



# LOUISIANA

POPULAR ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009





## INTRODUCTION

The Popular Annual Financial Report (Popular Report) is prepared within six months after the close of each fiscal year end in accordance with R.S. 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, presented in a non-technical format, 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", "General Fund Balance Sheet", and "Unreserved and Undesignated General Fund Balance" 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.

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



## ECONOMIC OUTLOOK

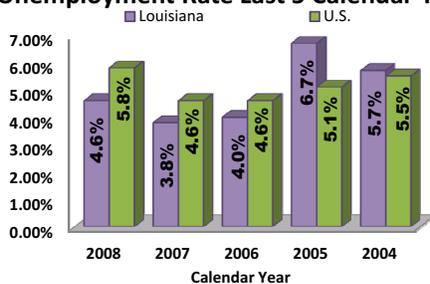
After hurricanes Katrina and Rita in 2005, the State experienced a windfall of revenues from the re-building efforts. The current revenue projections are significantly lower than the last few preceding years due to two primary factors: (1) a return to the pre-storm revenue trendline and (2) the effects of the national recession. The official revenue forecasts as of May 2009 suggest the State will have approximately \$1 billion less in State tax collections than previously anticipated in May 2008. Other State revenue issues include: (1) vulnerability to major swings in oil and natural gas prices, (2) the decline in sales tax collections, and (3) decisions made by the federal government regarding federal tax cuts passed in 2001 and 2003 that will automatically expire unless Congress extends them or makes them permanent (if they expire, federal tax collections will cause State tax collections to decline).

On a positive note, Louisiana has come through the national recession far better than the nation as a whole. One would be hard pressed to find another state that has been through this downturn as well as Louisiana. As for the next two years, it is estimated that the State will gain 17,800 jobs in 2010 and 18,000 jobs in 2011, growing at about 0.9% per year.

The following tables illustrate comparisons between Louisiana and the rest of the United States. Louisiana's unemployment rate rose only 0.8% while the national unemployment rate rose 1.2%, and the State's income per capita grew \$654 (1.8%) in comparison to the prior year. However, the State's median household income fell \$1,750 in comparison to the prior year and continues to lag behind the national average during 2008.

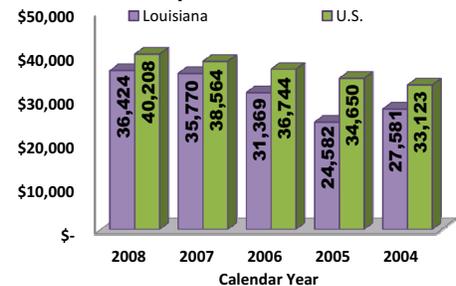
*(Taken from The Louisiana Economic Outlook: 2010-2011, by Loren C. Scott, James A. Richardson, M. Dek Terrell, and Mary Jo Neathery, published in October 2009)*

### Unemployment Rate Last 5 Calendar Years



Source: 2009 CAFR & Bureau of Labor Statistics

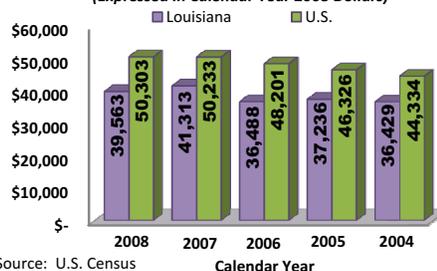
### Income Per Capita Last 5 Calendar Years



Source: 2009 CAFR & Bureau of Economic Analysis

### Median Household Income Last 5 Calendar Years

*(Expressed in Calendar Year 2008 Dollars)*



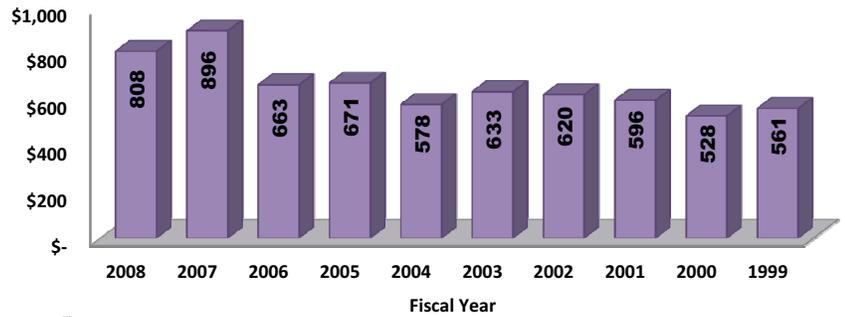
Source: U.S. Census



## STA

Louisiana Revised Statutes (LRS) 39:1365(25) and 39:1402(D) limit the authorization and issuance of general obligation bonds. "Debt service per capita" is the amount the State will pay per person for the general obligation debt of the State, less amounts to be received from local governments for their portion of the debt. Based on U.S. Census Bureau population statistics, the debt service per capita for fiscal year 2008 was \$808; which is a decrease of 9.8% from the prior year when the State saw its highest debt service per capita in the last ten years. (Fiscal year 2009 is not available due to the unavailability of the 2009 population estimate at the date of this printing.)

