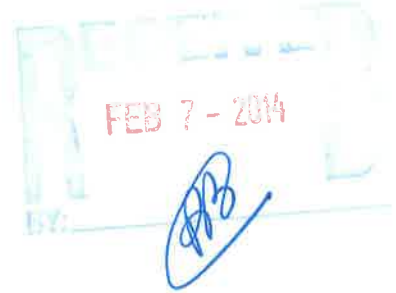




February 7, 2014

The Honorable James Fannin, Chairman
Joint Legislative Committee on the Budget
State Capitol, 11th Floor, Room 1116
Baton Rouge, LA 70804



Dear Representative Fannin:

L.S.A.-R.S. 47:9010 (A) (7) states that not later than thirty days before the beginning of each regular session of the legislature, the president of the Louisiana Lottery Corporation shall submit the proposed annual budget of the corporation and the projected net proceeds to the Joint Legislative Committee on the Budget for review and approval.

Please find enclosed five (5) copies of the Louisiana Lottery Corporation's 2014/2015 fiscal year budget that was approved by the Corporation's Board of Directors at their February 07, 2014, meeting.

The attached document contains a brief message outlining the budget process including a summary of the projections for the fiscal year 2014/2015. The budget is presented in an income statement format followed by the supporting schedules. A narrative explanation of the budget line items completes the package.

The Louisiana Lottery Corporation continues to strive to adhere to our mission statement to generate maximum revenues for the State of Louisiana while upholding the highest standards of integrity and public trust. Since the Lottery's inception in September 1991 through our projections for the fiscal year ending June 30, 2014 total revenue will exceed \$8.076 billion and the related transfers to the state will surpass \$2.70 billion.

Projections for the fiscal year ending June 30, 2015, include total revenue of \$427.11 million and transfers to the state of \$149.49 million.

If you have any questions, please contact me at 225-297-2004.

Sincerely,


Rose J. Hudson, President

Enclosures

**LOUISIANA LOTTERY CORPORATION
Resolution Summary**

RESOLUTION NO.: 2014-02-07-1

PROPOSED BY: Vice Chairman Kim Carver

SECONDED BY: Director Lisa Reardon

ACTION TAKEN: Approved

VOTING FOR: Chairman John Fitzpatrick, Vice Chairman Kim Carver, Secretary J. T. Taylor; Directors: Verge Ausberry, Roy Robichaux, Lisa Reardon (6)

VOTING AGAINST: None (0)

NOT VOTING: None (0)

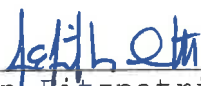
ABSTAINING: None (0)

ABSENT: Directors: Larry Katz, Heather Doss (2)



CERTIFICATE

The attached Recitals and Resolutions, and the foregoing information on this page, are certified to be truly and correctly reflective of actions of the Board of Directors of the Louisiana Lottery Corporation on February 07, 2014.



John Fitzpatrick
Chairman of the Board
of Directors

LOUISIANA LOTTERY CORPORATION

Resolution No. 2014-02-07-1

A. RECITALS

1. Section 9010(A)(7) of the Louisiana Lottery Corporation Law requires the President of the Louisiana Lottery Corporation (the "Corporation") to submit not later than thirty days before the beginning of the 2014 Regular Session of the legislature, a proposed annual budget to the Joint Legislative Committee on the Budget for review and approval.

2. The President, with the assistance of staff, has prepared a proposed 2014-2015 Fiscal Year Budget and recommends the budget for approval by the Board of Directors of the Corporation.

3. The Finance Committee has reviewed the proposed 2014-2015 Fiscal Year Budget.

4. The Board of Directors of the Corporation has reviewed the proposed 2014-2015 Fiscal Year Budget, and wishes to approve the proposed budget.

B. RESOLUTIONS

NOW, THEREFORE, BE IT RESOLVED, that, in accordance with the authority vested in the Board of Directors by Section 9007(1) of the Louisiana Lottery Corporation Law, the Board of Directors hereby approves the 2014-2015 Fiscal Year Budget, recommended by the President of the Corporation.

FURTHER RESOLVED, that the President submit the approved 2014-2015 Fiscal Year Budget, to the Joint Legislative Committee on the Budget not later than thirty days before the beginning of the 2014 Regular Session of the legislature in compliance with the provisions of Section 9010(A)(7) of the Louisiana Lottery Corporation Law.

CERTIFICATE


I, John Fitzpatrick, Chairman of the Board of the Louisiana Lottery Corporation, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of said Corporation at a meeting duly called, noticed and held on February 07, 2014, and filed with the minutes of the meeting of said Board of Directors; and further certify that the said resolution has not been amended, rescinded or annulled and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto affixed my signature on February 7, 2014.



John Fitzpatrick
Chairman of the Board

ATTEST:



Rose J. Hudson, President



LOUISIANA LOTTERY CORPORATION

FINANCIAL PLAN

FOR THE FISCAL YEAR ENDING JUNE 30, 2015



February 7, 2014

Board of Directors, Louisiana Lottery Corporation
Joint Legislative Committee on the Budget, Louisiana Legislature

Budget Message

The mission of the Louisiana Lottery Corporation as defined by statute is to offer the best possible lottery games in order to maximize revenue to the state while insuring the integrity of the lottery, the dignity of the state, and the general welfare of its citizens. Every year during the budgeting process, the Lottery renews its commitment to this mission. The financial plan for the fiscal year ending (FYE) June 30, 2015 reflects this commitment.

Total revenue for the current fiscal year is projected at \$432.0 million and is budgeted for the 2015 fiscal year at \$427.1 million. These estimates result in projected transfers to the state for FYE June 30, 2014 of \$151.2 million and budgeted transfers of \$149.5 million for FYE June 30, 2015. Revenue and transfers are estimated at conservative levels for the budget year because of the uncertainty of sales trends for the multi-state Powerball and Mega Millions games. The frequency and size of larger jackpots for these games cannot be predicted for future years.

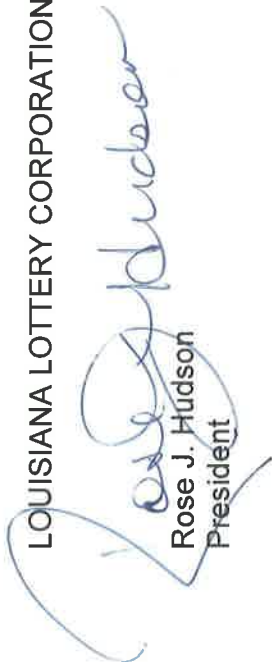
Our operating budget is focused on the funding of prize structures for our games, providing steady and adequate compensation to our retailers, supporting our games and our retailers through advertising and marketing programs, operating efficiently, maintaining salaries and benefits for our employees, and providing training and professional development for our workforce.

The estimated revenue, expenses, and 35% transfer to the state result in a balanced budget for your review and approval.

We have prepared a comprehensive package with financial comparisons and narrative explanations. The sections of our plan are listed in the table of contents. We are committed to providing thorough and relevant financial information to be used in the budget decision-making process. Should additional information or explanations become necessary please feel free to contact us.

Respectfully submitted,

LOUISIANA LOTTERY CORPORATION

A large, stylized handwritten signature in blue ink, appearing to read "Rose J. Hudson".

Rose J. Hudson
President

**LOUISIANA LOTTERY CORPORATION
FINANCIAL PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

TABLE OF CONTENTS

Income Statement	1
Summary of Means of Financing, Expenditures and Fund Balance	5
Specified Uses of Retained Earnings (Fund Balance)	8
Schedule of Salaries and Benefits	9
Schedule of Operating Expenses	10
Schedule of Other Charges	13
Compensation of Board Members	14
Detail of Professional Service Contracts	15
Schedule of Acquisitions	16
Personnel Table	18
Budget Explanations	24
Summary of Capital Expenditure Requests	33

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Revenue							
Ticket Sales							
Ticket Sales-Instant	\$163,108,984	36.46%	\$170,000,000	39.35%	\$174,000,000	40.74%	\$4,000,000
Ticket Sales-Online							
Jackpot Games							
Powerball	129,940,266	29.05%	100,000,000	23.15%	100,000,000	23.41%	0
Mega Millions	28,232,497	6.31%	35,000,000	8.10%	27,500,000	6.44%	(7,500,000)
Lotto	25,564,558	5.71%	26,500,000	6.13%	25,000,000	5.85%	(1,500,000)
Easy 5	11,607,069	2.59%	11,000,000	2.55%	11,000,000	2.58%	0
Daily Games							
Pick 3	49,509,325	11.07%	48,750,000	11.28%	48,750,000	11.41%	0
Pick 4	39,457,197	8.82%	38,750,000	8.97%	38,750,000	9.07%	0
Total Ticket Sales-Online	284,310,912	63.56%	260,000,000	60.18%	251,000,000	58.77%	(9,000,000)
Total Ticket Sales	447,419,896	100.02%	430,000,000	99.53%	425,000,000	99.51%	(5,000,000)
Other Revenue							
Interest Income	2,093,533	0.47%	2,030,000	0.47%	2,100,000	0.49%	70,000
Net (Decr.) Incr. In Fair Value	(2,191,737)	-0.49%	0	0.00%	0	0.00%	0
Retailer License Fees	6,725	0.00%	10,000	0.00%	10,000	0.00%	0
Retailer Security Deposits	2,690	0.00%	0	0.00%	0	0.00%	0
Miscellaneous Revenue	35	0.00%	0	0.00%	0	0.00%	0
Gain-Asset Disposals	36	0.00%	0	0.00%	0	0.00%	0
Total Other Revenue	(88,718)	-0.02%	2,040,000	0.47%	2,110,000	0.49%	70,000
Total Revenue	\$447,331,178	100.00%	\$432,040,000	100.00%	\$427,110,000	100.00%	(\$4,930,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

Expenses	6/30/2013	% of Revenue	Projected 6/30/2014	% of Revenue	Budgeted 6/30/2015	% of Revenue	*Variance Increase (Decrease)
Prize Expenses							
Prize Expense-Instant	\$93,650,084	20.94%	\$96,900,000	22.43%	\$99,267,000	23.24%	\$2,367,000
Prize Expense-Online	142,509,130	31.86%	131,350,000	30.40%	126,798,000	29.69%	(4,552,000)
Total Prize Expense	236,159,214	52.79%	228,250,000	52.83%	226,065,000	52.93%	(2,185,000)
Retailer Compensation	24,786,537	5.54%	24,123,000	5.58%	23,843,000	5.58%	(280,000)
Operating Expenses							
Direct Expenses							
Lottery System Vendor Fees	5,500,589	1.23%	4,772,000	1.10%	4,597,000	1.08%	(175,000)
Cost of Instant Tickets	2,131,519	0.48%	2,266,000	0.52%	2,339,000	0.55%	73,000
Courier Service	633,726	0.14%	714,000	0.17%	731,000	0.17%	17,000
Total Direct Expenses	\$8,265,834	1.85%	\$7,752,000	1.79%	\$7,667,000	1.80%	(\$85,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
General Operating Expenses							
Advertising	\$7,222,707	1.61%	\$7,500,000	1.74%	\$7,500,000	1.76%	\$0
Contract Labor	256,369	0.06%	230,000	0.05%	230,000	0.05%	0
Depreciation	440,049	0.10%	475,000	0.11%	529,000	0.12%	54,000
Equipment Lease	48,388	0.01%	49,000	0.01%	59,000	0.01%	10,000
Insurance	500,101	0.11%	550,000	0.13%	600,000	0.14%	50,000
Postage	60,550	0.01%	75,000	0.02%	75,000	0.02%	0
Professional Fees (page 15)	485,028	0.11%	424,000	0.10%	412,000	0.10%	(12,000)
Rent	228,442	0.05%	228,000	0.05%	230,000	0.05%	2,000
Repairs & Maintenance	378,830	0.08%	440,000	0.10%	455,000	0.11%	15,000
Salaries and Benefits (page 9)	6,559,399	1.47%	7,192,000	1.66%	7,842,000	1.84%	650,000
Supplies (page 12)	400,313	0.09%	577,000	0.13%	592,000	0.14%	15,000
Communications Network	147,479	0.03%	155,000	0.04%	210,000	0.05%	55,000
Telephone	197,883	0.04%	223,000	0.05%	189,000	0.04%	(34,000)
Travel (page 10)	95,918	0.02%	120,000	0.03%	120,000	0.03%	0
Uncollectible Accounts	49,272	0.01%	50,000	0.01%	50,000	0.01%	0
Utilities	151,944	0.03%	200,000	0.05%	200,000	0.05%	0
Other General & Admin. (page 4)	954,304	0.21%	737,000	0.17%	753,000	0.18%	16,000
Total Gen Operating Expenses	18,176,976	4.06%	19,225,000	4.45%	20,046,000	4.69%	821,000
Total All Operating Expenses	26,442,810	5.91%	26,977,000	6.24%	27,713,000	6.49%	736,000
Net Income	159,942,617	35.75%	152,690,000	35.34%	149,489,000	35.00%	(3,201,000)
Transfers to Lottery Proceeds Fund	160,214,975	35.82%	151,214,000	35.00%	149,489,000	35.00%	(1,725,000)
(Decrease) Increase in Retained Earnings	(\$272,358)	-0.06%	\$1,476,000	0.34%	\$0	0.00%	(\$1,476,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Other General & Administrative Supporting Detail							
Bank Charges	\$141,600	0.03%	\$143,000	0.03%	\$148,000	0.03%	\$5,000
Dues & Subscriptions	48,177	0.01%	60,000	0.01%	60,000	0.01%	0
Freight	6,533	0.00%	7,000	0.00%	7,000	0.00%	0
Recruiting	7,418	0.00%	5,000	0.00%	5,000	0.00%	0
Employee Training	4,599	0.00%	50,000	0.01%	50,000	0.01%	0
Seminars	39,938	0.01%	50,000	0.01%	50,000	0.01%	0
Services Purchased	704,969	0.16%	422,000	0.10%	433,000	0.10%	11,000
Taxes & Licenses	1,070	0.00%	0	0.00%	0	0.00%	0
Total Other Gen. & Admin.	\$954,304	0.21%	\$737,000	0.17%	\$753,000	0.18%	\$16,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
MEANS OF FINANCING				
State General Fund (Direct)				
State General Fund By:				
Fees & Self-Generated Revenues:				
1) Licenses	\$9,415	\$10,000	\$10,000	\$0
2) Sales of Goods and Services	447,419,896	430,000,000	425,000,000	(5,000,000)
3) Other (Penalties and Misc. Revenue)	35	0	0	0
4) Investment Income (Expense)	(98,204)	2,030,000	2,100,000	70,000
5) Gain on Disposal of Assets	36	0	0	0
Total Means of Financing	\$447,331,178	\$432,040,000	\$427,110,000	(\$4,930,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
EXPENDITURES (ACCRUAL BASIS)				
Salaries and Benefits: (page 9)				
Salaries	\$5,102,916	\$5,628,444	\$6,051,544	\$423,100
Related Benefits	1,456,483	1,563,556	1,790,456	226,900
Total Salaries and Benefits	6,559,399	7,192,000	7,842,000	650,000
Contract Labor-Board Members' Compensation (page 14)	130,000	130,000	145,000	15,000
Operating Expenses:				
Travel (page 10)	95,918	120,000	120,000	0
Operating Services (page 11)	18,772,151	18,534,000	18,602,000	68,000
Supplies (page 12)	400,313	577,000	592,000	15,000
Total Operating Expenses	19,268,382	19,231,000	19,314,000	83,000
Professional Services: (page 15)				
Accounting	235,244	245,000	245,000	0
Research and Management Consulting	26,000	50,000	50,000	0
Legal	103,621	113,000	113,000	0
Other	120,163	16,000	4,000	(12,000)
Total Professional Services	485,028	424,000	412,000	(12,000)
Other Charges: (page 13)				
Prize Expense and Retailer Compensation	260,945,752	252,373,000	249,908,000	(2,465,000)
TOTAL EXPENDITURES (ACCRUAL BASIS)	\$287,388,561	\$279,350,000	\$277,621,000	(\$1,729,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
Net Income	\$159,942,617	\$152,690,000	\$149,489,000	(\$3,201,000)
Less Transfers to Lottery Proceeds Fund (1)	160,214,975	151,214,000	149,489,000	(1,725,000)
Fund Balance at Beginning of Year	22,769,379	22,497,021	23,973,021	1,476,000
Fund Balance at End of Year	<u>22,497,021</u>	<u>23,973,021</u>	<u>23,973,021</u>	<u>0</u>
Reservations of Fund Balance (page 8)	\$22,497,021	\$23,973,021	\$23,973,021	\$0
Nonaccrual Charges				
Capital Expenditures (page 16)	311,209	537,000	633,000	96,000
Total Nonaccrual Charges	<u>\$311,209</u>	<u>\$537,000</u>	<u>\$633,000</u>	<u>\$96,000</u>

(1) Transfer for 6/30/13 includes \$3,650,000 above the 35% of gross revenues statutory requirement.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Specified Uses of Retained Earnings (Fund Balance)
For the Fiscal Years Ending as Shown

	06/30/2013	Projected 06/30/2014
Specified Uses of Retained Earnings:		
Land	\$1,542,415	\$1,542,000
Buildings (Net of Accumulated Depreciation)	2,772,181	2,667,000
Other Capital Assets (Net of Accumulated Depreciation)	645,477	820,000
New Capital Expenditure Purchases	537,000	633,000
Retailer Security Deposits	174,540	177,000
Deposits	13,760	15,000
Litigation and Prize Reserve	7,700,000	7,700,000
Capital Asset Replacement Reserve	6,500,000	6,500,000
New Game Development, Retailer Incentives, and Future Expenditures	2,600,000	2,600,000
Unallocated Balance*	11,648	1,319,021
Total Retained Earnings	\$22,497,021	\$23,973,021

* At June 30, 2014 the Corporation will determine if surplus funds are available for transfer to the state. Actual revenue and expenses for the remainder of the fiscal year will be considered in this determination.

**Louisiana Lottery Corporation
Schedule of Salaries and Benefits
For the Fiscal Years Ending as Shown**

	6/30/2013	% of Salaries	Projected 6/30/2014	% of Salaries	Budgeted 6/30/2015	% of Salaries	*Variance Increase (Decrease)
Employees-Permanent Positions (page 18)	123		123		123		0
Salaries at Full Employment	\$5,509,042		\$5,852,425		\$6,086,522		\$234,097
Turnover and Open Positions	(485,303)		(303,821)		(122,978)		180,843
Overtime Wages	4,589		4,840		13,000		8,160
Deputies for Drawings Security	74,588		75,000		75,000		0
Total Salaries	5,102,916		5,628,444		6,051,544		423,100
State Retirement Contributions	8,535	0.17%	0	0.00%	0	0.00%	0
Supplemental Retirement Plan Expense	312,144	6.12%	242,078	4.30%	260,196	4.30%	18,118
Basic Retirement Plan Expense	245,615	4.81%	272,360	4.84%	292,100	4.83%	19,740
457(b) Retirement Plan Expense	109,698	2.15%	167,133	2.97%	199,716	3.30%	32,583
Vacation Expense Accruals	(27,111)	(0.53%)	0	0.00%	0	0.00%	0
Medicare Tax	72,073	1.41%	78,730	1.40%	84,714	1.40%	5,984
State Unemployment Tax	16,619	0.33%	17,630	0.31%	18,758	0.31%	1,128
Insurance-Health, Dental, Life	684,471	13.41%	747,447	13.28%	893,824	14.77%	146,377
Insurance-Disability	34,438	0.67%	38,178	0.68%	41,148	0.68%	2,970
Total Benefits	1,456,482	28.54%	1,563,556	27.78%	1,790,456	29.59%	226,900
Total Salaries and Benefits	\$6,559,398		\$7,192,000		\$7,842,000		\$650,000
Compensation of Board Members (page 14)	\$130,000		\$130,000		\$145,000		\$15,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown

	<u>06/30/2013</u>	<u>Projected 06/30/2014</u>	<u>Budgeted 06/30/2015</u>	<u>*Variance Increase (Decrease)</u>
Travel				
In-State:				
Administrative	\$1,407	\$1,764	\$1,764	\$0
Conference and Conventions	2,209	2,760	2,760	0
Field Travel	26,211	32,796	32,796	0
Board Members	1,954	2,448	2,448	0
Total In-State	31,781	39,768	39,768	0
Out-of-State:				
Conference and Conventions	56,127	70,224	70,224	0
Total Out-of-State	56,127	70,224	70,224	0
Total Mileage Reimbursement	8,010	10,008	10,008	0
Total Travel	<u>\$95,918</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$0</u>

The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown

	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
Operating Services				
Direct Expenses ***				
Lottery System Vendor Fees	\$5,500,589	\$4,772,000	\$4,597,000	(\$175,000)
Cost of Instant Tickets	2,131,519	2,266,000	2,339,000	73,000
Courier Service	633,726	714,000	731,000	17,000
Total Direct Expenses	8,265,834	7,752,000	7,667,000	(85,000)
General Operating Expenses				
Advertising	7,222,707	7,500,000	7,500,000	0
Contract Labor	126,369	100,000	85,000	(15,000)
Depreciation	440,049	475,000	529,000	54,000
Equipment Lease	48,388	49,000	59,000	10,000
Insurance	500,101	550,000	600,000	50,000
Postage	60,550	75,000	75,000	0
Rent	228,442	228,000	230,000	2,000
Repairs & Maintenance	378,830	440,000	455,000	15,000
Communications Network	147,479	155,000	210,000	55,000
Telephone	197,883	223,000	189,000	(34,000)
Uncollectible Accounts	49,272	50,000	50,000	0
Utilities	151,944	200,000	200,000	0
Bank Charges	141,600	143,000	148,000	5,000
Dues & Subscriptions	48,177	60,000	60,000	0
Freight	6,533	7,000	7,000	0
Recruiting	7,418	5,000	5,000	0
Employee Training	4,599	50,000	50,000	0
Seminars	39,938	50,000	50,000	0
Services Purchased	704,969	422,000	433,000	11,000
Taxes & Licenses	1,070	0	0	0
Total Gen Operating Exp.	10,506,318	10,782,000	10,935,000	153,000
Total All Operating Services	\$18,772,152	\$18,534,000	\$18,602,000	\$68,000

*** These variable expenses fluctuate directly with lottery ticket sales.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown

Supplies	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
Printing	\$3,690	\$5,000	\$5,000	\$0
Office Supplies	26,135	35,000	35,000	0
Automotive Supplies	130,548	150,000	165,000	15,000
Instant Game Supplies- Dispensers and Delivery Bags	118,706	270,000	270,000	0
Online Game Supplies- Play Centers	79,509	50,000	50,000	0
Other Supplies	41,725	67,000	67,000	0
Total Supplies	\$400,313	\$577,000	\$592,000	\$15,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Schedule of Other Charges
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
Other Charges				
Prize Expense	\$236,159,214	\$228,250,000	\$226,065,000	(\$2,185,000)
Retailer Compensation	<u>24,786,537</u>	<u>24,123,000</u>	<u>23,843,000</u>	<u>(280,000)</u>
Total Other Charges ***	<u>\$260,945,751</u>	<u>\$252,373,000</u>	<u>\$249,908,000</u>	<u>(\$2,465,000)</u>

*** These variable expenses fluctuate directly with lottery ticket sales.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

**Louisiana Lottery Corporation
Compensation of Board Members
For the Fiscal Years Ending as Shown**

<u>Name of Member</u>	<u>Statutory Authority For Payment</u>	<u>Authorized Per Diem Rate Per Meeting</u>	<u>What Other Expenses Are Paid With The Exception of Travel (Itemize Type and Amount)</u>	<u>06/30/13</u>	<u>Projected 06/30/14</u>	<u>Budgeted 06/30/15</u>	<u>*Variance Increase (Decrease)</u>
<u>Current Board Members:</u>							
Verge Ausberry Jr. (Chairman through June 27, 2013)	R.S. 47:9004(D)	N/A	Annual Salary 15,000	\$24,917	\$15,000	\$15,000	0
Christopher K. Carver	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Heather L. Doss	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
John Fitzpatrick (Chairman effective June 28, 2013)	R.S. 47:9004(D)	N/A	Annual Salary 25,000	15,083	25,000	25,000	0
Larry Katz	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Lisa Reardon	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Roy Robichaux	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
James Taylor	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
To be Determined				0	0	15,000	15,000
Total Compensation				\$130,000	\$130,000	\$145,000	\$15,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
Detail of Professional Service Contracts
For the Fiscal Years Ending as Shown

