



Louisiana

POPULAR ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2012



Introduction

The Popular Annual Financial Report (Popular Report) is prepared within six months after the close of each fiscal year end in accordance with Louisiana Revised Statute (LRS) 39:80(B) with the express purpose of providing a brief, objective, and easily understood analysis of the State's financial performance for the preceding year, as well as facilitating wide dissemination of the report to the public. It presents selected basic information about the State's revenues, expenditures, financial position, budget, service efforts, and performance. The information is presented in a non-technical format and is intended to summarize and explain the basic financial condition and the operations of the State for the fiscal year covered by the Comprehensive Annual Financial Report (CAFR) for the State of Louisiana.

The financial data presented in the "Government-wide Financial Analysis" and "General Fund Balance Sheet" sections of this report use the same accounting measurements and principles as the CAFR.

The CAFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and is independently audited by the Office of the Legislative Auditor of the State of Louisiana. Conversely, this report is unaudited and includes financial data (in the "Government-wide Financial Analysis" section) that departs from GAAP since it does not include the entire GAAP reporting entity (such as discrete component units of the State) and includes only selected financial data. Additionally, the data found in the "Budgetary Information" section departs from GAAP because it is prepared on a non-GAAP budgetary basis.

The source of all illustrations is the 2012 and/or prior year CAFRs unless otherwise indicated.

A copy of the CAFR can be obtained on the Office of Statewide Reporting and Accounting Policy's (OSRAP) website at www.doa.louisiana.gov/osrap/cafr-2.htm.

Economic Outlook

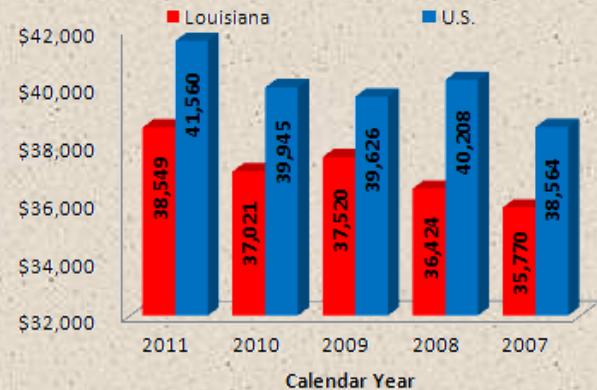
Louisiana's employment has continued on a positive track. It is estimated that in 2012 Louisiana will reach 1,945,700 jobs. That represents 3.2% increase or an additional 61,600 jobs since the trough of the recession. This represents a new employment record for the state.

Several factors are behind this job growth. The State's huge chemical industry is doing very well due to gaining market share from the Europeans. Several chemical firms have announced expansion plans which have been very good for the industrial construction sector. Recovery in the Gulf of Mexico has picked up considerable steam generating jobs in the exploration companies and those firms that provide goods and services to that sector.

Louisiana's unemployment rate decreased by .2% in 2011. Louisiana is expected to add 22,700 jobs in 2013 and another 27,500 jobs in 2014.

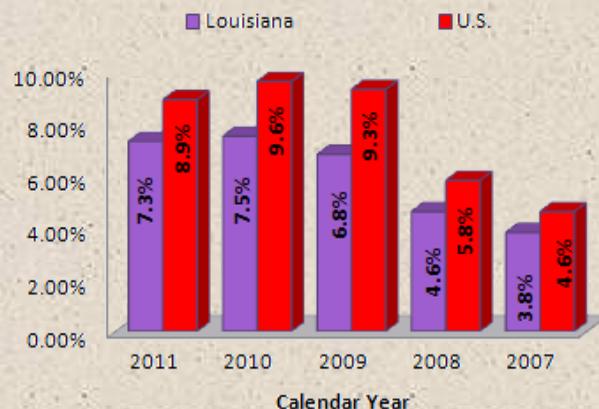
In 2011, Louisiana's median household income increased by \$1,215 while income per capita increased by \$1,528. The following tables illustrate comparisons between Louisiana and the U.S.

Income Per Capita Last 5 Calendar Years



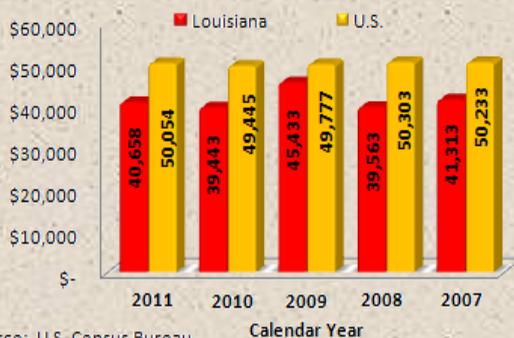
Source: 2012 CAFR & Bureau of Economic Analysis

Unemployment Rate Last 5 Calendar Years



Source: 2011 CAFR & Bureau of Labor Statistics

Median Household Income Last 5 Calendar Years



Source: U.S. Census Bureau

Number of State Employees

Louisiana employed 85,863 state civil service employees in fiscal year 2012. This represented a reduction of 3,011 (3.39%) fulltime positions in the fiscal year 2012 budget, which was accomplished through the elimination of positions, as well as a combination of retirements and attrition.