### Net General Obligation Debt Service Per Capita

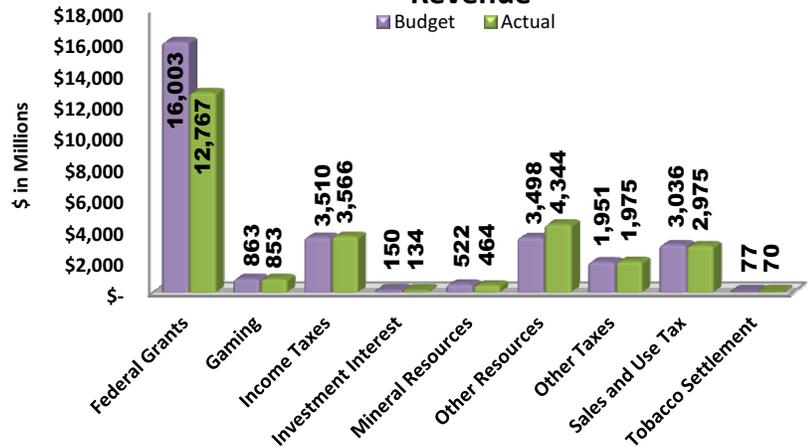


## BUDGETA

### 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 funds, including the general fund, are included in this depiction.

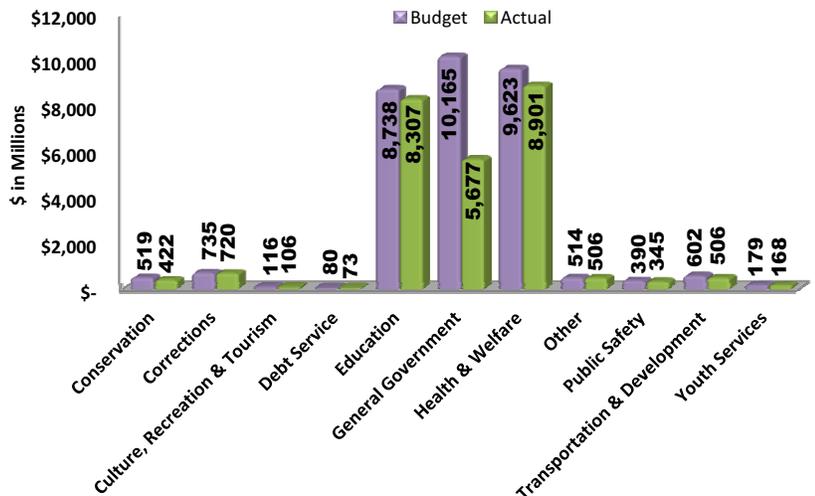
### Revenues - Budget to Actual by Source of Revenue



### Expenditures:

While the revenue graph depicts the revenue budget by sources of revenue, the expenditure graph depicts budgeted and actual expenditures for 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.

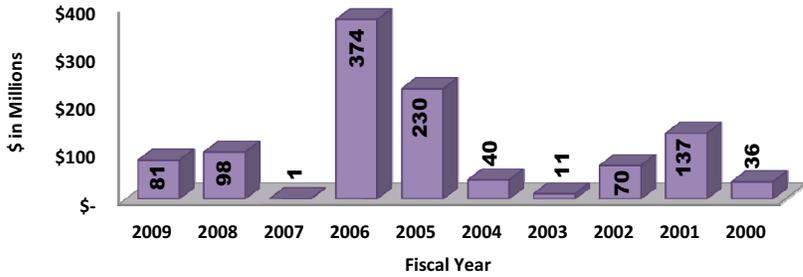
### General Fund Expenditures - Budget to Actual by Function





## BUDGET STA

### Budget Stabilization Deposits For the Last 10 Fiscal Years



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 2009, \$81 million in deposits were made to bring the fund balance up to the cap of \$860 million. According to Louisiana Revised Statute (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. There were no expenditures from the fund for fiscal year 2009. Since its inception, deposits have totaled approximately \$1.1 billion and expenditures totaled \$241 million, leaving a balance in the fund of \$860 million at the end of fiscal year 2009.



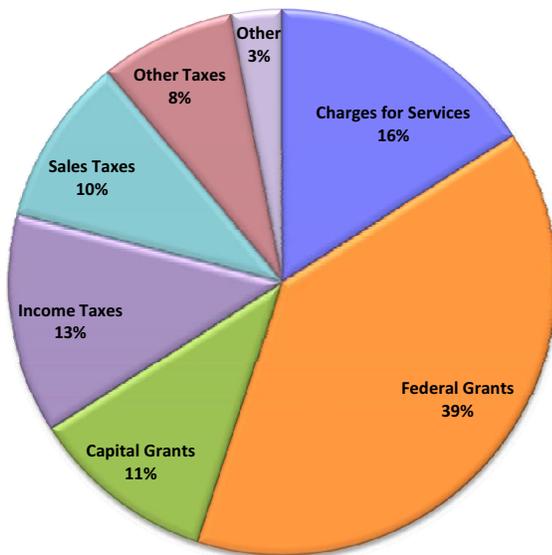
## GOVERNMENT-WIDE FINA

Government-wide activities provide a broad overview of the State's finances similar to private-sector accounting. The government-wide activities presented here reflect the combined financial position and operating results of the State, not including fiduciary funds (such as pension funds) or component units (such as colleges and universities). Component units are entities that the state has some accountability for, and are required to be separately reported in the State's CAFR.