<u>Contractor - Purpose of Contract</u>	<u>06/30/13</u>	<u>Projected 06/30/14</u>	<u>Budgeted 06/30/15</u>	<u>*Variance Increase (Decrease)</u>
Attorney General or other agreed upon counsel				
- retainer fee (Attorney General)	\$88,875	\$89,000	\$89,000	\$0
- legal fees (Phelps Dunbar, LLP)	14,746	24,000	24,000	0
Delehantey Consulting				
- instant ticket printing audit services	4,000	4,000	4,000	0
KPMG- audit of automated drawing and raffle machines	116,163			0
NASPL Standards Institute- certification of standards		12,000		(12,000)
Office of Legislative Auditor - financial and compliance audit/ observations of on-line drawings	235,244	245,000	245,000	0
Postlethwaite and Netterville-retirement plan review	26,000			0
To be determined - business consulting services		50,000	50,000	0
Total Professional Service Contracts	\$495,028	\$424,000	\$412,000	(\$12,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
Schedule of Acquisitions
For the Fiscal Years Ending as Shown

<u>Description of Capital Expenditures</u>	<u>06/30/13</u>	<u>Projected 06/30/14</u>	<u>Budgeted 06/30/15</u>	<u>*Variance Increase (Decrease)</u>
Land and Buildings	\$1,538	\$250,000	\$250,000	\$0
Automotive	164,053	152,000	152,000	0
Office (Furniture, Fixtures & Equipment)	19,047	0	45,000	45,000
Data Processing Software & Equipment	126,571	85,000	136,000	51,000
Other		50,000	50,000	0
Total Acquisitions	\$311,209	\$537,000	\$633,000	\$96,000

Detail on page 17

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

**Louisiana Lottery Corporation
 Schedule of Acquisitions
 June 30, 2015 Financial Plan**

Automotive	
Vehicle Replacements for Field Staff	
6 Vans @ \$22,000	\$132,000
1 Car @ \$20,000	<u>20,000</u>
Total Automotive	152,000
Building and Leasehold Costs	250,000
Security System Equipment	45,000
Data Processing Software and Equipment	
Firewall Enhancements	6,000
Computer Laptop and Workstation Replacements	40,000
File Servers	40,000
File Server Disk Drives	<u>50,000</u>
Total Data Processing Software and Equipment	136,000
Other- Contingency	<u>50,000</u>
Total Budgeted Capital Acquisitions	<u><u>\$633,000</u></u>

See explanation of capital expenditure requests on page 34

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal Year Ending 6/30/2014	Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
President	Filled	215,712	8,628	224,340
Senior Vice President and Secretary-Treasurer	Filled	136,464	5,459	141,923
Senior Vice President and General Counsel	Filled	120,635	4,825	125,460
Vice President of Human Resources	Filled	117,000	4,680	121,680
Vice President of Sales	Filled	114,400	4,576	118,976
Vice President of Finance and Controller	Filled	111,941	4,478	116,419
Vice President of Information Systems	Filled	111,293	4,452	115,745
Vice President of Marketing	Filled	102,225	4,089	106,314
Vice President of Internal Audit	Filled	100,837	4,033	104,870
Vice President of Security and Compliance	Filled	99,840	3,994	103,834
Purchasing & Facilities Manager	Filled	75,357	3,014	78,371
Director of Information Technology	Filled	75,000	3,000	78,000
Director of Systems & Programming	Filled	74,998	3,000	77,998
Director of Products	Filled	74,678	2,987	77,665
Art Director	Filled	73,787	2,951	76,738
Broadcast Producer	Filled	69,278	2,771	72,049
Director of Accounting	Filled	67,600	2,704	70,304
Communications Manager	Filled	66,190	2,648	68,838
Regional Sales Manager-Lafayette	Open	64,636	2,585	67,221
Regional Sales Manager-Baton Rouge	Filled	62,831	2,513	65,344
Regional Sales Manager-Monroe	Filled	57,866	2,315	60,181
Regional Sales Manager-New Orleans	Filled	57,726	2,309	60,035
Regional Sales Manager-Alexandria	Filled	57,726	2,309	60,035
Corporate Accounts Rep	Filled	55,179	2,207	57,386

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal Year Ending 6/30/2014	Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
Billing & A/R Manager	Filled	54,984	2,199	57,183
Computer Operations Supervisor	Filled	54,878	2,195	57,073
Network Administrator	Filled	52,477	2,099	54,576
Executive Administrative Asst	Filled	52,003	2,080	54,083
Prize Payment Manager	Filled	51,917	2,077	53,994
Executive Administrative Asst	Filled	51,776	2,071	53,847
Distribution Center Manager	Filled	50,599	2,024	52,623
Senior Accountant	Filled	50,214	2,009	52,223
Corporate Accounts Rep	Open	49,887	1,995	51,882
Quality Assurance Manager	Open	49,887	1,995	51,882
Regional Trainer -Shreveport	Open	49,887	1,995	51,882
Sr. Internal Auditor	Filled	48,947	1,958	50,905
Drawing Manager	Filled	48,392	1,936	50,328
Internal Auditor	Filled	48,227	1,929	50,156
Acct & Payroll Associate	Filled	47,870	1,915	49,785
Sales Representative-Monroe	Filled	47,418	1,897	49,315
Sales Representative-Baton Rouge	Filled	45,888	1,836	47,724
Web-site manager	Filled	45,760	1,830	47,590
Sales Representative-Baton Rouge	Filled	45,203	1,808	47,011
Sales Representative-Lafayette	Filled	45,079	1,803	46,882
Marketing Coordinator	Filled	44,956	1,798	46,754
Sales Support Manager	Filled	44,630	1,785	46,415
Sales Representative-Baton Rouge	Open	43,263	1,731	44,994
Sales Representative-Lafayette	Open	43,263	1,731	44,994

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal Year Ending 6/30/2014	Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
Sales Representative-Alexandria	Open	43,263	1,731	44,994
Sales Representative-Monroe	Open	43,263	1,731	44,994
Sales Representative-New Orleans	Filled	43,242	1,730	44,972
Sales Representative-New Orleans	Filled	42,429	1,697	44,126
Sales Representative-New Orleans	Filled	42,268	1,691	43,959
Sales Representative-Alexandria	Filled	42,126	1,685	43,811
Sales Representative-Lafayette	Filled	42,109	1,684	43,793
Sr. Communication Specialist	Filled	41,600	1,664	43,264
Sales Representative-Baton Rouge	Filled	41,206	1,648	42,854
Sales Representative-Lafayette	Filled	41,206	1,648	42,854
Sales Representative-Shreveport	Filled	41,206	1,648	42,854
Sales Representative-New Orleans	Filled	40,752	1,630	42,382
Special Investigator	Filled	40,560	1,622	42,182
Sales Representative-Baton Rouge	Filled	40,503	1,620	42,123
Sales Representative-Lafayette	Filled	39,932	1,597	41,529
Tel Sell CSR	Filled	39,833	1,593	41,426
Sales Representative-Lafayette	Filled	39,657	1,586	41,243
Graphic Designer	Filled	39,520	1,581	41,101
Sales Representative-New Orleans	Filled	39,514	1,581	41,095
Sales Representative-New Orleans	Filled	39,514	1,581	41,095
Sales Representative-New Orleans	Filled	39,514	1,581	41,095
Sales Representative-Baton Rouge	Filled	39,514	1,581	41,095
Sales Representative-Lafayette	Filled	39,514	1,581	41,095
Sales Representative-Monroe	Filled	39,514	1,581	41,095

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal Year Ending 6/30/2014	Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
Sales Representative-Monroe	Filled	39,514	1,581	41,095
Sales Representative-Shreveport	Filled	39,514	1,581	41,095
Special Investigator	Filled	39,286	1,571	40,857
Sales Representative-Shreveport	Filled	39,218	1,569	40,787
Acct & Payroll Associate	Open	38,511	1,540	40,051
HR Representative	Open	38,511	1,540	40,051
IT Tech Support Assistant	Open	38,511	1,540	40,051
Sales Representative-Alexandria	Filled	38,000	1,520	39,520
Graphic Designer	Filled	37,320	1,493	38,813
Software Quality Assurance Analyst	Filled	36,522	1,461	37,983
IT Tech Support Analyst	Filled	36,464	1,459	37,923
Special Investigator	Filled	36,396	1,456	37,852
Customer Service Coordinator-Baton Rouge	Filled	35,368	1,415	36,783
Community Relations Assistant	Filled	35,360	1,414	36,774
Compliance Coordinator	Filled	35,114	1,405	36,519
Sr Retailer Licensing CSR	Filled	34,352	1,374	35,727
Tel Sell CSR	Filled	33,601	1,344	34,945
Tel Sell CSR	Filled	33,542	1,342	34,884
Billing & A/R CSR	Filled	33,460	1,338	34,798
Communications Assistant	Filled	32,205	1,288	33,493
Communications Assistant	Filled	32,205	1,288	33,493
Administrative Coordinator	Filled	32,003	1,280	33,283
Tel Sell CSR	Open	30,756	1,230	31,986
Administrative Assistant	Filled	30,416	1,217	31,633

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal Year Ending 6/30/2014	Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
Prize Payment CSR	Filled	29,518	1,181	30,699
Prize Payment CSR	Filled	28,911	1,156	30,067
Distribution Center Associate	Filled	28,385	1,135	29,520
Tel Sell CSR	Filled	28,123	1,125	29,248
Warehouse / Mail Clerk	Filled	28,122	1,125	29,247
Regional Office Assistant-Alexandria	Filled	28,111	1,124	29,235
Regional Office Asst-Shreveport	Filled	28,111	1,124	29,235
Retailer Licensing CSR	Filled	28,000	1,120	29,120
Equipment Coordinator	Filled	26,848	1,074	27,922
Regional Office Asst-New Orleans	Filled	26,499	1,060	27,559
Regional Office Asst-Monroe	Filled	25,958	1,038	26,996
Regional Office Asst-Shreveport	Filled	25,958	1,038	26,996
Business Analyst Intern	Open	25,636	1,025	26,661
Regional Office Asst-Monroe	Filled	25,489	1,020	26,509
Computer Operator	Filled	25,475	1,019	26,494
Regional Office Asst-New Orleans	Filled	25,204	1,008	26,212
Regional Office Asst-Baton Rouge	Filled	25,204	1,008	26,212
Regional Office Asst-Lafayette	Filled	25,204	1,008	26,212
Regional Office Assistant-Alexandria	Filled	25,204	1,008	26,212
Regional Office Asst-Lafayette	Filled	24,867	995	25,862
Regional Office Asst-New Orleans	Filled	24,235	969	25,204
Computer Operator	Filled	24,164	967	25,131
Warehouse / Mail Clerk	Filled	23,661	946	24,607
Warehouse / Mail Clerk	Filled	22,728	909	23,637

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled		Current Fiscal Year Ending 6/30/2014	Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
	Warehouse / Mail Clerk	Filled		22,558	902
Distribution Center Associate	Open		18,698	748	19,446
Accounting Intern	Filled		13,042	522	13,563
Total	123		\$5,852,425	\$234,097	\$6,086,522

*Performance increases will be awarded in accordance with the Lottery's Salary Administration Program

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Sales

Sales are budgeted at \$425 million for the fiscal year ending (FYE) June 30, 2015.

Instant ticket sales are expected to increase by at least 2% in the budget year. A gradual increase in prize payouts and enhanced inventory management during the past several years had positive results. We plan to continue these strategies in the 2015 budget year.

The multi-state jackpot-driven games offered in Louisiana are Powerball and Mega Millions. Powerball was first introduced in FYE June 30, 1995 and has consistently been the top seller in the online game menu. Sales for the Mega Millions game began in November 2011 at a cost to players of \$1 per wager. The Powerball game structure was enhanced in January 2012 and the price point was increased from \$1 to \$2 per wager. Louisiana offers large jackpot games at both the \$1 and \$2 price points.

The long-term forecast for the combined sales for these two games is uncertain. Limited sales history or trends exist for this combination. Large jackpot levels cannot be expected or predicted in any given year. Therefore, the 2015 budget for both games is conservative.

Lotto and Easy 5 sales have been affected by the introduction of Mega Millions and the change in Powerball to a \$2 price point. A large Lotto jackpot caused an increase in sales for this game in the current year. However, the flat to downward trend is expected to continue for both games in the 2015 budget year.

The Pick 3 and Pick 4 daily numbers games have continued to perform well. Consistent sales performance is expected to continue for these fixed-payout games.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Other Revenue

Interest income is estimated based on projected investment balances and rate of return. The cash available for investment is projected to remain fairly constant. Funds are held by the Lottery in a commercial banking account and short-term repurchase agreement to finance daily operations. The repurchase agreement rate of return is minimal because the Federal Reserve has maintained short-term interest rates at less than .25%. The Lottery also holds a managed intermediate-term portfolio of U.S. government and agency securities. This portfolio's rate of return is in the 3.5% to 4% range.

We anticipate that rates may slightly increase because of the economic outlook. As principal and interest receipts are reinvested into the intermediate-term portfolio, the investment balance will increase and a higher market rate of return will be realized for these new purchases. Therefore, our budgeted interest income for FYE June 30, 2015 is slightly higher than the projection for the current fiscal year.

The change in the fair value of investments is recorded to comply with governmental accounting standards. Since the Lottery holds most of its investments until maturity, the market fluctuations have minimal impact on revenue received. No attempt is made to predict the market value changes for the budget year.

Instant Prize Expense

The instant prize expense budget is based on a goal of offering at least a 62.50% average prize structure to instant game players. Current and long-term projections indicate that the target funding of prizes at this 62.50% level during the budget year is approximately 57% from the operating budget and 5.50% from the unclaimed prizes pool. These prize structure and funding estimates may be adjusted during or at the end of the fiscal year because of actual financial results and

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

updated forecasts. Any adjustments could change the average prize structure percentage and the allocation of the funding of instant prize expense between the operating budget and the unclaimed prizes pool.

Online Prize Expense

Online prize expense for the Lotto and Powerball games is structured at 50% of sales. Pick 3 and Pick 4 have fixed prizes for the various levels of winnings. Budgeted prize expense for these games is based on historical averages of 50% and 52%, respectively. Actual prize expense for the year will vary depending on the number of drawings with high payouts. Prize expense will be adjusted to actual at the end of each fiscal year which may result in prize structure percentages higher or lower than the 50% and 52% included in the budget. The prize structure for Easy 5 is at 50% and at a 61% rate for the EZMatch instant win feature included with this game. The Mega Millions game currently has a 50.70% prize structure. This percentage can increase or decrease if the funding requirement for game prize reserves is changed by the participating state lotteries.

Retailer Compensation

Retailer compensation consists of a sales commission for instant and online ticket sales and various sales and prize cashing incentives. The total compensation is expected to remain at about 5.61% of total sales for the budget year.

Lottery System Vendor Fees

The lottery system vendor provides and maintains the retailer terminal network, online gaming computer system, and all related communication networks. The contractual compensation for these services is a commission of 2.9798% of online sales. In addition, the vendor provides various optional equipment and services. Total costs for these options are expected to be \$72,000 in 2014 and \$176,000 in the 2015 budget year. The vendor fees for the 2014 projection and the 2015 budget year are reflected net of a weekly communication fee charged to all retailers.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Cost of Instant Tickets

Under the terms of the instant ticket printing and related services contract, the Lottery's ticket printer is compensated at a rate of 1.215% of instant ticket sales. Licensing fees for specialty games are provided at additional costs. We have included \$200,000 and \$225,000 of these expenses in the current and budget years, respectively.

Courier Service

Courier costs include the fees charged by carriers to deliver instant game ticket packs to retailer locations. These expenses are expected to increase slightly because of higher sales volume and frequency of deliveries.

Advertising

Advertising expense includes media placement, production, point-of-sale production, publications, promotional merchandise, sports sponsorships, and special events. These costs are estimated at \$7.5 million in the current year and budget year.

Contract Labor

Contract labor includes board member salaries and the use of temporary staffing agencies. These costs are expected to remain fairly constant.

Depreciation

Depreciation expense includes the spreading of the costs of capital expenditures over the estimated useful lives of the assets. This expense is expected to increase in FYE June 30, 2015 because the cost of assets that will become fully depreciated during this year is expected to be lower than the cost of new capital purchases.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Equipment Lease

Copier, mailroom, and security system equipment lease costs are included in this item. Copier lease costs may slightly increase because of potential upgrades of functionality.

Insurance

This expense category includes premiums for business insurance. The policies purchased by the Lottery include coverage for directors and officers liability, crimes against the corporation, retirement plan fiduciary liability, standard automobile liability, general liability, worker's compensation claims, and property. The insurance markets are very unpredictable and increases in premiums are usually driven by claims of the insured, losses incurred by the carriers because of catastrophic events, and the carrier's investment returns. Because we cannot predict these events or other factors that can potentially affect our insurance costs, the budget for FYE June 30, 2015 includes an estimated 10% increase in premiums for all policy renewals.

Postage

This line item includes all postage meter rates for routine business mailings and bulk mailings to retailers and players. Postage should remain at approximately \$75,000 in the budget year.

Professional Fees

These costs include legal fees, financial and compliance audit fees, and other professional service expenses. Explanations of these contractual costs are as follows:

- Legal fees are expected to remain consistent in the projected and budgeted years.
- Independent audit reviews of the Lottery's instant ticket printer are projected and budgeted at \$4,000.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

- The Legislative Auditor's fees for conducting financial and compliance audits and drawings observations should remain stable for both years.
- A two-year renewal of the verification for quality assurance processes from the lottery industry's national association was obtained in the 2014 fiscal year at a cost of \$12,000. The next renewal is not due until the 2016 fiscal year.
- A business consulting contingency of \$50,000 is included to cover costs for any unanticipated needs in both the current and budget years.

Rent

The Lottery leases five regional offices throughout the state to accommodate the customer service needs of retailers and players. The current lease terms for four of these locations expire after June 30, 2015. The lease for the Alexandria office expires on July 31, 2014. A 10% potential rent increase is included for this lease in the budget year.

Repairs and Maintenance

Repairs and maintenance include all computer hardware and software maintenance and support contracts, general repairs and maintenance on all equipment, automobiles, and facilities maintained by the Lottery, and janitorial services. Most of these costs should remain fairly stable. An additional \$15,000 is included in the budget year for computer and equipment maintenance for expiring initial purchase warranties.

Salaries and Benefits

The variance in salaries and benefits is due to several factors. An average 4% performance-based increase is included in the budgeted total for employee salaries. Normal employee turnover and the timing of filling open positions are other

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

reasons for total salary differences between the projected and budgeted years. In addition, health insurance premiums are budgeted to increase by 18%.

Supplies

This category includes expenses for instant ticket dispensers, instant ticket delivery bags, retailer play centers, office supplies, printing supplies, computer supplies, and fuel for the Lottery's fleet of vehicles. A 10% increase for fuel is included in the budget because of the volatility of this expense item. The other supplies costs are expected to be fairly consistent with the current year.

Communications Network and Telephone

Communications network is the costs associated with the Lottery's computer network between headquarters, regional offices, and the distribution center. Telephone expense includes local and long distance phone service for the Lottery's offices, a 1-800 number for player inquiries, cellular phone fees, and company internet access.

A network upgrade to increase capacity and speed will increase recurring monthly costs while decreasing some telephone costs that can be handled through the new network. The net effect is an annual budgeted increase of \$21,000.

Travel

This line item includes all in-state mileage reimbursement, hotel costs, meal reimbursements, and other business costs for employee meetings, board meetings, and educational training. In addition, out-of-state flight costs and other travel expenses for educational industry conferences and professional conferences are included in this category. We are budgeting travel at the same level as the current year projected amount to maintain our training and educational programs for sales, support, and professional staff.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Uncollectible Accounts

This expense includes amounts due from Lottery retailers that are delinquent and not expected to be paid. The amount is reported net of recoveries from collection agencies. Average annual uncollectible accounts are less than \$30,000. However, the amount and timing of these expenses are very unpredictable. Therefore, we are allocating \$50,000 for these potential costs in the projected and budget years.

Utilities

Electrical and other utility expenses are estimated at the five-year average of \$200,000 for both the current and budget years.

Bank Charges

These fees include charges for commercial treasury, investment management, and custodial services for the Lottery's bank accounts, electronic transaction processing, purchasing card processing, and investment portfolio holdings. These expenses should remain at approximately the same level for the current and budget years.

Dues and Subscriptions

Dues include annual membership fees to national and international lottery associations, trade organizations, and professional associations. Subscriptions are payments for trade and professional periodicals, online research tools, and other educational and research materials. These costs are expected to remain consistent with the current year.

Recruiting

This expense includes charges for job placement advertisements for open employment positions at the Lottery throughout the fiscal year. The costs should remain at about the same level in the current and budget years.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Employee Training and Seminars

Employee training consists of group meetings conducted by outside instructors for training of sales, administrative, and professional staff. Seminars are fees paid for lottery industry conferences, professional conferences, or other trade or business gatherings for employee educational and training purposes. We expect these costs to remain at the same level in the current year and the budget year.

Services Purchased

The Louisiana Lottery's share of the costs associated with the administration of the Powerball and Mega Millions multi-state lottery games is included in this category. Operating costs for the budget year are expected to remain at current year levels.

In addition, expenses for computer network and software services, shredding of unsold instant tickets, cable television, retirement plan administration, email marketing, human resources and payroll software services, public relations monitoring services, community events setup, and collection agency fees are included in services purchased. The total budgeted cost of most of these services is expected to remain consistent with the current year. Some additional computer network and software services and a security inquiry service are expected to increase costs by \$11,000.

**Louisiana Lottery Corporation
Financial Plan
Summary of Capital Expenditure Requests
For the Fiscal Year Ending June 30, 2015**

Vehicle Replacements

The Lottery has a fleet of 45 vehicles used mainly by field personnel in the Sales and Security Departments. The fleet is maintained using a preventive maintenance program and monitored on a regular basis. Once the total mileage on a vehicle reaches approximately 100,000 miles the vehicle is targeted for replacement for safety reasons and to reduce the costs of ongoing maintenance. Vehicles are purchased under state purchasing contracts if the prices offered result in a cost savings for the Lottery.

Building and Leasehold Costs

The downtown headquarters in Baton Rouge and our distribution center in south Baton Rouge are both owned locations. We are responsible for all repairs and maintenance for these buildings. In addition, the Lottery is responsible for maintaining the interior walls and related structures for our five leased locations throughout the state. The repairs and maintenance expense line item in our operating budget covers the routine maintenance throughout the year. This capital budget request includes funds for potential major repairs.

Security System Equipment

This request includes the replacement of obsolete security cameras and related equipment at headquarters and the distribution center.

Data Processing Software and Equipment

This technology budget request includes a firewall security upgrade, replacements for obsolete laptop and workstation computers, and file server and disk drive upgrades to maintain network performance and capacity.

Contingency

To accommodate unexpected capital needs, the Lottery has budgeted \$50,000.

LOUISIANA LOTTERY CORPORATION
Resolution Summary

RESOLUTION NO.: 2014-02-07-1

PROPOSED BY: Vice Chairman Kim Carver

SECONDED BY: Director Lisa Reardon

ACTION TAKEN: Approved

VOTING FOR: Chairman John Fitzpatrick, Vice Chairman Kim Carver, Secretary J. T. Taylor; Directors: Verge Ausberry, Roy Robichaux, Lisa Reardon (6)

VOTING AGAINST: None (0)

NOT VOTING: None (0)


ABSTAINING: None (0)

ABSENT: Directors: Larry Katz, Heather Doss (2)



CERTIFICATE

The attached Recitals and Resolutions, and the foregoing information on this page, are certified to be truly and correctly reflective of actions of the Board of Directors of the Louisiana Lottery Corporation on February 07, 2014.