State Employees

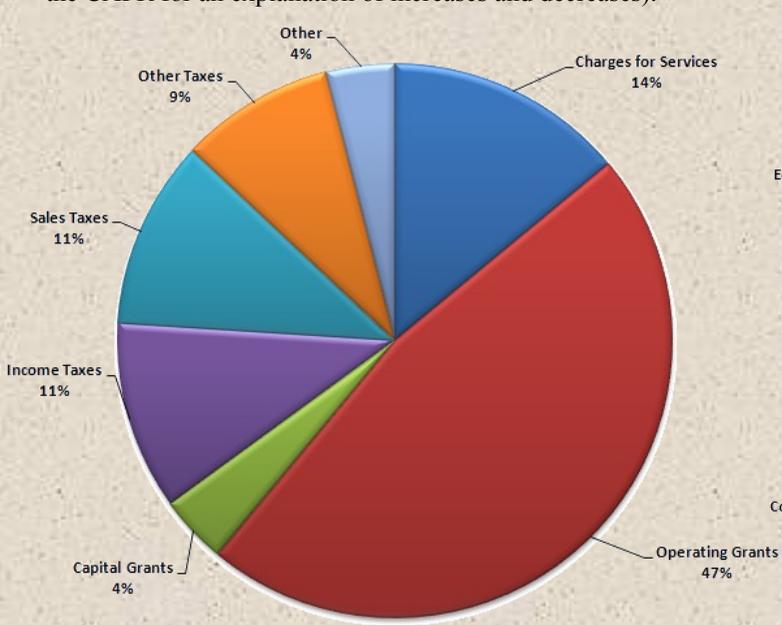
For the Last 10 Fiscal Years



Government-Wide Financial Analysis

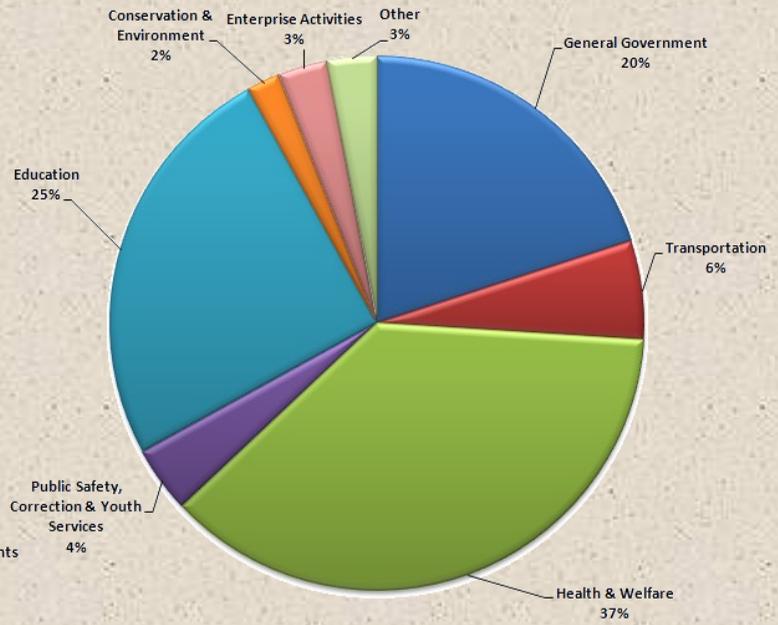
Government-wide activities provide a broad overview of the State's finances similar to private-sector accounting. The government-wide activities present the financial position and operating results of the state. Discrete component units (such as colleges and universities) are excluded from this analysis (see introduction to the PAFR) because the PAFR focuses on primary government entities. Fiduciary funds (such as pension funds) are also excluded from the State's government-wide financial statements in the CAFR as well as the PAFR because the State cannot use these assets to finance its operations. However, the Net Pension Obligation (NPO) of the fiduciary funds are included in this analysis and the CAFR because it is a liability of the State.

The government-wide statements of the State reflect total assets of \$31 billion (\$2 billion decrease from prior year) and total liabilities of approximately \$16.8 billion (\$711 million increase from prior year). As a result, total net assets (assets less liabilities) equaled approximately \$14.2 billion at June 30, 2012, a decrease of \$1 billion or 8.6% from last year. On the Statement of Activities (Operating Statement) total expenditures exceeded total revenue by \$700 million as indicated below (see Management's Discussion & Analysis in the CAFR for an explanation of increases and decreases).



Government-Wide Revenues

State revenue totaled \$25.5 billion in fiscal year 2011-2012. These revenues and other state assets were used to support government programs. The accompanying chart shows revenue by source. Federal grants (capital and operating) comprised 51% of the state's revenue and were for specific purposes.

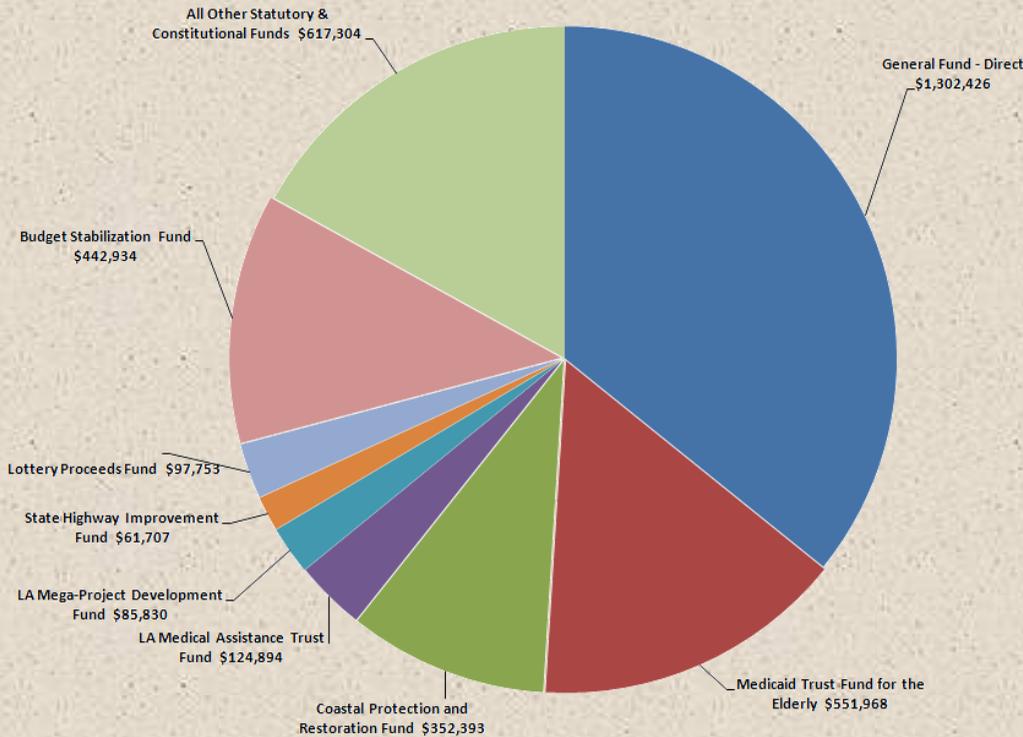


Government-Wide Expenses

On a government-wide basis, the State spent \$26.2 billion. As depicted in the accompanying chart, health and welfare represents the State's largest spending category accounting for 37% of the State's spending for the fiscal year. Education and general government closely follow, accounting for 25% and 20% of the state's spending, respectively.