The government-wide statements of the State reflect total assets of \$36.3 billion (\$1.4 billion more than last year) and total liabilities of \$15.3 billion (\$1.6 billion increase). The increase in total liabilities is due to an increase in other postemployment benefits, the issuance of revenue bonds for the Transportation Infrastructure Model for Economic Development Fund (TIMED) and the recognition of pollution remediation obligations. As a result, total net assets (assets less liabilities) equaled \$21 billion at June 30, 2009, which is a decrease of \$188 million from last year.

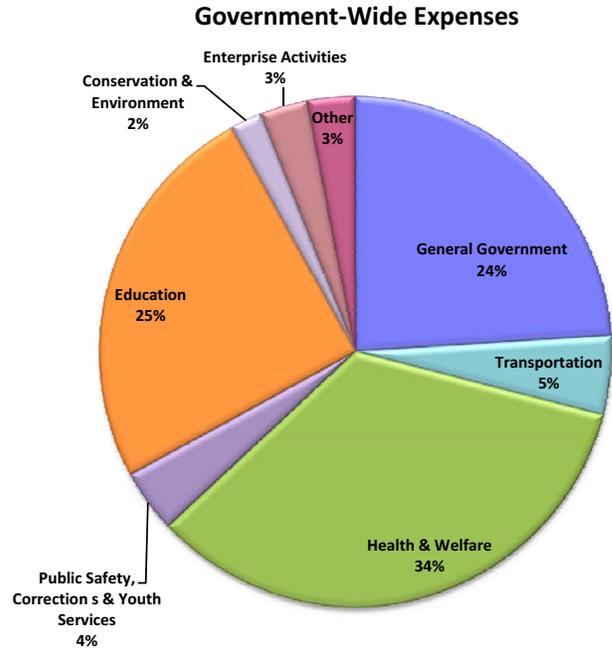
## GOVERNMENT-WIDE REVENUES

### Government-Wide Revenues



State revenue totaled \$28.7 billion in fiscal year 2008-2009. Fund balances and other State assets were also used to support government programs. The accompanying chart shows revenue by source. Federal grants comprised 39% of the State's revenue and were earmarked for specific purposes.

GOVERNMENT-WIDE EXPENSES



On a government-wide basis, the State spent \$28.6 billion. As depicted in the accompanying chart, health and welfare represent the State's largest spending category, accounting for 34% of the State's spending for the fiscal year. Education and general government closely follow the largest spending category, accounting for 25% and 24% of the State's spending, respectively.



**GENERA**

While the discussion on the government-wide financial statements shows the condition of the entire State, of special interest is the balance sheet of the general fund, which is the chief operating fund of the State. The fund's assets of \$5.2 billion and obligations of \$3.6 billion leave a total fund balance of \$1.6 billion. Much of this balance (the "reserved fund balance" and the "designated fund balance") is usually reserved or designated for various specific purposes, while any remaining amount (the "unreserved and undesignated fund balance") is theoretically the amount left over after all of the State's obligations have been met.

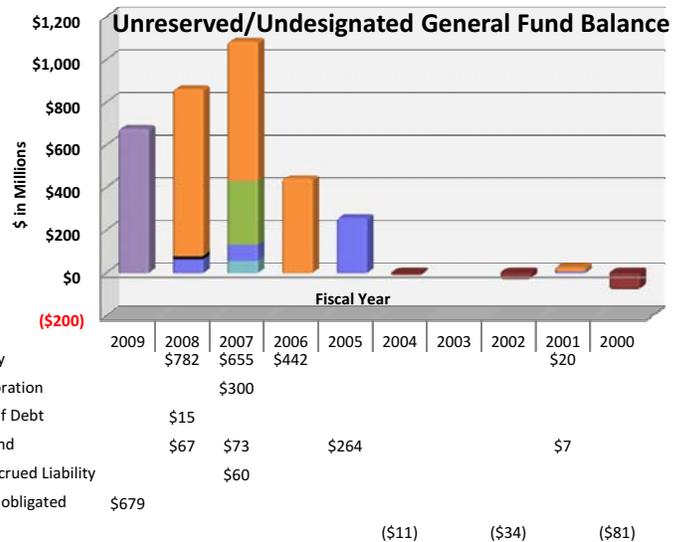
For fiscal year 2009, the total available assets exceeded the total liabilities, reservations, and designations, resulting in a surplus of \$679 million, which is \$115 million less than the surplus in 2008.

**UNRESERVED/UNDESIGNA**

One measure of the financial performance of the State is the comparison of the unreserved and undesignated fund balance (the surplus or deficit) of the general fund for the last several years. This fund balance is theoretically the amount "left over" after assets are compared against liabilities.

According to the Louisiana Constitution, any surplus can only be used for either: (1) capital construction, (2) retirement or defeasance of debt, (3) providing payments against the unfunded accrued liability of the public retirement systems, (4) providing for a deposit of 25% of any money designated as non-recurring revenue into the Budget Stabilization Fund, (5) providing for deposit into the Coastal Protection and Restoration Fund, and (6) providing for new highway construction for which federal matching funds are available.