John Fitzpatrick
Chairman of the Board
of Directors

LOUISIANA LOTTERY CORPORATION

Resolution No. 2014-02-07-1

A. RECITALS

1. Section 9010(A)(7) of the Louisiana Lottery Corporation Law requires the President of the Louisiana Lottery Corporation (the "Corporation") to submit not later than thirty days before the beginning of the 2014 Regular Session of the legislature, a proposed annual budget to the Joint Legislative Committee on the Budget for review and approval.

2. The President, with the assistance of staff, has prepared a proposed 2014-2015 Fiscal Year Budget and recommends the budget for approval by the Board of Directors of the Corporation.

3. The Finance Committee has reviewed the proposed 2014-2015 Fiscal Year Budget.

4. The Board of Directors of the Corporation has reviewed the proposed 2014-2015 Fiscal Year Budget, and wishes to approve the proposed budget.

B. RESOLUTIONS

NOW, THEREFORE, BE IT RESOLVED, that, in accordance with the authority vested in the Board of Directors by Section 9007(1) of the Louisiana Lottery Corporation Law, the Board of Directors hereby approves the 2014-2015 Fiscal Year Budget, recommended by the President of the Corporation.

FURTHER RESOLVED, that the President submit the approved 2014-2015 Fiscal Year Budget, to the Joint Legislative Committee on the Budget not later than thirty days before the beginning of the 2014 Regular Session of the legislature in compliance with the provisions of Section 9010(A)(7) of the Louisiana Lottery Corporation Law.

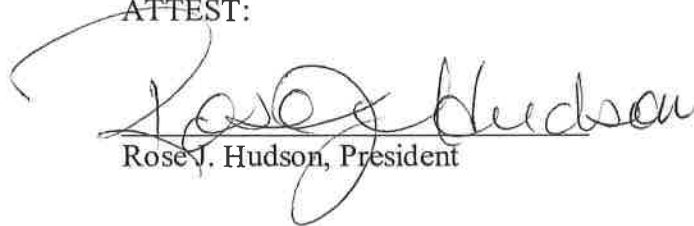
C E R T I F I C A T E

I, John Fitzpatrick, Chairman of the Board of the Louisiana Lottery Corporation, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of said Corporation at a meeting duly called, noticed and held on February 07, 2014, and filed with the minutes of the meeting of said Board of Directors; and further certify that the said resolution has not been amended, rescinded or annulled and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto affixed my signature on
February 7, 2014.



John Fitzpatrick
Chairman of the Board

ATTEST:


Rose J. Hudson, President



LOUISIANA LOTTERY CORPORATION

FINANCIAL PLAN

FOR THE FISCAL YEAR ENDING JUNE 30, 2015



February 7, 2014

Board of Directors, Louisiana Lottery Corporation
Joint Legislative Committee on the Budget, Louisiana Legislature

Budget Message

The mission of the Louisiana Lottery Corporation as defined by statute is to offer the best possible lottery games in order to maximize revenue to the state while insuring the integrity of the lottery, the dignity of the state, and the general welfare of its citizens. Every year during the budgeting process, the Lottery renews its commitment to this mission. The financial plan for the fiscal year ending (FYE) June 30, 2015 reflects this commitment.

Total revenue for the current fiscal year is projected at \$432.0 million and is budgeted for the 2015 fiscal year at \$427.1 million. These estimates result in projected transfers to the state for FYE June 30, 2014 of \$151.2 million and budgeted transfers of \$149.5 million for FYE June 30, 2015. Revenue and transfers are estimated at conservative levels for the budget year because of the uncertainty of sales trends for the multi-state Powerball and Mega Millions games. The frequency and size of larger jackpots for these games cannot be predicted for future years.

Our operating budget is focused on the funding of prize structures for our games, providing steady and adequate compensation to our retailers, supporting our games and our retailers through advertising and marketing programs, operating efficiently, maintaining salaries and benefits for our employees, and providing training and professional development for our workforce.

The estimated revenue, expenses, and 35% transfer to the state result in a balanced budget for your review and approval.

We have prepared a comprehensive package with financial comparisons and narrative explanations. The sections of our plan are listed in the table of contents. We are committed to providing thorough and relevant financial information to be used in the budget decision-making process. Should additional information or explanations become necessary please feel free to contact us.

Respectfully submitted,

LOUISIANA LOTTERY CORPORATION

A large, stylized handwritten signature in black ink, appearing to read "Rose J. Hudson". The signature is written over the printed name and title.

Rose J. Hudson
President

**LOUISIANA LOTTERY CORPORATION
FINANCIAL PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

TABLE OF CONTENTS

Income Statement	1
Summary of Means of Financing, Expenditures and Fund Balance	5
Specified Uses of Retained Earnings (Fund Balance)	8
Schedule of Salaries and Benefits	9
Schedule of Operating Expenses	10
Schedule of Other Charges	13
Compensation of Board Members	14
Detail of Professional Service Contracts	15
Schedule of Acquisitions	16
Personnel Table	18
Budget Explanations	24
Summary of Capital Expenditure Requests	33

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Revenue							
Ticket Sales							
Ticket Sales-Instant	\$163,108,984	36.46%	\$170,000,000	39.35%	\$174,000,000	40.74%	\$4,000,000
Ticket Sales-Online							
Jackpot Games							
Powerball	129,940,266	29.05%	100,000,000	23.15%	100,000,000	23.41%	0
Mega Millions	28,232,497	6.31%	35,000,000	8.10%	27,500,000	6.44%	(7,500,000)
Lotto	25,564,558	5.71%	26,500,000	6.13%	25,000,000	5.85%	(1,500,000)
Easy 5	11,607,069	2.59%	11,000,000	2.55%	11,000,000	2.58%	0
Daily Games							
Pick 3	49,509,325	11.07%	48,750,000	11.28%	48,750,000	11.41%	0
Pick 4	39,457,197	8.82%	38,750,000	8.97%	38,750,000	9.07%	0
Total Ticket Sales-Online	<u>284,310,912</u>	<u>63.56%</u>	<u>260,000,000</u>	<u>60.18%</u>	<u>251,000,000</u>	<u>58.77%</u>	<u>(9,000,000)</u>
Total Ticket Sales	<u>447,419,896</u>	<u>100.02%</u>	<u>430,000,000</u>	<u>99.53%</u>	<u>425,000,000</u>	<u>99.51%</u>	<u>(5,000,000)</u>
Other Revenue							
Interest Income	2,093,533	0.47%	2,030,000	0.47%	2,100,000	0.49%	70,000
Net (Decr.) Incr. In Fair Value	(2,191,737)	-0.49%	0	0.00%	0	0.00%	0
Retailer License Fees	6,725	0.00%	10,000	0.00%	10,000	0.00%	0
Retailer Security Deposits	2,690	0.00%	0	0.00%	0	0.00%	0
Miscellaneous Revenue	35	0.00%	0	0.00%	0	0.00%	0
Gain-Asset Disposals	36	0.00%	0	0.00%	0	0.00%	0
Total Other Revenue	<u>(88,718)</u>	<u>-0.02%</u>	<u>2,040,000</u>	<u>0.47%</u>	<u>2,110,000</u>	<u>0.49%</u>	<u>70,000</u>
Total Revenue	<u>\$447,331,178</u>	<u>100.00%</u>	<u>\$432,040,000</u>	<u>100.00%</u>	<u>\$427,110,000</u>	<u>100.00%</u>	<u>(\$4,930,000)</u>

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Expenses							
Prize Expenses							
Prize Expense-Instant	\$93,650,084	20.94%	\$96,900,000	22.43%	\$99,267,000	23.24%	\$2,367,000
Prize Expense-Online	142,509,130	31.86%	131,350,000	30.40%	126,798,000	29.69%	(4,552,000)
Total Prize Expense	236,159,214	52.79%	228,250,000	52.83%	226,065,000	52.93%	(2,185,000)
Retailer Compensation	24,786,537	5.54%	24,123,000	5.58%	23,843,000	5.58%	(280,000)
Operating Expenses							
Direct Expenses							
Lottery System Vendor Fees	5,500,589	1.23%	4,772,000	1.10%	4,597,000	1.08%	(175,000)
Cost of Instant Tickets	2,131,519	0.48%	2,266,000	0.52%	2,339,000	0.55%	73,000
Courier Service	633,726	0.14%	714,000	0.17%	731,000	0.17%	17,000
Total Direct Expenses	\$8,265,834	1.85%	\$7,752,000	1.79%	\$7,667,000	1.80%	(\$85,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
General Operating Expenses							
Advertising	\$7,222,707	1.61%	\$7,500,000	1.74%	\$7,500,000	1.76%	\$0
Contract Labor	256,369	0.06%	230,000	0.05%	230,000	0.05%	0
Depreciation	440,049	0.10%	475,000	0.11%	529,000	0.12%	54,000
Equipment Lease	48,388	0.01%	49,000	0.01%	59,000	0.01%	10,000
Insurance	500,101	0.11%	550,000	0.13%	600,000	0.14%	50,000
Postage	60,550	0.01%	75,000	0.02%	75,000	0.02%	0
Professional Fees (page 15)	485,028	0.11%	424,000	0.10%	412,000	0.10%	(12,000)
Rent	228,442	0.05%	228,000	0.05%	230,000	0.05%	2,000
Repairs & Maintenance	378,830	0.08%	440,000	0.10%	455,000	0.11%	15,000
Salaries and Benefits (page 9)	6,559,399	1.47%	7,192,000	1.66%	7,842,000	1.84%	650,000
Supplies (page 12)	400,313	0.09%	577,000	0.13%	592,000	0.14%	15,000
Communications Network	147,479	0.03%	155,000	0.04%	210,000	0.05%	55,000
Telephone	197,883	0.04%	223,000	0.05%	189,000	0.04%	(34,000)
Travel (page 10)	95,918	0.02%	120,000	0.03%	120,000	0.03%	0
Uncollectible Accounts	49,272	0.01%	50,000	0.01%	50,000	0.01%	0
Utilities	151,944	0.03%	200,000	0.05%	200,000	0.05%	0
Other General & Admin. (page 4)	954,304	0.21%	737,000	0.17%	753,000	0.18%	16,000
Total Gen Operating Expenses	<u>18,176,976</u>	<u>4.06%</u>	<u>19,225,000</u>	<u>4.45%</u>	<u>20,046,000</u>	<u>4.69%</u>	<u>821,000</u>
Total All Operating Expenses	<u>26,442,810</u>	<u>5.91%</u>	<u>26,977,000</u>	<u>6.24%</u>	<u>27,713,000</u>	<u>6.49%</u>	<u>736,000</u>
Net Income	159,942,617	35.75%	152,690,000	35.34%	149,489,000	35.00%	(3,201,000)
Transfers to Lottery Proceeds Fund	160,214,975	35.82%	151,214,000	35.00%	149,489,000	35.00%	(1,725,000)
(Decrease) Increase in Retained Earnings	(\$272,358)	-0.06%	\$1,476,000	0.34%	\$0	0.00%	(\$1,476,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

**Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown**

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Other General & Administrative Supporting Detail							
Bank Charges	\$141,600	0.03%	\$143,000	0.03%	\$148,000	0.03%	\$5,000
Dues & Subscriptions	48,177	0.01%	60,000	0.01%	60,000	0.01%	0
Freight	6,533	0.00%	7,000	0.00%	7,000	0.00%	0
Recruiting	7,418	0.00%	5,000	0.00%	5,000	0.00%	0
Employee Training	4,599	0.00%	50,000	0.01%	50,000	0.01%	0
Seminars	39,938	0.01%	50,000	0.01%	50,000	0.01%	0
Services Purchased	704,969	0.16%	422,000	0.10%	433,000	0.10%	11,000
Taxes & Licenses	1,070	0.00%	0	0.00%	0	0.00%	0
Total Other Gen. & Admin.	\$954,304	0.21%	\$737,000	0.17%	\$753,000	0.18%	\$16,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
MEANS OF FINANCING				
State General Fund (Direct)				
State General Fund By:				
Fees & Self-Generated Revenues:				
1) Licenses	\$9,415	\$10,000	\$10,000	\$0
2) Sales of Goods and Services	447,419,896	430,000,000	425,000,000	(5,000,000)
3) Other (Penalties and Misc. Revenue)	35	0	0	0
4) Investment Income (Expense)	(98,204)	2,030,000	2,100,000	70,000
5) Gain on Disposal of Assets	36	0	0	0
Total Means of Financing	\$447,331,178	\$432,040,000	\$427,110,000	(\$4,930,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
EXPENDITURES (ACCRUAL BASIS)				
Salaries and Benefits: (page 9)				
Salaries	\$5,102,916	\$5,628,444	\$6,051,544	\$423,100
Related Benefits	1,456,483	1,563,556	1,790,456	226,900
Total Salaries and Benefits	6,559,399	7,192,000	7,842,000	650,000
Contract Labor-Board Members' Compensation (page 14)	130,000	130,000	145,000	15,000
Operating Expenses:				
Travel (page 10)	95,918	120,000	120,000	0
Operating Services (page 11)	18,772,151	18,534,000	18,602,000	68,000
Supplies (page 12)	400,313	577,000	592,000	15,000
Total Operating Expenses	19,268,382	19,231,000	19,314,000	83,000
Professional Services: (page 15)				
Accounting	235,244	245,000	245,000	0
Research and Management Consulting	26,000	50,000	50,000	0
Legal	103,621	113,000	113,000	0
Other	120,163	16,000	4,000	(12,000)
Total Professional Services	485,028	424,000	412,000	(12,000)
Other Charges: (page 13)				
Prize Expense and Retailer Compensation	260,945,752	252,373,000	249,908,000	(2,465,000)
TOTAL EXPENDITURES (ACCRUAL BASIS)	\$287,388,561	\$279,350,000	\$277,621,000	(\$1,729,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
Net Income	\$159,942,617	\$152,690,000	\$149,489,000	(\$3,201,000)
Less Transfers to Lottery Proceeds Fund (1)	160,214,975	151,214,000	149,489,000	(1,725,000)
Fund Balance at Beginning of Year	22,769,379	22,497,021	23,973,021	1,476,000
Fund Balance at End of Year	<u>22,497,021</u>	<u>23,973,021</u>	<u>23,973,021</u>	<u>0</u>
Reservations of Fund Balance (page 8)	\$22,497,021	\$23,973,021	\$23,973,021	\$0
Nonaccrual Charges				
Capital Expenditures (page 16)	311,209	537,000	633,000	96,000
Total Nonaccrual Charges	<u>\$311,209</u>	<u>\$537,000</u>	<u>\$633,000</u>	<u>\$96,000</u>

(1) Transfer for 6/30/13 includes \$3,650,000 above the 35% of gross revenues statutory requirement.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Specified Uses of Retained Earnings (Fund Balance)
For the Fiscal Years Ending as Shown

	<u>06/30/2013</u>	<u>Projected 06/30/2014</u>
Specified Uses of Retained Earnings:		
Land	\$1,542,415	\$1,542,000
Buildings (Net of Accumulated Depreciation)	2,772,181	2,667,000
Other Capital Assets (Net of Accumulated Depreciation)	645,477	820,000
New Capital Expenditure Purchases	537,000	633,000
Retailer Security Deposits	174,540	177,000
Deposits	13,760	15,000
Litigation and Prize Reserve	7,700,000	7,700,000
Capital Asset Replacement Reserve	6,500,000	6,500,000
New Game Development, Retailer Incentives, and Future Expenditures	2,600,000	2,600,000
Unallocated Balance*	11,648	1,319,021
Total Retained Earnings	<u>\$22,497,021</u>	<u>\$23,973,021</u>

* At June 30, 2014 the Corporation will determine if surplus funds are available for transfer to the state. Actual revenue and expenses for the remainder of the fiscal year will be considered in this determination.

Louisiana Lottery Corporation
Schedule of Salaries and Benefits
For the Fiscal Years Ending as Shown

	6/30/2013	% of Salaries	Projected 6/30/2014	% of Salaries	Budgeted 6/30/2015	% of Salaries	*Variance Increase (Decrease)
Employees-Permanent Positions (page 18)	123		123		123		0
Salaries at Full Employment	\$5,509,042		\$5,852,425		\$6,086,522		\$234,097
Turnover and Open Positions	(485,303)		(303,821)		(122,978)		180,843
Overtime Wages	4,589		4,840		13,000		8,160
Deputies for Drawings Security	74,588		75,000		75,000		0
Total Salaries	5,102,916		5,628,444		6,051,544		423,100
State Retirement Contributions	8,535	0.17%	0	0.00%	0	0.00%	0
Supplemental Retirement Plan Expense	312,144	6.12%	242,078	4.30%	260,196	4.30%	18,118
Basic Retirement Plan Expense	245,615	4.81%	272,360	4.84%	292,100	4.83%	19,740
457(b) Retirement Plan Expense	109,698	2.15%	167,133	2.97%	199,716	3.30%	32,583
Vacation Expense Accruals	(27,111)	(0.53%)	0	0.00%	0	0.00%	0
Medicare Tax	72,073	1.41%	78,730	1.40%	84,714	1.40%	5,984
State Unemployment Tax	16,619	0.33%	17,630	0.31%	18,758	0.31%	1,128
Insurance-Health, Dental, Life	684,471	13.41%	747,447	13.28%	893,824	14.77%	146,377
Insurance-Disability	34,438	0.67%	38,178	0.68%	41,148	0.68%	2,970
Total Benefits	1,456,482	28.54%	1,563,556	27.78%	1,790,456	29.59%	226,900
Total Salaries and Benefits	\$6,559,398		\$7,192,000		\$7,842,000		\$650,000
Compensation of Board Members (page 14)	\$130,000		\$130,000		\$145,000		\$15,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
 Schedule of Operating Expenses
 For the Fiscal Years Ending as Shown

	<u>06/30/2013</u>	<u>Projected 06/30/2014</u>	<u>Budgeted 06/30/2015</u>	<u>*Variance Increase (Decrease)</u>
Travel				
In-State:				
Administrative	\$1,407	\$1,764	\$1,764	\$0
Conference and Conventions	2,209	2,760	2,760	0
Field Travel	26,211	32,796	32,796	0
Board Members	<u>1,954</u>	<u>2,448</u>	<u>2,448</u>	<u>0</u>
Total In-State	31,781	39,768	39,768	0
Out-of-State:				
Conference and Conventions	<u>56,127</u>	<u>70,224</u>	<u>70,224</u>	<u>0</u>
Total Out-of-State	56,127	70,224	70,224	0
Total Mileage Reimbursement	8,010	10,008	10,008	0
Total Travel	<u>\$95,918</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$0</u>

The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
Operating Services				
Direct Expenses ***				
Lottery System Vendor Fees	\$5,500,589	\$4,772,000	\$4,597,000	(\$175,000)
Cost of Instant Tickets	2,131,519	2,266,000	2,339,000	73,000
Courier Service	633,726	714,000	731,000	17,000
Total Direct Expenses	<u>8,265,834</u>	<u>7,752,000</u>	<u>7,667,000</u>	<u>(85,000)</u>
General Operating Expenses				
Advertising	7,222,707	7,500,000	7,500,000	0
Contract Labor	126,369	100,000	85,000	(15,000)
Depreciation	440,049	475,000	529,000	54,000
Equipment Lease	48,388	49,000	59,000	10,000
Insurance	500,101	550,000	600,000	50,000
Postage	60,550	75,000	75,000	0
Rent	228,442	228,000	230,000	2,000
Repairs & Maintenance	378,830	440,000	455,000	15,000
Communications Network	147,479	155,000	210,000	55,000
Telephone	197,883	223,000	189,000	(34,000)
Uncollectible Accounts	49,272	50,000	50,000	0
Utilities	151,944	200,000	200,000	0
Bank Charges	141,600	143,000	148,000	5,000
Dues & Subscriptions	48,177	60,000	60,000	0
Freight	6,533	7,000	7,000	0
Recruiting	7,418	5,000	5,000	0
Employee Training	4,599	50,000	50,000	0
Seminars	39,938	50,000	50,000	0
Services Purchased	704,969	422,000	433,000	11,000
Taxes & Licenses	1,070	0	0	0
Total Gen Operating Exp.	<u>10,506,318</u>	<u>10,782,000</u>	<u>10,935,000</u>	<u>153,000</u>
Total All Operating Services	<u>\$18,772,152</u>	<u>\$18,534,000</u>	<u>\$18,602,000</u>	<u>\$68,000</u>

*** These variable expenses fluctuate directly with lottery ticket sales.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Schedule of Operating Expenses
 For the Fiscal Years Ending as Shown

Supplies	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
Printing	\$3,690	\$5,000	\$5,000	\$0
Office Supplies	26,135	35,000	35,000	0
Automotive Supplies	130,548	150,000	165,000	15,000
Instant Game Supplies- Dispensers and Delivery Bags	118,706	270,000	270,000	0
Online Game Supplies- Play Centers	79,509	50,000	50,000	0
Other Supplies	41,725	67,000	67,000	0
Total Supplies	\$400,313	\$577,000	\$592,000	\$15,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Schedule of Other Charges
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
Other Charges				
Prize Expense	\$236,159,214	\$228,250,000	\$226,065,000	(\$2,185,000)
Retailer Compensation	<u>24,786,537</u>	<u>24,123,000</u>	<u>23,843,000</u>	<u>(280,000)</u>
Total Other Charges ***	<u>\$260,945,751</u>	<u>\$252,373,000</u>	<u>\$249,908,000</u>	<u>(\$2,465,000)</u>

*** These variable expenses fluctuate directly with lottery ticket sales.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
 Compensation of Board Members
 For the Fiscal Years Ending as Shown

<u>Name of Member</u>	<u>Statutory Authority For Payment</u>	<u>Authorized Per Diem Rate Per Meeting</u>	<u>What Other Expenses Are Paid With The Exception of Travel (Itemize Type and Amount)</u>	<u>06/30/13</u>	<u>Projected 06/30/14</u>	<u>Budgeted 06/30/15</u>	<u>*Variance Increase (Decrease)</u>
<u>Current Board Members:</u>							
Verge Ausberry Jr. (Chairman through June 27, 2013)	R.S. 47:9004(D)	N/A	Annual Salary 15,000	\$24,917	\$15,000	\$15,000	0
Christopher K. Carver	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Heather L. Doss	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
John Fitzpatrick (Chairman effective June 28, 2013)	R.S. 47:9004(D)	N/A	Annual Salary 25,000	15,083	25,000	25,000	0
Larry Katz	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Lisa Reardon	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Roy Robichaux	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
James Taylor	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
To be Determined				0	0	15,000	15,000
Total Compensation				\$130,000	\$130,000	\$145,000	\$15,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
Detail of Professional Service Contracts
For the Fiscal Years Ending as Shown

<u>Contractor - Purpose of Contract</u>	<u>06/30/13</u>	<u>Projected 06/30/14</u>	<u>Budgeted 06/30/15</u>	<u>*Variance Increase (Decrease)</u>
Attorney General or other agreed upon counsel				
- retainer fee (Attorney General)	\$88,875	\$89,000	\$89,000	\$0
- legal fees (Phelps Dunbar, LLP)	14,746	24,000	24,000	0
Delehantey Consulting				
- instant ticket printing audit services	4,000	4,000	4,000	0
KPMG- audit of automated drawing and raffle machines	116,163	0	0	0
NASPL Standards Institute- certification of standards		12,000		(12,000)
Office of Legislative Auditor - financial and compliance audit/ observations of on-line drawings	235,244	245,000	245,000	0
Postlethwaite and Netterville-retirement plan review	26,000			0
To be determined - business consulting services		50,000	50,000	0
Total Professional Service Contracts	\$485,028	\$424,000	\$412,000	(\$12,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