General Fund Balance Sheet

General Fund Balance, with Statutory and Constitutional Funds Included
(\$ in thousands)



The balance sheet of the General Fund, the chief operating fund of the State, is generally of special interest to the public and legislators. The majority of funds created by legislative act or in the Constitution (commonly referred to as "statutorily dedicated funds") are now reported in the State General Fund for CAFR reporting purposes. Regardless of the CAFR presentation as required by generally accepted accounting principles, these funds are still maintained as individual self-balancing accounts in the State Treasury as required by state statute.

At June 30, 2012, the General Fund had assets of \$7.6 billion and liabilities of \$4 billion, leaving a total fund balance of \$3.6 billion. Of this balance, \$2.3 billion is comprised of statutorily dedicated funds and \$1.3 billion of General Fund (Direct) and is depicted in the chart.

GASB 54 revised fund balance categories to focus on the extent to which the government is bound to honor constraints on the specific purposes for which fund sources can be spent. The accompanying chart depicts the five fund categories of the General Fund for the past two fiscal years.

Nonspendable Fund Balance - amount that will never convert to cash, such as inventories of supplies.

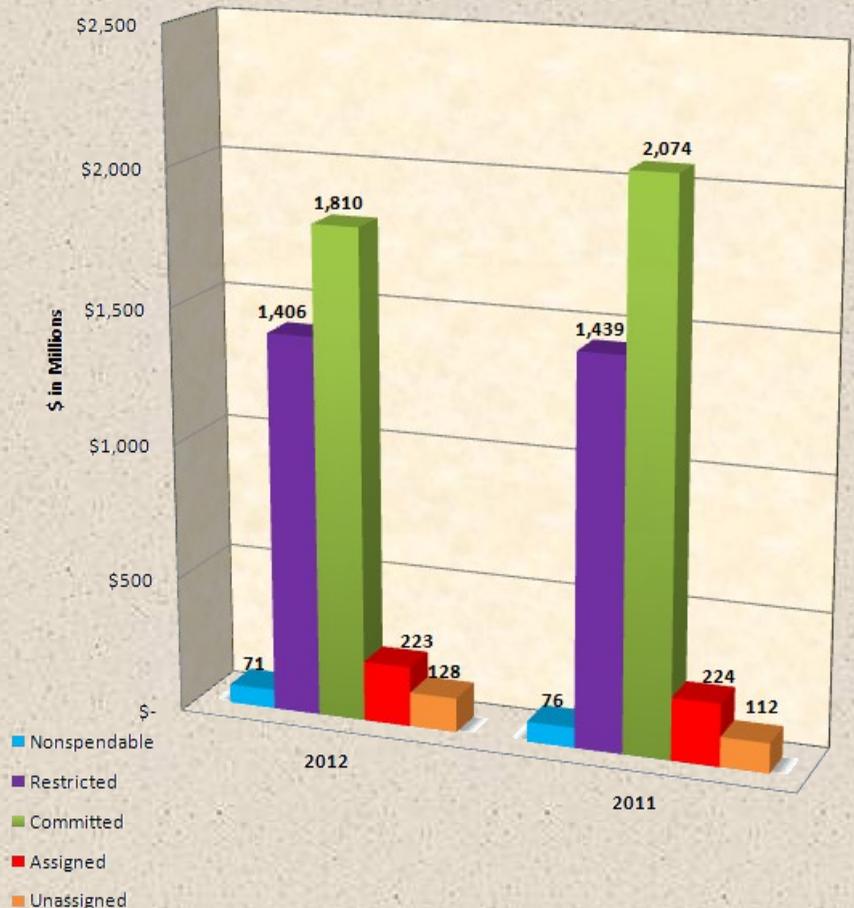
Restricted Fund Balance - the portion of fund balance with externally imposed constraints from creditors or from Constitutional restrictions.

Committed Fund Balance - resources constrained by limitations imposed by the Legislature. These are usually statutorily dedicated funds whose resources are to be used for specific purposes as defined in legislative acts.

Assigned Fund Balance - amount intended to be used for specific purposes and are usually created by the Joint Legislative Committee on the Budget approvals of year-end encumbrance roll-overs into the subsequent fiscal year.

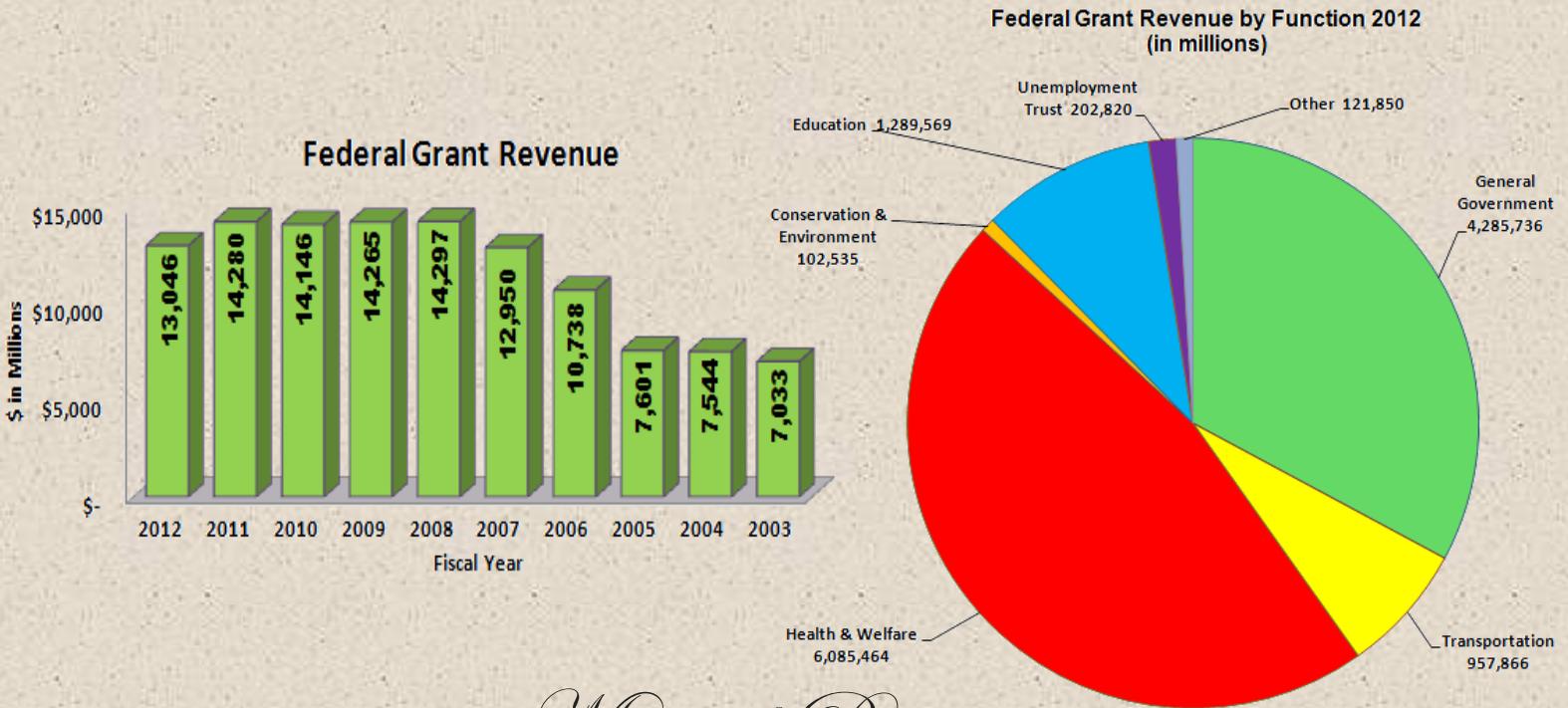
Unassigned Fund Balance - any excess that has not been classified or committed to one of the categories above.