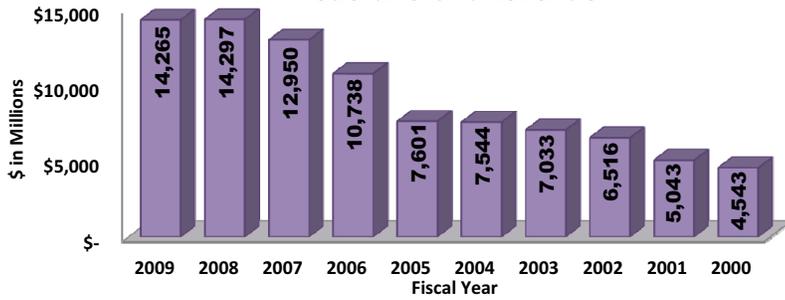
As previously mentioned, fiscal year 2009 closed with the general fund having a surplus of \$679 million after some of the total fund balance was either reserved or designated. The accompanying table shows the general fund surpluses and deficits for the last 10 years and how any surpluses were spent.





## FEDERA

### Federal Grant Revenue



The federal government awards financial assistance to the State in the form of federal grants. Until fiscal year ending June 30, 2009, these federal grants have increased over the years since hurricanes Katrina and Rita hit in 2005. For fiscal year ending June 30, 2009, health and welfare programs received the bulk of the financial assistance through federal grants totaling \$7.4 billion, followed secondly by general government and third by education, receiving \$4.6 billion and \$1 billion, respectively.

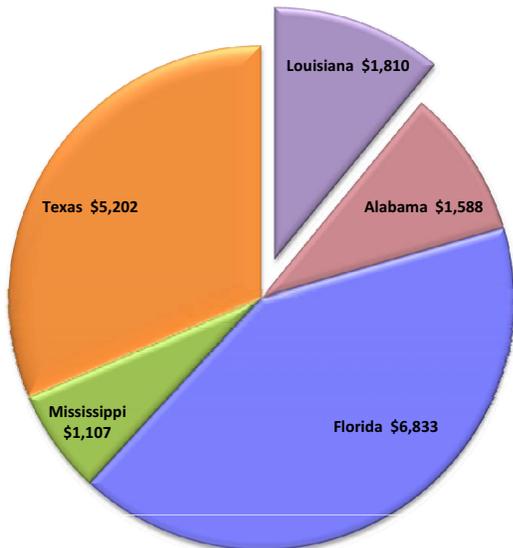
To foster nationwide economic recovery, the federal government passed the American Recovery and Reinvestment Act (ARRA) in 2009 to stimulate the economy. As part of that stimulus package, \$1.8 billion was allocated to

Louisiana (recovery.gov - 6/30/2009). For fiscal year 2009, \$352 million was received by the Louisiana Department of Health and Hospitals, and \$19 million was allocated among the Louisiana Department of Social Services, the Louisiana Workforce Commission, and other smaller entities within the State. The remainder of the stimulus package for Louisiana is allocated over multiple fiscal years. The following graphs depict Louisiana's allocation in relation to the other gulf states and how Louisiana's share of the ARRA funds have been drawn within the State.

### American Recovery and Reinvestment Act (ARRA)

#### Allocation to the Gulf States

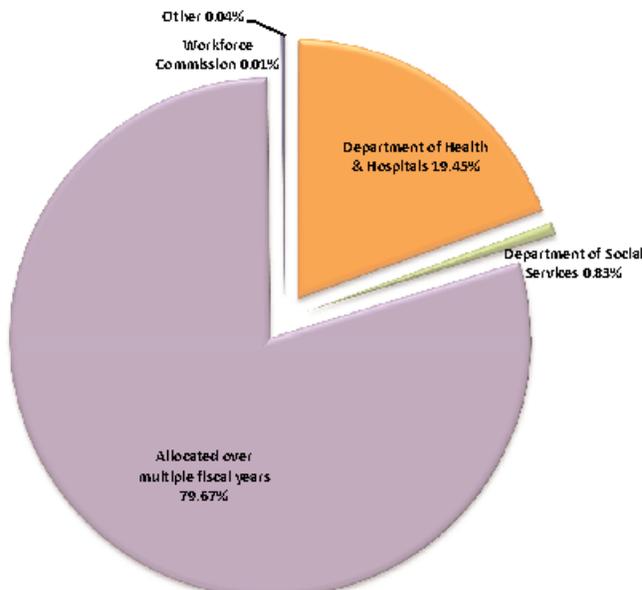
(Expressed In millions)



Because of the need for economic recovery, the federal government passed the American Recovery and Reinvestment Act (ARRA) in 2009 to stimulate the economy. As part of that stimulus package, \$1.8 billion was allocated to Louisiana for fiscal year ending June 30, 2009. This chart shows Louisiana's allocation of the ARRA funds in relation to the other states along the United States' Gulf Coast for fiscal year ending 2009.

Source: <http://www.recovery.gov>

### Louisiana ARRA Revenues by Department



Of Louisiana's total allocation, \$352 million was received by the Louisiana Department of Health and Hospitals, and \$1.4 billion is allocated over multiple fiscal years.