**Louisiana Lottery Corporation
Schedule of Acquisitions
For the Fiscal Years Ending as Shown**

<u>Description of Capital Expenditures</u>	<u>06/30/13</u>	<u>Projected _06/30/14</u>	<u>Budgeted _06/30/15</u>	<u>*Variance Increase (Decrease)</u>
Land and Buildings	\$1,538	\$250,000	\$250,000	\$0
Automotive	164,053	152,000	152,000	0
Office (Furniture, Fixtures & Equipment)	19,047	0	45,000	45,000
Data Processing Software & Equipment	126,571	85,000	136,000	51,000
Other		50,000	50,000	0
Total Acquisitions	\$311,209	\$537,000	\$633,000	\$96,000

Detail on page 17

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

**Louisiana Lottery Corporation
Schedule of Acquisitions
June 30, 2015 Financial Plan**

Automotive	
Vehicle Replacements for Field Staff	
6 Vans @ \$22,000	\$132,000
1 Car @ \$20,000	<u>20,000</u>
Total Automotive	152,000
Building and Leasehold Costs	250,000
Security System Equipment	45,000
Data Processing Software and Equipment	
Firewall Enhancements	6,000
Computer Laptop and Workstation Replacements	40,000
File Servers	40,000
File Server Disk Drives	<u>50,000</u>
Total Data Processing Software and Equipment	136,000
Other- Contingency	<u>50,000</u>
Total Budgeted Capital Acquisitions	<u><u>\$633,000</u></u>

See explanation of capital expenditure requests on page 34

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal	Estimated 4% Performance Increase*	Budgeted Fiscal
		Year Ending 6/30/2014		Year Ending 6/30/2015
President	Filled	215,712	8,628	224,340
Senior Vice President and Secretary-Treasurer	Filled	136,464	5,459	141,923
Senior Vice President and General Counsel	Filled	120,635	4,825	125,460
Vice President of Human Resources	Filled	117,000	4,680	121,680
Vice President of Sales	Filled	114,400	4,576	118,976
Vice President of Finance and Contoller	Filled	111,941	4,478	116,419
Vice President of Information Systems	Filled	111,293	4,452	115,745
Vice President of Marketing	Filled	102,225	4,089	106,314
Vice President of Internal Audit	Filled	100,837	4,033	104,870
Vice President of Security and Compliance	Filled	99,840	3,994	103,834
Purchasing & Facilities Manager	Filled	75,357	3,014	78,371
Director of Information Technology	Filled	75,000	3,000	78,000
Director of Systems & Programming	Filled	74,998	3,000	77,998
Director of Products	Filled	74,678	2,987	77,665
Art Director	Filled	73,787	2,951	76,738
Broadcast Producer	Filled	69,278	2,771	72,049
Director of Accounting	Filled	67,600	2,704	70,304
Communications Manager	Filled	66,190	2,648	68,838
Regional Sales Manager-Lafayette	Open	64,636	2,585	67,221
Regional Sales Manager-Baton Rouge	Filled	62,831	2,513	65,344
Regional Sales Manager-Monroe	Filled	57,866	2,315	60,181
Regional Sales Manager-New Orleans	Filled	57,726	2,309	60,035
Regional Sales Manager-Alexandria	Filled	57,726	2,309	60,035
Corporate Accounts Rep	Filled	55,179	2,207	57,386

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal		Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
		Year Ending 6/30/2014			
Billing & A/R Manager	Filled	54,984	2,199	57,183	
Computer Operations Supervisor	Filled	54,878	2,195	57,073	
Network Administrator	Filled	52,477	2,099	54,576	
Executive Administrative Asst	Filled	52,003	2,080	54,083	
Prize Payment Manager	Filled	51,917	2,077	53,994	
Executive Administrative Asst	Filled	51,776	2,071	53,847	
Distribution Center Manager	Filled	50,599	2,024	52,623	
Senior Accountant	Filled	50,214	2,009	52,223	
Corporate Accounts Rep	Open	49,887	1,995	51,882	
Quality Assurance Manager	Open	49,887	1,995	51,882	
Regional Trainer -Shreveport	Open	49,887	1,995	51,882	
Sr. Internal Auditor	Filled	48,947	1,958	50,905	
Drawing Manager	Filled	48,392	1,936	50,328	
Internal Auditor	Filled	48,227	1,929	50,156	
Acct & Payroll Associate	Filled	47,870	1,915	49,785	
Sales Representative-Monroe	Filled	47,418	1,897	49,315	
Sales Representative-Baton Rouge	Filled	45,888	1,836	47,724	
Web-site manager	Filled	45,760	1,830	47,590	
Sales Representative-Baton Rouge	Filled	45,203	1,808	47,011	
Sales Representative-Lafayette	Filled	45,079	1,803	46,882	
Marketing Coordinator	Filled	44,956	1,798	46,754	
Sales Support Manager	Filled	44,630	1,785	46,415	
Sales Representative-Baton Rouge	Open	43,263	1,731	44,994	
Sales Representative-Lafayette	Open	43,263	1,731	44,994	

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal		Estimated 4% Performance Increase*	Budgeted Fiscal	
		Year Ending 6/30/2014	Year Ending 6/30/2015		Year Ending 6/30/2015	Year Ending 6/30/2015
Sales Representative-Alexandria	Open	43,263	44,994	1,731	44,994	44,994
Sales Representative-Monroe	Open	43,263	44,994	1,731	44,994	44,994
Sales Representative-New Orleans	Filled	43,242	44,972	1,730	44,972	44,972
Sales Representative-New Orleans	Filled	42,429	44,126	1,697	44,126	44,126
Sales Representative-New Orleans	Filled	42,268	43,959	1,691	43,959	43,959
Sales Representative-Alexandria	Filled	42,126	43,811	1,685	43,811	43,811
Sales Representative-Lafayette	Filled	42,109	43,793	1,684	43,793	43,793
Sr. Communication Specialist	Filled	41,600	43,264	1,664	43,264	43,264
Sales Representative-Baton Rouge	Filled	41,206	42,854	1,648	42,854	42,854
Sales Representative-Lafayette	Filled	41,206	42,854	1,648	42,854	42,854
Sales Representative-Shreveport	Filled	41,206	42,854	1,648	42,854	42,854
Sales Representative-New Orleans	Filled	40,752	42,382	1,630	42,382	42,382
Special Investigator	Filled	40,560	42,182	1,622	42,182	42,182
Sales Representative-Baton Rouge	Filled	40,503	42,123	1,620	42,123	42,123
Sales Representative-Lafayette	Filled	39,932	41,529	1,597	41,529	41,529
Tel Sell CSR	Filled	39,833	41,426	1,593	41,426	41,426
Sales Representative-Lafayette	Filled	39,657	41,243	1,586	41,243	41,243
Graphic Designer	Filled	39,520	41,101	1,581	41,101	41,101
Sales Representative-New Orleans	Filled	39,514	41,095	1,581	41,095	41,095
Sales Representative-New Orleans	Filled	39,514	41,095	1,581	41,095	41,095
Sales Representative-New Orleans	Filled	39,514	41,095	1,581	41,095	41,095
Sales Representative-Baton Rouge	Filled	39,514	41,095	1,581	41,095	41,095
Sales Representative-Lafayette	Filled	39,514	41,095	1,581	41,095	41,095
Sales Representative-Monroe	Filled	39,514	41,095	1,581	41,095	41,095

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal		Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
		Year Ending 6/30/2014	Year Ending 6/30/2015		
Sales Representative-Monroe	Filled	39,514	41,095	1,581	41,095
Sales Representative-Shreveport	Filled	39,514	41,095	1,581	41,095
Special Investigator	Filled	39,286	40,857	1,571	40,857
Sales Representative-Shreveport	Filled	39,218	40,787	1,569	40,787
Acct & Payroll Associate	Open	38,511	40,051	1,540	40,051
HR Representative	Open	38,511	40,051	1,540	40,051
IT Tech Support Assistant	Open	38,511	40,051	1,540	40,051
Sales Representative-Alexandria	Filled	38,000	39,520	1,520	39,520
Graphic Designer	Filled	37,320	38,813	1,493	38,813
Software Quality Assurance Analyst	Filled	36,522	37,983	1,461	37,983
IT Tech Support Analyst	Filled	36,464	37,923	1,459	37,923
Special Investigator	Filled	36,396	37,852	1,456	37,852
Customer Service Coordinator-Baton Rouge	Filled	35,368	36,783	1,415	36,783
Community Relations Assistant	Filled	35,360	36,774	1,414	36,774
Compliance Coordinator	Filled	35,114	36,519	1,405	36,519
Sr Retailer Licensing CSR	Filled	34,352	35,727	1,374	35,727
Tel Sell CSR	Filled	33,601	34,945	1,344	34,945
Tel Sell CSR	Filled	33,542	34,884	1,342	34,884
Billing & A/R CSR	Filled	33,460	34,798	1,338	34,798
Communications Assistant	Filled	32,205	33,493	1,288	33,493
Communications Assistant	Filled	32,205	33,493	1,288	33,493
Administrative Coordinator	Filled	32,003	33,283	1,280	33,283
Tel Sell CSR	Open	30,756	31,986	1,230	31,986
Administrative Assistant	Filled	30,416	31,633	1,217	31,633

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal		Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
		Year Ending 6/30/2014	Year Ending 6/30/2015		
Prize Payment CSR	Filled	29,518	30,699	1,181	30,699
Prize Payment CSR	Filled	28,911	30,067	1,156	30,067
Distribution Center Associate	Filled	28,385	29,520	1,135	29,520
Tel Sell CSR	Filled	28,123	29,248	1,125	29,248
Warehouse / Mail Clerk	Filled	28,122	29,247	1,125	29,247
Regional Office Assistant-Alexandria	Filled	28,111	29,235	1,124	29,235
Regional Office Asst-Shreveport	Filled	28,111	29,235	1,124	29,235
Retailer Licensing CSR	Filled	28,000	29,120	1,120	29,120
Equipment Coordinator	Filled	26,848	27,922	1,074	27,922
Regional Office Asst-New Orleans	Filled	26,499	27,559	1,060	27,559
Regional Office Asst-Monroe	Filled	25,958	26,996	1,038	26,996
Regional Office Asst-Shreveport	Filled	25,958	26,996	1,038	26,996
Business Analyst Intern	Open	25,636	26,661	1,025	26,661
Regional Office Asst-Monroe	Filled	25,489	26,509	1,020	26,509
Computer Operator	Filled	25,475	26,494	1,019	26,494
Regional Office Asst-New Orleans	Filled	25,204	26,212	1,008	26,212
Regional Office Asst-Baton Rouge	Filled	25,204	26,212	1,008	26,212
Regional Office Asst-Lafayette	Filled	25,204	26,212	1,008	26,212
Regional Office Assistant-Alexandria	Filled	25,204	26,212	1,008	26,212
Regional Office Asst-Lafayette	Filled	24,867	25,862	995	25,862
Regional Office Asst-New Orleans	Filled	24,235	25,204	969	25,204
Computer Operator	Filled	24,164	25,131	967	25,131
Warehouse / Mail Clerk	Filled	23,661	24,607	946	24,607
Warehouse / Mail Clerk	Filled	22,728	23,637	909	23,637

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/		Current Fiscal	Estimated 4%	Budgeted Fiscal
	Filled	Filled	Year Ending 6/30/2014	Performance Increase*	Year Ending 6/30/2015
Warehouse / Mail Clerk	Filled		22,558	902	23,460
Distribution Center Associate	Open		18,698	748	19,446
Accounting Intern	Filled		13,042	522	13,563
Total	123		\$5,852,425	\$234,097	\$6,086,522

* Performance increases will be awarded in accordance with the Lottery's Salary Administration Program

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Sales

Sales are budgeted at \$425 million for the fiscal year ending (FYE) June 30, 2015.

Instant ticket sales are expected to increase by at least 2% in the budget year. A gradual increase in prize payouts and enhanced inventory management during the past several years had positive results. We plan to continue these strategies in the 2015 budget year.

The multi-state jackpot-driven games offered in Louisiana are Powerball and Mega Millions. Powerball was first introduced in FYE June 30, 1995 and has consistently been the top seller in the online game menu. Sales for the Mega Millions game began in November 2011 at a cost to players of \$1 per wager. The Powerball game structure was enhanced in January 2012 and the price point was increased from \$1 to \$2 per wager. Louisiana offers large jackpot games at both the \$1 and \$2 price points.

The long-term forecast for the combined sales for these two games is uncertain. Limited sales history or trends exist for this combination. Large jackpot levels cannot be expected or predicted in any given year. Therefore, the 2015 budget for both games is conservative.

Lotto and Easy 5 sales have been affected by the introduction of Mega Millions and the change in Powerball to a \$2 price point. A large Lotto jackpot caused an increase in sales for this game in the current year. However, the flat to downward trend is expected to continue for both games in the 2015 budget year.

The Pick 3 and Pick 4 daily numbers games have continued to perform well. Consistent sales performance is expected to continue for these fixed-payout games.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Other Revenue

Interest income is estimated based on projected investment balances and rate of return. The cash available for investment is projected to remain fairly constant. Funds are held by the Lottery in a commercial banking account and short-term repurchase agreement to finance daily operations. The repurchase agreement rate of return is minimal because the Federal Reserve has maintained short-term interest rates at less than .25%. The Lottery also holds a managed intermediate-term portfolio of U.S. government and agency securities. This portfolio's rate of return is in the 3.5% to 4% range.

We anticipate that rates may slightly increase because of the economic outlook. As principal and interest receipts are reinvested into the intermediate-term portfolio, the investment balance will increase and a higher market rate of return will be realized for these new purchases. Therefore, our budgeted interest income for FYE June 30, 2015 is slightly higher than the projection for the current fiscal year.

The change in the fair value of investments is recorded to comply with governmental accounting standards. Since the Lottery holds most of its investments until maturity, the market fluctuations have minimal impact on revenue received. No attempt is made to predict the market value changes for the budget year.

Instant Prize Expense

The instant prize expense budget is based on a goal of offering at least a 62.50% average prize structure to instant game players. Current and long-term projections indicate that the target funding of prizes at this 62.50% level during the budget year is approximately 57% from the operating budget and 5.50% from the unclaimed prizes pool. These prize structure and funding estimates may be adjusted during or at the end of the fiscal year because of actual financial results and

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

updated forecasts. Any adjustments could change the average prize structure percentage and the allocation of the funding of instant prize expense between the operating budget and the unclaimed prizes pool.

Online Prize Expense

Online prize expense for the Lotto and Powerball games is structured at 50% of sales. Pick 3 and Pick 4 have fixed prizes for the various levels of winnings. Budgeted prize expense for these games is based on historical averages of 50% and 52%, respectively. Actual prize expense for the year will vary depending on the number of drawings with high payouts. Prize expense will be adjusted to actual at the end of each fiscal year which may result in prize structure percentages higher or lower than the 50% and 52% included in the budget. The prize structure for Easy 5 is at 50% and at a 61% rate for the EZMatch instant win feature included with this game. The Mega Millions game currently has a 50.70% prize structure. This percentage can increase or decrease if the funding requirement for game prize reserves is changed by the participating state lotteries.

Retailer Compensation

Retailer compensation consists of a sales commission for instant and online ticket sales and various sales and prize cashing incentives. The total compensation is expected to remain at about 5.61% of total sales for the budget year.

Lottery System Vendor Fees

The lottery system vendor provides and maintains the retailer terminal network, online gaming computer system, and all related communication networks. The contractual compensation for these services is a commission of 2.9798% of online sales. In addition, the vendor provides various optional equipment and services. Total costs for these options are expected to be \$72,000 in 2014 and \$176,000 in the 2015 budget year. The vendor fees for the 2014 projection and the 2015 budget year are reflected net of a weekly communication fee charged to all retailers.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Cost of Instant Tickets

Under the terms of the instant ticket printing and related services contract, the Lottery's ticket printer is compensated at a rate of 1.215% of instant ticket sales. Licensing fees for specialty games are provided at additional costs. We have included \$200,000 and \$225,000 of these expenses in the current and budget years, respectively.

Courier Service

Courier costs include the fees charged by carriers to deliver instant game ticket packs to retailer locations. These expenses are expected to increase slightly because of higher sales volume and frequency of deliveries.

Advertising

Advertising expense includes media placement, production, point-of-sale production, publications, promotional merchandise, sports sponsorships, and special events. These costs are estimated at \$7.5 million in the current year and budget year.

Contract Labor

Contract labor includes board member salaries and the use of temporary staffing agencies. These costs are expected to remain fairly constant.

Depreciation

Depreciation expense includes the spreading of the costs of capital expenditures over the estimated useful lives of the assets. This expense is expected to increase in FYE June 30, 2015 because the cost of assets that will become fully depreciated during this year is expected to be lower than the cost of new capital purchases.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Equipment Lease

Copier, mailroom, and security system equipment lease costs are included in this item. Copier lease costs may slightly increase because of potential upgrades of functionality.

Insurance

This expense category includes premiums for business insurance. The policies purchased by the Lottery include coverage for directors and officers liability, crimes against the corporation, retirement plan fiduciary liability, standard automobile liability, general liability, worker's compensation claims, and property. The insurance markets are very unpredictable and increases in premiums are usually driven by claims of the insured, losses incurred by the carriers because of catastrophic events, and the carrier's investment returns. Because we cannot predict these events or other factors that can potentially affect our insurance costs, the budget for FYE June 30, 2015 includes an estimated 10% increase in premiums for all policy renewals.

Postage

This line item includes all postage meter rates for routine business mailings and bulk mailings to retailers and players. Postage should remain at approximately \$75,000 in the budget year.

Professional Fees

These costs include legal fees, financial and compliance audit fees, and other professional service expenses. Explanations of these contractual costs are as follows:

- Legal fees are expected to remain consistent in the projected and budgeted years.
- Independent audit reviews of the Lottery's instant ticket printer are projected and budgeted at \$4,000.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

- The Legislative Auditor's fees for conducting financial and compliance audits and drawings observations should remain stable for both years.
- A two-year renewal of the verification for quality assurance processes from the lottery industry's national association was obtained in the 2014 fiscal year at a cost of \$12,000. The next renewal is not due until the 2016 fiscal year.
- A business consulting contingency of \$50,000 is included to cover costs for any unanticipated needs in both the current and budget years.

Rent

The Lottery leases five regional offices throughout the state to accommodate the customer service needs of retailers and players. The current lease terms for four of these locations expire after June 30, 2015. The lease for the Alexandria office expires on July 31, 2014. A 10% potential rent increase is included for this lease in the budget year.

Repairs and Maintenance

Repairs and maintenance include all computer hardware and software maintenance and support contracts, general repairs and maintenance on all equipment, automobiles, and facilities maintained by the Lottery, and janitorial services. Most of these costs should remain fairly stable. An additional \$15,000 is included in the budget year for computer and equipment maintenance for expiring initial purchase warranties.

Salaries and Benefits

The variance in salaries and benefits is due to several factors. An average 4% performance-based increase is included in the budgeted total for employee salaries. Normal employee turnover and the timing of filling open positions are other

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

reasons for total salary differences between the projected and budgeted years. In addition, health insurance premiums are budgeted to increase by 18%.

Supplies

This category includes expenses for instant ticket dispensers, instant ticket delivery bags, retailer play centers, office supplies, printing supplies, computer supplies, and fuel for the Lottery's fleet of vehicles. A 10% increase for fuel is included in the budget because of the volatility of this expense item. The other supplies costs are expected to be fairly consistent with the current year.

Communications Network and Telephone

Communications network is the costs associated with the Lottery's computer network between headquarters, regional offices, and the distribution center. Telephone expense includes local and long distance phone service for the Lottery's offices, a 1-800 number for player inquiries, cellular phone fees, and company internet access.

A network upgrade to increase capacity and speed will increase recurring monthly costs while decreasing some telephone costs that can be handled through the new network. The net effect is an annual budgeted increase of \$21,000.

Travel

This line item includes all in-state mileage reimbursement, hotel costs, meal reimbursements, and other business costs for employee meetings, board meetings, and educational training. In addition, out-of-state flight costs and other travel expenses for educational industry conferences and professional conferences are included in this category. We are budgeting travel at the same level as the current year projected amount to maintain our training and educational programs for sales, support, and professional staff.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Uncollectible Accounts

This expense includes amounts due from Lottery retailers that are delinquent and not expected to be paid. The amount is reported net of recoveries from collection agencies. Average annual uncollectible accounts are less than \$30,000. However, the amount and timing of these expenses are very unpredictable. Therefore, we are allocating \$50,000 for these potential costs in the projected and budget years.

Utilities

Electrical and other utility expenses are estimated at the five-year average of \$200,000 for both the current and budget years.

Bank Charges

These fees include charges for commercial treasury, investment management, and custodial services for the Lottery's bank accounts, electronic transaction processing, purchasing card processing, and investment portfolio holdings. These expenses should remain at approximately the same level for the current and budget years.

Dues and Subscriptions

Dues include annual membership fees to national and international lottery associations, trade organizations, and professional associations. Subscriptions are payments for trade and professional periodicals, online research tools, and other educational and research materials. These costs are expected to remain consistent with the current year.

Recruiting

This expense includes charges for job placement advertisements for open employment positions at the Lottery throughout the fiscal year. The costs should remain at about the same level in the current and budget years.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Employee Training and Seminars

Employee training consists of group meetings conducted by outside instructors for training of sales, administrative, and professional staff. Seminars are fees paid for lottery industry conferences, professional conferences, or other trade or business gatherings for employee educational and training purposes. We expect these costs to remain at the same level in the current year and the budget year.

Services Purchased

The Louisiana Lottery's share of the costs associated with the administration of the Powerball and Mega Millions multi-state lottery games is included in this category. Operating costs for the budget year are expected to remain at current year levels.

In addition, expenses for computer network and software services, shredding of unsold instant tickets, cable television, retirement plan administration, email marketing, human resources and payroll software services, public relations monitoring services, community events setup, and collection agency fees are included in services purchased. The total budgeted cost of most of these services is expected to remain consistent with the current year. Some additional computer network and software services and a security inquiry service are expected to increase costs by \$11,000.

**Louisiana Lottery Corporation
Financial Plan
Summary of Capital Expenditure Requests
For the Fiscal Year Ending June 30, 2015**

Vehicle Replacements

The Lottery has a fleet of 45 vehicles used mainly by field personnel in the Sales and Security Departments. The fleet is maintained using a preventive maintenance program and monitored on a regular basis. Once the total mileage on a vehicle reaches approximately 100,000 miles the vehicle is targeted for replacement for safety reasons and to reduce the costs of ongoing maintenance. Vehicles are purchased under state purchasing contracts if the prices offered result in a cost savings for the Lottery.

Building and Leasehold Costs

The downtown headquarters in Baton Rouge and our distribution center in south Baton Rouge are both owned locations. We are responsible for all repairs and maintenance for these buildings. In addition, the Lottery is responsible for maintaining the interior walls and related structures for our five leased locations throughout the state. The repairs and maintenance expense line item in our operating budget covers the routine maintenance throughout the year. This capital budget request includes funds for potential major repairs.

Security System Equipment

This request includes the replacement of obsolete security cameras and related equipment at headquarters and the distribution center.

Data Processing Software and Equipment

This technology budget request includes a firewall security upgrade, replacements for obsolete laptop and workstation computers, and file server and disk drive upgrades to maintain network performance and capacity.

Contingency

To accommodate unexpected capital needs, the Lottery has budgeted \$50,000.