Components of General Fund Balance



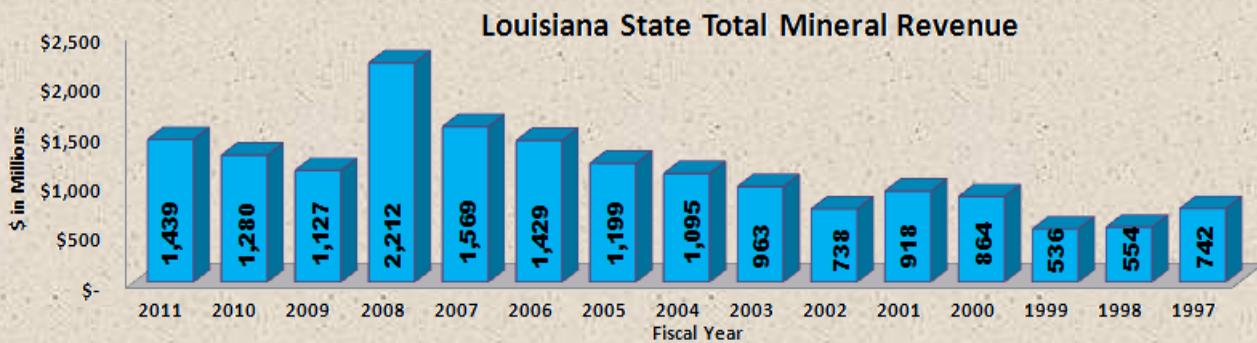
Federal Grant Revenue

The federal government awards financial assistance to the State in the form of Federal Grants. These federal grants have increased over the years since Hurricanes Katrina and Rita in 2005 but decreased in 2012. For the fiscal year ended June 30, 2012, health and welfare programs received federal grants totaling \$6 billion, followed secondly by general government and third by education, receiving \$4.3 billion and \$1.3 billion, respectively, with the remainder going to other functions.

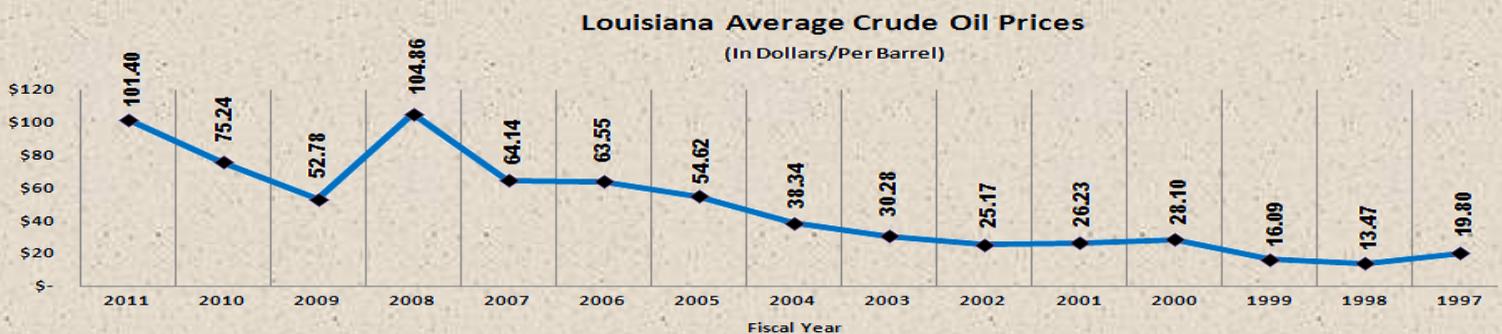


Mineral Revenue

Louisiana derives considerable revenue from mineral resources, so the direction of varying oil and natural gas prices adds another element of uncertainty to Louisiana's economic status. Average oil prices have ranged from a low of \$13.47 per barrel in 1998, to a high of \$104.86 per barrel in 2008. The average price per barrel in 2011 was \$101.40. The accompanying graph depicts the total state revenue from minerals produced primarily from oil and gas from Louisiana lands and water bottoms for each of the past fifteen years. Also presented is the average crude oil price per barrel for the same time period.