## GENERA

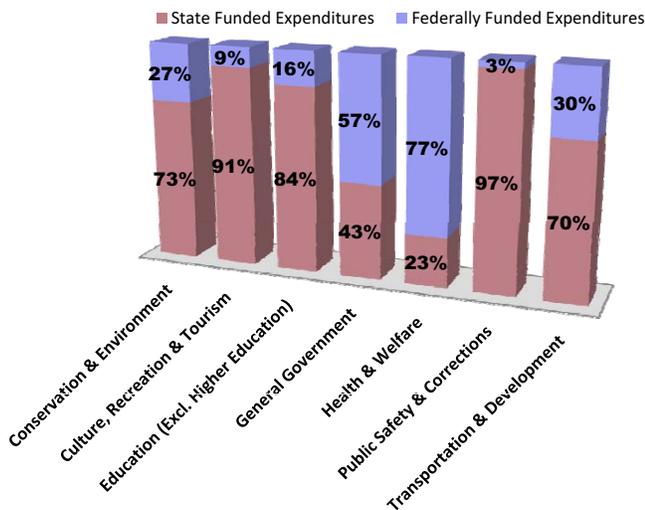
Governmental activity expenditures account for \$27.8 billion of the total government-wide expenses of \$28.6 billion. The remaining \$791 million of government-wide expenses are for Business-Type Activity Funds. Of these governmental expenditures, the Department of Health and Hospitals medical vendor payments program accounts for the largest portion of expenditures in the amount of \$6.4 billion; followed by the Division of Administration's Office of Community Development, and the Governor's Office of Homeland Security and Emergency Preparedness. These agencies account for \$1.9 billion and \$1.5 billion, respectively; and the Department of Education's subgrantee assistance (federal flow-through money) and minimum foundation program account for \$1.4 billion and \$3.3 billion, respectively, with the rest going to the remaining departments.

The following charts provide a pictorial of the governmental activity expenditures on a fund-level basis as reported in the CAFR for the fiscal year ending June 30, 2009. These charts provide a breakdown of expenditures by function (department), expenditure category (payroll and related benefits, operating services and other charges, and capital outlay), and by the two major sources of funding (state and federal). General government, conservation and environment, health and welfare, and public safety, corrections, and youth services are comprised of more than one department, so a further breakdown for each is provided. Additionally, expenditures for facility planning are included as part of general government within the Executive Department, and payroll costs do not include contract employees. Those costs are part of the category titled "Operating Services and Other Charges". The following charts are presented in the form of percentages rather than amounts.

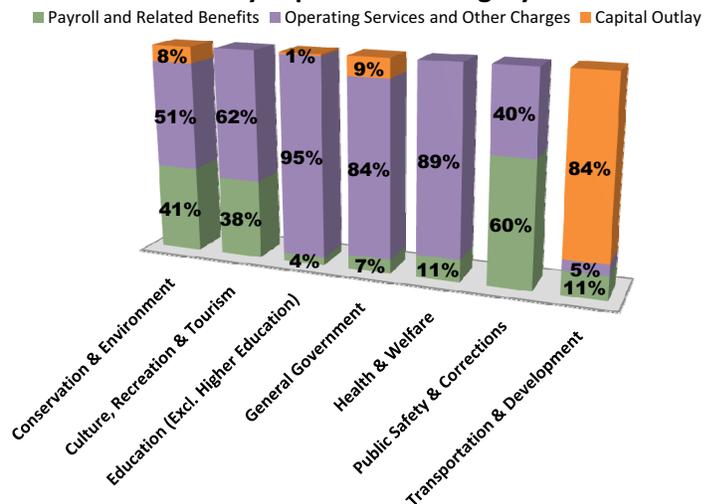
### TOTA

Governmental fund expenditures totaled \$28.9 billion. These expenditures include \$3 billion for payroll and related employee costs, \$23 billion for operating costs related to operating services and other charges, and \$2.9 billion for capital outlay. The source of funding for these expenditures include \$15.2 billion in state funding and \$13.7 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 \$9.5 billion of these expenditures, of which \$8.4 billion is state funded and \$1.7 billion is federally funded. Debt service and intergovernmental expenditures are not depicted in the individual agency graphs and total more than \$800 million.

### Percentage of State Funded Expenditures to Federally Funded Expenditures for Governmental Funds



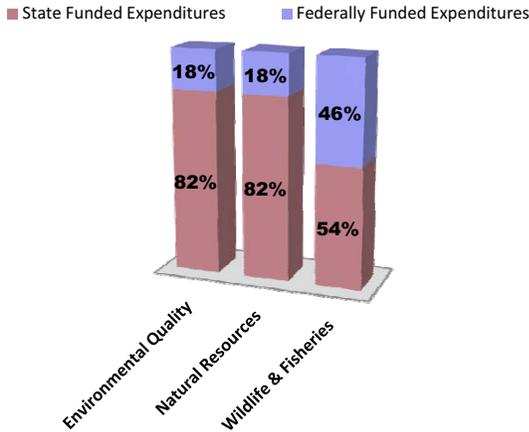
### Breakdown of Governmental Fund Expenditures by Expenditure Category