LOUISIANA LOTTERY CORPORATION
Resolution Summary

RESOLUTION NO.: 2014-02-07-1

PROPOSED BY: Vice Chairman Kim Carver

SECONDED BY: Director Lisa Reardon

ACTION TAKEN: Approved

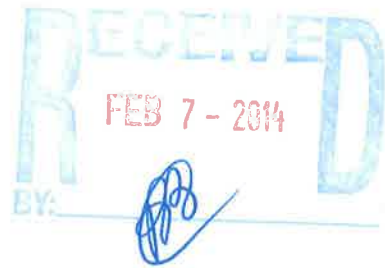
VOTING FOR: Chairman John Fitzpatrick, Vice Chairman Kim Carver, Secretary J. T. Taylor; Directors: Verge Ausberry, Roy Robichaux, Lisa Reardon (6)

VOTING AGAINST: None (0)

NOT VOTING: None (0)

ABSTAINING: None (0)

ABSENT: Directors: Larry Katz, Heather Doss (2)



CERTIFICATE

The attached Recitals and Resolutions, and the foregoing information on this page, are certified to be truly and correctly reflective of actions of the Board of Directors of the Louisiana Lottery Corporation on February 07, 2014.



John Fitzpatrick
Chairman of the Board
of Directors

LOUISIANA LOTTERY CORPORATION

Resolution No. 2014-02-07-1

A. RECITALS

1. Section 9010(A)(7) of the Louisiana Lottery Corporation Law requires the President of the Louisiana Lottery Corporation (the "Corporation") to submit not later than thirty days before the beginning of the 2014 Regular Session of the legislature, a proposed annual budget to the Joint Legislative Committee on the Budget for review and approval.

2. The President, with the assistance of staff, has prepared a proposed 2014-2015 Fiscal Year Budget and recommends the budget for approval by the Board of Directors of the Corporation.

3. The Finance Committee has reviewed the proposed 2014-2015 Fiscal Year Budget.

4. The Board of Directors of the Corporation has reviewed the proposed 2014-2015 Fiscal Year Budget, and wishes to approve the proposed budget.

B. RESOLUTIONS

NOW, THEREFORE, BE IT RESOLVED, that, in accordance with the authority vested in the Board of Directors by Section 9007(1) of the Louisiana Lottery Corporation Law, the Board of Directors hereby approves the 2014-2015 Fiscal Year Budget, recommended by the President of the Corporation.

FURTHER RESOLVED, that the President submit the approved 2014-2015 Fiscal Year Budget, to the Joint Legislative Committee on the Budget not later than thirty days before the beginning of the 2014 Regular Session of the legislature in compliance with the provisions of Section 9010(A)(7) of the Louisiana Lottery Corporation Law.

C E R T I F I C A T E

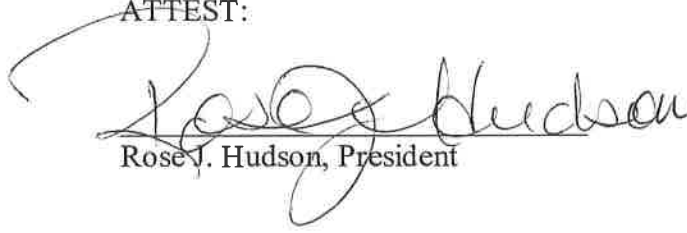
I, John Fitzpatrick, Chairman of the Board of the Louisiana Lottery Corporation, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of said Corporation at a meeting duly called, noticed and held on February 07, 2014, and filed with the minutes of the meeting of said Board of Directors; and further certify that the said resolution has not been amended, rescinded or annulled and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto affixed my signature on
February 7, 2014.



John Fitzpatrick
Chairman of the Board

ATTEST:



Rose J. Hudson, President



LOUISIANA LOTTERY CORPORATION

FINANCIAL PLAN

FOR THE FISCAL YEAR ENDING JUNE 30, 2015



February 7, 2014

Board of Directors, Louisiana Lottery Corporation
Joint Legislative Committee on the Budget, Louisiana Legislature

Budget Message

The mission of the Louisiana Lottery Corporation as defined by statute is to offer the best possible lottery games in order to maximize revenue to the state while insuring the integrity of the lottery, the dignity of the state, and the general welfare of its citizens. Every year during the budgeting process, the Lottery renews its commitment to this mission. The financial plan for the fiscal year ending (FYE) June 30, 2015 reflects this commitment.

Total revenue for the current fiscal year is projected at \$432.0 million and is budgeted for the 2015 fiscal year at \$427.1 million. These estimates result in projected transfers to the state for FYE June 30, 2014 of \$151.2 million and budgeted transfers of \$149.5 million for FYE June 30, 2015. Revenue and transfers are estimated at conservative levels for the budget year because of the uncertainty of sales trends for the multi-state Powerball and Mega Millions games. The frequency and size of larger jackpots for these games cannot be predicted for future years.

Our operating budget is focused on the funding of prize structures for our games, providing steady and adequate compensation to our retailers, supporting our games and our retailers through advertising and marketing programs, operating efficiently, maintaining salaries and benefits for our employees, and providing training and professional development for our workforce.

The estimated revenue, expenses, and 35% transfer to the state result in a balanced budget for your review and approval.

We have prepared a comprehensive package with financial comparisons and narrative explanations. The sections of our plan are listed in the table of contents. We are committed to providing thorough and relevant financial information to be used in the budget decision-making process. Should additional information or explanations become necessary please feel free to contact us.

Respectfully submitted,

LOUISIANA LOTTERY CORPORATION

A handwritten signature in cursive script, appearing to read "Rose J. Hudson".

Rose J. Hudson
President

**LOUISIANA LOTTERY CORPORATION
FINANCIAL PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

TABLE OF CONTENTS

Income Statement	1
Summary of Means of Financing, Expenditures and Fund Balance	5
Specified Uses of Retained Earnings (Fund Balance)	8
Schedule of Salaries and Benefits	9
Schedule of Operating Expenses	10
Schedule of Other Charges	13
Compensation of Board Members	14
Detail of Professional Service Contracts	15
Schedule of Acquisitions	16
Personnel Table	18
Budget Explanations	24
Summary of Capital Expenditure Requests	33

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Revenue							
Ticket Sales							
Ticket Sales-Instant	\$163,108,984	36.46%	\$170,000,000	39.35%	\$174,000,000	40.74%	\$4,000,000
Ticket Sales-Online							
Jackpot Games							
Powerball	129,940,266	29.05%	100,000,000	23.15%	100,000,000	23.41%	0
Mega Millions	28,232,497	6.31%	35,000,000	8.10%	27,500,000	6.44%	(7,500,000)
Lotto	25,564,558	5.71%	26,500,000	6.13%	25,000,000	5.85%	(1,500,000)
Easy 5	11,607,069	2.59%	11,000,000	2.55%	11,000,000	2.58%	0
Daily Games							
Pick 3	49,509,325	11.07%	48,750,000	11.28%	48,750,000	11.41%	0
Pick 4	39,457,197	8.82%	38,750,000	8.97%	38,750,000	9.07%	0
Total Ticket Sales-Online	<u>284,310,912</u>	<u>63.56%</u>	<u>260,000,000</u>	<u>60.18%</u>	<u>251,000,000</u>	<u>58.77%</u>	<u>(9,000,000)</u>
Total Ticket Sales	<u>447,419,896</u>	<u>100.02%</u>	<u>430,000,000</u>	<u>99.53%</u>	<u>425,000,000</u>	<u>99.51%</u>	<u>(5,000,000)</u>
Other Revenue							
Interest Income	2,093,533	0.47%	2,030,000	0.47%	2,100,000	0.49%	70,000
Net (Decr.) Incr. In Fair Value	(2,191,737)	-0.49%	0	0.00%	0	0.00%	0
Retailer License Fees	6,725	0.00%	10,000	0.00%	10,000	0.00%	0
Retailer Security Deposits	2,690	0.00%	0	0.00%	0	0.00%	0
Miscellaneous Revenue	35	0.00%	0	0.00%	0	0.00%	0
Gain-Asset Disposals	36	0.00%	0	0.00%	0	0.00%	0
Total Other Revenue	<u>(88,718)</u>	<u>-0.02%</u>	<u>2,040,000</u>	<u>0.47%</u>	<u>2,110,000</u>	<u>0.49%</u>	<u>70,000</u>
Total Revenue	<u>\$447,331,178</u>	<u>100.00%</u>	<u>\$432,040,000</u>	<u>100.00%</u>	<u>\$427,110,000</u>	<u>100.00%</u>	<u>(\$4,930,000)</u>

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Expenses							
Prize Expenses							
Prize Expense-Instant	\$93,650,084	20.94%	\$96,900,000	22.43%	\$99,267,000	23.24%	\$2,367,000
Prize Expense-Online	142,509,130	31.86%	131,350,000	30.40%	126,798,000	29.69%	(4,552,000)
Total Prize Expense	236,159,214	52.79%	228,250,000	52.83%	226,065,000	52.93%	(2,185,000)
Retailer Compensation	24,786,537	5.54%	24,123,000	5.58%	23,843,000	5.58%	(280,000)
Operating Expenses							
Direct Expenses							
Lottery System Vendor Fees	5,500,589	1.23%	4,772,000	1.10%	4,597,000	1.08%	(175,000)
Cost of Instant Tickets	2,131,519	0.48%	2,266,000	0.52%	2,339,000	0.55%	73,000
Courier Service	633,726	0.14%	714,000	0.17%	731,000	0.17%	17,000
Total Direct Expenses	\$8,265,834	1.85%	\$7,752,000	1.79%	\$7,667,000	1.80%	(\$85,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
General Operating Expenses							
Advertising	\$7,222,707	1.61%	\$7,500,000	1.74%	\$7,500,000	1.76%	\$0
Contract Labor	256,369	0.06%	230,000	0.05%	230,000	0.05%	0
Depreciation	440,049	0.10%	475,000	0.11%	529,000	0.12%	54,000
Equipment Lease	48,388	0.01%	49,000	0.01%	59,000	0.01%	10,000
Insurance	500,101	0.11%	550,000	0.13%	600,000	0.14%	50,000
Postage	60,550	0.01%	75,000	0.02%	75,000	0.02%	0
Professional Fees (page 15)	485,028	0.11%	424,000	0.10%	412,000	0.10%	(12,000)
Rent	228,442	0.05%	228,000	0.05%	230,000	0.05%	2,000
Repairs & Maintenance	378,830	0.08%	440,000	0.10%	455,000	0.11%	15,000
Salaries and Benefits (page 9)	6,559,399	1.47%	7,192,000	1.66%	7,842,000	1.84%	650,000
Supplies (page 12)	400,313	0.09%	577,000	0.13%	592,000	0.14%	15,000
Communications Network	147,479	0.03%	155,000	0.04%	210,000	0.05%	55,000
Telephone	197,883	0.04%	223,000	0.05%	189,000	0.04%	(34,000)
Travel (page 10)	95,918	0.02%	120,000	0.03%	120,000	0.03%	0
Uncollectible Accounts	49,272	0.01%	50,000	0.01%	50,000	0.01%	0
Utilities	151,944	0.03%	200,000	0.05%	200,000	0.05%	0
Other General & Admin. (page 4)	954,304	0.21%	737,000	0.17%	753,000	0.18%	16,000
Total Gen Operating Expenses	<u>18,176,976</u>	<u>4.06%</u>	<u>19,225,000</u>	<u>4.45%</u>	<u>20,046,000</u>	<u>4.69%</u>	<u>821,000</u>
Total All Operating Expenses	<u>26,442,810</u>	<u>5.91%</u>	<u>26,977,000</u>	<u>6.24%</u>	<u>27,713,000</u>	<u>6.49%</u>	<u>736,000</u>
Net Income	159,942,617	35.75%	152,690,000	35.34%	149,489,000	35.00%	(3,201,000)
Transfers to Lottery Proceeds Fund	160,214,975	35.82%	151,214,000	35.00%	149,489,000	35.00%	(1,725,000)
(Decrease) Increase in Retained Earnings	<u>(\$272,358)</u>	<u>-0.06%</u>	<u>\$1,476,000</u>	<u>0.34%</u>	<u>\$0</u>	<u>0.00%</u>	<u>(\$1,476,000)</u>

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Other General & Administrative Supporting Detail							
Bank Charges	\$141,600	0.03%	\$143,000	0.03%	\$148,000	0.03%	\$5,000
Dues & Subscriptions	48,177	0.01%	60,000	0.01%	60,000	0.01%	0
Freight	6,533	0.00%	7,000	0.00%	7,000	0.00%	0
Recruiting	7,418	0.00%	5,000	0.00%	5,000	0.00%	0
Employee Training	4,599	0.00%	50,000	0.01%	50,000	0.01%	0
Seminars	39,938	0.01%	50,000	0.01%	50,000	0.01%	0
Services Purchased	704,969	0.16%	422,000	0.10%	433,000	0.10%	11,000
Taxes & Licenses	1,070	0.00%	0	0.00%	0	0.00%	0
Total Other Gen. & Admin.	\$954,304	0.21%	\$737,000	0.17%	\$753,000	0.18%	\$16,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
MEANS OF FINANCING				
State General Fund (Direct)				
State General Fund By:				
Fees & Self-Generated Revenues:				
1) Licenses	\$9,415	\$10,000	\$10,000	\$0
2) Sales of Goods and Services	447,419,896	430,000,000	425,000,000	(5,000,000)
3) Other (Penalties and Misc. Revenue)	35	0	0	0
4) Investment Income (Expense)	(98,204)	2,030,000	2,100,000	70,000
5) Gain on Disposal of Assets	36	0	0	0
Total Means of Financing	\$447,331,178	\$432,040,000	\$427,110,000	(\$4,930,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
EXPENDITURES (ACCRUAL BASIS)				
Salaries and Benefits: (page 9)				
Salaries	\$5,102,916	\$5,628,444	\$6,051,544	\$423,100
Related Benefits	1,456,483	1,563,556	1,790,456	226,900
Total Salaries and Benefits	6,559,399	7,192,000	7,842,000	650,000
Contract Labor-Board Members' Compensation (page 14)	130,000	130,000	145,000	15,000
Operating Expenses:				
Travel (page 10)	95,918	120,000	120,000	0
Operating Services (page 11)	18,772,151	18,534,000	18,602,000	68,000
Supplies (page 12)	400,313	577,000	592,000	15,000
Total Operating Expenses	19,268,382	19,231,000	19,314,000	83,000
Professional Services: (page 15)				
Accounting	235,244	245,000	245,000	0
Research and Management Consulting	26,000	50,000	50,000	0
Legal	103,621	113,000	113,000	0
Other	120,163	16,000	4,000	(12,000)
Total Professional Services	485,028	424,000	412,000	(12,000)
Other Charges: (page 13)				
Prize Expense and Retailer Compensation	260,945,752	252,373,000	249,908,000	(2,465,000)
TOTAL EXPENDITURES (ACCRUAL BASIS)	\$287,388,561	\$279,350,000	\$277,621,000	(\$1,729,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
Net Income	\$159,942,617	\$152,690,000	\$149,489,000	(\$3,201,000)
Less Transfers to Lottery Proceeds Fund (1)	160,214,975	151,214,000	149,489,000	(1,725,000)
Fund Balance at Beginning of Year	22,769,379	22,497,021	23,973,021	1,476,000
Fund Balance at End of Year	<u>22,497,021</u>	<u>23,973,021</u>	<u>23,973,021</u>	<u>0</u>
Reservations of Fund Balance (page 8)	<u>\$22,497,021</u>	<u>\$23,973,021</u>	<u>\$23,973,021</u>	<u>\$0</u>
Nonaccrual Charges				
Capital Expenditures (page 16)	311,209	537,000	633,000	96,000
Total Nonaccrual Charges	<u>\$311,209</u>	<u>\$537,000</u>	<u>\$633,000</u>	<u>\$96,000</u>

(1) Transfer for 6/30/13 includes \$3,650,000 above the 35% of gross revenues statutory requirement.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Specified Uses of Retained Earnings (Fund Balance)
For the Fiscal Years Ending as Shown

	06/30/2013	Projected 06/30/2014
Specified Uses of Retained Earnings:		
Land	\$1,542,415	\$1,542,000
Buildings (Net of Accumulated Depreciation)	2,772,181	2,667,000
Other Capital Assets (Net of Accumulated Depreciation)	645,477	820,000
New Capital Expenditure Purchases	537,000	633,000
Retailer Security Deposits	174,540	177,000
Deposits	13,760	15,000
Litigation and Prize Reserve	7,700,000	7,700,000
Capital Asset Replacement Reserve	6,500,000	6,500,000
New Game Development, Retailer Incentives, and Future Expenditures	2,600,000	2,600,000
Unallocated Balance*	11,648	1,319,021
Total Retained Earnings	\$22,497,021	\$23,973,021

* At June 30, 2014 the Corporation will determine if surplus funds are available for transfer to the state. Actual revenue and expenses for the remainder of the fiscal year will be considered in this determination.

Louisiana Lottery Corporation
Schedule of Salaries and Benefits
For the Fiscal Years Ending as Shown

	6/30/2013	% of Salaries	Projected 6/30/2014	% of Salaries	Budgeted 6/30/2015	% of Salaries	*Variance Increase (Decrease)
Employees-Permanent Positions (page 18)	123		123		123		0
Salaries at Full Employment	\$5,509,042		\$5,852,425		\$6,086,522		\$234,097
Turnover and Open Positions	(485,303)		(303,821)		(122,978)		180,843
Overtime Wages	4,589		4,840		13,000		8,160
Deputies for Drawings Security	74,588		75,000		75,000		0
Total Salaries	5,102,916		5,628,444		6,051,544		423,100
State Retirement Contributions	8,535	0.17%	0	0.00%	0	0.00%	0
Supplemental Retirement Plan Expense	312,144	6.12%	242,078	4.30%	260,196	4.30%	18,118
Basic Retirement Plan Expense	245,615	4.81%	272,360	4.84%	292,100	4.83%	19,740
457(b) Retirement Plan Expense	109,698	2.15%	167,133	2.97%	199,716	3.30%	32,583
Vacation Expense Accruals	(27,111)	(0.53%)	0	0.00%	0	0.00%	0
Medicare Tax	72,073	1.41%	78,730	1.40%	84,714	1.40%	5,984
State Unemployment Tax	16,619	0.33%	17,630	0.31%	18,758	0.31%	1,128
Insurance-Health, Dental, Life	684,471	13.41%	747,447	13.28%	893,824	14.77%	146,377
Insurance-Disability	34,438	0.67%	38,178	0.68%	41,148	0.68%	2,970
Total Benefits	1,456,482	28.54%	1,563,556	27.78%	1,790,456	29.59%	226,900
Total Salaries and Benefits	\$6,559,398		\$7,192,000		\$7,842,000		\$650,000
Compensation of Board Members (page 14)	\$130,000		\$130,000		\$145,000		\$15,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown

	<u>06/30/2013</u>	<u>Projected 06/30/2014</u>	<u>Budgeted 06/30/2015</u>	<u>*Variance Increase (Decrease)</u>
Travel				
In-State:				
Administrative	\$1,407	\$1,764	\$1,764	\$0
Conference and Conventions	2,209	2,760	2,760	0
Field Travel	26,211	32,796	32,796	0
Board Members	<u>1,954</u>	<u>2,448</u>	<u>2,448</u>	<u>0</u>
Total In-State	31,781	39,768	39,768	0
Out-of-State:				
Conference and Conventions	<u>56,127</u>	<u>70,224</u>	<u>70,224</u>	<u>0</u>
Total Out-of-State	56,127	70,224	70,224	0
Total Mileage Reimbursement	<u>8,010</u>	<u>10,008</u>	<u>10,008</u>	<u>0</u>
Total Travel	<u>\$95,918</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$0</u>

The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown

	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
Operating Services				
Direct Expenses ***				
Lottery System Vendor Fees	\$5,500,589	\$4,772,000	\$4,597,000	(\$175,000)
Cost of Instant Tickets	2,131,519	2,266,000	2,339,000	73,000
Courier Service	633,726	714,000	731,000	17,000
Total Direct Expenses	8,265,834	7,752,000	7,667,000	(85,000)
General Operating Expenses				
Advertising	7,222,707	7,500,000	7,500,000	0
Contract Labor	126,369	100,000	85,000	(15,000)
Depreciation	440,049	475,000	529,000	54,000
Equipment Lease	48,388	49,000	59,000	10,000
Insurance	500,101	550,000	600,000	50,000
Postage	60,550	75,000	75,000	0
Rent	228,442	228,000	230,000	2,000
Repairs & Maintenance	378,830	440,000	455,000	15,000
Communications Network	147,479	155,000	210,000	55,000
Telephone	197,883	223,000	189,000	(34,000)
Uncollectible Accounts	49,272	50,000	50,000	0
Utilities	151,944	200,000	200,000	0
Bank Charges	141,600	143,000	148,000	5,000
Dues & Subscriptions	48,177	60,000	60,000	0
Freight	6,533	7,000	7,000	0
Recruiting	7,418	5,000	5,000	0
Employee Training	4,599	50,000	50,000	0
Seminars	39,938	50,000	50,000	0
Services Purchased	704,969	422,000	433,000	11,000
Taxes & Licenses	1,070	0	0	0
Total Gen Operating Exp.	10,506,318	10,782,000	10,935,000	153,000
Total All Operating Services	\$18,772,152	\$18,534,000	\$18,602,000	\$68,000

*** These variable expenses fluctuate directly with lottery ticket sales.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown

Supplies	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
Printing	\$3,690	\$5,000	\$5,000	\$0
Office Supplies	26,135	35,000	35,000	0
Automotive Supplies	130,548	150,000	165,000	15,000
Instant Game Supplies- Dispensers and Delivery Bags	118,706	270,000	270,000	0
Online Game Supplies- Play Centers	79,509	50,000	50,000	0
Other Supplies	41,725	67,000	67,000	0
Total Supplies	\$400,313	\$577,000	\$592,000	\$15,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Schedule of Other Charges
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
Other Charges				
Prize Expense	\$236,159,214	\$228,250,000	\$226,065,000	(\$2,185,000)
Retailer Compensation	<u>24,786,537</u>	<u>24,123,000</u>	<u>23,843,000</u>	<u>(280,000)</u>
Total Other Charges ***	<u>\$260,945,751</u>	<u>\$252,373,000</u>	<u>\$249,908,000</u>	<u>(\$2,465,000)</u>

*** These variable expenses fluctuate directly with lottery ticket sales.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
 Compensation of Board Members
 For the Fiscal Years Ending as Shown

<u>Name of Member</u>	<u>Statutory Authority For Payment</u>	<u>Authorized Per Diem Rate Per Meeting</u>	<u>What Other Expenses Are Paid With The Exception of Travel (Itemize Type and Amount)</u>	<u>06/30/13</u>	<u>Projected 06/30/14</u>	<u>Budgeted 06/30/15</u>	<u>*Variance Increase (Decrease)</u>
<u>Current Board Members:</u>							
Verge Ausberry Jr. (Chairman through June 27, 2013)	R.S. 47:9004(D)	N/A	Annual Salary 15,000	\$24,917	\$15,000	\$15,000	0
Christopher K. Carver	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Heather L. Doss	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
John Fitzpatrick (Chairman effective June 28, 2013)	R.S. 47:9004(D)	N/A	Annual Salary 25,000	15,083	25,000	25,000	0
Larry Katz	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Lisa Reardon	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Roy Robichaux	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
James Taylor	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
To be Determined				0	0	15,000	15,000
Total Compensation				\$130,000	\$130,000	\$145,000	\$15,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
 Detail of Professional Service Contracts
 For the Fiscal Years Ending as Shown

<u>Contractor - Purpose of Contract</u>	<u>06/30/13</u>	<u>Projected 06/30/14</u>	<u>Budgeted 06/30/15</u>	<u>*Variance Increase (Decrease)</u>
Attorney General or other agreed upon counsel				
- retainer fee (Attorney General)	\$88,875	\$89,000	\$89,000	\$0
- legal fees (Phelps Dunbar, LLP)	14,746	24,000	24,000	0
Delehantey Consulting				
- instant ticket printing audit services	4,000	4,000	4,000	0
KPMG- audit of automated drawing and raffle machines	116,163			0
NASPL Standards Institute- certification of standards		12,000		(12,000)
Office of Legislative Auditor - financial and compliance audit/ observations of on-line drawings	235,244	245,000	245,000	0
Postlethwaite and Netterville-retirement plan review	26,000			0
To be determined - business consulting services		50,000	50,000	0
Total Professional Service Contracts	\$485,028	\$424,000	\$412,000	(\$12,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
Schedule of Acquisitions
For the Fiscal Years Ending as Shown