Source: LA Department of Natural Resources

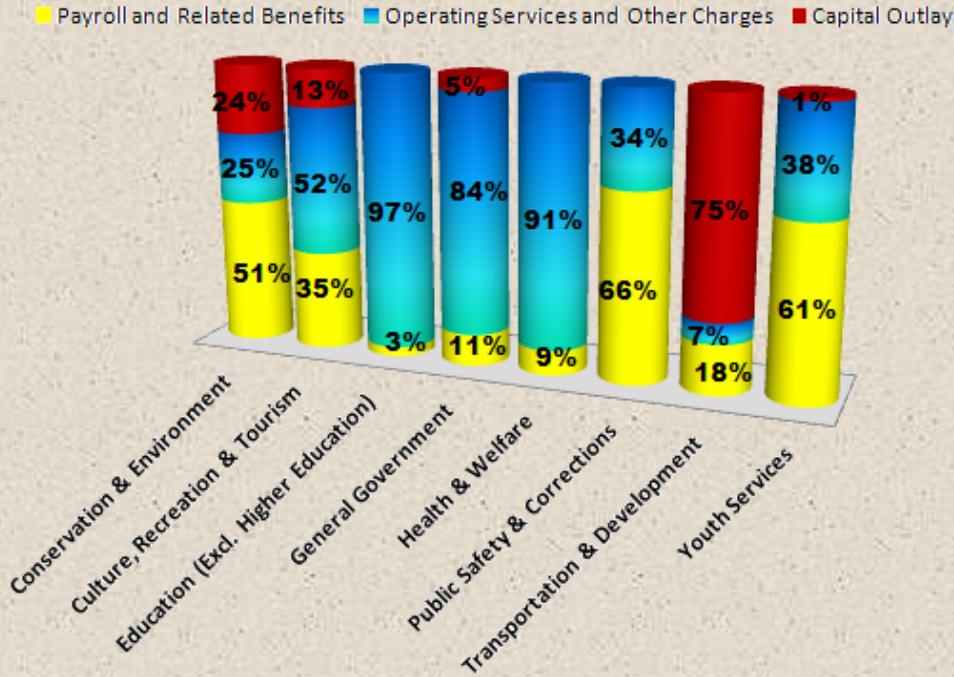


Source: LA Department of Natural Resources

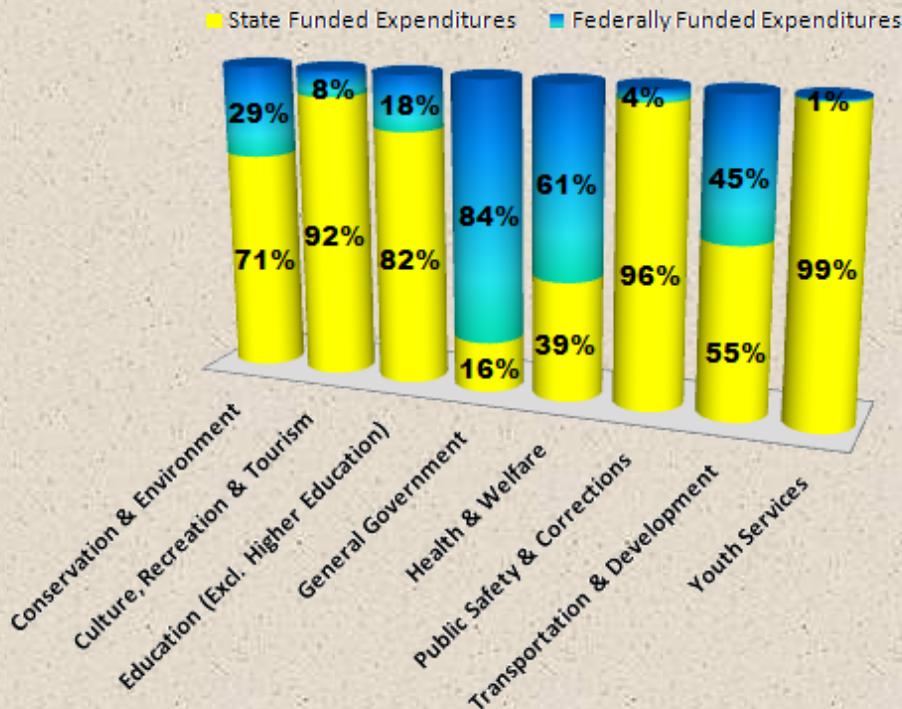
General Government Expenditures

Governmental fund expenditures totaled \$25.9 billion. These expenditures include \$2.8 billion for payroll and related employee costs, \$21.1 billion for costs related to operating services and other charges, and \$2 billion for capital outlay. The sources of funding for these expenditures include \$13.5 billion in state funding and \$12.4 billion in federal funding. The Louisiana Department of Culture, Recreation, and Tourism, the Louisiana Department of Education, and the Louisiana Department of Transportation and Development comprise \$8.2 billion of these expenditures, of which \$6.2 billion is state funded and \$2 billion is federally funded. Debt service and intergovernmental expenditures are not depicted in these functional graphs and total more than \$1.4 billion.

Governmental Fund Expenditures by Expenditure Category



Percentage of State Funded Expenditures to Federally Funded Expenditures for Governmental Funds by Category

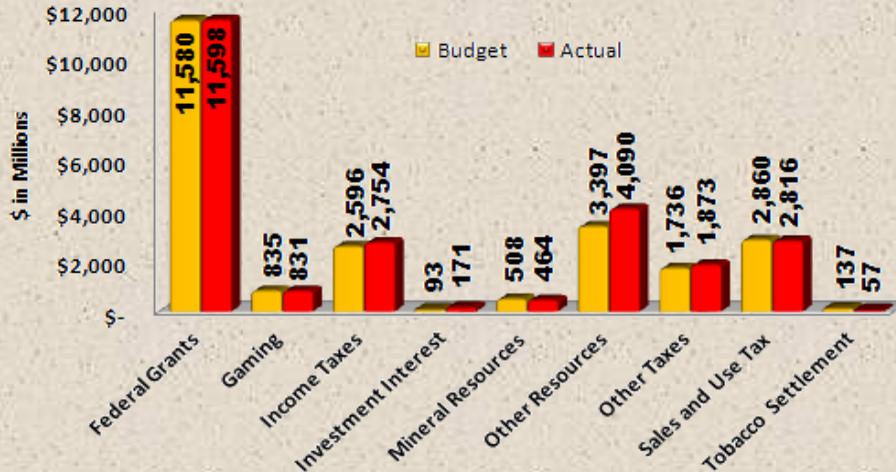


Budgetary Information

Revenues

The State of Louisiana is legally required to prepare a balanced annual budget, and all state agencies are required to adhere to the budget during the fiscal year. The accompanying graph depicts the budgeted and actual revenues and illustrates the performance of the State in adhering to the legally adopted revenue budget. The revenues are presented by source, which is mostly comprised of federal grants and various taxes. All budgeted revenues of the General Appropriation Bill for all funds, including the General Fund, are included in this depiction.

