sup>1</sup>	0.8					4.2	1.6	12.3	5.7		3.2			27.0	\$36	
Ohio	11.6	1,551.0		338.0	192.8	31.0	62.6	105.1	113.3			329.5	168.8	2,892.0	\$249	437.6
Oklahoma	3.9	81.6		5.3			4.2	46.5	22.1		9.9		2.0	171.6	\$44	
Oregon	4.0	119.6			1.4	33.3	4.1	37.1	20.5			93.0	9.3	318.3	\$79	798.6
Pennsylvania	12.8	2,591.6		310.9	234.8	68.0	136.2	239.8	124.9	11.3			102.0	3,819.6	\$298	
Rhode Island	1.1	90.5			24.2	3.7		26.0	11.5	5.5		80.5	1.2	243.1	\$230	516.3
S. Carolina	4.9	1,002.5		163.0	84.9	20.0		80.0	42.2	9.0				1,401.7	\$286	
South Dakota	0.9	25.8				2.2	2.0	13.5	3.9		3.5		0.2	51.2	\$60	199.1
Tennessee	6.6	1,113.3		58.9	33.4		21.1	87.8	39.2		15.3			1,368.9	\$207	
Texas	27.5	3,481.4		256.8	91.6	143.0	50.2	227.0	184.0				95.7	4,529.7	\$165	
Vermont	0.6	85.5		1.4	1.2	3.8	0.8	8.2	3.7	1.9			5.4	111.8	\$179	
Virginia	8.4	1,018.5		272.3	268.6	12.3	29.9	94.3	96.6	3.8			47.6	1,843.9	\$220	
Washington	7.2	404.1		16.9		44.8	23.4	47.6	44.8			5.8	12.9	600.3	\$84	
West Virginia	1.8	103.3		8.1	4.8		5.2	34.1	13.6		5.7	5.1		180.0	\$98	935.1
Wisconsin <sup>1</sup>	5.8	356.2	1.1	24.1	12.7	25.2	24.3	70.9	26.9				33.0	574.5	\$100	
Wyoming	0.6					3.5		9.1	4.9					17.5	\$30	
<b>Total</b>	<b>305.5</b>	<b>41,654.7</b>	<b>80.7</b>	<b>5,464.9</b>	<b>4,325.3</b>	<b>1,698.8</b>	<b>1,537.9</b>	<b>3,950.6</b>	<b>2,717.9</b>		<b>99.7</b>	<b>3,505.2</b>	<b>1,326.2</b>	<b>66,682.0</b>	<b>\$218</b>	<b>5,831.3</b>
<b>% of total</b>		<b>62.5%</b>	<b>0.1%</b>	<b>8.2%</b>	<b>6.5%</b>	<b>2.5%</b>	<b>2.3%</b>	<b>5.9%</b>	<b>4.1%</b>		<b>0.1%</b>	<b>5.3%</b>	<b>2.0%</b>	<b>99.5%</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) <sup>1</sup>Unaudited

Source: La Fleur's 2016 World Lottery Almanac (Copyright 2016)