<u>Description of Capital Expenditures</u>	<u>06/30/13</u>	<u>Projected</u> <u>06/30/14</u>	<u>Budgeted</u> <u>06/30/15</u>	<u>*Variance</u> <u>Increase</u> <u>(Decrease)</u>
Land and Buildings	\$1,538	\$250,000	\$250,000	\$0
Automotive	164,053	152,000	152,000	0
Office (Furniture, Fixtures & Equipment)	19,047	0	45,000	45,000
Data Processing Software & Equipment	126,571	85,000	136,000	51,000
Other		50,000	50,000	0
Total Acquisitions	\$311,209	\$537,000	\$633,000	\$96,000

Detail on page 17

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

**Louisiana Lottery Corporation
Schedule of Acquisitions
June 30, 2015 Financial Plan**

Automotive	
Vehicle Replacements for Field Staff	
6 Vans @ \$22,000	\$132,000
1 Car @ \$20,000	<u>20,000</u>
Total Automotive	152,000
Building and Leasehold Costs	250,000
Security System Equipment	45,000
Data Processing Software and Equipment	
Firewall Enhancements	6,000
Computer Laptop and Workstation Replacements	40,000
File Servers	40,000
File Server Disk Drives	<u>50,000</u>
Total Data Processing Software and Equipment	136,000
Other- Contingency	<u>50,000</u>
Total Budgeted Capital Acquisitions	<u><u>\$633,000</u></u>

See explanation of capital expenditure requests on page 34

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal		Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
		Year Ending 6/30/2014	Year Ending 6/30/2015		
President	Filled	215,712	224,340	8,628	224,340
Senior Vice President and Secretary-Treasurer	Filled	136,464	141,923	5,459	141,923
Senior Vice President and General Counsel	Filled	120,635	125,460	4,825	125,460
Vice President of Human Resources	Filled	117,000	121,680	4,680	121,680
Vice President of Sales	Filled	114,400	118,976	4,576	118,976
Vice President of Finance and Contoller	Filled	111,941	116,419	4,478	116,419
Vice President of Information Systems	Filled	111,293	115,745	4,452	115,745
Vice President of Marketing	Filled	102,225	106,314	4,089	106,314
Vice President of Internal Audit	Filled	100,837	104,870	4,033	104,870
Vice President of Security and Compliance	Filled	99,840	103,834	3,994	103,834
Purchasing & Facilities Manager	Filled	75,357	78,371	3,014	78,371
Director of Information Technology	Filled	75,000	78,000	3,000	78,000
Director of Systems & Programming	Filled	74,998	77,998	3,000	77,998
Director of Products	Filled	74,678	77,665	2,987	77,665
Art Director	Filled	73,787	76,738	2,951	76,738
Broadcast Producer	Filled	69,278	72,049	2,771	72,049
Director of Accounting	Filled	67,600	70,304	2,704	70,304
Communications Manager	Filled	66,190	68,838	2,648	68,838
Regional Sales Manager-Lafayette	Open	64,636	67,221	2,585	67,221
Regional Sales Manager-Baton Rouge	Filled	62,831	65,344	2,513	65,344
Regional Sales Manager-Monroe	Filled	57,866	60,181	2,315	60,181
Regional Sales Manager-New Orleans	Filled	57,726	60,035	2,309	60,035
Regional Sales Manager-Alexandria	Filled	57,726	60,035	2,309	60,035
Corporate Accounts Rep	Filled	55,179	57,386	2,207	57,386

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal		Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
		Year Ending 6/30/2014			
Billing & A/R Manager	Filled	54,984	2,199	57,183	
Computer Operations Supervisor	Filled	54,878	2,195	57,073	
Network Administrator	Filled	52,477	2,099	54,576	
Executive Administrative Asst	Filled	52,003	2,080	54,083	
Prize Payment Manager	Filled	51,917	2,077	53,994	
Executive Administrative Asst	Filled	51,776	2,071	53,847	
Distribution Center Manager	Filled	50,599	2,024	52,623	
Senior Accountant	Filled	50,214	2,009	52,223	
Corporate Accounts Rep	Open	49,887	1,995	51,882	
Quality Assurance Manager	Open	49,887	1,995	51,882	
Regional Trainer -Shreveport	Open	49,887	1,995	51,882	
Sr. Internal Auditor	Filled	48,947	1,958	50,905	
Drawing Manager	Filled	48,392	1,936	50,328	
Internal Auditor	Filled	48,227	1,929	50,156	
Acct & Payroll Associate	Filled	47,870	1,915	49,785	
Sales Representative-Monroe	Filled	47,418	1,897	49,315	
Sales Representative-Baton Rouge	Filled	45,888	1,836	47,724	
Web-site manager	Filled	45,760	1,830	47,590	
Sales Representative-Baton Rouge	Filled	45,203	1,808	47,011	
Sales Representative-Lafayette	Filled	45,079	1,803	46,882	
Marketing Coordinator	Filled	44,956	1,798	46,754	
Sales Support Manager	Filled	44,630	1,785	46,415	
Sales Representative-Baton Rouge	Open	43,263	1,731	44,994	
Sales Representative-Lafayette	Open	43,263	1,731	44,994	

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal		Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
		Year Ending 6/30/2014	Year Ending 6/30/2015		
Sales Representative-Alexandria	Open	43,263	44,994	1,731	44,994
Sales Representative-Monroe	Open	43,263	44,994	1,731	44,994
Sales Representative-New Orleans	Filled	43,242	44,972	1,730	44,972
Sales Representative-New Orleans	Filled	42,429	44,126	1,697	44,126
Sales Representative-New Orleans	Filled	42,268	43,959	1,691	43,959
Sales Representative-Alexandria	Filled	42,126	43,811	1,685	43,811
Sales Representative-Lafayette	Filled	42,109	43,793	1,684	43,793
Sr. Communication Specialist	Filled	41,600	43,264	1,664	43,264
Sales Representative-Baton Rouge	Filled	41,206	42,854	1,648	42,854
Sales Representative-Lafayette	Filled	41,206	42,854	1,648	42,854
Sales Representative-Shreveport	Filled	41,206	42,854	1,648	42,854
Sales Representative-New Orleans	Filled	40,752	42,382	1,630	42,382
Special Investigator	Filled	40,560	42,182	1,622	42,182
Sales Representative-Baton Rouge	Filled	40,503	42,123	1,620	42,123
Sales Representative-Lafayette	Filled	39,932	41,529	1,597	41,529
Tel Sell CSR	Filled	39,833	41,426	1,593	41,426
Sales Representative-Lafayette	Filled	39,657	41,243	1,586	41,243
Graphic Designer	Filled	39,520	41,101	1,581	41,101
Sales Representative-New Orleans	Filled	39,514	41,095	1,581	41,095
Sales Representative-New Orleans	Filled	39,514	41,095	1,581	41,095
Sales Representative-New Orleans	Filled	39,514	41,095	1,581	41,095
Sales Representative-Baton Rouge	Filled	39,514	41,095	1,581	41,095
Sales Representative-Lafayette	Filled	39,514	41,095	1,581	41,095
Sales Representative-Monroe	Filled	39,514	41,095	1,581	41,095

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal		Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
		Year Ending 6/30/2014			
Sales Representative-Monroe	Filled	39,514	1,581	41,095	
Sales Representative-Shreveport	Filled	39,514	1,581	41,095	
Special Investigator	Filled	39,286	1,571	40,857	
Sales Representative-Shreveport	Filled	39,218	1,569	40,787	
Acct & Payroll Associate	Open	38,511	1,540	40,051	
HR Representative	Open	38,511	1,540	40,051	
IT Tech Support Assistant	Open	38,511	1,540	40,051	
Sales Representative-Alexandria	Filled	38,000	1,520	39,520	
Graphic Designer	Filled	37,320	1,493	38,813	
Software Quality Assurance Analyst	Filled	36,522	1,461	37,983	
IT Tech Support Analyst	Filled	36,464	1,459	37,923	
Special Investigator	Filled	36,396	1,456	37,852	
Customer Service Coordinator-Baton Rouge	Filled	35,368	1,415	36,783	
Community Relations Assistant	Filled	35,360	1,414	36,774	
Compliance Coordinator	Filled	35,114	1,405	36,519	
Sr Retailer Licensing CSR	Filled	34,352	1,374	35,727	
Tel Sell CSR	Filled	33,601	1,344	34,945	
Tel Sell CSR	Filled	33,542	1,342	34,884	
Billing & A/R CSR	Filled	33,460	1,338	34,798	
Communications Assistant	Filled	32,205	1,288	33,493	
Communications Assistant	Filled	32,205	1,288	33,493	
Administrative Coordinator	Filled	32,003	1,280	33,283	
Tel Sell CSR	Open	30,756	1,230	31,986	
Administrative Assistant	Filled	30,416	1,217	31,633	

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal	Estimated 4% Performance Increase*	Budgeted Fiscal
		Year Ending 6/30/2014		Year Ending 6/30/2015
Prize Payment CSR	Filled	29,518	1,181	30,699
Prize Payment CSR	Filled	28,911	1,156	30,067
Distribution Center Associate	Filled	28,385	1,135	29,520
Tel Sell CSR	Filled	28,123	1,125	29,248
Warehouse / Mail Clerk	Filled	28,122	1,125	29,247
Regional Office Assistant-Alexandria	Filled	28,111	1,124	29,235
Regional Office Asst-Shreveport	Filled	28,111	1,124	29,235
Retailer Licensing CSR	Filled	28,000	1,120	29,120
Equipment Coordinator	Filled	26,848	1,074	27,922
Regional Office Asst-New Orleans	Filled	26,499	1,060	27,559
Regional Office Asst-Monroe	Filled	25,958	1,038	26,996
Regional Office Asst-Shreveport	Filled	25,958	1,038	26,996
Business Analyst Intern	Open	25,636	1,025	26,661
Regional Office Asst-Monroe	Filled	25,489	1,020	26,509
Computer Operator	Filled	25,475	1,019	26,494
Regional Office Asst-New Orleans	Filled	25,204	1,008	26,212
Regional Office Asst-Baton Rouge	Filled	25,204	1,008	26,212
Regional Office Asst-Lafayette	Filled	25,204	1,008	26,212
Regional Office Assistant-Alexandria	Filled	25,204	1,008	26,212
Regional Office Asst-Lafayette	Filled	24,867	995	25,862
Regional Office Asst-New Orleans	Filled	24,235	969	25,204
Computer Operator	Filled	24,164	967	25,131
Warehouse / Mail Clerk	Filled	23,661	946	24,607
Warehouse / Mail Clerk	Filled	22,728	909	23,637

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled		Current Fiscal Year Ending 6/30/2014	Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
Warehouse / Mail Clerk	Filled		22,558	902	23,460
Distribution Center Associate	Open		18,698	748	19,446
Accounting Intern	Filled		13,042	522	13,563
Total	123		\$5,852,425	\$234,097	\$6,086,522

*Performance increases will be awarded in accordance with the Lottery's Salary Administration Program

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Sales

Sales are budgeted at \$425 million for the fiscal year ending (FYE) June 30, 2015.

Instant ticket sales are expected to increase by at least 2% in the budget year. A gradual increase in prize payouts and enhanced inventory management during the past several years had positive results. We plan to continue these strategies in the 2015 budget year.

The multi-state jackpot-driven games offered in Louisiana are Powerball and Mega Millions. Powerball was first introduced in FYE June 30, 1995 and has consistently been the top seller in the online game menu. Sales for the Mega Millions game began in November 2011 at a cost to players of \$1 per wager. The Powerball game structure was enhanced in January 2012 and the price point was increased from \$1 to \$2 per wager. Louisiana offers large jackpot games at both the \$1 and \$2 price points.

The long-term forecast for the combined sales for these two games is uncertain. Limited sales history or trends exist for this combination. Large jackpot levels cannot be expected or predicted in any given year. Therefore, the 2015 budget for both games is conservative.

Lotto and Easy 5 sales have been affected by the introduction of Mega Millions and the change in Powerball to a \$2 price point. A large Lotto jackpot caused an increase in sales for this game in the current year. However, the flat to downward trend is expected to continue for both games in the 2015 budget year.

The Pick 3 and Pick 4 daily numbers games have continued to perform well. Consistent sales performance is expected to continue for these fixed-payout games.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Other Revenue

Interest income is estimated based on projected investment balances and rate of return. The cash available for investment is projected to remain fairly constant. Funds are held by the Lottery in a commercial banking account and short-term repurchase agreement to finance daily operations. The repurchase agreement rate of return is minimal because the Federal Reserve has maintained short-term interest rates at less than .25%. The Lottery also holds a managed intermediate-term portfolio of U.S. government and agency securities. This portfolio's rate of return is in the 3.5% to 4% range.

We anticipate that rates may slightly increase because of the economic outlook. As principal and interest receipts are reinvested into the intermediate-term portfolio, the investment balance will increase and a higher market rate of return will be realized for these new purchases. Therefore, our budgeted interest income for FYE June 30, 2015 is slightly higher than the projection for the current fiscal year.

The change in the fair value of investments is recorded to comply with governmental accounting standards. Since the Lottery holds most of its investments until maturity, the market fluctuations have minimal impact on revenue received. No attempt is made to predict the market value changes for the budget year.

Instant Prize Expense

The instant prize expense budget is based on a goal of offering at least a 62.50% average prize structure to instant game players. Current and long-term projections indicate that the target funding of prizes at this 62.50% level during the budget year is approximately 57% from the operating budget and 5.50% from the unclaimed prizes pool. These prize structure and funding estimates may be adjusted during or at the end of the fiscal year because of actual financial results and

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

updated forecasts. Any adjustments could change the average prize structure percentage and the allocation of the funding of instant prize expense between the operating budget and the unclaimed prizes pool.

Online Prize Expense

Online prize expense for the Lotto and Powerball games is structured at 50% of sales. Pick 3 and Pick 4 have fixed prizes for the various levels of winnings. Budgeted prize expense for these games is based on historical averages of 50% and 52%, respectively. Actual prize expense for the year will vary depending on the number of drawings with high payouts. Prize expense will be adjusted to actual at the end of each fiscal year which may result in prize structure percentages higher or lower than the 50% and 52% included in the budget. The prize structure for Easy 5 is at 50% and at a 61% rate for the EZMatch instant win feature included with this game. The Mega Millions game currently has a 50.70% prize structure. This percentage can increase or decrease if the funding requirement for game prize reserves is changed by the participating state lotteries.

Retailer Compensation

Retailer compensation consists of a sales commission for instant and online ticket sales and various sales and prize cashing incentives. The total compensation is expected to remain at about 5.61% of total sales for the budget year.

Lottery System Vendor Fees

The lottery system vendor provides and maintains the retailer terminal network, online gaming computer system, and all related communication networks. The contractual compensation for these services is a commission of 2.9798% of online sales. In addition, the vendor provides various optional equipment and services. Total costs for these options are expected to be \$72,000 in 2014 and \$176,000 in the 2015 budget year. The vendor fees for the 2014 projection and the 2015 budget year are reflected net of a weekly communication fee charged to all retailers.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Cost of Instant Tickets

Under the terms of the instant ticket printing and related services contract, the Lottery's ticket printer is compensated at a rate of 1.215% of instant ticket sales. Licensing fees for specialty games are provided at additional costs. We have included \$200,000 and \$225,000 of these expenses in the current and budget years, respectively.

Courier Service

Courier costs include the fees charged by carriers to deliver instant game ticket packs to retailer locations. These expenses are expected to increase slightly because of higher sales volume and frequency of deliveries.

Advertising

Advertising expense includes media placement, production, point-of-sale production, publications, promotional merchandise, sports sponsorships, and special events. These costs are estimated at \$7.5 million in the current year and budget year.

Contract Labor

Contract labor includes board member salaries and the use of temporary staffing agencies. These costs are expected to remain fairly constant.

Depreciation

Depreciation expense includes the spreading of the costs of capital expenditures over the estimated useful lives of the assets. This expense is expected to increase in FYE June 30, 2015 because the cost of assets that will become fully depreciated during this year is expected to be lower than the cost of new capital purchases.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Equipment Lease

Copier, mailroom, and security system equipment lease costs are included in this item. Copier lease costs may slightly increase because of potential upgrades of functionality.

Insurance

This expense category includes premiums for business insurance. The policies purchased by the Lottery include coverage for directors and officers liability, crimes against the corporation, retirement plan fiduciary liability, standard automobile liability, general liability, worker's compensation claims, and property. The insurance markets are very unpredictable and increases in premiums are usually driven by claims of the insured, losses incurred by the carriers because of catastrophic events, and the carrier's investment returns. Because we cannot predict these events or other factors that can potentially affect our insurance costs, the budget for FYE June 30, 2015 includes an estimated 10% increase in premiums for all policy renewals.

Postage

This line item includes all postage meter rates for routine business mailings and bulk mailings to retailers and players. Postage should remain at approximately \$75,000 in the budget year.

Professional Fees

These costs include legal fees, financial and compliance audit fees, and other professional service expenses. Explanations of these contractual costs are as follows:

- Legal fees are expected to remain consistent in the projected and budgeted years.
- Independent audit reviews of the Lottery's instant ticket printer are projected and budgeted at \$4,000.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

- The Legislative Auditor's fees for conducting financial and compliance audits and drawings observations should remain stable for both years.
- A two-year renewal of the verification for quality assurance processes from the lottery industry's national association was obtained in the 2014 fiscal year at a cost of \$12,000. The next renewal is not due until the 2016 fiscal year.
- A business consulting contingency of \$50,000 is included to cover costs for any unanticipated needs in both the current and budget years.

Rent

The Lottery leases five regional offices throughout the state to accommodate the customer service needs of retailers and players. The current lease terms for four of these locations expire after June 30, 2015. The lease for the Alexandria office expires on July 31, 2014. A 10% potential rent increase is included for this lease in the budget year.

Repairs and Maintenance

Repairs and maintenance include all computer hardware and software maintenance and support contracts, general repairs and maintenance on all equipment, automobiles, and facilities maintained by the Lottery, and janitorial services. Most of these costs should remain fairly stable. An additional \$15,000 is included in the budget year for computer and equipment maintenance for expiring initial purchase warranties.

Salaries and Benefits

The variance in salaries and benefits is due to several factors. An average 4% performance-based increase is included in the budgeted total for employee salaries. Normal employee turnover and the timing of filling open positions are other

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

reasons for total salary differences between the projected and budgeted years. In addition, health insurance premiums are budgeted to increase by 18%.

Supplies

This category includes expenses for instant ticket dispensers, instant ticket delivery bags, retailer play centers, office supplies, printing supplies, computer supplies, and fuel for the Lottery's fleet of vehicles. A 10% increase for fuel is included in the budget because of the volatility of this expense item. The other supplies costs are expected to be fairly consistent with the current year.

Communications Network and Telephone

Communications network is the costs associated with the Lottery's computer network between headquarters, regional offices, and the distribution center. Telephone expense includes local and long distance phone service for the Lottery's offices, a 1-800 number for player inquiries, cellular phone fees, and company internet access.

A network upgrade to increase capacity and speed will increase recurring monthly costs while decreasing some telephone costs that can be handled through the new network. The net effect is an annual budgeted increase of \$21,000.

Travel

This line item includes all in-state mileage reimbursement, hotel costs, meal reimbursements, and other business costs for employee meetings, board meetings, and educational training. In addition, out-of-state flight costs and other travel expenses for educational industry conferences and professional conferences are included in this category. We are budgeting travel at the same level as the current year projected amount to maintain our training and educational programs for sales, support, and professional staff.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Uncollectible Accounts

This expense includes amounts due from Lottery retailers that are delinquent and not expected to be paid. The amount is reported net of recoveries from collection agencies. Average annual uncollectible accounts are less than \$30,000. However, the amount and timing of these expenses are very unpredictable. Therefore, we are allocating \$50,000 for these potential costs in the projected and budget years.

Utilities

Electrical and other utility expenses are estimated at the five-year average of \$200,000 for both the current and budget years.

Bank Charges

These fees include charges for commercial treasury, investment management, and custodial services for the Lottery's bank accounts, electronic transaction processing, purchasing card processing, and investment portfolio holdings. These expenses should remain at approximately the same level for the current and budget years.

Dues and Subscriptions

Dues include annual membership fees to national and international lottery associations, trade organizations, and professional associations. Subscriptions are payments for trade and professional periodicals, online research tools, and other educational and research materials. These costs are expected to remain consistent with the current year.

Recruiting

This expense includes charges for job placement advertisements for open employment positions at the Lottery throughout the fiscal year. The costs should remain at about the same level in the current and budget years.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Employee Training and Seminars

Employee training consists of group meetings conducted by outside instructors for training of sales, administrative, and professional staff. Seminars are fees paid for lottery industry conferences, professional conferences, or other trade or business gatherings for employee educational and training purposes. We expect these costs to remain at the same level in the current year and the budget year.

Services Purchased

The Louisiana Lottery's share of the costs associated with the administration of the Powerball and Mega Millions multi-state lottery games is included in this category. Operating costs for the budget year are expected to remain at current year levels.

In addition, expenses for computer network and software services, shredding of unsold instant tickets, cable television, retirement plan administration, email marketing, human resources and payroll software services, public relations monitoring services, community events setup, and collection agency fees are included in services purchased. The total budgeted cost of most of these services is expected to remain consistent with the current year. Some additional computer network and software services and a security inquiry service are expected to increase costs by \$11,000.

**Louisiana Lottery Corporation
Financial Plan
Summary of Capital Expenditure Requests
For the Fiscal Year Ending June 30, 2015**

Vehicle Replacements

The Lottery has a fleet of 45 vehicles used mainly by field personnel in the Sales and Security Departments. The fleet is maintained using a preventive maintenance program and monitored on a regular basis. Once the total mileage on a vehicle reaches approximately 100,000 miles the vehicle is targeted for replacement for safety reasons and to reduce the costs of ongoing maintenance. Vehicles are purchased under state purchasing contracts if the prices offered result in a cost savings for the Lottery.

Building and Leasehold Costs

The downtown headquarters in Baton Rouge and our distribution center in south Baton Rouge are both owned locations. We are responsible for all repairs and maintenance for these buildings. In addition, the Lottery is responsible for maintaining the interior walls and related structures for our five leased locations throughout the state. The repairs and maintenance expense line item in our operating budget covers the routine maintenance throughout the year. This capital budget request includes funds for potential major repairs.

Security System Equipment

This request includes the replacement of obsolete security cameras and related equipment at headquarters and the distribution center.

Data Processing Software and Equipment

This technology budget request includes a firewall security upgrade, replacements for obsolete laptop and workstation computers, and file server and disk drive upgrades to maintain network performance and capacity.

Contingency

To accommodate unexpected capital needs, the Lottery has budgeted \$50,000.

LOUISIANA LOTTERY CORPORATION
Resolution Summary

RESOLUTION NO.: 2014-02-07-1

PROPOSED BY: Vice Chairman Kim Carver

SECONDED BY: Director Lisa Reardon

ACTION TAKEN: Approved

VOTING FOR: Chairman John Fitzpatrick, Vice Chairman Kim Carver, Secretary J. T. Taylor; Directors: Verge Ausberry, Roy Robichaux, Lisa Reardon (6)

VOTING AGAINST: None (0)

NOT VOTING: None (0)

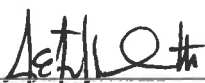
ABSTAINING: None (0)

ABSENT: Directors: Larry Katz, Heather Doss (2)



CERTIFICATE

The attached Recitals and Resolutions, and the foregoing information on this page, are certified to be truly and correctly reflective of actions of the Board of Directors of the Louisiana Lottery Corporation on February 07, 2014.