Revenues - Budget to Actual by Source of Revenue



General Fund Expenditures - Budget to Actual by Function



Expenditures

While the revenue graph depicts the revenue budget by sources of revenue, as well as actual receipts by source of all funds, the expenditure graph depicts budgeted and actual expenditures of the General Fund, which is the chief operating fund of the State. The accompanying graph illustrates the budgeted and actual expenditures of the General Fund by function of government. It also illustrates the State's performance in adhering to the legally adopted expenditures budget.

State Debt

Net General Obligation Debt Service Per Capita

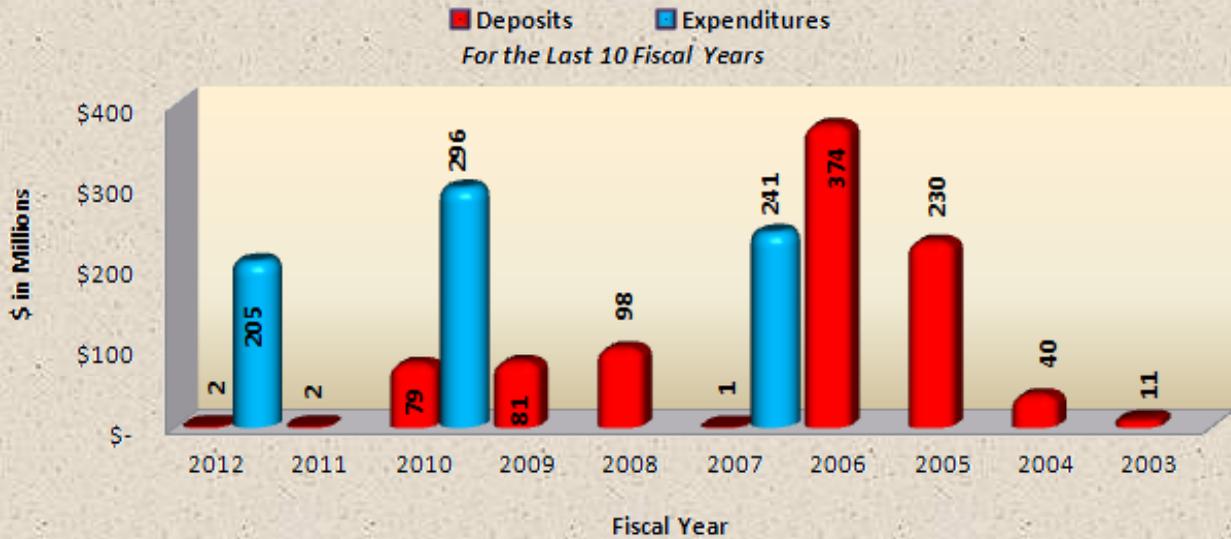


LRS 39:1365(25) and 39:1402(D) limit the authorization and issuance, respectively, of general obligation bonds. Good debt management has produced positive results. "Debt service per capita" is the amount the State will pay per person for the general obligation debt of the State. Based on U.S. Census Bureau population statistics, the debt service per capita for fiscal year 2011 was \$755. (Fiscal year 2012 is not available due to the unavailability of the 2012 population estimate at the date of this printing.)

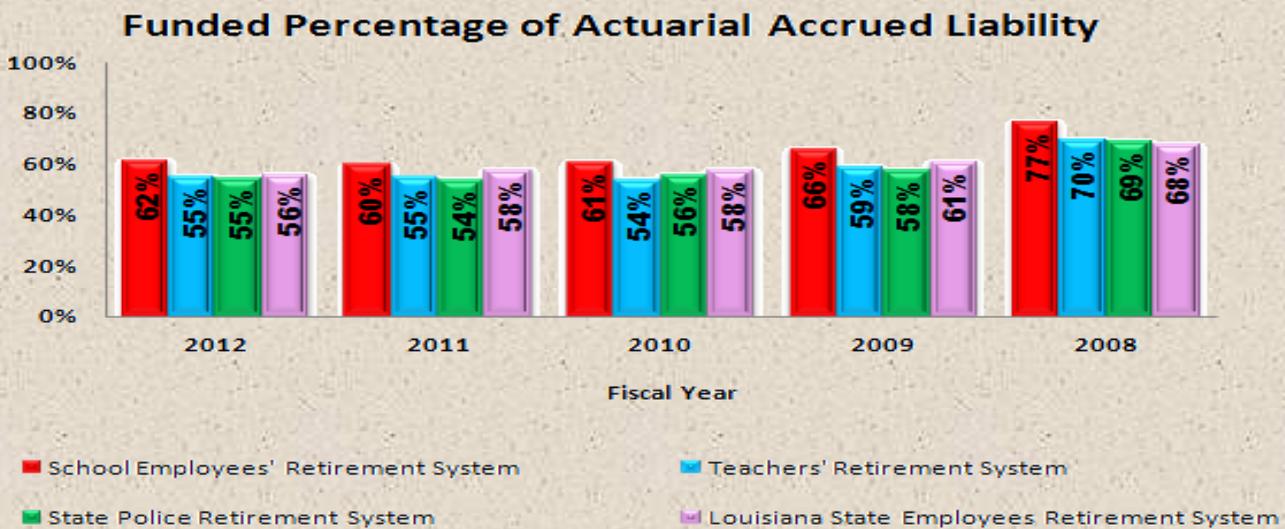
Budget Stabilization Fund

The Budget Stabilization Fund was created in 1990 for use as a source of funding in times of declining revenues. The fund receives its monies from excess mineral revenues, non-recurring revenues, monies in excess of the expenditure limit, and other monies appropriated by the legislature. The monies can be spent if the official forecast for recurring revenues for the next fiscal year is less than the official forecast of recurring revenues for the current fiscal year, or if a deficit for the current fiscal year is projected due to a decrease in recurring revenues. For fiscal year 2012, \$2 million in interest earnings was deposited into the Budget Stabilization Fund. According to LRS 39:94, no appropriation or deposit to the fund shall be made if such appropriation or deposit would cause the balance in the fund to exceed four percent of total State revenue receipts for the previous fiscal year. The Budget Stabilization Fund cap was \$777 million for fiscal year 2012. There were \$205 million of expenditures from the fund for fiscal year 2012. The fund balance of the Budget Stabilization Fund was \$443 million at the end of fiscal year 2012.