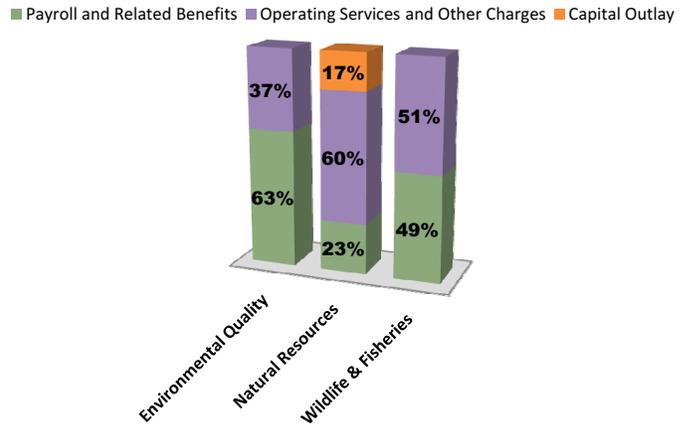
### CONSERVA

The conservation and environmental funds include the Louisiana Department of Environmental Quality, the Louisiana Department of Natural Resources, and the Louisiana Department of Wildlife and Fisheries. Conservation and environmental expenditures totaled \$399 million. The source of funding for these expenditures include \$292 million in state funding and \$107 million in federal funding.

**Percentage of State Funded Expenditures to Federally Funded Expenditures for the Conservation & Environmental Funds**



**Breakdown of Conservation & Environmental Expenditures by Expenditure Category**

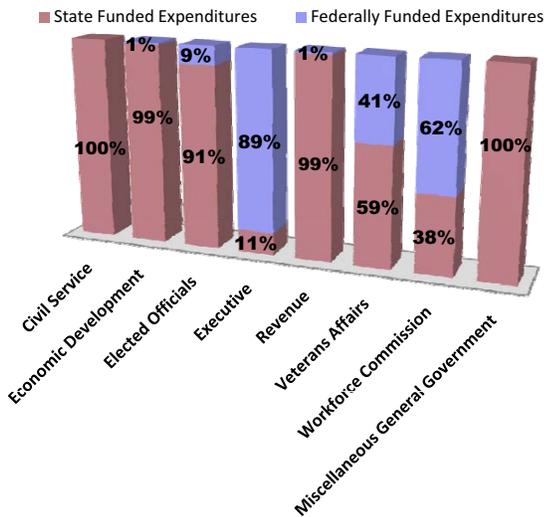


### GENERA

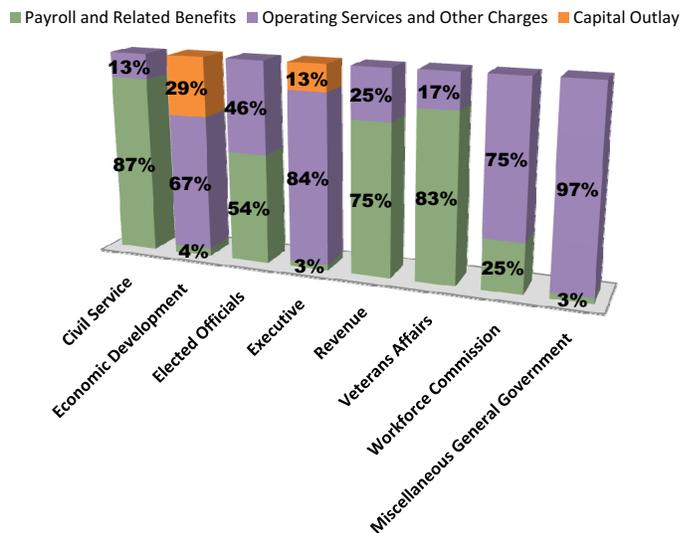
General government funds include the State Civil Service, the Louisiana Department of Economic Development, all elected officials, the Executive Department, the Louisiana Department of Revenue and Taxation, the Louisiana Department of Veteran's Affairs, the Louisiana Workforce Commission, and Other Miscellaneous Agencies. Total general government expenditures totaled \$7.7 billion. The source of funding for these expenditures include \$3.3 billion in state funding and \$4.4 billion in federal funding.

The Executive Department comprised \$4.7 million of the total expenditures, primarily for the Division of Administration's Office of Community Development and the Governor's Office of Homeland Security and Emergency Preparedness which account for \$1.9 billion and \$1.5 billion, respectively. The source of funding for the Executive Department's expenditures include \$518 million in state funding and \$4.2 billion in federal funding.

**Percentage of State Funded Expenditures to Federally Funded Expenditures for the General Government Funds**



**Breakdown of General Government Expenditures by Expenditure Category**



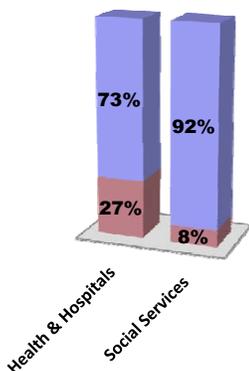
### HEA

The health and welfare funds include the Louisiana Department of Health and Hospitals and the Louisiana Department of Social Services. Health and welfare expenditures totaled \$9.4 billion. The source of funding for these expenditures include \$2.1 billion in state funding and \$7.3 billion in federal funding.