John Fitzpatrick
Chairman of the Board
of Directors

LOUISIANA LOTTERY CORPORATION

Resolution No. 2014-02-07-1

A. RECITALS

1. Section 9010(A)(7) of the Louisiana Lottery Corporation Law requires the President of the Louisiana Lottery Corporation (the "Corporation") to submit not later than thirty days before the beginning of the 2014 Regular Session of the legislature, a proposed annual budget to the Joint Legislative Committee on the Budget for review and approval.

2. The President, with the assistance of staff, has prepared a proposed 2014-2015 Fiscal Year Budget and recommends the budget for approval by the Board of Directors of the Corporation.

3. The Finance Committee has reviewed the proposed 2014-2015 Fiscal Year Budget.

4. The Board of Directors of the Corporation has reviewed the proposed 2014-2015 Fiscal Year Budget, and wishes to approve the proposed budget.

B. RESOLUTIONS

NOW, THEREFORE, BE IT RESOLVED, that, in accordance with the authority vested in the Board of Directors by Section 9007(1) of the Louisiana Lottery Corporation Law, the Board of Directors hereby approves the 2014-2015 Fiscal Year Budget, recommended by the President of the Corporation.

FURTHER RESOLVED, that the President submit the approved 2014-2015 Fiscal Year Budget, to the Joint Legislative Committee on the Budget not later than thirty days before the beginning of the 2014 Regular Session of the legislature in compliance with the provisions of Section 9010(A)(7) of the Louisiana Lottery Corporation Law.

C E R T I F I C A T E


I, John Fitzpatrick, Chairman of the Board of the Louisiana Lottery Corporation, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of said Corporation at a meeting duly called, noticed and held on February 07, 2014, and filed with the minutes of the meeting of said Board of Directors; and further certify that the said resolution has not been amended, rescinded or annulled and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto affixed my signature on
February 7, 2014.



John Fitzpatrick
Chairman of the Board

ATTEST:



Rose J. Hudson, President



LOUISIANA LOTTERY CORPORATION

FINANCIAL PLAN

FOR THE FISCAL YEAR ENDING JUNE 30, 2015



February 7, 2014

Board of Directors, Louisiana Lottery Corporation
Joint Legislative Committee on the Budget, Louisiana Legislature

Budget Message

The mission of the Louisiana Lottery Corporation as defined by statute is to offer the best possible lottery games in order to maximize revenue to the state while insuring the integrity of the lottery, the dignity of the state, and the general welfare of its citizens. Every year during the budgeting process, the Lottery renews its commitment to this mission. The financial plan for the fiscal year ending (FYE) June 30, 2015 reflects this commitment.

Total revenue for the current fiscal year is projected at \$432.0 million and is budgeted for the 2015 fiscal year at \$427.1 million. These estimates result in projected transfers to the state for FYE June 30, 2014 of \$151.2 million and budgeted transfers of \$149.5 million for FYE June 30, 2015. Revenue and transfers are estimated at conservative levels for the budget year because of the uncertainty of sales trends for the multi-state Powerball and Mega Millions games. The frequency and size of larger jackpots for these games cannot be predicted for future years.

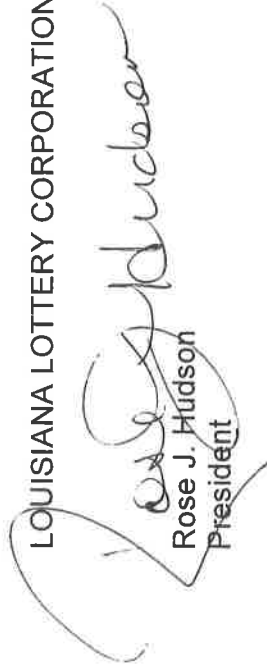
Our operating budget is focused on the funding of prize structures for our games, providing steady and adequate compensation to our retailers, supporting our games and our retailers through advertising and marketing programs, operating efficiently, maintaining salaries and benefits for our employees, and providing training and professional development for our workforce.

The estimated revenue, expenses, and 35% transfer to the state result in a balanced budget for your review and approval.

We have prepared a comprehensive package with financial comparisons and narrative explanations. The sections of our plan are listed in the table of contents. We are committed to providing thorough and relevant financial information to be used in the budget decision-making process. Should additional information or explanations become necessary please feel free to contact us.

Respectfully submitted,

LOUISIANA LOTTERY CORPORATION



Rose J. Hudson
President

**LOUISIANA LOTTERY CORPORATION
FINANCIAL PLAN
FOR THE FISCAL YEAR ENDING JUNE 30, 2015**

TABLE OF CONTENTS

Income Statement	1
Summary of Means of Financing, Expenditures and Fund Balance	5
Specified Uses of Retained Earnings (Fund Balance)	8
Schedule of Salaries and Benefits	9
Schedule of Operating Expenses	10
Schedule of Other Charges	13
Compensation of Board Members	14
Detail of Professional Service Contracts	15
Schedule of Acquisitions	16
Personnel Table	18
Budget Explanations	24
Summary of Capital Expenditure Requests	33

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Revenue							
Ticket Sales							
Ticket Sales-Instant	\$163,108,984	36.46%	\$170,000,000	39.35%	\$174,000,000	40.74%	\$4,000,000
Ticket Sales-Online							
Jackpot Games							
Powerball	129,940,266	29.05%	100,000,000	23.15%	100,000,000	23.41%	0
Mega Millions	28,232,497	6.31%	35,000,000	8.10%	27,500,000	6.44%	(7,500,000)
Lotto	25,564,558	5.71%	26,500,000	6.13%	25,000,000	5.85%	(1,500,000)
Easy 5	11,607,069	2.59%	11,000,000	2.55%	11,000,000	2.58%	0
Daily Games							
Pick 3	49,509,325	11.07%	48,750,000	11.28%	48,750,000	11.41%	0
Pick 4	39,457,197	8.82%	38,750,000	8.97%	38,750,000	9.07%	0
Total Ticket Sales-Online	<u>284,310,912</u>	<u>63.56%</u>	<u>260,000,000</u>	<u>60.18%</u>	<u>251,000,000</u>	<u>58.77%</u>	<u>(9,000,000)</u>
Total Ticket Sales	<u>447,419,896</u>	<u>100.02%</u>	<u>430,000,000</u>	<u>99.53%</u>	<u>425,000,000</u>	<u>99.51%</u>	<u>(5,000,000)</u>
Other Revenue							
Interest Income	2,093,533	0.47%	2,030,000	0.47%	2,100,000	0.49%	70,000
Net (Decr.) Incr. In Fair Value	(2,191,737)	-0.49%	0	0.00%	0	0.00%	0
Retailer License Fees	6,725	0.00%	10,000	0.00%	10,000	0.00%	0
Retailer Security Deposits	2,690	0.00%	0	0.00%	0	0.00%	0
Miscellaneous Revenue	35	0.00%	0	0.00%	0	0.00%	0
Gain-Asset Disposals	36	0.00%	0	0.00%	0	0.00%	0
Total Other Revenue	<u>(88,718)</u>	<u>-0.02%</u>	<u>2,040,000</u>	<u>0.47%</u>	<u>2,110,000</u>	<u>0.49%</u>	<u>70,000</u>
Total Revenue	<u>\$447,331,178</u>	<u>100.00%</u>	<u>\$432,040,000</u>	<u>100.00%</u>	<u>\$427,110,000</u>	<u>100.00%</u>	<u>(\$4,930,000)</u>

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Expenses							
Prize Expenses							
Prize Expense-Instant	\$93,650,084	20.94%	\$96,900,000	22.43%	\$99,267,000	23.24%	\$2,367,000
Prize Expense-Online	142,509,130	31.86%	131,350,000	30.40%	126,798,000	29.69%	(4,552,000)
Total Prize Expense	236,159,214	52.79%	228,250,000	52.83%	226,065,000	52.93%	(2,185,000)
Retailer Compensation	24,786,537	5.54%	24,123,000	5.58%	23,843,000	5.58%	(280,000)
Operating Expenses							
Direct Expenses							
Lottery System Vendor Fees	5,500,589	1.23%	4,772,000	1.10%	4,597,000	1.08%	(175,000)
Cost of Instant Tickets	2,131,519	0.48%	2,266,000	0.52%	2,339,000	0.55%	73,000
Courier Service	633,726	0.14%	714,000	0.17%	731,000	0.17%	17,000
Total Direct Expenses	\$8,265,834	1.85%	\$7,752,000	1.79%	\$7,667,000	1.80%	(\$85,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
General Operating Expenses							
Advertising	\$7,222,707	1.61%	\$7,500,000	1.74%	\$7,500,000	1.76%	\$0
Contract Labor	256,369	0.06%	230,000	0.05%	230,000	0.05%	0
Depreciation	440,049	0.10%	475,000	0.11%	529,000	0.12%	54,000
Equipment Lease	48,388	0.01%	49,000	0.01%	59,000	0.01%	10,000
Insurance	500,101	0.11%	550,000	0.13%	600,000	0.14%	50,000
Postage	60,550	0.01%	75,000	0.02%	75,000	0.02%	0
Professional Fees (page 15)	485,028	0.11%	424,000	0.10%	412,000	0.10%	(12,000)
Rent	228,442	0.05%	228,000	0.05%	230,000	0.05%	2,000
Repairs & Maintenance	378,830	0.08%	440,000	0.10%	455,000	0.11%	15,000
Salaries and Benefits (page 9)	6,559,399	1.47%	7,192,000	1.66%	7,842,000	1.84%	650,000
Supplies (page 12)	400,313	0.09%	577,000	0.13%	592,000	0.14%	15,000
Communications Network	147,479	0.03%	155,000	0.04%	210,000	0.05%	55,000
Telephone	197,883	0.04%	223,000	0.05%	189,000	0.04%	(34,000)
Travel (page 10)	95,918	0.02%	120,000	0.03%	120,000	0.03%	0
Uncollectible Accounts	49,272	0.01%	50,000	0.01%	50,000	0.01%	0
Utilities	151,944	0.03%	200,000	0.05%	200,000	0.05%	0
Other General & Admin. (page 4)	954,304	0.21%	737,000	0.17%	753,000	0.18%	16,000
Total Gen Operating Expenses	<u>18,176,976</u>	<u>4.06%</u>	<u>19,225,000</u>	<u>4.45%</u>	<u>20,046,000</u>	<u>4.69%</u>	<u>821,000</u>
Total All Operating Expenses	<u>26,442,810</u>	<u>5.91%</u>	<u>26,977,000</u>	<u>6.24%</u>	<u>27,713,000</u>	<u>6.49%</u>	<u>736,000</u>
Net Income	159,942,617	35.75%	152,690,000	35.34%	149,489,000	35.00%	(3,201,000)
Transfers to Lottery Proceeds Fund	160,214,975	35.82%	151,214,000	35.00%	149,489,000	35.00%	(1,725,000)
(Decrease) Increase in Retained Earnings	<u>(\$272,358)</u>	<u>-0.06%</u>	<u>\$1,476,000</u>	<u>0.34%</u>	<u>\$0</u>	<u>0.00%</u>	<u>(\$1,476,000)</u>

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Income Statement
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>% of Revenue</u>	<u>Projected 6/30/2014</u>	<u>% of Revenue</u>	<u>Budgeted 6/30/2015</u>	<u>% of Revenue</u>	<u>*Variance Increase (Decrease)</u>
Other General & Administrative Supporting Detail							
Bank Charges	\$141,600	0.03%	\$143,000	0.03%	\$148,000	0.03%	\$5,000
Dues & Subscriptions	48,177	0.01%	60,000	0.01%	60,000	0.01%	0
Freight	6,533	0.00%	7,000	0.00%	7,000	0.00%	0
Recruiting	7,418	0.00%	5,000	0.00%	5,000	0.00%	0
Employee Training	4,599	0.00%	50,000	0.01%	50,000	0.01%	0
Seminars	39,938	0.01%	50,000	0.01%	50,000	0.01%	0
Services Purchased	704,969	0.16%	422,000	0.10%	433,000	0.10%	11,000
Taxes & Licenses	1,070	0.00%	0	0.00%	0	0.00%	0
Total Other Gen. & Admin.	\$954,304	0.21%	\$737,000	0.17%	\$753,000	0.18%	\$16,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
MEANS OF FINANCING				
State General Fund (Direct)				
State General Fund By:				
Fees & Self-Generated Revenues:				
1) Licenses	\$9,415	\$10,000	\$10,000	\$0
2) Sales of Goods and Services	447,419,896	430,000,000	425,000,000	(5,000,000)
3) Other (Penalties and Misc. Revenue)	35	0	0	0
4) Investment Income (Expense)	(98,204)	2,030,000	2,100,000	70,000
5) Gain on Disposal of Assets	36	0	0	0
Total Means of Financing	\$447,331,178	\$432,040,000	\$427,110,000	(\$4,930,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
EXPENDITURES (ACCRUAL BASIS)				
Salaries and Benefits: (page 9)				
Salaries	\$5,102,916	\$5,628,444	\$6,051,544	\$-423,100
Related Benefits	1,456,483	1,563,556	1,790,456	226,900
Total Salaries and Benefits	<u>6,559,399</u>	<u>7,192,000</u>	<u>7,842,000</u>	<u>650,000</u>
Contract Labor-Board Members' Compensation (page 14)	130,000	130,000	145,000	15,000
Operating Expenses:				
Travel (page 10)	95,918	120,000	120,000	0
Operating Services (page 11)	18,772,151	18,534,000	18,602,000	68,000
Supplies (page 12)	400,313	577,000	592,000	15,000
Total Operating Expenses	<u>19,268,382</u>	<u>19,231,000</u>	<u>19,314,000</u>	<u>83,000</u>
Professional Services: (page 15)				
Accounting	235,244	245,000	245,000	0
Research and Management Consulting	26,000	50,000	50,000	0
Legal	103,621	113,000	113,000	0
Other	120,163	16,000	4,000	(12,000)
Total Professional Services	<u>485,028</u>	<u>424,000</u>	<u>412,000</u>	<u>(12,000)</u>
Other Charges: (page 13)				
Prize Expense and Retailer Compensation	260,945,752	252,373,000	249,908,000	(2,465,000)
TOTAL EXPENDITURES (ACCRUAL BASIS)	<u>\$287,388,561</u>	<u>\$279,350,000</u>	<u>\$277,621,000</u>	<u>(\$1,729,000)</u>

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
 Summary of Means of Financing,
 Expenditures and Fund Balance
 For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
Net Income	\$159,942,617	\$152,690,000	\$149,489,000	(\$3,201,000)
Less Transfers to Lottery Proceeds Fund (1)	160,214,975	151,214,000	149,489,000	(1,725,000)
Fund Balance at Beginning of Year	22,769,379	22,497,021	23,973,021	1,476,000
Fund Balance at End of Year	<u>22,497,021</u>	<u>23,973,021</u>	<u>23,973,021</u>	<u>0</u>
Reservations of Fund Balance (page 8)	\$22,497,021	\$23,973,021	\$23,973,021	\$0
Nonaccrual Charges				
Capital Expenditures (page 16)	311,209	537,000	633,000	96,000
Total Nonaccrual Charges	<u>\$311,209</u>	<u>\$537,000</u>	<u>\$633,000</u>	<u>\$96,000</u>

(1) Transfer for 6/30/13 includes \$3,650,000 above the 35% of gross revenues statutory requirement.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Specified Uses of Retained Earnings (Fund Balance)
 For the Fiscal Years Ending as Shown

	06/30/2013	Projected 06/30/2014
Specified Uses of Retained Earnings:		
Land	\$1,542,415	\$1,542,000
Buildings (Net of Accumulated Depreciation)	2,772,181	2,667,000
Other Capital Assets (Net of Accumulated Depreciation)	645,477	820,000
New Capital Expenditure Purchases	537,000	633,000
Retailer Security Deposits	174,540	177,000
Deposits	13,760	15,000
Litigation and Prize Reserve	7,700,000	7,700,000
Capital Asset Replacement Reserve	6,500,000	6,500,000
New Game Development, Retailer Incentives, and Future Expenditures	2,600,000	2,600,000
Unallocated Balance*	11,648	1,319,021
Total Retained Earnings	\$22,497,021	\$23,973,021

* At June 30, 2014 the Corporation will determine if surplus funds are available for transfer to the state. Actual revenue and expenses for the remainder of the fiscal year will be considered in this determination.

Louisiana Lottery Corporation
Schedule of Salaries and Benefits
For the Fiscal Years Ending as Shown

	6/30/2013	% of Salaries	Projected 6/30/2014	% of Salaries	Budgeted 6/30/2015	% of Salaries	*Variance Increase (Decrease)
Employees-Permanent Positions (page 18)	123		123		123		0
Salaries at Full Employment	\$5,509,042		\$5,852,425		\$6,086,522		\$234,097
Turnover and Open Positions	(485,303)		(303,821)		(122,978)		180,843
Overtime Wages	4,589		4,840		13,000		8,160
Deputies for Drawings Security	74,588		75,000		75,000		0
Total Salaries	5,102,916		5,628,444		6,051,544		423,100
State Retirement Contributions	8,535	0.17%	0	0.00%	0	0.00%	0
Supplemental Retirement Plan Expense	312,144	6.12%	242,078	4.30%	260,196	4.30%	18,118
Basic Retirement Plan Expense	245,615	4.81%	272,360	4.84%	292,100	4.83%	19,740
457(b) Retirement Plan Expense	109,698	2.15%	167,133	2.97%	199,716	3.30%	32,583
Vacation Expense Accruals	(27,111)	(0.53%)	0	0.00%	0	0.00%	0
Medicare Tax	72,073	1.41%	78,730	1.40%	84,714	1.40%	5,984
State Unemployment Tax	16,619	0.33%	17,630	0.31%	18,758	0.31%	1,128
Insurance-Health, Dental, Life	684,471	13.41%	747,447	13.28%	893,824	14.77%	146,377
Insurance-Disability	34,438	0.67%	38,178	0.68%	41,148	0.68%	2,970
Total Benefits	1,456,482	28.54%	1,563,556	27.78%	1,790,456	29.59%	226,900
Total Salaries and Benefits	\$6,559,398		\$7,192,000		\$7,842,000		\$650,000
Compensation of Board Members (page 14)	\$130,000		\$130,000		\$145,000		\$15,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown

	06/30/2013	Projected 06/30/2014	Budgeted 06/30/2015	*Variance Increase (Decrease)
Travel				
In-State:				
Administrative	\$1,407	\$1,764	\$1,764	\$0
Conference and Conventions	2,209	2,760	2,760	0
Field Travel	26,211	32,796	32,796	0
Board Members	1,954	2,448	2,448	0
Total In-State	31,781	39,768	39,768	0
Out-of-State:				
Conference and Conventions	56,127	70,224	70,224	0
Total Out-of-State	56,127	70,224	70,224	0
Total Mileage Reimbursement	8,010	10,008	10,008	0
Total Travel	\$95,918	\$120,000	\$120,000	\$0

The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown

	6/30/2013	Projected 6/30/2014	Budgeted 6/30/2015	*Variance Increase (Decrease)
Operating Services				
Direct Expenses ***				
Lottery System Vendor Fees	\$5,500,589	\$4,772,000	\$4,597,000	(\$175,000)
Cost of Instant Tickets	2,131,519	2,266,000	2,339,000	73,000
Courier Service	633,726	714,000	731,000	17,000
Total Direct Expenses	8,265,834	7,752,000	7,667,000	(85,000)
General Operating Expenses				
Advertising	7,222,707	7,500,000	7,500,000	0
Contract Labor	126,369	100,000	85,000	(15,000)
Depreciation	440,049	475,000	529,000	54,000
Equipment Lease	48,388	49,000	59,000	10,000
Insurance	500,101	550,000	600,000	50,000
Postage	60,550	75,000	75,000	0
Rent	228,442	228,000	230,000	2,000
Repairs & Maintenance	378,830	440,000	455,000	15,000
Communications Network	147,479	155,000	210,000	55,000
Telephone	197,883	223,000	189,000	(34,000)
Uncollectible Accounts	49,272	50,000	50,000	0
Utilities	151,944	200,000	200,000	0
Bank Charges	141,600	143,000	148,000	5,000
Dues & Subscriptions	48,177	60,000	60,000	0
Freight	6,533	7,000	7,000	0
Recruiting	7,418	5,000	5,000	0
Employee Training	4,599	50,000	50,000	0
Seminars	39,938	50,000	50,000	0
Services Purchased	704,969	422,000	433,000	11,000
Taxes & Licenses	1,070	0	0	0
Total Gen Operating Exp.	10,506,318	10,782,000	10,935,000	153,000
Total All Operating Services	\$18,772,152	\$18,534,000	\$18,602,000	\$68,000

*** These variable expenses fluctuate directly with lottery ticket sales.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Schedule of Operating Expenses
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
Supplies				
Printing	\$3,690	\$5,000	\$5,000	\$0
Office Supplies	26,135	35,000	35,000	0
Automotive Supplies	130,548	150,000	165,000	15,000
Instant Game Supplies- Dispensers and Delivery Bags	118,706	270,000	270,000	0
Online Game Supplies- Play Centers	79,509	50,000	50,000	0
Other Supplies	<u>41,725</u>	<u>67,000</u>	<u>67,000</u>	<u>0</u>
Total Supplies	<u><u>\$400,313</u></u>	<u><u>\$577,000</u></u>	<u><u>\$592,000</u></u>	<u><u>\$15,000</u></u>

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts

Louisiana Lottery Corporation
Schedule of Other Charges
For the Fiscal Years Ending as Shown

	<u>6/30/2013</u>	<u>Projected 6/30/2014</u>	<u>Budgeted 6/30/2015</u>	<u>*Variance Increase (Decrease)</u>
Other Charges				
Prize Expense	\$236,159,214	\$228,250,000	\$226,065,000	(\$2,185,000)
Retailer Compensation	<u>24,786,537</u>	<u>24,123,000</u>	<u>23,843,000</u>	<u>(280,000)</u>
Total Other Charges ***	<u>\$260,945,751</u>	<u>\$252,373,000</u>	<u>\$249,908,000</u>	<u>(\$2,465,000)</u>

*** These variable expenses fluctuate directly with lottery ticket sales.

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

**Louisiana Lottery Corporation
Compensation of Board Members
For the Fiscal Years Ending as Shown**

<u>Name of Member</u>	<u>Statutory Authority For Payment</u>	<u>Authorized Per Diem Rate Per Meeting</u>	<u>What Other Expenses Are Paid With The Exception of Travel (Itemize Type and Amount)</u>	<u>06/30/13</u>	<u>Projected 06/30/14</u>	<u>Budgeted 06/30/15</u>	<u>*Variance Increase (Decrease)</u>
<u>Current Board Members:</u>							
Verge Ausberry Jr. (Chairman through June 27, 2013)	R.S. 47:9004(D)	N/A	Annual Salary 15,000	\$24,917	\$15,000	\$15,000	0
Christopher K. Carver	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Heather L. Doss	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
John Fitzpatrick (Chairman effective June 28, 2013)	R.S. 47:9004(D)	N/A	Annual Salary 25,000	15,083	25,000	25,000	0
Larry Katz	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Lisa Reardon	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
Roy Robichaux	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
James Taylor	R.S. 47:9004(D)	N/A	Annual Salary 15,000	15,000	15,000	15,000	0
To be Determined				0	0	15,000	15,000
Total Compensation				\$130,000	\$130,000	\$145,000	\$15,000

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
Detail of Professional Service Contracts
For the Fiscal Years Ending as Shown

<u>Contractor - Purpose of Contract</u>	<u>06/30/13</u>	<u>Projected 06/30/14</u>	<u>Budgeted 06/30/15</u>	<u>*Variance Increase (Decrease)</u>
Attorney General or other agreed upon counsel				
- retainer fee (Attorney General)	\$88,875	\$89,000	\$89,000	\$0
- legal fees (Phelps Dunbar, LLP)	14,746	24,000	24,000	0
Delehantey Consulting				
- instant ticket printing audit services	4,000	4,000	4,000	0
KPMG- audit of automated drawing and raffle machines	116,163	0	0	0
NASPL Standards Institute- certification of standards		12,000		(12,000)
Office of Legislative Auditor - financial and compliance audit/ observations of on-line drawings	235,244	245,000	245,000	0
Postlethwaite and Netterville-retirement plan review	26,000			0
To be determined - business consulting services		50,000	50,000	0
Total Professional Service Contracts	\$485,028	\$424,000	\$412,000	(\$12,000)

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

Louisiana Lottery Corporation
Schedule of Acquisitions
For the Fiscal Years Ending as Shown

<u>Description of Capital Expenditures</u>	<u>06/30/13</u>	<u>Projected _06/30/14</u>	<u>Budgeted _06/30/15</u>	<u>*Variance Increase (Decrease)</u>
Land and Buildings	\$1,538	\$250,000	\$250,000	\$0
Automotive	164,053	152,000	152,000	0
Office (Furniture, Fixtures & Equipment)	19,047	0	45,000	45,000
Data Processing Software & Equipment	126,571	85,000	136,000	51,000
Other		50,000	50,000	0
Total Acquisitions	\$311,209	\$537,000	\$633,000	\$96,000

Detail on page 17

* The variance column represents the difference between budgeted 6/30/15 and projected 6/30/14 amounts.