Budget Stabilization Fund



Retirement System Funding



The accompanying graph shows the trends of the funded percentages of the “Actuarial Accrued Liability” (AAL) for the State’s four retirement systems over the past five years. The “Funded Percentage” is the percentage of the AAL that is currently funded to pay future retiree benefits. A retirement system’s “Unfunded Actuarial Accrued Liability” (UAAL) is the present value of benefits accrued that are expected to be paid in future retiree benefits over and above the current actuarial value of plan assets (resources).

Other Postemployment Benefits

Louisiana's Division of Administration, Office of Group Benefits (OGB), is the administrator of plans that provide other postemployment benefits (OPEB) to eligible participants for healthcare and life insurance benefits. Substantially all state employees become eligible for postemployment benefits if they reach normal retirement age while working for the State and are a member of OGB. Through self-insured and self-funded OGB programs, premiums are collected and benefits are paid as they become due in accordance with an agreement between the employers and plan members, and their beneficiaries.

Effective July 1, 2007, the State began reporting the liability for other postemployment benefits (net OPEB obligation). Each year the State records the adjusted annual required contribution (ARC) less contributions. The ARC represents the normal cost and a portion of the unfunded actuarial accrued liability amortized over thirty years. The net OPEB obligation at the end of fiscal year 2012 was approximately \$2.2 billion and is reported on the Statement of Net Assets in the CAFR. The unfunded actuarial accrued liability (UAAL) that is expected to be paid in future retiree benefits over and above current resources was approximately \$4.9 billion.

Net OPEB Obligation



Unfunded Actuarial Accrued Liability

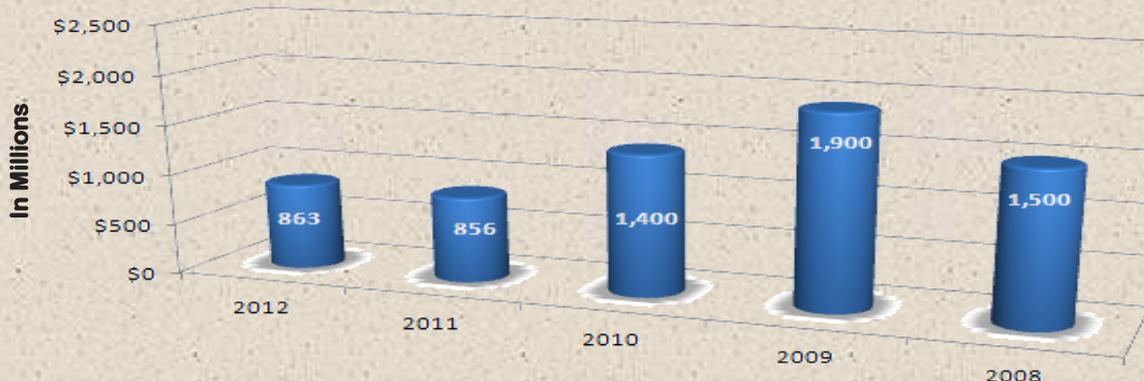


Transportation

Louisiana maintains 13,043 bridges and 60,579 miles of roads and streets. Construction of roads and bridges continues to occur throughout the State through Louisiana's Transportation Infrastructure Model for Economic Development (TIMED) program. The TIMED program was established to expand and improve transportation infrastructure across Louisiana. The program includes widening 536 miles of two-lane highways to four lanes and new construction or improvements to three major bridge projects. To date, eight (50%) of the sixteen major transportation projects have been completed. The completed projects are U.S. 90 from Morgan City to Houma; WestBank Expressway in Jefferson Parish; Tchoupitoulas Street Corridor in Greater New Orleans; West Napoleon Boulevard in Jefferson Parish; LA 15 from the Louisiana state line in Natchez, Mississippi to Monroe, LA; John James Audubon Mississippi River Bridge; and improvements to the New Orleans International Airport and Port of New Orleans. Department of Transportation and Development (DOTD) infrastructure expenditures for the fiscal year ended June 30, 2012 totaled approximately \$863 million.

The accompanying chart depicts the total DOTD infrastructure expenditures for the last five fiscal years.

DOTD Infrastructure Expenditures Last 5 Fiscal Years



Education

Taylor Opportunity Program for Students (TOPS), created by LRS 17:3048.1, is a program of state scholarships for Louisiana residents who attend either one of the Louisiana Public Colleges and Universities, schools that are a part of the Louisiana Community and Technical College System, Louisiana approved Proprietary and Cosmetology Schools, or institutions that are a part of the Louisiana Association of Independent Colleges and Universities. Legislation found in LRS 17:3048.1 authorizes the State to financially assist any student who enrolls on a full-time basis to pursue an academic undergraduate degree or a skill or occupational training, as defined by the Board of Regents, including a vocational or technical education certificate or diploma program or a nonacademic undergraduate degree. The accompanying charts depict the number of TOPS recipients and amounts of TOPS awards for the last ten fiscal years. In fiscal year 2012, \$166,886,167 was awarded to 44,433 recipients. Information on eligibility requirements and applying for TOPS awards can be found at the Louisiana Office of Student Financial Assistance's website at www.osfa.louisiana.gov.