## FY15 U.S. Lottery Sales, Prizes & Government Transfers Measured by GDP\*

Lottery	2015 Pop. <sup>1</sup> (Mil)	2014 Gross Domestic Product <sup>2</sup> (Mil)	(in \$millions)					PC		Ticket Sales as % of GDP	Gov't Transfers as % of GDP <sup>7</sup>
			Traditional Ticket Sales <sup>3</sup> (Mil)	VLT (net) (Mil)	Gaming (net) (Mil)	Prizes <sup>4</sup> (Mil)	Gov't Transfers <sup>5</sup> (Mil)	Sales	Gov't		
Arizona	6.8	260,799	750.0			486.6	176.0	\$110	\$26	0.288%	0.067%
Arkansas	3.0	110,746	408.7			280.5	72.8	\$137	\$24	0.369%	0.066%
California	39.1	2,113,280	5,524.9			3,501.7	1,364.5	\$141	\$35	0.261%	0.065%
Colorado	5.5	279,650	538.0			331.5	128.0	\$99	\$23	0.192%	0.046%
Connecticut	3.6	232,620	1,144.0			707.7	324.4	\$319	\$90	0.492%	0.139%
Delaware <sup>4,5</sup>	0.9	56,652	149.8	357.5	51.5	109.0	244.0	\$159	\$258	0.264%	0.431%
D.C.	0.7	105,018	212.5			115.3	55.6	\$316	\$83	0.202%	0.053%
Florida	20.3	769,662	5,583.3			3,627.9	1,496.4	\$275	\$74	0.725%	0.194%
Georgia	10.2	435,511	3,903.5			2,528.9	980.5	\$382	\$96	0.896%	0.225%
Idaho	1.7	57,591	210.2			136.8	45.1	\$127	\$27	0.365%	0.078%
Illinois <sup>6</sup>	12.9	680,448	2,837.8			1,823.6	743.9	\$221	\$58	0.417%	0.109%
Indiana	6.6	289,346	1,040.7			671.0	242.7	\$157	\$37	0.360%	0.084%
Iowa	3.1	152,482	324.8			196.9	74.5	\$104	\$24	0.213%	0.049%
Kansas	2.9	132,904	250.0		365.0	144.9	162.2	\$86	\$56	0.188%	0.122%
Kentucky	4.4	171,850	886.9			556.3	236.1	\$200	\$53	0.516%	0.137%
Louisiana	4.7	215,968	452.5			219.2	184.8	\$97	\$40	0.210%	0.086%
Maine	1.3	50,979	253.1			165.2	54.7	\$190	\$41	0.496%	0.107%
Maryland <sup>4,5</sup>	6.0	321,288	1,760.9	681.8	356.4	1,051.5	1,026.2	\$293	\$171	0.548%	0.319%
Massachusetts	6.8	424,991	5,005.7			3,641.3	985.9	\$737	\$145	1.178%	0.232%
Michigan	9.9	417,306	2,771.9			1,665.5	799.4	\$279	\$81	0.664%	0.192%
Minnesota	5.5	288,145	546.9			335.2	135.5	\$100	\$25	0.190%	0.047%
Missouri	6.1	259,847	1,127.4			755.4	271.3	\$185	\$45	0.434%	0.104%
Montana	1.0	39,448	52.3			29.3	12.4	\$51	\$12	0.133%	0.031%
Nebraska	1.9	99,200	160.0			94.7	37.1	\$84	\$20	0.161%	0.037%
N. Hampshire	1.3	66,276	281.1			176.4	74.3	\$211	\$56	0.424%	0.112%
New Jersey	9.0	504,159	3,027.3			1,825.2	960.0	\$338	\$107	0.600%	0.190%
New Mexico	2.1	83,592	137.0			75.6	41.1	\$66	\$20	0.164%	0.049%
New York <sup>4,5</sup>	19.8	1,279,921	7,251.0	1,905.3		4,396.9	3,110.6	\$366	\$157	0.567%	0.243%
N. Carolina	10.0	440,333	1,972.2			1,231.2	527.4	\$196	\$53	0.448%	0.120%
N. Dakota <sup>6</sup>	0.8	48,233	27.0			14.0	6.7	\$36	\$9	0.056%	0.014%
Ohio <sup>4,5</sup>	11.6	532,018	3,665.0	437.6		1,875.3	1,095.0	\$316	\$94	0.689%	0.206%
Oklahoma	3.9	162,377	171.6			87.8	60.9	\$44	\$16	0.106%	0.037%
Oregon <sup>4,5</sup>	4.0	203,788	318.3	798.6		211.4	547.8	\$79	\$136	0.156%	0.269%
Pennsylvania	12.8	609,141	3,819.6			2,411.7	1,060.9	\$298	\$83	0.627%	0.174%
R. Island <sup>4,5</sup>	1.1	50,544	243.1	516.3	106.6	147.4	381.9	\$230	\$362	0.481%	0.756%
S. Carolina	4.9	174,573	1,401.7			924.1	343.5	\$286	\$70	0.803%	0.197%
S. Dakota <sup>4,5</sup>	0.9	39,833	51.2	199.1		29.7	112.1	\$60	\$131	0.128%	0.281%
Tennessee	6.6	275,826	1,368.5			881.1	347.8	\$207	\$53	0.496%	0.126%
Texas	27.5	1,467,342	4,529.7			2,858.3	1,242.7	\$165	\$45	0.309%	0.085%
Vermont	0.6	27,164	111.8			72.7	22.8	\$179	\$36	0.411%	0.084%
Virginia	8.4	427,451	1,843.9			1,116.6	533.8	\$220	\$64	0.431%	0.125%
Washington	7.2	390,489	600.3			365.9	141.3	\$84	\$20	0.154%	0.036%
W. Virginia <sup>4,5</sup>	1.8	68,035	180.0	935.1	46.9	106.5	527.4	\$98	\$286	0.265%	0.775%
Wisconsin <sup>6</sup>	5.8	268,677	574.6			342.4	167.6	\$100	\$29	0.214%	0.062%
Wyoming	0.6	37,566	17.5			9.7		\$30		0.047%	
<b>Total</b>	<b>305.5</b>	<b>15,123,069</b>	<b>67,488.0</b>	<b>5,831.3</b>	<b>926.5</b>	<b>42,335.9</b>	<b>21,159.3</b>	<b>\$221</b>	<b>\$69</b>	<b>0.446%</b>	<b>0.140%</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

<sup>5</sup> Includes government transfers for VLT operations; <sup>6</sup> Unaudited

Note: If a lottery's operating statement did not include government transfers, then net income is reported.

Source: La Fleur's 2016 World Lottery Almanac (Copyright 2016)

LOUISIANA LOTTERY CORPORATION  
STATE OF LOUISIANA  
(Unaudited)  
Schedule of Capital Asset Information  
Fiscal Year Ending June 30 for the Years Shown

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<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	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	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	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	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	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	2,480
767 Shreveport - Barksdale Highway Shreveport 71105	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
<b>Fleet of owned vehicles</b>										
Cars - security department	5	5	5	3	4	4	4	5	6	6
Passenger vans - sales representatives	47	53	43	42	47	38	45	41	43	39
Trucks	2	2	2	2	3	3	4	4	4	7
Promotional trailers	3	3	3	3	3	3	3	3	3	3
	<u>57</u>	<u>63</u>	<u>53</u>	<u>50</u>	<u>57</u>	<u>48</u>	<u>56</u>	<u>53</u>	<u>56</u>	<u>55</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

September 15, 2016

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*

Independent Auditor's Report

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

We have audited, in accordance with the 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, the financial statements of the Louisiana Lottery Corporation (Corporation), a component unit of the state of Louisiana, as of and for the years ended June 30, 2016, and June 30, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 15, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audits of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose. 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

KS:BF:BQD:EFS:aa

LLC 2016