The Louisiana Department of Health and Hospitals comprised \$7.3 billion of these expenditures; and the primary source of funding was federal monies, totaling \$5.4 billion.

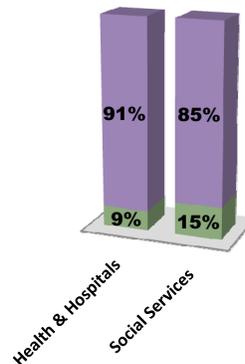
**Percentage of State Funded Expenditures to Federally Funded Expenditures for the Health & Welfare Funds**

■ State Funded Expenditures ■ Federally Funded Expenditures



**Breakdown of Health & Welfare Expenditures by Expenditure Category**

■ Payroll and Related Benefits ■ Operating Services and Other Charges



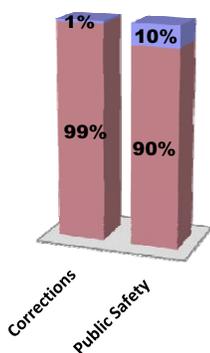
### PUBLIC SA

The public safety and corrections funds include the Louisiana Department of Corrections and the Louisiana Department of Public Safety. The Louisiana Department of Youth Services' expenditures are included in the Louisiana Department of Corrections' expenditures for this graph. Total expenditures for public safety and corrections totaled \$1.1 billion. The source of funding for these expenditures include \$1.1 billion in state funding. Only \$32 million of these expenditures were funded with federal monies.

The Louisiana Department of Corrections comprised the bulk of these expenditures, totaling \$821 million.

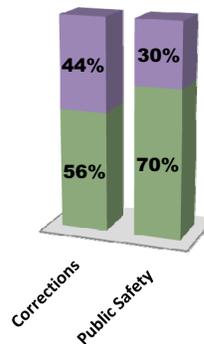
**Percentage of State Funded Expenditures to Federally Funded Expenditures for the Public Safety & Corrections Funds**

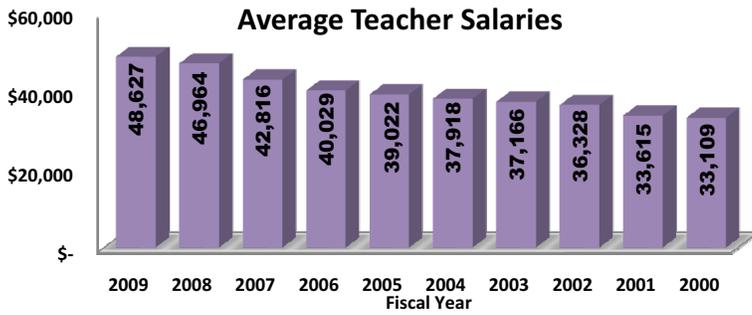
■ State Funded Expenditures ■ Federally Funded Expenditures



**Breakdown of Public Safety & Corrections Expenditures by Expenditure Category**

■ Payroll and Related Benefits ■ Operating Services and Other Charges



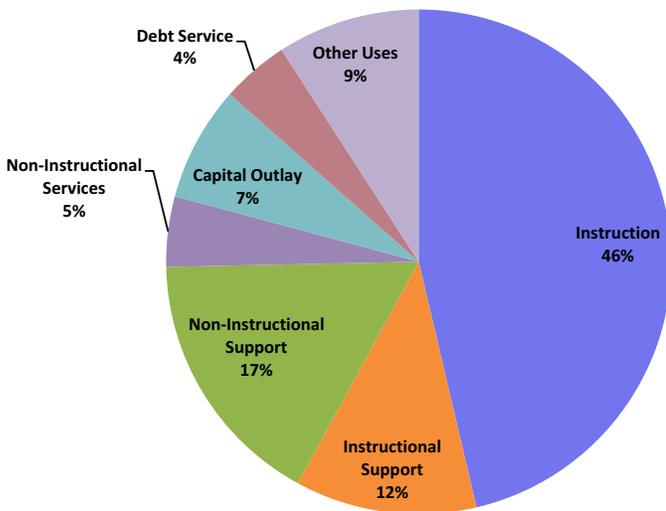


#### Improving Teacher Quality

As the accompanying chart depicts, teacher salaries have increased nearly \$15,518 (47%) for the ten year period from fiscal year 2000 through fiscal year 2009.

#### Local Education Agencies' Expenditures by Function

For the School Year 2007-2008

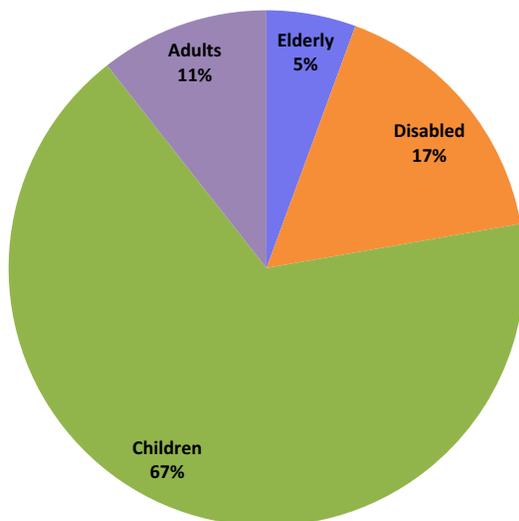


#### Local Education Agencies' (LEA's) Expenditures by Function

An analysis of educational expenditure information for the school year ending May 2008 (the latest information available) is detailed in this chart. Educational expenditures include instruction, instructional support (pupil support programs, school administration, and instructional staff services), non-instructional support (student transportation, maintenance, and business services, etc.), non-instructional services (food operations, etc.), capital outlay, debt service, and other uses of funds.