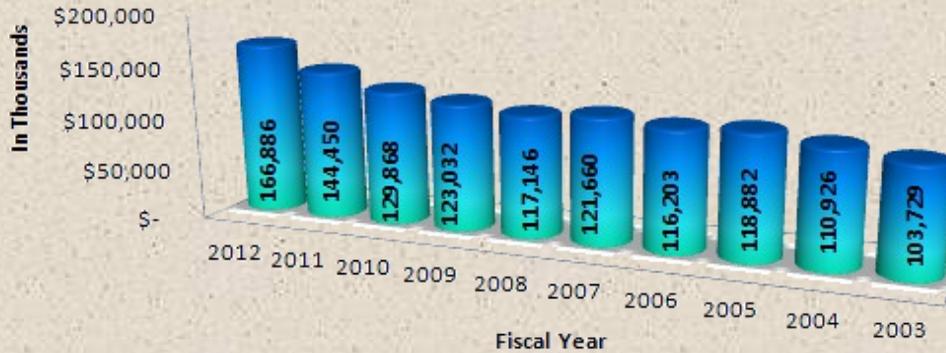
TOPS Recipients

For the Last 10 Fiscal Years



TOPS Awards

For the Last 10 Fiscal Years



Public College & University Enrollment

Legend: Undergraduate (Blue), Graduate/Professional (Purple)
For the Last 5 Fiscal Years



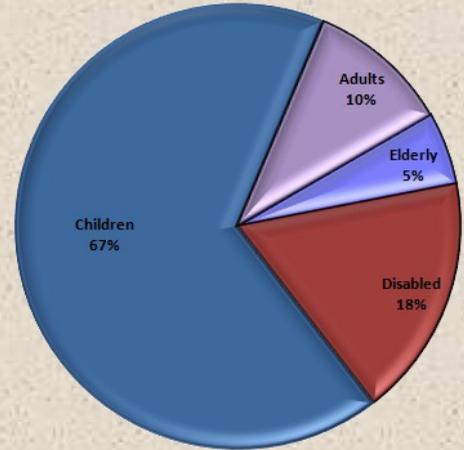
Higher Education in public institutions of Louisiana consists of four main systems: the University of Louisiana System, Louisiana Community & Technical College System, Louisiana State University System, and Southern University System. Total enrollment in these systems reached 225,835 for Fall 2011. The Board of Regents is authorized to develop a master plan for higher education in Louisiana to raise the educational attainment of its adult residents to successfully compete in the 21st century world economy. It also addresses the need to strategically invest in targeted research to sustain and expand the State's economic prosperity through development of skilled, educated residents. For more information on higher education in Louisiana, visit the Board of Regents website at www.regents.louisiana.gov.

Health and Welfare

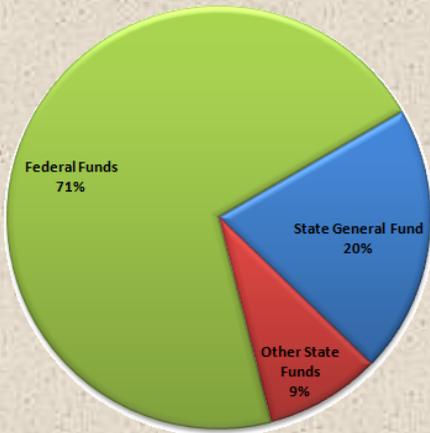
Louisiana is dedicated to providing its residents with the best social welfare and economic security available. Many programs and services have been established to aid individuals in need of benefits from the health and welfare system. Louisiana healthcare, which incurs much of the state's expenses, has made significant improvements in the provisions of health and welfare services to its residents. The Medicaid program, which is one of the largest health insurance programs in the State, provided medical services for slightly over one million Louisiana residents during the fiscal year ended June 30, 2012. Services were provided to 54,180 elderly, 180,212 disabled, 105,793 adult residents, as well as, 685,044 children. The overall enrollment increased by 9,244 individuals. *

*Enrollment figures are estimated based on information obtained from the Department of Health and Hospital and are revised yearly; however, only the original estimates are reported here.

Louisiana Medicaid Enrollment By Category



Medicaid Expenditures By Means of Financing



Louisiana's Medicaid expenditures are grouped into two types, Medical Vendor Program (MVP) and Medical Vendor Administration, both of which are jointly funded by state and federal dollars. Medicaid expenditures for the fiscal year ended June, 30, 2012 totaled \$6.9 billion with \$1.4 billion funded by State General Fund; \$606 million funded by other state funding sources; and \$4.9 billion funded by federal funds.

Louisiana is in the process of transforming Medicaid by moving away from a strictly fee-for-service system to a coordinated care system. Under the new Bayou Health delivery system, Louisiana's Medicaid and Louisiana Children's Health Insurance Program (LaCHIP) recipients will receive coordinated health care services which should lead to better access, more choices and improved health for patients, with provider rates no less than those in fee-for-service Medicaid. As of June 30, 2012, approximately 879,167 enrolled members received coordinated health care services through the six health plans of Bayou Health, namely Amerigroup, Community Health Solutions, Louisiana Healthcare Connections, LaCare, Legacy Medicaid and United Health Care.

Louisiana Agricultural and Natural Resources

Louisiana Agricultural and Natural Resources

2011

(in dollars)

Commodity	Gross Farm Value	Value Added	Total Value
Cattle (calves)	\$ 398,525,864	\$ 49,815,733	\$ 448,341,597
Horses	436,564,000	45,839,220	482,403,220
Poultry	795,406,415	775,521,254	1,570,927,669
Aquaculture (e.g. crawfish)	264,063,740	178,243,025	442,306,765
Fisheries/Marine (e.g. seafood)	189,440,490	184,704,478	374,144,968
Cotton	255,862,482	51,172,496	307,034,978
Feed Grain Crops	517,752,389	90,606,668	608,359,057
Forestry	801,066,244	2,202,932,171	3,003,998,415
Rice	366,223,301	109,866,990	476,090,291
Soybeans	458,052,976	68,707,946	526,760,922
Sugarcane	638,404,290	443,052,577	1,081,456,867
Other	965,465,789	376,327,157	1,341,792,946
TOTAL ALL COMMODITIES	\$ 6,086,827,980	\$ 4,576,789,715	\$ 10,663,617,695

Animal, forestry, fisheries, and plant commodities make up the multi-billion dollar agriculture industry in Louisiana. Agricultural and natural resource industries provide diversification of the economy of Louisiana and provide economic benefits to urban and rural communities. This table depicts the gross farm value, i.e., the commodity's contribution to economic activity in the state, and the value added due to cleaning, processing, packaging, marketing and transporting the commodity to yield the total contribution to the state's economy. Forestry produced the most income of all agricultural commodities, followed by poultry production which was the largest animal agricultural industry.

Source: LA Summary of Agriculture and Natural Resources
LSU AgCenter
Unofficial statistics

WEBSITE ADDRESSES

State of Louisiana
Office of the Governor
Division of Administration
Office of Statewide Reporting and Accounting Policy

www.louisiana.gov
www.gov.louisiana.gov
www.doa.louisiana.gov/doa
www.doa.louisiana.gov/osrap

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