**Louisiana Lottery Corporation
 Schedule of Acquisitions
 June 30, 2015 Financial Plan**

Automotive	
Vehicle Replacements for Field Staff	
6 Vans @ \$22,000	\$132,000
1 Car @ \$20,000	<u>20,000</u>
Total Automotive	152,000
Building and Leasehold Costs	250,000
Security System Equipment	45,000
Data Processing Software and Equipment	
Firewall Enhancements	6,000
Computer Laptop and Workstation Replacements	40,000
File Servers	40,000
File Server Disk Drives	<u>50,000</u>
Total Data Processing Software and Equipment	136,000
Other- Contingency	<u>50,000</u>
Total Budgeted Capital Acquisitions	<u><u>\$633,000</u></u>

See explanation of capital expenditure requests on page 34

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal Year Ending 6/30/2014	Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
President	Filled	215,712	8,628	224,340
Senior Vice President and Secretary-Treasurer	Filled	136,464	5,459	141,923
Senior Vice President and General Counsel	Filled	120,635	4,825	125,460
Vice President of Human Resources	Filled	117,000	4,680	121,680
Vice President of Sales	Filled	114,400	4,576	118,976
Vice President of Finance and Contoller	Filled	111,941	4,478	116,419
Vice President of Information Systems	Filled	111,293	4,452	115,745
Vice President of Marketing	Filled	102,225	4,089	106,314
Vice President of Internal Audit	Filled	100,837	4,033	104,870
Vice President of Security and Compliance	Filled	99,840	3,994	103,834
Purchasing & Facilities Manager	Filled	75,357	3,014	78,371
Director of Information Technology	Filled	75,000	3,000	78,000
Director of Systems & Programming	Filled	74,998	3,000	77,998
Director of Products	Filled	74,678	2,987	77,665
Art Director	Filled	73,787	2,951	76,738
Broadcast Producer	Filled	69,278	2,771	72,049
Director of Accounting	Filled	67,600	2,704	70,304
Communications Manager	Filled	66,190	2,648	68,838
Regional Sales Manager-Lafayette	Open	64,636	2,585	67,221
Regional Sales Manager-Baton Rouge	Filled	62,831	2,513	65,344
Regional Sales Manager-Monroe	Filled	57,866	2,315	60,181
Regional Sales Manager-New Orleans	Filled	57,726	2,309	60,035
Regional Sales Manager-Alexandria	Filled	57,726	2,309	60,035
Corporate Accounts Rep	Filled	55,179	2,207	57,386

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal		Estimated 4% Performance Increase*	Budgeted Fiscal	
		Year Ending 6/30/2014	Year Ending 6/30/2015		Year Ending 6/30/2015	Year Ending 6/30/2015
Billing & A/R Manager	Filled	54,984		2,199		57,183
Computer Operations Supervisor	Filled	54,878		2,195		57,073
Network Administrator	Filled	52,477		2,099		54,576
Executive Administrative Asst	Filled	52,003		2,080		54,083
Prize Payment Manager	Filled	51,917		2,077		53,994
Executive Administrative Asst	Filled	51,776		2,071		53,847
Distribution Center Manager	Filled	50,599		2,024		52,623
Senior Accountant	Filled	50,214		2,009		52,223
Corporate Accounts Rep	Open	49,887		1,995		51,882
Quality Assurance Manager	Open	49,887		1,995		51,882
Regional Trainer -Shreveport	Open	49,887		1,995		51,882
Sr. Internal Auditor	Filled	48,947		1,958		50,905
Drawing Manager	Filled	48,392		1,936		50,328
Internal Auditor	Filled	48,227		1,929		50,156
Acct & Payroll Associate	Filled	47,870		1,915		49,785
Sales Representative-Monroe	Filled	47,418		1,897		49,315
Sales Representative-Baton Rouge	Filled	45,888		1,836		47,724
Web-site manager	Filled	45,760		1,830		47,590
Sales Representative-Baton Rouge	Filled	45,203		1,808		47,011
Sales Representative-Lafayette	Filled	45,079		1,803		46,882
Marketing Coordinator	Filled	44,956		1,798		46,754
Sales Support Manager	Filled	44,630		1,785		46,415
Sales Representative-Baton Rouge	Open	43,263		1,731		44,994
Sales Representative-Lafayette	Open	43,263		1,731		44,994

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal	Estimated 4% Performance Increase*	Budgeted Fiscal
		Year Ending 6/30/2014		Year Ending 6/30/2015
Sales Representative-Alexandria	Open	43,263	1,731	44,994
Sales Representative-Monroe	Open	43,263	1,731	44,994
Sales Representative-New Orleans	Filled	43,242	1,730	44,972
Sales Representative-New Orleans	Filled	42,429	1,697	44,126
Sales Representative-New Orleans	Filled	42,268	1,691	43,959
Sales Representative-Alexandria	Filled	42,126	1,685	43,811
Sales Representative-Lafayette	Filled	42,109	1,684	43,793
Sr. Communication Specialist	Filled	41,600	1,664	43,264
Sales Representative-Baton Rouge	Filled	41,206	1,648	42,854
Sales Representative-Lafayette	Filled	41,206	1,648	42,854
Sales Representative-Shreveport	Filled	41,206	1,648	42,854
Sales Representative-New Orleans	Filled	40,752	1,630	42,382
Special Investigator	Filled	40,560	1,622	42,182
Sales Representative-Baton Rouge	Filled	40,503	1,620	42,123
Sales Representative-Lafayette	Filled	39,932	1,597	41,529
Tel Sell CSR	Filled	39,833	1,593	41,426
Sales Representative-Lafayette	Filled	39,657	1,586	41,243
Graphic Designer	Filled	39,520	1,581	41,101
Sales Representative-New Orleans	Filled	39,514	1,581	41,095
Sales Representative-New Orleans	Filled	39,514	1,581	41,095
Sales Representative-New Orleans	Filled	39,514	1,581	41,095
Sales Representative-Baton Rouge	Filled	39,514	1,581	41,095
Sales Representative-Lafayette	Filled	39,514	1,581	41,095
Sales Representative-Monroe	Filled	39,514	1,581	41,095

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal		Estimated 4% Performance Increase*	Budgeted Fiscal	
		Year Ending 6/30/2014	Year Ending 6/30/2015		Year Ending 6/30/2015	Year Ending 6/30/2015
Sales Representative-Monroe	Filled	39,514	41,095	1,581	41,095	41,095
Sales Representative-Shreveport	Filled	39,514	41,095	1,581	41,095	41,095
Special Investigator	Filled	39,286	40,857	1,571	40,857	40,857
Sales Representative-Shreveport	Filled	39,218	40,787	1,569	40,787	40,787
Acct & Payroll Associate	Open	38,511	40,051	1,540	40,051	40,051
HR Representative	Open	38,511	40,051	1,540	40,051	40,051
IT Tech Support Assistant	Open	38,511	40,051	1,540	40,051	40,051
Sales Representative-Alexandria	Filled	38,000	39,520	1,520	39,520	39,520
Graphic Designer	Filled	37,320	38,813	1,493	38,813	38,813
Software Quality Assurance Analyst	Filled	36,522	37,983	1,461	37,983	37,983
IT Tech Support Analyst	Filled	36,464	37,923	1,459	37,923	37,923
Special Investigator	Filled	36,396	37,852	1,456	37,852	37,852
Customer Service Coordinator-Baton Rouge	Filled	35,368	36,783	1,415	36,783	36,783
Community Relations Assistant	Filled	35,360	36,774	1,414	36,774	36,774
Compliance Coordinator	Filled	35,114	36,519	1,405	36,519	36,519
Sr Retailer Licensing CSR	Filled	34,352	35,727	1,374	35,727	35,727
Tel Sell CSR	Filled	33,601	34,945	1,344	34,945	34,945
Tel Sell CSR	Filled	33,542	34,884	1,342	34,884	34,884
Billing & A/R CSR	Filled	33,460	34,798	1,338	34,798	34,798
Communications Assistant	Filled	32,205	33,493	1,288	33,493	33,493
Communications Assistant	Filled	32,205	33,493	1,288	33,493	33,493
Administrative Coordinator	Filled	32,003	33,283	1,280	33,283	33,283
Tel Sell CSR	Open	30,756	31,986	1,230	31,986	31,986
Administrative Assistant	Filled	30,416	31,633	1,217	31,633	31,633

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled	Current Fiscal Year Ending 6/30/2014	Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
Prize Payment CSR	Filled	29,518	1,181	30,699
Prize Payment CSR	Filled	28,911	1,156	30,067
Distribution Center Associate	Filled	28,385	1,135	29,520
Tel Sell CSR	Filled	28,123	1,125	29,248
Warehouse / Mail Clerk	Filled	28,122	1,125	29,247
Regional Office Assistant-Alexandria	Filled	28,111	1,124	29,235
Regional Office Asst-Shreveport	Filled	28,111	1,124	29,235
Retailer Licensing CSR	Filled	28,000	1,120	29,120
Equipment Coordinator	Filled	26,848	1,074	27,922
Regional Office Asst-New Orleans	Filled	26,499	1,060	27,559
Regional Office Asst-Monroe	Filled	25,958	1,038	26,996
Regional Office Asst-Shreveport	Filled	25,958	1,038	26,996
Business Analyst Intern	Open	25,636	1,025	26,661
Regional Office Asst-Monroe	Filled	25,489	1,020	26,509
Computer Operator	Filled	25,475	1,019	26,494
Regional Office Asst-New Orleans	Filled	25,204	1,008	26,212
Regional Office Asst-Baton Rouge	Filled	25,204	1,008	26,212
Regional Office Asst-Lafayette	Filled	25,204	1,008	26,212
Regional Office Assistant-Alexandria	Filled	25,204	1,008	26,212
Regional Office Asst-Lafayette	Filled	24,867	995	25,862
Regional Office Asst-New Orleans	Filled	24,235	969	25,204
Computer Operator	Filled	24,164	967	25,131
Warehouse / Mail Clerk	Filled	23,661	946	24,607
Warehouse / Mail Clerk	Filled	22,728	909	23,637

Louisiana Lottery Corporation
Financial Plan for the Fiscal Year Ending June 30, 2015
Personnel Table (LA R.S. 47:9010 A.(7))

Position/Title	Open/ Filled		Current Fiscal Year Ending 6/30/2014	Estimated 4% Performance Increase*	Budgeted Fiscal Year Ending 6/30/2015
Warehouse / Mail Clerk	Filled		22,558	902	23,460
Distribution Center Associate	Open		18,698	748	19,446
Accounting Intern	Filled		13,042	522	13,563
Total	123		\$5,852,425	\$234,097	\$6,086,522

*Performance increases will be awarded in accordance with the Lottery's Salary Administration Program

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Sales

Sales are budgeted at \$425 million for the fiscal year ending (FYE) June 30, 2015.

Instant ticket sales are expected to increase by at least 2% in the budget year. A gradual increase in prize payouts and enhanced inventory management during the past several years had positive results. We plan to continue these strategies in the 2015 budget year.

The multi-state jackpot-driven games offered in Louisiana are Powerball and Mega Millions. Powerball was first introduced in FYE June 30, 1995 and has consistently been the top seller in the online game menu. Sales for the Mega Millions game began in November 2011 at a cost to players of \$1 per wager. The Powerball game structure was enhanced in January 2012 and the price point was increased from \$1 to \$2 per wager. Louisiana offers large jackpot games at both the \$1 and \$2 price points.

The long-term forecast for the combined sales for these two games is uncertain. Limited sales history or trends exist for this combination. Large jackpot levels cannot be expected or predicted in any given year. Therefore, the 2015 budget for both games is conservative.

Lotto and Easy 5 sales have been affected by the introduction of Mega Millions and the change in Powerball to a \$2 price point. A large Lotto jackpot caused an increase in sales for this game in the current year. However, the flat to downward trend is expected to continue for both games in the 2015 budget year.

The Pick 3 and Pick 4 daily numbers games have continued to perform well. Consistent sales performance is expected to continue for these fixed-payout games.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Other Revenue

Interest income is estimated based on projected investment balances and rate of return. The cash available for investment is projected to remain fairly constant. Funds are held by the Lottery in a commercial banking account and short-term repurchase agreement to finance daily operations. The repurchase agreement rate of return is minimal because the Federal Reserve has maintained short-term interest rates at less than .25%. The Lottery also holds a managed intermediate-term portfolio of U.S. government and agency securities. This portfolio's rate of return is in the 3.5% to 4% range.

We anticipate that rates may slightly increase because of the economic outlook. As principal and interest receipts are reinvested into the intermediate-term portfolio, the investment balance will increase and a higher market rate of return will be realized for these new purchases. Therefore, our budgeted interest income for FYE June 30, 2015 is slightly higher than the projection for the current fiscal year.

The change in the fair value of investments is recorded to comply with governmental accounting standards. Since the Lottery holds most of its investments until maturity, the market fluctuations have minimal impact on revenue received. No attempt is made to predict the market value changes for the budget year.

Instant Prize Expense

The instant prize expense budget is based on a goal of offering at least a 62.50% average prize structure to instant game players. Current and long-term projections indicate that the target funding of prizes at this 62.50% level during the budget year is approximately 57% from the operating budget and 5.50% from the unclaimed prizes pool. These prize structure and funding estimates may be adjusted during or at the end of the fiscal year because of actual financial results and

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

updated forecasts. Any adjustments could change the average prize structure percentage and the allocation of the funding of instant prize expense between the operating budget and the unclaimed prizes pool.

Online Prize Expense

Online prize expense for the Lotto and Powerball games is structured at 50% of sales. Pick 3 and Pick 4 have fixed prizes for the various levels of winnings. Budgeted prize expense for these games is based on historical averages of 50% and 52%, respectively. Actual prize expense for the year will vary depending on the number of drawings with high payouts. Prize expense will be adjusted to actual at the end of each fiscal year which may result in prize structure percentages higher or lower than the 50% and 52% included in the budget. The prize structure for Easy 5 is at 50% and at a 61% rate for the EZMatch instant win feature included with this game. The Mega Millions game currently has a 50.70% prize structure. This percentage can increase or decrease if the funding requirement for game prize reserves is changed by the participating state lotteries.

Retailer Compensation

Retailer compensation consists of a sales commission for instant and online ticket sales and various sales and prize cashing incentives. The total compensation is expected to remain at about 5.61% of total sales for the budget year.

Lottery System Vendor Fees

The lottery system vendor provides and maintains the retailer terminal network, online gaming computer system, and all related communication networks. The contractual compensation for these services is a commission of 2.9798% of online sales. In addition, the vendor provides various optional equipment and services. Total costs for these options are expected to be \$72,000 in 2014 and \$176,000 in the 2015 budget year. The vendor fees for the 2014 projection and the 2015 budget year are reflected net of a weekly communication fee charged to all retailers.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Cost of Instant Tickets

Under the terms of the instant ticket printing and related services contract, the Lottery's ticket printer is compensated at a rate of 1.215% of instant ticket sales. Licensing fees for specialty games are provided at additional costs. We have included \$200,000 and \$225,000 of these expenses in the current and budget years, respectively.

Courier Service

Courier costs include the fees charged by carriers to deliver instant game ticket packs to retailer locations. These expenses are expected to increase slightly because of higher sales volume and frequency of deliveries.

Advertising

Advertising expense includes media placement, production, point-of-sale production, publications, promotional merchandise, sports sponsorships, and special events. These costs are estimated at \$7.5 million in the current year and budget year.

Contract Labor

Contract labor includes board member salaries and the use of temporary staffing agencies. These costs are expected to remain fairly constant.

Depreciation

Depreciation expense includes the spreading of the costs of capital expenditures over the estimated useful lives of the assets. This expense is expected to increase in FYE June 30, 2015 because the cost of assets that will become fully depreciated during this year is expected to be lower than the cost of new capital purchases.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Equipment Lease

Copier, mailroom, and security system equipment lease costs are included in this item. Copier lease costs may slightly increase because of potential upgrades of functionality.

Insurance

This expense category includes premiums for business insurance. The policies purchased by the Lottery include coverage for directors and officers liability, crimes against the corporation, retirement plan fiduciary liability, standard automobile liability, general liability, worker's compensation claims, and property. The insurance markets are very unpredictable and increases in premiums are usually driven by claims of the insured, losses incurred by the carriers because of catastrophic events, and the carrier's investment returns. Because we cannot predict these events or other factors that can potentially affect our insurance costs, the budget for FYE June 30, 2015 includes an estimated 10% increase in premiums for all policy renewals.

Postage

This line item includes all postage meter rates for routine business mailings and bulk mailings to retailers and players. Postage should remain at approximately \$75,000 in the budget year.

Professional Fees

These costs include legal fees, financial and compliance audit fees, and other professional service expenses. Explanations of these contractual costs are as follows:

- Legal fees are expected to remain consistent in the projected and budgeted years.
- Independent audit reviews of the Lottery's instant ticket printer are projected and budgeted at \$4,000.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

- The Legislative Auditor's fees for conducting financial and compliance audits and drawings observations should remain stable for both years.
- A two-year renewal of the verification for quality assurance processes from the lottery industry's national association was obtained in the 2014 fiscal year at a cost of \$12,000. The next renewal is not due until the 2016 fiscal year.
- A business consulting contingency of \$50,000 is included to cover costs for any unanticipated needs in both the current and budget years.

Rent

The Lottery leases five regional offices throughout the state to accommodate the customer service needs of retailers and players. The current lease terms for four of these locations expire after June 30, 2015. The lease for the Alexandria office expires on July 31, 2014. A 10% potential rent increase is included for this lease in the budget year.

Repairs and Maintenance

Repairs and maintenance include all computer hardware and software maintenance and support contracts, general repairs and maintenance on all equipment, automobiles, and facilities maintained by the Lottery, and janitorial services. Most of these costs should remain fairly stable. An additional \$15,000 is included in the budget year for computer and equipment maintenance for expiring initial purchase warranties.

Salaries and Benefits

The variance in salaries and benefits is due to several factors. An average 4% performance-based increase is included in the budgeted total for employee salaries. Normal employee turnover and the timing of filling open positions are other

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

reasons for total salary differences between the projected and budgeted years. In addition, health insurance premiums are budgeted to increase by 18%.

Supplies

This category includes expenses for instant ticket dispensers, instant ticket delivery bags, retailer play centers, office supplies, printing supplies, computer supplies, and fuel for the Lottery's fleet of vehicles. A 10% increase for fuel is included in the budget because of the volatility of this expense item. The other supplies costs are expected to be fairly consistent with the current year.

Communications Network and Telephone

Communications network is the costs associated with the Lottery's computer network between headquarters, regional offices, and the distribution center. Telephone expense includes local and long distance phone service for the Lottery's offices, a 1-800 number for player inquiries, cellular phone fees, and company internet access.

A network upgrade to increase capacity and speed will increase recurring monthly costs while decreasing some telephone costs that can be handled through the new network. The net effect is an annual budgeted increase of \$21,000.

Travel

This line item includes all in-state mileage reimbursement, hotel costs, meal reimbursements, and other business costs for employee meetings, board meetings, and educational training. In addition, out-of-state flight costs and other travel expenses for educational industry conferences and professional conferences are included in this category. We are budgeting travel at the same level as the current year projected amount to maintain our training and educational programs for sales, support, and professional staff.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Uncollectible Accounts

This expense includes amounts due from Lottery retailers that are delinquent and not expected to be paid. The amount is reported net of recoveries from collection agencies. Average annual uncollectible accounts are less than \$30,000. However, the amount and timing of these expenses are very unpredictable. Therefore, we are allocating \$50,000 for these potential costs in the projected and budget years.

Utilities

Electrical and other utility expenses are estimated at the five-year average of \$200,000 for both the current and budget years.

Bank Charges

These fees include charges for commercial treasury, investment management, and custodial services for the Lottery's bank accounts, electronic transaction processing, purchasing card processing, and investment portfolio holdings. These expenses should remain at approximately the same level for the current and budget years.

Dues and Subscriptions

Dues include annual membership fees to national and international lottery associations, trade organizations, and professional associations. Subscriptions are payments for trade and professional periodicals, online research tools, and other educational and research materials. These costs are expected to remain consistent with the current year.

Recruiting

This expense includes charges for job placement advertisements for open employment positions at the Lottery throughout the fiscal year. The costs should remain at about the same level in the current and budget years.

**Louisiana Lottery Corporation
Financial Plan
Budget Explanations
For the Fiscal Year Ending June 30, 2015**

Employee Training and Seminars

Employee training consists of group meetings conducted by outside instructors for training of sales, administrative, and professional staff. Seminars are fees paid for lottery industry conferences, professional conferences, or other trade or business gatherings for employee educational and training purposes. We expect these costs to remain at the same level in the current year and the budget year.

Services Purchased

The Louisiana Lottery's share of the costs associated with the administration of the Powerball and Mega Millions multi-state lottery games is included in this category. Operating costs for the budget year are expected to remain at current year levels.

In addition, expenses for computer network and software services, shredding of unsold instant tickets, cable television, retirement plan administration, email marketing, human resources and payroll software services, public relations monitoring services, community events setup, and collection agency fees are included in services purchased. The total budgeted cost of most of these services is expected to remain consistent with the current year. Some additional computer network and software services and a security inquiry service are expected to increase costs by \$11,000.

**Louisiana Lottery Corporation
Financial Plan
Summary of Capital Expenditure Requests
For the Fiscal Year Ending June 30, 2015**

Vehicle Replacements

The Lottery has a fleet of 45 vehicles used mainly by field personnel in the Sales and Security Departments. The fleet is maintained using a preventive maintenance program and monitored on a regular basis. Once the total mileage on a vehicle reaches approximately 100,000 miles the vehicle is targeted for replacement for safety reasons and to reduce the costs of ongoing maintenance. Vehicles are purchased under state purchasing contracts if the prices offered result in a cost savings for the Lottery.

Building and Leasehold Costs

The downtown headquarters in Baton Rouge and our distribution center in south Baton Rouge are both owned locations. We are responsible for all repairs and maintenance for these buildings. In addition, the Lottery is responsible for maintaining the interior walls and related structures for our five leased locations throughout the state. The repairs and maintenance expense line item in our operating budget covers the routine maintenance throughout the year. This capital budget request includes funds for potential major repairs.

Security System Equipment

This request includes the replacement of obsolete security cameras and related equipment at headquarters and the distribution center.

Data Processing Software and Equipment

This technology budget request includes a firewall security upgrade, replacements for obsolete laptop and workstation computers, and file server and disk drive upgrades to maintain network performance and capacity.

Contingency

To accommodate unexpected capital needs, the Lottery has budgeted \$50,000.