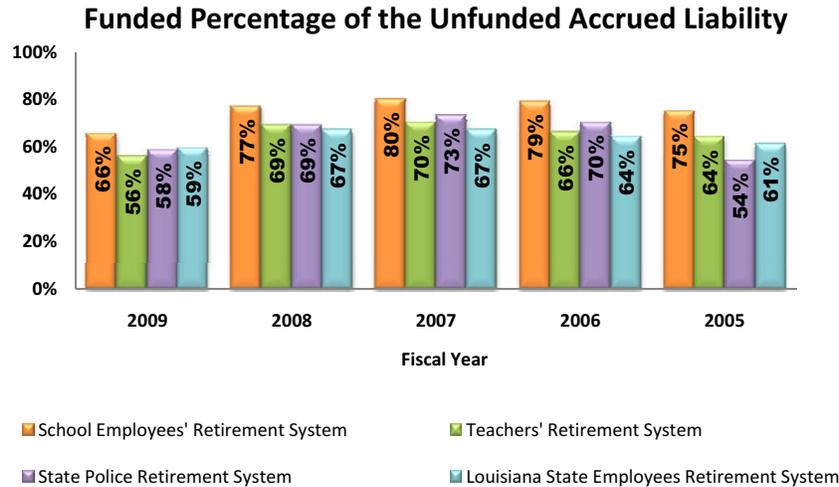
#### Louisiana Medicaid Enrollment By Category



Louisiana is dedicated to providing its citizens with the best social welfare and economic security available. Many programs and services have been established to aid individuals with the need of beneficial resources 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 citizens. The Medicaid program, which is one of the largest health insurance programs in the State, provided medical services for almost one million Louisiana citizens during the fiscal year ending June 30, 2009. Services were provided to 53,913 elderly citizens, 160,259 disabled citizens, 102,055 adult citizens, and 646,321 Louisiana children. The overall enrollment increased by 48,340 individuals.



## RETIREMENT SYSTEM FUNDING



A retirement system's "Unfunded Accrued Liability" (UAL) is the amount expected to be paid in future retiree benefits over and above current resources, while the "Funded Percentage" is the percentage of this liability currently funded. The State's four retirement systems have unfunded accrued liabilities. All four systems' funded percentages decreased during this fiscal year. These decreases are mainly due to unfavorable investment experiences on an actuarial basis and losses on investments held by the systems. The accompanying graph shows the trends of the funded percentages of the retirement systems over the past five years.

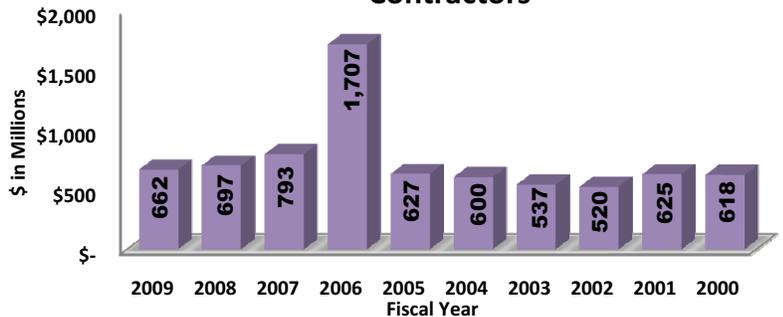


## TRA

Louisiana maintains 13,454 bridges and 61,078 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. This program was established to expand and improve transportation infrastructure across Louisiana. The TIMED program includes widening 536 miles of two-lane highways to four lanes, new construction or improvements to three major bridge projects, and improvements to both the Port of New Orleans and Louis Armstrong International Airport. To date, seven (44%) of the sixteen major transportation projects have been completed. The seven projects completed include: (1) the Louis Armstrong International Airport project, (2) the Port of New Orleans project, (3) the Tchoupitoulas Corridor project, (4) the U.S. 90 project, (5) the West Napoleon project, (6) the Westbank Expressway project, and (7) the LA 15 project. Total infrastructure expenditures for fiscal year 2009 totaled approximately \$1.9 billion. For fiscal year 2009, the initiation of new projects totaled \$662 million in lettings. The accompanying chart depicts the total dollars approved and awarded to contractors for highway projects for the last ten fiscal years.



## Highway Projects Approved and Awarded to Contractors



## WEBSITE A

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

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[www.gov.louisiana.gov](http://www.gov.louisiana.gov)  
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[www.doa.la.gov/osrap/popularreport.htm](http://www.doa.la.gov/osrap/popularreport.htm)

